

**IMPROVING THE EFFECTIVENESS OF STRATEGIC PLANNING IN LOCAL  
NGOs IN MALAWI**

by

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**Declaration**

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I declare that *‘Improving the Effectiveness of Strategic Planning in Local NGOs in Malawi’* is my own work and that all sources that I have used or quoted have been indicated and acknowledged by means of complete references.

.....

SIGNATURE

(MR C W MALUNGA)

.....

DATE

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## **GLOSSARY**

AGOA = African Growth and Opportunities Act

AIDS = Acquired Immune Deficiency Syndrome

ARVs = Ante Retro Viral Drugs

AYISE = Active Youths in Social Enhancement

CABUNGO = Capacity Building Organization

CADECO = Capacity Development Consultants

CBO = Community Based Organization

CEYCA = Center for Youths and Children Affairs

CARER = Center for Advice Research and Education in Rights

CSO = Civil Society Organization

CILIC = Civil Liberties Committee

DfiD = Department for International Development

ECD = Early Childhood Development

ECDPM = The European Center for Development Policy Management

FOCI = Facilitators of Change Interventions

GDP = Gross Domestic Product

GoM = Government of Malawi

HIPC = Heavily Indebted Poor Country Initiative

HIV = Human Immuno Deficiency Virus

ICASO = International Council for AIDS Service Organizations

IFIs = International Finance Institutions

IMF = International Monetary Fund

MANET = Malawi Network of People Living with HIV and AIDS

MANASO = Malawi Network of AIDS Service Organizations

MASAF = Malawi Social Action Fund

MEJN = Malawi Economic Justice Network

MDGs = Millennium Development Goals

MGDS = Malawi Growth and Development Strategy

MHRRC = Malawi Human Rights Resource Center

MPRSP = Malawi Poverty Reduction Strategy Paper  
MRA = Malawi Revenue Authority  
MTEF = Medium Term Budget or Expenditure Frameworks  
NASFAM = National Smallholder Farmers' Association of Malawi  
NEPAD = New Partnership for African Development  
NGO = Non Governmental Organization  
OD = Organization Development  
PAC = Public Affairs Committee  
PEST = Political, Economic, Socio-cultural and Technological Environmental Scanning  
PLWHAs = People Living with HIV and AIDS  
PRSP = Poverty Reduction Strategy Papers  
RBA = Rights Based Approaches  
RBM = Results Based Management  
SBU = Strategic Business Unit  
SWAPs = Sector Wide Approaches  
SWOT = Strengths Weaknesses Opportunities and Threats Analysis  
TASCODE = Tanzania Council for Social Development  
TORs = Terms of Reference  
UN = United Nations  
UNDP = United Nations Development Program  
UNISA = University of South Africa  
VCT = Voluntary Counseling and Testing  
WHO = World Health Organization

## **ABSTRACT**

The study set out to investigate factors influencing the effectiveness of strategic planning processes among local NGOs in Malawi. Employing qualitative methods, the study used the ‘levels of complexity’ and ‘stages of organization development’ models to analyze factors influencing the strategic planning process and the roles and responsibilities played by the board, management, donors, consultants and communities respectively in five selected local NGOs.

The study revealed that the level of implementation of the strategic plans was low (46%). In comparison, the implementation was lower for organizational capacity building activities as compared to project activities. HIV and AIDS NGOs had higher levels of implementation as compared to their human rights counterparts. The major causes of the low implementation were the local NGOs’ inadequate financial independence from donors to respond effectively and autonomously to the needs and priorities of their beneficiaries; and inadequate capacity for the boards, management, donors, consultants and communities to effectively go through the strategic planning process.

In order to improve the strategic planning processes among the local NGOs, the study recommends that local NGOs must become less dependent on ‘non developmental donor funding’ through:

- Making themselves and their services more relevant and therefore more needed by both the beneficiaries and the donors,
- Developing skills to negotiate with donors for more ‘developmental or good quality funding’,
- Identifying alternative sources of funding while taking care not to be distracted from their core mandate and;
- Investing in the ‘strategic capacity’ of the board, management, donors, consultants and communities to effectively manage the strategic planning process.

Finally, the study recommends that in order to ensure effectiveness of the strategic planning processes, literature or theories guiding the strategic planning processes in local NGOs need to provide guidance on the facts that most local NGOs are not financially sustainable, they do not have adequate capacity to effectively manage the strategic planning process and that they often are not accountable to the communities they serve.



## **CHAPTER 1: INTRODUCTION**

### **1.1 Introduction**

The first chapter introduces the study by giving a brief background to NGOs, strategic planning and Malawi as a country. The chapter also gives the justification for the study and the methodology that was employed to conduct the study.

According to Holloway (2000:15) Non-Governmental Organizations (NGOs) are a group of organizations distinct from government institutions and business organizations. Their distinctive feature is that they are formed to complement, supplement and offer alternatives to government development efforts. In comparison to social movements for example, NGOs are registered, formal and often have full time employees while social movements are unregistered, temporary, spontaneous and revolutionary. They arise to address a specific issue in the task environment and subside gradually or spontaneously as soon as the issue has been resolved (Kaldor, 2003; Korten, 1990: 120). An example of a social movement was the massive mobilization against the third term bill in Malawi. Further comparison between NGOs and other types of organizations is given in section 2.6 on pages 38 - 41.

Local NGOs are finding themselves in an increasingly complex environment characterized by:

- A relatively unstable and insecure world order resulting into diversion of development aid into fighting terrorism. Increasing incidences of natural and man made disasters also aggravates this (Patel, 2005: 27).
- Possibility of local NGOs being displaced by social movements as agents of structural change while international NGOs face the possibility of role conflict with the growth of migration driven diasporas as potentially more effective international civic resource providers, intermediaries and advocates (Fowler, 2005: 2).
- Goal based poverty reduction as the objective for international aid; thereby 'harmonizing' NGO work with that of official aid (Fowler, 2005:2).

- Concern about the legitimacy and accountability that place strict demands on the way that NGOs are governed and retain public trust (Fowler (2004: 2 – 3).
- Complex relationships – on one hand the drive to form complex ‘partnerships’ that combine NGOs, government and business. On the other hand is the displacement of NGOs as agents of structural change by member based activist and other civic entities (Soal et al, 2003:7).
- NGOs are also faced with the reality that the pursuit of development as freedom, the pursuit of poverty reduction and sustained livelihood security are all threatened by the current patterns of globalization (Wood, 2006: 6).

Effective strategic planning is necessary for organizations to survive and make appreciable contribution in such an environment (Patel, 2005: 5). However, while there have been great breakthroughs in other fields, there has not been any significant breakthrough in the field of strategic planning to enable organizations in general to respond effectively to the challenges posed by the current and unfolding environment in which they exist. This has mostly been the case because there has been a lack of investment in strategic planning in general as compared to other fields of knowledge and practice (Patel, 2005: x). Since organizations are driven by their strategies consciously or unconsciously and because of the general weakness in the field of strategy, organizations in general and local NGOs in particular are weak (Lawson, 2000: 19). This study sets to make a contribution towards improving strategic planning as a field and as a body of knowledge and theory through studying the practice of strategic planning in some selected local NGOs in Malawi.

Tandon (1996: 3) observed that in the 1970s and 1980s NGOs were typically viewed as temporary instruments to solve a limited problem or gap filling functions due to failures of the state and market. It was assumed that NGOs would enter, intervene and withdraw from an area in a short term, time bound manner to play a gap-filling role. Today there is a growing recognition for the long-term relevance of the NGOs to supplement, complement and offer alternatives to government development efforts (Holloway, 2000: 5). NGOs are believed to have comparative advantage over government in implementing

development activities. According to Nuscheler (2001: 12) some of their advantages include:

- They reach target groups better than government programs negotiated on bilateral basis or by international finance organizations administered by bureaucrats.
- They are better at organizing for self-help, participation and empowerment of poor people.
- They work with lower administrative and staff costs than government implementing organizations.
- They are values based and are more focused on poverty reduction.

It is important to note however that the very high expectations put on NGOs by NGO leaders, beneficiaries, and donors as grassroots, cost-effective alternative development actors are not being fully realized mostly due to the challenges posed by the complex task environment they find themselves in and their inability to effectively adapt to and shape this environment (James, 2002: 139). Effective strategic planning is therefore needed for the NGOs to transform potential into actual comparative advantage.

The purpose of business is to compete for and create a satisfied customer (Drucker, 1974: 56). The purpose of government is ultimately to win the next elections (Drucker, 1990: 34). The purpose of NGOs is to bring about good change or transformation in people's lives (Chambers, 2005: 184). The ways to achieve profit, win elections and transformation of people are different and therefore necessitate conscious differences in their strategic planning. While much thought and investment has not been given to strategic planning in general, relatively less thought and investment has been given to strategic planning in NGOs in particular (Ramia, 2003: 85).

## **1.2 A History of Development NGOs**

Non-profit organizations have their origins as early as the 16<sup>th</sup> century. The earliest among them were church based institutions. According to Eggins quoted in Suzuki

(1998:217) the oldest is a Canadian Society in Montreal founded in 1653. With a missionary and educational focus these organizations were founded with the aim of 'educating' people in the colonial countries of Asia and Africa. Eggins also shows that the first secular voluntary organizations were the American Medical Aid organizations such as the American Medical Society, founded in 1847, and Save the Children in London, which is currently known as Save the Children UK, founded in 1919. The focus of these organizations was education and disaster relief.

Because of the complimentary role these organizations were playing in promoting their governments' foreign policy, they received support from their governments for their activities in the foreign lands they were operating.

The origins and legitimacy of the term 'NGO' are multiple. The UN charter first used the term NGO in one of its clauses in 1947 (Markay, 1998: 19 –21). This coincided with the shift among NGOs from being purely 'relief' to 'relief and development'. Though there was a conscious 'shift' from purely 'relief' to 'relief and development' soon after the Second World War (Escobar, 1997: 87), in much of Africa, most NGOs were still church based and concentrated on supporting farming, artisanal and other small-scale activities for subsistence among the poor in their membership. The organizations rarely addressed significant socio-economic issues. For this reason, prior to the 1980's, the entire voluntary sector remained generally unknown in most of Africa (Oguseye, 1997:4). It has only been since the 1990s that the NGO sector has been regarded as a strategic area for harmonious development of modern society (Marege quoted in Bloch and Borges, 2002: 463). An explanation to this was that prior to the 1990's, 'development' was government driven. NGOs only came to fill the gap when it was realized that government alone was failing to 'bring about development' (Gariyo 1995: 132). Today NGOs are the fastest growing category of organisations in Africa (Veit, 1998: 54, 84). Twelve percent of global flows of aid and technical cooperation are now delivered through NGOs (UNDP quoted in Capacity.Org, 2003: 6).

Because of increasing nationalist sentiments, disappointment with partnership arrangements and the increasing support for the view that development is less due to lack of resources and expatriates than with local leadership, local institutional arrangements and capacities and mobilisation of local resources, there is more and more dissatisfaction with international NGOs and a deliberate move to develop local NGOs as more effective agent for local development (Fowler, 2000: 145)

The evolution of NGOs has been a topic of debate across the disciplines for years. Brown (2002), Fowler (2000), Hancock (1989) and Edwards (1999) have made some observations. They observed that political scientists frame NGO evolution as a response to the state and its power over citizens. Economists analyse the evolution of the sector in terms of response to unmet demands or market failure. Others have focused on the central role of values and ideological commitments in mobilising resources and action on civil society issues. It can however be concluded that the evolution of the NGO sector is subject to the interplay of political, economic, technological and social forces that operate in the long term. Increasingly global forces and national contexts are influencing this evolution (Wood, 2006: 6).

The argument for effective strategic planning among NGOs is strengthened by the fact that inherently the NGO sector and the international aid system were not designed to facilitate genuine development (Fowler, 2000: 639 – 653). The aid system has been driven primarily by the fear of an uprising from the poor. It has been meant to avert social upheavals and to maintain and nurture the world order (Hancock, 1989: 185 – 193). In this case NGOs, through the aid system, may be used as a way of diverting attention from much deeper economic injustices which perpetuate poverty on a far greater scale (Agbola, 1994: 61). NGOs may not know or they may not be able to deal with the fundamental or strategic issues to address which have to do with the structural change or power shifts required (James, 2004: 15). They may not know or they may not be able to deal with the structural change issues because of limitations in capacity due to their stage of development (Korten, 1990: 120). Even if they knew, donors or the aid system may not be willing to fund initiatives to address such issues. This is why, if NGOs are to play

a strategic role in development, it is critical for them to redefine themselves. This would enable them to become effective agents of genuine development. They can reinvent themselves by redefining their roles in society, their understanding and practice of development and how to gain genuine legitimacy (Edwards, 1999: 3).

### **1.3 Origins of the NGO sector in Malawi**

Most NGOs in Malawi were established from around 1992. Two main factors led to the rise of the NGO sector. These were the need for relief intervention among the refugees fleeing a civil war from neighboring Mozambique in the 1980s and the democratic wave that led to the end of the 31-year of the regime of Dr Hastings Kamuzu Banda. This wave gave rise to the rise of Human Rights NGOs (Morphert, 2000: 12).

From the above understanding most NGOs had a background in relief and a ‘one – off interventionist’ approach. Most of the NGOs did not think through what they would be doing after the repatriation of the refugees and when the democracy they were fighting for was in place. These two events happened around 1994. The refugees were repatriated and Dr Banda’s one party regime crumbled giving way to a democratic multiparty dispensation (Morphert, 2000: 15).

The NGOs were at a loss at what they would be doing next. Donors and other stakeholders started making demands that the NGOs ‘justify their existence’. A number of NGOs closed and those that survived found it increasingly difficult to access donor funding for their administrative and operational costs. Survival and the need for demonstrable impact became key issues for the NGOs (James and Ndalama, 1996: 6).

In 1996, the British Government through the Department for International Development (DFiD) commissioned a study to identify challenges facing local NGOs in Malawi and how to comprehensively address them. A major finding of the study was that most local NGOs in the country lacked ‘focus and strategic leadership and management’ (James and Ndalama, 1996: 2, 3). Based on this finding most local NGOs in the country have

undergone strategic planning processes. To date there is hardly any well-established NGO that does not have a strategic plan.

#### **1.4 Why strategic planning for local NGOs**

Strategic planning is the process an organization goes through to consciously position itself in its task environment by proactively responding to the opportunities and threats offered by the task environment while taking a long term perspective (Drucker, 1974: 568; Adair, 2002: 198). The challenges facing NGOs in their efforts to strategically position themselves in their task environment can be summarized as having to do with issues of sustainability, legitimacy and relevance (Hatch, 1997: 102 – 103). Strategic planning therefore aims at helping the organization to respond proactively to the challenges and opportunities presented by the task environment with the aim of ensuring organizational sustainability, legitimacy and relevance (Atack, 1999: 860; Edwards, 1999: 258; Cannon, 1999: 12 – 13).

#### **1.5 Background to the country**

Malawi is a small land locked country in Southern Africa. It has a total land area of 118, 480 sq. Km of which 20% is covered by Lake Malawi. It is bordered by Tanzania, Zambia and Mozambique. Malawi has a population of 12.8 million people, which is growing at 3% per annum. Over 80% of the people live in rural areas and practice subsistence farming (UNDP, 2005).

Life expectancy in Malawi is 36 years. Under five mortality remains high at 133 per 1000 live births. Maternal mortality is among the worst in the world at around 1000 per 100 000 live births. The main causes of morbidity and mortality are HIV and AIDS, malaria, respiratory infections and water related diseases (Sachs, 2005: 10).

Malawi is an extremely poor country. Its Human Development Index of 0.388 ranks it 165 out of 177 countries in the world. Its GDP of \$ 180/person/year places it among the poorest countries. After years of economic mismanagement before 2004 elections, the

current president is prioritizing national economic recovery and clamping down on corruption and uncontrolled public expenditure. External donors are returning and interest rates are reducing, but it will take years before these macro-economic improvements benefit the majority of ordinary Malawians (Afrodad, 2005: 10).

## **1.6 Problem Statement**

Local NGOs in Malawi have been increasingly adopting strategic planning with the aim of increasing the effectiveness of their organizations. According to Kaplan (1999: 33, 34) an effective NGO is one that has:

- A strong sense of direction and focus through an inspiring vision and mission
- Inspiring shared values, which are practically lived by the organizational members
- Strong leadership that facilitates rather than hinder work
- Ability for self-critique and self-reflection attributing any problem it may have to its own internal problems rather than outside factors beyond its control.
- Ability to concentrate on what it can do rather than mourn what it cannot do or influence
- Adequacy of skills and competences, and the ability to take time to develop staff beyond just academic qualifications but emphasizes personal mastery
- Cordial relationships among employees
- Policies, systems and procedures that facilitate rather than hinder work
- Adequate resources to enable translation of mission statement into activities for its accomplishment.

The above characteristics can be summarized as having to do with organizational sustainability, legitimacy and relevance (Atack, 1999:860). An effective NGO therefore can be said to be one that is sustainable, legitimate and relevant. It is only effective organizations that can produce the required impact in their areas of work. Impact refers to the lasting changes in peoples' lives as a result of the NGO's work (Shapiro, 1996: 15).



Strategic planning is aimed at improving the effectiveness of organizations (Tascode, 2005: 5).

Strategic planning processes in most local NGOs however are ineffective. In a study carried out among 70 local NGOs in Botswana, Kenya, Malawi, Tanzania, Uganda, Zambia, Eritrea, Ethiopia, Djibouti, Somalia and Sudan identified lack of core funding, program design and implementation, staff development and other basic organizational capacities to be the factors constraining organizational effectiveness. But of all these factors ineffective strategic planning processes was identified as a key constraint affecting organizational effectiveness (James 2001b: 14). As a result of ineffective strategic planning local NGOs are not benefiting from their strategic planning processes or at least not as much as they would (Lawson 2000: 7).

Ineffective strategic planning processes lead to ineffective NGOs, which in turn lead to less impact from the organizations. Tascode (2005: 5) believes that low levels of impact demonstrated by local NGOs can be largely attributed to the ineffectiveness of their strategic planning processes.

In addition to the above observations, there is an assumption that strategic planning processes can be transferred from one context to another. In this case, there is an assumption that the strategic planning processes and practices can be transferred from the corporate sector and international NGOs to local NGOs (Lefley, 2004: 850 - 862). There is also an assumption that management practices like strategic planning can be transferred geographically especially from the global North to the South (Drucker, 2003: 10) and yet not much research has been done to test these assumptions. See section 3.6 on pages 102 - 103 for a summary of the assumptions guiding the practice of strategic planning in local NGOs.

Since local NGOs have increasingly been adopting strategic planning, the problem to be investigated in this study is: how effectively the local NGOs in Malawi are using strategic planning to address the challenges facing them.

## **1.7 Objectives**

The goal of this study was to find ways of improving the effectiveness of strategic planning processes in local NGOs by analyzing the current practice of strategic planning processes in selected local NGOs in Malawi. The specific objectives were to:

- Assess the levels of implementation of strategic plans in some selected local NGOs in Malawi.
- Identify factors affecting the effectiveness of strategic planning processes at the preparation, formulation, and implementation; monitoring and evaluation stages.
- Determine the roles and responsibilities played by the boards, management, donors, consultants and beneficiaries in the strategic planning process.
- Examine the relevance of the current literature on strategic planning to guide strategic planning practice in local NGOs.
- Make recommendations on how to improve the effectiveness of the strategic planning processes in local NGOs.

## **1.8 Importance of the study**

The ever increasingly complex environment that local NGOs are operating in is offering challenges that threaten their survival and existence (James, 2002: 139). Effective strategic planning understanding and capacity among the local NGOs is therefore believed to be a critical requirement among them (Patel, 2005: 5). Effective strategic planning is considered to be a tool that any emerging organization cannot afford to skip and still remain effective (Tascode, 2005: 5). Current experience drawn from different local NGOs point to the fact that one of the reasons local NGOs are failing to demonstrate impact is their lack of strategic planning process skills (Olive Subscription Service, 1997).

Secondly, there is less literature on strategic planning in local NGOs. Much of the literature on strategic planning is from the private sector (Lefley, 2004: 850 - 860). Though a considerable literature on management of non-profit organizations has emerged

over the past two decades, it is surprising how little of this writing has examined southern or local NGOs in particular (Ebrahim, 2002: 422). As a result there is little theory building on Southern or local NGOs as distinct from Northern NGOs. Stonehouse and Pemberton (2002: 1) observed that while there has been a lot of research especially among large private sector organizations to address some issues on strategic planning and strategic management, the practice in the non-profit and NGO sector including small organizations is still in its early stages and many gaps still exist. Practical research on strategic planning and strategic management among these organizations is still in short supply. The study will therefore aim to make a contribution towards filling gaps in the availability of suitable literature on strategic planning processes in local NGOs. The study represents one of the first attempts in research on strategic planning practices among local NGOs.

The findings of the study will be particularly useful to:

- Academics and researchers working on developing the field of strategic planning in NGOs in general and local NGOs in particular.
- Board members of local NGOs, as the strategic plan document is a governance tool.
- Management team members of local NGOs, as the strategic plan document is a management tool.
- Strategic planning consultants – as they will get insights on how to improve their practice of facilitating strategic planning processes
- Donors – as they will get insights on how they can help the local NGOs they support to have more effective strategic planning processes. Because of the power they hold in relation to the local NGOs they support, donors may hinder or help in the strategic planning process.
- Leaders of all types of organizations – as they will get general insights into improving strategic planning in general in the Malawian and other similar contexts.

## **1.9 Limitations and the scope of the study**

While the problem of ineffective strategic planning is also experienced by international NGOs operating in Malawi, the scope of the study was limited to local NGOs. This is because it is easier to study the strategic planning process in local NGOs as compared to international NGOs who may have their strategies ‘imported’ from their headquarters.

Secondly strategic planning among local NGOs in Malawi is relatively newer and literature on the subject as it relates to local NGOs is still scanty. In addition, because of their stage of development local NGOs have or are dealing with specific strategic issues that may be different from other types of organizations (Livegoed, 1969: 7 - 15 and Livegoed, 1973: 16 - 20). International NGOs struggle mostly with problems of how to undo bureaucratic practices and how to regain passion and a sense of direction; local NGOs on the other hand mostly deal with problems of how to survive and become more professional (Kaplan, 1996: 19). The thrust of strategic planning in the two types of organizations is therefore different.

Attribution of a successful outcome to a particular intervention is a complex challenge in organizational research (James 2002:111; Rogers 1983:371). It is difficult to establish a clear link between the success of an organization and its strategic planning process as there are many factors at play. For this reason the study limited its definition of effectiveness or an effective strategic plan to, “comparing an organization’s plan to implement against what the organization actually implements” Shapiro (1996:6). In other words the effectiveness of a strategic plan was determined by how well that strategic plan had been or was being implemented and not necessarily the impact the implementation made. Though impact of the organization resulting from implementing the strategic plan was alluded to, it was beyond the scope of the study.

Since the study represents one of the first attempts in research on strategic planning practices among local NGOs, it is expected that it will be more of theory building as compared to analyzing and building on previous research on the subject.

The practical application of the study may be limited to local NGOs in Malawi. The insights and lessons drawn however may have a wider application both geographically and in other sectors.

## **1.10 Research Process**

According to Sprangenberg (1990:16), strategic planning is entirely context specific and there can be no universally applicable strategic planning method. An integral part of strategic planning therefore is to design or choose a methodology, which takes into account the context in which the process is to be used. The context in which local NGOs operate is discussed in more detail in chapter 4 and 5.

### ***1.10.1 Research techniques***

Mulugetta (1998: 11 – 16), Kuhn (2000: 21 –22) and Feurstein (1986: 67 –80) argue for the need for qualitative and participatory methods in conducting organizational research. Cornwall and Pratt (2003:40) point out, ‘sloppy practice; not cross checking information and not using a range of techniques to triangulate findings’ as a weakness of participatory research methods. Marshall and Rossman (1989: 79 –111) argue for the use of a combination of data sources and methods to increase the validity of qualitative research findings. These considerations shaped the methodology and techniques employed for the study.

#### ***1.10.1.1 Position of the researcher***

The researcher has worked with 45 local NGOs in facilitating strategic planning processes. The researcher therefore recognized his biases and complications in engaging in research focusing on strategic planning among local NGOs. Some of these are defensiveness for the researcher and a probable general lack of objectivity in ‘evaluating one’s own work’; people in participant organizations not saying the truth in order not to offend the researcher because of their respect for his identity as a strategic planning consultant, and people in participant organizations confusing the consultant and

researcher roles of the researcher. Using multiple interviews and techniques for triangulation helped to diffuse these biases. The researcher also understood that he needed to expand his critique by maintaining a self-reflective stance and targeting those local NGOs whose strategic planning processes were facilitated by other consultants.

Throughout the research process, the researcher tried to be honest with those who were involved in the research and explained correctly his aim. He briefly explained the outline of the study and answered interviewees' questions until they were ready to accept the interviewer's role without coercion.

#### *1.10.1.2 Sampling*

The selected NGOs were from the Southern and Central regions of Malawi. The Southern and Central regions represent the highest concentration of local NGOs in the country. Two were in HIV and AIDS. Three were in human rights. The sample was drawn from the client lists of the following organizations that provide strategic planning services to local NGOs: Facilitators of Change (FOCI), Capacity Building Organization (CABUNGO), a Freelance Consultant and Capacity Development Consultants (CADECO), in the case of CADECO (the organization where the researcher works) other consultants apart from the author had facilitated the strategic planning process.

These NGOs were purposively selected. Five criteria were used in selecting the NGOs for the study. These were: 1. The NGO was operational, 2. The NGO was registered as a local NGO 3. The NGO had a board 4. The NGO had a strategic plan, which was at least one year old and 5. The NGO was willing to cooperate.

From a final list of 20 local NGOs that adequately satisfied the criteria the 5 local NGOs that were used as case studies were randomly selected. The 5 selected local NGOs were: Public Affairs Committee (PAC), Center for Youths and Children Affairs (CEYCA), Malawi Human Rights Resource Center (MHRRC), Malawi Network of People Living with HIV and AIDS (MANET) and Active Youths for Social Enhancement (AYISE).

Nine people were purposefully selected and interviewed from each organization. These were 3 board members, 3 senior staff members, 2 donor representatives and one consultant. A brief description of each NGO is given below:

#### *1.10.1.3 Public Affairs Committee (PAC)*

PAC was established as an alliance of religious institutions in 1993. It was established as the 'voice' of the religious community in lobbying for a shift from one party to multiparty systems of government in Malawi. Malawi became a multiparty state in 2004. PAC then redefined its role to that of nurturing the new democratic culture in the country. To achieve this PAC plays this role through advocacy, conflict mediation and building capacity among the communities for 'democratic and civic engagement'.

PAC works through a vast network of churches and mosques throughout the whole country. PAC is managed by a secretariat of 6 professional staff, a board of 11 members and a vast number of volunteers working at community, district and regional levels. PAC operates on an annual budget of \$ 600, 000.00. PAC formulated its strategic plan in 1997 and the new strategic plan was formulated in 2006.

#### *1.10.1.4 Center for Youths and Children Affairs (CEYCA)*

CEYCA was established in 1995 with the aim of promoting the rights of children and the youths. CEYCA was established in response to an inadequate response to abuses of children and youths rights at national level. CEYCA works with both in school and out of school youths. It establishes clubs in primary and secondary schools where pupils learn about their rights. For out of school youths, CEYCA establishes clubs in selected communities. They have built a youth center in Tsabango area in Lilongwe district. CEYCA also works on advocacy programs in promoting children and youths rights at national level.

CEYCA has 8 professional staff and 7 board members. It also works through volunteers at the community level. CEYCA operates on an annual budget of \$ 250, 000.00. Its strategic plan runs from 2005 through 2008.

#### *1.10.1.5 Malawi Human Rights Resource Center (MHRRC)*

MHRRC was established in 1997 with the aim of improving CSOs' efforts to strengthen human rights and democracy in Malawi. MHRRC achieves its goal through grant funding, training and counseling in human rights; research in support of human rights activities; documentation and dissemination; and facilitating networking among human rights NGOs.

MHRRC works with CSOs throughout the country. It has 10 professional staff and 7 board members. It operates on an annual budget of \$ 1million. MHRRC strategic plan ran from 2003 through 2005.

#### *1.10.1.6 Malawi network of People Living with HIV and AIDS (MANET)*

MANET was established in 1997 with the aim of supporting CBOs involved in supporting people living with HIV and AIDS. It works throughout the country and implements 4 projects. These are: capacity building to the CBOs, supporting voluntary counseling and testing (VCT) for the youths through the supported CBOs, promoting greater involvement of people living with HIV and AIDS; and advocacy.

MANET has 10 permanent staff, an expatriate volunteer and 9 board members. It operates on an annual budget of \$ 1 million. The strategic plan of MANET ran from 2003 through 2006.

#### *1.10.1.7 Active Youths in Social Enhancement (AYISE)*

AYISE is a youth-led local NGO that exists to empower young people to actively participate on issues related to HIV and AIDS. It was registered as an NGO in 1997. AYISE's goals are to: help reduce the spread of HIV and AIDS; conserve, protect and rehabilitate the environment; equip the youths with skills to improve their socio-economic status; and develop infrastructure through volunteer supported projects.

To achieve the above goals, AYISE implements the following activities: awareness meetings and advocacy; information provision on reproductive health to in and out of



school youths; peer education and counseling; voluntary counseling and testing (VCT);and formation of youths clubs.

AYISE implements these activities in 6 districts. These are: Mulanje, Phalombe, Thyolo, Chiradzulu, Chikwawa and Blantyre. It targets urban and peri-urban youths. AYISE has 12 professional staff and 7 board members. It operates on an annual budget of \$ 300, 000 with prospects that this will double in 2 years time. AYISE's strategic plan runs from 2004 through 2007.

### ***1.10.2 Literature review***

Secondary data were collected from a review of current literature on the topic and trends and developments in the field of strategic planning especially among NGOs. The literature review also aimed at identifying gaps in the current literature on the topic. The data was collected mostly from the University of South Africa (UNISA) library. The data was also collected from the researcher's organization, Capacity Development Consultants (CADECO) and Capacity Building Organization (CABUNGO) resource centers. The Internet was also used. CADECO and CABUNGO are two prominent local development organizations that provide organizational capacity building services to local NGOs in Malawi. They were selected because strategic planning among local NGOs is one of their major interventions. In addition they have resource centers with a concentration on publications on the local NGO sector in Malawi. The literature studied was analyzed to decipher their main assumptions on strategic planning practice. The assumptions are given in section 3.6 on pages 102 - 103. The assumptions were then compared with the research finding to draw conclusions on the relevance of current literature on strategic planning to guide strategic planning practice in local NGOs.

### ***1.10.3 Data collection and analysis***

Primary data were collected during field research with the five local NGOs. The researcher administered questions on the checklist to the individuals identified in the organization through semi-structured interviews. These were the director, some senior staff, the board chair and some board members, representatives of the donor organizations that fund the organization or that funded their strategic planning process and the consultant that facilitated the strategic planning process except in one case where the consultant could not be traced. The researcher also interviewed a number of consultants who provide strategic planning interventions to local NGOs to gain more insight. A total of 51 individuals in all were interviewed. The checklist and the list of participants interviewed are given in appendices 1 and 2 respectively.

The researcher made appointments to meet the interviewees in their offices at their time of convenience. During each interview the researcher took down notes, which were transcribed after the field research for deeper analysis. However, ongoing inductive analysis took place, as data were collected in the field. After each interview, the researcher tried to: 1. understand the meaning and implications that emerged from the interview based on the interview notes; 2. analyze what he queried and what response he received; 3. refine research questions and develop working themes; and then 4. prepare for the next interview based on the emergent questions and themes. Interactions between data collection and data analysis improved the interviews (Suzuki, 1998: 225).

The researcher studied the strategic plan documents of each organization that were selected for the study. He then compared what the organization planned to achieve to the date of the interview against what was actually achieved. This observation formed the basis of the interviews with the management members and the board members of the organization. The researcher also looked into other documents such as evaluation reports; monitoring and evaluation systems; performance appraisal systems; and board meeting agenda items and minutes to see how consciously these were linked to the

strategic plan. The study of the documents helped to shape the interviews with the individuals of the particular organization. The researcher spent two days in each organization doing the interviews and seeking clarifications from the document study. The documents were studied prior to coming to the organization. He operated from the organization as a base while going to interview the other stakeholders to the particular organization.

After the field research, deeper analysis was conducted qualitatively based on the transcribed texts. Recurring themes emerging from the inductive analysis during the field research were scrutinized, deconstructed and reframed in light of the transcribed texts using the two models below.

### **1.11 Data collection and analysis models**

Two models were used to guide the analysis. These were: the stages of development model (Becker, 1996: 31) and the 'levels of complexity model' (Olive Subscription Service, 1997: 30; James, 2002: 126 - 127). The 'levels of complexity' model was used to analyze the factors affecting the process of strategic planning in local NGOs while different versions of the stages of organization development model were used to analyze the roles and responsibilities of the key players in the strategic planning processes of the selected organizations.

### *1.11.1 Levels of complexity model*

**Table 1.1: Levels of complexity model**

<b>Level of complexity</b>	<b>Factor affecting the strategic planning process</b>
Financial and material resources	The financial and material resources needed for the strategic planning process and its implementation.
Skills and competences	The skills and competences needed to effectively go through the strategic planning process and to manage organizations in general.
Policies, systems and procedures	Mechanisms guiding formal decision making and practices in the organization.
Relationships	How well individuals, departments relate within the organization. It also refers to how leaders and subordinates relate within the organization. It also refers to how the organization relates with its different stakeholders.
Vision and mission	Articulation of the change the organization wants to see in its task environment as a result of its work and the purpose for its existence.
Values	The shared behaviors an organization must embrace in order to serve its beneficiary effectively.
Task environment	The political, economic, socio-cultural and technological factors presenting opportunities and challenges to the organization.

Adapted from Olive Subscription Service, 1997: 30

The ‘levels of complexity model’ was chosen for four reasons:

- It is an analytical tool that shows that in any organizational system a problem may have its causes from more than one or more sources (levels).
- It is a guide to the type of interventions that might be undertaken to address the problem. A specific type of intervention addresses each level. For example, lack of funds can be addressed by acquiring more funding from different sources while relationship problems may be solved through team build and conflict management type of interventions.

- It is also an indicator of the amount of effort and energy the organization needs to address the problems. As one goes deeper the levels it becomes more and more complex to address the problem therefore demanding more and more effort and energy. A donor signing a check can easily resolve lack of adequate funding but lack of shared values needs more comprehensive efforts to address and may not be solved overnight.
- The model also shows where the organization should concentrate its efforts when addressing its problems. Addressing lower level needs like training staff while ignoring higher level needs like a shared vision and mission does not improve organizational effectiveness in the long run.

According to Olive Subscription Service (1997: 30), the levels of complexity framework helps organizations to identify organizational:

- Strengths to build on
- Problems to tackle
- Weak areas to strengthen
- Blockages to unravel

### ***1.11.2 The stages of development model***

According to Kaplan (1996: 19 – 28); and Livegoed (1969; 1973) organizations go through three distinct stages of development. These are the dependent stage, independent stage and the interdependent stage.

The dependent stage is characterized by an organization that is newly formed and is led by one or more charismatic leaders. The organization is run almost like a family unit, personally and informally. Decision-making is very informal and intuitive with the leader personally involved in every aspect of the organization. Internal systems are rudimentary and there are high levels of energy motivation and commitment.

Eventually, the pioneer phase eventually becomes over ripe and leads to a crisis which leads to further development. As the organization grows, the need for structures and procedures gradually eclipses informality. Staff are no longer content simply to follow – they have themselves been developing all the time.

At this point, the organization enters the independent stage: the formation of specialized sub-systems, of formal structures and procedures. The crisis of this phase enters when standardization leads to feelings of isolation and alienation.

At this point integration is necessary and the organization reaches an interdependent phase. At this stage the organization is no longer driven by structures and procedures but by purpose, a sense of meaning and direction. Leadership is developed throughout the organization. And most of all the organization ‘wakes up’ and becomes conscious. This is called the stage of effectiveness.

The stages of development model is a descriptive and analytical tool that shows at what stage of development the organization is and what type of challenges it is likely to face. It shows what the organization’s priorities must be for it to move proactively to the next stage of development and therefore the priorities that the strategic planning processes should emphasize (Smillie and Hailey, 2001).

In summary, the levels of complexity model was used to analyze the factors in the strategic planning process with the aim of understanding at what level they existed and therefore the types of interventions needed to address them. The stages of organization development model was used to analyze the stages of development of the key players in the strategic planning process with the aim of identifying the interventions needed to shift the players to a higher stage of development and therefore more effectiveness.

### ***1.11.3 Triangulation***

The same checklist was used for all interviewees. This ensured that answers were captured from different angles and perspectives. The interviewees were preceded by document review and the interview answers were further crosschecked with the organizational documents.

### ***1.11.4 Clarification of terms***

Local NGOs are those owned and run by Malawians. International NGOs are those with headquarters in the North (Europe or America). NGOs usually target more than one community and they usually come from outside the community to help. CBOs on the other hand are community initiated and they serve the communities that established them (Suzuki, 1998: 219 –220). CBOs may be registered or not but for NGOs registration is a legal requirement. CBOs may ‘graduate’ to become local NGOs.

Civil Society Organization (CSO) is a wider concept that includes all organizations that operate in the area of voluntary formal and informal collective citizen engagement distinct from families, the state and profit seeking organizations (Fowler, 2002: 287 – 300). CSOs include all organizations that come together to pursue interests and purposes for the good of all. They include NGOs, CBOs, labor unions, social movements, professional associations, faith based organizations and parts of the media and academia. They operate at all levels from grassroots at village to community to national and international levels (The Commonwealth Foundation, 2004: 11). The primary purpose of CSOs is to bring about political settlements that differ from and are improvements on present ones, from the perspective of the poor and vulnerable. In other words the purpose is to change policies (Wood, 2006: 5).

## **1.12 Chapter layout**

The study is presented in eight chapters. The first chapter introduces the study by giving a brief background to NGOs and strategic planning. It also presents the methodology employed to conduct the study. The second chapter explores the evolution and concept of strategic planning and strategic planning as it relates to for-profit organizations and NGOs and the roles and responsibilities of the different players in the strategic planning process. Chapter 3 discusses strategic planning as a four-stage process. The four stages are: preparation, formulation, implementation; and monitoring and evaluation. The fourth chapter reflects on the national and international context of local NGOs. It describes the main policies, strategies and frameworks shaping donor and government priorities and their implications on strategic planning in NGOs. Chapter 5 discusses the local NGO context in Malawi by exploring its evolution, current landscape and capacity building issues as they relate to strategic planning. Chapter 6 presents the research findings by detailing how well the cases studied implemented their strategic plans and the factors at the preparation, formulation, implementation and; monitoring and evaluation stages that influenced the effectiveness of the strategic plans. The seventh chapter considers the roles and responsibilities of the different players in the strategic planning process and their effect on the effectiveness of the strategic plans. The last chapter concludes the study by summarizing each chapter, drawing conclusions and making recommendations for improving strategic planning in local NGOs.

## **1.13 Conclusion**

The first chapter introduced the study by giving a brief background to NGOs, the evolution of NGOs and the concept of strategic planning. It also presented the justification for the study and the methodology that was employed to conduct the study. The next two chapters will review the literature upon which the study was based.



## **CHAPTER 2: THEORETICAL BACKGROUND**

### **2.1 Introduction**

This chapter presents the theoretical background to the study by discussing the history of strategic planning, the meaning of strategic planning and the differences between strategic planning in the business sector and the NGO sector; and performance in NGOs. The chapter also discusses the roles and responsibilities played by different stakeholders to the strategic planning process.

### **2.2 History of strategic planning**

The word strategy has its origin in the military (Blackerby, 1994: 23). By the mid – 18<sup>th</sup> century, strategy was a word used by military officers to make a distinction between tactics – the conduct of battle – and all the preparations that took place before the battle. Strategy referred to the preparations (Smillie and Hailey, 2001: 92). It was believed that proper preparations ensured success on the battleground.

#### ***2.2.1 Transferring strategic planning to organizations***

The first attempt to formalize how organizations can make preparations to deal with the future was attempted by Fayol in 1916 (Robson, 1997: 13). In the early 1920's, Harvard Business School developed the Harvard Policy Model, one of the first strategic planning methodologies for private businesses. This model defined 'strategy' as a pattern of purposes and policies defining the company and its business (Blackerby, 1994: 24).

It was however not until the 1950's and 60's when the expansion of both organization and business opportunities demanded a systematic way of looking at the future. It was around this time that the concept of strategy first appeared in organizational theory as a military metaphor (Hatch, 1997: 101). This time strategic planning focus shifted away from organizational policy and structure toward the management of risk, industry growth,

and market share (Blackerby, 1994: 25). This led to the birth of long-range planning. The purpose of long-range planning was to define the organization's objectives and allocate resources to achieve them. A key activity was to identify gaps between the 'envisioned' organization and the current organization. It however became immediately known that extrapolating trends into forecasts was not always accurate, and that the growth experienced in the 1950's and 60's could be interrupted and that new opportunities that no one had foreseen were possible. It therefore became accepted that the 'planning gap' was not the most crucial aspect of strategy formulation (Robson, 1997: 13).

