An Introduction to Non-Governmental Organizations (NGO) Management

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What is a Non-Governmental Organization (NGO)?

The term, "non-governmental organization" or NGO, came into use in 1945 because of the need for the UN to differentiate in its Charter between participation rights for intergovernmental specialized agencies and those for international private organizations. At the UN, virtually all types of private bodies can be recognized as NGOs. They only have to be independent from government control, not seeking to challenge governments either as a political party or by a narrow focus on human rights, non-profit-making and non-criminal. As of 2003, there were reportedly over 20,000 NGOs active in Iran. The majority of these organizations are charity organizations, and thus would not fall under the category of development-oriented NGOs. In this document the term NGO is primarily used for organizations other than charitable organizations.

The structures of NGOs vary considerably. With the improvement in communications, more locally-based groups, referred to as grass-roots organizations or community based organizations, have become active at the national or even the global level. Increasingly this occurs through the formation of coalitions with other NGOs for particular goals, such as was the case in the case of the Bam earthquake for example.

A civil society is composed of three sectors: government, the private sector and civil society, excluding businesses. NGOs are components of social movements within a civil society. In the case of Iran, where civil society is not yet mature, NGOs can have an important role in strengthening the foundations of an emergent civil society. The issue of independence is an important one in the credibility of an NGO. It is hard for NGOs not to come under any governmental influence. Individual governments do at times try to influence the NGO community in a particular field, by establishing NGOs that promote their policies. This has been recognized by quite common use of the acronym GONGO, to label a government-organized NGO. Also, in more authoritarian societies, NGOs may find it very difficult to act independently and they may not receive acknowledgment from other political actors even when they are acting independently. On the other hand, development and humanitarian relief NGOs need substantial resources, to run their operational programs, so most of them readily accept official funds. It is thus important for the NGO to have transparency in its operations and goals so that its relationship

Types of NGOs

NGOs can be distinguished into two groups: Operational and advocacy NGOs. This may be interpreted as the choice between small-scale change achieved directly through projects and large-scale change promoted indirectly through influence on the political system.

Operational NGOs have to mobilize resources, in the form of financial donations, materials or volunteer labor, in order to sustain their projects and programs. This process may require quite complex organization. Finance obtained from grants or contracts, from governments, foundations or companies, require time and expertise spent on planning, preparing applications, budgeting, accounting and reporting. Major fund-raising events require skills in advertising, media relations and motivating supporters. Thus, operational NGOs need to possess an efficient headquarters bureaucracy, in addition to the operational staff in the field.

Advocacy NGOs will carry out much the same functions, but with a different balance between them. Fund-raising is still necessary, but on a smaller scale and it can serve the symbolic function of strengthening the donors' identification with the cause. Persuading people to donate their time is necessary, but, in addition to a small number of people giving a great deal of time, it is also necessary to be able to mobilize large numbers for brief periods. External donors may not impose onerous administrative burdens, but supporters still have to be supplied with information on an efficient regular basis. Major events will aim to attract favorable publicity rather than raise funds. Therefore, despite their differences, both operational and advocacy NGOs need to engage in fund-raising, mobilization of work by supporters, organizing special events, cultivating the media and administering a headquarters. Only the defining activities – implementing projects or holding demonstrations – serve to differentiate them. In reality, the distinctions are not as sharp as the labels suggest. Operational NGOs often move into advocacy when projects regularly face similar problems and the impact of the projects seems to be insufficient. All the large development and environment operational NGOs now run some regular campaigns, at least by supporting campaigning networks. Similarly, advocacy NGOs often feel they cannot ignore the immediate practical problems of people in their policy domain. Human rights NGOs and women's NGOs end up having programs to assist the victims of discrimination and injustice.

Range of NGO Activities

In the case of Iran, NGOs can have an active role in the following areas:

- Community Health Promotion and Education
  - Contraception and Intimacy Education
  - General Hygiene
  - Waste Disposal
  - Water Usage
  - Vaccinations
  - Youth Counseling Services
- Emerging health crises
  - HIV/AIDS education and support
  - Hepatitis B education
  - Drug Addiction recovery
- Community Social Problems
  - Juvenile crimes
  - Runaway girls
  - Street Children
  - Prostitution
- Environmental
  - Sustainable water and energy consumption education
  - Keeping mountains and forests clean
- Economic
  - Microenterprises and Micro-loans
  - Skill training (Computers, technician training, Catering services, clothing and textile, etc.)
  - Product promotion and distribution (Bazaars etc.)
  - Cooperative creation
  - Financial consulting

