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&  
SOUTHERN NEW HAMPSHIRE UNIVERSITY**

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DEVELOPMENT  
(2005)**

**STRATEGIC PLAN OF NURU  
ORPHANS CENTRE**

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## **ABSTRACT**

Strategic plan for a growing NGO is a challenge that involves forecasting for at least ten years or more, seeing the potentials, the threats, the opportunities. But more importantly, as in the case of 'sinking fund' method, one has to see to it that, if I wanted to see this NGO look different in twenty years to come, the best practice is to take various steps now.

Nuru Orphans centre (in owner's house) has been in existence since 2002. Strategically, and gradually, there was a need for separation of the two; domestic and NGO's affairs. Not limited to this, but to see to it that after a successful separation, the co-existence and sustainability of the two has to be given great priority. 'The corner stones' necessary for the move included to;

1. Secure two acres of land under the NGO's name
2. improve management structure
3. develop and use simple accounting system
4. initiate small, sustainable projects

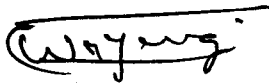
One important tool in the success is extra commitment and having to involve all partners at all stages, from the community surrounding the proposed centre location and top government officials in the district.

At times failures almost loomed high threatening the good foundation, but collaborative work provided encouragement.

A major part of this project research was about, but not limited to finding out financial practices by NGOs in Mbeya, which led to developing a simple accounting tool to be used not only by the centre, but also immediately by two more NGOs, not necessarily orphans centre.


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### **Declaration**

I Yengi, William declare that this project report is the first of its kind that I have submitted to the Open University of Tanzania, Community Economic Program, and that it has not been submitted for similar degree elsewhere before.

### **Dedication**

I wish to dedicate this report firstly to my wife Stella Yengi, who provided me with moral as well as physical support especially in difficult moments of my field work.

## **Acknowledgement**

Sincerely, I acknowledge with great thanks, my field supervision Mr. Noel Kazimoto, and Michel Adjibodou, who provided me with initial guidelines towards my field work. Also the constant advices during the one year and half period. I have not forgotten the manager of Nuru Orphans Center, Mrs. Amanda Fihavango, with whom I have worked hard to improve the center's management and strategic future development of the centre.

I would not have progressed further without the flexibility of my employer, the Country Director of Walter Reed, Dr. Shannon Harrison who morally and materially supported my studies and time for the accomplishment of my assignments.

My relatives in Dar es Salaam have provided me conducive accommodation throughout my travel to attend classes in the Dar es Salaam. Without this contribution, would have been defeated financially to support my studies up to the end. I owe them gratitude.

I lastly thank my family members, for their tolerance and moral support, when I had to be away in several weeks for studies, having to divert family funds for studies.

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**List of abbreviations:**

<b>AIDS</b>	<b>Acquired Immune deficiency Syndrome</b>
<b>ARR</b>	<b>Accounting Rate of Return</b>
<b>CARITAS</b>	<b>Catholic Relief</b>
<b>CBO</b>	<b>Community Based Organization</b>
<b>DC</b>	<b>District Commissioner</b>
<b>NGO</b>	<b>Non Governmental Organization</b>
<b>NBC</b>	<b>National Bureau of Statistics Tanzania</b>
<b>SHYVYAMBE</b>	<b>Umbrella Groups of NGOs in Mbeya (Kiswahili acronym)</b>
<b>SPSS</b>	<b>Statistical Package for Social Scientist</b>
<b>TACAIDS</b>	<b>Tanzania Commissions for Acquired Immune deficiency Syndrome</b>
<b>UAPP</b>	<b>Urban Authority Partnership Program</b>
<b>UN</b>	<b>United Nations</b>
<b>USAID</b>	<b>United States of America, International Development</b>
<b>UWASA</b>	<b>Urban Water and Sewerage Authority</b>

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## **Chapter 1**

### **1.0 NURU ORPHANS CENTRE BACKGROUND**

One year and half have been dedicated, to working together; to gradually continue to build up Nuru Orphans Centre, as well as to strategically set long term goals in the next ten years. Strategic planning is the process of determining **what** an organization intends to be in the future and **how** it will get there (Stephanie, 1984). A number of areas over the period of participatory involvement are changed and others gradually being changed. These include; Orphans care, management, centre's relocation and search for sources of funding. This report is divided into two major parts: the first two chapters provide detailed activities in the centre and the strategy of action for the future for the centre, respectively. The remaining chapters equally important as well, are geared on wanting to know at a wider perspective, accounting abilities of NGOs in Mbeya, notwithstanding Nuru Orphans Centre. The end result was a development of a simple accounting tool that was recommended for use, by majority of NGOs which virtually did not have such system in place. The process was not very smooth as it looks in this introductory part of the report, but constraints were there, among others the time as contributing factor to less daily involvement in the development of the centre.

#### **1.2 Nuru Orphans Centre Background**

##### **1.2.1 Mission**

Nuru orphans centre is dedicated to rescuing and offering opportunities to orphans to realize their potentials and live decent life in the society.

##### **1.2.2 Objectives**

- To develop a centre that will care for up to 40 children at a time in the next 6 years

- Engage in small scale self-help projects that are to support sustainability initiatives of the centre

### 1.2.3 Location and brief profile of the center

The center is located 11kms east of Mbeya Town center, close to Tanzania Rural Development Center (TRDC) at Uyole. This non-profit making centre was registered in 2002, with registration number 50.No11327.

Current contact person is Amanda Fihavango, founder and manager (see picture 1)

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Email: nu-ruorphanscentre@yahoo.com

### Organizational structure

The structure that has been in place theoretically since the centre was registered in 2002 has more or less looked like the organogram in figure 1 below: The Centre co-manager, Mr. Fihavango who is the husband of the centre manager has been the financier and close advisor of Amanda. Management structure with which the centre as started is as shown below:

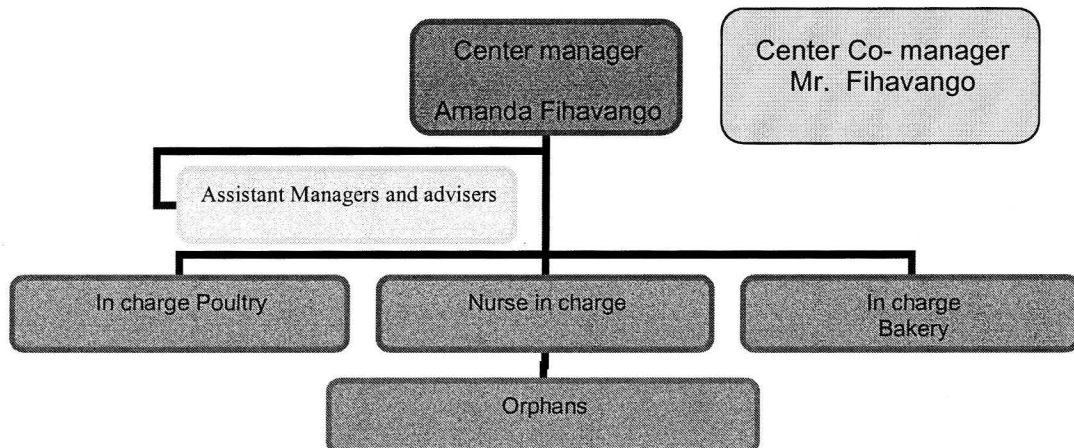


Fig 1: Nuru orphans Organo gram

The system was later strengthened by other advisors like CARITAS and later last year myself as a consultant from CED. Fundamental and strategic changes have been made for a brighter future in

the past year and half. CARITAS Mbeya is the guarantor of Nuru and in two occasions supported the centre financially to carry out study tours to other orphans centres so as to improve management and care for orphans.

There was no documented structure of management. In the future, (as soon as the centre moves to new location), there will be an advisory board whose main functions will focus on:

- Advise centre's manager on policy issues.
- Future strategic expansion of the centre
- Liaise as good ambassadors for the centre

Besides the board, there will be a manager, deputy manager, secretary, treasurer and a member of from the community.

### **1.2.5 Composition and powers of the board**

Suggestions were already put forward in one of regular meetings held in October 2004, on what the composition and the size of the expected board will be. Five members were proposed to be appropriate to form this board. Broadly it is expected that if the nomination is to take place the following are the potential representations:

1. Manatangi Village government representative
2. CARITAS representative
3. Centre's manager
4. Consultant (William Yengi, beyond CED studies)
5. Manatangi village member

As for the powers, the board will recommend action to be undertaken by the centre's management or where required to the Department of social welfare in the region.



### **1.2.6 Limits of the board**

It is strongly recommended that the board will not interfere with the Centre's day to day activities, nor will it be required to interfere with the financial allocation of resources on the day to day activities.

### **1.2.7 Meeting Duration of the board**

The board is recommended to be meeting in every three months to monitor progress in the initial stages of the centre's development, but on emergency situation ad hock meetings can be made. That is, when the centre moves in to its new location. But after a years in new location, the board will need to be meeting after six months. It is envisaged that by May '05, the first dormitory will be ready.

## **1.3 Activities/Programmes**

### **1.3.1 Centre's Activities**

The centre's activity programs were in the past year, broadly categorized in to three namely;

1. Orphans care
2. Income generating projects
  - a. Bakery project
  - b. Poultry project
  - c. Dairy project

My involvement in the past one and half years has, in the process of various engagement, prompted short term as well as long term strategic shift from previous systems of engagement.