### ***2.2.2 From long range planning to strategic planning***

In the 1970's strategic planning as a term replaced long-range planning with the recognition that trends have the potential for change. Strategic planning did not incorporate the assumption that adequate growth could be assured. Strategic planning was much more concerned with market competition since the more limited expansion of markets and products could not support the growth aspirations of all the industry players.

Robson (1997: 13) however noted that despite the differences between long-range planning and strategic planning, they were both based on three key assumptions:

- Environmental forecasting is sufficiently accurate to predict the future.
- Strategy formulation is a rational process; objectives can be formulated and alternatives can be identified and optimized.
- The behavioral dimension can be ignored.

But, forecasting, especially long-term, is inevitably inaccurate. Important factors such as product life cycles cannot be predicted and behavioral and cultural aspects are hugely significant to the formulation and implementation of strategy.

In the 1970s therefore, most people came to see strategic plans as irrelevant and most organizational critical decisions were made outside the strategic plans. This failure led to uncertainty analysis or the discovery of competitive rules and principles through industry analysis and scenario management, contingency planning. These helped the managers to understand uncertainty. The challenge was to identify which of those uncertainties will be critical to one's particular organization.

Stonehouse and Pemberton (2002: 3 -5) observed that in the 1980's the dominant paradigm was that of competitive positioning based on the work of Porter (1980) and centering on the premise that a business positions itself within its competitive environment with the aim of generating superior performance. In the 1990's, the resource or core competences based school of strategic management gained momentum, suggesting that competitive advantage arise from an organization's internally developed core competencies. This approach emphasizes that competitive advantage depends upon the behavior of the organization rather than its external competitive environment.

### ***2.2.3 From strategic planning to organizational learning***

Beginning in the 1990's strategic planning and management regained a new importance by focusing on understanding the general principles that govern competition. Developments in strategic management have de-emphasized planning and emphasized learning and adaptability, drawing upon systems thinking and chaos theory (Senge, 1990: 281 – 284; Senge et al, 2004: 3 - 5). With this development the value of historical data has shifted from a direct forecasting role to one in which it is primarily to enable the search for patterns, which alert the organization of the arrival of inevitable discontinuities. In this approach, adaptability to emergent chaos is preferred over long-term blue prints.

Mintzberg et al quoted in Smillie and Hailey (2001: 92 – 93) describes ten schools of strategic management that have evolved over the past 45 years. Three of the schools – the design school, the planning school and the positioning school – saw strategy

formulation as a process of conception, a formal process and an analytical process. They were prescriptive in nature. They were largely discarded by the business sector in the 1980's but they have remained with government, donor agencies and NGOs. While heavily structured planning is inappropriate in times of rapid and turbulent change, the setting of long – term objectives is still necessary for the survival and progression of an organization (Stonehouse and Pemberton, 2002: 3).

The seven additional schools include the entrepreneurial school, which views strategy formulation as a visionary process. The cognitive school sees strategy as a mental process. The learning school emphasizes emergent strategies. The emergent or learning approach is better suited to dynamic and changing environments. This school however does not completely abandon prescription. It advocates a combination of deliberate plans and emergent adjustments over time (Stonehouse and Pemberton, 2002: 3). The power school views strategy in terms of negotiation among conflicting groups within an organization. Another school sees strategy as something that is rooted in the culture of an organization. The environmental school views strategy as a reactive process, with initiative lying outside the organization. Mintzberg and his colleagues identified a tenth school, which combines all the others into distinct stages and episodes at different stages of the life of the organization.

Stonehouse and Pemberton, (2002: 5) conclude by noting that while the approaches are often presented as contradictory and conceptually opposed with each emphasizing certain distinct characteristics, they should be viewed as complementary. Organizational leaders must view both internal and external factors as being crucial for the effectiveness of the strategic planning process.

Until the mid-1980s strategic planning remained mostly a private sector undertaking. Notions of customers, marketing, industry growth, market share and risk management were foreign to the public sector (Blackerby, 1994: 25). The adoption of strategic planning in NGOs is even newer (Kemp and Kemp, 1992: 4 – 6; Wallace, 1997: 40). For

this reason the level of understanding and practice of strategic planning among NGOs is still low.

## **2.3 Defining strategic planning**

This section will discuss the definition of strategic planning, strategic planning as a learning process and limitations of the strategic planning process.

### ***2.3.1 Definitions for strategic planning***

Drucker (1974: 568) defined strategic planning as, “the planning for an organization’s future that includes setting major overall objectives, the determination of basic approaches to be used in pursuing these objectives and the means to be used in obtaining the necessary resources to be employed”. Adair (2002: 198) emphasizes that strategic planning is about determining what is important in the long term for the organization. In other words strategic planning is about determining an organization’s key priorities in the long term that the organization should start working on today.

The two definitions above show that there are two key components to strategic planning. These are the destination that the organization is aiming at and the paths to get to that destination. To clarify this point further, Adair (2002: 198) brings the concept of strategic thinking. He points out that strategic thinking in an NGO leads to identification of the organization’s ideal picture or the organization’s destination. Strategic planning he notes, leads to the development of plans that will enable the organization to realize its ideal picture. Strategic thinking is usually long term. It may cover a period of 10 – 20 years. Strategic planning may cover a period of 3 – 5 years.

The result of strategic planning is the production of strategies that the organization will implement. Drucker (1974: 568) defines strategy as the basic approach to achieving the organization’s overall objectives. An example of strategy is that of Singapore as a country. At independence in 1965, faced with the challenge of having no economic base

and no natural resources and hostile neighbors who were determined to see it fail, and the goal to become self reliant under such circumstances, Singapore settled on a two pronged strategy to overcome its disadvantages. The first was to leapfrog the region to link up with the developed world – America, Europe and Japan and attract their manufacturers to produce in Singapore and export their products to the developed countries. The second strategy was to create a first world oasis in a third world region by establishing first world standards in public and personal security, health, education, telecommunications, transport and services in order to attract entrepreneurs, engineers, managers and the professionals who had to do business in the region. This meant training people to equip them with first world standards of service (Lee, 2000: 57, 58). Through the two strategies Singapore managed to transform itself from a typical third world country to a first world country in a period of 30 years.

Most strategic planning processes in local NGOs do not clearly articulate the desired future towards which the organization should move, the goals the organization is pursuing and most importantly the strategies the NGO will use to realize the goals. NGOs need strategies in 3 main areas. These are: service delivery, internal capacity building and the relationships with other stakeholders. According to Fowler (2005: 2) strategies for service delivery for example include:

- Provision of resources
- Training beneficiaries in various skills and competences
- Facilitating community or organizational development processes
- Coordination and networking
- Advocacy

Kemp (1990: 16) identified the following differences between strategic planning and traditional planning:

**Table 2.1: Characteristics of traditional versus strategic planning in the non-profit sector**

<b>Traditional planning</b>	<b>Strategic planning</b>
Short range	Long range
Single issue	Multiple issues
Organizational issues	Community issues
Hierarchical	Non-hierarchical
Low involvement	High involvement
Directive based	Consensus based
Staff oriented	Community oriented
Management orientation	Political orientation
Staff awareness	Community awareness
Operational focus	Policy focus

Unlike traditional planning, strategic planning is proactive, long range and community or beneficiary oriented. Additionally it involves multiple issues, is non-hierarchical in nature, and it helps achieve a consensus on issues and problems facing an organization. Strategic planning helps the organization to become more future oriented. However most organizations' strategic planning processes are preoccupied with addressing today's problems rather than anticipating and seizing tomorrow's opportunities (Senge, 1990: 210).

### ***2.3.2 Strategic planning and organizational learning***

Strategic planning is not a once off event. It is a continuous organizational learning process. Johnson (1995: 24) observes that organizational learning occurs when organizational members function as a whole along three critical dimensions: the need to think insightfully about complex issues, the need for innovative and coordinated action and the movement of workers from one team to another to increase organizational learning. The learning approach implies that strategy is both intended and unintended. Despite the certainty implied by the strategic planning process, in reality strategy is often a much more fluid process which depends as much as looking for and grasping opportunities and responding to emerging threats as it does on attempts to create a framework as a guide (through the strategic planning process) (Dainty and Anderson, 1996: 316).

**Table 2.2: Senge's Five Disciplines for Organizational Learning**

Peter Senge identified five basic 'disciplines' which are, in his view, fundamental requirements for learning organizations. They are:

- Personal mastery – learning to expand our personal capacity to create the results we most desire, and creating an organizational environment which encourages all its members to develop themselves toward the goals and purposes they choose.
- Mental models – reflecting upon, continually clarifying, and improving our internal pictures of the world, and seeing how they shape our actions and decisions
- Shared vision – building a sense of commitment in a group, by developing shared images of the future we seek to create, and the principles and guiding practices by which we hope to get there.
- Team learning – transforming conversational and collective thinking skills, so that groups of people can reliably develop intelligence and ability greater than the sum of individual members' talents
- Systems thinking – a way of thinking about, and a language for describing and understanding, the forces and interrelationships that shape the behavior of systems. The discipline helps us to see how to change systems more effectively, and to act more in tune with the larger processes of the natural economic world.

Source: Summarized in Senge et al. 1994.

How organizations can develop these 'five' disciplines or competencies have been the subject of three books by Peter Senge, *The Fifth Discipline* (1990), *The Fifth Discipline Field book* (Senge et al, 1994) and *Presence* (2004).

These skills and capabilities are currently rare in most NGOs (Sorgenfrei and Wrigley, 2005: 3). This is mostly due to lack of infrastructure (e.g., management support, networks, facilities, time and management information systems) as well as a set of implementation tools and methods to make sure that the processed information actually leads to behavior change (e.g., financial rewards, training opportunities, appraisal systems and evaluation techniques linked to performance indicators). Beckwith et al (2002: 410) observed that strategic planning that is not taken as a learning process often stifles organizational learning. They noted that overdependence on the strategic plan document builds a false sense of confidence thereby removing the conscious need for reflection and learning.

Related to the concept of learning, strategic planning must be seen more than just a set of managerial tools. It constitutes a mindset, an approach to looking at the changes in the internal and external environments. Using strategic plans effectively therefore involves essentially a way of thinking, a mental framework or approach as well as a set of the



analytical tools. Crosby (1991: 2) observed that the strategic approach or mentality comprises four main elements: future orientation, an external emphasis, pursuing and ensuring strategic fit between the organization and its environment and finally a continuous learning process approach.

### ***2.3.3 Limitations of strategic planning***

Strategic planning is not a panacea for NGO challenges. Smillie and Hailey (2001: 110 – 113) observed that formal strategy is not the magic bullet that many have made it to be. They noted that five out of nine cases they studied of South Asian NGOs went through their first decade without a formalized strategic planning process with two surviving for more than 20 years without one. They concluded that this does not mean however that formal strategic planning in NGOs is without purpose, but it does imply that the volatile financial and political environments in which many Southern NGOs work can quickly render formal strategies obsolete. They contend that having established core values, highly effective leadership and formal and informal systems for adapting to change may be more important than strategic plans alone.

Brok (2001: 21) observed that NGOs that have survived past three decades have done so with a passionate commitment to a set of values and not necessarily strategic plans. Fowler (1997: 47 – 49) argues that the benefits of strategic planning in NGOs may be overrated. He argues that in order to realize more benefits, NGOs must move away from preoccupation with strategic planning to strategic management. He noted that there is a danger in many NGOs to make strategic planning a substitute for managers with a strategic perspective.

Hudson (1995: 173 – 174) identified a number of circumstances in which strategic planning for an NGO may not be appropriate or will not benefit the organization. Among these are:

- Organizations need to have sufficient independence to select their own objectives and deploy resources to achieve them. This is often constrained by power imbalances in donor-NGO partnerships.
- Leadership commitment to the process. If leadership is not committed, skepticism will creep in and the strategic planning process will not be effective.
- Lack of a major crisis. Strategic planning works well when the organizations are sane and stable. The process will not work well in a situation of high staff turnover and when the loss of a major donor is imminent for example.

Strategic planning as a continuous process and not only as the strategic plan document is of critical importance to NGOs because they operate in an environment characterized by an increased pace of change, discontinuous change, complexity and unpredictability. According to Strickland (2003: 11), in order to ensure adequate resources, legitimacy and relevance strategic planning must therefore enable NGOs to gain the capabilities of agility, flexibility and speed. Agility is the ability to always be on top of current and new issues and trends and to use this to organizational benefit. Flexibility is the willingness to change and to admit that the direction in which we were going is not the right one. Speed means reducing the time between formulating the strategy and the time it is implemented. These abilities will in turn enable the organization to anticipate, create and guide change and create commitment and conviction among the NGOs' members (Bardwick, 1996: 135 – 136). These again are characteristics of higher stages of development in organizations. And most organizations currently are at lower stages of development (Covey, 2004: 13).

## **2.4 Levels of strategy**

There are three levels of strategy in an organization (Robson, 1997: 7 – 10; Ohmae, 1982: 143 – 148; Silbiger, 1999: 301 - 302). These are:

### ***2.4.1 Corporate strategy***

This is the sense of direction for the entire organization and it identifies the businesses the organization will engage in. At this level, only the global objectives, and the general orientation in order to achieve them, are defined. These are likely to be growth, stability or retrenchment. Corporate strategy is often expressed as the answer to the question ‘what business (es) are we in?’ Corporate level strategies are decided by top management. They determine an organization’s comparative advantage and focus on achieving sustainable competitive advantage and affect the entire organization on a long term basis (Campbell et al, 2002: 20).

### ***2.4.2 Business strategy***

This deals with the single Strategic Business Unit (SBU) and how, by coping with its industry environment, it can successfully contribute to the corporate strategy. A business strategy has an identifiable and definable product range, market segment and competitor set. Business strategies are either cost leadership or differentiation of products. They may encompass an entire market or be focused upon a particular segment of it. In short business strategy deals with how the organization will compete (Silbiger, 1999: 301).

### **2.4.3 Functional strategy**

There will be a set of functional strategies for each strategic business unit. Each strategy will aim to make the best use of resources available in order to contribute to the business strategy. Functional strategy therefore refers to the operational methods and ‘value adding activities’ that management chooses for its business. In short it refers to how the organization will operate (Silbiger, 1999: 302).

In the NGO sector, Smillie and Hailey (2001: 92) identified three corresponding levels of strategy as: overall strategy for the NGO, divisional strategy (e.g. for the rural development or health program) and service level strategy (e.g. for the credit part of the rural development program or the mother and child health care part of the health program).

In practice, the above levels may not be as distinct. This is especially true in small organizations like many local NGOs. There is also a great deal of interaction and interdependency among the three levels. It is important that the three levels are integrated into a whole. The formulation of strategy may reflect these three levels via a top down development, where each level is given the constraints within which it must develop its strategic direction. There may also be a bottom up emergence, where the higher level’s strategy is the aggregation of those below (Fowler, 1997: 10).

## **2.5 Strategic planning and Organization Development (OD)**

French and Bell (1995: 28) defined Organization Development (OD) as, *“a long-term effort, led and supported by top management, to improve an organization’s visioning, empowerment, learning, and problem solving processes, through an on-going, collaborative management of organization culture –with special emphasis on the culture of intact work teams and team configurations – utilizing the consultant – facilitator role and the theory and technology of applied behavioral science including action research”*.

Tandon (1996: 3 – 5) identified five key elements of OD. These are: planned change, improved effectiveness, preferred values, system wide understanding and learning processes. OD implies proactive, anticipatory and planned change in some or all aspects of the functioning of the organization. The ultimate purpose of OD is long term organizational effectiveness, which means improving the health of an organization and increasing its capacity to engage in planned change. The practice of OD also emphasizes the espousal of certain values about individuals, organizations and society. OD professes the values of increasing individual autonomy, choice, creativity and respect as a necessary ingredient of improved organizational effectiveness (French and Bell, 1995: 24 – 30).

In addition, OD emphasizes the need for deeper understanding of underlying causes of visible problem symptoms faced by the organization (see section 1.8.3 on page 32). Lastly, the process of changing an organization in OD follows an action research approach. Inquiry, learning, experimentation, education and persuasion are preferred modes of bringing about organizational change in OD.

According to Tandon (1996: 5 – 7), the pressures that NGOs are facing make OD relevant to them as organizations. Given the nature of the changing external environment, NGOs need to go through strategic planning processes. An OD conscious strategic planning process therefore is bound to be more holistic as compared to strategic planning processes that are not OD conscious. A key challenge in the practice of strategic planning among NGOs is the short-term bias that most donors have. The short term bias undermines the long term and holistic view that OD implies (French and Bell, 1995: 15).

## **2.6 Differences between NGOs and business organizations**

Formal strategic planning however was designed for business organizations. Insights and experience from the private sector strategic planning may not be transferred without modification to the non-profit and NGO sector. While much can be transferred, careful thought should precede application and care should be taken during application to make sure that desirable results are produced. Lindenberg (2001: 267 – 267) studied the use of several strategic planning models and techniques in CARE international from 1992 to 1997. He concluded that in order to enhance their usefulness most models and techniques, which were originally developed for the private sector, need to be modified or adapted for the NGO sector. Below are some of the differences between business organizations and non-profit organizations, which may inform the needed modifications in the practice of strategic planning in the NGO sector:

- The bottom line in business organizations is 'profit'. The bottom line in the non-profit organization is identified as performance. NGOs see social change as the ultimate goal of their activities, defined broadly to mean a world without poverty, violence, injustice and discrimination (Edwards and Fowler, 2002: 5). Profits are easy to measure while performance in non-profit organizations is not as easy to measure (Drucker, 1990b: 179). Difficulty in defining and measuring performance may lead NGOs to 'goal mania', which can lead to continuing the current, unarticulated strategy. Goal mania results when the difficulty of defining performance supersedes the development of strategic options (Backoff and Nutt, 1988: 121).
- Related to the above Drucker (1990: 85) noted that another difference is in understanding of the word vision between the two types of organizations. In a business organization, vision usually means how the organization wants to see itself in the future or what the organization would look like if it becomes one with its ideal. In the non-profit organization vision is defined, as the changes the people in the organization would like to see in the lives of the people the organization serves.

- The source of money in a business is a satisfied customer. In an NGO it is a donor who does not get a service from the NGO. The person who gives the money is the one who drives the organizational decisions and choices. Business organizations therefore will focus their strategic planning efforts on pleasing the customer. NGOs on the other hand will consciously or unconsciously focus their efforts on pleasing the donor before the communities they serve. This is because they cannot work with the communities without money. The communities will often not be empowered enough to make effective demands on the NGO. Many of the management challenges faced by NGOs therefore revolve around fundraising, financial sustainability and how to preserve their identity and continuity in core programs when income is difficult to predict from year to year (Edwards and Fowler, 2002: 7). Lindenberg (2001: 267) further noted that because NGOs often provide services to reluctant and relatively powerless customers, there are some serious barriers to getting honest feedback about their services.
- Because performance-criteria are often not clear, it is difficult to implement performance based reward and punishment systems in non-profit organizations (Wheelan, 1992: 388). Edwards and Fowler (2002: 6) noted that personal commitment and satisfaction, a shared ideology and a feeling that staffs have a meaningful stake in the mission and direction of the organization are more important incentives to performance than monetary benefits alone.
- NGOs have voluntary boards while business organizations have paid boards. Board members in NGOs are often selected for their status in society not their actual contribution and availability to the organization. Lack of interest in oversight is reflected in an overall board meeting attendance rate of 50% in non-profit boards in comparison to 90% in the business sector (Wheelan, 1992: 388). Most businesses are clear on what they want to get out of their business. For most of them the primary motivation is profit. For NGO boards the primary motivations may not always be clear and they often more assumed that actual. Business board members are paid.

NGO board members are not. The main difference between NGO boards and business organization boards therefore is the level of commitment to the board and the organization (David 2003: 222). Business organization boards tend to be more committed than NGO boards. In most business organizations it is conspicuously the role of the board to formulate the strategic plan and oversee its implementation. The CEO who may also double as the board chair is given the responsibility to implement the strategy. Though NGO boards are supposed to play the same role, they rarely do it due to lack of capacity or ignorance. At the same time the Board chair of an NGO cannot double as a director (National Center for Non-Profit Boards, 2000). This is meant to discourage self-interest, as the board is voluntary while management is not voluntary as they are on the organization's payroll. The board is therefore expected to check the self-serving tendencies of management.

- Fowler (1997: 48) and Drucker (1990: 80 – 83) observed the multiplicity of stakeholders in the NGO and non-profit sector to be another factor differentiating them with the business sector. Businesses have one primary stakeholder who is the customer while NGOs have to manage multiple relationships with the communities, donors, government, and other NGOs e.t.c. Each of the stakeholders has their own interests and expectations from the organization. They may also have different criteria for defining the performance of the organization. This necessitates the formulation of a broad based vision that takes into account all the interests. This also necessitates the building of joint commitments to carry out new strategies. Strategic planning in these organizations must take into account all stakeholders by including them directly in the process, by consulting them, or by considering their views (Edwards and Fowler, 2002: 7).

It can be concluded that the main difference between business organizations and NGOs is that business organizations have a single clearly defined bottom line while NGOs have multiple bottom lines and it is not always easy to judge which bottom lines are more important than others. According to Anheier (2000:6) such bottom lines are presented by:



- The dual leadership structure of NGOs, where operations are dealt with by management and governance by the board
- The complex motivational structure of staff, volunteers and stakeholders and the interplay between altruistic and egoistical motivations
- The complex task environment in which NGOs operate and the different expectations from the organization by different groups
- The interests and needs of clients who may not be in a position to reveal their preferences, nor be able to pay prices that cover the cost of service delivery

Because of this multiplicity of bottom lines, the managerial complexity of NGOs is more than that of business firms of comparable size (Anheier, 2000: 6). This is because from a management point of view, NGOs and non-profit organizations in general can be viewed as several organizations in one organization. This requires a multi-faceted, flexible approach and not the use of ready made management models carried over from the business world. Being complex organizations that they are, one of the major challenges facing NGOs is the demand made upon them to find simple, neat and comprehensive solutions to complex development problems. Vivian (1994: 167) calls the tendency on the part of donors and NGO supporters to expect success stories the 'magic bullet syndrome' and argues that this emphasis on simplicity and on success is unrealistic and counterproductive. Ensuring adequate resources, legitimacy and relevance to all stakeholders is inherently difficult because of the organizations that NGOs are.

## **2.7 Performance in NGOs**

In summary, strategic planning in business organizations is motivated by the need to gain a sustainable competitive edge over competitors and thereby maximize or optimize profit while in the NGO sector it is motivated by the need to ensure adequate resources, legitimacy and relevance and thereby enhance the NGO's performance. Performance in an NGO can manifest at different levels:

*Efficiency* - how well the organization is using its resources of money, people, time and other resources (Ohmae, 1982: 159). Efficiency is based on the activities of the organization and can be measured on a monthly basis.

*Effectiveness* - how relevant and effective the strategies of the organization are (Economic Commission for Africa, 1999: 17). Effectiveness is based on the strategies of the organization and can be measured on a yearly basis.

*Impact* - the lasting change happening in the lives of the people the NGO is serving (Shapiro, 1996: 6 - 7). Impact is based on the goals of the organization and can be measured on a three-year cycle.

*Legacy* - how the NGO wants to be remembered or how it is positioning itself to create an indelible mark in the community or society it is working. An NGO's legacy is based on its mission statement. The legacy of the organization can be measured on a ten-year cycle.

*Transformation* - the lasting and fundamental political, economic, technological, environmental and social cultural change in the whole society that happens as a result of the organizations work (Lee, 2000: 3). Transformation is based on the organizations vision statement and can be measured on a 25-year period or cycle.

For NGOs to be truly successful, they must consciously aim to achieve societal transformation. This means that they must think 25 years ahead of today. In other words they must think long term (Kaplan, 1999: 18). Strategic planning ultimately aims at helping the organization to achieve societal transformation.

Theoretically all stakeholders – donors, beneficiaries and government are interested in societal transformation. This is just an assumption however because there are so many contradictions and self-interests among the stakeholders that undermine the possibility of societal transformation (Meredith, 2006: 688).

Relatively, donors are more interested in the accountable use of their resources that they give to the NGOs so that they can in turn be accountable to the taxpayers in their own countries. They are therefore more interested in efficiency. The NGOs themselves are more interested in the effectiveness of their strategies as this is a way to ensure their own legitimacy, relevance and sustainability (Shapiro, 1996: 6; Maxwell, 1993: 21 – 22). A more detailed discussion of the concepts of legitimacy, relevance and sustainability is given in section 2.9 on pages 47 - 53. Communities are more interested in the changes happening in their lives as a result of the work of the NGO. They are therefore more interested in the impact that the NGO is making (see section 2.10.5 on page 67). The government is also interested in the impact as this contributes directly to the government's own development efforts and their probability of winning the next elections (Drucker, 1990). Donors and leaders of the NGOs are interested in the legacy of the NGO as a positive legacy is a strong heritage for future organizational efforts and it is also a way of self-immortalization. As stated above, theoretically all stakeholders are interested and working towards societal transformation. This is more theory than reality because most stakeholders are preoccupied with current problems and do not engage sufficiently in strategic thinking (Adair, 2002: 198).

Ideally an NGO must consciously press towards its vision which is the basis of societal transformation and work backwards to legacy, impact, effectiveness and efficiency. But survival challenges undermine strategic thinking capacity in the organizations pressuring the organizations to concentrate more on short term results mostly of efficiency (Meredith, 2006: 688). NGOs require strong and visionary leadership to keep focusing on societal transformation (Adair, 2002: 198).

## **2.8 Challenges facing NGOs**

Bryant (2005: 2 – 3) observed that globally NGOs are faced with the reality of shrinking and failing states. Shrinking states are frequently turning to NGOs to provide services that they were supposed to be providing. Failing states are increasingly calling upon NGOs to provide essential services in the short term, which often becomes the long term. Tandon (2005: 5 – 6) observed that in South Asia for example issues facing NGOs include:

- Economic growth, private enterprise, and market development – rapid economic growth in this region has raised aspirations and living standards dramatically. New opportunities for employment and income now extend beyond urban, industrial areas to reach those in the countryside. The consequent gap between the haves and have nots is intensifying in these countries, increasing domestic disparities and entrenched deprivations.
- Local governments ‘gaining teeth’. In almost all Asian countries, local governance is ‘gaining teeth’. Partisan politics and democratic functioning are becoming local as well. There is also a growing pressure on local NGOs to become accountable to local governments.
- National governments grudgingly acknowledge NGOs. As national governments in Asian countries begin to acknowledge NGOs, collaboration with government programs is increasing, especially in service delivery areas. NGO expertise and capital and capacity are being valued, particularly when they provide economic benefits. But the more entrenched NGOs become in service delivery, the more they

risk losing their autonomy. Further, as competition with government officials continues to increase, NGOs face a greater risk of experiencing ‘backlash’ from those who would set them up to fail.

- Increasing competition for issues, constituencies, and resources. Competition between local and northern NGOs is intensifying, with international aid programs crowding out local NGOs. This is exacerbated by the private sector, which is also claiming the development terrain, with NGOs increasingly pressured to demonstrate ‘extraordinary results’ in order to compete.
- Globalizing media and information technology connectivity. The Internet has enabled temporary and virtual NGOs to multiply without legitimate roots.

In trying to respond to these challenges Sahley (1995: 53), Manji (2000: 76 – 79) and Brown (2002: 237) observe that NGOs face a number of strategic constraints. There are both internal and external constraints. Internally NGOs struggle with:

- Amateurism resulting from low skilled human resources, limited organizational capacity leading to low operational efficiency and impact.
- Restricted focus resulting from ‘project mentality’ that leads to blindness to larger context, difficulties among organizational leaders to expand beyond initial concept and limited cross project work.
- Material scarcity leading to difficulties in scaling up activities, donor dependence that reduces autonomy
- Fragmentation due to inadequate collaboration leading to little mutual influence or synergy and little common voice on large scale issues
- Paternalism leading to dependence on leaders and failure to genuinely empower constituents

Externally NGOs struggle with:

- Civic legitimacy and accountability leading to little popular support, vulnerability to misuse of resources and a small basis for long term investment among the constituents
- Poor relationships with government leading to stereotyping and antagonism, NGO success increases political sensitivity and political constraints reduce NGO impacts
- Poor relations with business lead to stereotyping and antagonism. There is also a general lack of cross sector collaboration.
- International relations questions NGO identity and autonomy. There is also a general problem of 'brain drain' to international NGOs.

Brown (2002: 237) noted that the challenges vary in importance across national and regional boundaries as well as across political and social contexts, but they affect NGOs to some degree in most countries. He further noted that the challenges are often exacerbated, as NGOs become more important actors in development processes. As long as they work on the margin of important problems or at a small scale, NGOs can operate largely undisturbed by their limitations. When they begin to deal with more structural and fundamental issues they begin to draw resistance and negative reactions from those threatened by such levels of operation. As local NGOs are seeking more space to make more developmental contribution, they are becoming more and more conscious of the challenges that they face.

It can be concluded that challenges facing NGOs revolve around issues of resources, legitimacy and their relevance. The situation many local NGOs are finding themselves in is diminishing quality donor funding, being forced to be more loyal to donors than the people they serve and increasingly the danger of being replaced by social movements as more relevant agents of development (Fowler, 2005: 2 – 20). In short, Lindenberg (2001: 247) noted that bankruptcy or irrelevance are likely paths for NGOs that do not reshape themselves to achieve greater impact, efficiency and an accountability in an increasingly global and competitive environment. Bryant (2005: 3) advised that NGOs

could respond to the above challenges by ensuring effective accountability, organizational learning and strategic planning.

## **2.9 NGO sustainability, legitimacy and relevance**

Strategy is about how an organization positions itself to respond to its task environment (Drucker, 1974: 56). An organization's task environment includes the economic, political, socio-cultural and technological factors that may offer opportunities and threats to an organization (Thaw, 1997: 13). Organizations must manage their task environment because they cannot control the environments. Because of their small size most organizations are quite powerless to influence the environment in any direct or immediate sense. As such they can only respond to issues. By responding they define the space in the environment that they as organizations can manage within. Human and Zaacima (1995: 69 – 71) noted that organizations can create more space in the environment by responding effectively and timely to change and current issues. Crafting strategy therefore is the way of creating space in an organization's task environment. The organization and the environment are interplaying, just as strategy emerges from organizational processes, so the environment emerges from the actions and interactions of organizations (Human and Zaacima, 1995: 69 – 71).

Hatch (1997: 102 – 103) presents three theories in relation to an organization's interaction with its environment. These are *resource dependence theory*, *population – ecology theory* and *institutional theory*. Resource dependence theory presents an organization as having a set of crucial dependence on its environment, dependencies that must be successfully managed if the organization is to stay in business. Population – ecology theory claims that the environment has powers of selection and retention that can overwhelm an organization's best efforts to manage resources. Institutional theory argues that while economic resources are critical to an organization's operation, organizations should not forget the importance of maintaining social legitimacy. Each of these theories helps to introduce a central concept of strategic fit. Strategic fit defines a successful strategy as one that brings what the organization can do (its competences) into alignment with the needs and demands of the environment (Hatch, 1997: 102). When the

competences of the organization fit the demands of the environment, the organization is selected and retained (the population ecology view, this is the basis for the organization's relevance), provided with resources (the resource dependence view, this is the basis for sustainability) and legitimized (the institutional view, this is the basis for legitimacy). Strategy therefore must be actively concerned with actively identifying and managing the fit in order to achieve competitive advantage. Strategic issues facing most NGOs have to do with the need to balance relevance and legitimacy and sustainability in order to achieve strategic fit.

### ***2.9.1 Relevance***

Relevance is closely related to the purpose or justification of the existence of the NGO. Relevance means having the right purpose and that purpose being translated in desirable changes in the lives of the people the organization serves. It goes beyond just providing a relevant service or project to having that service transforming people's lives (Smith, 1994: 14 – 15). Relevance highlights the role of NGOs as civil society organizations where building civil society means 'empowering individuals to live in the modern world' (Grugel, 2000: 89). Kiondo et al (1999) observed that most local NGOs concentrate on providing basic services rather than genuine empowerment of the communities they serve.

Atack (1999: 861 – 862) identified two aspects of relevance in NGOs' work. He called these effectiveness and empowerment. These refer to the actual results the NGO is producing as a result of its work. He observed that an NGO's effectiveness is greater when its efforts are concentrated rather than scattered. Atack (1999: 861) defined empowerment as the process by which individuals, including the 'poorest of the poor' are helped to take more direct control of their lives. Brohman (1996: 265) suggested 3 aspects of empowerment. These are: self-help, self-reliance; and collective decision making and participatory methods. Atack (1999: 862) concludes that empowerment may be the most difficult aspect constraining the relevance of NGOs.



The concept of relevance is closely related to the concept of uniqueness. Uniqueness refers to what sets the organization apart from others (Block, 1993: 237). Consciousness of an organization's uniqueness can be used as an asset (Kiyosaki, 2000: 253). Uniqueness can be used to increase relevance to beneficiaries, donors and other stakeholders (Lee, 2001: 57). Uniqueness can come in the form of creativity and innovation of ideas and activities promoted and the approach the organization is employing (Drucker, 1990: 45).

### ***2.9.2 Legitimacy***

Gaining legitimacy means listening to the people the NGO serves and also listening to the context (Bose, 2003: 172). This may mean involving the people in identifying projects and in managing the projects. Where this is not possible it may mean finding ways that will make the people identify with the projects and how they are run. In short, legitimacy translates into ownership of the organization and its services by the people it serves. Legitimacy makes it possible for the NGO to institutionalize itself among the beneficiaries or to become part of the value system of the people it serves.

Edwards (1999: 258) defines legitimacy as having the right to do something in society in a sense that the organization is lawful, proper, admissible and justified in doing what it does and saying what it says and that it continues to enjoy the support of an identifiable constituency. Drawing from this definition, legitimacy means that the relationship that an organization has with the people is not only transactional. It is deeper and the people are willing to support and defend the organization and its existence. In other words, the organization is rooted and it has become an 'institution' embodying the people's values. According to Lister (2003: 175 – 192) the key questions for legitimacy therefore would be:

- Who is the NGO accountable to?
- How representative is it of the people it serves?
- How deeply do people feel attached to the NGO?
- How do the people see the NGO reflecting their own values?

Atack (1999: 858) identified 4 criteria for NGO legitimacy. These are: representativeness, distinctive values, effectiveness and empowerment. Effectiveness and empowerment have already been discussed under relevance. On representativeness and distinctive values, the Kenya National Council of NGOs (2001: 12 - 13) claimed that even if an NGO is not member controlled, it can still gain legitimacy by being transparent and acting in the spirit of genuine partnership with others.

In regard to legitimacy, Bebbington (1997: 1759) cited a few criticisms on NGOs. Among these are:

- They refuse to be transparent and let go of projects and resources to communities
- Only a small proportion of the funds they receive from donors reach the field
- Their staff earn too much at the expense of the poor people they serve
- They are technically weak
- They are not accountable to the communities they serve (see appendix 3)
- Their work is often uncoordinated chaos.

In order to be effective strategic planning processes must consciously address the above concerns. By addressing these concerns they will be enhancing the NGOs' legitimacy. Good reputation is key for the NGOs real success. Hilhorst (2003: 145) observed that a major asset of an NGO is its reputation as an organization that does good.

### ***2.9.3 Sustainability***

While relevance and legitimacy are concerned with how the organization interacts with the people it serves and other stakeholders, sustainability is concerned with how the organization organizes itself to ensure its continued existence, growth and development. Cannon (1999: 12 -13) advises that each NGO needs to develop its own definition of sustainability which takes into account the various aspects of sustainability by developing the following questions:

- What are we trying to sustain? Our organization, the benefits provided or are we trying to create conditions for building sustainable communities? If the answer is more than one of the foregoing how are these different elements linked?
- Who are we trying to sustain? Our staff? Communities? Who within the communities? Are we taking gender, age, race and other differences into account?
- Who needs to be involved? What are the roles and responsibilities of each of the following in helping to sustain our organization? Staff? Board? Community? The other stakeholders?
- How long do we need to sustain our organization in order to accomplish our objectives?
- Are we focusing on financial sustainability? Or are we thinking about financial sustainability within a broader context of organizational sustainability?

In response to the above questions Cannon (1999: 12 – 13) identified 4 types of sustainability. These are:

- Benefits sustainability – the continuation of benefits that result from an activity after the NGO has left the community
- Organizational sustainability – building the organization’s capacity to achieve sustainable development benefits
- Financial sustainability – ability to raise resources from a variety of sources. Ensuring that there is no financial resource gap in the operations and existence of the organization in increasing amounts of local funding and earned income to move away from over dependence on foreign donor funding.
- Community sustainability – ensuring that communities will not become dependent on NGOs in the long term for the provision of services but will be empowered to: create community based organizations to provide services, effectively lobby government to provide services and create services within the private sector.

The point is that even if an organization is financially sustainable, it will not be effective in the long term unless other fundamental sustainability issues are addressed. The

sustainability of an organization is closely linked to the capacity of the people in the organization (Kiker, 1999: 18). For example, Conradie (1999: 294) observed that when approaching potential funders, an applicant NGO has to demonstrate capacity in the following areas:

- It must be a legal organization with legitimate objectives
- It must have a proper and capable management, administrative structures and personnel
- It must have financial management capacity
- It must have capacity specifically for reporting to funders on project activities, impact and finances
- The objectives of the organization are being or will be realized.

Thaw (2002: 8) further observed that skilled, creative and innovative personnel form a strong foundation for an organization's sustainability. The sustainability of an NGO is closely related to its relevance in the sense that those NGOs that are making a difference or bringing about real change will be more attractive to donors and other sources of resources. They will also be more owned by the people the NGO serves.

## **2.10 Players in strategic planning**

The first step in strategic planning is getting the right people or stakeholders together (Collins, 2001: 41). Hudson (1995: 129) noted that the key players in the NGO strategic planning are the board, management, donors, communities and consultants. This section examines the different roles and responsibilities played by the different players through the strategic planning process to ensure adequate resources, legitimacy and relevance.

### ***2.10.1 The role of the board in strategic planning***

David (2003: 222); Herman and Renz (1998: 32 – 33); Siciliano (1997: 387) observed that NGOs with an effective board are more likely to be successful in their strategic planning processes than those that do not. The board of an NGO plays the governance

role, which means that it is responsible for the oversight, sustainability and impact of the NGO (Tandon, 1995: 42). In carrying out this role, the board is supposed to continuously scan the environment and anticipate the future before it arrives by seizing opportunities and recognizing and addressing threats posed by the political, economic, technological and socio-cultural factors in the task environment to the organization (Thaw, 1997). By playing these roles the board takes the ultimate responsibility to ensure adequate resources, legitimacy and relevance. Kemp (1990: 16) however observed that most NGO boards are preoccupied with the present and are usually reactive rather than proactive to change. They often attempt to respond to change after the change has already occurred (Senge, 1990).

The role of the board in strategic planning depends to a large extent on the stage of development at which the board is. A board goes through three distinctive phases of development which are: the organizing board, the governing board and the institutional board (National Center for Non-Profit Boards, 2000: 5). See on page 54 - 55 below for more details. The role of the board also depends to a large extent on the stage of development the organization is (Fowler, 2001: 8 – 10). The stages of organizational development are: the dependent or pioneer stage, the independent stage and the interdependent stage. See section 1.11 on page 21 -22 for more details. Many local NGOs are still in the early or dependent phase. Others are transitioning into the independent stage of development. A few are in the independent stage of development. Most boards for local NGOs however are still in the early or immature stage. This means that strategic planning decisions are usually made and led by management rather than the board as is supposed to be the case (David, 2003: 222). Boards in the pioneer phase often do not know their roles and responsibilities and even if they knew they may not carry them out because the director and management are often more powerful than the board (Hailey and Smillie, 2001: 108). In some situations, especially when the board is made up of founders to the organization, the board may ‘meddle’ with management. They may become involved in daily operating matters outside of their area of jurisdiction (Chadha et al, 2003: 3 – 4). They further observed that NGO boards are often out of step with the

state of the art in development and with the intent and content of their own organizational efforts. This makes it difficult for the board to carry out its governance role.

Tandon (1995: 49) reported that not much attention has been given to improving the effectiveness of boards in local NGOs to enable them play their strategic planning roles and responsibilities effectively. Building an effective board calls for choosing people with commitment, being a professionally attractive organization and investment in team building (Fowler, 2001: 11).

Ebrahim (2002: 443) noted that there is an assumption that 'Western -style boards' are always appropriate for local NGOs. He argues that this may not be the case and it is therefore necessary for local NGOs to think through the appropriate roles and responsibilities of their board in order to ensure their relevance and effectiveness. An ideal board will reinforce the NGO's identity and its reputation, reflect the NGO's constituencies, bring a useful and diverse set of networks and contacts and contain a healthy mix of skills and experiences.

