

Cooperation Cycle in Financial Project Support and the Role of Consultancy and Support Services (CSS)



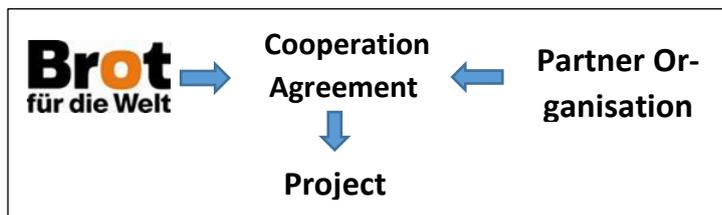
Introduction

Financial support to partner organisations by BROT FÜR DIE WELT (BfdW) is focussed on projects. Principles of the collaboration are laid down in a cooperation agreement and further elaborated in various additional documents.

This means, among others, that partner organisations have to observe certain professional standards in their financial management and in their planning, monitoring und evaluation (PME).

Consulting and supporting partner organisations to create conditions for meeting and maintaining those standards is the task of the Consultancy and Support Services (CSS).

Type and scope of the consultation and support to be provided depends on the partner organisations' needs and may be required during the all phases of the cooperation – from planning the project until its completion.



The cooperation phases

The steps of the project-oriented cooperation and the kind of consultation and support normally required during the different phases are as follows:

Project planning and applying for funding

Cooperation normally starts when a partner organisation designs a project responding to a genuine need and in cooperation with the respective target group. In order to file an application for funding with BfdW the concept of outcome and impact orientation (OIO) has to be adopted for planning as well as for monitoring the project.

Partner organisations frequently need technical support for applying that approach. This will be an important role for the CSS. Partners often need to get a basic understanding of impact orientation in the project cycle. Furthermore, support in elaborating the OIO-logic in planning a precise project is generally needed.

From the application for funding

5. Expected Outcome and Impact

Please define the development goal to which the project aims to contribute (impact level).

█

Kindly specify the project objective to be accomplished within the project period (outcome level).

█

Please spell out up to three indicators to monitor the extent the project objective has been achieved.

- █
- █
- █

If possible, kindly provide at least one indicator differentiated by sex or add a gender dimension to one of the indicators

If the planned project is composed of different project components, kindly use the spread sheet attached.

If possible, kindly describe possible unintended (positive and negative) outcomes or impacts of the project.

From the form for the budget

II. PLANNED INCOME

Income sources

1.0	Non-Bread for the World funds
1.1	Project partner's own means
1.2	Domestic funds raised by project partner
1.3	Foreign funds raised by project partner (except 1.5)
1.4	Project partner's funds raised by the European Union
1.5	Other German public funds raised by project partner

The application for funding also includes a schedule of planned income and expenditures of the project. This implies a detailed plan of project activities and their precise costing. Own means and contributions from third parties have to be included in the income plan. Such a project budget needs to be prepared carefully and compiled systematically. Professional support is frequently needed to achieve this. Such service may need to be provided by CSS specialised in finances.

Preconditions for approving financial project support

Prior to approving a project it must be assured that the partner organisation is efficient and capable of complying with general requirements for funding by BfdW. This is particularly relevant for partner organisations which did not have any previous cooperation with BfdW. For this end, partners compile an organisational profile which helps to identify challenges for organisation development. This often requires support by CSS. However, in case a more intensive consultancy need is revealed, it may be provided by another external expert. The task of CSS in this context could be help in identifying the precise need for support, to specify the assignment and possibly to accompany its implementation.

Organisational Profile	
In order to assess your organisation's capacity and strengths kindly provide the following information. Please note that all questions relate to the overall organisation and not to your submitted project proposal. This information is for the financing partner's use only and will be treated as strictly confidential.	
1. Basic data on the project holder	
Full name and acronym (abbreviation)	8. Accounting system: The documents that are relevant here, to be enclosed to the "Organisational profile", will be listed on the "Checklist for requested additional documents" (see annex).
Physical address	8.1 Number and qualifications of staff working in the financial accounting section:
P.O. Box	
Telephone	
Fax	8.2 Does your organisation prepare annual accounts, balance sheets, income- and expenditure statements or similar (e.g. annual statement for submission at local authorities)?
E-mail	<input type="checkbox"/> yes <input type="checkbox"/> no
Website	
Contact person in the organisation	Are the annual accounts audited? <input type="checkbox"/> yes <input type="checkbox"/> no
	If no, please explain:
	8.3 What is the key date of the last financial year?
	At what intervals and with which methods/tools is your organisation:
	<ul style="list-style-type: none"> • planning • monitoring • evaluating
	To what extent is your project planning linked to your strategy and who participates in planning?
	<ul style="list-style-type: none"> • How does your organisation monitor the impacts of your work? • How does your organization exploit the monitoring results?