    - Career services and job search assistance
- Development
    - School construction
    - Infrastructure construction
    - Cultural center construction and operation
    - Agriculture and Aquaculture expert assistance
- Women's Issues
    - Women and Children's Rights
    - Battered women assistance center
    - Group therapy for sexually abused women
    - Counseling hotlines (telephone-based counseling services for women)
    - Legal assistance to women
    - Literacy drives

Constituting an NGO Board

There is a growing need for nonprofit and non-governmental organizations (NGOs) throughout the world to be more effective and productive. One the many ways they are achieving this is by broadening and strengthening the constitution of their Boards. An increase in the effectiveness of NGO board itself has been achieved by bringing together organizations and leaders with a shared interest in the work of boards; building capacity by training; and developing management and governance tools.

Having a good and effective NGO Board provides a basis for successful management of its organization; familiarizes its target constituents with the activities of the NGO; help in better understanding the organizational structure of the NGO, and also assists in distributing responsibilities among the team members within the NGO organization.

An NGO Board may be called by different names - 'Board of Directors; 'Steering Committee' 'Advisory Group' etc. The term 'Board' is used collectively and interchangeably to mean all these names.

Board Functions

How does an NGO board function? What does it do? It first of all, sets policies and strategies for the NGO, in line with the agreed purposes, principles and scope of the NGO. It also sets operational guidelines, work plans and budgets for the NGO and policy and program support. Many times, it is also called on to make funding decisions.

It assists the internal workings of the NGO by setting criteria for membership of, and appointing, review panels and/or support groups. It may also establish a framework for monitoring and periodic independent evaluation of performance and financial accountability of activities supported by the NGO.

One of its main roles is representation of the NGO in the larger community. It represents views of the NGO in various constituencies, or within the NGO community in relation to outside organizations. It is frequently asked to coordinate with outside agencies, as well as advocate for the NGO, and mobilize resources.

Often, the Board is the first contact that an NGO's target audience have, and in some cases it is the first contact where peoples' concerns are actually heard - due to the high standing of Board members in the community. The Board's presence in the field sometimes forces decision-makers to listen to affected peoples' concerns, and can help to open up alternative solutions.

Within the board set-up itself, an NGO board selects and appoints chairpersons for the Board, and also participates on committees and working groups of the NGO.

Mandate and working methods

What is the mandate and working methods of an NGO board members? They participate fully in all meetings of the Board (including study all relevant documents in order to provide input in the decision-making process). Many NGO Board Members are also expected to participate in teleconferences and other virtual means of communications among Board members, the NGO community, networks and with the other NGO Board members - especially due to their work schedules etc.

NGO Board Members advocate the participation of community representatives in the design, implementation and evaluation of policies and programs at all levels of the NGO. They provide input into equitable and appropriate allocation of resources and maintain a focus on issues of importance to the community and NGO movements in general. Board members also seek input from the community on key issues related to relevant documents and consult with and report to the broader community of NGOs and CBOs and people and communities, as well as appoint advisors for the NGO's programs and projects.

Qualifications and criteria for selection

Who should become an NGO's Board Member? What criteria is necessary to select Board members? Based on the Board's functions, including representing the various constituencies, the process of selection of Board members (and their designated Alternates) takes several criteria into consideration.

Board members should possesses an understanding of the scope of work of the NGP/NPO and opportunities it presents; the ability to strengthen the Board's understanding of NGO and other issues; have experience and responsibility to carry out tasks and roles of the Board; represent issues related to NGO involvement in its target issue/area; and represent issues related to the NGO's target community.

They should also have a minimum number of years in front-line community work, and an ability and capacity to communicate and network effectively and broadly (for example, they must have functioning communications linkages such as telephone, fax, computer and email).

Board Members are expected to have the ability to represent and promote the NGO publicly, as a Board member representing the NGO community; ability to act within a team setting; be gender sensitive; possess diplomatic and strategic political skills, including capacity to think and work strategically; possess the ability to work in international and local languages; and also have linkages to an organization that can facilitate communication and liaison; and provide consultation and support.

Composition of a Board

An NGO Board usually has 10 to 15 members, with a President, a Treasurer and other positions designated to specific tasks/issues related to the NGO's program areas. The member positions could be rotating and/or renewable.