National Center for Non-profit Boards (2000) identified 3 stages of NGO board development. These are: the organizing board, the governing board and the institutional board. The different stages are characterized as:

#### **The organizing board**

There are two types of organizing boards. These are the following board and the leading board. The *following board* is characterized by:

Board members are appointed by the director

It is usually a small group

It is homogeneous (similar to the leader or director)

The group thinks the same in support of the director

There is no opposition within the board and to the director

Appointment is based primarily on an individual's name rather than their availability and contribution to the board and the organization.

In short the board follows the director

The following board gives freedom and space for management to operate without interference. The challenge however is that it does not provide enough checks and balances to protect the organization from

abuse by staff.

The *leading board* is characterized by:

- It is usually a small group of founders
- The director is an employee and is not part of the founders
- The board members are too committed to the organization
- The board members protect the founders' interests

A leading board has energy to lead and drive the organization but the challenge is that it 'micromanages more than govern' the organization leading to problems of meddling and board staff conflict.

The board will not stay at this stage of development for ever. It can consciously move to the next stage when this stage is due or in most cases a crisis will force the board to move to the next stage. The crisis that moves the board to the next stage might come through:

- Financial problems – when the organization grows, so does its need for money, however more money means more accountability. This makes the board to become more conscious of its fiduciary responsibilities.
- When there is a transfer of critical skills from the board to management – e.g. proposal writing, fundraising, public relations. This might have implications on power balance between management and the board which may motivate the board to introspect itself and find ways of adding value more effectively to the organization
- Board and management struggles
- New board members with different expectations and motivations;
- When board members start thinking differently from founders
- Divergence in vision between the board and management due to poor relationships

### **The governing board**

At this stage the board takes more responsibility for the organization's wellbeing through planning, oversight and accountability. The board at this stage is also characterized by improved board and management relationships with principal responsibilities falling on the board chair and director. The specific characteristics of the governing board include:

- The board's primary allegiance is to the mission of the organization
- The board plans for its own and the director's succession and implements these plans

- The board leads in strategic planning processes
- The board identifies and sources resources required to achieve planned outcomes
- The board oversees the development of annual work plans and approves the work plans and budgets
- The board, in conjunction with management formulates policies for decision making and management of resources
- Monitors the implementation of the organization's programs, budget and the director's performance
- It fosters links between the organization and its internal and external stakeholders
- It identifies, selects and orients new board members based on skills, expertise required to strengthen the board as their term of office expires
- It develops criteria for assessing its performance and implements activities to improve the board's performance

In short a governing board plays four key functions. These are: ensuring the organization's financial and organizational sustainability, fiduciary function of financial oversight, monitoring performance and ensuring that the organization is legal all the time.

The board too will not stay in this stage for ever. It will move to the next stage proactively after it has outgrown this stage or a crisis will force it to move to the next stage. The crises may come as a result of:

- Growth of the NGO and its activities
- It surpasses board capacity in number and skills leading to a need for additional members in the board. An example is when a local NGO turns into an international NGO.

The governing board however is the ideal stage for most local NGOs because it best meets the governance requirements of the local NGOs. The institutional size and governance needs of the local NGOs do not make the institutional board discussed below necessary.

### **The institutional board**

The board is very large and diverse. It is ideal for big international NGOs and organizations like the UN and the World Bank. The board members are usually high profile people and there is more delegation to committees as the board is too big. The staff are usually empowered and have little dependence on the board.

Since staff are empowered and can do most of the things on their own the institutional board plays mostly a coordinating and facilitative role. The danger at this stage is that the board may give too much power to



management leading to incidents of abuse.

Board development from one stage to the other is a natural process and no step may be jumped. But it is possible that at any particular time the board may display characteristics of the different stages of development. If this happens, the dominant characteristics determine the stage of development at which the board is (National Center for Non Profit Boards, 2000: 10). It is also important to emphasize that each stage is appropriate and necessary as long as it is serving the needs of the organization and the board and that it only becomes obsolete and therefore call for change to another stage when it stops serving the needs of the organization (Kaplan, 1996: 5).

### ***2.10.2 The role of management in strategic planning***

While the main role of the board is ensuring that the direction set in the strategic plan is being adhered to, the main role and responsibility of management is the actual implementation of the strategic plan (Holzhaus, 1992: 19). Management is responsible for organizing work, motivating and communicating with people, appraising and measuring performance and developing people in the organization (Drucker, 1977: 55)

The stage of development of the organization determines the role of management in strategic planning. Pioneer leaders or leaders of organizations in the dependent stage are often more powerful than the board (Fowler, 2001: 8 – 10). Such leaders often take the leading role in strategic planning. This is often the case because at this stage, the board is usually not involved in fundraising and usually they do not have their own budget lines for the operations of the board. Management raises all the money for the organization. In addition, donors usually tend to deal with the directors and ignore the chairperson of the board and the board as a whole. In this situation the board may not even be asked to approve the strategic plan (Hudson, 1995: 387).

The problem with management leading the strategic planning process is self-interest (Pearce and Robinson, 2003: 38 – 39). When NGOs are referred to as voluntary organizations, it is the board that gives the organization the voluntary status. Staffs are not volunteers because they are paid (Holloway, 2000). Because board members are volunteers, they are able to think in the long-term basis as the amount of money in the organization does not directly affect their purse. They are also able to think more about the people the organization serves. In contrast the members of staff are prone to let self-interest prevail, as they are concerned more with their own welfare (National Center for Non Profit Boards, 2000: 20). The strategic plan that is wholly led by the management therefore may be weak in terms of its long-term view of being centered on the people the NGO serves. The challenge of management leading the strategic plan process is more common because many times management in NGOs is stronger than the board (Hudson, 1995: 387).

In a situation where both the board and management are strong, it is important to define the boundaries of responsibility between the board and management (Fowler, 2001: 8 - 10). The board initiates the process and delegates it to management. Management prepares for the strategic planning process and formulates the plan together with the board. The board approves the adoption of the strategic plan. Management cannot approve the adoption of the strategic plan and the board cannot single handedly formulate the strategic plan and hand it over to management. The actual leadership in the strategic planning process however must be negotiated between the board and management (McCarthy, 2003: 12 -14).

In short the roles of the board and management in strategic planning cannot be discussed differently because the development stage of either the board or management will affect how the strategic planning process will be conducted. National Center for Non Profit Boards (2000) observed that:

- A strong board and strong management will create an effective organization by providing joint leadership and keeping each other on one's toes.

- A strong board and weak management will lead to the board meddling in management thereby undermining its governance and strategic effectiveness.
- A strong management and weak board will lead to the prevalence of self-interest among staff. The organization becomes inward rather than outward looking. In other words staff are preoccupied with serving their own needs rather than serving the needs of the people for whom the organization exists.
- A weak board and a weak management will lead to lack of leadership and eventual collapse of the organization.

### ***2.10.3 The role of donors in strategic planning***

The primary role of donors is to ensure adequate resources for NGOs, as most local NGOs are dependent on donors for their survival. If donors stopped funding NGOs most of them would cease to exist (Vivian, 1994: 167). Donors therefore play a key role in strategic planning in local NGOs. Firstly most NGOs cannot afford to fund their own strategic planning processes. In this case donors play the role of financier for the strategic planning process.

Secondly donors may put having a strategic plan as a prerequisite in the funding to the organization. This may force the local NGO to superficially go through a strategic planning process without fully internalizing and owning it (Harding, 1994: 34, 35).

Thirdly donors may push their agenda into the organization's strategic planning process. They may do this by pushing the NGO into the areas that they fund. These areas may not be in line with what is needed in the NGOs constituency. NGOs are often in a dilemma on whether to follow donor money or their constituencies especially when donors keep changing their priorities of what they will fund (Handy, 1988: 7). Community members or beneficiaries may tell the NGOs what their priorities are but if these do not match with donors' priorities the NGOs are put in an awkward situation where they have to decide whether to stick to meeting the needs of their constituencies and risk 'starvation' or take on the donors' priorities for their own survival and risk the loss of relevance and

legitimacy. Cameron (2001: 70), for example, showed how a donor's over involvement in a local NGO in Tanzania led to misdirection and eventually the collapse of the local NGO. He observed that the donor had an over determining influence over the NGO. The programs the NGO was implementing represented more of the donor's priorities than those of the local NGO or the community it serves. This led to the eventual collapse of the NGO.

Lastly most donors do not usually commit to long-term funding that will ensure the implementation of the strategic plan. In addition many donors do not fund administration costs. They fund only projects. They fund the implementation of the strategic plan without funding the implementers (Harding, 1994: 34,35). This leads to lack of capacity among the local NGOs to effectively implement the strategic plans. The way donors understand organizations and development guide the way they fund the organizations and development work. Many donors still hold a mechanistic view of organization and development work. They do not look at organization in a holistic manner or as a living system that need to be developed and natured in order for them to row and demonstrate impact (IRED, 1998:28). The mechanistic view employs resource transfer as the primary means of supporting organizations and development work. This means transferring resources as efficiently as possible to the communities that need the resources. This means investing minimally in that NGO and maximally in the community that may not have adequate support from the NGO because of its lack of capacity.

Grugel (2000: 102) argues that the sincerity and commitment of Northern donors may be beyond doubt but it is their strategies in funding NGOs which may be flawed and therefore make realizing genuine development difficult. Avoiding structural change, short termism and inadequate prior consultation with the Southern NGOs and the failure to surface and confront contradictions inherent in the aid system are some of the issues negating the positive impact of the aid system (Edwards, 2006: 8).

Recognizing the above challenges representatives of donors and governments met in Paris and came up with the Paris declaration which emphasizes ownership,

harmonization, alignment, results and mutual accountability (Joint Progress Towards Enhancing Aid Effectiveness, 2005). According to Foote (2007), in the declaration donors commit to:

- Respect country partner leadership and strengthen capacities to exercise it.
- Implement where feasible common arrangements for planning, funding e.g. joint financing, M&E and reporting on donor activities and aid flows.
- Work together to reduce the number of separate, duplicative missions to the field and diagnostic reviews.
- Base overall country strategies and programs on partners' national development strategies.
- Harmonize their monitoring and reporting requirements until they can rely more extensively on partner countries' national development strategies.

Many observers however observe that it is too early to determine the effective implementation of the declaration (Hailey and James, 2006: 1). In addition, Fowler (2005: 2) observed that the 'aid harmonization agenda' removes NGOs from being a priority to donors as harmonization will be done mostly through government. .

Fowler (1997: 134) stated that ideal funding from a donor would have the following characteristics:

- The funding is free from stringent, inflexible and imposed conditions
- The funds are allocated on program or intervention terms rather than projects
- The funds are not constrained by accounting and administrative requirements which impede best practice
- The funding can fit into existing financial, administrative and other systems
- The funding is predictable in terms of where the donor obtains them and reliable in terms of flow
- The funding will, when based on demonstrated performance, be available through out all stages of an intervention (continuity is not simply subject to donor interests or politics);
- The funds arrive on time as agreed

#### ***2.10.4 The role of consultants in strategic planning***

Cunningham (1996: 19) observed that mergers, downsizing and closure of companies has led to an increase in the number of consultants on the market. There is a growing demand for consultants to fill gaps left by departed staff for example. She also observed that consulting is becoming more attractive to new graduates as it represents better pay, autonomy and more security. The need for more organizations is to be leaner and outsource which creates a niche for consultants.

The real value for consultants in the strategic planning process is to bring objectivity, expertise and focus, which may not be present in the organization (Kubr, 1996: 258). Consultants in strategic planning come in two forms. These are strategic planning content experts and strategic planning process experts (French and Bell, 1995: 10). Strategic planning content experts are specialists in the subject matter of the particular strategic plans concerned. They come and write the strategic plans for the NGOs or at least they come to conduct an organization assessment and advise the NGO on what content the strategic plan must contain. Strategic planning process experts on the other hand are guides to the process that the NGO follows in producing their own strategic plans. The people in the NGO produce their own content. The role of the consultant is to help the people think through different options and the consequences of those choices and then let the people make appropriate choices for their organization. While the strategic plan content expert brings strategic planning solutions to the NGO, the process expert brings strategic planning questions to the NGO. A fundamental principle of sustainable development is for the development worker not to do things for the people but to help people do things for themselves. When people do things for themselves, they own the product. In this case process consultants are likely to be more effective in helping organizations with the strategic plans (Malunga, 2004: 62). Depending on the context in which the consultant is working, they can wear either a 'process or content hat' but not the two hats at the same time. It is also important to clearly declare the hat the consultant is wearing and why (James, 2005: 15). NGOs that do not have capacity to generate their

own content may need a content consultant while those that have capacity to develop their own content may need a process consultant (Kaplan, 1996: 10).

Cunningham (1996: 19) observed that consultants in some instances may have simply found a way of 'manufacturing money' through convincing their clients to create consultancy contracts that they do not really need. Markham (1995: 44) observed that clients often have mixed experiences in working with consultants. He exemplified this by one case in which a leader of an organization reflected that, "one consultant produced a report which was four times as thick as necessary – he simply duplicated what he had done for another client. Another consultant did not tell them what they did not know already and failed to tell them some of the things they already knew. A consultant from a highly reputable firm to advise them on marketing did not even bother to answer the specific questions in the terms of reference and the only impact he had was to create annoyance. There was only one consultant who was helpful, he came to help introduce payment by check which he did very well and went out of his way to provide a valuable report on industrial relations as well".

The above points indicate that consultants in general need more professionalism if they are to add appreciable value to the organizations they serve. Taylor (2001: 17) identified four issues that consultants must address to claim full professional status. These are: the need to clarify their role, pricing, simplifying the content and process of their interventions and ensuring effective consultant-client relationships.

Many times when people in NGOs feel that they need a consultant to help them formulate the strategic planning process they do not give much thought to the possible role the consultant can play in the implementation and monitoring and evaluation of the strategic plan (Cunningham, 1996: 1). The tendency to involve consultants only during the formulation process is influenced by the short-term event or one off thinking approach to development prevalent among NGOs and donors. It could also come out of lack of capacity by NGO and donor leaders to understand the potential and useful role the consultant could play in the preparation, implementation and management phases of the

strategic planning process. A challenge that most NGOs face is to find good consultants suited to their needs (Cunningham, 1996: 1). There are no agreed standards and certification for consultants. Quality control among consultants, especially independent consultants are difficult. This may lead to hiring consultants who may not have the required behaviors, skills, experience and expertise for helping local NGOs (Rutledge, 1994: 12; Taylor, 2001: 17). The same problem is seen when hiring consultants from other contexts and countries. While these consultants may build reputations in their countries and contexts, they may not perform as well in different contexts and countries if they do not take their time to understand the context they are going to work in. Being a new practice in NGOs, strategic planning may be prone to misuse by inexperienced practitioners (Bryson and Einsweiler, 1988: 216).

Taylor (2001: 17) observed that consultants' work is often sold in cost units of their time. It is based on inputs rather than results. Consultants often get tempted to sell as much activity as possible and they rarely discuss with the client how their work will benefit the organization. Cunningham (1996: 1) also observed that consultants have been criticized for generating too much jargon and mystique. Taylor (2001: 17) advises that, in order to be practical and effective consultants need to be effective communicators by translating their jargon into simple, common and practical language for the clients. Lastly, consultants have been accused of taking away responsibility from the clients. They rarely work in partnership with the clients and often leave before the results of their work can be evaluated (James, 1999: 8).

Despite the above observations, French and Bell (1995: 10) maintain that strategic planning processes necessarily need consultants because consultants bring objectivity and independence of opinion, which may be difficult to generate internally. They argued that, "do it yourself strategic planning attempts often end in frustration and stalemate".

Lynn (1986) identified four stages of development for development consultants. The stages were: beginner, technologist, professional and master practitioner.



### Stage 1: The beginner

The beginner struggles with the stress caused by the requirement to gain credibility with clients just at the same time when they are experiencing major doubts about their personal suitability for the work. Initial success with assignments and support from friends leads new practitioners to the conclusion that they are good enough. Self-imposed perfectionist expectations fade away and a sense of confidence and strength emerge. Large amounts of creative enthusiasm propel the individual to stage 2.

### Stage 2: Technologist

The conflict encountered at level 2 is power vs. powerlessness. Practitioners now seek to make their 'mark' in the profession. At this level, personal power and influence issues with clients and other practitioners assume central importance. Level 2 practitioners are most interested in learning specific techniques that give them greater control over the outcomes of the strategic planning processes. Much learning also occurs in the area of client-consultant contracting processes. Pushing their authority, practitioners at level 2 learn by trial and error how to avoid rescuing clients, how to avoid taking over the client's job and how to avoid getting involved in destructive power struggles.

The emerge from the stage 2 experience feeling grounded in their power and authority and seeking consulting relationships based on the stable foundation of mutual respect and acknowledgement. Experienced stage 2 consultants have a good set of techniques and approaches for change intervention as well as a sense of fit between a technique and a problem. Stage 2 learnings help consultants to avoid 'laying' a solution on a client that does not answer the client's problem.

### Stage 3: Professional

The heritage of the two prior stages is a strong sense of personal power. At stage 3, consultants are able to apply to the work at hand the energy that was formerly bound in power issues. This is the time of the flowering of the consultant's skill as creative and intuitive processes are fully engaged in helping clients craft change strategies. They have excellent contracting abilities; they are able to express their feelings and ideas directly and in such a way that the client understands fully what they have to say. They are highly skilled in the negotiation of contracts where responsibility for the outcome is shared equally with the clients and will turn down even the most interesting involvements when the client refuses to share responsibility.

The self-critique and enquiring nature of stage 3 leads the consultant to become more concerned with their spiritual natures or to become more involved with the search for 'a peaceful heart'. This leads to stage 4.

#### Stage 4: The master practitioner

As they progress to stage 4, practitioners go through a radical shift in philosophy and approach occasioned by the emergence of personal conflict along the dimensions of interconnectedness vs. autonomy. Up to this moment they have held the self image of 'change agent' of autonomous, experimenter-collaborator with clients in the change process. Consultants go through a shift in consciousness after which the 'impartial observer' perspective no longer works. They now see themselves as interconnected and interdependent on the client. This shift is a natural result of the emergence of the spiritual self as the essence of the spiritual self is to connect with others so as to experience the most worthy, most expansive, most loving parts of people's natures. Stage 4 consultants are compelled to seek consulting opportunities where the full expression of their emerging feeling of spirituality and other connectedness is possible. The specific expression of this new motivation and awareness is seen both in the new ways consultants relate to clients and the interventions that they promote. This stage is also recognized by Lips-Wiersma (2002: 285 – 397).

Lynn (1986: 200) concludes by observing that the consultants' chance of success in their practice is greatly enhanced if they are able to shift their perspective deeply enough to be able to see the system or organizations from the inside. This perceptual shift requires abandonment of the self-image they hold as autonomous change agents.

### *2.10.5 The role of communities in strategic planning*

The ultimate aim of strategic planning is to position the NGO so that it can demonstrate impact in the lives of the people in the communities the NGO serves (Codrington, 2002: 6). The final test of the organization's sustainability, legitimacy and relevance rests with the community. This calls for participation of community members in the strategic planning process. Bryson and Einsweiler (1988: 217) argued that community participation might result in better decisions and better community members. Active participation educates and empowers the community members at the same time it commits them and makes them responsible for the results of the strategic plan. In short, experience shows that interventions using good participatory methods gain more effective and sustainable results than those that do not (Fowler, 2002: 21; Gubbels and Koss, 2000: 18 - 19).

One way communities have been involved in the strategic planning process has been through community assessments or evaluations before the actual strategic planning process. The assessments identify the needs and priorities of the communities and this is used as an input into the strategic planning process. The priorities are used to guide the direction of the organization so that the organization remains in sync with the needs of the communities (Kaplan, 1996: 47).

In many NGOs however, it is not clear what role communities can play in the actual formulation of the strategic plans, the implementation of the strategic plans and the monitoring and evaluation of the strategic plan. Involving or asking community members to participate in the strategic planning workshop is fraught with challenges. This is the case because of the level of engagement; analysis and synthesis required which may be beyond the capacities of many community people (Vivian, 1994: 167 – 193). Their value added to such interventions therefore is usually negligible. Their participation may be more tokenism than developmental (Bryson and Einsweiler, 1988: 218; Agbola, 1994: 61).

Systems of community based monitoring and evaluation rarely work for a number of reasons. Often times the NGO has not thought through the effectiveness and relevance of the monitoring and evaluation tools at this level, sometimes it is field officers who actually do the monitoring and evaluation of the programs on behalf of the communities and many times the organization has not thought through how to use the monitoring and evaluation reports as tools for improving organizational performance. Effective monitoring and evaluation systems that are result oriented are a big challenge in many NGOs (Edwards, 1999: 4).

Another challenge is observed among membership based NGOs. These NGOs employ professional staff but as a membership based organization, their governance must come from the people they serve. The people they serve, the community members, mostly from rural areas are usually not as educated and experienced as the professional staff in the organization. In such a case the concept of membership organization is usually compromised because such people cannot realistically add much value to the governance of the NGO (Edwards, 1999: 4).

Local communities would only be in a position to influence strategic directions of the organization if they were able to demand what they want from the NGOs (Fowler, 2000: 20). In countries like Malawi however, most communities have not reached a stage where they can demand what they want from the NGOs that serve them (Morphert 2000: 7). Actually the work of many NGOs is to empower the communities to acquire the capacity to demand and accept what they want and to reject what they do not want. Where local people are able to demand what they want, many NGOs are in a dilemma on whether to listen to demands of the people they serve or listen to the donors who give them the money. Besides the organizational assessment or evaluation before the strategic planning process, another way the community could influence the strategic planning process of local NGOs is by linking the NGOs learning system to the community based monitoring and evaluation system (Edwards, 1999: 4). Effective monitoring and evaluation is based on the results chain that looks at effective strategic planning as comprising systematically recording inputs, activities, outputs, outcomes, and

impacts (HIVOs, 2005: 15). Linking the monitoring and evaluation systems of the communities and the communities would mean complementing each others' efforts along the results chain by sharing roles and responsibilities between the organization and the community. The community can be empowered to record inputs, activities and outputs and feed these to the organization while the organization can concentrate on outcomes and impacts.

Another challenge facing community development and therefore effective strategic planning is that most NGOs are unwilling or unable to address the underlying causes of the issues they deal with. They address the symptoms leaving the structural causes intact (Gariyo, 1995: 132). They deal with issues of poverty alleviation while leaving underlying sustainers of poverty like unfair world trade untouched (Sachs, 2005: 351, 352). Such projects and programs may help the communities in the short run but not in the long run. This means that such NGOs are not relevant especially in the long run.

Jessica Vivian and Gladys Maseko in Zimbabwe carried out a major study on community participation in NGOs (Vivian and Maseko, 1994; and Vivian, 1993). The authors found that although more than 90% of the NGOs claimed that community groups identified projects, this was not the case. The main reasons of this were limited amount of staff time available, severe operational and logistic constraints and the project nature of NGO works, which hampers meaningful and true participation (Vivian and Maseko, 1994: 9). The complexity of managerial and financial systems required by donors lead to NGOs to take over decision making creating the dilemma of how to account to donors or to the communities. In addition the authors found that NGO did not live up to their own rhetoric in regard to mobilization, consciousness- raising, organization, or promoting volunteerism and collective action. Project members did not accept the NGOs' claim that they provided grassroots representation – a voice for the people. NGOs were seen primarily as sources of aid in the form of resources or training (Vivian and Maseko, 1994: 14).

The description below presents a picture of an ideal empowered community.

**Development conditions**

- The community is food secure
- People can make legitimate claims and demands on organizations working with them
- People can hold their representatives and public servants accountable
- The community is united, there is peace and vulnerable groups are protected
- Communities are collaborating with each other around issues of common interest

**Attitudes**

- People exhibit ownership and responsibility for development initiatives and their sustainability
- Community members do not feel inferior to officials from outside the community
- People are tolerant of and respect differences
- People are open to positive external influence and are embracing positive change

**Capabilities**

- Community members can raise own resources and effectively manage them
- External resources are employed as a complement and not a substitute
- They are able to attract agencies and partners to help hem with development initiatives
- They are able to resolve differences
- The community is learning from its experiences and it has a mechanism for documenting and disseminating the lessons among the people and to future generations
- The community has a questioning stance

Adapted from Fowler (1997: 43 - 68)

In summary, it is important to note that strategic planning needs the participation and involvement of many stakeholders to ensure that as many ideas as possible are solicited and to ensure that it is eventually owned and accepted by all the stakeholders. The different view points from the different stakeholders will enable the NGOs to explore the issues of ensuring adequate resources, legitimacy and relevance more broadly and therefore more effectively (Immelman, 1995: 29).

## **2.11 Conclusion**

This chapter has discussed the history of strategic planning and its meaning and the roles and responsibilities played by the different stakeholders to the strategic planning process. The chapter has pointed out four major issues concerning strategic planning in NGOs. These are the need to consciously seek the organization's strategic fit, the need to take a learning approach to strategic planning and management; the challenge of dependence on donors leading to low financial and organizational sustainability; and lastly the necessity of conducting strategic planning within the wider context of OD. The chapter has also discussed the major differences between NGOs and private business organizations. The chapter has also discussed the key challenges facing NGOs and how strategic planning is seen as a way of addressing these challenges.

## **CHAPTER 3: THE PROCESS OF STRATEGIC PLANNING**

### **3.1 Introduction**

This chapter reflects on the strategic planning process. It discusses the four stages of strategic planning, which are: preparation, formulation, implementation; and monitoring and evaluation. Though the stages and steps are presented in this order, it must be noted that strategic planning is not a linear process. The steps may overlap, or they may happen in parallel or the process may go back and forth (Kaplan, 1996: 15).

### **3.2 Preparing for strategic planning**

Preparation forms the foundation for the strategic planning process. NGOs however do not give adequate attention or they do not attach adequate importance to the planning stage of the process (Chambers, 2002: 5 - 6). They do not attach adequate importance to preparation because to most organizations the most important thing is the product and not the process that the organization goes through to produce the strategic plan document. Many authors however argue that the process that an organization goes through to produce its strategic plan and its transformative effect is more important than the strategic plan document itself (Lawrie, 1994: 2; David, 2003: 317). This means that a poor strategic plan document produced through a better process is better than a good strategic plan document produced through a poor process. Organizations that take their time to adequately prepare for the strategic planning process will actually gain both in time, speed and resources (Covey, 1994: 54 – 57).



### ***3.2.1 Recognizing the need for strategic planning***

The strategic planning process starts with recognizing the need for a strategic plan in the organization. This recognition can come either from the board or management. While either the board or management can come up with the recognition for the need of the strategic plan, the need must be driven from the board. The need must come from the board because the board is able to generate an overview of the whole organization and its environment (Fowler, 1997: 48; Kemp and Kemp, 1992: 2). To the contrary in many NGOs management initiates and leads the process (David, 2003: 222).

It is important that the strategic planning process be internally initiated and driven. Ebrahim (2003: 147) in his study of facilitating a strategic planning process with Aga Khan Rural Support Program India noted that externally forced processes could undermine effectiveness by compromising cooperation and enthusiasm

### ***3.2.2 Team to manage the strategic planning process***

After recognizing the need for strategic planning, the leadership is supposed to form a team or a strategic planning team that comprises members of senior management and the board (Ohmae, 1982: 5). This team is assigned the responsibility of managing the whole strategic planning process. This team identifies the tasks that ought to be carried out to start and complete the strategic planning process effectively. The team also develops its own terms of reference or roles and responsibilities. The team identifies what it can do and what can be better done with the help of consultants and therefore also develops the terms of reference for the consultant (Backoff and Nutt, 1988: 122).

### **3.2.3 Contracting**

When a consultant has been identified, his or her first assignment is to understand the request the NGO is making and the context in which the NGO is operating. The consultant usually takes a preliminary visit to the NGO with the aim of listening and understanding its situation (French and Bell 1995: 10 – 11). During this visit the consultant talks to as many senior members; junior members and board members of the NGO as possible. The aim is also to assess the level of commitment, communication, and energy in the organization with regard to the strategic planning process and what levels are actually needed to drive the strategic planning process successfully. The consultant then discusses with the strategic planning team and the members of senior management and the board his or her findings and what preparations will be required to make the strategic planning process a success. He or she also discusses with them some strategic planning models, concepts and frameworks to ensure that there is a common understanding on the strategic planning process (Barry, 1988: 185). Some examples of the strategic planning models are given in the section 3.3.3 on pages 83 - 86. A key challenge facing the practice of strategic planning is a lack of clarity on what models to use, why and when (Bryson and Einsweiler, 1988: 226). This may result in direct application of models used in the private sector for example. The consultant needs to explain how applicable the model he or she is suggesting is to the particular context.

The consultant also discusses with the group who to involve in the process. Any effective strategic plan in an NGO must be arrived at in consultation with as many stakeholders as possible (Smillie and Hailey, 2001: 109; Fowler, 1997: 48). Involving many stakeholders will enable more viewpoints to be considered and debated during the entire process. Immelman (1995: 28) and Chambers (1983: 190) observed that one of the key reasons for poor results from strategic planning is non-involvement of front line personnel. It is these people who will ultimately be responsible for the implementation of the strategic plan but they are often excluded from the planning process. By failing to

integrate the planning and operations aspects of the process through involvement of the front line staff, the strategic plans formulated fail to drive action (Manning, 1992: 33).

Preparation involves thinking through the levels and type of commitment needed from the different stakeholders and what needs to be done to bring the commitment to the right levels and type. According to Beckhard and Pritchard (1999: 5 - 6) this usually leads to the formation of a communication plan to ignite and sustain energy for the strategic planning process in the organization. The communication plan addresses such questions as:

- What is strategic planning?
- Why should we go through a strategic planning process?
- How are we going to do it or what process are we going to follow?
- What will it take to make it successful?
- How is it going to affect me?
- How or where can I get or give more information

Actively and continuously communicating with everyone in the organization and the key stakeholders of the organization build commitment and ownership of the strategic planning process. In addition to the case for the strategic plan laid out above, the team and the consultant also discuss the different channels that are going to be used for the communication. As many channels as possible must be used. They also discuss how they are going to sustain the communication throughout the whole strategic planning process. Communication on the strategic planning process can be done through staff and management meetings, e-mails, messages on notice boards, internal newsletters and one on one especially for key leaders and people who are finding difficulties to understand the process (Hammer and Champy, 2001: 53 – 54).

The most important output of such a meeting is an agreed action plan on the steps to be taken for the strategic planning process, the time schedule, the roles and responsibilities of the consultant and the strategic planning team and the milestones or indicators of success along the process. In terms of roles and responsibilities, ownership of the process to the organization is critical; as a result the consultant must give as much responsibility as possible to the strategic planning team. The consultant must only participate where he or she adds real value. When people own the process they also take responsibility for its success or failure (Hammer and Champy, 2001: 53 – 54).

### ***3.2.4 Conducting an organizational assessment***

Conducting an organizational assessment or evaluation or a benchmark survey is part of preparation for the strategic planning process (Sahley, 1995: 152). Such exercises help the NGO to understand the needs of the communities and stakeholders but also to set a benchmark against which the evaluation of the strategic plan would be measured. Fowler (1997: 51) suggests that data collection should primarily draw on existing internal and external sources, rather than primary research unless the secondary documents are not there. This is done with the view of saving time and other resources. Suzuki (1998: 193) advised that it is important to triangulate the existing documents with primary data because these documents may not always reflect the reality on the ground. They may be tailored to make donors happy.

Often times, in NGO strategic planning, people do not bring enough information into the process, so decisions are taken on inadequate information. The consultant needs to use his or her discretion on the adequacy of the data already available in the organization and whether collecting further data would add significant value. Thaw and Petersen (1999: 8) argue that information, more than anything else, is the lifeblood, the key source of energy in the strategic planning processes. They argue that the quality of the preparation for a strategic planning process is only as good as the information, ideas, care and will that the NGO brings to the process and work with (Thaw and Petersen, 1999:14). The next step is the actual formulation of the strategic planning document.

### ***3.2.5 Strategic planning in organizations going through the process for the first time and those that are going through the process for the second or more times.***

In general, the process that an organization goes through in strategic planning is similar whether the organization is going through the process for the first time, second time or more times (Drucker, 1974: 15). The major difference however is that while the process may be rightly called strategic planning for the organizations going through the process for the first time, for those going through the process for the second time and more it is more appropriately called strategic plan review process (Krallinger and Hellebust, 1993: 160). While strategic planning is preoccupied with formulating strategy for the first time for the organization, strategic plan review is preoccupied with reflecting on the existing strategy and deciding whether it is still relevant or whether it needs to be maintained, modified or abandoned altogether for a new and more effective strategy (Drucker, 1974: 15). Having gone through the strategic planning process, it is assumed that the organization going through the process for the second or more times would benefit more from their strategic plans because of relatively increased knowledge, experience and appreciation of the strategic planning process (Malunga, forthcoming: 66 – 67).

### **3.3 Formulating strategic plans**

The goal of the formulation stage is to come up with a document, the implementation of which will enable the NGO to ensure adequate resources, legitimacy and relevance. This stage is what is usually referred to as strategic planning especially where strategic planning and management have been de-linked. Formulation of the strategic plan includes developing a vision and mission, identifying external opportunities and threats, determining internal strengths and weaknesses, establishing long term objectives, generating alternative strategies, and choosing particular strategies to pursue (David, 2003: 5; Holloway, 2000: 26). If each of these is done properly, there will be consistency, alignment and a flow in the formulation process. But this is rarely the case in many NGOs. Most local NGOs do not invest in a professional and disciplined

approach to obtaining their visions and missions and values and the strategic plan in detail (Mwaura, 2005: 25).

### ***3.3.1 Creating an ideal picture of the NGO***

The first stage is to develop a ‘word picture’ of the organization or an idealized image of the organization and the community that the organization is helping to create five or more years into the future. These pictures act as a magnet pulling the NGO to its desired future. In this way the pictures become, ‘a goal that is worthy of commitment’ (Senge, 1990: 210). Without such a ‘goal that is worthy of commitment’, detailed predetermined plans do not serve much purpose. Starting with a clear destination of where the organization wants to go enables the organization not only to learn from its past but also to learn from its future (Codrington, 2002: 6; Scharmer, 2002: 2). The destination becomes a magnet pulling the organization into its desired future. Learning from the future becomes more effective because in times of rapid and discontinuous change there is no past experience sufficient enough to fall back on (Codrington, 2002: 6). And by starting with the destination, strategic planning becomes not only about forecasting trends and adapting, it also becomes influencing and molding the future (Holzhaus, 1992: 19).

The word picture describes the ‘future desired organization and community’ while the assessment described in the preparation stage describes the current situation. The gap between the future desired situation and the current situation determines the gap and the amount of energy and effort that the NGO needs to apply in order to become the NGO it would like to become (Senge, 1990: 157). The gap is also the basis of the organizational strategic planning process. Creating an ideal picture of the organization is a powerful way to help people in the organization view the organization in the future and therefore focusing and concentrating their energy. In most organizations however, the typical emphasis has been not on creating the ideal picture of the organization but on strategy formulation, understanding trends in the environment and developing the strategic direction for the organization (Dainty and Anderson, 1996: 318). One of the reasons for

this is that people often confuse between the ideal picture and the vision of the NGO. An example of an ideal picture is given below:

#### **Ideal picture for CILIC**

The year is 2012. CILIC is financially independent. It has its own building and it is letting out extra offices to other organizations. It has sufficient competent and skilled staff in all its areas of work.

CILIC has effective policies, systems and procedures in the areas of:

- Human Resources
- Administration
- Finances
- Monitoring and Evaluation
- Conditions of service

CILIC has a clear structure that is understood and followed by all. The structure is clearly linked to a clear strategy and an empowering shared vision and mission. The members of staff are conscious of the culture and values of the organization and are consciously working at creating and maintaining a healthy organizational climate.

CILIC is consciously building its internal capacity and identifying strategic organizations and institutions for partnership and collaboration.

CILIC is implementing effective programs and activities that are focused enough to make impact. The activities are based on objective research and documentation and they are being systematically monitored and evaluated.

Source: Malunga, C. Forthcoming. Organizational Wisdom in 100 African Proverbs. London: Practical Action Publications.

### ***3.3.2 Vision and mission crafting***

An ideal picture describes the organization the people would like to see while the vision refers to the broad statement stating what the people in the NGO would like to see changed in the society as a result of its work in the long term. While the vision is usually very broad and no one organization can realize it alone, mission refers to the organization's intended specific contribution to the realization of the vision. According to Thaw (1997: 12 – 17), an effective mission statement answers the questions:

- Who are we? This question is concerned with the identity of the organization.
- Why do we exist? This question is concerned with the purpose of the NGO.
- Whom do we serve? This question is concerned with the target group and beneficiaries of the NGO.
- Where are they? This question is concerned with the geographical scope the NGO intends to cover.

The ideal picture, vision and mission tend to be more distinct in NGOs as compared to business organizations (Bowman and Asch, 1996: 158). The goal of business is to make profit (Drucker, 1990). This is both its vision and mission. The ideal picture of a business organization therefore tend to focus only on the organization and not communities they serve as their primary purpose is not to change the communities but to create a customer (Drucker, 1974: 8). An example is General Motor’s mission statement which reads, “*our mission is to be the number one or number two organization in the world in all the markets we operate*” (Welch, 2005).

The ideal picture helps to keep the organization energized and passionate. The vision and mission help to keep the NGO focused. This enables the NGO to concentrate its energy and resources for deeper impact. According to Covey (1991: 166), lack of an effective and deep vision, mission and values is the seedbed of almost all organizational problems. Examples of a vision and mission statement are given below:

MANASO vision statement:

*A responsive society in which HIV and AIDS service organizations have contributed effectively to the reduction of the spread and mitigation of the AIDS impact in Malawi.*

MANASO mission statement:

*MANASO is an umbrella local NGO of AIDS service organizations in Malawi. It exists to promote coordination, networking and strengthening of member HIV and AIDS service organizations.*

Values statement:

MANASO believes in and upholds the values of:

- *Compassion*
- *Commitment and;*



- *Transparency*

Source: Malawi Network of AIDS Service Organizations (MANASO) strategic plan document, process facilitated by Capacity Building Organization, Blantyre Malawi. 2006.

Part of the complications in coming up with an effective vision, mission and values come because much as the NGO wants to shape the world in a certain way, there are many stakeholders who would want to shape the NGO in other ways. NGOs face a challenge to accommodate the different interests of the stakeholders without compromising their essence (Fowler, 1997: 45). The challenge of balancing the needs of different stakeholders is discussed in detail in section 3.4.5 on page 97 - 98). NGOs however are more likely to succeed when they are clear about their vision, mission and values and how best to fulfill them in their contexts. In practice however, many NGOs tend to drift according to donor conditionalities and development fashions of the day leading to confusion about their role, purpose and identity (Edwards, 1999: 1). In the long run such NGOs cannot ensure legitimacy and relevance.

Fowler (1997: 45) observed that the degree of clarity and shared ownership of vision, mission and identity seems to be clearer and stronger for organizations founded on ideological motivations and activist roots. It will be important to find out the foundations of local NGOs and link how this affects the clarity and ownership of their visions, missions and identity and how these in turn affect the effectiveness of the strategic plans.

In addition to formulating vision statements and mission statements, an NGO at this stage is also supposed to articulate its values statement. Values are the behaviors that people in the organization consider important and are consciously rewarded whenever they are practiced or punished when they are violated. Lebow and Simon (1997: 8) identified two types of values. These are business values (those that the organization must practice when dealing with its customers) and people values (those that the people must practice within the organization to create a conducive working environment).

Vision, mission, and values statements must be comprehensive but at the same time short and concise enough. In many organizations however these are often long, bland and tedious documents (Silbiger, 1999: 297). Many times leaders in organizations have difficulties creating vision, mission and values statements that would communicate, inspire and motivate (Dainty and Anderson, 1996: 316).

Most of the times what business organizations call their vision and mission statements are in reality ideal pictures of the organization (Drucker, 1974). Two reasons account for this. One is ignorance. The second one is that businesses exist to serve the owners while NGOs exist to serve people outside the organization. Vision and mission statements are directed at the people that the organization serves.

### ***3.3.3 Environmental scanning***

After agreeing on its vision, mission and values, the organization scans both its internal and external environment with the aim of identifying the issues it must address. To do this the organization ranks its current strengths and weaknesses as well as threats and opportunities (Backoff and Nutt, 1988: 125; Crosby, 1991: 4). The organization identifies the issues it must address both inside and outside based on this analysis. Backoff and Nutt (1988: 125) defined an issue as a difficulty or a problem that has a significant influence on the way the organization functions or its ability to achieve a desired future, for which there is no agreed upon response. NGOs must identify the real causes of the challenges they seek to address. Collier (2000: 122) observed that most strategic planning processes are more symptomatic rather than fundamental in addressing issues. In order to address this challenge therefore, NGOs must identify and address real issues in their strategic planning processes. In Malawi for example some of the real issues for NGOs in advocacy and economic empowerment are: finding alternatives to tobacco as the sole forex earner at a time when its price is continuously nose diving every year and youths unemployment due to closures of companies (Chikunkhuzeni, 2006: 81 – 82; Nthakomwa, 2001: iii).