From the form for the organisational profile

Approval for funding and cooperation agreement

When financial support to the planned project is approved by BfdW, the rules for the cooperation are stipulated through entering into a cooperation agreement. This consists of a comprehensive set of rules, the implementation of which has been supplemented by additional documents, explanatory notes and forms. In order to be able to fully interpret this set of rules and to implement the necessary measures resulting from it, the support of the CSS is often also required. At the start of the project, by the latest, it must be ensured that all organisational prerequisites exist for the successful and compliant implementation of the project.

From the cooperation agreement

Cooperation agreement (Standard A)
for project number [redacted]

Evangelisches Werk für Diakonie und Entwicklung e. V.
for Brot für die Welt

hereinafter referred to as the "Financing Partner"

and
[redacted]

responsible for the project, hereinafter referred to as the "Project Partner", conclude the following cooperation agreement for the project funding:

Project information	
Project title:	[redacted]
Project area:	[redacted]
Project duration:	from [redacted] to [redacted]
Project expenditure	
Total project expenditure:	[redacted] euros
Project Partner's own means:	[redacted] euros
Further third party funds (in total):	[redacted] euros
Amount/funding approved by Financing Partner:	up to [redacted] (amount in euros or up to [redacted] % of the entire project expenditure „ratio of funding“)
	BMZ/EZE: [redacted] (max. amount in euros)
	German church funds: [redacted] euros (max. amount in euros)

Transfer of project funds

At the request of the partner organisation, BfdW's funding is released in quarterly instalments according to the course of the project. The request for transfer is based on the current and projected revenue and expenditure of the project, the framework of which is defined by the agreed project budget. Reliable financial planning, always up-to-date accounting and reliable budget monitoring are required to determine the data required for this purpose. In this context, the share of funding from the various sources must also be monitored and controlled. For BfdW, it is important that the percentage of total financing set in the terms of the agreement is not exceeded. If this happens, measures must be taken to restore the agreed ratio.

		From the form request for funds transfer	
1.	Calculation of funds requested for transfer		
1.1	Accumulated audited expenditure from project start as reported to BfdW in the last financial report for the period ended on:		
1.2	Expenditure covered directly by BfdW (as informed in debit notes) until start of the request period:	+	
1.3	Other expenditure incurred up to this moment plus expected expenditure until the start of the request period:	+	
1.4	Estimated expenditure (total of breakdown in section 3) for this request period from: to:	+	
1.5	Total of accumulated and estimated expenditure from project start until end of this request period:	=	0
1.6	Less all non-BfdW contributions allocated/to be allocated to the project from project start until the end of this request period (= 0,00 % of the total of 1.5)	-	
1.7	BfdW's share of funds (according to 1.5 less 1.6) (= 0,00 % of the total of 1.5)	=	0
<i>In case the ratio of funding differs from the approved budget please explain under section 5.</i>			

The preparation of the request for transfer as well as the monitoring and management of the financing ratio often requires technical support. This is an important task for CSS in finance management

Narrative reporting on project progress

The partners regularly report on the progress of the project. Every six months, the implemented activities are reported in comparison to planning.

Annexe (Narrative Report):				
Project components' objectives	Indicators (information differentiated by sex or one indicator for the gender dimension)	Achievement of objectives (Assess using indicators)	Planned Activities	Activities implemented / carried out
1. []	1. []	[]	[]	[]
	2. []	[]	[]	[]
	3. []	[]	[]	[]
2. []	1. []	[]	[]	[]
	2. []	[]	[]	[]

From the form for the narrative progress report

So far, this has included reporting on outcome and impact achieved. In future, this will only be necessary in a 12-month cycle. The required data must be provided by the monitoring system of

4. Outcome and Impact

Project objective: []			
Indicators (information differentiated by sex or one indicator for the gender dimension)	Achievement of objectives (Assess using indicators)	Planned activities	Implemented activities
1. []	[]	[]	[]

the project, which has to be set up according to the rules of outcome and impact orientation.

If the practical application shows the required information is not supplied or is not supplied with the required precision, further support would be required.

Compiling the collected data to a meaningful report is also often a challenge. Therefore, it can be the task for CSS to provide support in this respect.

Financial reporting

Financial reporting is carried out at six-month intervals. It includes a presentation of the income received so far for the project and the expenditure incurred, both in comparison with the planning (the budget), as well as information on the available liquid project funds compared to the balance of revenue and expenditure and, if applicable, a statement of receivables and liabilities of the project. For the preparation of the financial report, the support of the CSS with a focus on finance is often necessary.

From the financial report		Financial Report			
Project number/project title:					
Project partner:					
Project period:					
I. INCOME/Receipts					
Income sources		Total planned income in Euro	Total planned income in national currency	I	
				1st reporting period	2nd reporting period
1.0	Non-Bread for the World funds				
1.1	Funds balance from previous project				
1.2	Project partner's own means				

The data for financial reporting must be provided by the accounting department of the project. If any weaknesses are apparent at this time, they must be attended with the highest priority, which may also require support of the CSS.

External audit of financial reports

Once a project has been approved, the partner organisation commissions an auditor to carry out regular audits of the project. The auditor must be independent and reliable and comply with applicable professional standards. Therefore, a thorough selection is required. CSS support can be important for this. For some countries, there are lists of auditors which BfdW considers to be particularly suitable.