3. Strategic plan to relocate the centre from the manager's house to new independent place.

These broad divisions are strategically part of the whole re-orientation of the centres long term future plans that I was engaged in. I am asked to stay beyond the study period to see that the planned strategic changes are fully realized. Detailed discussions of each category will be done in the subsequent sections following:

4. Study of NGO's financial procedures. This is the research part discussed in chapters three onwards.

### **1.3.2 Admission of orphans**

The Centre's vision is to see that orphans, like any other children in the society, find their place equally like those with parents. On the bases of this, any orphan can be admitted into the centre from any part of the country provided that necessary procedures are followed. The procedures prescribed here under started to be used in July 2004, for a child to be admitted:

#### **a) Normal admission**

1. Letter of introduction from social welfare department requesting the centre to admit the child into the centre.
2. Special form is filled up, which involves commitment of the person/guardian for regular visits of the child. (see appendix 6)
3. Passport photograph of the person bringing the child. This is to ensure that during the return of the child, it is easy to trace the person/guardian. Experience in the other orphans centres indicate that, most relatives who happen to take children to orphans centres, like in the case of Igogwe, disappear for good, thus making it hard for the centre to trace the child's kinsmen for reunification.
4. Monthly fee of Tshs 5,000 (for those children with probably able fathers wanting centre's support).

## **b) Abnormal admission**

In the event that an abundant (thrown away) child is brought:

1. A letter from the social welfare department is to be sought
2. Some details of the circumstances during the collection of the child will be documented.  
This includes the location of where the child was picked up.
3. A police report will need to be obtained to safeguard the centre in the event of subsequent reclaim of the child in the future.
4. At the end of two years the social welfare department will be informed of the need to reunite the kid with the next of kin.

### **1.3.3 Care**

Since 2002 the orphans centre catered for orphans aged between 1 to 9 years of age until December 2003, when we made a study visit to Igogwe Orphans centre with an aim to learn. Igogwe Centre has been in existence for the past 50 years under the Franciscan Missionary sisters in Rungwe District of Mbeya. Through their long experience we learnt that it was important to change Nuru's approach for care of the age range, to adopt and care for orphans aged between 0-2 years.

In the transition though, nearly all 6 orphans who were cared for at the centre before change of policy, were reunited with their relatives. The move was to allow enough preparation for the new age group.

**Major reasons for these changes are:**

1. This is the most vulnerable age to infant mortality factors that need more care than the older age.

2. Reunification of the older children to relatives is more painful to the kids, causing sometimes rebellion to relatives by reunited older kids, than ages from 2 to 4 years.
3. Less costs are involved for instances in school resources that the centre can not afford for the moment, with uncertain external support.
4. Medical care in government hospitals is free for children between 0 – 5years of age.

As a result there was a need to reorient policies from the older age to the youngest ages.

Accepting children to the centre has to be suspended briefly to allow the construction of the new centre at Mantanji village, where negotiations are still going on to acquire land. This will be discussed in later sections.

#### **1.3.4 Orphans feeding**

It is obvious that orphans are not fed by their mothers. And depending on when the mother died, child development based on the natural nutritional strength varies greatly. Those children, whose mothers die when their childhood is one year, stand better changes of body growth on one hand, but on the other, psychological trauma may damage the child's normal growth. As a result, a number of natural required nutrients for body building are missed out for good. Feeding in Igogwe Orphans centre is recommended to other centres like Nuru, which is captured here below: note that with infants from 2 years and above, besides milk, during the week the menu changes from simple soft porridge to meat soup, soften banana stew, beans, green vegetables and fruits. Equality important issue here is the time for feeding which, to ordinary lactating mothers, they think the daily feeding though frequency but small to have a child fully grow with no stress out of hunger especially at nights which are too long before another feeding is done.

*Table 1: orphans feeding*

<b>Ttime</b>	<b>1 – 4months old child</b>	<b>5 – 12months old</b>	<b>1.1 to 2 years old</b>
6:30a.m.	1/6 lts of milk	¼ lts of milk	¼ soft porridge
10:00 a.m.	1/6 lts of milk	¼ lts of milk 1/8 lt of soft porridge	¼ lts of milk 1/8 lt of soft porridge
1:00 p.m.	1/6 lts of milk	¼ lts of milk 1/8 lt of soft porridge	¼ lts of milk 1/8 lt of soft porridge
4:00 p.m.	1/6 lts of milk	¼ lts of milk 1/8 lt of soft porridge	¼ lts of milk 1/8 lt of soft porridge
8:00 p.m.	1/6 lts of milk	¼ lts of milk 1/8 lt of soft porridge	¼ lts of milk 1/8 lt of soft porridge 50g beans

Source: Igogwe Study tour in December '03

### 1.3.5 Orphans nursing

Similar to the feeding schedule, nursing involves changing the beds, washing the children after excreting, comforting those crying and check those who may be feeling sick and need special attention. There must always be a nursing person through out the day. In this case there are always shifts to allow rest of the care takers.

*Table 2: Orphans nursing*

<b>Time</b>	<b>1 – 4months old child</b>	<b>5 months to oldest child</b>
6:00a.m.	Change of bed	Change of bed linens
10:30a.m.	Change of bed linens Wash children's dress	Wash children's dress
12:30 p.m.	Change of bed linens Wash children's dress	Change of bed linen Wash children's dress
4:30 p.m.	Change of bed linens	Change of bed linens
8:30p.m.	Change of bed linens	Change of bed linens

Source: Igogwe Study tour in December '03

Note that this schedule above is set as a general rule for the nursing officers, but since care is throughout the day, when need arises, like a child has eased him/herself the bedding need to be done immediately to avoid rashes on child's body in case of urine and pneumonia due to wet beds.

Particular attention is noted here especially in the highland zone where weather conditions are always cool with temperatures ranging from 2<sup>0</sup>c to 15<sup>0</sup>c during May to August in the year. Respiration by sweating is minimal, so most of the time infants urinate more often than those in the hot regions. In this situation, constant check-up of beds are always recommended to ensure healthy and dry beds, otherwise they would always cry because of discomfort and 'cold' beds. Negligence of this sensitive care may result pneumonia.

### **1.3.6 Small scale projects**

#### **1.3.6.1 Bakery**

This proposed bakery was set up without any initial business plan in place; together we had to prepare one to assist the management to know the potentials of the business.

The technical and market advice to the bakery was that; with one person working on the bakery, and having to repay back Tshs 1,000,000 as borrowed capital in two years, and if 350 or less loafs were actually sold then, the project would be working below the breakpoint, where by it would not be able to repay the cost of initial investment in a year, nor be able to pay for the recurrent costs. The strategy was therefore to look for more potential market at Uyole, Sai and up to the town centre. Secondly, find whole sellers in various distribution points. While potential markets were being secured, at least find two bicycles for young men to take bread to the distribution points- the furthest point being 10kms from the bakery. Competitors (threats) to the initiative include the existing bakeries in the town (Furaha Bakery), and individual domestic bakeries. Other threads include the customary *Chapati* and *Mandazi* as substitutes to bread that are commonly used in restaurants and even at homes.

But the centre will go ahead with the project with full knowledge of the surrounding market opportunities and threats. The biggest market for bread was found along the highway to Tukuyu

where local sellers of bans, *bagia* and *chapati* can not reach due to high costs of transport to these areas.

*Table 3: Investment appraisal summary*

Initial outlay on the small bakery (including rent of space)	1,000,000
Monthly repayment of investment for 2 years	41,667
Operating costs per month (wages, purchase of ingredients, wood, transport, etc.)	500,000
Daily inflow of sale of 300 loafs a day at Tsh 80/. In a month it would be	720,000

Source: Data from bakery records

When production started with 100 loaves a day in July '04, it became the third self-help projects design solely to support Nuru, to be able to pay for running costs of the centre.

The idea was reached in Jan 2004, in a management meeting on how the centre needed to survive while other efforts for financing continue to be explored.

The host who is the main donor to Nuru, Mr Fihavango offered space and funding for the project to be set up as a domestic small scale project. The out lay cost of the project came up to approximately Tshs 1000,000. (See picture 4). It shows the whole bakery building with a simple structure enough for the dough to be prepared and baked in the oven that is made up of two barrels. The construction did not need high-level expertise other than the normal construction with burnt bricks built with cement mortar. The actual oven that bakes bread is made up of two barrels that can easily be seen on the picture above (on top of the bending worker). The one month construction of the bakery was set to start producing results on 1<sup>st</sup> July 04.

The oven uses fire wood as fuel to heat up concrete walls surrounding barrels as well as the barrels themselves.

### **1.3.6.1.1 Performance of the bakery**

With tests carried out by the Nuru management team and consultant, it was found out that the two barrel bakery, when properly heated well, can take maximum of fifteen minutes for 300gms 45 pieces of dough to be well baked. (see picture 6). And in one day with two workers, up to 600 loaves can be produced. A loaf of bread from here can take up to three days without going bad. The project is operational with success of good production in a potentially demanding market. The challenge in this project is transportation to retail shops. Most customers are located in the rural parts of the Mbeya instead of the municipality.

There is only one bicycle which can only carry 100 loafs at a time to the furthest distance of 20kms, while demand for this type of bread goes further up to 70 kms, like to Tukuyu towards Malawi Board and to Chimala, towards Iringa Region. It is envisaged that if the project is provided with reliable transport, it proves sustainable and profitable.

### **1.3.7 Strategic relocation of Centre**

Admittedly this is one of the most challenging and difficult activity ever faced. The key areas to address here were: that the founders of the centre needed to understand and detach home from an institution that needed to be run professionally, if it has to be recognized national and international. Another thing was the difficult process of acquiring land solely for the centre from the near by village.

#### **1.3.7.1 Move to new location**

Nuru Orphans Centre since 2002 to May 2005 is operating in the residence of Mr Fihavango. It will take approximately another five months to have operations detached from the family grounds. It has been part of the family that shares whatever income and expenditure the family has to earn and incur.



It should be made very clear at this point forward that this move is a very participatory move which acknowledges with due respect all efforts made by the founders. And that the move is not to undermine their importance as the core of all that is happening. All that need to be made clear is that if Nuru orphans centre wants to be public, it must follow certain norms, policies, and greatly the laws of the land.