In the processes of scanning both the external and internal environments, Thaw and Petersen (1999: 9) and Scharmer (2000: 7) observed that while the analysis may be relatively easier, the synthesis process is often weak. If some data is not well understood or unpalatable, it is simply left out. For strategic plans to be effective people must be cautious of synthesizing what they choose to see or hear. They must listen to the disturbing and difficult synthesis too.

Sulcas (2004: 9) listed down some of the tools below for external and internal strategic analysis.

**Table 3.1 : Tools for external analysis**

Tool	Purpose
PEST	Political, Economic, Social and Technological factors are identified
5 – Forces	Power of suppliers and customers, substitutes, potential entrants and extent of industry rivalry are examined
‘S-Curves’	Identify life cycle positioning of industry, products or services
Four Links	Organizations with whom co-operation is possible
Competitors	Assessment, positioning and benchmarking
Customers	Past, present and future
Key Success Factors	What is needed to be a market leader
Four Horsemen	Qualifiers and disqualifiers for doing business
SWOT	Opportunities and threats

**Table 3.2: Tools for internal analysis**

Tool	Purpose
Adizas Curve	Assess the culture of the organization
SWOT	Strengths and weaknesses
Human Resources	Obtain feedback from staff
Financial	Identify key performance indicators
Operations	Determine efficiencies
Core Competencies	The capabilities that are needed to be successful
BCG Matrix	Assess product/service portfolio
Value Chains	Gain understanding of functional inter-relationships

As shown above, there are many alternative tools/models/templates to assist strategic analysis or environmental scanning. Combining these with appropriate questions enables the organization to identify the issues facing the organization. Lefley (2004: 850 - 862) however, observed that most of these tools were developed for the business sector. Wholesale adoption of the tools into the NGO sector may not be appropriate. NGOs need

to modify or develop their own models, which are more appropriate to the nature of organizations that the NGOs are. According to Thaw (1997) and; Kemp and Kemp (1990), tools like PEST, four links, customers, key success factors, four horsemen and SWOT analysis can easily be modified for scanning the external environment while SWOT, human resources, operations and core competences can easily be modified for internal environmental scanning.

An example of the use of a combination of PEST and SWOT analysis and the use of appropriate questions in identifying real issues an organization must address are given below:

What changes or trends have taken place in the task environment (Southern Africa and Malawi) since 2000? Hint: consider the environment based on the following factors:

- Political
- Economic
- Socio-cultural and;
- Technological

Based on the environmental scan:

- What picture is emerging, what do we predict for the next 3 years?
- What opportunities and threats for MANASO are coming from the predictions?
- What issues should MANASO prioritize and address from the predictions?

Source: Malawi Network of AIDS Service Organizations (MANASO) strategic plan document, process facilitated by Capacity Building Organization, Blantyre, Malawi. 2006

Thaw (1997) has developed some tools relevant for local NGOs as modifications to the above tools. Some of these modified tools are organizational biography, sensing exercise, organizational capabilities and vulnerabilities model; and organizational mirror model. An explanation of these models will be given below:

The organizational biography model enables people in the NGO to become more conscious of where they have come from and develop a perspective on why they are where they are today. It encourages people in the organization to actively learn from past successes and mishaps, it provides people with 'new eyes' to read where they are at and lastly, it is an effective way of introducing new comers to the past of the organization and tales of the organization's life.

In sensing scanning is done through the senses of sight, smell, touch and taste including hunches or gut feel without asking questions or listening to people's views. Through this a great deal can be picked about how the organization functions (its culture) and what it cares about (its values).

Organizational capabilities and vulnerabilities explore the two key tensions NGOs face. These are:

- Between how flexible we can be versus what and how much we can control
- Between inner organizational life and the broader outside world.

The purpose is to analyze the organization in terms of a model of organizational effectiveness incorporating the four fields of control, flexibility, inside and outside.

The organizational mirror aims to draw out how others see the organization. This is useful because often those inside the organization fail to see the strengths and problems in a way that people with some distance are able to.

Immelman (1995: 28) however, observed that strategic plans often fail because there is more emphasis on tools and analysis as compared to synthesis and drawing strategic insights that can move the NGO forward. In this way, strategic planning fails to contribute to strategic thinking which he defines as: 'the continuous ability to consider simultaneously the impact of a variable on the organization in the long-term and on that small part of the organization where it is being dealt with right now'. The output of environmental scanning therefore must be the identification of opportunities and threats in the external environment and strengths and weaknesses inside the environment. From these, the organization derives the issues it will address in the environment and the capacity building issues it will address inside the organization.

### *3.3.4 Developing goals, strategic choices and strategies*

The next step is to identify goals and to explore the strategic options on how to resolve the issues. This results in strategic choices. The strategic choices are the basis on which the strategies that the organization will implement are based (Backoff, 1988: 127). Many organizations find making strategic choices difficult (Drucker, 1990: 77). People usually resist giving up the activities they have been used to even if these activities stop being effective or relevant. Lawrie (1994: 66) and Hudson (1995: 141 – 143) suggested that NGOs might need to think through the following choices:

- Whether to grow, stay the same or get smaller. Many NGOs have not worked out conscious criteria for growth, scaling up or scaling down.
- What alliances or relationships to develop with others. Many NGOs have collaboration problems because they have not thought through who to collaborate with, why and how.
- A little help for many or a great deal of help for a few. Most NGOs are tempted to spread themselves too thinly with the aim of wanting to appear big in the hope of getting more donor funding
- Treat the symptoms or the cause. Some NGOs may identify the fundamental causes of problems they seek to address, but they may feel it is beyond their capacity and resources to do much about it
- Providing the service or lobbying for change. NGO may start lobbying for changes in government policy when they realize that their contribution will always be small by comparison to the size of the problem
- Focus or diversity of services. They can choose between concentrating on relatively few services and build expertise in those tightly specified fields or diversifying their expertise and deliver a wide range of services
- Hold to organizational values or be tempted by new resources. Most NGOs face the dilemma of whether to hold to their core values or to compromise in order to gain new resources

Its vision, mission, values and considerations based on insights from the environmental analysis must guide the choices the NGO takes. This must also be based on what will help them to ensure adequate resources, legitimacy and relevance. Thaw and Petersen (1999: 9) observed that in most NGO strategic planning processes, assessing the implications of taking certain options is often not done. NGOs do not adequately analyze the different options to make informed decisions on the options they choose. The context in which NGOs work, where donors have so much power to decide what to fund and what not to fund, limits the freedom of NGOs to choose what would really help them and the people they serve.

A challenge in strategic planning among NGOs is their tendency to focus on the task environment while not paying as much attention to their own internal capacity needs (Sahley, 1995: 54; Yukiko, 2000: 45; Patel, 1998: 115). What the NGO can achieve in its environment or service provision however depends on the strength of its internal capacity. In addition to the work to do identified above, the strategic plan must also enable the NGO, based on its analysis of its internal strengths and weaknesses, to identify its capacity building needs which will enable it to implement its identified activities. Gubbels and Koss (2002: 12 – 200); Mwaura (2005: 25) identify financial and material resources and their sustainability, skills and competencies; structure; policies, systems and procedures; leadership and management; culture and values); and the ability to relate with different stakeholders for synergy as key internal capacity building areas to be addressed by most local NGOs to ensure that they have adequate resources, legitimacy and relevance.

### ***3.3.5 Operational planning***

In order to facilitate its implementation, the strategic plan document must be accompanied by an action plan. The action plan must specify the actions to be carried out, the persons responsible for the activities, when activities will be carried out and finally what indicators and targets will be used to assess failure or success (Drucker, 1990: 76). The action plan must be based on a thorough stakeholder and resource audit.

According to Backoff and Nutt (1988: 129), the stakeholder audit lists stakeholders and their interests in the strategy. Then each stakeholder's importance (support, neutrality, or opposition) is identified to rank the stakeholders as low priority, antagonistic, problematic and advocates. The resource audit must be both monetary and non-monetary. The resources are assessed in terms of their criticality or importance and potential availability (ease of finding or mobilizing). The analysis must also suggest how to deal with each of the identified stakeholders. The analysis must also suggest how to raise the needed resources. The supporting role of the consultant in the formulation, implementation, monitoring and evaluation stages must also be discussed at this point (Hiweege, 2002: 12). The operational plan must clearly state the indicators of success and the targets that the organization has set for itself. These are used as a benchmark to gauge success or failure of the implementation of the strategic plan (Crosby, 1991: 5). The three or five year strategic plan document is produced as a result of step 3.3.4 above. Out of that plan, an annual plan is extracted. An example of an action plan is given below. It is important to note that, the annual plan will focus more on efficiency (output) indicators while the strategic plan document will focus more on effectiveness (outcome) and impact indicators (HIVOs, 2005: 10).

**Table 3.3: MANASO's action plan for the period January to December 2007**

<b>Activity</b>	<b>Person responsible</b>	<b>Time</b>	<b>Indicator and target</b>
<b>Resource mobilization</b> <ul style="list-style-type: none"> <li>• Local fundraising</li> <li>• Identifying donors</li> <li>• Monitor and evaluate use of grants</li> </ul>	<i>Grants managing officer</i>	<i>On-going</i>	MANASO has 2 more long term donors 5 grants awarded to member organizations
<b>Networking</b> <ul style="list-style-type: none"> <li>• Conduct quarterly meetings</li> <li>• Facilitate exchange visits</li> <li>• Publish and distribute newsletter</li> <li>• Lead in World AIDS day campaign</li> <li>• Coordinate district network meetings</li> </ul>	<i>Regional coordinators</i>	<i>On-going</i>	2 quarterly meetings held 3 exchange visits made

Source: Malawi Network of AIDS Service Organizations (MANASO) strategic plan document, process facilitated by Capacity Building Organization, Blantyre Malawi. 2006



The strategic plan must be accompanied by a financial plan. The strategic plan is broken into annual segments and as the years progress, each year in turn is detailed in annual financial plans and budgets (Krallinger and Hellebust, 1993: 178). An annual budget is the best estimate at the time of preparation of the funds needed to implement the strategic and annual plans (Krallinger and Hellebust, 1993: 209). A sample financial plan is given below:

**Table 3.4 : A sample financial plan from an NGO strategic plan**

	Year 1(MK)	Year 2 (MK)	Year3 (MK)	Total Amount
<b>1. Project Activities</b>				
1.1 HIV and AIDS <ul style="list-style-type: none"> <li>• Conduct a baseline survey</li> <li>• Conduct 50 trainings on Behavior Change</li> <li>• Acquire IEC materials</li> <li>• Acquire female condoms for 200 targeted sex workers</li> <li>• World AIDS Day Campaign etc.</li> </ul>				
1.2 Food and Security				
1.3 Gender Based Violence				
<b>2. Capacity Building</b>				
2.1 Training staff in financial sustainability and proposal writing				
2.2 Board development <ul style="list-style-type: none"> <li>• Recruitment of new board members</li> <li>• Board meeting costs</li> <li>• Board retreats</li> <li>• Sub-committee costs</li> <li>• Retreat costs</li> <li>• Exchange visits costs</li> </ul>				
2.3 Developing financial, human resource and administrative policies systems and procedures				
2.4 Reviewing the organizational structure				
2.5 Annual Participatory reviews				
<b>3. Administration and human resource</b>				
3.1 Acquisition of 4 4x4 vehicles				
3.2 Vehicle service				
3.3 Fuel				
3.4 Office furniture				
3.5 Rent				
3.6 Legal services				
<b>4. Personnel</b>				
4.1 Recruitment				
4.2 Salaries				
4.3 Field training				
4.4 Field Allowances				
4.5 Leave grants				
<b>Total Amount</b>				

Source: Monitoring and Evaluation Manual for MANASO Partners, Blantyre: MANASO

The financial plan indicates the amount of money needed. It should also be accompanied by an understanding of how the money will be raised preferably by when and who will be responsible. See section 3.4.1 below for more details.

### **3.4 Implementing strategic plans**

The real challenge of organizational change and development is not so much in theory but in implementation. Many organizations believe that strategy is about what happens in the future. In fact strategy is about what the organization does today to create its desired future. This is made possible through implementation of the strategic plan. Jackson (1997: 56) observed that most organizations suffer from too much strategic planning and too little strategic action. Johansson and Nonaka (1996: 168) and Ng'ethe (2005: 22) observed most strategic plans suffer from an 'execution gap'. This is the gap that exists between what the organization expects and what it achieves. It is the gap between what people say they will do and what they actually do. Lawson (2000: 20) noted that in Malawi for the majority of the local NGOs, the strategic plans once formulated are not looked at again. A number of factors contribute to the non-implementation of strategic plans. Among these are:

#### ***3.4.1 Financial and other resources***

New strategic plans may require financial and material investment. When NGOs fail to raise the amount of financial and material resources required by the new strategic plan they will not implement the strategic plan effectively. A strategic plan will determine the direction and priorities of the organization. If the priorities are not thought through in the contexts of donors the NGO may not be able to attract the funding required to implement the strategic plan. A good strategic plan therefore must be based on available resources and plan for the needed resources and how these will be acquired (Robson, 1997: 69). Aiming for financial sustainability must be a key goal among NGOs if they are going to implement the strategic plans effectively. Cannon (1999: 5) defined sustainability as the ability of an organization to secure and manage sufficient resources to fulfill its mission effectively and consistently over time without excessive dependence on any single

funding source. Some NGOs have now begun to think about the need for raising own funds to supplement donor funding as means for financial and organizational sustainability. Sustainability does not require an organization to be 100% self-sustaining. Sustainability is a continuum, a process in which an organization should aim to become less dependent on donor funding. At one extreme is complete dependence on a single foreign donor while complete financial autonomy is at the other. Too many NGOs find themselves in the first category and very few are financially autonomous (Cannon, 1999: 5). While complete financial autonomy may not be possible with many NGOs, all of them can move themselves towards greater sustainability.

Another overlooked challenge in strategic planning is time. Often NGO leaders do not think through the time demands of the new strategic plan. It is important to match the planned activities with the people and their time available. People in NGOs often over commit to activities only to find out that they do not have enough time to implement them (Fowler, 1997: 50).

### *3.4.2 Skills and competencies*

A strategic plan often presumes a higher level of doing and being for organization. This means that effective implementation of the strategic plan will in most cases require new and higher skills and competencies. If people do not have the required skills and competencies, there will be a mismatch between the demands of the strategic plan and what they can offer. When people in the NGO realize that the skills and competencies do not match the new strategic plan's demands they may frustrate the implementation of the strategic plan in order to maintain the status quo (Covey 1991: 167).

Many times organizational leaders do not think through the implications of formulating strategic plans on the skills and competencies that will be needed in the organization. An example is an NGO that lost almost all its members of staff as a result of going through a strategic planning process (Malunga, 2003: 58 - 63). The members of staff lost their jobs because their skills and competencies did not fit any more with the demands of the strategic plan that they had just formulated.

NGOs must think through the different ways they can enhance the skills and competencies needed by the organization to effectively implement the strategic plan. Often times NGOs limit their thinking on the need for enhancing the skills and competencies to staff. They tend to exclude volunteers and the board. But for overall organizational improvement enhancement of skills must include the volunteers and the board as well (Drucker, 1990: 76).

Implementing the first steps of the strategic plan is critical and often needs the support of the consultants who helped the organization in formulating the strategic plan (Beckhard and Pritchard, 1992: 11). Oftentimes this does not happen. The consultant's contract is limited to formulation of the strategy. The people in the NGO often assume that they can implement the strategy without external support. Managing the transition however is usually the most difficult aspect of the strategic planning process (Beckhard and Pritchard, 1992: 11).

Skills and competencies required are usually in the broader areas of conceptual, social and technical capabilities of the people in the organization (Thaw and Petersen, 1999: 23; Immelman, 1995: 30). The conceptual area relates to the extent to which people in the organization work with knowledge, ideas and information and their capabilities to vision, forecast, compare, synthesize and plan. The social area relates to how effectively relationships are built, maintained, and managed within the organization, with external allies and antagonists; how well people in the organization are developed to reach their potential and be effective in their work; people's capacity for negotiating, managing conflict, dealing with emotive issues and with feelings, and balancing personal and 'professional' interests. The technical incorporates the 'how to' terrain. Examples are how to set up systems, design, plan and implement activities, find, collate, store and disseminate information, organize work plans; use technology etc. In formulating strategic plans, often times local NGOs do not think through the skills and competencies that the implementation of the strategic plan will need. When they do, they limit the need for skills and competencies only to the technical area.

Communication is a key skill needed to ensure effective implementation of the strategic plan. Many times leaders do not have this skill or they undermine the effort needed to convince people on the need to adopt the strategic plan and win their commitment. Energy required for the change will not be released unless people are convinced and committed and this will only happen where there is adequate and effective communication (Kotter, 1995: 67).

### ***3.4.3. Policies, systems and procedures***

Young and new organizations as most local NGOs are do not have effective policies, systems and procedures (Adirondack, 1998: 51). While the strategic plan may enable the organization to come up with indicators and targets, these on their own are inadequate because they need a system to hold them and procedures to effectively practice them. Thaw and Petersen (1999: 9) observed that when NGOs formulate their strategic plans, policies, systems and procedures are usually not reformed to support the demands

implied by the strategic plan. Thaw and Petersen (1998: 22) reported that the key policies that will affect the implementation of the strategic plan are in the areas of: finance, administration, human resource, monitoring and evaluation and organizational learning.

In most local NGOs, the process of formulating the policies is usually not conscious. Some local NGOs just copy policies from other and often large NGOs (Suzuki, 1998: 201). This brings about a mismatch between the policies that the organization needs and the policies that it adopts. Goyder et al (1997: 88) noted that another challenge on policies, systems and procedures is that sometimes donors ask for unrealistic and time consuming policies, systems and procedures with the aim of ensuring transparency and accountability. This may be done at the expense of the performance of the organization, which ironically both the donor and the NGO are seeking. Policies in human resources and conditions of service are such type of policies. NGOs depend on donor money, which is usually not guaranteed after the projects they are implementing expire. Committing to conditions of service may be tricky if the organization is not sure if they will always have resources to honor their commitments. A related challenge is unfair conditions of service, which favor some groups and individuals in the organization and not others. This may cause frustration leading to low morale for the implementation of the strategic plan (Immelman, 1995: 29).

Many local NGOs do not have effective monitoring and evaluation systems (Torrington et al, 1989: 323). They have not thought through what data to collect, how to analyze it, how to document it, how to use it as a management tool. Strategic planning is aimed at building an organization towards performance. If the organization does not have the means to know how well it is doing, it will be difficult to effectively implement the strategic plan.

Organizational development depends on the organizational consciousness of the organization. The drive towards higher performance and all the efforts and systems required to achieve it must be consciously managed through the organizations learning

system. Organizational learning enables the NGO to reflect on its practice (Thaw 1997:15). Many NGOs are caught up in activities and demands to meet deadlines to an extent that they do not create time and space for reflection and learning. The NGOs do not have policies, systems and procedures for reflection and learning.

In summary strategic plans require an NGO to rethink its current policies, systems and procedures. If there is mismatch between the policies, systems and procedures, implementing the strategic plan will not be effective.

#### ***3.4.4 Structure***

Strategy determines structure (Covey, 1991: 167). If an NGO decides to alter its strategy to become more community responsive for example, it may need a community focused structure which will channel all its skills to meet the needs of the community. Often times however NGOs do not reform their structures to accommodate the changes implied by the strategic plans (Thaw and Petersen, 1998: 8).

Changing structure of the organization is difficult because it involves changing the power dynamics in the organization. In the pioneer stage relationships and closeness to the founder may determine one's position and therefore power in the organization. In the independent phase one's qualifications, expertise and experience often determines one's position and power in the organization. Those who feel that change in structure will strip them of or reduce their power will resist changing the structure and therefore effective implementation of the strategic plan can be quite formidable.



In addition in many NGOs people do not consciously think through the need to review the structure as a result of the strategic plan. NGOs may not think through the need to review the structure because of the amount of energy and costs implied by changing the structure. Changing structure may lead to transferring people from headquarters to field offices, retraining, recruiting new people and retrenching others. Organizational leaders may not be enthusiastic to take unpopular decisions required by effectively restructuring the organization (Hammer and Champy, 2001: 34).

#### ***3.4.5. Managing stakeholders***

Effective management of the different types of stakeholders plays a key role in implementing the strategic plan. Different types of stakeholders can facilitate or hinder the implementation of the strategic plan. Backoff and Nutt (1988: 130 -131) identified antagonistic stakeholders, potential advocate stakeholders, problematic stakeholders, and low priority stakeholders as the key types of stakeholders an NGO must deal with or influence to effectively implement its strategic plan. The expectations and demands of these stakeholders are key ingredients for the implementation of the strategic plan (Crosby, 1991: 4).

Antagonistic stakeholders are those who see the work of the NGO as being detrimental to their interests. An example would be community leaders who benefit from bad cultural practices that the NGO is trying to change. Potential advocate stakeholders are those who will promote and defend the work of the NGO because it is supporting their own interest. An example would be the church that is also trying to change the bad cultural practices in the community. Problematic stakeholders are those that the NGO need but they cannot easily influence them. An example would be donors with difficult conditionalities to their funding practices. Low priority stakeholders are those who cannot significantly change the outcome of the work of the NGO but their support could make a difference. Different communication strategies could be used to deal with the different stakeholders. The antagonistic stakeholders can be dealt with through

negotiation; the potential advocate stakeholders can be dealt with through encouragement and collaboration. The problematic stakeholders can be dealt with through negotiation and the low priority stakeholders can be dealt with through motivation (Backoff and Nutt 1988: 131).

According to Beckhard and Pritchard (1992: 85 –86), communication with the stakeholders can take two forms. These are passive and active communication. Passive communication is most often used to inform people about changes being made. It is one-way communication and though it may be intellectually stimulating it may not result in emotional commitment. To ensure success messages must be repeated several times. In active communication, people become involved personally and in addition people deal with the subjects emotionally as well as intellectually. Building understanding and ownership are crucial parts of this type of communication and in addition the communication plan should be designed as a learning process (Hammer and Champy, 2001: 163).

#### ***3.4.6. Culture, values and beliefs***

Culture is what drives people's behavior in the organization. The document produced in the strategic planning process may indicate the organization's formal strategy. People's behavior or what they actually do in relation to the strategy will indicate the organization's informal strategy and often times this is the real strategy because it is the one, which is actually implemented (Dainty and Anderson, 1996: 317). A challenge for leaders is to minimize or eradicate the gap between the formal and informal 'strategic plans' through cultural change and cultivation (Platt, 1997: 5 – 7; Starkey, 2004: 15; Grindle and Hilderbrand, 1995: 441 - 463). This is because unless attempts to reframe the way people in the organization think and behave are made no radical strategic alternatives are likely to emerge or be implemented (Dainty and Anderson, 1996: 319). In addition, understanding the culture of the organization and cultivating an effective one is a way of dealing with the reality of human resistance to change which is to be expected in any strategic planning process (Silbiger, 1999: 328). NGO strategic plan documents

have a values statement but they do not state what mechanism will be used to ensure that the values are practically lived in supporting the implementation of the strategic plan. Welch (2005: 17 -24) suggests that one way to cultivate a culture supportive to the implementation of the strategic plan is to consciously include the organization's values in the performance appraisal system and reward people for living the values and punish those who do not.

### ***3.4.7. Leadership***

Leadership plays a crucial role in the effective implementation of the strategic plan because leadership is the driving force behind any change effort (Scharmer, 2000: 42; Greenleaf, 2002: 71). Barry (1988: 193) observed that the success or failure of a strategic planning effort often hinges on how well it is led. This leadership comes from both the board and management. Part of the leadership played jointly by the board and management includes demonstrating commitment to the strategic plan, ability to deal appropriately and effectively with stakeholders, ability to scan the environment and know what needs to change today in order to be ready for tomorrow, the ability to interact with donors and negotiating with them mutually acceptable conditions for support by promoting the NGO based on a compelling message, vision and organizing ability (Fowler, 2001: 2).

Most local NGOs do not have a visible and effective management team. As such the director takes most of the responsibility for the implementation of the strategic plan (Flack, 2004: 17). While in a major renewal one person or a few individuals often start programs, unless a certain critical mass especially among senior personnel is reached nothing much happens. Monaheng (2005: 28) observed lack of political will among leaders to be the major culprit of non-implementation of many change initiatives. Sometimes leaders may not be willing to empower others or form effective management teams as they perceive to threaten their positions. In addition, Kotter (1995: 59) observed failure to establish a great enough sense of urgency by change leaders as a major culprit of ineffectiveness of change efforts. People are usually not jolted or awakened to a sense

of crisis that needs urgent attention. People are not convinced that the status quo is more dangerous than launching into the unknown.

One of the greatest challenges in strategic planning and management has to do with implementation. Krause (1997: 15) noted that, “battles are won by great execution, not by great plans. Great execution can save a mediocre plan; poor execution will always ruin a great plan”.

### **3.5 Monitoring and evaluating strategic plans**

With rapid changes and increasing complexity both within and without the organizations, leaders find it increasingly difficult to stay in touch with developments of potential strategic importance (Dainty and Anderson, 1996: 316). In addition, monitoring and evaluation of strategic planning processes presents special challenges because in contrast to monitoring and evaluating projects and activities, strategic planning processes and strategic results are not easy to measure (James 2001 b: 31).

#### ***3.5.1 The purpose of monitoring and evaluation of the strategic planning process***

Monitoring and evaluation of the implementation of the strategic plan is a way of helping the leaders to overcome the difficulty of staying in touch with developments of potential strategic importance. Monitoring and evaluation enables the organization to track progress in the implementation of the strategic plan (Collier, 1984: 95). The monitoring and evaluation of the strategic plan plays a twofold function. These are accountability to donors and learning for the organization and all the stakeholders (James, 2002: 137). Oftentimes the need for accountability is overemphasized at the expense of the need for learning (James, 2002: 138). When accountability is overemphasized at the expense of learning, the value of monitoring and evaluation of the strategic plan to the NGO is undermined. Monitoring the strategic plan enables the organization to learn at the strategic level. This means people in the organization can detect changes both in its

internal and external environments. This in turn enables the strategic planning team to take corrective action in time.

### ***3.5.2 Challenges of monitoring and evaluation of the strategic planning process***

In most NGOs the monitoring and evaluation of strategic plan is done unconsciously. It is done as a routine. Every 3 years the NGO goes through a strategic planning or review process or the NGO will go through a strategic planning process on a request by a donor or a prerequisite to get donor funding. In either case, the process of going through the strategic planning process is not conscious and cannot significantly help the NGO (Handy, 1988: 6). In addition, NGOs may not effectively monitor and evaluate the strategic plans because they do not have the capacity or skills to do so. They may also simply not have the tools with which to effectively monitor and evaluate the strategic plans (James, 2002: 138). Monitoring and evaluation involves measuring an NGO's efficiency, effectiveness and impact. Efficiency measures the cost of achieving objectives. Effectiveness measures the relevance of the objectives and to what extent they are being implemented. Impact measures the lasting changes happening in people's lives as a result of the organization's work. Officers are largely responsible for measuring efficiency, managers and the boards are largely responsible for measuring effectiveness and impact (MANET, 2005). Since strategic plans in NGOs usually cover a three to five year period, there is usually no need to evaluate legacy and transformation as these are measured on a ten and twenty five year cycle respectively (Lee, 2000: 3). See section 2.7 on page 42 for more details. Measuring legacy and transformation may require other processes and not necessarily strategic planning (Adair, 2002).

The strategic plan monitoring and evaluation system must be based on a benchmark (David, 2003: 5). The primary benchmark being the ideal organizational picture developed at the beginning of the process. Most monitoring and evaluation systems are weak because they are not based on any benchmark against which progress can be objectively measured (Hass et al, 2005: 179 – 186).

Monitoring and evaluation of strategic plans remain a big challenge in most NGOs (Goparaju et al, 2004:25) and most NGOs do not see the connection between their monitoring and evaluation efforts and their strategic planning processes (Naponen, 1999: 27 – 34).

### **3.6 Assumptions in strategic planning literature and their implications on strategic planning practice in local NGOs**

Three key assumptions are coming through the literature review in the previous and this chapter. These are:

- Organizations are autonomous and can therefore decide their own priorities
- Organizations have capacity to effectively go through strategic planning processes
- NGOs are formed to help communities

Among organizations, strategic planning originated from business organizations. Since businesses make their own money, they are autonomous and can therefore decide their own priorities (Lindenberg, 2001: 267). This means business organizations are free to determine and pursue their own strategies. NGOs on the other hand depend on donors to finance their work. There is often a mismatch between NGOs' and donors' priorities. Due to power differentials donors' priorities often prevail over those of NGOs (Cameron, 2001: 70). The strategic planning process literature studied above does not seem conscious to this difference and its implications on strategic planning practice in local NGOs and other organizations that do not make their own money but have to be financed by another party to carry out their work. It is important therefore to shed light on the implications of this difference on the strategic planning process in the local NGOs.

Secondly, the literature assumes that organizations have capacity to go through the strategic planning process. Strategic planning originated from huge corporate organizations (Blackerby, 1994: 25). Because of the hierarchical nature of these organizations, the issue of capacity or technical competence especially among the leaders does not arise as it is one of the criteria for climbing up the ladder. This is not the case

among most local NGOs. Local NGOs suffer from, “amateurism resulting from low skilled human resources and limited organizational capacity” (Brown, 2002: 237). There is need therefore to shed light on the implications of low capacity among local NGOs on their strategic planning processes.

Lastly, the differences between business organizations and NGOs assume that NGOs are created to help the communities they serve (Edwards and Fowler, 2002: 5). But the discussion on the roles and responsibilities of communities in strategic planning (Section 2.10.5 page 67) show that NGOs rarely involve the communities in their strategic planning processes. In addition, NGOs are rarely accountable to the communities they serve. Most local NGOs are not accountable to their boards either as the boards are too weak to discharge their governance roles and responsibilities. This is in contrast to business organizations which are clearly accountable to their stockholders and are committed to pleasing the customer for their own survival (Drucker, 1974: 15; Wheelan, 1992: 388). The priorities and decisions guiding strategic planning in business organizations therefore are more consciously linked to the priorities of customers and stockholders. It is therefore important to shed light on the implications of the non-accountability of local NGOs to communities or their beneficiaries on their strategic planning processes.

### **3.7 Conclusion**

This chapter has reflected on strategic planning as a four-stage process (preparation, formulation, implementation; and monitoring and evaluation) to position an NGO in its task environment to ensure adequate resources, legitimacy and relevance thereby ensuring high organizational performance. The chapter has demonstrated the need to take strategic planning not as a linear, once off event but as a continuous learning process through effective reflection and learning from the monitoring and evaluation of the implementation of the strategic plan. A key challenge to the practice of strategic planning in local NGOs is the absence of a 'process consciousness' which is the recognition and ability to consciously go through all the four stages of the strategic planning process (Patel, 2005: 101 – 102). The chapter has also discussed the key assumptions in strategic planning literature and how they compare with the reality of local NGOs. The next chapter will discuss the NGO institutional context.



## **CHAPTER 4: THE NGO INSTITUTIONAL CONTEXT**

### **4.1 Introduction**

NGOs and strategic planning processes do not operate in a vacuum. They operate in an environment, which they influence and are influenced by in return. It is important therefore to understand the key trends and factors shaping the NGOs' task environment and therefore context (James, 2001: 124; James 2002: 50). This chapter provides an analysis of the Malawi country context and some frameworks driving national and international development thinking and practice and their implications on strategic planning processes in local NGOs.

### **4.2 Vision 2020, the Malawi Poverty Reduction Strategy (MPRS) and the Malawi Growth and Development Strategy (MGDS)**

After intensive and extensive national consultations, the Ministry of Planning and Economic Development (2000) came up with the Vision 2020. The vision was meant to be an expression of the aspirations of all Malawians and an ideal picture that the country must strive towards and realize by the year 2020. It was also meant to be a beacon guiding all development efforts in the country (C.C.A.P Blantyre Synod, 2003). Vision 2020 set out a long term development perspective by emphasizing long term strategic thinking, a shared national vision and visionary leadership; participation by the population, strategic management and national learning (Ministry of Planning and Economic Development, 2000: 3). Vision 2020 states that,

*“by the year 2020, Malawi as a God fearing nation, will be secure, democratically mature, environmentally sustainable, self-reliant with equal opportunities for and active participation by all, having social services, vibrant cultural and religious values and a technologically driven middle-income economy”.*

The main components of the vision were:

- A strong national identity based on unity in diversity in cultural and religious values and inclinations.
- Equal opportunities for all.
- Consolidation of democracy; and
- Security

MPRS and MGDS are consecutive national strategies that were put in place to steer the country towards the realization of vision 2020. MPRS was launched in 2002 and ran until 2005. The MGDS was developed after a comprehensive reflection and learning process from the performance of the MPRS (Kamwendo, 2006: 60). MPRS had four pillars which were: sustainable pro-poor growth, human capital development, increasing the quality of life for the most vulnerable and good governance. In relation to vision 2020, it was felt that MPRS focused more on social development and it failed to bring about economic development (Kanthambi, 2007). MGDS replaced the MPRS in 2006 to address this challenge. Part of the motive to replace the MPRS was to attune the new national strategy more to the Millennium Development Goals (MDGs). The main pillars of the MGDs therefore are:

- Sustainable economic growth in contrast to pro-poor economic growth in MPRS which tended to focus on social at the expense of economic development.
- Social protection in contrast to targeted input programs in MPRS which could not provide comprehensive support to the most vulnerable (Kamwendo, 2006: 61).
- Infrastructure which was recognized as a prerequisite for economic growth (Kanthambi, 2007); and
- Good governance with renewed political will to fight corruption as compared to the laissez faire attitude of government in the MPRS implementation period.

A detailed discussion of the MPRS and MGDS is given below.

### 4.3 The Malawi Poverty Reduction Strategy (MPRS)

The most comprehensive policy shift since 1994 when Malawi became a multi party state was the formulation of the World Bank initiated Malawi Poverty Reduction Strategy (MPRS) in 2002 (Government of Malawi, 2005). The Malawi Poverty Reduction Strategy had as its goal: ‘Sustainable poverty reduction through the empowerment of the poor’. The major focus on the MPRS is provided in the table below:

**Table 4.1: The pillars of MPRS**

<p>The MPRS outlined had four pillars. These were:</p> <ol style="list-style-type: none"><li>1. Sustainable pro-poor Economic growth economically empowering the poor by ensuring access to credit and markets, skills development and employment generation</li><li>2. Human Capital Development – ensuring the poor have the health status and education to lift themselves out of poverty</li><li>3. Improving the quality of life for the most vulnerable – providing sustainable safety nets for those who are unable to benefit from the first two pillars.</li><li>4. Good governance, political will and mindset – ensure that public and civil society institution and systems protect and benefit the poor.</li></ol> <p>In addition there were four cross cutting issues. These were: HIV/AIDS, gender, environment and science and Technology</p>
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Source: Malawi Economic Justice Network, 2004 b: 12

The Muluzi administration, which ended in 2004 focused on poverty reduction while the new administration is focusing on promoting growth by investing in “engines of growth” and is demonstrating more political will as compared to the previous administration. The engines of growth are those economic sectors with the greatest promise to improve the economy both in the short and long term. These are sectors like infrastructure development and agriculture. The reduction in over expenditure and resumption in donor aid (which had been stopped in the previous regime) are some of the evidence of the political will (Malawi Government, 2005: 15). On 1<sup>st</sup> September 2006, the IMF and the World Bank cancelled Malawi’s debt of \$ 3 billion on the strength of the government’s ability to implement, among some of the tenets, good governance and sound public expenditure management since the current regime came into power (Nyirenda, 2006: 3).

#### **4.4 Review of the MPRSP**

In 2005, the Government of Malawi undertook a comprehensive review of the implementation of the MPRS (Government of Malawi, 2005). In short, the review showed that the poverty situation in the country has hardly changed after the implementation of the MPRS. The comparable poverty rates have slightly changed from 53.9% in 1998 to 52.4% in 2005 (Ministry of Economic Planning and Development, National Statistical Office and the World Bank, 2005: 2). There is a decline of 1.5% but this decline is not statistically significant to gauge any improvement in poverty levels. In absolute terms this translates into 6.3 million Malawians being poor. This also means that even if the overall poverty is at 52.4% many Malawians have slid into poverty. The poverty situation in the country still remains a challenge.

According to Government of Malawi (2005), a summary of the comprehensive review of the MPRS is given below:

#### ***4.4.1 Pillar 1: Sustainable Pro-poor Economic Growth***

The MPRS was set out to address several factors that were constraining agricultural productivity like declining soil fertility and land degradation; low access to credit, weak extension systems; low technology development and over dependence on rain fed agriculture. The main objective of the agriculture sector was to increase agricultural incomes and food security by refocusing the role of Ministry of Agriculture and Food Security. To date the country still depends on rain fed agriculture regardless of its vast amount of water resources. The production of food crops is still predominantly done by small-scale agriculture, which is not sustainable for achieving national food sufficiency. The Agricultural sector still requires a policy, refocusing and will to implement policies related to achieving food self-sufficiency. Diversification from tobacco as the main cash and export crop to alternative crops and agricultural products is yet to be done despite the continuing lower returns from tobacco mostly due to the anti-smoking lobby.

The MPRS defined tourism as having potential to contribute to poverty alleviation. The MPRS however did not articulate performance indicators for the tourism industry. Earnings from the tourism industry though not significant continued to show upward trends during the implementation period of the MPRS. All in all the strategies under this pillar did not show a significant improvement.

#### ***4.4.2 Pillar 2: Human Capital Development***

The Human Capital Development pillar looked into issues related to education, health and nutrition. The main objectives under the education sector were to increase access to and improve the quality of education at all levels. Early Childhood Development was implemented through three main strategies: household and community childcare, pre-school and community based child care; and parent education and support. During the implementation of the MPRS the number of ECD centers increased fourfold. While the increase was positive, a key challenge was the increased ratio of caregiver to child from

1:8 in 2001 to 1: 48 in June 2005. Many caregivers resigned mostly due to poor incentives.

The MPRS target was to increase adult literacy levels enrolment to 300, 000 and increase the number of literacy instructors to 12000 by the year 2005. Enrolment was increased only by a third of the target. The key challenge was to find and develop qualified instructors. The national literacy level however still improved from 58% in 2001 to 62% in 2005 which was still below the MPRS target of 70%. In primary schools, the qualified teacher: pupil level decreased from 1: 100 to 1: 92 while the proportion of qualified teachers increased from 51% to 73%.

For secondary schools, a total of 22 new secondary schools were constructed against the target of 325. This was mostly due to poor management and corruption in construction projects and low funding. The secondary schools managed to achieve the recommended pupil to classroom ratio of 1: 40 or 40 pupils per classroom. The University increased student intake from 3, 526 in 2002 to 7, 400 in 2005 exceeding the MPRS target of 6, 824. This was mostly due to the introduction of parallel programs in the university colleges. Efforts to improve the quality of teaching and learning in tertiary institutions did not make much progress due to financial constraints.

Some selected health indicators showed some slight improvements. For example: the infant mortality rate dropped from 104/1000 to 76/1000, under-five mortality rate dropped from 189/1000 to 133/1000. Stunted children dropped from 49% to 43.2%. Underweight children dropped from 25.4% to 22.2 % and wasted children from 5.5% to 4.6%.

#### **4.4.3 Pillar 3: Improving the quality of life of the most vulnerable**

During the period of the implementation of the MPRS the number of people in targeted input programs increased (from 430, 375 to 1, 169,500) implying that the vulnerability situation has been worsening mostly due to poor targeting, recurrent drought and late delivery of the inputs. The number of people in targeted nutrition programs increased from 430, 000 in 2002 to 1.2 million in 2005. Again, this increase is attributable to recurrent drought conditions, increase in the number of orphans due to the increase of HIV/AIDS and the increase in the number of HIV and AIDS infected and affected households.

#### **4.4.4 Pillar 4: Good Governance**

During the period of the MPRS implementation, governance remained a big challenge. Though some improvements are beginning to manifest, the issue of governance continues to remain a big challenge. See below an analysis on some selected indicators:

**Table 4.2: Qualitative Performance of Good Governance indicators**

Indicator	2003	2004	2005
Political will	Poor	Poor	Good
Mindset	Poor	Poor	Poor
Public expenditure management	Poor	Poor	Better
Decentralization	Weak	Weak	Weak
Democratization	Weak	Weak	Good
Anti-corruption drive	Poor	Poor	Strong
Human rights	Weak	Weak	Better
Internal security	Poor	Poor	Better

Source: Government of Malawi, 2005

Ellis et al (2003: 1507) observed that due to a generally low political will towards improving governance in the Muluzi regime, no clear strategies were actually put in place to ensure progress in the different indicators in the table above. The state actually behaved in contradictory behaviors that included monopolizing and using the public media to ‘perpetuate a culture of domestication and non-questioning among the masses’. Mismanagement of public funds to such an extent that donor inflows into the country

ceased. The anticorruption bureau was toothless. Under investment into the police and manipulation by the state led to gross ineffectiveness and breakdown of security. Jenkins and Tsoka (2003: 10) concluded that despite the fact that the MPRSP was among the participatoriest processes in the country, the effectiveness of the process was undermined by an absence of high-level political commitment to serious reform that the governance pillar implied. Though the indicators for 2005 show a better picture, it may be too early to conclude that the general governance situation has made any significant improvements.