Length of terms

The length of terms for NGO Board Members and Alternates varies from organization to organization, but usually ranges from one to three years.

Cessation of Appointment

Due to the nature of the work and contribution to the workings of an NGO board, criteria for cessation of appointment is also usually set out. An NGO Board Member could cease to be a Member if he/she resigns, he/she no longer has an employer who is supportive of the time commitment required or he/she no longer has links to the organizations that secured his/her nomination and/or selection to the Board; he/she is unable to perform the agreed upon tasks; he/she is unable to work with the other NGO Board Members as part of a team; or if a conflict of interest is declared

Setting up an NGO's By-Laws

Bylaws are internal documents, a set of rules that enables each organization to conduct its affairs. It is important they be written clearly and in language that is easily understood by all organization stakeholders. This document is frequently necessary for the registration of an NGO with national and public authorities.

Typical items addressed in the bylaws are:

Name and purpose of the NGO. The Purpose is usually a restatement of the NGO's Mission Statement, but can contain additional details

The frequency, notice, and quorum requirements for organizational meetings. These can be internal or regular meeting of the NGO, or external meetings such as those for the general public, with other stakeholders etc.

Voting qualifications, proxies, and procedures for approval of boards. This is related to the governance structure of the NGO's board. The number and term for members of the board, scope of authority, method of nomination and election to the board, and provision for filling vacancies.

List of board officers, method of nomination and election, terms of office, powers, duties, and succession.

Membership and authority of committees or working groups. Many of an NGOs' work is done through sub-committees or groups, and provisions need to be made for such committees.

Title and scope of authority for the executive director and other staff members who are responsible for the day to day functioning of the NGO.

Record-keeping and financial reporting responsibilities. In many countries this is necessary for the maintenance of the tax-exempt status of an NGO.

Amendment procedures for the bylaws and provisions for dissolution of the organization.

Writing and gaining approval for a set of bylaws takes thought, time, and the involvement of the organization’s constituents. Bylaws should be written with an emphasis on fair treatment and transparent governance.

An NGO Approach to Solving Community Problems

When an NGO approaches solving a problem, they can pursue the following structure:

- Gather information on the issue
- What exactly is the problem?
- What is causing the problem?
- Who are the persons/organizations responsible (for e.g. it could be a particular department of the government/an industry)?
- What are the consequences going to be? Assess magnitude, quality and prevalence.
- What are the alternatives/possible solutions?
- How much would they cost? Is it better to invest the money in other projects?
- Talk to people in the community to hear different views that will enable a holistic view of the issue.
- Talk to people who are in-charge and hear their side of the issue. Tell them about the problems that you see.
- You may be able to work towards solving problems together if you do not see yourself as hostile parties.
- Connect with people to increase awareness
- Ask older, influential or respected people in the community to address public gatherings.
- Use the media (newspapers and the internet) to generate interest, communicate the facts and discuss options.
- Write polite, succinct articles for magazines and newspapers identifying the issues.
- Include people from diverse backgrounds, so that your organization is not linked with any particular political party or religious sect.
- For fundraising purposes, let people know why funds are needed and how they will be used. Transparent and detailed accounts are imperative to build trust.
- Link up with other NGOs to maximize the effect of the effort.

Capacity Building

Capacity building has fast become a major topic among nonprofits and management support organizations (funders, associations, training centers, consultants, etc.) that provide services to nonprofits. There are a variety of definitions for capacity building. Perhaps the most fundamental definition is "actions that improve nonprofit effectiveness". Some other discussions about capacity building refer to the concept as actions that enhance a nonprofit's ability to work towards its mission.

The concept of capacity building in nonprofits is similar to the concept of organizational development, organizational effectiveness and/or organizational performance management in for-profits. Capacity building efforts can include a broad range of approaches, eg, granting operating funds, granting management development funds, providing training and development sessions, providing coaching, supporting collaboration with other nonprofits, etc. Prominent methods of organizational performance management in for-profits are beginning to be mentioned in discussions about capacity building, as well, for example, the Balanced Scorecard, principles of organizational change, cultural change, organizational learning, etc.

Information in this topic of the Library will acquaint you with the concept of capacity building in nonprofits, including offering you a broad background from some suggested previous readings, numerous perspectives on capacity building from numerous articles, and then review of various common functions in nonprofits (eg, boards, role of CEO, programs, marketing, fundraising, finances, evaluation, etc.). The topic closes with review of major methods of organizational performance management.