In the modern management systems a need to have separation of the family and the institution is inevitable. So the move involved:

- i. Acquiring another place legally under the name of the centre
- ii. Establishing a proper design of buildings and area set up to fit orphans
- iii. Have enough area to continue self-help projects that are in the house
- iv. Establish institutional guidelines for the modern management of the centre, which include the financial guidelines, management structure and basic employment guidelines.

Acquiring land which, a year ago appeared easier, has proved challenging especially when the inhabitants of the village of Mantanji first showed willingness to release 3 acres for the good course of Nuru, but later in May 2004, when support for construction started to come in, they decided to 'play slow' in the process.

### **1.3.8 Master Plan of Nuru Orphans Centre**

Two acres of land for the orphans have been distributed to various uses in the near and long term use; (See appendix 5). The immediate task to start with, is the first dormitory, but gradually there will be the second next to the first. Then the dining hall, recreational hall, class rooms, library assembly hall, play ground, recreational grounds and some space for small scale projects. In the

future, as the design indicates, there will be admission of older orphans that it is now and for the next 5 years.

#### **1.4 Simplified accounting system**

This accounting system came about as a result of combined findings on the other NGOs operating in the Municipal Council. Part of this project paper was dedicated into researching financial practices, and as part of recommended action, it was suggested that NGOs needed a simple but user friendly accounting package. (See chapters 3 onwards and appendix 9).

## Chapter 2

### 2.0 Literature review

#### 2.1 Theoretical review

By definition orphans are those children between 0 -18 years who has lost one or both parents, (TZ indicators Survey; p15, 2004). There are great numbers of orphans already in the country especially in the past twenty years. It is a huge problem already to the communities as well as to the government. However there are efforts at various levels; by the communities, NGOs, government and international organizations to alleviate the problem. Orphanages on their part in Tanzania are increasingly being overwhelmed due to increasing numbers of children who loose one or all of their parents, especially in the past twenty years of the HIV/AIDs pandemic. It is estimated that 15% of children in Tanzania live without their parents (Tanzania indicator survey; 2004), 18% more live with their mothers alone, while 5% live with their fathers.

The percentages are a realistic indication of how grave the situation is in the country of 36 million people. This means in total, by last year there are more than 15 millions in the country are orphans, out of whom 5 million are destitute with no single parent. Challenges on care and support cut across all sectors of the society, to care and support those who are desperately in need especially education.

Various initiatives, by both the government and individual organizations in the country to alleviate suffering by orphans are in place to address the needs or varied ages and actual needs in the country. Many countries in the world like in Tanzania have policies as well as centres in place.

Orphans care, especially in the developing countries is very controversial for numerous reasons.

### **2.1.1 Delivery mechanism**

Orphans care in the country controversial; however, policies may be for child/orphans development. The controversy can be grouped into two major categories of orphans' homes as opposed to community care of orphans:

#### **2.1.1.1 Orphanage homes**

Established centres, like Igogwe, Msimbazi, Nuru, strongly feel that having a nursery for infants, saves lives of those children who may die in wrong hands if no proper care is taken at a specific location. Infants who are thrown away by their mothers will definitely need a home/care before one can adopt to be taken to the communities.

Care in the centres as these ones can provide immediate attention to children generally and even to individuals who may need more specific requirements, like medical attention and normal care.

In the country, there are many orphanage homes, including Dogo dogo centre in Arusha and many others. This care system is design to be a transition to at very early stage. These centres, mostly voluntary NGOs initiatives come in the right place as a relieve

The disadvantages of care in specific centres have had to do with negative psychological impact to orphans. (Igogowe, 2003). When children get returned to their relatives at later stages of two years and above, the tendency of rebellion by the child is very great. In that, the child does not quickly adopt and accept the change of home and care by other 'foreign' care takes that are not used to him. These situations cause considerable stress to those reunited with relatives.

### **2.1.1.2 Adaptation of orphans**

As mentioned in the above section, orphanage homes, as well as maternity homes have acted like transitional centres for children to be adopted. However, unlike the above, it expected that when a child is in the adaptation home, he/she take shorter time than being the orphanage. Nevertheless, care is always the same. Msimbazi Adaptation home in Dar es Salaam is doing well in the transition of the child legal adoption to private individuals. All necessary legal processes including proper inspection of the future home, the financial capabilities of the guarantor have to be established before any move is made to release any child. Besides, there is always a follow up of the well being of the child for more than 2 years from the time the child was adopted. This is to ensure that agreements for care and treatment of the child are not violated.

In the event that, in the view of the assessors, some fundamental rights of the child are violated, the centre reserves the right to call back the child to the centre.

### **2.1.1.3 Community care**

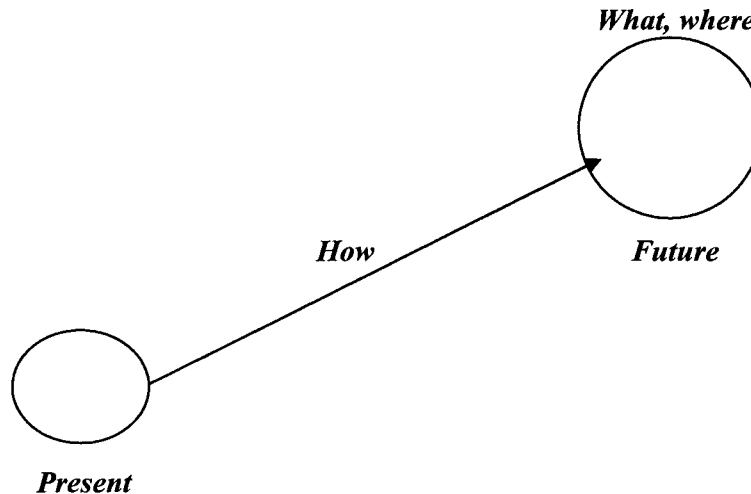
Tanzania development policy (2002), encourages to community care for orphans and vulnerable. Relatives and good Samaritans are urged to provide care to orphans in their respective community homes. The major constraint in this method is that most co

### **2.1.2 Strategic plan**

There are a variety of perspectives, models and approaches used in strategic planning. The way that a strategic plan is developed depends on the nature of the organization's leadership, culture of the organization, complexity of the organization's environment, size of the organization, expertise of planners, etc. For example, there are a variety of strategic planning models, including goals-based, issues-based, organic, scenario (some would assert that scenario planning is more a technique than model), etc.( McNamara, 2003). Goals-based planning is probably the most

common and starts with focus on the organization's mission (and vision and/or values), goals to work toward the mission, strategies to achieve the goals, and action planning (who will do what and by when).

Other writers figuratively illustrate a strategic plan in the following way:



(figure 2: strategic vision)

In the figure above, there are many important planning elements involved (Steiner, 1979), that technically starts with:

- Planning to plan
- Developing a vision
- Drafting a mission
- Conducting a situation analysis
- Developing options
- Developing strategic goals
- Developing operational plan
- Implement
- Monitoring and end evaluation

Organizations have for many years being part and partial of government's development efforts. They are partners and have various roles in the society; human right groups, environmental protection health, education, social welfare, orphans and vulnerable, and many others. In mid-1980s it has become increasingly evident that centralized systems of governance have proved a total failure in most countries of Sub-Saharan Africa [Wunsch and Olowu, 1990]. As a result, increasingly more and more non governmental organizations have been actively involved. Among these, some are national, international, regional or even community based. Interactions with one another, the government and the community, highly depend on what services they provide, who they report to, or even based on where their sources of funding come from.

In Botswana for instance, the code of conducts for NGOs strongly states that, NGOs need to remain relevant and responsive to the needs and aspirations of the people they serve and to respect their cultural values and human rights. NGOs must be transparent in their actions and accountable for resources they use. The sector must commit itself to adhere to professional standards of accountancy and audit procedures as stipulated in law and in particular to: Fulfil all statutory financial management and reporting requirements. Establish proper and effective financial management policies, procedures and systems. Establish an effective financial monitoring system through proper accounting systems. (Srinivas, 2003).

Tanzania is among those countries which took up the challenge seriously. Since the mid-1980s and early 1990s, a wide range of social, economic and political reforms were introduced. One of the objectives of these reforms is to ultimately change, inter alia, the centralist system of governance in order to allow more participation of civil society in governance through their collective power. (Mogella 1999).

This research though, will only focus on finding out the magnitude of problems of accounting practises of non governmental organizations operating in Mbeya Municipal Council. In the

review of literature, an umbrella group of NGO known as NMA, in year 2000 conducted training to NGO officials throughout the country, identified deficiencies on the NGO accounting function. One of the problems identified among NGOs in terms of finances included a small size and finances of NGOs which are un-able to hire qualified personnel. (ESAMI 2000).

Previous initiatives have been done to train NGOs by Umbrella NGOs and recommendations to let all responsible NGOs to learn from recommended methods. For these systems to work as expected, it has become necessary to develop a Statement of Recommended Record Keeping and Accounting Practices for NGOs. This statement will guide NGOs with weak or none existent financial systems to keep proper records which will enable them to prepare financial statements as required by law. As a result a generic accounting and financial management systems was developed, which have been installed in 208 NGOs in Arusha, Kilimanjaro, Tanga, Morogoro, Dar es Salaam, Zanzibar and Pemba. Mbeya was not included ( ESAMI 2000).

It is undeniable that the number NGOs are coming up to caring for orphans, is growing greatly, especially in the past decade due to AIDs pandemic as well as poverty crisis that has kept more than 50% Tanzanian below poverty line. Children are the more hit in all societies.

‘.....It is true that there have been efforts by the government, NGOs and faith based organization as well as individuals to provide various aid for orphans. However, not all the efforts are enough to meet great need of the orphans. In addition, the absence of clear policy in orphans care created uncoordinated care of this important service. (Policy and Methods of orphans care, 1994).

The Tanzania policy framework defines an orphan as *a child whose age is less than 18 years who lost one or both parents for whatsoever reason*. On the bases of this, many centres have adopted various age groups into centres dependant on the nature and the responsibilities the managers of the centre consider fit in the care. An empirical review will be discussed in the coming section.