#### **4.5 Cross-cutting issues**

In addition to the 4 specific pillars, the MPRS addressed a number of cross-cutting issues. These were gender and empowerment, HIV and AIDS; Science and Technology; and Environment.

Malawi has one of the highest HIV infection rates in Sub-Saharan Africa. Following the implementation of the MPRS, the HIV prevalence rate in the 15 – 49 age bracket has marginally improved by dropping from 15% in 2001 to 14.4% in 2004. There has also been an increase in people going for voluntary counseling and testing (VCT) as a result of various awareness campaigns. Sexual behavior change however remains a great challenge (Government of Malawi, 2005c: 11).

In general the cross cutting issues have not been fully mainstreamed in all the sectors and coordination among the sectors on these cross cutting issues remains a big challenge.

Afrodad (2005: 20 – 22) observed some notable areas of improvement which include:

- Government spent within the budget approved by parliament for the first time since 1994 in 2005.
- Demonstrated political will towards fiscal discipline
- Improved revenue performance leading to an increase in the tax/GDP ratio
- Reduction in bank lending rates from 35% to 25% in June 2004
- Reclaiming lost credibility from donors to support the budget

In concluding his study on the impact of MPRS, Kammwendo (2006: v) concluded that the MPRS had mixed results in that the strategy failed to reduce food poverty but



managed to improve health, education; water and sanitation poverty. There was no significant improvement in pro-poor economic growth. To date the country still depends on rain fed agriculture despite availability of vast water resources. The production of food crops is still dependent on small scale agriculture which is not sufficient to achieve national food sufficiency. Earnings from tourism are still insignificant.

There were mixed results in human capital development. The number of ECD centers increased fourfold but the ratio of caregiver to child rose from 1:8 in 2001 to 1:48 in 2005 and many caregivers resigned due to poor incentives. Government of Malawi (2005) further observed that the national literacy level rose from 58% to 62% which was still below the MPRS of 70%. In primary schools the ratio of qualified teacher: pupil level decreased from 1: 100 while the proportion of qualified teachers rose from 51% to 73%.

There was no improvement in increasing the quality of life of the most vulnerable. The number of people under targeted input programs increased from 430, 375 to 1, 169,500. Good governance had mixed results. The perceived state behavior to maintain the status quo played a key role in hampering achievement in this area (Meredith, 2006: 375).

In general, the MPRS did not create significant changes in the poverty situation in the country. The UNDP report on human development of 2005 stated that Malawians were poorer in 2004 than in 1994. Kamwendo (2006: 60 – 61) concluded by observing that the MPRS was created for good reasons but had serious conceptual and design flaws which adversely affected its performance. The flaws included failure to provide an operational definition of empowerment and failure by the World Bank and IMF to create a more favorable enabling environment. But most importantly he observed that lack of political will on the side of government was the main culprit.

In summary, it can be concluded that though Malawi has made progress in some areas of socio-economic development, the overall picture to date still suggests stagnation and stuckiness (Nthara, 2003: 119). The new regime is showing commitment to reverse the situation and one way of demonstrating this commitment is through the recent

formulation of the Malawi Growth and Development Strategy (MGDS) to replace the MPRS. A discussion on the relationship between the MPRS and the Malawi Growth and Development Strategy discussed below to strategic planning in NGO will be given under the discussion on Poverty Reduction Strategy Papers (PRSPs) in section 4.7.1 on page 120.

#### **4.6 The Malawi Growth and Development Strategy**

Based on the comprehensive review of the MPRS and other wide consultations, the Malawi Government has come up with the Malawi Growth and Development Strategy (MGDS) replacing the MPRSP as the overarching strategy for the country for the next five years (Government of Malawi, 2005 b). The MGDS provides the policy framework that addresses both economic growth and social policies and how these are balanced to achieve the medium term objectives of Malawi (Kanthambi, 2007). The MGDS is based on four thematic areas which are:

- Sustainable Economic Growth – the rationale is to create wealth for the nation and to enable poor people to take charge of their economic destiny, be food secure and participate in economic activities.
- Social Protection –The aim is to protect the vulnerable and mitigate the impacts of disasters, recognizing that there will continue to be a proportion of the population that will be vulnerable as the country pursues economic growth. Some of the social services include subsidies for agricultural input, soft loans for small businesses, determining minimum prices of agricultural produce for smallholder farmers by government and provision of free and subsidized medical services.
- Infrastructure – this is recognized as a prerequisite for growth and poverty reduction. The country needs a good road network to all the regions and districts. It also needs all weather roads connecting rural areas to district centers and urban areas. The government is constructing and is planning to construct more and better market places where people can trade their produce and products. Being a land locked country, the government is planning to embark on a project to connect the country to the ocean for trade by constructing a water way through the Shire and Zambezi rivers.
- Good governance – this underpins the achievement of all growth and social objectives. Kone (2005:14) argues that lack of good governance is the major culprit of poor performance in Sub-Saharan Africa. He noted that ‘bad governance, not lack of cash, in the world’s poorest countries is the main reason why they have not been able to pull themselves out of poverty’.

It is envisaged that these thematic areas will form a strong foundation for the realization of Malawi's vision 2020.

Despite some notable achievements by the current government, the Malawian economy remains weak with a fragile base lacking in key social services and infrastructure. It is vulnerable to shocks, making it difficult for the country to attain economic growth. The country still depends on an agro-based economy that produces without any manufacturing. Over dependence on donors remains a big challenge. Foreign and domestic debts also remain key challenges facing the country (Malawi Economic Justice Network, 2004: 10 – 11). With the MGDS, the key strategic question is whether the country has enough capacity to implement the strategy and surmount the foresaid hurdles. Conscious capacity building does not seem to receive as much attention as it deserves in the current strategy. Kone (2005:14) argues that most African countries fail to implement their strategies due to lack of capacity.

According to James (2006: 3) government officials in Malawi are generally at best ambivalent about the value of local NGOs in influencing and implementing the MGDS and other policy frameworks. They question both their organizational capacity and that of their leaders. The government officials recognize the role of NGOs in these issues but 'not the actual local NGOs which are there'. One indicator of the lack of capacity among the local NGOs is that they rarely consciously link their strategic planning processes to the government policies guiding development priorities in the country (Fowler, 2003: i - ii).

#### **4.7 International trends shaping NGOs**

A number of factors and developments are combining to shape NGOs and their operations. Six major global international development frameworks are influencing the context in which NGOs work and their planning requirements. According to (Fowler, 2003: 12; Hassan, Patel et al, 2005: 3 –19; Sachs, 2005: 24 -25) these are:

- Poverty Reduction Strategy Papers (PRSPs)
- The millennium development goals (MDGs)
- Sector Wide Approaches (SWAPs)
- Results Based Management (RBM)
- Good Governance
- Rights Based Approach (RBA) to Development

Two additional frameworks apply specifically to NGOs operating in Africa. These are:

- New Partnership for Development (NEPAD) and;
- African Growth and Opportunities Act (AGOA)

A brief description of each will be given below and a detailed discussion of four of the frameworks and their relationship to strategic planning in NGOs will be given later.

Led by the international financial institutions (the International Monetary Fund and the World Bank), many developing countries organized national consultation processes aimed at formulating comprehensive poverty reduction strategies. The aim was to elaborate a framework that should guide policy making and allocation of resources including joint donor contributions (ECDPM, 2003: 110).

MDGs are the eight goals that all 1991 UN member states unanimously agreed to in 2002 by signing the United Nations Millennium Declaration. The goals were aimed at cutting poverty by half by the year 2015, compared with a baseline of 1990. MDGs represent a crucial mid-station on the path to ending extreme poverty by the year 2025 (Sachs, 2005: 25).

Initiated by the World Bank, SWAPs were motivated by the feeling of inefficiency of disjointed and disaggregated funding practices and the need to harmonize aid and benefit from the resultant harmonization and economies of scale. All funding in a sector is brought under 'one basket' to which individual donors make their contributions (Foster, 2000: 9).

RBM - The natural product of the MDGs, PRSPs and SWAPs is greater attention to measuring development performance in terms of results rather than inputs or mere efforts. This has led to the adoption of RBM which has two functions. First to make public bodies more accountable for the use of donor funds and secondly to promote efficiency and effectiveness by learning lessons that are fed back into policies, strategies and plans (Fowler, 2003: 22).

Good Governance is driven mostly by the World Bank and is concerned about adequate citizens' participation in producing political authority and public accountability for the use of that authority to control public space and resources. Good governance is directed at improving the institutions and systems through which people give a mandate to political power holders and the performance of public institutions that are used to translate that power back into what people define as development and pay their taxes for (Fowler, 2003: 24). Wood (2006: 5) however observed that good governance efforts are being challenged by the current donor led discourse for a return to the state as the favored funding institution, even while the objectives of good governance among many governments in Africa are demonstrably unfulfilled.

RBA aims to address one of the most difficult aspects of development, that of structural change. It calls for citizen participation and engagement in identification and articulation of their rights and priorities. In short, RBA calls for power holders to take responsibility as duty bearers and for citizens to hold the power holders accountable on how they are exercising their power and discharging their duties (Mahmud, 2002: 31). McNeil and Mumvuma (2006: 7) identified four key developments on the continent that have given rise to the popularity and interest of RBA. These are: the decentralization and structural adjustment reforms implemented in a number of governments, the anti-poverty strategies that many African governments adopted in the 1990s, a history of poor service delivery as highlighted by the MDGs; and lastly the need to fight corruption.

NEPAD was initiated by President Thabo Mbeki in conjunction with a group of other African leaders in 2001. The African governments that signed its founding documents pledged themselves, individually and collectively, to promote democratic principles, popular participation, good governance and sound economic management. They agreed to set up an African Peer Review mechanism to monitor their performance and punish defaulters. In exchange, they asked industrialized countries for improved package of trade, investment, and debt relief measures (Meredith, 2006: 679).

The US Congress passed AGOA in 2002. It is aimed at providing access to thirty four qualifying African countries to gain a Generalized System of Preference Status until September 2008. This arrangement will allow the countries to benefit from reduced US import tariffs on some 6, 400 products. It is believed that increased export opportunities will help Africans move from poverty to prosperity by increasing their economic opportunities (Fowler, 2003: 33; Sachs, 2005: 195).

The sections below will discuss 4 of the frameworks in more detail. These are the frameworks that have a more direct relevance for Malawi and the NGO sector in the country.

#### ***4.7.1 Poverty Reduction Strategies Papers (PRSPs)***

In September 1999 the World Bank and IMF announced that lending and debt relief under the Heavily Indebted Poor Country Initiative (HIPC) would be based on Poverty Reduction Strategy Papers. PRSPs were introduced as a device to ensure proper use of debt relief under the HIPC facility (Booth, 2003: 131). They also came about in the context of longstanding criticisms of the World Bank's and IMF Structural Adjustment Programs (Fowler, 2003: 14). PRSPs therefore became among the most important documents for national planning and communicating development priorities to partners. Booth (2003: 132) contended that PRSPs represented potentially a non-trivial change in the way international support to poverty reduction in developing countries is framed and delivered.

##### ***4.7.1.1 Principles of PRSPs***

According to the World Bank (2000), the main principles upon which PRSPs were founded were:

- Policy making for poverty reduction should take the form of a country led strategy process, in which government engages in dialogue with other constituents of the national society, resulting in greater national ownership.
- It should be results oriented, starting from an analysis of poverty and its causes and working backwards to the design of appropriate policies.
- The thinking should be comprehensive in its coverage of different macro, sectoral and cross-sectoral issues that affect poverty reduction processes and prospects.
- The basis of international support should be a form of a partnership, in which all funding sources are drawn together in a coordinated way around the strategy formed under the leadership of the recipient government.
- PRSPs are visualized as a medium to long term process, implying a need for medium term commitments as well as a careful consideration of appropriate timing, performance criteria and monitoring arrangements.



#### *4.7.1.2 Performance of PRSPs*

Swallow (2005: 302) observed that PRSPs generally have scored two major achievements. They have managed to bring accountability to the center of national planning processes, so that sector investments need to be clearly justified in terms of their impacts on poverty. Secondly, they have been generally more transparent and participatory than other previous national planning processes. Swallow (2005: 302) also observed two major concerns with PRSPs. They have generally given less priority to sectors crucial for development in developing countries. These are areas like: agriculture, human health, environmental conservation and water supply. Another concern is that being led by government; they have usually taken a top down, technocratic approach. In his study of the Kenyan, PRSP process Swallow (2005: 303) observed that the process was praised for broadening participation and increasing transparency of national planning, increasing the emphasis of poverty alleviation among various government agencies; and enhancing synergies between government and civil society. On the negative side he observed that PRSP reported incidences of poverty in a way that concealed differences by region, population group, or gender. The causes of poverty were not fully clarified, information on quantity and quality of public services was not provided and final document preparations were restricted a few individuals in government departments. From the foregoing, while the consultations were transparent and participatory, the implementation did not follow through the same spirit. There were mismatches in the final plan from the priorities people had raised for example. The same challenges were also observed on the PRSP process in Malawi (Ellis et al, 2003: 1507). Ellis and Freeman (2004: 1) and Mdoe (2003: 1367) noted that rural poverty is strongly associated with lack of land and livestock as well as inability to secure non-farm alternatives to diminishing farm opportunities and a non-conducive policy environment that would enable poor rural people to construct their pathways out of poverty. The PRSPs were weak in addressing these particular aspects.

Booth (2003: 156, 157) concluded his study on the experience of PRSPs in 10 African countries including Malawi by observing that in almost all the countries the PRSPs were initiated by the World Bank thereby undermining the ownership, sustainability and

effectiveness of the programs. He also observed that the involvement of NGOs was low. He noted that political commitment was lacking especially among leaders and that the PRSPs were not widely known to the masses. Lastly he observed that most of the countries lacked implementation capacity of the PRSPs. In addition Dijkstra (2005: 443) noted that many PRSP processes emphasized rational planning ignoring politics. This also undermined the effectiveness of the PRSP processes. In the case of Malawi Jenkins and Tsoka (2003: 1) observed that despite the fact that the PRSP formulation process was among the country's most participatory processes, with civil society engaging in policy dialogue and co-ordinated protest, the ownership and effectiveness of the process was undermined by an absence of high level political commitment to serious reform and the lack of a thoroughgoing overhaul of conditionality by the International Financial Institutions (IFIs).

In contrast to the above situation, the Uganda PRSP proved more successful. Its key feature was that it, in a deeper way, involved both government and NGOs, both central and district levels and was designed to enhance capacity for participatory policy research and poverty monitoring. It deepened understanding of poverty concerning for example, different categories of poor people, the causes of poverty and special issues affecting women. As a sign of its success, the UK Poverty Program visited Uganda and is seeking to apply some of the Uganda PRSP approach in the UK (Chambers, 2005: 111).

#### *4.7.1.3 Implications of PRSPs for NGOs*

For NGOs, PRSPs offer both problems and opportunities. As shown above PRSPs are government led but this does not necessarily mean that they will be government owned. Government may emphasize social issues at the extent of economic issues because that is what donors want and will approve. The PRSPs may be more government than country owned depending on the level of engagement among the people in the country (Fowler, 2003: 15). Ensuring the participation of the civil society in the process is one of the roles that NGOs need to play. The issue however becomes one of capacity among the NGOs to mobilize people for meaningful participation in the PRSP process. Many NGOs, especially local ones do not have the capacity to engage in processes that lead to a deep

understanding of poverty causes and their remedies and symptoms. They also lack capacity to negotiate with government the rules of the game for their participation in the process leading to tokenism and ritualistic participation that has no real effect on decisions (Andersson, 2006: 6).

One of the roles of NGOs is to act as a watchdog to monitor if the amounts committed in national budgets are actually spent as intended. This often leads to tensed relationships between the NGOs and governments and politicians. In summary, the PRSPs offer opportunities for NGO engagement in national development but the issue is whether the NGOs singly and collectively have the capacity to fully utilize this opportunity (Fowler 2003: 10).

#### ***4.7.2 The Millennium Development Goals (MDGs)***

The Millennium Development Goals (MDGs) originated from a series of UN resolutions and agreements made out of world conferences held over the 1990s.

##### *4.7.2.1 Motivations for MDGs*

MDGs were put forward with the recognition that while substantial improvement in living conditions had occurred in many countries, performance had been uneven and painfully slow in much of the developing world (Sahn and Stifel, 2003: 23). The MDGs were approved by the United Nations in 2000 and they represent the latest manifestation of the international development targets. The MDGs are a set of benchmarks for assessing progress for enabling poor people to hold political leaders to account. They are also a commitment by national leaders, who must be held accountable for their fulfillment to their electorates (UNDP, 2003: 1). The key goal is to halve by 2015 the proportion of people living on less than a \$ 1 per day. The table below shows a summary of the 8 goals of the MDGs.

**Table 4.3: A summary of the Millennium Development Goals**

Goal 1: Eradicate extreme poverty and hunger
Goal 2: Achieve universal primary education
Goal 3: Promote gender equality and empower women
Goal 4: Reduce child mortality
Goal 5: Improve maternal health
Goal 6: Combat HIV and AIDS, malaria and other diseases
Goal 7: Ensure environmental sustainability
Goal 8: Develop global partnerships for development

Source: UNDP website ([www.undp.org/mdg/goalsandindicators.html](http://www.undp.org/mdg/goalsandindicators.html)), 2006.

#### *4.7.2.2 Performance of MDGs*

Progress to date shows that developing countries are not likely to achieve the first goal which is to reduce by half the number of people living on less than a dollar a day. In fact in Sub Saharan Africa the number of people living on less than a dollar a day is rising and not falling. (Maxwell, 2003: 8). Roberts (2005: 128) observed that most developing countries do not have the instruments to enable them achieve the MDGs and governments in many of the countries are not demonstrating enough political commitment to the MDGs. Sahn and Stifel (2003: 47) arrived at the same conclusion in his study of 24 African countries including Malawi. In addition some observers have noted that the crisis in most developing countries is not only caused by the issues implied in the MDGs. Difficulties of competing in global markets, failure by rich countries to live up to their promises to increase aid and debt relief and access to markets for exports from developing countries are some of the real challenges undermining the achievement of the MDGs (Fakuda –Parr, 2004: 925). The funding to finance the MDGs does not seem to be forth coming.

Some observers have also noted that MDGs are weighted heavily towards social goals as compared to economic goals. This creates the risk of underemphasizing the importance of equitable economic growth, good governance and democracy which are the prerequisites of effective social service delivery that the MDGs embrace. For example in Mexico Fuentes and Montes (2004: 97) observed that the country made much progress

in health and education not as much progress in nutrition and poverty. They also observed that it was easier to achieve the MDGs among people who were already better off than those who were very poor. Maset and White (2004: 279) made the same observation for Nicaragua, Vietnam, Bulgaria and India.

In addition to the challenges in achieving the goals, Sadavisam (2005: 32 – 33) observed a few criticisms especially by NGOs on the MDGs themselves. Among these are: The MDGs are too minimalist, a 1970 agenda of basic needs, long out of step with the times. In other words their definition of poverty is narrow. There is wide dissatisfaction with the goal of environmental sustainability because of its patchy coverage of critical issues of energy, water and sanitation. Women advocates are incensed that the gender equality goal is limited to girls' education alone and that the goal on maternal health is silent on women's rights to reproductive health and choices. There are also observations that the MDGs are not explicit on employment, land rights, older people, youths, people with disabilities and indigenous peoples. In addition some NGOs express fatigue and cynicism with yet another global agenda from the United Nations. The criticisms coming from the NGOs show that they were not fully involved in the formulation of the MDGs. Fowler (2003: 17) actually observed that, direct NGO input into the formulation of the MDGs was weak to non-existent. Despite these perceived shortfalls however, no one can possibly argue about the desirability of achieving these goals (Natsios, 2006: 133). The MDGs offer a direction and targets that poor countries must head and aim at. They are the most ambitious commitment that world governments have ever made to fighting poverty (Ndungane, 2005: 1). But (Natsios, 2006: 134) conclude that MDGs are a necessary and desirable set of development objectives, but are an incomplete description of where developing countries need to go between now and 2015.

#### *4.7.2.3 Implications of MDGs for NGOs*

Despite all the above challenges, the implications of the MDGs on NGOs are that they are increasingly determining the investment preferences of donors. They point to what donors are willing to fund and NGOs need to synchronize their priorities with the goals if they are going to get the funding. NGOs seeking financial support from donors therefore will need to explain how their activities are related to the MDGs. NGOs therefore must demonstrate competence in MDG relevant areas. The MDGs also give NGOs another opportunity for advocacy to hold governments and donors accountable to their commitment to the MDGs. The MDGs provide the hub or axle around which much of the aid system now revolves. To be effective, NGOs must have a thorough understanding of them (Fowler, 2003: 12).

#### ***4.7.3 Sector Wide Approaches (SWAPs)***

SWAPs grew out of the World Bank's and other donor's dissatisfaction with aid management effectiveness (Gilling et al, 2001: 303).

##### *4.7.3.1 Motivations for SWAPS*

According to Fowler (2003: 20) SWAPs were introduced as a remedy for many problems of donor based funding. Some of these problems were: inadequate local ownership, overloading of local capacity to coordinate donor relationships and lack of sustainability and institutional development. The characteristic of a SWAP is that all significant funding for a sector supports a single sector policy and expenditure program, under government leadership, adopting common approaches across the sector, relying on government procedures, to disburse and account for all funds (Foster, 2000: 9). A pre-requisite for an effective SWAP is a coherent medium term budget or expenditure framework (MTEF) (Gilling et al, 2001). The MTEF provides a basis for ensuring that government policies are consistent with fiscal policy, that resource allocation is informed by government priorities and that resources are used efficiently and effectively.

#### *4.7.3.2 Performance of SWAPs*

Chambers (2005: 47) observed that the advantages of SWAPs include: simplifying and harmonizing aid agencies' procedures, reducing unnecessary duplication, synchronizing budget cycles, converging on host government's procedures and capacity building for all involved. Chambers (2005: 46) observed a number of weaknesses for the SWAPs approach. These included; vulnerability of the approach to corruption, the approach can generate dependency on government and that it can divert attention from developing the capacity of other players like NGOs and CBOs as donors focus more on government structures.

In Malawi, the SWAP approach was adopted in 2004 as an overarching strategy for the ministry of health (Lazaro, 2007). The implementation of the SWAP is still in its early stages and therefore it could be too early to make an assessment of its progress and impact. CARE (2006) carried out a study on the SWAP approach in Malawi. The study findings show that all the players are positive on the SWAP roll out so far. One of its appreciated successes is the reduction of duplicating efforts. The ministry of health, donors and other development agents are now implementing an agreed joint health sector program. Transactional costs have been minimized because the ministry now has to produce one consolidated report, unlike in the past when it was expected to write numerous reports for various donors and stakeholders. The CARE report also noted a number of challenges on the SWAP approach. Among these were: inadequate consultation of all players in the health sector leading to limited ownership. There is perception that mostly donor representatives and high level central government officials participated leading to limited ownership among civil society and district and community level. Government officials at district level for example, raised the concern that they are not clear on their roles and responsibilities and have not been adequately informed and equipped to manage the SWAP processes at district level and the increased funds that come with it. Another challenge to the effective roll out of the SWAPs has been the slow decentralization process weakening the linkages between the ministry's central level and the district and community levels. This has mainly been due to capacity gaps in both

personnel and skills in financial management and procurement in the district assemblies (Lazaro, 2007).

The study recommends that for the SWAPs to be effective in Malawi NGOs or civil society organizations need to actively participate in the SWAPs roll out and provide checks and balances at community, district and national level. They need to actively engage with the ministry of Health and other ministries and donors by demanding audience rather than waiting to be invited. Ministries need to implement a clear and effective communication strategy to strengthen linkages between central and district government and therefore successful roll out of the SWAP at district and community levels.

The study further recommends that service users can only benefit from SWAPs if they hold service providers accountable for the services being provided. This can only be achieved if the service users are involved in planning, monitoring and decision making processes rather than being passive recipients of decisions made on their behalf.

Uganda has scored some notable success in implementing SWAPs especially to the agriculture and broader natural resource sector. Gilling et al (2001: 316) noted the following core characteristics which appear to differentiate the Uganda experience from those of other Sub-Saharan countries.

- There was strong leadership from the concerned ministry,
- Sound integration of the agricultural sector reforms and other broader processes,
- A coherent strategy of poverty reduction, guided by a well thought through PRSP process. The strategy clearly articulated the role of donors, government, civil society and prioritized real needs both social and economic of the poor people; and lastly
- A broader interpretation of the natural resources sector, including infrastructure. This ensured that both social and economic issues were addressed.



Based on the Uganda and broader experience (Gilling et al (2001: 315) suggest that SWAPs can be strengthened through:

- Strong management and policy capacity within government,
- The development of a more coherent, broadly owned sector policy framework with, in particular, a realistic vision of the role of the state in rural poverty reduction
- Greater attention to financial sustainability, particularly with reference to affordability and effectiveness of public spending in the sector.

The above points emphasize the importance of political will, organizational capacity and sound analysis on the part of the SWAPs approach. Donors, government and civil society must work to develop and consolidate political will for poverty reduction, donors need to be realistic about organizational capacity and resources available to governments and there is a need for a coherent analysis of poverty and its causes and lastly the SWAPs need to be viewed as long term processes of capacity development (Lazaro, 2007).

#### *4.7.3.3 Implications of SWAPs on NGOs*

SWAPs have a number of important consequences for NGOs. First NGOs will turn more and more to governments and not directly to donors for funding. This is because in the SWAP arrangement donors will pool their money in 'basket funding' that will be managed by decentralized structures of government (Fowler 2003: 15). The relationship between the NGOs and the governments is therefore going to become crucial for NGO effectiveness. Human rights NGOs especially will find themselves in a more awkward situation as they will find themselves in a situation where they need to get money from the government to criticize the same government. Secondly, as SWAPs are intended to reinforce decentralization of government functions and client led, demand driven development, the significance for NGOs is to enhance the capabilities of clients as rights holders with legitimate claims on government services and performance (CARE Malawi, 2006: 15). Strategically this means that the NGOs must move beyond mere service provision. The implied new relationship with government and empowerment role have

significance in terms of NGO autonomy and role in society that need to be fully appreciated and strategically dealt with.

#### ***4.7.4 Rights Based Approach (RBA) to Development***

At the heart of the rights based approach is the notion that governments, donors and societies in general have a responsibility to promote and maintain a minimum standard of well being to which all people would ideally possess a right. These are rights that are necessary for survival and dignified living (Johnson, 2002: 1591).

##### *4.7.4.1 Motivations for RBA*

Rights based approaches aim to address one of the most difficult aspects of development practice: social structural change. The rights based approach calls for citizen participation and engagement in identification and articulation of rights rather than for citizens to be merely the bearers of the rights (Mahmud, 2002: 31). Cornwall and Nyamu-Musembi (2004: 1432) reported that rights based approaches came out of the observation that often times poor people are not able to articulate their priorities and claim genuine accountability from development agencies and that development agencies are not often critically self-aware of inherent power inequalities in their relationship with the people they support.

##### *4.7.4.2 Performance of RBA*

In their study on rights based approaches in South Africa, Zimbabwe and Mozambique (the SLSA Team, 2003: 98 – 101) observed that often rights are partially and selectively implemented by governments. Like in Malawi, and many developing countries, Mahmud (2002: 31) observed that though the Bangladesh constitution guarantees certain rights, this is more in form than reality. People do not understand fully the meaning of being citizens and there is a general absence of the ‘rights culture’.

The SLSA team (2003: 98 – 101) noted a number of critical factors for the success of the rights based approach. These were: the perceptions of the state, local political dynamics,

the role of mediators, practical and administrative hurdles and the actual financial resources and local capacity to implement the rights.

The degree of trust people have in the state determines the willingness of the people to claim and defend their rights. In many countries in Southern Africa people feel that the state has given them the freedom to speak but not to be listened to (Andersson, 2006). This eventually weakens their resolve to claim their rights. People cannot claim and defend their rights if they do not know about them. NGOs therefore play a key role in helping people know, claim and defend their rights. The rights based approach may create winners and losers. The winners or privileged people may not want to give up their priorities and therefore frustrate the rights based approach efforts. Cognizant of this fact, rights based approaches must aim at creating 'positive politics' and win –win situations. Lastly many times there is no financial and political commitment from governments especially if their position is threatened by the more openness and accountability implied by the rights based approaches (Fowler, 2003).

In his study on rights based approach practice in Thailand, Johnson (2002: 1600 – 1601) observed that the ability to claim and benefit from rights was dependent on the influence that communities had on the state and other actors who could undermine this influence. He further noted that more established and organized groups were better able to claim their rights. He also noted that the more democratic the state was, the easier it could accommodate and encourage the rights based approach and vice versa. The implications of this on NGOs are that they need to focus on mobilizing the people they work with and to lobby with government to create more space for the people to claim, defend and enjoy their rights. Given the stages of development of most communities, this is a formidable task for the NGOs (see sections 2.10.5 on pages 67 – 70 and 7.6 on page 216).

#### *4.7.4.3 Implications of RBA for NGOs*

The rights based approach implies that NGOs must change their way of thinking about development so that they can understand who they are in a new way. Fowler (2003; 26) advises that applying rights based approaches means a significant change in typical NGO

language from beneficiaries to rights-holders or claimants. The 'welfare' concept of beneficiary is incompatible with RBA. Another implication is the need to shift from the idea of being a service provider to that of being a duty bearer with moral responsibility to the claimants. This reinforces an NGO's legitimacy by its emphasis on downward accountability. In designing their development initiatives, the rights based approach requires that NGOs get an understanding of the causes and reasons of denial of human rights. The NGOs must also be prepared and be able to cope with potentially conflictual consequences in the form of failure of unempowered people to claim their rights and resistance by the powerful to redistribute power. Finally, Fowler (2003: 27) warned that the rights based approach is in danger of becoming the 'new solution' to development that is uncritically adopted by NGOs. But the approach may not be applicable in all situations for all purposes. NGOs therefore need to ensure that they fully understand the approach and how it works in practice and they need to assess each situation on its merits in terms of whether RBA is the best approach.

#### **4.8 Summary on the frameworks**

From the levels of complexity model (section 1.11 on page 20 - 21) one observes that the national and international frameworks discussed above tend to put more emphasis on making resources available to poor countries. They make an assumption that the other levels of the model are already in place or at least they are not explicit on how to ensure that these levels are in place. As discussed earlier (See section 1.11 on page 21) resource provision is the easiest effort to make in development and organization development and at the same time the least effective if the other levels are not addressed.

Related to the foregoing one observes that all the frameworks make an assumption that developing countries have the capacity to successfully implement them. For instance, the rights based approach has 6 elements. These are: active protection of civil and political liberties; pro-poor budgets and growth strategies, policies geared toward ensuring that people receive adequate food, education, and health care; broad participation in policy design; environmental and social awareness; and efforts to combat discrimination (Leite,

2001: 44). All the elements concentrate on what the countries must do but not necessarily what the countries must be or how to build their capacity to be able to effectively implement the elements. Star Radio (18<sup>th</sup> September, 2006) announced that Malawi has not come anywhere nearer to achieving the MDGs because of poor policy implementation capacity. The report said the country has some good policies but does not have the capacity to implement those policies. Most of the developing countries especially in Africa are still at the dependent stage of development (Malunga, 2004: 12, 13). By their nature, the frameworks would require the countries to be at least in the independent stage of development. By being primarily results oriented and not also process oriented, the frameworks undermine the equally important issue of the needed capacity to produce the intended results. As a result one observes that the frameworks could help the countries address only those challenges that can be solved by money but proves ineffective on those challenges that require more than just money (Swallow, 2005: 302). The same also apply to the frameworks' potential and actual effect on NGOs (Natsios, 2006: 131). For instance Edwards (2006: 8) observed that while there is an upsurge in money coming to NGOs in general, they continue to generally fail to:

- Lever deep changes in the systems and structures that perpetuate poverty and the abuse of human rights.
- Ensure downward accountability
- Genuinely empower communities so that the NGOs work themselves out of the job

Strategic planning processes in NGOs must help the NGOs to come up with innovative strategies that will enable the NGOs to benefit from the international frameworks. They can only benefit from the international frameworks if they comprehensively deal with the issues of capacity raised in the foregoing discussion. It is only after this has happened that NGOs can truly become agents of transformational development (Natsios, 2006: 157).

## **4.9 Conclusion**

This chapter has discussed the national and some international policies and frameworks guiding government and donor priorities in supporting development work. These policies and frameworks offer both opportunities and threats to NGOs and the strategic planning processes. As an opportunity they may demonstrate governments' and donors' commitment to development efforts and therefore their continued support. Challenges include the limitations inherent in each of the policies and frameworks and the local NGOs' inadequate capacity to benefit from the frameworks (Natsios, 2005: 130). Edwards (2006: 8) observed that while there is an upsurge in money coming to NGOs in general, NGOs continually fail to:

- Leverage deep changes in the systems and structures that perpetuate poverty and abuse of human rights.
- Ensure downward accountability; and genuinely empower communities so that the NGOs work themselves out of the job.

## **CHAPTER 5: THE NGO SECTOR IN MALAWI**

### **5.1 Introduction**

This chapter discusses the NGO context in Malawi, it describes the NGO landscape, the activities of the NGOs, the challenges they face and capacity building efforts to address those challenges. The chapter also discusses specific challenges to the Malawian situation that have implications on strategic planning efforts of local NGOs in the country.

### **5.2 The NGO landscape in Malawi**

The NGO sector in Malawi faces a set of challenges linked to their history and evolving roles (Morphert, 2000: 3). The national context and the above international trends are also shaping the NGO context in the country.

During the so – called ‘Banda’ regime very few NGOs were permitted to operate in Malawi. Those that were in existence were mostly either church based or international NGOs providing services to Mozambican refugees. However, since 1994 there has been significant growth in the NGO sector with over 278 registered NGOs now in existence. Relatively few (73) are international NGOs (Smiddy and Mkamanga, 2005: 8). Much of the response has been in response to the worsening HIV/AIDS situation and increasing human rights and democracy challenges (Smiddy and Mkamanga, 2005: 8). There are a few NGOs focusing on food security and environmental protection issues. In addition, a growing number of civil society institutions apart from NGOs are taking an active part e.g. Churches and CBOs (In contrast to NGOs, CBOs are community initiated and are aimed at serving the people of the same community).

Most of the NGOs are small in size. Over half of the NGOs employ between 1 – 20 people. Only about 21% of the NGOs employ over a 100 people. 75% of the NGOs receive 80% or more of their funding from external sources. Local funding of NGOs remains a big challenge (Smiddy and Mkamanga, 2005: 11 – 12). The main focus areas of the NGOs are human rights, HIV and AIDS and agriculture and food security.

**Table 5.1: NGOs by operational sector**

Sector	Percentage
Human rights	74.8
HIV and AIDS and general health	65.8
Agriculture and Food Security	48.1
Education	35.4
Water and Sanitation	30.4
Environmental and Natural Resources Management	20.3
Disabilities	7.6
Others	20.4

Source: Smiddy and Mkamanga, 2005: 11 -12

The NGO sector in Malawi is still new. 70% of the NGOs have been operating in Malawi between 2 and 10 years, which coincides with the advent of the multiparty era (Smiddy and Mkamanga, 2005: 10). Having the largest numbers in the local NGO sector, the study will focus on human rights and HIV and AIDS NGOs.

### ***5.2.1 Human Rights NGOs***

Bell and Keenan (2004: 330) define human rights NGOs as those NGOs whose core mandate is the promotion and protection of human rights, as defined internationally. These NGOs self-identify as human rights groups first and foremost. Human rights NGOs are involved in 4 main areas. These are: education, standard setting, monitoring compliance with international standards; and enforcement (Smith et al, 1998). In Malawi, like in most parts of Africa, human rights NGOs are involved in monitoring state behavior, litigation, public awareness activities, lobbying national authorities and pro-democracy struggles (Akinridade, 2002: 120 – 123).

During Dr Banda's 31 year regime human rights NGOs in Malawi were non-existent. During the subsequent 10 year rule of Dr Bakili Muluzi they maintained a generally hostile relationship with government. In the current regime they have a 'mixed' relationship with government. While the NGOs were generally dealing with a hostile government now they have to figure out how to deal with a less hostile government



which still needs a 'watchdog' to monitor its behavior (Smiddy and Mkamanga, 2005: 50).

Bell and Keenan (2004: 333) observed that as the task environment of human rights NGOs change, so do the issues and players they must deal with. In Malawi for example, some human rights NGOs were formed specifically to fight the intention by the former president to seek an unconstitutional third term in office. When the third term bill was defeated, they lost their purpose and closed. Many human rights NGOs mushroom around elections time and disappear soon after the elections because they narrow their mandate to civic educating the masses on voting issues only around the election times. In South Africa for example, the United Democratic Front (UDF) was formed in the late 1980s as a pressure group for multi racial elections. The organization took a conscious decision to dissolve in 1991 on the basis that its purpose had been achieved with the multi party democracy and the election of ANC to government (Bell and Keenan, 2004: 358).

In addition to survival issues, human rights NGOs also face relevance issues. With a more responsible government, human rights NGOs are turning from a confrontational approach to deal more in policy influencing. They face challenges in this respect as many of them do not have adequate skills and understanding of the policy making and implementation process. Another observation is that they tend to focus more on civil and political rights at the expense of economic rights (Andersson, 2006).

With the introduction of SWAPs human rights NGOs will find themselves asking for funds from the same governments they may have to criticize (Lazaro, 2007). This may compromise their critical stand. In addition, in Malawi, it is common that funding for human rights NGOs booms around elections time and slumps during the non-elections times. Part of the challenge is that the human rights NGOs themselves have not articulated what specific activities to carry out around election times and what specific activities to carry out during non elections times and how to finance these activities. Smith, Pagnicco and Lopez (1998: 392) observed that the challenge of the sustainability

of human rights NGOs is worsened by the fact that many donors shun hard-hitting advocacy work as they prefer to support work on 'safer issues for them'.

Human Rights NGOs have a challenge in the way they relate with the masses. Akinrinade (2002: 128) suggested that human rights NGOs need to broaden their appeal so that ordinary citizens would be able to appreciate their work. Sometimes the NGOs tend to deal at a level of sophistry beyond the level that ordinary citizens can appreciate or comprehend making them detached from the very people they claim to represent. To ensure legitimacy local human rights NGOs need to devote resources to helping marginalized people to become politically conscious so as to be in a position to articulate, organize and assert claims and protect their rights from abuse (Appiagyei – Atua, 2002: 289).

In concluding his study on human rights NGOs in Uganda, Lomo (1999: 173, 174) noted that on the whole local human rights NGOs in similar situations perform below expectations mostly because they lack a broad and well-conceived human rights spectrum and their choice of strategy compromises their ability to deliver substantial results.

### ***5.2.2 HIV and AIDS NGOs***

With only 10% of the World's population, the African continent accounts for two thirds of the 40 million people living with HIV. It records 68% of the incidence of HIV infections and 77% of AIDS deaths and more than 90% of AIDS orphans and children infected with HIV (Chikwendu, 2004: 247). The World Bank (1999: 3) reported that HIV and AIDS had already reversed 30 years of hard won social progress in some African countries. The prevalence rate in Malawi is reported at 15% in comparison to the highest recorded rate of 38% of Botswana and Senegal's 1% which is the lowest in Africa (Chikwendu, 2004: 247). Hailey and James (2004: 348 – 349) reported that Malawi is losing more teachers each year than are being trained, 70% of major hospital capacity is taken up by HIV and AIDS patients and orphans amount up to 8% of the population. With adult prevalence rates of HIV in urban areas reaching almost one in every four people (25%) and life expectancy dropping to below 39 years, no organization is able to remain unaffected (James, 2005: 1). The HIV and AIDS pandemic is

omnipresent and its growing enormity a sad reality (Labov, 2002: 117). The implications over the next 10 years are frightening irrespective of changes in infection rates as the situation will still deteriorate as those already infected become sick and die. It is against this background that more and more NGOs are coming on the scene to help government efforts in fighting the pandemic (PACT and CADECO, 2007: 11).

NGOs in HIV and AIDS work are perceived to possess many positive characteristics like:

- Putting more emphasis on the broader social approach to AIDS care by addressing social processes and inequalities during the epidemic and intensifying its effects (De Jong, 2001: 8).
- NGOs are perceived to be better able to inspire trust among constituents while also encouraging processes of participatory decision-making.
- They are more willing and able to address sensitive issues such as how to negotiate sexual relations and how to eliminate sexual coercion which are both necessary to reduce vulnerability to HIV transmission (De Jong, 2001: 8).
- They have also worked to secure human rights of AIDS sufferers, their rights to safe blood supplies, accurate information, care and treatment, dignity in dying and decisions on reproduction (ICASO, 2002: 27 – 29).