The audit shall cover the six-

month financial reports with the underlying books of account and other relevant records. The resulting audit report is presented together with the BfdW financial report. In addition, the auditor is required to report further audit findings to the partner organisation and BfdW (Management Letter).

Preparation of the documents for a smooth implementation of the audit may also indicate need for support by CSS in the area of financial management. However, more significant may be to support partner organisations in the analysis of audit findings, as they arise from the audit report and the management letter. Also the identification of the consequences to be drawn from this and possibly monitoring of their Implementation may be a task of CSS. If the support required exceeds the possibilities of CSS, other external consultants might be assigned. The task of the CSS could then be to accompany the consulting process.

Audit agreement

Annex 3 to the cooperation agreement

The following agreement is concluded:

From the audit agreement	
between	
Audit Firm:	
Contact person:	
E-Mail:	
Address:	
P. O. Box:	
and	
Project Partner:	
Contact person:	
E-Mail:	
Address:	
P. O. Box:	
and	
Financing Partner:	Evangelisches Werk für Diakonie und Entwicklung e. V. for Brot für die Welt

2.4 Management letter

The Audit Firm will communicate to the management of the Project Partner its observations concerning the accounting system and internal controls together with a detailed list of any significant weaknesses that come to the Audit Firm's attention during the course of the audit, as well as the risks associated therewith. The management letter must contain recommendations as to how these weaknesses can be eliminated and controls and records improved. The recommendations should be discussed and agreed with the management.

From the audit agreement

Completion of the project

For projects currently in progress, the partner organisation prepares an additional final narrative report on the entire project once the project has been completed (usually after a duration of three years). The report includes the degree of achieving the project objectives, impact, relevance and sustainability of the project. This information must be derived from the monitoring system of the project.

Preparing such reports may again require support from CSS. For projects to be approved in future, this final report will be omitted and these points will instead be covered by the 12-month narrative progress report. It is important that the latest narrative report shows the effects of the project and the extent to which the objectives of the project have been achieved. This is not only a criterion for the success of the project, but also allows a conclusion about the efficiency of the monitoring system and, if applicable, provides an indication of how effective the advice of CSS has been for this.

A separate final report on finances is not required. Financial reporting ends with the report for the last six-month period, which is drawn up in accordance with the usual model. Since the financial reports include an accumulation of the amounts since the start of the project, in addition to the respective six-month reporting period, the latest financial report gives an overview of all revenues and expenditures over the entire project period. This shows the extent to which expenditures have been kept within the agreed budget and contributions from the various sources of financing managed in such a way that their shares correspond to the original agreement. These are important matters from BfdW's point of view, BfdW themselves is accountable on those aspects to its back donors and funders. At the same time, this is an indicator of the efficiency of the partner's financial management and it may also indicate how effective the advisory work of CSS has been to in this respect.

Training, workshops, consultations

It often turns out that there is a similar need for support from several partner organisations. In such cases, it may be useful to organise a training course for staff of several or even all partner organizations in a country. This may cover aspects of financial management as well as outcome and impact orientation and PME or other issues. Such events also provide a good opportunity for mutual consultations among partners or networking for the benefit of all stakeholders. CSS will therefore occasionally have to organise and implement such events.

Here is an example of a program of training of partner personnel on impact orientation:

Workshop programme: The following programme is a possible 3-day outline, which needs to be adjusted according to the needs of participants (process-oriented approach). This includes to take the specific context, challenges or topics under consideration. The methodology should be adapted accordingly.			
Day 1	Day 2	Day 3	Optional content
<ul style="list-style-type: none"> ➤ Introduction ➤ Getting to know terminology, experiences and needs ➤ Presentation and reflection on the concept of outcome/impact orientation of BfdW ➤ Introducing of planning tools (Log Frame, Effect Chain, Theory of Change) with main focus on effect chain. ➤ Practicing the formulation of effect chains 	<ul style="list-style-type: none"> ➤ Formulation of realistic objectives ➤ Introducing and practicing the formulation of indicators (including baseline and target values) ➤ BfdW requirements + standards Project application ➤ Introducing and practicing monitoring (framework) 	<ul style="list-style-type: none"> ➤ Introduce Baseline surveys/ studies (Who, How, When, Why collect data and how to use it) ➤ Data Collection: Introduction and practice of simple tools ➤ Reporting to BfdW: To which extent have goals / objectives been achieved: Analysis of the level of achievements of agreed upon project objectives and indicators. / Requirements and Formats ➤ External Evaluation management and requirements ➤ Closure 	<ul style="list-style-type: none"> ➤ Field visit (to develop and test indicators / tools) ➤ Presentation of the PME-Systems of the participants ➤ Exchange practical experiences , good practices and lessons learn ➤ Focus on project planning tools like problems mapping, problem tree, outcome mapping and selection or on monitoring system development and tools ➤ Data Analysis, interpretation, drawing conclusions and generating recommendations ➤ Reflecting on organisational changes related to the introduction of outcome and impact oriented PME