### **2.1.3 NGO Policy requirements**

#### **The Current Status of Civil Organizations (NGOs & CBOs)**

The liberalisation of the economy and politics in the 1990s led to an unprecedented proliferation of civil society organizations which are now being recognized as constituting a special sector.

These organizations vary in terms of composition, organization, membership, division of labour/interests, gender, and so forth. By conservative estimates the number has risen from about 200 NGOs/CBOs in early 1990 to over 2,000 by mid-1997 (TANGO, 1999). Every NGO ought to have a constitution, which is one of the prerequisites for official registration. Likewise, some of these organisations are national-based, while others are regional/district-based. However most of them are concentrated in urban areas. On the basis of their occupations and interests, these organisations can be classified into the following categories:

- Prevention and control NGOs
- Environmental concerns NGOs
- Educational issues NGOs
- Health Services NGOs
- Social and economic development NGOs
- Legal services NGOs
- Policy advocacy NGOs
- Professional NGOs
- Women, youth and children concerns NGOs
- Religious NGOs
- Gender streamlining NGOs
- Sports and culture NGOs

- Entertainment NGOs
- International NGOs based in Tanzania

Most of these NGOs have voluntarily affiliated themselves to either of the two national umbrella NGOs; namely the Tanzania Association of Non-Governmental Organisations (TANGO), and the Tanzania Council for Social Development (TACOSODE).

TANGO was established in April 1988 by 22 founding member-NGOs, with the objective of strengthening and promoting cooperation and networking among the member NGOs. Up to June 1999, TANGO had 341 affiliated NGOs which operate throughout the 20 regions of the country. However, more than half are concentrated in Dar es Salaam (TANGO, 1999).

TACOSODE, on the other hand, was initially started in 1965, as a quasi-government organisation known as National Council on Social Welfare Services. It was transformed into an umbrella NGO by 25 founding-member NGOs in 1987, thereby shifting its focus from social welfare to social development. Currently it has about 125 affiliated member-NGOs which are spread throughout the 20 regions in the country (TACOSODE, 1999).

Although their missions and focus vary, the two national umbrella NGOs share common aims and objectives with regard to the affiliated-member NGOs. These aims and objectives are:

- To promote and strengthen the professional competence and organisation capability of their affiliated-member NGOs through training;
- To provide a forum for maintaining, sharing and exchanging information on NGO activities and for making such information accessible to all interested parties;
- To facilitate and promote cooperation and collaboration among NGOs and between them and the communities;

- To act as a liaison and link between member organisations and relevant government ministries and promote general understanding and cooperation between NGOs and government;
- To develop and implement joint programmes for NGOs or communities and provide or facilitate provision of technical assistance to the same;
- To monitor NGO activities and promote evaluation of these activities in order to improve efficiency in service delivery;
- Where necessary, to act as a clearing house for NGOs/donors channeling development grants intended for programme implementation;
- To advise the government on matters concerning NGOs generally, as well as registration of new NGOs.

#### **2.1.4 The Content of the NGOs Policy**

In congruence with the above general and specific objectives, seven areas form the content of the proposed policy. We shall briefly present each with its accompanying policy statement.

- **Definition of what an NGO is.**

As stated earlier, there is no clear definition of an NGO provided within various articles of legislation. The policy proposal attempts to first define specific characteristics, and then provide a definition. There are seven specific characteristics proposed to distinguish an NGO from a government organisation or other registered private groupings. These are: (i) an established or permanent institution; (ii) a voluntary organisation - one that is formed freely, willingly and spontaneously by individuals, groups of people or organisations on a voluntary basis; (iii) a self-governing organisation (i.e. it has its own internal procedures for governance, but operates within the laws of the country); (iv) an organisation not for profit sharing; (v) a non-partisan organisation

(i.e does not support any political party, nor aspire to political power); (vi) one whose objective is to improve the circumstances and prospects of a particular group or act on concerns/issues of societal concern as a whole; and (vii) one in which the founders are either individuals or organisations. From these characteristics the proposed definition of an NGO is:

*... a voluntary grouping of individuals or organizations, which is autonomous, non-political and not-for-profit sharing, organized locally at grassroots level, nationally or internationally, for the purpose of enhancing the legitimate economic, social and/or cultural development or lobbying or advocating on issues of public interest or interest of a group of individuals or organization (Ibid. pp. 16).*

- **Institutional Framework.**

The policy proposal acknowledges the deficiencies of the current institutional framework. Thus it proposes that:

*... at all levels, an appropriate framework and mechanisms be established to facilitate communication and consultation between government and NGOs*

To that effect, formation of an NGO Coordination Board and NGO National Body are being proposed.

- **Legal Framework**

Again, the deficiencies of the existing laws have been acknowledged. It is proposed to harmonize the existing laws and enact a new law that will provide an appropriate legal framework for NGOs.

The proposed new legislation is to address issues of registration of NGOs, eligibility for registration, the registration process, deregistration procedures, appeals against de-registration, and termination, dissolution and liquidation.

- **Exchange of Information and Reporting**

The proposed policy statement emphasizes the need for establishing a mechanism that will facilitate dissemination of information and networking among NGOs, the government, the donor community, international NGOs and other stakeholders.

- **NGOs Accountability and Transparency**

The policy urges each NGO to maintain its code of conduct for the purpose of accountability and transparency.

- **Government-NGO Partnership**

As the government recognizes the important role and contribution of NGOs in society, the policy statement urges the government to consider NGOs as important partners in the development process by creating a conducive and enabling environment to ensure that NGOs' potential is utilized. To enhance and sustain this partnership, it is proposed that the government should provide a direct grant set aside in the development budget to NGOs under the terms and conditions which will not undermine or compromise their freedom and autonomy. Tax exemption for NGO activities in areas such as health, education, etc. are also proposed as a mechanism for strengthening the partnership.

- **Implementation of the Policy**

The policy statement acknowledges that the implementation of the policy will require the participation of all actors at different levels. Thus, it requests full support of all implementing

agencies and institutions including NGOs themselves. In a nutshell, the above-described areas form the proposed policy framework for NGOs in Tanzania. The process of designing and developing has taken about three years due to a series of consultative interactions among the various stakeholders. The process was completed in 2004 for NGOs in general.

#### **2.1.5 Policy for orphans care:**

It is clearly stated in paragraph 6.0 of the 1994 orphans' policy frame work that there must be in any care initiative the following:

1. That in all care of whatsoever form, there will be taken into consideration psychological care to orphans so that they do not feel segregated or not accepted in the society.
2. That the care of orphans must take into consideration the traditions, customs and good acceptable practises.
3. Encourage orphans participation in activities in accordance to their age rage.
4. Health and education services to orphans are very important like to any other normal child.

#### **2.1.6 Tanzania Child Development Policy**

Development of a child is related to his/her physical, intellectual, moral and spiritual growth. In order for a child to grow well, she/he needs to be cared for, given guidance and brought up in accordance with the norms of the community. With statistics showing at least 46 percent of population are children, i.e all those below 18 years of age (TZ child policy, 2000).

The government, nationally have put more emphasis mainly to strengthening of maternal and child care, immunization and preventive health, implementation of water projects, establishment and strengthening of feeding posts and day care centres, establishment of pre-schools, establishment and care of playgrounds and provision of primary education for all.

Other steps by the country in relation to the child development included ratification of the UN convention of the Rights of the Child, signing of OAU Charter of the Rights of Children; the enactment and review of laws aimed at promoting and protecting the rights and interest of children, the preparation and implementation of the National Programme of Action concerning child survival protection and development in the 1990s.

The government has gone further on the creating a special ministry to coordinate child development programmes and encourage non-governmental organizations, individuals etc to establish centres for children in difficult circumstances; to set up schools and institutions to cater for children with particular problems; to set up voluntary associations to serve and defend children; and to establish juvenile courts so that those suspected of breaking the law are prosecuted.

#### **2.1.6.1 Objectives of child development policy**

The objectives broadly defines a child, outlines all requirements of a child, responsibilities of parents, communities and various groups' for child development. Equally important to the others, the objectives set out laws which can be used to deal with child abuse.

About 150,000 children below the age of five die every year and children with malnutrition number more than two million. (Child Dev. Policy 2002). Most infants and maternal deaths are due to poor health services in the country, which include lack of proper care, lack of family planning and lack of immunization. Other reasons are heavy workload for pregnant women, inadequate food intake in the family, low income and improper breast feeding practices. Poor environmental sanitation contributes significantly to poor survival situation. The lack of safe and clean water, and the non-possession or non-use of latrines due to the traditions and customs of some tribes has led to diarrhoea diseases and the spread of intestinal worms.

On the other hand, violation of child rights has been due to lack of community awareness concerning these rights and the lack of procedures and efforts to mobilize and educate the community about them. The definition of a child in this case differs from one law to another; for example while the UN Convention on the rights of the child stipulates that a child is anyone below the age of 18, The marriage Act allows a girl to get married at the age of 15 and the Employment Act also allows a person at the age of 15. So in the event of employment dispute the 'child' is regarded as a matured person to stand in court.

As for orphans therefore, greatly the rights are more vulnerable to be violated than those with at least a parent or both. This is because; an orphan would be faced by survival situation, before even being availed to what rights he/she may have, if no deliberate assistance is provided.

## **2.2 Empirical review**

One in ten people in Tanzania has HIV and as a result numbers of orphans are rising. The epidemic has a serious impact on older people. Many are caring for their sick children. (HelpAge, 2004).

When their children die, many older people not only lose their main source of economic and social support, but also have to care for orphaned grandchildren.

Over 50% of orphans in Tanzania live in a grandparent-headed household. Yet the impact of HIV/AIDS on older people is rarely acknowledged in policies, programmes or research.

In the course of consultancy, several study visits have been conducted by the management team of Nuru Centre and I, to three other orphans centres in Mbeya Region to familiarize and learn



from the other NGOs, which provide care for orphans, among others. The major focus was to see financial practises in accordance to policy requirements.