Financial Management for NGOs

All organizations need money. Alongside staff, money is the one thing that takes up most management time. Good financial management involves the following four building blocks:

1. KEEPING RECORDS

The foundations of all accounting are basic records that describe your earnings and spending. This means the contracts and letters for money you receive and the receipts and the invoices for things that you buy.

These basic records prove that each and every transaction has taken place. They are the cornerstones of being accountable. You must make sure that all these records are carefully filed and kept safe.

You must also make sure that you write down the details of each transaction. Write them down in a 'cashbook' - which is a list of how much you spent, on what and when.

If you are keeping your basic records in good order and writing down the details of each transaction in a cashbook then you cannot go far wrong.

2. INTERNAL CONTROL

Make sure that your organization has proper controls in place so that money cannot be misused. Controls always have to be adapted to different organizations. However, some controls that are often used include:

- Keeping cash in a safe place (ideally in a bank account).
- Making sure that all expenditure is properly authorized.
- Following the budget.
- Monitoring how much money has been spent on what every month.
- Employing qualified finance staff.
- Having an audit every year.
- Carrying out a 'bank reconciliation' every month - which means checking that the amount of cash you have in the bank is the same as the amount that your cashbook tells you that you ought to have.

This last control is particularly important. It proves that the amounts recorded in the cashbook and the reports based on it are accurate.

3. BUDGETING

For good financial management, you need to prepare accurate budgets, in order to know how much money you will need to carry out your work.

A budget is only useful if it is worked out by carefully forecasting how much you expect to spend on your activities.

The first step in preparing a good budget is to identify exactly what you hope to do and how you will do it. List your activities, then plan how much they will cost and how much income they will generate.

4. FINANCIAL REPORTING

The fourth building block is writing and reviewing financial reports. A financial report summarizes your income and expenditure over a certain period of time.

Financial reports are created by adding together similar transactions. Financial reports summarize the information held in the cashbook. This is normally done using a system of codes, to allocate transactions to different categories.

Solving Organization Problems in NGOs

The signs of organizational distress in an NGO aren't difficult to identify. Here are the most typical symptoms of decline and some practical responses:

Program	
Symptom Demand has declined, and capacity to deliver services is under-utilized.	**Treatment** Reassess the needs of target audiences, and revise programs to meet current needs. Or, add new offerings to the program mix, and eliminate outmoded ones. Restaffing or retraining may be required to deliver new or revised services.
Management	
Symptom Management is unable to think creatively about the organization's mission or approach.	**Treatment** Enlist help from external advisors to generate fresh alternatives and provide objective perspectives. A change in leadership may be appropriate.
Staffing	
Symptom The staff is torn by infighting and turf wars.	**Treatment** Consider reorganizing staffing structure, including reallocating responsibility and retraining people. Retain consultants to help clarify disputed issues and assess staff members' capabilities.
Board	
Symptom The same few board members show up at	**Treatment** Contact all board members and discuss their

every meeting to rehash familiar issues.	commitment to the organization. Revise the board's structure to reflect present-day needs. As part of this process, some board members may resign voluntarily and new members with critical skills can be recruited.
Systems	
Symptom Administrative systems are needlessly complex, confusing, and outmoded.	**Treatment** Review your systems requirements in light of changing programs and technologies. This may require the expertise of outside management and information technology consultants.
Fundraising	
Symptom The organization is "chasing dollars" by inventing new initiatives primarily to attract available funding, contorting existing programs to match funders' special interests, or responding to Requests for Proposals indiscriminately.	**Treatment** Clarify the mission, and revise programs to make them more relevant. Concentrate on funding opportunities that clearly fit this new direction. Adopt a more proactive approach to funders.
Financial Management	
Symptom Cash flow problems and projected budget deficits are chronic.	**Treatment** Pare expenses by dropping or curtailing non-essential services. Develop new sources of income based on revised programs.
Internal Communications	
Symptom	**Treatment**

Staff members don’t willingly speak out on critical problems and feel disconnected from important decision-making.	Create an operational policy that outlines procedures for involving staff. Give senior staff opportunities to work with the board.
External Relations	
Symptom The organization’s reputation has diminished; there is confusion among outsiders about its mission and programs.	**Treatment** Inform funders and other constituents of your progress as you revise goals and programs. Be sure that messages about newsworthy accomplishments are conveyed to key audiences.

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