HIV and AIDS NGOs are facing a number of particular challenges in terms of their relevance, legitimacy and sustainability. HIV and AIDS NGOs require special attention because they have to be relevant to people infected and affected by HIV and AIDS. While most local NGOs understand the service provision role, their advocacy and lobbying role is often less understood. ICASO (2002: 27 – 29) however observed that local HIV and AIDS NGOs could play an important role in monitoring the rights of the infected and affected because they are in close contact with the communities. Young (1999: 13) observed that the clients and members of HIV and AIDS NGOs will judge their organizations by their ability to be successful advocates and bring about change in the policy environment. Young (1999: 13) further observed that HIV and AIDS NGOs could improve their relevance by investing more in their monitoring, evaluation and learning systems. This will enable them to understand how they are performing and how

to improve the performance. This area is currently weak in most NGOs. Labov (2002: 116) observed that much of local HIV and AIDS NGO efforts have been on providing general information on HIV and AIDS. There is a shift now towards behavior change such as abstinence, use of condoms and shedding off of traditional practices and beliefs that increase the risk of getting HIV.

The legitimacy of the HIV and AIDS NGOs rests in the way they relate with people infected and affected by the pandemic. These NGOs need strong, ethical and enforceable legal frameworks so that people living with HIV and AIDS can participate without fear of discrimination or harm. Their internal procedures and structures need to ensure that the organizations are committed to recruiting infected and affected people for representativeness. They need to be committed to working directly with the communities through participatory approaches to planning, program implementation, monitoring and evaluation (Young, 1999: 14 – 15). Currently most local HIV and AIDS NGOs do not measure up to the foregoing ideals.

Since HIV and AIDS is a crisis, radically different responses are required. For organizations working in a crisis, sustainability needs to be defined in that context. Local HIV and AIDS NGOs often work with marginalized groups and find it difficult to attract and retain high quality staff. The quality of staff is a major determinant of an organization's sustainability (Chambers, 2005: 45 – 46). They therefore have challenges to attract and manage substantial donor funding and even to come up with other creative ways of financing their organizations. James and Mullins (2002: 17) observed that unless radical remedial action is taken organizations and mostly HIV and AIDS NGOs in Sub-Saharan Africa would follow the same trajectory as the disease; they will get sicker and less effective until they finally die, with donors standing at a comfortable distance and blaming them for their own irresponsible behavior.

### *5.2.3 NGO networks*

Korten (1987: 147 – 148; 1990: 115 – 127) suggests a classification of NGOs in which he identifies 4 generations or strategies of NGOs. These are relief and welfare, local self-reliance, sustainable systems development; and people's movements that promote a 'broader social' vision.

The first generation strategies involve the NGO in direct delivery of services to meet an immediate deficiency or shortage experienced by the beneficiary population, such as needs for food, health care or shelter. These strategies are particularly relevant to emergency or humanitarian relief in times of disaster or crisis such as famine, flood or war when immediate needs must be met.

Local self-reliance, on the other hand, concerns NGO involvement in long term development work or capacity building with the aim that benefits would be sustained beyond the period of the NGO assistance. These strategies focus the energies of the NGO on developing capacities of the people to better meet their own needs through self-reliant local action.

Sustainable systems development concerns involvement in larger institutional and policy context affecting the NGOs work or participation in the policy formulation and implementation process by the government and multi-lateral organizations. Korten (1990: 120) noted that third generation strategies look beyond the individual community and seek changes in specific policies and institutions at local, national and global levels. This is because self-reliant development initiatives are likely to be sustained so long as they are linked to a supportive national development system.

People's movements involve promoting a broader vision. This involves political advocacy and campaigning on issues like third world debt, fair trade; military spending is so far as these affect the development of particular communities or people groups in countries and regions.

Korten refers to these generations as strategy because he claims that one type of involvement leads on to the next and this can be seen in the evolution of NGO work in general. Many NGOs began in response to some pressing crisis and their work evolved to the strategy as their understanding of the complexities of development issues and problems became more sophisticated. For NGOs to participate in the policy formulation process or to act in the third generation, it is necessary for them to possess experience and an understanding of the previous two generations (Atack, 1999: 856).

A general observation of local NGOs in Malawi suggests that most of them are in the first generation and some are just moving to the second generation. In other words, their capacity can only allow them to operate more effectively in those stages (James and Malunga, 2006: 5). Beginning the 2000's a number of NGOs networks have been formed in the country. NGO networks by their nature operate in the third and fourth generations. The challenge is how such networks can be effective, if their members are still in the early stages of development thereby making the capacity role of the networks not to match (James and Malunga, 2006: 7).

The development frameworks discussed above have led to an emphasis of NGO involvement in policy processes. There is now a growing enthusiasm of NGO involvement in these processes mostly in the form of NGO or civil society networks. Some commentators write:

'Networks are the most important organizational form of our time' (Miller, 2005: 215)

'The formal network has become the modern organizational form' (Church 2003)

'Civil society networks have become the partners of choice for many development agencies seeking to maximize the reach, scale and impact of their programs' (Ashman, 2005: 3).

Based on Korten's classification of NGOs, networks are highly complex organizational forms that place much more demands on management and leadership than the first two

generations of NGOs. The enthusiasts of CSO networks are now observing that they placed unrealistic expectations from the networks as it was impossible for them to deliver all the potential benefits to their key stakeholders mostly due to capacity constraints. In their study of CSO networks in Malawi (James and Malunga, 2006: 27 – 29) identified identity as a key strategic issue facing CSO networks in Malawi.

As discussed under stages of organizational development, (see section 1.11 on page 21 - 22), the network form of organization presupposes that the members have achieved their own organizational independence. But as shown above most of the local NGOs in Malawi are still in the dependence stage (James and Ndalama, 1996: 5). This defeats the whole purpose of the networks, which is interdependence (Kaplan, 1996: 5). This creates an identity crisis for the CSO network secretariats. They find themselves in a situation where they cannot depend on their member organizations to carry out network activities because of lack of capacity. This makes the secretariats to implement the activities themselves instead of taking a facilitating role in a sense reducing them to just another service providing NGO, which may also put them in competition with their members. This observation strengthens the view that organizational stages of development cannot be jumped (Kaplan, 1996: 10). The CSO network secretariats therefore are faced with two strategic choices: to become independent from their members and operate largely as advocacy NGOs with nominal membership or to re-assert the commitment to being a network and ensure the network model works better.

### **5.3 Evolution of the local NGO sector in Malawi**

The table below demonstrates some of the major shifts that have happened in the local NGO sector in Malawi over the last 12 years.

**Table 5.2: Evolution in the Context of NGOs in Malawi 1995 and 2005**

CHARACTERISTICS	1995	2005
Staff skills and competencies	<p>Most of the organizations were originally managed by NGO founders</p> <p>Most of the founders did not have tertiary education</p>	<p>In most of the reviewed organizations, the founders have moved on, replaced by staff with higher level education, up to and including PhD in one case</p> <p>Donors have increased influence over NGO staff hiring practices, demanding increased qualifications of the staff of NGOs (e.g. accounting qualifications) in return for their financial support.</p> <p>There has been a large investment in training for NGO staff by donors (e.g. financial management, project management, monitoring and evaluation (but not results-based management). However, staff have had some difficulties in translating training into practice due to work and training overload.</p> <p>In general, there is a shortage of well qualified staff in the NGO sector, leading to some staff turnover and some staff “poaching” by international NGOs from local NGOs in return for higher salaries</p>
Organizational culture and values	<p>Tended to be top down and set by founders</p> <p>A culture of fear and insecurity dominated many NGOs</p>	<p>Tends to be top down and set by donors.</p> <p>Hierarchy</p> <p>Lack of openness to say what they think and fear of authority or organizational leaders among staff</p> <p>No culture of feedback as directors and staff are too busy to create time for reflection and learning</p> <p>A culture of fear and insecurity continues to dominate many organizations</p>
Financial and Material Resources	<p>Limited resources available from donors so NGOs are preoccupied with survival</p>	<p>Increased resources available, and potential for more resources due to global crises such as HIV/AIDS and increased attention paid to human rights.</p> <p>While potential for more resources exists, many NGO face absorptive capacity challenges.</p>
Board and governance	<p>No clear demarcation between board and staff responsibilities, sometimes leading to perceived board interference by management. This has contributed to board-staff conflicts in some organizations.</p> <p>Boards tended to be passive</p>	<p>As a consequence of conflicts, most boards have gone through Board orientations regarding their role. However boards are not generally assuming their governance roles. Executive Directors continue to make all/most organizational decisions.</p>
Policies, systems and procedures	<p>Organizations tended to be run like families, without formal procedures</p>	<p>Finance: Donor demands for accountability for their resources have led to increased formality of systems and procedures.</p> <p>Administrative: NGO growth has led to increased formality of systems and procedures.</p> <p>HR and conditions of service: NGO growth and professionalism has led to increased formality of systems</p>



CHARACTERISTICS	1995	2005
		<p>and procedures (recruitment, selection). NGOs continue to face challenges with regard to staff induction, development, appraisal etc. However, a lack of certainty regarding long-term funding and gaps in funding hampers staff development and retention.</p> <p>Monitoring and evaluation: Mostly activity driven rather than results driven. Limited emphasis on results-based management. Evaluations tended to be commissioned externally rather than internally by NGOs in response to Board needs. Moreover, Monitoring and evaluation tend to be accountability rather than learning focused</p>
Organizational structure, roles and responsibilities	Mostly informal with all staff reporting to the Executive Director	<p>Executive Directors continue to play a decision making key role. There has been limited progress by Directors in devolving responsibilities to others. Management teams tend to exist in name, but not functionally.</p> <p>Many Executive Directors are over-committed and often absent from offices. This, combined with limited delegation of authority and lack of effective management teams, can reduce the organizations' effectiveness.</p>
Strategic Planning and Management	Did not exist. Tended to focus on short term plans and on projects than on organizational and institutional development	<p>Most organizations have strategic planning documents due to donor requirements and support, however organizations generally have not developed strategic management capacities</p> <p>NGOs still tend to be in relatively early stages of understanding of the development process and how it relates to the work of the organization. There is limited understanding regarding the need for NGOs to move from dependence, to independence, to inter-dependence through partnerships and networking.</p>
Organizational, mission and vision	Tended to be general rather than focused	Organizations tend to be more focused. However, NGOs' missions and visions are still not the driving engine for the organizations.
Networking	Limited networking	<p>A number of networks exist now, especially in Human Rights, HIV/AIDS areas, food security and education. Networking is still in early stages.</p> <p>The key challenge for NGOs is to function in collaborative synergistic ways among network members rather than bilaterally with the lead network agency.</p>
Programs	<p>Over-riding emphasis on service delivery aimed at helping others (communities or individuals)</p> <p>Limited evidence of advocacy by NGOs</p>	<p>NGOs are now more active in advocacy activities.</p> <p>Some NGOs are embracing capacity building approaches however, most NGOs still engaged in service delivery at community level.</p> <p>Limited emphasis on empowerment of communities, partnership with communities. However, some NGOs are asking themselves whether their roles should be implementing or facilitating communities and their members.</p>
Financial and Organizational Sustainability	Not perceived as a critical issue or need	Still continued dependence on a limited resource based (usually one donor). In the past, some donors (e.g. DFID and USAID) appear to have fostered this dependence by not permitting NGOs to explore alternative funding sources.

CHARACTERISTICS	1995	2005
		Limited alternative funding strategies are being explored and utilized by NGOs

Source: Cooney, Janszen and Malunga, 2005: PSO Evaluation of Malawian NGOs, Ecorys, The Hague, Netherlands

Despite improvements in general qualifications of local NGO staff, the sector continues to suffer from failure to attract and retain well-qualified and experienced staff. The best staff from local NGOs are often targets of International NGO headhunters (James and Ndalama, 1996: 5). A culture of fear and insecurity continues to dominate many local NGOs mostly due to funding uncertainties and unempowering leadership styles (Malunga, 2004: 25). Despite some awareness efforts and trainings on roles and responsibilities of boards and management in most local NGOs, boards are still weak and not assuming their full role. Executive directors continue to play key decision-making roles (Tandon, 2005: 226).

While most local NGOs have strategic plan documents, most of them have not developed the required strategic management capabilities to effectively implement the strategic plans. Most local NGOs are still engaged in service delivery but some are beginning to question themselves on the relevance of their work and their possible roles in empowerment work. Being in their early stages of development makes networking among the local NGOs a particular challenge. Lastly, sustainability remains a big challenge facing most local NGOs (Morphert, 2000).

The above analysis shows that most local NGOs are still in the pioneer or dependent stage of development (see section 1.11.1 on page 21 - 22). This means that most of the local NGOs are struggling with the call to professionalism (Olive Subscription, 1997). The NGOs need to invest more in ensuring effective governance and management structures. This in turn would ensure effective strategic thinking, planning and management in the organizations. The key challenge however is that while donor inflows to the NGOs is generally increasing, less and less money is being made available for strengthening the capacity of the local NGOs (Edwards, 2006: 8). Strategic planning processes in local NGOs need to take into account this dilemma.

#### **5.4 NGOs relationship with government**

The relationship between NGOs (especially those not in human rights) and the government is generally positive as evidenced by the government's non-interference in NGO operations, access by NGOs to government structures, joint program implementation and invitations to government meetings and functions and vice versa (Smiddy and Mkamanga, 2005: 13). Frequent transfers of government officials however negatively affect these positive interactions. Fyvie and Ager (1999: 1392) commenting on local NGOs in the Gambia observed that new officials may not understand the relationship between the NGOs and their office, they may not be as committed or they may simply not fit.

The relationship between human rights NGOs and government is often a tense one. Ukpong (1993: 63) on a study of local human rights NGOs observed that the work of human rights NGOs inevitably brings them into conflict with government. He observed that NGO's empowerment role is by nature a political function. Organizing a hitherto unorganized people, giving them a voice to speak out and endowing them with leadership capability gives the local people the capacity to challenge the status quo (Andersson, 2006). The government may perceive such efforts as deliberately attempting to create disaffection among the people thereby eroding or diverting its legitimacy.

NGOs in Malawi worry about the passing of the NGO law and the establishment of the NGO board which are perceived to be aimed at restricting the freedoms of the NGOs and controlling their operations. They also complain about unfavorable tax conditions by the Malawi Revenue Authority (MRA). Both issues are however being looked into by the government (Geomar International, 2005: 4).

The government expressed concern that NGOs do not involve local government sufficiently in their projects, a problem not made easier by the absence of an NGO policy to guide district assemblies (Geomar International, 2005: 4).

Despite these reported interaction problems, many NGOs interact and cooperate with government at both local and central levels. NGOs have played a supportive role in the design and implementation of government policies and programs so much so that, “currently no policy is developed without government requesting input from NGOs” (Geomar International, 2005: 5).

The work of NGOs is to complement, supplement and offer alternatives to government efforts in development (Holloway, 2000). While there are levels of consultation especially in the formulation of the government strategies and policies, most local NGOs do not consciously fit their strategies with government priorities and strategies (Kanthambi, 2007). Failure to consciously fit into the government’s strategy and priorities leads into weakened engagement between the government and NGO sectors and lowered synergistic benefit between the two.

### **5.5 NGO relationships with communities**

The relationship between NGOs and communities is mostly transactional rather than transformational (Asare, 2002: 223). The majority of NGOs take service provision to be their reason for existence (Lawson, 2000: 13 – 14). The empowerment of communities as a purpose for the NGOs is conspicuously missing. The welfarist approach reflects the historical legacy of the Banda regime, which was also encouraged during the Bakili Muluzi regime. Most communities are unable to exercise effective claims on the NGOs which serve them. Their dominant role is to receive. NGOs, which take their primary mandate from the communities in which they work, are rare or they are not widespread in the country (Morphert, 2000: 6 – 8). Communities in turn come to see the NGOs as just means for getting resources. This undermines the sustainability, legitimacy and relevance of the NGOs.

In 2003 for example, the president attempted to change the constitution so that he could stand for a third term. People mobilized themselves to fight the proposed bill. They

mobilized themselves not through NGOs but mostly through religious institutions. This confirms Fowler's (2005: 2) observation that if local NGOs do not think through their role, they risk being replaced by other civic organizations like churches in terms of sustainability, legitimacy and relevance.

Mohan (2002: 143) studying NGOs in Ghana observed that while it is often assumed that local NGOs possess local knowledge and connection to represent the local communities and therefore closer to local communities and understanding of their cultures, they in reality behave in equally patronizing, dictatorial and bureaucratic ways towards the villages they represent. He noted the local NGOs may take ownership of local culture and use it as a defense mechanism. Mohan (2002: 145) further observed that in Ghana local officers used some local NGOs as vehicles for personal and party political gain. This was achieved through various mechanisms like petty corruption, largesse, interlocking political affiliations and 'status'. He also observed that many local NGOs had been created as survival strategies for a professional middle class. The same observations are also made among most local NGOs in Malawi. The article below, entitled, *Malawian NGOs are Gold Diggers* by Caroline Somanje appeared in the Nation of 12 – 18 August, 2006.

A top diplomatic source said this week most Malawian officials running NGOs use donor money to enrich themselves at the expense of intended target local communities. He said people have realized that it is not easy to get rich using the government machinery hence they believe accessing money from donors through setting up NGOs is one way of doing so. "There are a lot of NGOs whose mandate is questionable. Most of them are obsessed with posh 4 x 4 vehicles and build mansions at the expense of suffering Malawians meant to benefit from developmental projects" said the diplomat. He said some of them hold press conferences in guise of utilizing donor funding... to justify their hidden agendas and greed...

The above article supports the notion that strategic plans are not meant to be a developmental tool but merely a means to get donor funding for 'other uses other than developmental purposes'(James and Ndalama, 1996). This must however be understood in context. Levels of unemployment are very high in Malawi. People who form or join NGOs may not necessarily do so out of a conviction to pursue to a cause. The main

motivation may be to find employment. People who are only motivated to find employment may not put the people they serve first. Secondly, donors like the official in the article above may complain about lack of demonstration of impact by the NGOs. This may lead them to focus on the perceived NGOs' 'hidden agendas and greed'. But part of the question is how well the donors support the NGOs to build their capacity in order to demonstrate the required impact. NGOs will only use the money they receive to the level of their organizational capacity, the rest will inevitably be wasted (Kaplan, 1999: 10). What will be more visible therefore, will be the 'hidden agendas and greed' of the NGOs as compared to the impact.

## **5.6 Capacity Building Context**

James (2002: 93) based on his about a decade of capacity building work with NGOs in Malawi observed that contextual analysis and understanding is important for effective capacity building and strategic planning practice for local NGOs in Malawi and elsewhere. This is because the context influences the nature of capacity building needs; the capacity building competencies needed by service providers; the appropriateness of different capacity building approaches; and the ownership and effectiveness of the capacity building programs.

### ***5.6.1 The meaning of capacity building***

Historically, international NGOs present in Malawi tended to focus on implementing their own programs than on funding and / a building the capacity of local NGOs. There is new growing commitment among donor agencies and some international NGOs in Malawi to shift from direct implementation to facilitation by building the capacity of local NGOs (Concern World Wide, 2006). However, this relatively new focus on capacity building is not matched by a common or shared understanding of the meaning and appropriate practice of capacity building (at either individual, organizational and / institutional levels) among both local and international NGOs and donors (Hailey and James, 2006). For example, while Kaplan (1999) has defined what a 'capacitated' NGO looks like (see table below), NGOs working in the area of capacity development in

Malawi have not necessarily defined what capacity development means and how one measures the results of capacity development initiatives. As a consequence, there is considerable variation in terms of understanding the concept and the expected results of capacity building. This context makes it difficult for those charged with measuring the results of capacity development initiatives (James and Hailey, 2006).

A 'capacitated NGO' is characterized by:

- A strong sense of direction.
- Inspiring shared values, which are practically lived by organizational members.
- Ability for self-critique and self-reflection attributing any problem it may have to its own internal problems rather than outside factors beyond its control.
- Ability to concentrate on what it can do rather than mourning what it cannot do as influence.
- Adequacy of skills and competencies, and the ability to take time to develop staff and board beyond just academic qualifications but also personal mastery.

This in turn leads to an NGO that is:

- Financial and organizationally sustainable,
- Making impact in its chosen area of work,
- Gaining from the synergy of effective collaboration, and;
- Responding appropriately to changes in its task environment.

Adapted from Kaplan, A. 1999. The Development of capacity, NGOs, Washington D.C

To date, capacity building efforts in Malawi, including strategic planning, have tended to focus on improving the service delivery capacity of NGOs. Less attention has been paid either to internal organizational capacity development (i.e. enhancing the internal competence and functioning of the NGOs) or to networking capacity development (i.e. enhancing the ability of NGOs and civil society for effective and synergistic collaboration) (Morphert, 2000). However, there is an emerging recognition that capacity building on strategic planning for NGOs is a complex process (Hailey and James, 2006).

### ***5.6.2 Capacity building needs for local NGOs in Malawi***

Kinghorn and Malunga (2006:3) identified a number of key capacity building needs of local NGOs in Malawi. These are:

*Strategic Thinking* – effective NGOs are able to determine what is important for them and how to achieve it. This results in financial and organizational sustainability. NGOs in Malawi need to build management and learning teams capable of strategic thinking, management and leadership. They also need financial and organizational sustainability plans, and a strong understanding of the meaning of development and its practice.

*Human Resource Development* – Malawian NGOs find it difficult to attract and retain high quality personnel. Talented staff are often attracted by positions in other sectors or with international organizations. Furthermore, with a 25% HIV/AIDS prevalence rate in urban areas, NGOs must develop organizational resilience to withstand the severe medical and social affects of the crisis.

*Monitoring and Evaluation* - Most NGOs are struggling with the challenge of demonstrating the impact of their work. Failure to demonstrate impact leads to reduced credibility and commitment from donors. It also hinders the NGOs ability to adapt and learn from their programs throughout implementation.

*Advocacy* – NGOs lack policy analysis skills and a technical understanding of the policy making and advocacy process. Their influence would increase with clearer skills in developing strategies that pro-actively address priority issues.



*Network and Coalition Building* - Poor coordination of NGO activities leads to duplication of efforts. Effective coordination and partnership would result in synergy among the NGOs. There is a need to strengthen the understanding and practice among NGOs to effectively form and manage networks that mobilize cooperation and add value to the work of others. At a basic level, Fyvie and Ager (1999: 1393) observed the reality of competition among local NGOs for funding as a key constraint to their effectiveness. This makes the local NGOs to hide information from each other and it undermines coordination among the local NGOs. Ukpong (1993: 65) made the same observation among local NGOs in Nigeria.

According to James (2002: 93; 2005: 93) on a broader level, local NGOs in Malawi face the following context specific capacity building needs:

#### *5.6.2.1 The nature of capacity building needs*

Many times NGOs bring sophisticated solutions or responses to community problems, which are usually basic. People's problems may for example be how to make right choices between candidates when voting, how to ensure food security and how to occupy themselves with economic activities. These challenges may need simple solutions or interventions. Many responses promoted in gender, human rights, child rights and animal rights and empowerment for example may be at a much higher level than the people would understand to find useful in their contexts. The mismatch between problems and solutions leads to low impact and frustration for both the NGOs and communities and other stakeholders as well. The result is lack of sustainability, legitimacy and relevance. One of the contextual issues about organizations in Malawi is the culture of fear and insecurity (James, 2002: 64). This creates a barrier to collective leadership and responsibility in organizations. Staff are suspicious and fearful of authority. Leaders tend to feel insecure leading to adoption of autocratic tendencies and fear to develop second line leadership. Imported interventions that are oblivious to this issue may not be effective.

HIV and AIDS has also brought new capacity building needs like increased need for resources, new staff competencies (like awareness and counseling); new human resource systems (critical illness policies, care and support for employees infected by the virus; staff planning procedures); new strategic choices (mainstreaming HIV and AIDS); including issues of motivation, stress management and team work as organizations experience increasing strain on relationships and values (PACT and CADECO, 2007: 11). The e-mail message below from one practitioner captures the essence of this point better:

*I just received this challenging vignette about the need to adapt strategy development process in the context of HIV and AIDS. What do you think? One of our learning group members wrote from a South Asian Context.*

*Much of my work involves helping HIV and AIDS organizations develop strategic plans. I usually start with an introductory workshop to help people become familiar with the terminology and tools that we will use in the strategic planning exercise and before we start the process proper. In these preparatory workshops I take them through a number of individual exercises to help them conceptualize how a vision, mission and strategic exercises are created and developed.*

*In a recent workshop, I encountered a stumbling block in creating a five year vision. After the exercise I asked the participants if they found it useful for our upcoming work. I was advised by two of the participants (who both had lived with HIV for over a decade) that they found such visioning nearly impossible given their situation. For me this has significant implications for my strategic planning work.*

*How does working in a context of high HIV/AIDS prevalence affect the way you do traditional visioning and strategy exercises. If you have any wisdom and experience please respond.*

*Best wishes*

*Concerned practitioner*

Low capacity remains a big challenge among local NGOs in Malawi. The problem of low capacity among local NGOs however is a more general problem in many developing countries. Fyvie and Ager (1999: 1388 – 1389) observe the same challenges among local NGOs in the Gambia. They further observed that one of the factors negatively affecting organizational capacity building is fear to disclose failure among the local NGOs. They

actually warned that local NGOs would be ill advised to become more open about the failure of projects they implement until donors no longer require success from them. Local NGOs may therefore tend to hide their capacity gaps. In Uganda (Muhumuza, 2005: 410 – 411) observed that local NGO credit programs in Uganda did not translate into meaningful economic empowerment of beneficiaries. Because of their lack of capacity to bring about lasting positive change, he observed that the local NGO projects were like life support machines where withdrawal meant worse poverty. Mufune et al (1996) observed that the local NGO sector in Zambia was characterized by informality due to loose and informal management, communication and other systematic procedures. Its integrity was also questionable due to lack of proper policies, systems and procedures and low performance accountability due to lack of effective performance appraisal systems.

#### *5.6.2.2 Capacity building competencies needed by service providers*

The factors and trends that are rapidly shaping NGOs and their operations are resulting in demands on the NGOs to do more and do it better. This is putting pressure on NGOs to put emphasis on learning rather than mere more acquisition of technical skills as a key organizational capacity. This also has implications on how strategic planning ought to be done and managed within the organizations. Strategic plans should be flexible and facilitate organizational learning rather than being rigid and constraining organizational adaptability and agility. In addition HIV and AIDS requires capacity builders and strategists to develop new skills in addressing appropriate human resource management approaches; strategizing for organizational and program performance, team work and leadership counseling (CABUNGO, 2006; James, 2005).

#### *5.6.2.3 The appropriateness of different capacity building approaches*

While there are universal elements about capacity building and strategic planning, contextual factors shape the appropriateness of approaches to be used in different situations (Edwards, 1996: 2). A context with a culture of fear and insecurity highlights the need to include leadership counseling as an important capacity building and strategic

planning interventions in that particular context. Conventional capacity building and strategic planning approaches may not be appropriate or adequate in an HIV and AIDS infested context (James, 2002: 95). It is important to understand how change occurs in the particular contexts and cultures and base the new approaches or approaches on this (Malunga, 2004: 5).

#### *5.6.2.4 The ownership and effectiveness of capacity building programs*

Relationships between donors and NGOs are characterized by power differentials which are skewed heavily towards the donors leading to loss of autonomy and therefore legitimacy and relevance among the NGOs (James and Hailey, 2006: 9). Capacity building and strategic planning programs may be driven by output indicators of donors and lose ownership of the NGOs they were meant to assist. Many times there is a challenge to balance the need for accountability to donors and reflection and learning for all involved but much more importantly for the donors.

### 5.6.3 Capacity building approaches

Organizations involved in providing capacity building support to NGOs have typically employed one or more of the three methods to bring organizations to a desired capacitated state as shown in the table below.

#### Capacity building approaches

- Providing financial and / or material resources; NGOs usually need financial and material resources, as they may not have their own resources at the beginning
- Providing staff training in various skills and competencies: NGO staff and boards need training in technical skills and competencies that enable people to do their jobs better
- Process intervention: NGOs need established processes to support on going organizational and (inter-organizational visioning, empowerment, fundraising, problem solving, financial management, program management and learning.

Source: Kaplan (1996): *The Development Practitioner's Handbook*, London: Pluto Press

To date, most capacity building support to Malawian NGOs has been limited to the first types of interventions. These are providing or acquisition of financial resources and trainings. However, an increasing number of organizations entrusted with supporting the capacity building of NGOs in Malawi are moving towards supporting organizational (rather than only individuals) capacities in areas such as financial management, board training, advocacy and lobbying, gender and gender mainstreaming, team building and fundraising, all these based upon strategic planning processes (James and Ndalama, 1996).

Even though many challenges that NGOs face manifest themselves as funding a training needs, such difficulties are often rooted more deeply in the organizations vision, culture, values, established management and / or board practices and therefore require more strategic, holistic and system be interventions (section 1.11.1 on pages 20 – 21). Funding and training alone may not be effective in addressing such needs. There remains a gap in terms of understanding and applying an integrated and strategic approach to organizational capacity building.

Despite the above observations, local NGOs have demonstrated that they can build their capacity. Zetter (1996: 40 – 49) discusses how some local NGOs in Malawi and Zimbabwe were able to build their capacity to counter the preference by donors to support Northern donors over them. The local NGOs recognized that only by competing with Northern donors on their own terms would the local NGOs raise their own credibility. Some of the ways the local NGOs used to build their capacity included:

- Acquiring the right vocabulary so that they could ‘speak the same language’ with the donors and understand each other. In the current situation this would mean the development frameworks and thinking driving the aid architecture and their implications on the local NGOs.
- Adjusting overheads – at that time donors wanted NGOs to demonstrate that much of the money they received went to communities and not servicing administration costs. Adjusting overheads also meant being creative about how not to show overheads without making the administrative costs suffer.
- Scaling up projects – they shifted from small, fragmented projects scattered over a large geographical scope to few integrated and more focused projects in a few places. This also helped them to reduce administrative overheads. They expanded their programs combining opportunism with strategy.
- Recruitment and selection – though they could not offer equivalent conditions of service and benefits as the Northern NGOs, the local NGOs decided to offer their professional staff more autonomy and other non-monetary incentives which proved to be a motivation enough. With enhanced professional image as a result of employing professional staff, they were eventually able to attract more funding and offer comparative conditions of service and benefits.
- The local NGOs adjusted to enable more accountability and transparency and to also ensure clarity of roles and responsibilities for efficiency.
- They diversified their donor base to overcome over reliance on one or a few donors. They recognized the donors needed them as much as much they needed them and used this as a basis for power in their negotiations. They also used their thorough understanding of local conditions to persuade the donors.

James (2001b: 44 – 49) discusses organization development (OD) as one way NGOs are increasingly embracing to build their capacity to become more strategic by:

- Helping the NGOs not only solve their present but future problems as well on their own and encouraging conscious and deliberate change.
- Helping the NGOs to become more able to learn so that they can continually and consciously respond to their task environment
- Helping the NGOs to see themselves as a whole system of interrelated components in a coherent and comprehensive way; and
- Employing both small scale and large-scale interventions for organizational effectiveness with more emphasis on the people in the NGO as compared to physical resources.

Soal et al (2004:28-32) defined characteristics of effective capacity building service provision which would ensure that such inter services are strategic holistic and systemic.

#### Characteristics of good capacity building provision

- Develop a clear conceptual model of capacity building or strategic planning and ensure that all key stakeholders broadly own it
- Ensure that the strategic system and culture adjust to fit the demands enshrined in the conceptual model
- Ensure the necessity of clarifying and negotiating the primary objective amongst stakeholders ensuring they are realistic, have appropriate time scale and are monitored
- Consciously negotiate roles, relationships and expectations of key stakeholders at the outset and regularly manage and review them
- Ensure people assigned to provide capacity building services have appropriate and relevant skills, competencies and attitudes. Those that do not have all the skills and expertise should work with others that complement the skills and expertise.
- Ensure services are available on long term basis to the NGOs
- Ensure that capacity building services are contextually relevant.

Adapted from Soal et al, 2004 : OD consultants formation in Africa

A review of strategic planning and NGO support in Malawi to date suggests that organizations providing this type of service lack many of these characteristics. An evaluation of the Capacity Building unit of NGOs in Malawi (CABUNGO) revealed that many lack sufficient understanding of what it takes to build and sustain organizational capacities and strategic plans (Taylor, 2001: 13-15). In addition, the quality and quantity of finance for capacity building is perceived as the most significant barrier to

capacity building efforts. The area of greatest concern is the increasing harmonization of donor approaches as discussed in the development frameworks above. While these are pursued in the name of aid effectiveness, they may actually more be about the pursuit of cost savings and efficient aid administration rather than meaningful social change. Lipson (2006: 8) observes that as a result of these frameworks the space for autonomous NGO strengthening is reducing, as is the openness to support creative, emergent, appropriate and non-instrumentalist capacity building practice. Ukpong (1993: 67) observed that among local NGOs in Nigeria most donors tied their money to project implementation and not capacity building. He also observed that even the local NGOs themselves were not able to build their capacities because they were caught up in activity trap and the need to meet donors' deadlines.

In Malawi, in the mid 1990s there were a number of well funded NGO capacity building projects and organizations that were adequately funded to comprehensively address the capacity building needs of local NGOs (Taylor, 2001: 2). Today most of these projects and organizations have closed due to funding problems. Those that still exist have greatly scaled down their activities due to funding problems and the activities that they are implementing may not in the strict sense of the word qualify as capacity building.

Strategically, NGOs are left with the option to find alternative financing for their capacity building efforts while donors need to display an openness to negotiate and construct meaningful processes in collaboration with the NGOs for meaningful capacity building (Foote, 2007). The local NGOs also need to demonstrate that capacity building and strategic planning exercises are really adding value to their work and that they are translating into increased impact in order to justify further and more funding for their capacity building and strategic planning efforts from the donors.



## **5.7 Conclusion**

The chapter has demonstrated that local NGOs in Malawi are still at their early stages of development. Capacity building efforts to date have concentrated on resource provision and various forms of training. Relatively less effort has been made on process interventions (Malunga, 2003: 100). Strategic planning efforts have concentrated more on project implementation and less on organizational capacity building. This has resulted in strategic planning processes that concentrate more on project activities at the expense of organizational capacity building issues.

## **CHAPTER 6: STRATEGIC PLANNING IN THE CASE STUDIES**

### **6.1 Introduction**

This chapter will discuss the field research findings of the study. In particular the chapter will discuss how well the cases studied implemented their strategic plans. It will also discuss how the cases managed the strategic planning process stages of preparation, formulation, implementation; and monitoring and evaluation.

### **6.2 Implementation of the strategic plans**

The strategic plans of the cases studied had two parts. These were project activities and organizational capacity building activities. None of the cases studied had any conscious strategic activities on collaboration or networking which was also identified as a key constraint to effective implementation of strategic plans (see section 5.6.2 on page 154).

The results of a self-assessment by each case studied on how well they implemented their strategic plans are given in the tables below. The self- assessments were based on rating scale of 0 – 5 where:

0 meant the activity was not implemented at all while 5 meant the particular activity was fully and successfully implemented. Each individual interviewed was asked to rate the implementation of the specific activities in the strategic plans. They were also asked to give reasons to justify their ratings. Averages were calculated for each case study from the ratings of all the people interviewed. The ratings were validated using other organizational documents like evaluations and annual reports. The percentages were calculated by dividing the average rate by 5 and multiplying by 100.

**Table 6.1: Strategic plan implementation in PAC**

Project Implementation	Rate
Improve service delivery activities	
<ul style="list-style-type: none"> <li>• Develop and implement customer driven programs for volunteers</li> </ul>	2
<ul style="list-style-type: none"> <li>• Improve internal and external communication</li> </ul>	2
<ul style="list-style-type: none"> <li>• Implement a civic education program</li> </ul>	3
<ul style="list-style-type: none"> <li>• Recruit more civic education officers (and other members of staff as appropriate)</li> </ul>	3
<ul style="list-style-type: none"> <li>• Examine current modes of operation and institute measures aimed at decentralization and empowerment of crucial office bearers</li> </ul>	2
<ul style="list-style-type: none"> <li>• Acquire vehicles, computers, video camera, satellite dish and relevant components, e-mail and printing equipment</li> </ul>	3
Organizational Capacity Building	Rate
To improve PAC's financial base and to be self sustaining by the end of the strategic planning period	
<ul style="list-style-type: none"> <li>• Seek donor funds to finance construction of buildings and other rentable property in Lilongwe, Blantyre and Mzuzu</li> </ul>	0
<ul style="list-style-type: none"> <li>• Reduce donor dependency by developing and implementing a number of fundraising activities e.g. buying shares, organizing raffles, dinners, selling publications, football matches etc.</li> </ul>	0
<ul style="list-style-type: none"> <li>• Enforce timely remittance of membership fees</li> </ul>	5
<ul style="list-style-type: none"> <li>• Review records and financial management system</li> </ul>	4
<ul style="list-style-type: none"> <li>• Training in financial management</li> </ul>	4
To improve core competencies, work ethics and image of PAC leadership	Rate
<ul style="list-style-type: none"> <li>• Diversify board membership to include other professionals who are not church leaders</li> </ul>	0
<ul style="list-style-type: none"> <li>• Eliminate suspicions and mistrust from political leaders through press conferences, publicity of the new vision and mission statement</li> </ul>	3
<ul style="list-style-type: none"> <li>• Reduce dysfunctional appointments by government of PAC executive members to public offices which are politically sensitive by developing a code of conduct and work ethics</li> </ul>	2
<ul style="list-style-type: none"> <li>• Introduce modern, appropriate leadership styles conducive to open communication and criticism</li> </ul>	2
<ul style="list-style-type: none"> <li>• Introduce a new business culture, monitor and maintain standards and discipline</li> </ul>	3
	3

<ul style="list-style-type: none"> <li>• Develop and implement a cultural change program</li> <li>• Develop an annual program of reviewing the strategic plan</li> </ul>	2
To improve institutional capacity of PAC secretariat	Rate
<ul style="list-style-type: none"> <li>• Conduct a functional and staffing review of PAC secretariat and regional office</li> <li>• Filling identified posts</li> <li>• Develop career paths for staff members</li> <li>• Develop and implement appropriate staff development programs</li> <li>• Develop and implement management succession plans</li> <li>• Develop two way communication channels</li> <li>• Review conditions of service</li> <li>• Develop accurate job descriptions (with performance measures) for each job</li> <li>• Develop and implement an appropriate performance management tool together with guidelines</li> <li>• Develop and implement an appropriate performance appraisal together with its guide</li> </ul>	2 2 3 3 2 2 2 0 0 0

**Table 6.2: Strategic plan implementation in CEYCA**

Program implementation	Rate
<ul style="list-style-type: none"> <li>• Empower the youths and their communities to deal with child abuse</li> <li>• Contribute towards the fight against HIV and AIDS among children and the youths</li> <li>• Strengthen youths empowerment initiatives</li> <li>• Lobby and advocate for policy development, review and implementation</li> </ul>	2 2 2 0
CEYCA's internal capacity building	
<ul style="list-style-type: none"> <li>• Expand the financial and material resource base of CEYCA</li> <li>• Develop a staff, board and volunteer development plan</li> <li>• Develop appropriate policies, systems and procedures</li> </ul>	2 0 3

**Table 6.3: Strategic plan implementation in MHRRC**

Project Implementation	Rate
<ul style="list-style-type: none"> <li>• Research, documentation and information dissemination</li> <li>• Training in human rights, gender and governance issues</li> <li>• Facilitating capacity building and networking</li> <li>• Process (OD) interventions for partner CSOs</li> </ul>	0 4 4 0

<ul style="list-style-type: none"> <li>• Grants provision</li> <li>• Capacity development in resource mobilization and utilization for partner CSO</li> </ul>	4 2
Internal capacity building	
<ul style="list-style-type: none"> <li>• Expanding and diversifying the financial resource base for sustainability</li> <li>• Develop and implement a skills and competences development plan</li> <li>• Review policies, systems and procedures</li> <li>• Review roles and responsibilities within secretariat</li> <li>• Develop and implement a board development plan</li> <li>• Promote the changed image and identity of MHRRC as a Malawian organization</li> <li>• Develop a public relations policy to enhance relations with stakeholders</li> <li>• Cultivate and enhance a culture of tolerance to promote shared values</li> </ul>	2 3 0 4 2 0 0 2

**Table 6.4: Strategic plan implementation in MANET**

Project Implementation	Rate
Improved priority services for PLWHAs	
<ul style="list-style-type: none"> <li>• Improve VCT services in MANET program areas</li> <li>• Improve MANET PLWHA members' access to treatment</li> <li>• Improve quality of life of PLWHA members' life e.g. nutrition</li> </ul>	4 4 4
Organizational capacity building	
Improved and effective governance and management performance	
<ul style="list-style-type: none"> <li>• Establish relevant and functional MANET governance/management structures and policies</li> <li>• Improve and sustain leadership capacity for MANET</li> <li>• Improve management and governance accountability to stakeholders</li> </ul>	2 3 2
Enhanced coordination and implementation of MANET programs	
<ul style="list-style-type: none"> <li>• Improve coordination of MANET programs</li> <li>• Improve understanding of MANET Program priorities and goals among stakeholders</li> </ul>	2 3
Improved institutional capacity for MANET	
<ul style="list-style-type: none"> <li>• Improve the human resource development and management for MANET staff and volunteers</li> <li>• Improve the sustainability of MANET programs resource base</li> </ul>	4 4

<ul style="list-style-type: none"> <li>• Improve the name recognition for MANET</li> </ul>	3
Improved environment for protection of PLWHA rights	
<ul style="list-style-type: none"> <li>• Improve the participation and involvement of PLWHAs in program and policy decision making</li> </ul>	3
<ul style="list-style-type: none"> <li>• Improve the respect for rights for PLWHAs</li> </ul>	2
<ul style="list-style-type: none"> <li>• Establish an HIV and AIDS policy for MANET secretariat staff and volunteers</li> </ul>	5

**Table 6.5: Strategic plan implementation in AYISE**

Project Implementation	Rate
HIV and AIDS behavior prevalence	
<ul style="list-style-type: none"> <li>• Foster behavior change with regard to HIV and AIDS</li> </ul>	3
<ul style="list-style-type: none"> <li>• Increased access to income generating activities to vulnerable groups</li> </ul>	4
<ul style="list-style-type: none"> <li>• Advocacy and lobby on access to ARVs</li> </ul>	2
<ul style="list-style-type: none"> <li>• Advocacy on access to youth friendly health services</li> </ul>	2
<ul style="list-style-type: none"> <li>• Availability of youth friendly centers</li> </ul>	5
<ul style="list-style-type: none"> <li>• Acquisition of Life skills by the youth in relation to their sexual and reproductive health</li> </ul>	4
Livelihood security	
<ul style="list-style-type: none"> <li>• Ensure that targeted communities have access to economic resources</li> </ul>	3
<ul style="list-style-type: none"> <li>• Empower the communities with skills in sustainable utilization and management of natural resources</li> </ul>	3
<ul style="list-style-type: none"> <li>• Instill a sense of responsibility and ownership in the rehabilitation of natural resources</li> </ul>	2
Promotion and protection of human rights	
<ul style="list-style-type: none"> <li>• Increase community understanding of human rights</li> </ul>	4
Organizational Capacity Building	
Financial sustainability	
<ul style="list-style-type: none"> <li>• Ensure AYISE has adequate financial, material and human resources to effectively deliver its services</li> </ul>	4
Organizational Structure of AYISE	
<ul style="list-style-type: none"> <li>• Ensure AYISE's structure clearly matches with its strategy</li> </ul>	4
Policies, systems and procedures	
<ul style="list-style-type: none"> <li>• Identify and develop the needed policies, systems and procedures</li> </ul>	3
Governance	

<ul style="list-style-type: none"> <li>• Conduct board training to clarify roles and responsibilities of the board</li> </ul>	0
<ul style="list-style-type: none"> <li>• Reinforce tenure periods of current board members</li> </ul>	4
<ul style="list-style-type: none"> <li>• Diversify board membership by including youths and a financial professional</li> </ul>	4
Internal relationships	
<ul style="list-style-type: none"> <li>• Team building intervention</li> </ul>	3
<ul style="list-style-type: none"> <li>• Identify ways of attracting, retaining and motivating staff</li> </ul>	3

### ***6.2.1 Performance of the case studies in project implementation***

On project strategies, the cases studied were generally more successful in implementing transactional (resource transfer and provision to communities and beneficiaries) than transformational strategies. Transformational strategies are those aimed at bringing about lasting deeper change at community or beneficiary level (Covey, 1991: 281 – 282). Transformational project activities promote the rights of human agents to engage with and transform determining structures that maintain the status quo whether embodied in the state or the market (Wood, 2006: 3).