### **2.2.1. Simike Orphans center**

This centre is located at Mabatini ward of Mbeya Municipal, close to an army barracks of Itende JKT. This was an initiative of a primary school teacher who, for a long palliative sympathy to orphans, set up this care centre at home, to care for orphans and vulnerable. In February 2004 the centre was having 15 kids of widely varied ages from 1 year to 20 years. It started since 1998. The centre cared for varied age groups between 2 to 16 years of age. The eldest ones took care of the youngest ones.

As for sources of financial support for the running of the centre, there was no clear sustainable source. The information provided was of 'Good Samaritans' who have kept the centre moving in terms of food, clothing and other very basic needs. There is no appropriate centre design for orphans, as all the 20 orphans are housed in a personal house. The school going age goes to school under a special grant through the Municipality arrangements in collaboration with the District Commissioner of Mbeya.

#### **Financial practices of Simike.**

In the structured questionnaire administered, results indicated that there is not financial recording system. Not even, any record, or some person responsible for accounting. It is only the head of the centre, who takes care of activities, including recalling transactions by head. This is contrary to any modern management practises; since in this case, no records can easily be traced in case of sudden lose of the centre.

### 2.2.2 Igogwe orphans centre

This is a well established centre under Igogwe Mission Hospital. It was established and run by Missionary sisters since 1954 up to 2004, after which the centre is now officially handed to local management and care. The official hand over was in October 2004. All institutional set up are in place including accounting practices. The worry is on the future sustainability, as financial support from outside might be cut out, while the local management is not well introduced to various sources by the founders. The only source is the Catholic Church which is also dependant on local contributions. The running costs of the centre were 1.3 million shillings a month. These estimates were provided to us by the outgoing manager of the centre, Sr. Joan in December 2004, and that staff salary (1million) was being provided for by an American mission.

The main objective of the visit was to learn from Igogwe Orphans centre, which was established in 1954 as an annex activity centre next to the hospital. The centre caters for 40 orphans at a time. However due to their long experience, they enacted a policy frame work that only allowed children aged between 0 – 2 years. After two years of care and treatment, orphans have to 'graduate' to leave space for other new comers. Reasons for this policy are to address the following important psychosocial reasons:

- ❑ Orphans between 0 –2 are more vulnerable than older children
- ❑ Reunion of orphans with relatives at later ages of 2yrs or above has proved counterproductive in that orphans tend to find their relatives more foreign and in a very strange home environment than the centre he/she has lived in since infant age. Therefore, mostly the orphans turn out to be rebellious or psychologically depressed when reunited at later stage than within two years of age.
- ❑ Due to HIV/AIDs and other related diseases, material death is high resulting in continuous increasing number of orphans. So the need of care and treatment for infants is very high. This centre cares for needs as far as Chimala Mission Hospital, Mbozi Mission Hospital.

In addition, the Regional department of social welfare does refer orphans to this centre as it is the only centre in the region so far that cares for ages between 0 -2years. Cases of irresponsible mothers, who throw children to the trash, have been referred to this centre.

- The rural villages of Rungwe district surround Igogwe hospital. Majority of maternal death occur here due to HIV/AIDS opportunistic deceases, or even late medical attention of antenatal care. Most came to the hospital too late for treatment. Costs for care and treatment ten to grow as the child has to be prepared for school.

### **2.2.3 Baptist Orphans centre**

This is centre, unlike Igogwe and Nuru, cares for orphans aged 8 to 20 years; in fact a school going age. It is located at Iyunga ward and managed by the Luthern mission. The objective of this choice was more to reduce orphans/street children who, if given chance in education could develop to be future dependant and productive member of the society.

The Baptists do have sound accounting system in place, mainly because of the bigger structure of the church system that inevitably requires accountability for sub institutions like this.

This centre cares for more that 50 children of various ages, with no precise 'graduation' period which can allows other new orphans to come in. The church system is more sympathetic to the orphans that age would not matter

## Chapter 3

### 3.0 Participatory Research Methodology

In the course of my attachment to NURU, it was noted that the center had very weak financial mechanism in place so an important managerial tool was to be developed and used, i.e. a sound but simple financial management tool. For the time being 90% of funding comes from the founders, while the remaining comes from good Samaritans and relatives of the orphans who send the kids in to the centre, token support for their children's care. As a result due to weak or non existence of sound financial mechanics, most donors are very reluctant to commit funds for fear of improper accountability.

I set out to find the magnitude of the problem on the abilities of NGO's financial procedures. What the best financial practices available that can warrant them to qualify for support, government audit, and stakeholders reports.

#### 3.1 Research Design

##### 3.1.1 Objectives of the research

Results from the research findings will be useful, based on the fact that NGOs are now required by policy to be transparent and have to provide reports to the government on their activities especially on financial transactions. Also they are subject to external audits. The reasons therefore for this research are;

- ❖ NGOs themselves to work towards a common simplified method of financial reporting format
- ❖ The local government which is an important partner with the local NGOs can assist strengthening financial practises of the NGOs

- ❖ If NGOs are found to have sound practises, it can build high confidence level among donors, government and other NGOs
- ❖ Consortiums can be formed due to better financial procedures and practises

I worked with Urban Authorities Partnership Programme (UAPP) as my employer. The programme works with the Mbeya Municipal council as the main partner and other development partners like CARITAS, AXIOS<sup>1</sup> and other local NGOs. This Mbeya Municipal council alone there are 51 NGOs and CBOs operating and known to both the council and UAPP.

The background to doing this research was two fold namely, to see the magnitude of problems in financial practises in these respective NGOs given the fact that in 2003, a bill was passed in parliament to make NGOs to be transparent in their reports particular finances.

This research focused on the need of the local NGOs as a result reflected in the expressed need of NURU. I have assumed to extend the felt need to the other 50+ NGOs operating in the Municipality.

There is a very strong link between this simple survey and what the NGOs need. As mentioned earlier, UAPP works in collaboration with NGOs, but more precisely and of recent - two years ago, UAPP has facilitated a formation of an umbrella group known as Shirikisho la Vyama vya Mkoa wa Mbeya (SHYVAMBE), a coalition of NGOs in Mbeya Region. I work with UAPP.

These NGOs are grouped in to two major clusters based on their affiliations; one group is of NGOs whose offices are spread in the country or even further, like CARITAS, while other NGOs are purely operating in the Municipality with no other offices elsewhere.

### **3.2 Research approaches and strategy**

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<sup>1</sup> AXIOS is an international organization working in Mbeya whose acronyms are not available to explain

Participatory methods were used, principally by involving the Nuru management through out as one partners but also having other 14 NGOs involved in the questionnaires administration.

Results of the findings were sent back to them to see and provide recommendations

### 3.3 Units of inquiry

#### 3.3.1 Sampling technique used

There are fifty NGOs that are operating in Mbeya Municipality (UAPP Mbeya: 2002).

A Simple random cluster sampling technique was used to choose my respondents out of 50 that are operating within the Municipality;

The reason why I have decided to cluster them in this way is to find out if there is any particular financial practise that is adhered to by either of the group.

*Table 4: NGO Sample selection*

	NGOs with other branches in the country	NGOs without branches elsewhere	Total % grouped
Total number	4	46	100%
Random Sample taken	4	11	30%

From the previous chapter, it was mentioned that, various NGOs in the country got training in basic accounting practice, but Mbeya NGOs did not get the chance.

Confidence level that I have regarded is that 95% is anticipated to provide reliable data. 30% selection is far higher than the conventional 15 – 20% minimum representation of the sample.

In this particular research, interviewing by use of questionnaires to provide qualitative and quantitative answers was used. The reasons for this choice are that; the list of organizations operating in the municipality was available to indicate their physical addresses and operations.

Copies of two are attached for reference. These questionnaires were tested and finally administered.

### **3.4 Data collection**

#### **3.4.1 Primary data**

Data used in this research depended entirely on questionnaires administered. Fifteen NGO's were selected out of 50 that are operating in the Municipality.

NGOs in the Municipality are engaged in various activities, in accordance with the nature of their existence. Moreover, activities varied depending on levels of financial capabilities, the nature of collaboration with other NGOs within the region or even out of the country. Those solely, based in Mbeya appeared to have lesser in magnitude of financial transactions compared to the others.

Apart from the structured questionnaire administered, a brief visit to the selected 15 NGOs was done to ascertain whether there was any or no accounting system in place in the respective NGOs. Oral interviews were conducted to the heads of the NGOs, as nearly 12 out of the 15 did not have accountants or treasurers.

The twelve who actually did not have accountants did not have accounting records in place except of receipt of purchases in most cases. More over

#### **3.4.2 Secondary data**

NGO's previous studies on accounting practices here in Mbeya were not forth coming. Un umberella of NGOs in Mbeya known as 'Shirikisho la vyama visivyo vya serikali Mbeya (SHYVYAMBE), is gradually being established since 2003. Until January 2005 it has not been registered yet. Documentations and temporary accounts are kept by UAPP office. On of SHYVAMBE objectives are among others, to provide expertise assistance to member NGOs in areas of policy adherence, financial management and collaboration.

So a project that is funded by an external donor will have to submit financial reports to that donor.

This is often harder to do than it seems: an NGO's standard financial systems may well not be



able to do it on their own. In the past, this has led to significant problems, including soured relationships and withdrawn funds. All the large NGOs have lost large sums when donors have not received adequate financial reports. (Mango 2003)

The basic problem in producing donor reports is that the major donors and NGOs all use different accounts structures. It is rarely possible to shift between one structure and another. The different structures are fundamental: they affect how the accounts are built up in the first place. This means that it is very likely that reports created using an NGO's internal structure cannot be used to generate reports in a donor's structure. (Mango 2003)

This issue can be resolved in a number of ways. But, they all affect the basic way in which the project's accounts are put together. So, it has to be considered at the beginning of a project. The first financial report may only be requested by the donor six months down the road. By that time it is very likely that producing the report will require all the accounts to be recast. This will take time and money: denting the budget, timescales, and donor relations at the very least.

It cannot be emphasised enough how important it is to tackle these predictable problems at the beginning of a project: prevention is cheaper than cure. If donors are likely to be involved in a project, then donor reporting must be discussed with an accountant.

### **3.5 Data analysis**

#### **3.5.1 Primary data analysis**

This chapter analyzes of the primary data gathered from the questionnaire administered.

The 15 forms administered, were returned and entered in the Statistical Package for Social Scientist (SPSS) programme, for easier analysis and presentation.

### 3.5.2 NGOs with accounting knowledge in Mbeya

Table 5 below shows data that was entered and categorized according to accounts qualifications in the NGOs under study.

*Table 5: NGOs accountant's knowledge*

<b>NGO's Accounts strength</b>	<b>Frequency</b>	<b>Percent</b>
Book keeping knowledge	11	73.3
Diploma in accounting	2	13.3
Certified Public Accountant	2	13.3
<b>Total</b>	<b>15</b>	<b>100.0</b>

Source: Data from research analysis

Table 5 above, provides a clue of the qualifications found in persons responsible for NGOs studied. This means that 73% of the NGOs studied have limited knowledge in accounting other than book keeping which may not be enough in the current government and NGO's collaboration.

### 3.5.3 NGOs with branches out of Mbeya

73% of the NGOs studied do not have other branches in the country. And nearly all the NGOs without branches elsewhere in the country have no financial procedures followed, compared to the other group of NGOs with branches in the country and have reasonably good financial systems in place.

**Table 6: NGO/CBO registered?**

	<b>Frequency</b>	<b>Percent</b>
No	8	53.3
Yes	7	46.7
<b>Total</b>	<b>15</b>	<b>100.0</b>

Ironically, unlike CBOs, nearly half of the NGOs interviewed are registered. So they operate legally within the geographical boundaries of the municipal council. Unfortunately, possibilities are high that even if they are registered, physical address is always a nightmare. It is always hard to locate offices of some NGOs.

### 3.5.4 Externally audited accounts

**Table 7: NGOs accounts been audited externally?**

	<b>Frequency</b>	<b>Percent</b>
No	11	73.3
Yes	4	26.7
<b>Total</b>	<b>15</b>	<b>100.0</b>

NGOs in Mbeya have not had their accounts audited. All those which are not doing so, are Mbeya based NGOs. This is from their existence. The above table 7; clearly indicates

**Table 8: NGO Branches in country**

<b>NGO Name</b>	<b>Branches</b>		<b>Total</b>
	<b>Have branches in the country</b>	<b>Mbeya based NGO</b>	
Bakwata	1		1
CARITAS Mbeya	1		1
INADES Foundation		1	1
Iringa Residential and training	1		1
Iyunga information center		1	1
Maisha Group		1	1
Malezi ya huruma		1	1
Mbeya Youth Development Organa		1	1
Mission for Ignorance & Poverty		1	1
Nuru Orphans Center		1	1
Save the women Mbeya		1	1
Shalom Huduma ya ijili		1	1
Shidepha + (Mbeya)	1		1
Upendo Women Group		1	1
Youth with Hope Foundation		1	1
<b>Total</b>	<b>4</b>	<b>11</b>	<b>15</b>

*Source: From questionnaire administered*

One immediate reason is that, the branches have always to provide various reports, including financial reports to the headquarters. The Mbeya based NGOs have had no mandatory obligation

to report to any authority beyond Mbeya, if any. And now that the government has passed a law requiring all NGOs in the country to be providing annual reports of their activities especially financial, it is important that NGOs particularly those which have only single offices to begin to have good financial procedures.

Also it is clear that since majority of NGOs do not have financial procedures, thus accounts can not be audited externally in a manner that can expose them to lessons learnt from thus external auditing. By simple matching, those which do not have good financial procedures are those ones with less qualified accounts personnel. As a result, there are high (see Table 6), possibilities of bad financial practises due to unqualified staff, with no proper procedures followed for the matter.

*Table 9: NGOs – having accounting procedures*

NGO Name	Financial procedures		Total
	No	Yes	
Bakwata	1		1
CARITAS Mbeya		1	1
INADES Foundation	1		1
Iringa Residential and trainin		1	1
Iyunga information center	1		1
Maisha Group		1	1
Malezi ya huruma	1		1
Mbeya Youth Development Organa	1		1
Mission for ingnorance & pover		1	1
Nuru orphans Center	1		1
Save the women Mbeya	1		1
Shalom Huduma ya ijili	1		1
Shidepha + (Mbeya)		1	1
Upendo Women Group	1		1
Youth with Hope foundation	1		1
<b>Total</b>	<b>10</b>	<b>5</b>	<b>15</b>

*Source: from data from research questionnaire*

There are correlations between the tables above and this adjacent one on financial procedures and table 5 above. The fact that most NGOs are local, there appears to have been no obligation to adhering or use even of simple financial procedures. That is why, of the 10 which do not have, majority of them are the local ones with no branches in the country, unlike those which are linked to headquarters elsewhere like CARITAS. No NGO in Mbeya has as it's headquarters here, but the branches here are geared to their headquarters elsewhere in the country in terms of reporting.

### 3.5.5 Reports destination

From table 8, again financial reports generated by Mbeya based organizations are for internal purposes. The weakness that can be discussed is that the reports simply are 'reports' but not meeting any minimum requirements of accounts, if actually any. And since that there is no sense of obligation to reporting elsewhere any thing can be scribbled and filed to be termed as annual financial reports.

*Table 10: Destinations of financial reports*

NGO Name	Reporting to whom				Total
	Donor	Board members	Internal purposes	Donors, Internal purposes, Government	
Bakwata		1			1
CARITAS Mbeya				1	1
INADES Foundation			1		1
Iringa Residential and training			1		1
Iyunga information center			1		1
Maisha Group		1			1
Malezi ya huruma			1		1
Mbeya Youth Development Organization			1		1
Mission for ignorance & poverty	1				1
Nuru orphans Center	1				1
Save the women Mbeya			1		1
Shalom Huduma ya ijili			1		1
Shidepha + (Mbeya)				1	1

Upendo Women Group			1		1
Youth with Hope foundation			1		1
Total	2	2	9	2	15

(Source: Study findings during the research August 2003)

**Table 11: Interest in financial training?**

Distribution	Frequency	Percent
No	1	6.7
Yes	14	93.3
Total	15	100.0

In chapter 2, it was mentioned that training was conducted in Arusha in 2000 for all the non governmental organizations. Unfortunately, the Southern Highlands Zone (Iringa, Mbeya, Ruvuma and Rukwa Regions) did not benefit from that. Ie. Not being invited to the training.

### 3.6 Limitations of study

- Lack of previous documentation on this subject locally here did not provide materials for the betterment of the research
- The 50+ NGOs operating here are not homogeneous in their activities. Some deal with orphans, others on environment, education, and culture. Because of this, there can be de-similarities in financial practices in respective NGOs.
- There was no funding of the research, so as to have extensive coverage. So this limited the extend of coverage, even to those NGOs operating at the peripheries of the Municipality.

## **Chapter 4**

### **4. Findings**

#### **4.1 Findings**

The analysis of the data has revealed several insights ranging from practice to interactions of NGOs with one another and the outside related partnerships. There are a number of findings that can be outlined as follows:

##### **4.1.1 NGO accounting knowledge**

The 75% of NGOs which have reported having only booking keeping knowledge reveal clear level of majority who appear less obligated to care for good practice in accounting. Unlike those which have branches in Mbeya, the Mbeya based ones appear not capable enough also to recruit competent accountants to manage even very small recourses of the organizations.

##### **4.1.2 Audited reports**

Some officials within the NGOs say, 'there is no money in the NGO that can be audited'.

Partially the statement is true, in that some have lasted for nearly four years in operations but have had no financial support in accounts that amount to Tshs 200,000.

From the analysis again, the NGO policy enforcement had not come to effect so that all NGOs are required by law to be audited and/or provide government with annual reports. As a result NGOs which do not have large financial transactions in Mbeya did not consider this an obligatory exercise to do.

The absence of audit obligations go hand in hand with reporting requirements in that since there is no obligation to provide reports to government, thus no audit as well. The trickle down effect is

that apart from other implementation reports, the accounts reports are not taken serious even though insignificant the volume of transactions may be.

**4.1.3** Persistent percentage of NGOs has in most of the areas investigated, shown that more than 70% of the total, studied are Mbeya based, moreover the same do not have audited accounts.

#### **4.1.4 Accounting procedures**

The interconnections of the findings do related to this one, in that over seventy percent again do not have any accounting procedures being followed. The fact is that the interlink is of those with no or book keeping knowledge are the ones falling under this category.

## **4.2. Recommendations**

Recommendations provided in this project are in two major areas; the one year and half involvement resulted in, but not limited to technically assisting in designing the simplified accounting system which started being used being used effectively since March 2004. The other area of commitment was the broader scope of seeing Nuru, 10 – 20 years from now, to prosper, but within major route changes of management, sustainability and policies.

### **4.2.1 The accounts research related recommendations**

From the analysis carried out in chapter three and the subsequent findings elaborated in various tables above, it is evident that NGOs, especially those whose offices are only here in Mbeya that do not have sound financial systems in place should:

- ❖ Have sound financial systems, in order to meet a number of demands internally and externally as well.



4.2.1.1 NGOs should seize the present opportunity to improve their reporting systems especially in finances before the government gets harder on the implementation of the NGO's policy of 2004.

4.2.1.2 NGO's should employ knowledgeable accountants to manage all matters pertaining accounts.

Majority of NGOs operating in the Municipality do not have sound financial procedures, while those which have are weak, especially the ones that have no branches around the country.