The tables above show that the cases studied, on project implementation, generally, managed to:

- Improve access to HIV and AIDS treatment,
- Supporting youth friendly centers and;
- Improve community awareness of human rights.

They generally failed to:

- Lobby and advocate at national level for policy development, implementation and review,
- Facilitate process interventions among partner CSOs,
- Conduct research, documentation and information dissemination and;
- Instill a sense of ownership and responsibility among communities and beneficiaries.

The failure to effectively implement ‘transformative’ project strategies and their activities indicate that the cases studied were still at a lower stage of development (see section 5.6.1 on page 152) and therefore had less capacity.

### ***6.2.2 Performance of the case studies on capacity building***

On capacity building strategies, the cases studied were generally more effective in acquiring resources and building skills and competences. They were less effective on process interventions; and collaboration and networking. A detailed discussion of capacity building strategies is given in section 5.6.3 on page 158. In capacity building, they managed to:

- Improve financial and human resource base in the case of MANET and AYISE,
- Define roles and responsibilities within the organization and
- Develop some organizational policies, systems and procedures.

They have however generally failed to:

- Ensure financial and organizational sustainability,
- Implement effective staff, board and volunteer development plans,
- Implement effective organizational policies, systems and procedures and
- Develop collaboration and networking strategies.

Based on the self-assessments of the implementation of the strategic plans the average level of implementation for all the cases was 2.3 out of 5 or 46%. The level of implementation was higher for project activities (60%) as compared to organizational capacity building activities (40%). While the cases studied generally accused donors of not being enthusiastic about organizational capacity building which the donors did not deny, the donors also pointed out that the cases studied rarely included requests for organizational capacity building in their funding proposals. The donors said, this could be out of ignorance of the importance of capacity building on the part of the organizational leaders or it could be deliberate as capacity building implies improving the



organization's professionalism that may stand in the way of 'selfish motives of some leaders'. For example, capacity building may mean putting in place financial policies, systems and procedures that may make it difficult to abuse the organization's money. The low organizational capacity of the cases studied was a major explanation of the low implementation levels of the project activities because organizations 'cannot deliver beyond their capacity'.

The challenges facing the case studies in strategic planning are summarized in table 6.9 on page 200. The table shows that the challenges occur at all levels of the levels of complexity model. Because of the general lack of higher level capacities the cases could only succeed in implementing transactional rather than transformational activities. Low investment in capacity building can only lead to ineffectiveness in strategic planning implementation.

### ***6.2.3 Comparison in performance between HIV and AIDS case studies and human rights case studies***

A comparison between the HIV and AIDS NGOs and human rights NGOs revealed that the level of implementation was higher in the HIV and AIDS NGOs (60%) as compared to the human rights NGOs (40%). The table below illustrates the differences in the implementation of the strategic plans in the two groups of organizations. Hatch (1997: 102 – 103) defines strategic fit as the ability to bring what an organization can do into alignment with the needs and demands of the environment. When what an organization can do fits the demands of the environment (relevance), the organization is retained, it is provided with resources (sustained) and it is legitimized. See section 2.9 on page 47 - 48 for more details. The table below shows that HIV and AIDS NGOs have relatively more strategic fit than human rights NGOs.

**Table 6.6: the environment of local NGOs**

Environment/type of NGO	Human Rights NGOs	HIV and AIDS NGOs
<b>Resource availability</b>	Limited	Readily accessible
<b>Relevance</b>	Contentious	Uncontentious
<b>Legitimacy</b>	Questioned	Accepted
<b>Degree of FIT</b>	Low	High
<b>Strategic plan performance</b>	40%	60%

HIV and AIDS NGOs have a higher degree of fit as compared to human rights NGOs because funding for HIV and AIDS NGOs is relatively more readily accessible as compared to human rights NGOs. For example, while AYISE and MANET acquired more funding and funding partners. MANET has moved from relying on only one donor to five donors. Their budget has moved from \$ 100,000 per year to \$ 800,000.00. Instead of approaching donors, donors are approaching them to solicit funding proposals. Similarly AYISE's donor base has grown from two to six and their budget is expected to quadruple in three years time based on current pledges from donors. On the other hand, in 2003, MHRRC according to the director got a grant of £3.5 million for a human rights project aimed at empowering communities. The government felt the project would jeopardize its political stand and banned it. MHRRC had to send back the money to the donor. In addition a number of prominent human rights NGOs have either closed down or scaled down to insignificant levels. PACT and CADECO (2007: 11) observed that donor priorities are shifting to HIV and AIDS leaving a vacuum of services in non-HIV and AIDS sectors.

In addition to having a more favorable funding environment, HIV and AIDS NGOs have also more relevance and legitimacy as compared to human rights NGOs. Each and every family in Malawi has been infected or affected by the HIV and AIDS pandemic. This makes the work of HIV and AIDS NGOs more relevant and legitimate. On the other hand, human rights NGOs have generally failed to link 'human rights to the basic needs of the people they serve'. Human rights are seen as 'abstract with no immediate relevance to the people's felt basic needs'. The main reason for this has been that the cases studied and human rights NGOs in general have generally failed to employ the rights based

approach that would empower people to make claims for their rights to basic needs by holding power holders and service providers accountable. This lack of relevance has also led to low legitimacy of the human rights NGOs among the people (Appiagyeyi – Atua, 2002: 289). See section 5.2.1 pages 137 – 139 for more details.

The difference in implementation levels between HIV and AIDS and human rights case studies (60% and 40% respectively) should not be taken to mean that HIV and AIDS NGOs had more capacity as compared to the human rights NGOs to implement their strategic plans. Section 6.2.2 on pages 169 – 170 above show that there were no differences in the capacity levels of the two groups of organizations. The main difference was the favorability and adversity of the task environments of the two groups of organizations respectively. HIV and AIDS organizations are operating in a more favorable task environment while human rights NGOs are operating in a more adverse task environment. This means that human rights NGOs would require more capacity to effectively implement their strategic plans as they have to manage a more adverse task environment.

The strategic plans' contribution to the case studies' legitimacy, relevance and sustainability are discussed below. This discussion will shed some light on the benefits the case studies obtained from implementing the strategic plans. This will be followed by a discussion on the reasons the case studies went through the strategic planning process and how the different reasons affected the implementation of the strategic plans.

### **6.3 The strategic plans' contribution to the case studies' legitimacy, relevance and sustainability**

Direct attribution of change to one particular process such as strategic planning is difficult because there are so many factors at play. What is both possible and paramount is to 'plausibly associate' changes with the strategic planning process (James, 2002: 2; French and Bell, 1995: 334). These changes will be discussed under legitimacy, relevance and sustainability. Since strategic planning is aimed at achieving relevance, legitimacy and sustainability, an indication of these as a result of the strategic planning

process is an indicator of the effectiveness of the strategic planning processes in the cases studied.

### ***6.3.1 Legitimacy***

PAC and AYISE were able to show how the implementation of their strategic plans has helped to improve their organizational legitimacy. Through the implementation of the strategic plan, most religious communities in the country recognize PAC as an important institution and they are happy to be associated with it. PAC works through churches and mosques, which are the strongest grassroots groups in the country. Committees from these institutions are entrusted with responsibilities and resources, which make them, feel part and parcel of PAC. It is important to note however that PAC's legitimacy is linked to 'political issues but not basic needs that most people consider more important'.

AYISE observed that with the implementation of their strategic plan, there is more ownership of their activities by the youths they target. They are building a youth center that the youths 'regard as their own'. They also said that when parents have problems with the youths in their communities, they come to AYISE for advice and help.

CEYCA, MANET and MHRRC were not able to articulate how the strategic plan has helped them to improve their legitimacy. PAC and AYISE have managed to transform themselves into institutions or valued organizations among to the people they serve. PAC has managed to achieve this because people identify with its religious identity and values. AYISE has managed to do this because it is a youth led organization targeting the youths, the targeted youths and their parents are therefore able to identify with the organization. CEYCA does not yet have adequate resources to enable it to entrench itself among the children and the youths it serves. MANET and MHRRC are 'capacity building service providing' organizations. Their relationship with their partners is therefore often more transactional than transformational as it is based on resource transfer and provision.

### ***6.3.2 Relevance***

The human rights case studies were not able to demonstrate relevance as much as the HIV and AIDS case studies. Among the human rights case studies, it was only PAC that was able to demonstrate relevance resulting from the implementation of its strategic plan. There is relatively more awareness of basic human rights in the country as a whole as a result of PAC's work. For instance when issues to do with abuse of human rights or governance at national level come up, people in the country look up to PAC as the 'voice of the voiceless'. PAC played a key role in mobilizing people to fight the failed third term bill by the former president. While their partners felt the role MHRRC was playing as a 'resource and capacity building service provider' was very relevant, MHRRC was not very comfortable with this role because it was becoming more and more difficult to get donor funding in this role. In contrast, MANET was able to raise funds for supporting their partner CBOs. This again points out to the apparent difference between donors funding HIV and AIDS NGOs. While funding for organizational capacity building in general is dwindling, human rights NGOs seem to be more affected than their HIV and AIDS counterparts (Hailey and James, 2006: 2).

AYISE works in two of the most notorious townships in Blantyre. During the violence that erupted soon after announcing the results of the elections in 2004, however, there were no incidents of violence in these areas. In addition, in these areas, people were able to elect MPs without tribal considerations. AYISE attributed these developments to their civic education efforts which they were doing along their HIV and AIDS activities.

Apart from PAC, the human rights cases studied did not command as much relevance as their HIV and AIDS counterparts. Generally, those NGOs that had more relevance, AYISE and MANET, relatively outperformed their human rights counterparts.

### ***6.3.3 Sustainability***

Implementing the strategic plans generally led to an improvement in the financial and organizational sustainability of the case studies. Organizationally, PAC has an image that

people believe in. This has been the major source of its sustainability. As a result of the good will PAC has never had any funding crisis. As a result of the strategic plan CEYCA has managed to secure a long term partnership agreement with a donor one year and a few months after the formulation of the strategic plan. The donor is going to fund CEYCA for 3 years. This is the longest funding contract CEYCA has signed.

MHRRC has diversified its donor base though they are still struggling to find donors to fund their core business of 'capacity building for human rights CSOs'. AYISE and MANET have managed to improve their financial and organizational sustainability. They have diversified their donor base and financial resources. AYISE has managed to raise own money and with funding from some donors has managed to build its own offices, a guesthouse and a youth center. In areas where AYISE has stopped working because projects came to an end the committees continue to function on their own. This is rare amongst most NGOs. Soon after leaving a community the projects and their benefits also cease.

MANET and AYISE have managed to become relatively more financially and organizationally sustainable as compared to PAC, CEYCA and MHRRC. It has been much easier for the HIV and AIDS case studies to get donor funding as compared to their human rights counterparts. The challenge for human rights NGOs to become more financially and organizationally sustainable is to demonstrate more relevance and earn more legitimacy from the communities they serve and their funding partners.

Efforts to become financially and organizationally sustainable however, were generally not supported by donors. PAC's efforts to become financially and organizationally sustainable by constructing own buildings and offices were not supported by donors. Efforts to raise own resources to this goal were not successful because, 'they could not find viable activities that could raise substantial financial resources'. MHRRC had the same experience. Donors were not willing to support them on their plans to invest in acquiring their own premises and offices for example. In addition, though MHRRC was able to raise \$ 100,000.00 a year from own efforts especially consultancies, they did not

have a plan and capacity to invest this money towards their sustainability goal. This means that achieving financial sustainability is not just a matter of getting money that can be invested. MHRRC got \$ 100,000/year through consultancies towards the goals of achieving financial sustainability but could not invest the money towards this end. They failed because they used the money to 'fill funding gaps in implementing projects. They also failed because they did not have a clear mechanism on how the money would be used effectively. Achieving sustainability therefore would require adequate resources for running the current programs or having extra money on top of the money required for running the current programs. It would also require a clear strategy or plan on how that money would be used. MHRRC did not have such a plan and neither did they have a special group of people to take responsibility of this major task. This also means that achieving sustainability would require commitment from leadership to ensure that such mechanisms are in place. In short, financial sustainability efforts must go hand in hand with organizational sustainability efforts.

While it is generally difficult to get donor money for organizational capacity building, it is worth noting that CEYCA, MANET and AYISE were quite successful in getting this type of support. A donor has funded CEYCA to 'comprehensively build its organizational capacity'. Before going through the strategic planning process, MANET was renting small offices in a small building. Now they have moved to a larger building and they are renting an entire floor. The offices are better equipped. They have recruited almost all the professional staff within the same period. The staff number has increased from 7 to 26. This has improved the organization's image. In the same period MANET has diversified its donor base beyond one donor to five. As a result of the above investment in capacity building, MANET has managed to increase its membership from 32 to 200 members and there are a 100 more CBOs who are currently being assessed for membership. There is more transparency among the CBOs being served. There is an increasing awareness of sharing responsibilities and improved leadership in the CBOs. It is therefore not all donors who are not enthusiastic about organizational capacity building. This would also seem to suggest that donors funding HIV and AIDS NGOs as

compared to those funding human rights NGOs are more flexible towards organizational capacity building.

The challenge for all the cases studied is to find more viable alternative sources of income at the scale that donors are currently funding them and to gradually reduce their dependence on donor funding or to develop capacity to negotiate for ‘quality funding’ that facilitates rather than hinder the strategic planning process (See section 2.10.3 page 61). AYISE and MANET seems to be moving in the right direction. The implementation of their strategic plans as a result of these efforts also seems to be responding positively.

#### **6.4 Reasons for calling for the strategic planning process**

The cases studied went through the strategic planning process for a number of reasons. These were: following a donor imposition, recognizing the need to be more focused and identify organizational priorities, to get a funding or marketing tool and as a chronological requirement.

##### ***6.4.1 Following a donor***

PAC and MANET went through the strategic planning process because a donor specifically asked them to do so. The donors felt the two organizations lacked focus and that the strategic planning process would help them to become more focused. Those NGOs that went through the strategic planning process because a donor asked them to do so, demonstrated less ownership to the strategic plan. MANET did not even bother to get the final draft of the strategic plan document. Only the director and a few board members knew about the strategic plan. Though their implementation of the strategic plan was higher than those of their human rights counterparts, the implementation was mostly ‘unconscious’. PAC never consciously referred to the strategic plan except for ‘proposal writing’ purposes’. MANET and PAC underperformed in comparison to AYISE (a fellow HIV and AIDS NGO) and MHRRC (a fellow human rights NGO) respectively.



#### ***6.4.2 Recognizing the need to have a strategic plan***

CEYCA, MHRRC and AYISE consciously felt that they were operating in a haphazard manner and that they were doing too many things or ‘spreading themselves too thin’. They felt they needed to focus more in order to make more impact. Though the strategic planning process was self initiated as compared to PAC and MANET, CEYCA, MHRRC and AYISE also felt that a strategic plan document was a donor requirement and that it was a prerequisite for funding. They therefore also developed the strategic plan document as a fundraising tool. Specifically, AYISE consciously went through their strategic planning process with the aim of achieving long-term financial and organizational sustainability. In the human rights case studies the MHRRC which self initiated its strategic planning process outperformed PAC for instance. Similarly AYISE outperformed MANET among the HIV and AIDS case studies.

#### ***6.4.3 Chronological requirement***

Finally, AYISE and MHRRC also went through the strategic planning process because their previous strategic plans had expired. In other words they went through the strategic planning process as a ‘chronological requirement’ while the other organizations (whose strategic planning processes were the first ones) went through the strategic planning process because they felt strategic plans were a ‘new requirement for NGOs’.

Those NGOs that had undergone the strategic planning process for more than one time (AYISE and MHRRC) outperformed those that went through the strategic planning process for the first time. They seemed to gain from a better understanding and appreciation of the strategic planning process and better experience in the organization and choice of resource persons to help facilitate the process.

## **6.5 The strategic planning process**

This section will discuss how the cases studied managed the strategic planning process stages of preparation, formulation, implementation; and monitoring and evaluation.

### ***6.5.1 Preparation***

The cases prepared for their strategic planning processes differently. PAC prepared for the strategic planning process by developing a ‘working mission statement’ to guide the formulation of the strategic plan. PAC provided all the resources regarding the strategic planning with support from a donor. MANET and CEYCA did not have any prior meetings at board or management levels to make preparations from the strategic planning process. There were no individuals assigned with the responsibility to manage the strategic planning process.

AYISE and MHHRC however, conducted assessments with their beneficiaries to get their input into the strategic planning process. They invested considerably into the preparation for the strategic planning process. In addition to the community assessments, they also conducted internal organizational assessments. Through the assessments all members of staff and the board contributed to the process by stating their perceived organizational priorities. Even those who did not eventually participate in the strategic plan formulation workshop made their input at this stage. The assessment findings were discussed among the members of staff as a way of preparing for the formulation workshop.

MHRRC and AYISE made relatively better preparations for their strategic planning processes. In comparison MHRRC outperformed its other human rights counterparts while AYISE outperformed MANET in the performance of its strategic plan. This would seem to indicate that better preparations leads to better performance of the strategic plans formulated.

The cases studied show that for preparation of the strategic planning processes to be effective 5 points are critical. These are: clarifying the purpose of strategic planning,

ensuring a collective understanding of the strategic planning process, ensuring ownership by organization of the process and support mechanisms to manage the process and need for an organizational assessment. Clarifying the purpose for going through the strategic planning process has already been discussed in section 6.4 on page 178 above.

#### *6.5.1.1 Understanding of the strategic planning process*

In the cases studied, the understanding of the strategic planning process was low. There was a silent assumption among the key players in the strategic planning process that they understood the strategic planning process. PAC, MANET and CEYCA went through the strategic planning for the first time. AYISE and MHHRC went through the process for the third time. The results show a heightened understanding of the strategic planning and more benefits for AYISE and MHRRC. Conducting a strategic planning awareness activity would therefore be an important part of the preparation stage. Such an activity would enable the people in the organization to ask the questions they have and to express the expectations and fears they may have so that the organization will reach a common understanding of the strategic planning process and what would make it effective.

#### *6.5.1.2 Ownership of the strategic planning process*

The case studies that went through the strategic planning process because a donor asked them to do so, demonstrated less ownership to the strategic plan. MANET did not bother to get the final draft of the strategic plan document. Only the director and a few board members knew about the strategic plan. Though MANET's implementation of the strategic plan was higher than those of their human rights counterparts, the implementation was mostly 'unconscious'. PAC never consciously referred to the strategic plan except for 'proposal writing' purposes'. MANET and PAC under performed in comparison to AYISE (a fellow HIV and AIDS NGO) and MHRRC (a fellow human rights NGO) respectively.

### *6.5.1.3 Task forces to manage the strategic planning process*

As a sign of readiness, the organization needs to put in place a task force or group of people to manage the strategic planning process. The task force takes the overall responsibility of driving the strategic planning process. The functions of the task force are discussed in section 3.2.2 on page 73. None of the cases studied had a task force to manage the strategic planning process. This responsibility in the cases studied was mostly left with the director or no one at all. The lack of a task force or a group of people to manage the strategic planning process led to the absence of a team or individuals to 'hold the process' undermining its effectiveness as a result.

### *6.5.1.4 Organizational assessments*

None of the cases studied had formal assessments especially with the communities or beneficiaries as their preparation for their strategic planning processes. An organizational assessment helps to understand the organization, its environment, opportunities, challenges, strengths and weaknesses. Based on this understanding it is possible to determine the organization's priorities. AYISE and MHRRC had some partial assessments and they outperformed their HIV and AIDS; and human rights NGOs counterparts respectively.

The output of the preparation stage must be an ideal picture of the organization and its beneficiaries and the raw ideas to turn those pictures into reality. Another invisible output should be a way of thinking in the organization that will take the whole strategic planning process as a continuous organizational learning process. Asking the organizational members to deeply reflect on why they need a strategic plan is one way of encouraging this strategic thinking in the organization.

The findings of the study are in agreement with the literature review (section 3.2.1 – 3.2.4 pages 72 – 75) which identified the following as being key issues to effective preparation for the strategic planning process:

- Recognizing the need for strategic planning.
- Putting in place a team to manage the strategic planning process.
- Agreeing on the roles and responsibilities of the team and other players in the process; and
- Conducting organizational and community assessments.

### ***6.5.2 Formulation***

A diverse group of participants attended the formulation workshops in all the cases studied. The participants included representatives of the board, management, donors and other NGOs and institutions.

CEYCA felt that the participants to their strategic planning formulation workshop were not given enough time to do a deeper analysis of the environment and the organization in order to arrive at effective strategic decisions. They felt this was the case because the workshop included activities, which were skipped during the preparation stage. As a result, they did not have enough time to articulate focus, projects, indicators, targets and budgets. They had to do extra work on the document produced after the workshop. They also felt that since they did not do adequate work during the preparation stage to identify their organizational priorities, the participants from the other organizations in the workshop ‘manipulated them as they pushed for priorities which were not essentially their own’.

MHRRC and AYISE however managed to develop the strategic plan documents that they were generally satisfied with. They were able to attribute this to adequate time invested in the preparation stage. In addition AYISE also attributed it to a heightened level of understanding of the strategic plan process as an organization as this was not their first strategic planning process. Reflecting on the previous process helped them to understand the current process better. They also attributed it to a better understanding and more experience by the consultant who also happened to be the same consultant who facilitated the previous strategic planning process.

It must be noted that both MHRRC and AYISE on one hand and CEYCA on the other involved participants from other organizations in their formulation processes. MHRRC and AYISE indicated that the participants from the other organizations added some value through their participation. They said they were able to give them objectivity and independence which could be difficult to achieve if they were not involved. This was not the case in CEYCA. The difference between CEYCA and the two organizations was that AYISE and MHRRC had given more attention to preparation internally before inviting the outsiders. As a result they knew generally what they wanted out of the process which made manipulation by the outsiders difficult. In addition AYISE and MHRRC said they gave an indication in their invitations of the type of people they would need to participate in their formulation process. They asked for people whom they felt would add value through their experience and expertise. CEYCA did not do this. Patel (2005: 101 – 105) emphasized that the quality of people participating in the strategic plan formulation is critical in deciding the effectiveness of the strategic planning process.

In all the cases studied however, the strategic plan document formulated was not consciously translated into a financial plan and budget. In addition, no support mechanisms were put in place to ensure effective implementation.

The table below presents the essential components of an effective strategic plan. It shows whether the strategic plans of the cases studied had these elements or not.

**Table 6.7: Components of the strategic plan document**

<b>Strategic plan element</b>	<b>PAC</b>	<b>CEYCA</b>	<b>MHRRC</b>	<b>MANET</b>	<b>AYISE</b>
<b>Analysis of organization's uniqueness</b>	absent	absent	absent	absent	absent
<b>An ideal picture the organization is working towards</b>	absent	absent	absent	absent	absent
<b>Vision statement</b>	present	present	present	absent	present
<b>Mission statement</b>	present	present	present	present	present
<b>Values statement</b>	absent	present	present	absent	present
<b>External environmental scan</b>	Done partially	Done partially	Done	Done partially	Done
<b>Internal audit</b>	Not done	done	done	Not done	Not done
<b>Conscious strategic choices and issues</b>	Not done	done	Partially done	Not done	Not done
<b>Identification of goals</b>	done	done	done	done	done
<b>Identification of strategies</b>	Mixed up with activities	Done but not consciously used	Done but not consciously use	Mixed up with activities	Done but not consciously used
<b>Identification of projects and activities</b>	Projects not clear	Done	Done	Projects not clear	Done
<b>Clarity of indicators and targets</b>	Not present	Clear indicators no targets	Clear indicators no targets	Not present	Not present
<b>Financial plan and budget</b>	Not present	Not present	Not present	Not present	Not present

#### *6.5.2.1 Analysis of organizational uniqueness*

In order to ensure focus and concentration, a strategic plan document is supposed to clearly identify what sets the organization apart from all the others. An analysis of what sets the organization apart from all the others is the basis for the organization's competitive advantage and the identification of its particular niche and particular strengths. An organization's unique contribution will only come when it consciously put its uniqueness to use. As a marketing and organizational self-motivation tool, the uniqueness 'statement' should form part of the introduction of the strategic plan document (Drucker, 1990: 10; 50 – 52). All the cases studied did not have any assessments or analysis of their uniqueness. An example of a 'uniqueness statement' and how it can be used are given below:

Malawi CARER is the first NGO in Malawi to introduce paralegalism and the RBA approach in working with communities. It is also one of the very few organizations consciously employing action research in its work. Malawi CARER is also one of the few local NGOs able to attract and retain highly qualified personnel.

Malawi CARER will use its recognition as expert in paralegalism and RBA to improve its financial sustainability through offering consultancies for fees. In addition to continually improving its practice based on reflection from the action research, Malawi CARER will document and publish its lessons from the reflections for sale. It will continue to invest in its strong human capital to provide a solid foundation for the above initiatives.

Source: Malawi CARER Strategic Plan 2005 – 2007, Blantyre, Malawi

#### *6.5.2.2 Ideal picture*

A strategic plan must show an agreed ideal picture of the organization some years from now (see section 3.3.1 on page 78 - 79). This picture acts as a destination towards which the whole organization is consciously moving. By describing what the people and stakeholders would like to see the organization look like by a certain date in various components like: material and financial resources; skills and competences; policies, systems and procedures; structure; programs; culture; values and leadership styles etc., the ideal picture acts as a magnet pulling the organization to its desired future. The picture also acts as a basis for gauging the general progress in achieving the goals in the strategic plan. All the cases did not have an ideal picture or destination that they were consciously moving towards.

#### *6.5.2.3 Vision, mission and values statements*

All the cases studied except MANET had vision statements. They also all had mission statements. Three had values statements. The organizations however did not demonstrate consciousness of their visions and mission statements. Senior members of staff and board members asked at random could not remember their organization's vision and mission statements. The values statements were mostly just a listing of the values without explaining what they mean in the context of the organization and how they would be lived practically.



#### *6.5.2.4 External environmental scanning and internal audits*

Environmental scanning is discussed in detail in section 3.3.3 on page 82. In the cases studied, environmental scanning was mostly partially done. The SWOT analysis used in the external and internal analysis failed to come up with a trend analysis of what factors were shaping their organizational life like in the previous five to ten years and what predictions in the period to be covered by the strategic plan from these trends. In addition, the SWOT analysis was deficient in understanding of the national and international frameworks affecting the organizations like the MDGs, MGDs, SWAPs, RBA, RBM e.t.c

#### *6.5.2.5 Making strategic choices*

The external environmental scanning and internal audit point to the issues that the organization must respond to in terms of strategic choices. Strategic choices guide the organization to what goals and strategies to pursue. Strategic choices enable the organization to concentrate its efforts and resources for maximum impact.

A detailed discussion of making strategic choices is given in 3.3.4 on page 86. Coming up with strategic choices enables organizations to have space and time for deep reflection, articulate their change or development strategy and then the skills in translating this thinking into the actual strategic plan. The cases studied did not undergo this process of consciously making strategic choices or at least it was not deep enough. Lack of strategic choices is a major weakness that robs strategic plans of their power to move organizations forward.

#### *6.5.2.6 Strategies, projects and activities; indicators and targets*

Most of the cases studied came up with strategies but more attention was paid to projects and activities as compared to the strategies. Much of the attention was paid especially to those projects and activities that were likely to be funded by donors. Internal capacity

strategies and activities were given even less attention relative to the project strategies and activities.

Most of the cases studied did not have indicators and targets to assess the progress or the implementation of the strategic plans. This is one of the explanations why the monitoring and evaluation of the strategic plans was weak. See section 3.3.5 on page 87 and section 3.3.4 on page 86 for examples on strategies, projects, indicators and targets.

#### *6.5.2.7 Financial plan and budget*

Financial planning is a process through which the NGO converts the activities in the strategic plan into an organizational budget for the whole period of the strategic plan. Through the budget thus formed it is possible to know how much the NGO is worth during the period of strategic plan. That amount becomes the goal in fundraising that the organization must seek to attain. See section 3.3.5 table 3.4 on page 90 for a sample of a financial plan. It is also an indicator of how much energy an NGO must put into its fundraising efforts. All the cases studied did not take their strategic planning documents to the stage of formulating financial plans and budgets.

The above analysis shows that the strategic plan documents produced were generally of poor quality. It is difficult to effectively implement; monitor and evaluate such plans.

The cases studied show 3 causes that lay in the way of effective formulation of the strategic plan document. These were: the competence of the consultant, the ability of the participants to engage at a strategic level and the time allocated to the workshops.

#### *6.5.2.8 Consultants' competence*

In all the cases studied the documents produced showed gaps in the consultants' competence. None of the documents had all the necessary components of a strategic planning document. None of the documents had the 'ideal pictures' for the NGOs and

their beneficiaries and yet the very purpose of strategic planning is to get to some destination. They were planning to get to the destinations that they did not know.

The models or processes used by consultants also showed gaps in their competence. An analysis of the process followed to formulate the preparation and formulation of the strategic plans did not show any particular model was followed. The consultants were not able to mention any model that they followed. Most of them mentioned that they had learned about the strategic planning process in school or that they had learnt about the process they follow from the people who mentored them. The 'models' employed however were not able to take into account adequately the specific characteristics that make strategic planning in NGOs different from strategic planning in business organizations. This confirms Patel's (2006: 83) observation that there is a general lack of awareness of strategic planning models among consultants and organizations in Malawi. Using simple models like Thaw's organizational biography and organizational mirror, because of their simplicity and contextualization to local NGOs', would fit more with the participants' capacity and therefore enhance the effectiveness of the strategic planning processes (See section 3.3.3 on pages 82 - 84 for more details).

The fact that none of the cases studied had 'an ideal picture of the communities or beneficiaries they serve' and that they did not have collaboration strategies is one proof for this. Consultants' incompetence is also shown in the consultants failing to guide the organizations to balance organizational ambitions against the capacity of the organization. Some of the cases studied like PAC and MANET wanted to do much more than their capacity would allow them making the achievement of their goals difficult.

The key difference between strategic planning in NGOs and business organizations is that businesses have a single clearly defined bottom line while NGOs have multiple lines and it is not always easy to decide which bottom lines are more important than others (Aneihir, 2000: 6) (See section 2.6 on pages 38 - 41 for more details) Local NGOs need more appropriate models to address the differences in business and NGO strategic

planning. Such models would take into account the components in table 6.7 on page 184 - 185.

#### *6.5.2.9 Ability of participants*

There was an assumption in all the cases that the participants would engage at the strategic level that the strategic plan formulation workshops require. This assumption is not always true. The quality of the document produced often depends on the quality of the participants irrespective of the competence of the consultant. The document reflects the collective level of strategic thinking among the participants. This means that the people allowed to participate in the strategic planning formulation workshops must be carefully chosen depending mostly on their strategic thinking capabilities. This was not consciously done in most of the cases studied. People who are able to think strategically are those that can analyze data to create information, use their experience to gain insight from which they can develop foresight as a basis for effective implementation and delivery (Patel, 2005: 107). There was no clear criterion on how people were selected to attend in the formulation workshops.

#### *6.5.2.10 Time given for formulation of strategic plans*

Lastly, in all the cases studied, the formulation workshop for the strategic plans was generally short. This made it difficult to cover all the sessions for the components of an effective strategic planning document as much attention to the preparation stage much of the work that was supposed to be done in the preparation stage is compressed into the formulation stage squeezing out the already tight time required for this stage. Factors determining the length of the formulation period of strategic plans include whether the organization is going through the process for the first time or not, the size of the organization, its stage of development, the capacity of the people involved and availability of data and depth of analysis needed (Tandon, 1996). The period of preparation and formulation ranges from two weeks to one year depending on the foregoing factors (Hammer and Champy, 2001: 175).

The literature review (section 3.3.1 – 3.3.5 pages 72 - 104) identified the following to be critical factors for effective formulation of strategic plans:

- Creating an ideal picture
- Visions, mission and values crafting
- Environmental scanning
- Developing goals, strategic choices and strategies
- Operational planning

The results indicate that most of these elements were not put in place (see table 6.7 on pages 184 - 185) above. The main reason for their omission was lack of knowledge among the consultants and the participants and shortage of time allocated to the formulation stage.

### ***6.5.3 Implementation***

Implementation converts the strategic plan document into actual work (Drucker, 1990: 45). All the case studied did not have a clear mechanism to consciously implement their strategic plans. There were no people assigned with the responsibility to ensure effective implementation of the strategic plan. There were no deliberate efforts to communicate the strategic plans and their ‘new demands and implications on the board, staff and volunteers’.

PAC and MHRRC implemented HIV and AIDS projects which were not in their strategic plans. They did this because ‘they needed the money’. CEYCA had not yet implemented the project activities because they had not yet managed to secure funding. MHRRC could not implement a number of their projects because their traditional donors had scaled down their financial support. A main donor left the country after falling out with the government. MANET and AYISE generally managed to implement more of their activities as compared to their human rights counterparts. This is mostly because they had more funding in relative terms. All the case studied however generally failed to

effectively engage in policy advocacy work mostly due to lack of skills and competence in this area. Policy advocacy and lobbying work is aimed at lobbying for policy change in government and in donor practices with the aim of creating a more enabling environment for the NGOs to operate more effectively and for the beneficiaries to benefit from the services of the NGOs. Local NGOs are more suitably qualified to engage in advocacy and lobbying work as they are close to the communities they serve and understand their situation better (Young, 1999: 13). The failure to implement the advocacy and lobbying strategies confirm the observation that the local NGOs understand service provision more than their role in creating a more enabling and empowering environment for the beneficiaries (Section 5.5 page 149).

For all the cases except CEYCA, the implementation of capacity building activities was relatively lower as compared to the project activities. A donor has funded CEYCA to address its organizational capacity building issues. They have already developed organizational policies, systems and procedures in the areas of finance, administration and human resources including monitoring and evaluation. But these are yet to be adopted after approval from the board. MHRRC said they could not pay much attention to their organizational capacity building issues because 'much of their energy went to mapping out ways of survival as they were experiencing a funding crisis'. They also said that the donors were not enthusiastic about funding their capacity building efforts. They had to fund the little capacity building that they did from their own funds earned from consultancy work.

MANET and AYISE have managed to implement their organizational capacity building activities much more than the human rights NGOs. MANET has managed to establish regional coordinating committees. They have trained their officers in various specific fields. They have also developed a management information system though this is yet to be adopted. AYISE has hired professional staff and they have a more diversified funding base.

The results of the study show that only 46% of what is planned in the strategic plan documents was actually implemented. In addition to the factors stated in the preparation and formulation stages, the factors specific to the implementation stage included: the fact that NGO leaders do not know how to implement the strategic plans and donor influence.

#### *6.5.3.1 Knowledge and capacity to implement strategic plans*

Once the strategic plan document has been produced the leadership of the organization must make a decision to transform the organization to the image of the strategic plan (Jakes, 1999: 130). The NGO leaders need to communicate the strategic plan to such a point that the strategic plan is internalized and that it becomes part of the culture of the organization. Strategic plans in the cases studied were rarely adequately communicated to staff. Only the director and a few members of senior staff and the board knew about the strategic plan. Lack of communication of the strategic plan leads to low ownership and commitment to its implementation. It is important to ensure that the strategic plan has a 'line of sight' meaning that mechanisms are put in place to ensure that every person in the organization from the board chair to the last employee or volunteer know the strategic plan and their place in the strategic plan and how their place is linked to those of the other individuals and departments. How to create an effective communication plan is discussed in section 3.4.5 on page 98.

Staffing is another change needed to ensure effective implementation of strategic plans. Malunga (2003: 101) discovered that in both local and international NGOs in Malawi 50% of the professional staff leave after 18 months. Most strategic plans are for the duration of 3 years. This means that within that period, theoretically, an NGO may have lost 100% of its professional staff. Though MANET and AYISE were able to hire more professional staff, the cases studied generally did not think through the staffing implications of their strategic plans. None of them had a strategy on staff attraction, retention and motivation.

Timing is another factor worth considering. The timing between the formulation and implementation of the strategic plans was often too short. Time is needed for both internal and external communication and education of the strategic plan to internalize it before it can be effectively implemented. Time is also needed to market the strategic plan to donors and other stakeholders. Funding processes often take too long. Usually by the time donors release their funds, one year of the strategic plan has already passed. The cases studied did not give adequate time between formulation and implementation leading to funding gaps. CEYCA had to wait for one year before their projects in the strategic plan could be funded.

Local NGOs do not operate in a vacuum. Their effectiveness often depends on the activities of other organizations and stakeholders. All the cases studied did not have a conscious collaboration strategy. They mostly worked in isolation and sometimes in competition with other NGOs and institutions.

The cases studied did not seem to know that they need support mechanisms to ensure that the strategic plan will be implemented. There were no mechanisms to ensure that the strategic plans would be implemented. Beckhard and Pritchard (1992: 6) advised that organizations must have an implementation committee to ensure that the strategic plan document will be implemented. Characteristics of an effective committee are given below:

- The chairperson of the committee must be someone who is passionate about the success of the strategic plan and believes in it. They must be someone who can drive the process. The person does not have to be the board chair or the director but someone who is a leader and someone who can make things happen.
- The committee must have clear TORs. It must have scheduled meetings that are budgeted for in terms of resources, money and time for example fortnightly for core management and monthly for the general management. There may be more frequent meetings at the beginning that may reduce in frequency as time goes by.
- The committee must have a mandate to probe into issues related to implementation of the strategic plan from all the people involved in the implementation of the strategic plan and the people should be under



obligation to give feedback.

- This committee should report to the board or other agreed structure to ensure that the whole system is conscious about the implementation of the strategic plan.
- The committee should also ensure that there is an annual participatory review. Donors will be happy to attend these meetings because they want to hear what impact the organization is making and clarify the questions they may have.
- The committee should also ensure that departmental and individual plans are developed from the strategic plan so that their efforts are consciously contributing towards the implementation of the strategic plan.
- The same task force established in the preparation stage is best suited to take the role of the implementation; monitoring and evaluation committee (David, 2003: 222).