However majority of them are very willing to acquire skills to improve on whatever knowledge they have now. It is highly recommended that NGO's activate their initiative to seek for such knowledge if they need to be considered worthy operating in transparent environment where the government and other stakeholders are particularly keen to see that all NGOs for what ever goals they may be are really transparent.

Financial tools like that in appendix 7 can be used, with modification to suite the needs of individual NGOs. It is inevitable that fundamental accounting principles will remain the same.

Because of great demand, I have in collaboration with the centre, prepared a simplified Kiswahili version of financial management tool. The tool is subject to modification in the future, but wholly the centre has appreciated it after their inputs were also incorporated.

This tool includes;

- ✓ Procedures to deposit and withdraw money from the bank or from cash box
- ✓ Forms for deposit or withdrawal
- ✓ Levels of authority to commit project funds
- ✓ Bank and cash control systems
- ✓ Reconciling mechanism

✓ Coding particular payments or receipts

The importance of developing this is to serve numerous reasons, that the centre of which the centre has appreciated:

1. The government policy of 2004 requires all NGOs and CBOs to be transparent and subject to audit.
  2. Donors' requirement for sound financial practises.
  3. Even if not for nos. 1 & 2, it is always a good practise to have sound financial practises
  4. The centre will in the near future be having a management board, which will be responsible among others, the financial management of the centre.
  5. Future financial expenditure can justify centers objectives
  6. Other organizations of similar nature or not may learn from the good practise that will be shown by NURU
- ❖ Where practical, to have competent accountants to keep and manage the organizations' accounts. Preferably with Diploma or above in accounting, as majority in the findings (see Table 6) have bookkeeping knowledge.
- ❖ Team up to request to use a simple uniform format
- ❖ Financial, physical reporting system. This can lessen the burden of bookkeeper of accounts, at least to imagine systems of record keeping and reporting.
- ❖ SHYVAMBE can lead and orient individual organizations to have uniform financial system.

- ❖ Learning from other well established NGOs so that they improve systems with less cost of having to formally train staff

#### **4.2.2 Recommendation for general management**

The centre manager, who is the most devoted employee of the centre is doing a very excellent job, firstly for having brought the centre to this stage and secondly for maintaining the high spirit on positive progress of the centre.

However, when the centre moves into the new location the following are highly recommended as part of management package for the centre:

- A trained nurse will need to be formally employed to care for the children
- An attendant/guard will need to be available to assist providing communication between the Manager's house and the centre itself ( $\frac{1}{4}$  km apart). As most of self-help projects are still in the house, and will not move in to new location in a foreseeable future.
- The centre manager urgently need to undergo basic book keeping training to assist her to have all accounting records proper. Besides when funds allow, to have the centre's treasurer to the work.
- The centre will formally adopt management structure that has a chairperson, deputy chairperson, secretary, treasurer, a member from the local community.

## Chapter 5

### 5.0 Implementation of plans

In the past one year and half, this research project was about, but not limited to producing a strategic plan for Nuru Orphans centre. There were a number of comprehensive initiatives concurrently being done anticipatorily for short and long term objectives. The centre as a project became more dynamic in the past two years; with numerous changes in management and future focus. This has been the result of collaborative initiatives of various stakeholders directly responsible in accepting change of strategic future plans.

Implementation outputs were in the process felt on the short term, but also long term outputs are being produced. Others will be felt much later after three or more years along the road.

#### 5.1 The vision:

In the background information, Nuru's objectives are,

- 'To develop a centre that will care for up to 40 children at a time in the next 6 years'
- Engage in small scale self-help projects that are to support sustainability initiatives of the centre.

Two years ago, the objectives were focused on having the centre developed within the premises of the house hold.

The current vision in 3 to 5 years, see that the centre looks like this:

1. Nuru is functioning separately from the family affairs
2. Nuru has a well established management tools, including financial systems
3. It's sustainability is dependant on self help projects
4. Management structure is composed of qualified personnel, for the running of the centre.

## 5.2 Situation analysis at Nuru Orphans Centre

Nuru orphans centre originated and operated from the founder's residence. Orphans who benefited from the beginning had to bear with whatever the family could or could not offer. Orphans care professionalism was less developed, the given numerous difficulties, in terms of skills financial capability the founders faced from the start. The centre's manager was all alone from decision to acting on behalf of the 6 orphans under her care and protection. Management support that was provided was from the husband, who on one hand had hands tight in his employment, thus took the orphans care program, a family matter'. Therefore from decision-making, finances, care, legal follow ups were all done be one person fundamentally.

## 5.3 Strategies: options and review of decisions

A number of options needed to be adopted for the future realization of the goals, and they include the following:

### 5.3.1 Change of management style

The starting management structure was less institutional and based on domestic will to move forward. The following below were agreed to be adopted.

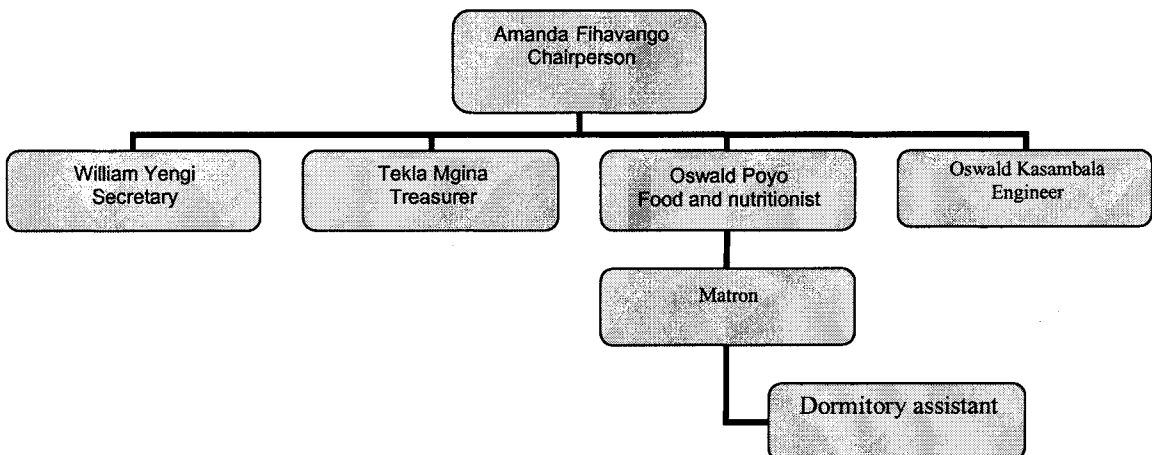


Figure 3: New management structure

In the figure 3, above, only the positions for Matron and dormitory assistant, will be direct employees and paid for, but the other positions will be voluntary services to orphans. Regular meeting of the core team is on weekly bases, but the dormitory assistant will have to remain most of her time caring for the orphans, with weekly offs.

This project is a long-term plan, to care for orphans at a centre to be established in the village. It has to have strong, well-focused strategy of its future, socially, financially, environmentally and legally. A number of actions have been taken in the short as well as long term, to implement the plan.

In the introduction, strategic plan referred to was to see how Nuru Orphans Centre will be twenty to fifty ears as the goal. But the mission is on how it can reach the goal – thus strategic plan. However, not forgetting the continuous monitoring and evaluation of the whole process.

Specific areas of action that will guide towards the overall goals of Nuru in the specific period include the following below:

### **5.3.2 Introduction of accounting tool**

This is one of the three areas in which this research was geared to address. After the findings in mid last year, a simplified accounting system was developed. Now it is in full use by the centre. Two more NGOs have requested to use the system in the bit to correct their old accounting systems.

What remains to be done in this area, is to invite auditors to audit whatever has been going on in the past year. The importance of auditors coming is in two fold: their recommendations will create confidence for future good practises on one hand, but on the other, to correct areas that could otherwise not be corrected in the first year. Move over, other organizations wishing to

collaborate with Nuru will have good reasons to work with Nuru, for good record of accomplishment.

Not only the accounting aspects were focused on, but the general office efficiency and management were worked on, but not mentioned anywhere in the previous chapters. In the period, file management was introduced, as Nuru was getting in to more active external as well as internal interactions with the communities, government offices and many other national partners. The filing system had to be improved and increased last year to accommodate modern requirements including reference numbers, inventory list, copy films, file cabinets.

This is a direct result of the research conducted, and findings revealed that there is a need to have a working tool to assist the growing organization, which unfortunately was not part of the NGOs, which benefited from trainings provided by the umbrella NGOs in Arusha in 2000. Appendix 9 shows the tool, though in Kiswahili.

### **5.3.3 Strategic move of location**

In the first chapter, the processes towards implementation of various tasks were mentioned. The sole owner of Nuru had to learn to separate the centres' activities from family activities. And this was a success. But move to that the centre needed to be distinctly separated from the house. The success story was that, finally the villagers to release two acres of land reached an agreement. Strategically a master plan is drawn for the future expansion of the centre.

#### **I. Contract is signed**

A contract was signed on 21 January 2005<sup>th</sup>. My direct involvement was to negotiate on behalf of Nuru (See appendix 4). This follows an offer letter by the Village to Nuru (see appendix 3) granting 2 acres of land for orphans use. In this contract, a number of conditions will need to be

met if the contract will be abiding, including contributing to water pipe construction for the Village.

## **II. Completion of first dormitory**

At last the construction of first dormitory started on 10<sup>th</sup> December 2004, six months later than planned. The delay was due to long negotiations with the village leadership who took long to convince the village members of the need to have the centre. (See Appendix: 4). First phase of the construction is the foundation at the cost of Tshs 3million. The money was ready by June 04. It is estimated that the whole building will cost Tshs 22million shillings. This money will be provided for by the Swedish good Samaritans, who have accepted to support the centre to start. When this building is complete by July 2005, it will have the maximum capacity of 22 orphans at one time in terms of bedding alone. But when orphans will be brought back, the number will not be immediately reached, since the ability to care will have not yet been fully developed. i.e the recurrent costs of feeding and nursing and other administrative costs will need to be secured before more orphans can be accepted to the centre.

This implementation report is written in March 21<sup>st</sup> 2005. By this time the first dormitory is about completion. I will keep going to supervise and advise the centre until it is finally complete in July this year when orphans will be moved and cared for there. This is a dormitory design with internal partitions to fit the care for orphans. (See photograph No 7 &8 showing the dormitory from outside). This is only one of many other structures that are hoped to be constructed in the location, all for Nuru Orphans Centre.

It was a rare moments to be visited by the Chairman of the Tanzania commission of AIDS, retired Mejor General Herman Lupogo, on 16<sup>th</sup> June 2005. He commented the hard work being done. Nevertheless, most importantly the participatory initiative that is more indigenous that



have all hopes of being sustainable was key message to us. He promised that Government local authorities in the country should come in to assist initiatives like that for good partnership, to bombard the growing problems of orphans in the country and the world at large.

#### **5.3.4 Water project**

This project is not complete yet. But so far a proposal is sent to Sweden by Nuru for consideration. This project though, is in existence on a conditional acceptance to acquiring two acres of land for Nuru from the village. The main conditionality in this is that, the title deed for the land will not be released from the village until Nuru has contributed towards bringing water to the centre through the village. At the same time though, in principle the centre can continue starting utilizing the 2 acres for orphans activities.

There is potentially positive agreement in support of the request. A donor representative was scheduled to come in April '05, from there to meet Nuru Orphans centre on one part and the villagers, in April 2005. The total water project is Tshs 17 million, out of which Tshs 10 million will be contributed by Nuru Orphans centre. The other part is the valued cost of labour from the villagers. The intake was already constructed four years earlier.

#### **5.3.5 Small scale projects**

**I. A bakery project** which was started last year is still operational with more customers. It is sustainable, if market trends are followed regularly. Again this was another strategic move to ensure that recurrent costs of running the orphans centre are provided from by the centre's internal activities. Also reduce the external dependence syndrome. By the beginning of January 2005, the net monthly profit from the particular project was Tshs 100,000. It is enough amounts to care for monthly feeding and laundry for 6 kids.

## **5.4 Monitoring and evaluation**

These are most important aspects of successful implementation of a program. While throughout implementation, all aspects need to be monitored, at the end of each specific activity an evaluation is very essential as well.

### **5.4.1 Monitoring process of the strategic plan:**

The tools agreed on by all the management team of the centre for the monitoring of the process are the following:

#### **A) management structure**

This is a structure, which was restructured in the past one year of my consultancy to ensure that there are Center Manger, Secretary, Treasurer, and one village representative from the older system. This team meets weekly to monitor the progress of the centre, especially as it moves to the new location

#### **B) Guarantors**

From the beginning, CARITAS Mbeya is asked to be the main guarantor to advise and assist where possible. The management in turn is obligated on quarterly bases to provide reports of orphans care progress to CARITAS so as to advise and where possible liaise with other organizations for technical assistance, like it was done between itself, Nuru orphans and Igogwe Mission Hospital.

#### **C) Audit exercise**

One of the best checks and balances in NGOs is to have independent audit report on financial activity of an NGO. It is recommended that Nuru will be inviting external audit to review it's dealings. The first time audit will be done towards the end of December 2005 to asses the financial transactions of Nuru, but also as a test to the accounting package made for the organization in the past one year. The study conducted to on some

NGOs and the audit results revealed that all the Mbeya based NGOs never had their accounts audited externally.

Not only will this, but the government requirement of annual reporting system assists in the monitoring of the progress.

#### **D) Reports to donors**

This is yet another useful tool, which keeps the management on their feet to ensure that what is planned for, and supported by internal or external funding will be reported on properly in the regular agreed period

### **5.5 Evaluation process**

There are mainly two main purposes for conducting an evaluation especially in Nuru Orphans Centre. First, it can be conducted to hold a project accountable for what it has done and achieved. In such cases, actual project activities and achievements will be compared with what was planned. Such evaluations are often required by donor organizations that provide funds for a project. The receipt of further funds may depend on achieving a satisfactory outcome to such an evaluation. This approach is sometimes referred to as 'performance-based funding'. It is used by some major donors, including the Global Fund. The current donor, the Swedish NGO also will like this to happen by the end of the year 2005.

Secondly, an evaluation may seek to learn lessons from project activities. This is likely to include an assessment of what worked well and what didn't. Things that have worked well may be referred to as 'good', 'effective' or 'best' practice. One reason for seeking to learn lessons is to improve the activities and services of the project.

This orphans centre has embarked on a number of activities which will be evaluated at annually;

### 5.5.1 Ways of Conducting Evaluations at Nuru

There are many ways of conducting evaluation, but the recommended methods will broadly fall in two categories:

A) Annually a **scientific evaluation** will need to be carried out, on the actual care of orphans; nutritional, psychological care, and financial transactions of the project and other scientific aspects of orphans in the centre. Here is where the health sector as well as experts in pediatrics will need to be invited to review the well fare of all the orphans in the centre.

B) **Stakeholders evaluation** is the second, but equally important part of evaluation process that is recommended at least in two years of operation. This type of evaluation will need to address all social aspects of the existence of the orphans centre; the positive as well as the negative impact the centre will have caused within its surroundings as well as the villages around. Key players in evaluation will mostly be the Nuru orphans management, Village government, Social welfare department, Community development department, CARITAS, and any donor interested.

### 5.6 Constitutional amendment:

As part of the strategic plan, during the period of engagement, the centre's constitution (appendix 11) was also reviewed to be able to meet the current challenges. The attached is the original constitution out of which articles were collaboratively proposed to be amended. The amendment will not be adopted until the registrar of organizations accepts the changes, thus the change of constitution.

The areas proposed for change include:

**In Article 2 (VII).**

The centre will no longer go out to collect orphans, but hospitals and/or social welfare department will be responsible to bring orphans to the centre. Acceptances will be subject to availability and ability to care for a specified number of orphans at a time.

**Article 3. (b)**

This is redundant as most activities are carried out by (a) and (c).

**Article 5 (iv)**

Unless properly understood to refer to training of the children to be self-reliant, this section may violate child's right to be exposed to hard work for a living.

**Article 6**

There is a contradiction with article 2 (vii). Thus this is the proper section to remain

Section (ii) is scrapped, since it may deny orphans who are really in need, but do not have proper addresses

**In Article 4 - Leadership;**

Apart from the Director, Matron, Treasurer, Centre's Assistant. Additional members of the leadership will be the secretary, food and nutritionist, and engineer. Basically all the additional leadership members are on voluntary bases, in order to strengthen the centre.

**5.7 Indicators**

Indicators are used in both monitoring and evaluation as elaborated above. Essentially, they are outputs which will be measured or assessed to see the progress being made by the project. They may be expressed in numbers (quantitative) or through descriptive words (qualitative). Indicators may measure different 'levels' of a project. These levels include:

- **Inputs** - these are the things needed for the project to occur. They are like the raw ingredients needed to cook a meal. Examples include people to do the work and money.
- **Processes** - these are the activities of a project. In general, these are relatively easy to measure and process indicators often form the bulk of monitoring systems. An example of a process would be training sessions held for staff. Various indicators may be used to measure these processes such as number of training sessions held and number of people trained.
- **Outputs** - these are things produced by the project. Examples include new or improved services, trained staff, information materials, and the number orphans under care etc.
- **Outcomes** - these are the positive short-term effects of a programme. Examples include improved child nutritional status and improved centres' enrolment at Nuru orphans.
- **Impact** - this is the longer-term change which arises as a result of several positive outcomes. Common measures of impact of the response to orphans care are the well being of orphans in the particular centre as well as the impact in the surrounding village of Mantangji, which provided land for the construction of the first dormitory.

## **5.8 Challenges:**

For the purpose of this research paper, the author categorizes challenges into those encountered during the implementation process.

### **5.8.1 Challenges during implementation:**

- a) One of the most difficult challenges throughout last year was to bring together for a meeting, members of Mantangiji village to agree to release land for Nuru. Even if Nuru had money readily available, community meetings proved always very hard to convene. All that needed to be done was to be patient in the period, until finally the 'battle' was won.

- b) Securing sources of funds: This is another difficult part to play. 'Thank God that the Swedish came in to support since June 2004. In the recommendations, while maintaining very good relations with the donor, move efforts need to be made with other donors for the future of the centre.
- c) Time constraints; the consultancy time allocated to support Nuru, was from time to time violated do to pressures from the employer's high demands. Although situations differ to consultants like me, lesser time in the week was allocated to support Nuru that had originally planned.

### **5.8.2 Future challenges**

- a) The centre manager will urgently need to improve her managerial skills, to be able to widely manage the ever growing centre that will be outside her house premises. Areas that are felt weak in her include accounting procedures, file management and communication skills will the outside world.
- b) If the water project funding fails from the side of Nuru, by default the land will be taken back by the villagers, including whatever structure there is in now. Nuru including me will keep our selves on the toes, to make sure this does not happen.
- c) Current costs for management of the centre: when the centre is in the house, operating costs may not be felt very much, or may even be negligible. But when the centre will be standing alone, running costs for electricity, feeding, employment of nurse and guards will be distinct with proper accounting. Currently the bakery project and poultry are supporting very much with approximated profit margin of Tshs 100,000 a month. This is not enough for the running of the centre. Alternatively, the current projects in the house will need to be increased twice as much to be able to provide the centre at least Tshs 300,000 per month for the running of the centre, while ensuring the projects does not die. i.e. make timely

replacement of chicken as they grow old and with the bakery, the centre has to produce more and simultaneously look for more customers.

- d) Sources of funding: if the Swedish pool out in the future, the 'going' will be hard. To date in separate instalments Nuru received a total of Tshs 6.5 million. There is another Tshs 7million by the end of March 2005. It is important to keep exploring other sources of support so that the centre continues to stay alive as well as grow according to the master plan already discussed in the first chapter.



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