Adapted from Beckhard and Pritchard, 1992; and David, 2003: 222

In the cases studied there were no such committees assigned with the above responsibilities.

Staff job descriptions must be aligned to the strategic plan. The cases studied lacked the skill and capacity to turn the strategic plans to individual work plans. Strategic planning was not tied to personal or individual planning. In other words organizational learning was not tied to individual learning.

The literature review identified financial and other resources; skills and competences; policies, systems and procedures; structure; managing stakeholders; organizational culture; and leadership to be the critical success factors in implementing strategic plans (see section 3.4 on pages 92 - 101). All the cases studied did not systematically and consciously take these factors into account in implementing their strategic plans. The strategic plans were not consciously based on what resources and capacity the organizations had but rather how much money the organizations needed from the donors. This led to a mismatch between the implied capacity of the formulated strategic plans and the actual capacity present in the organizations. Consultants using their role as a guide in the process could play a key role in bringing this awareness. The fact that they did not do this points out to their limited capacity to play this role.

### *6.5.3.2 Donor influence*

The human rights NGOs found themselves in a situation where they had to make a decision between ‘sticking to their mission and starve or bend to donor priorities and survive’. CEYCA chose to ‘starve’ and MHRRC and PAC chose to survive by implementing projects outside their mandate. By choosing to survive however the organizations undermined their own legitimate mandate. CEYCA eventually got a 3 year funding contract from a donor who ‘was impressed by CEYCA’s adherence to its mission and sense of identity and focus’. The donor was from outside the country. The lesson learnt is that NGO’s need to widen their scope for donors in order to identify those that fund their priorities and that such donors are likely to be impressed by organizations that choose to ‘starve’ rather than compromise their mission, identity and focus because of survival needs.

The literature review (section 3.4.1 – 3.4.7 pages 91 - 100) identified the following factors as being key to effective implementation of the strategic planning process:

- Financial and other resources
- Skills and competences
- Policies, systems and procedures
- Structure
- Managing stakeholders
- Culture, values and beliefs
- Leadership

The study however identified only knowledge and capacity to implement the strategic plan and donors’ influence on the priorities of the organization. The cases studied were not able to identify and link the other factors in the list above to the effectiveness of the implementation of their strategic plans. This means that the general understanding of strategic planning and the critical components of its implementation is low among the cases studied.

#### ***6.5.4 Monitoring and evaluation***

All the cases studied did not have functional monitoring and evaluation systems. CEYCA and MANET had just developed their monitoring and evaluation systems but these are yet to become functional. The cases studied were more familiar with monitoring and evaluation of project activities and not the strategic plan. None of the cases studied had a monitoring and evaluation system that consciously focused on the strategic plan. Evaluations that happened concentrated on particular projects that the particular donor funded and not necessarily the strategic plan.

All the cases studied did not effectively monitor and evaluate their strategic plans. This was due to four main reasons. The first one was wrong motives for monitoring and evaluation. The second one was culture of ‘busyness’. The third was a culture of not valuing accountability. The fourth and last one was lack of knowledge.

##### ***6.5.4.1 Purpose of monitoring and evaluation***

Evaluations in NGOs are mostly donor driven. They are aimed at evaluating the specific donor’s interests but not the strategic plan as such. One of the donors to one of the cases studied had the following in its terms of reference for an evaluation exercise, “Donor X has called for this evaluation as part of its regular policy on monitoring and review processes. It is intended to provide an indication of the implementation processes of the agreed upon project, the management of financial support provided, and the impact of the interventions of the project and to ensure that a clear understanding emerges as to the manner of a continued relationship between donor X and NGO Y”. The literature review identified the purpose of monitoring and evaluation as being twofold: accountability to donors and organizational learning (see section 3.5.1 on page 101). Monitoring and evaluation in this case mostly concentrates on accountability as compared to organizational learning. As a result of ignoring organizational learning, organizational capacity building of the cases was undermined. All the cases that went through the strategic planning process more than once (MHRRC, PAC and AYISE) did not show any

significant difference in the organizational capacity building issues to address. Organizational learning enables the organization to sharpen its practice by building its organizational capacity (Hailey and James, 2006).

#### *6.5.4.2 Culture of busyness*

The donors interviewed indicated that they were under pressure to demonstrate results to the taxpayers of the money that they channel to NGOs. As a result they also exerted pressure on the local NGOs through giving deadlines, targets and short term funding with no guarantees for subsequent funding. This created a 'culture of busyness' in the cases studied as a result. They spent more time working on projects and less if any time on reflecting and learning from their practice. In addition, the members of the board and management interviewed did not seem to know about or appreciate the importance of reflection and learning in their organizations. None of the cases had a functional reflection and learning system. Because they did not create space and time for conscious reflection and learning, they could not draw insights to improve their strategic planning processes.

#### *6.5.4.3 Culture of not valuing accountability*

The cases studied did not have functional monitoring and evaluation systems to periodically assess the performance of the strategic plans. In addition, none of the cases studied had functional performance appraisal systems to assess individuals' performance. MHRRC had been talking about putting these systems in place for years. CEYCA and MANET had been asked by donors to develop monitoring and evaluation systems but these were, 'yet to be adopted'. AYISE and PAC simply did not have these systems in place. This shows that monitoring and evaluation; and performance appraisal systems are not a priority among the cases studied. Where these are in place, it is usually upon a donor's insistence. This also explains why all evaluations carried out in these organizations were commissioned by donors and not the board or management.

#### *6.5.4.4 Lack of knowledge*

Taking monitoring and evaluation as a mere accountability tool to flash to donors and making it a donor rather than organizational priority and the resultant culture of busyness are sustained by lack of knowledge of monitoring and evaluation in general and monitoring and evaluation of strategic plans in particular. For the cases studied, two factors stood in the way of effective monitoring of the strategic plans that demonstrated lack of knowledge. The first one was that they did not have conscious strategies in their strategic plans upon which to base their monitoring and evaluation efforts at that level. The second one was that the boards and management were weak and did not have the capacity to monitor the strategies even if the strategies existed. In reviewing strategic plans for example, more emphasis was placed on how the projects and activities were implemented as compared to how effective the strategies pursued were. Underlying this is lack of knowledge of monitoring and evaluation of strategic plans. Strategies are 'broad preferred alternative conceptual hows' to achieve goals while activities are the actions taken to implement the strategies on a daily basis (Shapiro, 1996: 10). Monitoring activities enables the organization to measure efficiency while monitoring strategies enables the organization to measure effectiveness and legitimacy, relevance and sustainability (see section 2.4.9 on page 47 - 48). The sample performance monitoring framework below illustrates the different levels of responsibility in monitoring and evaluating strategic plans.

**Table 6.8 A sample performance monitoring framework**

<b>Performance framework</b>	<b>Performance indicators</b>	<b>Data sources</b>	<b>Collection methods</b>	<b>Frequency</b>	<b>Responsibility</b>
<b>Impact: Improved health provision in the country</b>	The college is producing internationally recognized high quality graduates	UNDP, World Bank and World Health Organization reports	Impact assessments	After 5 years of implementation of the strategic plan	Board chair and the executive director
<b>Outcome or medium term results:  The institution has an effective staff development policy</b>	The college has a functional staff attraction, retention and development plan.  The college has a functional and effective research and consultancy unit	Mid term review report  Annual report	Mid term review  Annual participatory reviews	After 3 years of the implementation of strategic plan.	Executive director and campus directors
<b>Output: Each department has developed its annual plan from the strategic plan</b>	Each department has developed its teaching and learning activities  Each department has developed its annual budget from the annual institutional	Departmental quarterly reports	Departmental meetings	Monthly and quarterly meetings	Campus directors and departmental heads

	plan				
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Adapted from the Malawi College of Health Sciences Strategic plan (2007 – 2011), Lilongwe: Malawi College of Health Sciences.

Besides commissioning impact assessments, which they rarely do, local NGO boards are supposed to ensure that all the lower levels of monitoring and evaluation of the strategic plan illustrated above are aligned towards the achievement of impact. This means that in addition to commissioning impact assessments every 3 – 5 years, the boards need to play a continuous oversight and governance role in monitoring and evaluation as well (The Kenyan National Council of NGOs, 2001: 6 – 7). This role among the boards that were studied was not well known and it was not adequately appreciated. This is a general problem among local NGOs (HIVOs, 2005).

The results of the study are in agreement with the literature review (section 3.5.1 page 101) which identified misunderstanding the purpose of monitoring and evaluation leading to an over emphasis on up ward accountability to donors at the expense of organizational learning as a key hindrance to effective monitoring and evaluation of strategic plans. In addition the study identified culture of busyness, culture of not valuing downward accountability to communities served, failure to differentiate monitoring and evaluation of strategic plans and that of projects and activities as extra factors hindering effective monitoring and evaluation of strategic plans.

## **6.6 The strategic planning process and the levels of complexity model**

The factors affecting the effectiveness of the strategic planning process identified and discussed in the stages of strategic planning above are located in the levels of complexity model below to show the level at which they belong. This will help to understand what types of interventions are needed to address the challenges they pose and the amount of energy needed in those interventions. By placing the factors at the appropriate levels, the NGO is able to identify the strengths to build on, problems to tackle and the weak areas to strengthen. The model below shows the levels from simple to those more complex.

**Table 6.9: Factors affecting the effectiveness of the strategic planning process**

<b>Level of complexity</b>	<b>Factor affecting the strategic planning process</b>
<b>1. Financial and material resources</b>	Limited time given to strategic planning workshops No time for monitoring and evaluation No money given to projects that are not donors' priorities Less money given to capacity building efforts
<b>2. Skills and competences</b>	Lack of collective understanding of the strategic planning process No assessment to gauge organizational priorities to address in strategic planning No task force to manage and lead the strategic planning process Low competence of consultants Inability of participants to engage at strategic level Lack of knowledge among NGO leaders in the cases studied to implement; monitor and evaluate strategic plans The cases studied not aware of national and international frameworks like MGDS, RBA, SWAPS, and MDGs guiding donor funding priorities. These were not referred to in any of the strategic plan documents.
<b>3. Policies, systems and procedures</b>	Short term, project based funding from donors No monitoring and evaluation systems for the strategic plans
<b>4. Relationships</b>	Unequal relationships between donors and local NGOs studied Consultants employed on one off basis and not on partnership basis
<b>5. Vision and mission</b>	Wrong purpose for going through the strategic planning process
<b>6. Values</b>	Limited ownership of the strategic planning process by the NGOs studied NGO leaders of the cases studied wanting strategic plans only as fundraising tools Culture of busyness
<b>7. Task environment</b>	Wrong purpose for going through the strategic planning process by donors Donors funding only their priorities

The analysis above shows that factors affecting the effectiveness of the strategic planning process occur at all levels from simple to the most complex. It also shows that most of the factors are at the simple levels of material and financial resources; and skills and competences. It is important to note however that while it is important to address these lower factors, if the factors at the higher levels have not been addressed (even if they are unrelated) interventions at the lower levels will have little or no value. This is because the higher factors form the foundation that ensures effective and sustainable use of the lower level interventions (James and Hailey, 2006). To ensure effective strategic planning therefore it is important to address all the levels simultaneously (see section 1.11 on pages 20 - 21 for further explanation on the levels of complexity model).



Secondly, the highest level and therefore the most complex is the task environment. In their external environment, the local NGOs studied have little if any control over donors' purposes and priorities in their funding practices. Building their internal organizational capacity, however would still give them room for maneuver, either through gaining negotiating power with the donors or identifying alternative sources of funding. Edwards (1996: 1) observed that, "the environment is crucial but not determinant; therefore, organizational choices always provide some room for maneuver". While the task environment is largely outside the circle of control of the local NGOs, they can best invest their energies working on those levels that they have some control over. This is the essence of strategizing. AYISE and MHRRC, local NGOs found alternative sources of 'unrestricted funds'. Through these efforts, they became more empowered to negotiate more developmental relationships with donors and consultants. This also helped them to develop enough 'shock absorbers' to enable them ignore non-developmental donors while they looking for donors who are genuinely interested in their development. While local NGO leaders can decide to have right purposes for going through the strategic planning processes and to own the strategic planning processes and therefore commit to them the cases studied did not consciously do this.

Lastly, the way to deal with the challenges in level 1 or the material and financial resources is simply to provide the needed resources. Simply signing a check or making time available can solve most of the problems at this level. Problems in level 2 can be solved by provision of information, knowledge and training. These are the simplest and most common forms of intervention. One of the reasons is that challenges at these levels are the most visible and most felt (James, 2002: 126 – 127). Problems at the higher levels are often less visible, less tangible, less felt and least addressed. These problems cannot be addressed by training or provision of resources. The most effective way to address these challenges is through process interventions. Process interventions are based on reflection and learning in the organization. Reflection and learning helps the organization to surface and confront its contradictions. The starting point is the ideal picture. The organization creates regular space and time to reflect on how its policies, systems and procedures; relationships; vision and mission; and values are helping or

hindering it from reaching its destination as stipulated in the ideal picture. Answers from this reflection guide the modifications or changes the organization needs to make so that it is aligned to its ideal picture. The cases studied tended to focus their efforts more on getting financial and material resources and less on the higher levels of capacity building.

It is worthy remembering that process interventions to address the higher level challenges require more energy and consciousness in the organization. This is why the cases studied avoided it and rush to the familiarity of training and resource provision. Training and resource provision however without the foundation of process interventions cannot bring about lasting change in the organization that will eventually ensure effective strategic planning processes and organizational effectiveness.

The analysis on the levels of complexity model above shades some light in understanding the difference in the levels of implementation between HIV and AIDS NGOs and the Human Rights NGOs. The higher level of implementation in HIV and AIDS organizations in comparison to their human rights counterparts, while they all experienced the same challenges in levels 2 to 6, can be explained by the observation that the external environment (donors and the society) were more friendly to the HIV and AIDS organizations as compared to the human rights organizations. This led to more resources (level 1) being available and more legitimacy and relevance (level 4).

## **6.7 Conclusion**

In the cases studied, the implementation of the strategic plans was generally low (46%). The cases studied implemented 'transactional' or 'resource transfer and provision' activities more than 'transformational' activities.

Project activities were implemented more (60%) than organizational capacity building activities (40%). This was because there was less enthusiasm by both donors and organizational leaders to invest in organizational capacity building. There was also generally less knowledge on how to effectively build the capacity of the organizations.

HIV and AIDS NGOs had higher levels of implementation (60%) as compared to human rights NGOs (40%).

The NGOs that were proactive in starting their strategic planning processes were relatively more effective than those that were reactive or were told by a donor to go through a strategic planning process. AYISE and MHRRC therefore had relatively more effective strategic plans than those of their counterparts. All the strategic planning processes however were not consciously aimed at achieving a strategic fit or relevance, legitimacy and sustainability.

In all the cases studied, there was a conspicuous lack of 'process consciousness' as the strategic planning process was mostly limited to the formulation stage. The specific factors that hindered the strategic planning processes at preparation stage included: the need to have an agreed and shared purpose of the strategic planning process among all the key players, ensuring adequate awareness and understanding of the strategic planning process to help clarify expectations; ensuring ownership of the process especially by the local NGO; having a task force to manage the process; and conducting organizational assessments to identify issues to guide the strategic planning process.

Factors at the formulation stages included: the need for competent consultants, the capacity of the participants and adequacy of time given to the formulation stage. Factors at the implementation stages included the organization's knowledge and capacity to implement the strategic plans; and the influence of donors on the organization's priorities. Lastly, at the monitoring and evaluation stage, the factors included: misunderstanding the purpose of monitoring and evaluation or overemphasizing accountability at the expense of learning; the culture of busyness; and the culture of not valuing accountability; and the inability to differentiate between the monitoring and evaluation of strategic plans from monitoring and evaluation of projects and activities.

## **CHAPTER 7: PLAYERS IN THE STRATEGIC PLANNING PROCESS**

### **7.1 Introduction**

This chapter discusses the field research findings in relation to the roles and responsibilities carried out by key players in strategic planning process. These are the board, management, donors, consultants and communities or beneficiaries.

### **7.2 The board**

In strategic planning, the board of an NGO is supposed to initiate the process, participate in the preparation and formulation processes, approve the strategic plan document formulated, fundraise for the implementation of the strategic plan, and ensure appropriate policies, systems and procedures to facilitate the implementation of the strategic plan; and finally monitor and evaluate the implementation of the strategic plan.

The board is also supposed to engage in strategic thinking as a basis for providing effective strategic leadership (section 2.10.1 on page 52 - 53).

In all the cases studied, the board was represented at the formulation workshop. The board also endorsed the strategic plans formulated though in PAC and CEYCA this was done informally as the boards did not get to discuss the formulated strategic plan documents. In the case of CEYCA, the board chair had not yet read the strategic plan document one year after its formulation. In PAC, most of the board members present at the time of the formulation of the strategic plan had moved on as their terms of office tenure had expired and the new ones who replaced them had not been oriented to the strategic plan.

In all the cases the board did not participate in fundraising. They also did not play any role to ensure that the organization had appropriate policies, systems and procedures to ensure effective implementation of the strategic plan. Finally, the board did not play any role in consciously monitoring and evaluating the strategic plan. Generally, the boards did not play their governance role regarding strategic planning. This is despite the fact that the boards of MANET, CEYCA, AYISE and MHRRC have undergone board

development training workshops. This brings to question the effectiveness of the trainings or the commitment of the board members.

It is worthy noting that in PAC and CEYCA, management initiated and led the strategic planning process. In MANET a donor initiated and led the strategic planning process. In MHRRC and AYISE, the board initiated the strategic planning process. MHRRC and AYISE outperformed their human rights and HIV and AIDS counterparts respectively. From this observation it seems active involvement of boards in the process leads to more effective strategic planning processes.

The cases studied reveal that the boards and board members were mostly appointed by the director; they follow rather than lead management. Appointment to the boards was based on other factors apart from an individual's potential or actual contribution to the board and the organization. The study would therefore seem to suggest that in Malawi, most boards are at the organizing stage and are following rather than the leading type (see section 2.10.1 on pages 54 - 57).

Three further factors explain the ineffectiveness of the boards. These are commitment, capacity and failure to provide strategic leadership.

### ***7.2.1 Commitment***

All boards had gone through training to orient them to their roles and responsibilities. However, they were still not carrying out some of their expected roles and responsibilities, such as using the strategic plan as a governance tool in fundraising, ensuring appropriate policies, systems and procedures; and monitoring and evaluation. This could indicate that their commitment was low. Greenleaf (2002: 55) advised that, "no one step will more quickly raise the quality of the total society than a radical reconstruction of the boards that are predominantly made up of able and dedicated servant leaders". The importance of commitment is also emphasized by Drucker (1990: 6) when he stated, "I have never seen anything being done well unless people were

committed”. The failure to implement what they had learnt in the board development trainings could also indicate that the trainings were not effective.

### ***7.2.2 Board capacity***

Related to commitment is the issue of capacity. The board members might have wanted to be committed but lacked capacity. It seems the trainings they went through did not translate into capacity to perform their expected roles and responsibilities. The board members said they did not have enough time and expertise to get ‘effectively involved in the complex process of fundraising’. They also said they did not have the knowledge and experience of monitoring and evaluating strategic plans as a practice. It is also worthy noting that while the case studied had budget lines for staff development, none had a budget line for board development. This led to the suspicion by some donors and consultants that in cases where management was stronger than the board, management deliberately wanted to keep the board weak so that they could exercise more power.

### ***7.2.3 Failure to provide strategic leadership***

The apparent lack of commitment and capacity led to failure for the boards to engage in strategic thinking as a basis for providing strategic leadership. The cases studied did not demonstrate that the boards had capacity for strategic thinking and leadership. Board meetings were characterized by discussing financial and project activities without including scanning the environment in order to detect emerging issues and address them proactively. When reading financial reports for example, they could not adequately decipher the strategic meanings and implications behind the reports. For instance, they could not consciously relate the amount of money spent to the impact being realized.

## **7.3 Management**

Management carries out the delegated function to prepare, formulate and implement the strategic plan. Management is also supposed to monitor and evaluate the projects, which

in turn is supposed to inform the monitoring, and evaluation of the strategic plan by the board (see section 2.10.2 on pages 57 - 58).

In PAC and CEYCA management took a leading role in the strategic planning process. It was only in MHRRC and AYISE in which the board delegated the strategic planning process to management. In all the cases, management took the leading role in implementing the strategic plans. It is important to note however that management did not consciously implement the strategic plans. They implemented projects and activities, which in turn contributed to the implementation of the strategic plans. In other words, in implementing the projects and activities they did not consciously see the big picture of the strategic plan.

All the organizations studied lacked a 'performance culture'. None of them had functional performance appraisal and monitoring and evaluation systems. This made it difficult for management to measure the performance of the projects and the strategic plan.

In all the cases, management took a leading role in fundraising for the implementation of the strategic plan. Donors generally dealt with management while ignoring the board on funding matters.

The above facts indicate that management is generally more developed than the board. This constrains effective strategic planning because management is essentially short term oriented while the board is long term and therefore more strategically oriented (Greenleaf, 2002: 64). By saying that management was more generally developed than the board does not necessarily mean that management was as effective as it should be. In PAC, the director was fired for incompetence and failing to provide 'strategic direction' on recommendation from a donor and a consultant. In all the case, management failed to communicate the strategic plans so that they could be internalized in the organizations.

The cases studied were characterized by management taking a more active role in the strategic planning process, ineffective policies, systems and procedures; and relatively high levels of informality. With increasing organizational consciousness and demands for more 'order' most of them are struggling with the call to professionalism (see section 1.11 on pages 21 - 22). It can be concluded therefore that most of the cases are in a limbo – between the dependent and independent stages of organizational development. In addition, two main factors stand in the way of effective strategic planning for management. These were mismatch between the board and management stages of development and insufficient knowledge of the strategic planning process.

### ***7.3.1 Mismatch in stages of development between the board and management***

Since in most of the cases the board was weaker than management and that they could not effectively monitor and evaluate the strategic plans, the boards could not hold management accountable on the performance of the strategic plans. In addition, management is usually busy with the implementation of projects and not the strategic plans as such. In addition, as members of staff are paid while board members are volunteers, the problem of management being stronger than the board is the possibility of self-interest and self-serving tendencies (see section 2.10.2 on page 59). Board members as volunteers are better oriented to put the interests of the organization first while management unchecked has a tendency to put their interests before those of the organization. In the cases studied, except for MHRRC, the boards did not know how much money the organization had at the point of the study for example, the number of donors the organizations had and the donors dealt directly with management. Greenleaf (2002: 64) observed that management will inevitably begin to decline in the effectiveness of their role in the strategic planning process if the board does not demand from them distinction as servants of the people they serve". Because of this lack of accountability, Lawson (2000: 20) observed that for the majority of local NGOs in Malawi, their strategic plans once completed are not looked at again. None of the cases studied had clear and conscious mechanisms to make their strategic plans 'living documents'.



### ***7.3.2 Knowledge of the strategic planning process***

Though management may be relatively more developed than the board in the cases studied and that they often took a leading role in the strategic planning process, their understanding of the process was often lower than assumed. None of the cases had an orientation or awareness raising session to ensure collective understanding of the strategic planning process. The managers interviewed observed that their strategic planning processes ended with producing the strategic plan document. They were not adequately equipped or coached on how to effectively implement the strategic plans. The donors who funded the strategic plans were not enthusiastic to fund such initiatives as such initiatives, ‘did not quite fit into their budget lines’.

### **7.4 Donors**

Donors are financing partners to the strategic planning process. They are supposed to fund the priorities of the NGOs. Donors are also interested in the results their money is producing by the NGOs they support so that they can justify their continued support to the organizations (HIVOs, 2005: 5).

In PAC and MANET, the donor asked the organization to go through the strategic planning process. In CEYCA, MHRRC and AYISE the organization decided to go through the strategic planning process on their own. In all the cases generally, the donors’ priorities and not necessarily those of the NGOs were the ones the donors funded. This was especially the case in PAC and MHRRC. By deciding to especially focus on children and youths rights, CEYCA had to go without funding for one year. PAC and MHRRC had to implement HIV and AIDS projects which were outside their core business because ‘they could not find sufficient funding in human rights’.

In all the cases studied, it was also observed that donors funded project implementation more than organizational capacity building activities. Being results oriented, donors want to invest in activities that can directly translate into results on the ground. Capacity

building does not directly translate into results on the ground and donors did not enthusiastically invest in it.

According to Lazaro (2007: 2), disadvantages of SWAPs include, insufficient systems to ensure financial accountability, donors not contributing to the basket resulting in insufficient funds available and therefore high competition among NGOs to access the funds. The cases studied observed that the introduction of SWAPs among the donors in the country has brought about 'red tape'. It takes longer to actually get the money even after it has already been approved, there is less money available as other donors are not making their contribution to the SWAPs and there were complaints about favoritism to some NGO, especially, international NGOs. This led to gaps in funding which affected the implementation of the strategic plans negatively.

On a positive note MANET and AYISE observed that some donors are more developmental in their approach. They emphasize a partnership approach. They help them not only with money but also advice and guidance on capacity building. Ensuring a partnership approach however is still a major challenge among the donors of the cases studied. Having more financial and expertise power makes an 'adult to adult relationship' with the NGOs difficult. Strategic planning would be more effective if both the NGOs and the donors worked as genuine partners in accomplishing the missions of the NGOs. MANET and AYISE being HIV and AIDS NGOs, it seems donors funding HIV and AIDS are more flexible towards funding organizational capacity building.

In conclusion, donor practices in general hindered effective strategic planning in the cases studied through: stringent, inflexible and imposed conditionality; funds allocated at project rather than organizational basis, short term funding and failure to guarantee continuity of funding; funds not arriving on time as agreed; and failure to ensure genuine partnership between the donors and the local NGOs they were supporting.

## **7.5 Consultants**

The role of consultants in strategic planning is to add value and fill gaps in terms of independence, objectivity and knowledge and experience in the organizations they support (French and Bell, 1995: 10). The role consultants will play in an organization therefore will depend on the organization's levels of knowledge, experience, objectivity and independence. In all the cases studied, consultants were involved in the formulation stage. They facilitated the process of coming up with the strategic plan document.

The consultant who facilitated the formulation of PAC's strategic plan came from a business background and according to PAC he had limited knowledge and experience with NGOs and was therefore not very effective. CEYCA felt the consultant did not give them adequate guidance during the formulation workshop.

Given the stage of development and their levels of knowledge and experience with strategic planning, the cases studied felt that consultants could play a role beyond just formulation. They however observed that donors usually are not willing to support acquisition of consultants' services for this purpose. Though they support hiring consultants to conduct evaluations, usually these are project and not strategic plan evaluations.

All the cases studied complained about the need for more professionalism from the consultants. They also observed that the consultants could play a key role in negotiating with and convincing donors for more comprehensive support to the strategic planning processes. While acknowledging this challenge the consultants who facilitated the strategic planning processes for CEYCA, MHRRC and AYISE noted that the organizations they supported together with their donors did not show as much enthusiasm for this negotiation. The donors regarded such moves as 'soliciting unjustified work by the consultants'.

The cases studied indicate that the consultants are mostly in their early stages of development (see section 2.10.4 on pages 65 - 66). Three main factors stood in the way

of effectiveness of the consultants in the strategic planning process. These were relationships with the client, limiting the scope of the strategic planning process; and failure to promote a developmental approach to strategic planning.

### ***7.5.1 Relationships with clients***

In the case studied the relationships between the consultant and the organization was often transactional and one off. Much emphasis was given to the formulation stage. The consultants mostly helped the organizations to formulate their strategic plans but did not support them to turn their plans into achievement. No arrangement was made for follow up.

Strategic planning consultants come in two forms. These are strategic planning *content* experts and strategic planning *process* experts (see section 2.10.4 on page 63). Since the consultants in the cases involved were mostly involved in the formulation stage and not through the whole process, they were mostly *content* and not *process* experts. Process consultants are more effective in helping local NGOs going through strategic planning processes (French and Bell, 1995: 10). Process consultants are more effective in helping NGOs go through strategic planning processes because they are facilitators while the organizations creates its own content. The consultant may usually not be an expert in the thematic areas that the organization works in. The organization usually knows their field better than the consultant (unless he or she is an expert in the particular field). The organization therefore takes more ownership of the product produced. Ownership of the strategic plan document produced is critical for the effectiveness of the strategic plan (Hailey and James, 2006: 3).

### ***7.5.2 Limiting the scope of the strategic planning process***

Strategic planning can be viewed as a stand-alone intervention or as an intervention within a broader OD process. OD is a long term and comprehensive capacity building process for an organization. Strategic planning as part of the OD process provides the

framework to guide the capacity building process. Strategic planning as a stand alone project often concentrates on projects and ignores organizational capacity building (French and Bell, 1995: 11). The project bias by the donors in most of the cases studied, limited the strategic planning process to the stand-alone process. Justification and motivation for more comprehensive support to the strategic planning process by all the players is possible if the process is taken within the wider OD process. The consultants in the cases studied did not consciously advocate for or promote this wider understanding and practice of the strategic planning process. Interviews with the consultants indicated that they too had a limited understanding of the difference between strategic planning as a stand-alone intervention and strategic planning as an intervention within a wider process. Failure to understand and appreciate strategic planning within the OD context was one of the reasons why the capacity building component of the strategic plans was not implemented as much as the projects in the cases studied.

### ***7.5.3 A developmental versus a service provision approach***

Related to the above is the issue of whether consultants should take a service or a developmental approach when helping organizations to go through their strategic planning processes. In a service approach, the client asks for a specific service from the consultant and the consultant provides that service. The assumption is that the client knows what they are looking for. But taking into account the stage of development of the cases studied and their capacities for example, this may not always be true. In the developmental approach, the client does not come to a consultant asking for a specific service but a developmental question or questions or issues they are facing and they are open to exploration and the most appropriate intervention that might enable them to address the issues identified. The questions or issues may be addressed through a strategic planning process or not. A strategic planning process may not always be appropriate. In all the cases studied the consultants were approached and asked to facilitate the strategic planning process and they went ahead to facilitate the strategic planning processes without questioning. Senge et al. (1994) and Sorgenfrei and Wrigley (2005: 3) identified the capacity for strategic thinking as a critical prerequisite for

effective strategic planning. The general absence of 'ideal pictures' in the cases studied is one indicator of lack of this capacity. A developmental approach would deal with building capacity for strategic thinking to ensure success in strategic planning. In addition Smillie and Hailey (2001: 110 – 113) observed that having established core values, highly effective leadership and formal and informal systems for adapting to change may be more important than strategic plans alone. A developmental approach would ensure that these issues are dealt as a prerequisite for effective strategic planning.

## **7.6 Communities**

Communities are supposed to provide information on their priorities that will inform the NGOs as their input into the strategic planning process. In addition, communities are supposed to hold the NGOs accountable on their 'promises as stipulated in their strategic plans' (Kaldor, 2003: 12).

One way of doing this is through conducting consultations with the communities at the beginning and throughout the entire strategic planning process. Only PAC, AYISE and MHRRC conducted consultations with their beneficiaries prior to the formulation of the strategic plans. MANET and CEYCA did not. CEYCA and MHRRC had some representatives from the beneficiaries in the strategic plan formulation workshops. The level of input from the beneficiaries was however insignificant and did not shape the ensuing strategic plan document. Staff generally regarded the involvement of the beneficiaries as mere tokenism especially in PAC and CEYCA. AYISE and MHRRC went beyond soliciting information from the beneficiaries. They conducted special workshops to present the draft strategic plans formulated for further input and validation. AYISE and MHRRC outperformed their HIV and AIDS; and human rights counterparts respectively. This would seem to suggest that more involvement of communities or beneficiaries result in more effective strategic plans.

The communities and beneficiaries however were generally not able to hold the NGOs accountable in their implementation of the strategic plans. It was only in MHRRC where

the beneficiaries questioned them on why they were implementing an HIV and AIDS project when they were supposed to be implementing human rights projects. Different from all the other cases, except MANET, MHRRC targets human rights CSOs and not communities. MHRRC's beneficiaries were able to question them when they implemented an HIV and AIDS project. This shows that the CSOs were more empowered as compared to the communities the other cases were targeting.

The cases studied found themselves in a situation in which on one hand the communities or beneficiaries could not clearly articulate their needs and on the other hand was the challenge for donors to fund priorities of the communities when they did not match with their own priorities. All the cases studied seemed to be skewed more towards the donor priorities. They did not have any clear picture of where the communities were at the time of engagement and where they want to get them to at the end of their relationship (see section 3.3.1 on page 78 - 79). Such pictures would enable the NGOs to address the priorities of the communities or beneficiaries. This would also form a basis for the communities or beneficiaries to hold the NGOs accountable.

In summary, the communities and beneficiaries in the cases studied were characterized by: people who could not make claims and demands on the NGOs serving them, people who could not hold the NGOs accountable; low ownership and responsibility of the development initiatives; and lastly people with low self-esteem who felt inferior to officials from the NGOs serving them and therefore could not take a questioning stance.

## **7.7 Conclusion**

This chapter has discussed the roles and responsibilities played by the key players in the strategic planning process in the cases studied. Generally, all the players: the board, management, donors, consultants and the communities did not play their roles effectively. The key challenges faced by the board were low commitment, inadequate capacity and failure to provide strategic leadership. For the management the factors included lack of knowledge and capacity to effectively implement the strategic plans. For the donors the

factors included stringent, inflexible conditions attached to their money, project rather than organizational based funding; short-termism and failure to establish genuine partnerships with the local NGOs they supported. The consultants too failed to establish partnership relationships with the local NGOs they served, they limited the scope of strategic planning by excluding it from a wider OD framework and they promoted a 'service rather than developmental approach' to their work. The communities failed to participate at a 'strategic level' in the strategic planning process and failed to hold the NGOs accountable for the performance of the strategic plans.

Based on the stages of development model, the performance of the players in the strategic planning process (sections and on pages: 1.11: 21 - 22; 2.10.1: 54 - 56; 2.10.3: 61 - 62; 2.10.4: 65 - 66; 2.10.5:70 respectively) show that they were mostly at their early and therefore ineffective stages of development. Improving their roles and responsibilities in the strategic planning process would need building their capacity so that they can move to the next stages of development and therefore higher levels of capacity.



## **CHAPTER 8: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **8.1 Introduction**

This chapter concludes the study by summarizing each chapter, drawing conclusions and recommendations from the discussion of the findings. The study addresses the problem of ineffectiveness of strategic planning processes in local NGOs in Malawi. The study was aimed at achieving the following specific objectives:

- To assess the levels of implementation of strategic plans in some selected local NGOs in Malawi.
- Identify factors affecting the effectiveness of strategic planning processes at the preparation, formulation, implementation; monitoring and evaluation stages.
- Discuss roles and responsibilities played by the boards, management, donors, consultants and beneficiaries in the strategic planning process.
- Examine the relevance of current literature on strategic planning to guide the strategic planning process in local NGOs.
- Make recommendations on how to improve the effectiveness of the strategic planning processes in local NGOs.

### **8.2 Summaries**

The first chapter introduced the study by showing that while significant breakthroughs have been realized in other fields of knowledge and practice, relatively no such breakthroughs have been achieved in the field of strategy. Not much research and investment has been made into understanding strategy in a way that it would effectively respond to the current ever increasingly complex task environment that organizations find themselves in. The problem is even more aggravated in local NGOs which operate in an environment that they relatively do not have much control over. This study was therefore aimed at making a contribution to the understanding of the discipline of strategic

planning in general and strategic planning in local NGOs in particular by studying strategic planning processes in some selected local NGOs in Malawi.

The second chapter explored the history of strategic planning and its meaning. The chapter also reflected on the roles and responsibilities played by the different stakeholders to the strategic planning process. The chapter pointed out four major issues concerning strategic planning in NGOs. These are the need to consciously seek the organization's strategic fit, the need to take a learning approach to strategic planning and management; the challenge of dependence on donors leading to low financial and organizational sustainability; and lastly the necessity of conducting strategic planning within the wider context of OD. The chapter also reflected on the key challenges facing NGOs and how strategic planning is seen as a way of addressing these challenges.

The third chapter explored strategic planning as a four-stage process to position an NGO in its task environment to ensure adequate resources, legitimacy and relevance thereby ensuring high organizational performance. The chapter demonstrated the need to take strategic planning not as a linear, one off event but as a continuous learning process through effective reflection and learning from the monitoring and evaluation of the implementation of the strategic plan. The chapter showed that a key challenge to the practice of strategic planning in local NGOs is the absence of a 'process consciousness'. The chapter also analyzed the key assumptions in the strategic planning literature studied and how the assumptions compare with the reality of local NGOs.

The fourth chapter discussed the national and some international policies and frameworks guiding government and donor priorities in supporting development work. These policies and frameworks offer both opportunities and threats to NGOs and their strategic planning processes. As an opportunity they may demonstrate governments' and donors' commitment to development efforts and therefore their continued support. The challenges come from the limitations inherent in each of the policies and frameworks and the local NGOs' inadequate capacity to benefit from the frameworks.

The fifth chapter looked into the context of local NGOs in Malawi and demonstrated that most of them are still in their early stages of development. The chapter showed that capacity building efforts to date have concentrated on resource provision and various forms of training. Relatively less effort has been made on process interventions which are more effective in building organizational capacity. Strategic planning efforts have concentrated more on project implementation and less on organizational capacity building.

The sixth chapter showed that in the cases studied, the implementation of the strategic plans was generally low (46%). The cases studied implemented 'transactional' or 'resource transfer and provision' activities more than 'transformational' activities.

Project activities were implemented more (60%) than organizational capacity building activities (40%) because there was less enthusiasm by both donors and organizational leaders to invest in organizational capacity building. There was also generally less knowledge on how to effectively build the capacity of the organizations. HIV and AIDS NGOs had higher levels of implementation (60%) as compared to human rights NGOs (40%) mostly because they had a more favorable task environment as compared to the human rights NGOs.

The NGOs that were proactive in starting their strategic planning processes were relatively more effective than those that were reactive or were told by a donor to go through a strategic planning process. All the strategic planning processes however were not consciously aimed at achieving strategic fit or relevance, legitimacy and sustainability. In all the cases studied, there was a conspicuous lack of 'process consciousness' as the strategic planning process was mostly limited to the formulation stage.

The seventh chapter discussed the roles and responsibilities played by the key players in the strategic planning processes in the cases studied. Generally, all the players: the board, management, donors, consultants and the communities did not play their roles effectively. The variants of the stages of development of the different players showed

that the players in the cases studied were mostly at their early and therefore ineffective stages of development. Improving their roles and responsibilities in the strategic planning process would need building their capacity so that they can move to the next stages of development and higher levels of capacity.

This last chapter concludes the study by presenting the conclusions on the levels of implementation of strategic plans, factors affecting the effectiveness of the strategic planning process, key players in the strategic planning process and the relevance of the current literature to guide strategic planning and the lessons learnt from these conclusions. The chapter also makes recommendations on how strategic planning in local NGOs can be improved. The chapter also suggests areas needing further research to shed more light on strategic planning in local NGOs that could build on this study.

## **8.3 Conclusions**

### ***8.3.1 Levels of implementation of strategic plans***

The implementation of the strategic plans was generally low (46%). The cases studied implemented ‘transactional’ or ‘resource transfer and provision’ activities more than ‘transformational’ activities. Transformational activities would build the capacity of the beneficiaries to hold the local NGOs accountable and build the capacity of the local NGOs to improve the level of implementation of strategic plans among the local NGOs.

Project activities were implemented more (60%) than organizational capacity building activities (40%) because there was less enthusiasm by both donors and organizational leaders to invest in organizational capacity building. There was also generally less knowledge on how to effectively build the capacity of the organizations. Organizations cannot deliver beyond their level of capacity. Inadequate knowledge of effective capacity building undermines the effectiveness of strategic planning and leads to the bias of project implementation over organizational capacity building.

HIV and AIDS NGOs had higher levels of implementation (60%) as compared to human rights NGOs (40%). HIV and AIDS NGOs were seen to have a higher degree of fit as compared to human rights NGOs. This is because the HIV and AIDS organizations have a more favorable environment as compared to the human rights NGOs. HIV and AIDS organizations are seen to be more 'sustainable' in terms of accessing resources, more relevant and more legitimate. This shows that sustainability, relevance and legitimacy are important in implementation of strategic plans in local NGOs. All the strategic planning processes however were not consciously aimed at achieving strategic fit or relevance, legitimacy and sustainability.

The NGOs that were proactive in starting their strategic planning processes were relatively more effective than those that were reactive or were told by a donor to go through the strategic planning process. This shows the importance of ownership for strategic planning processes.

### ***8.3.2 Factors affecting the effectiveness of the strategic planning process.***

In all the cases studied, there was a conspicuous lack of 'process consciousness' as the strategic planning process was mostly limited to the formulation stage. The specific factors that hindered the strategic planning processes at preparation stage included: the need to have an agreed and shared purpose of the strategic planning process among all the key players, ensuring adequate awareness and understanding of the strategic planning process to help clarify expectations; ensuring ownership of the process especially by the local NGO; not having a task force to manage the process; and not conducting organizational assessments to identify issues to guide the strategic planning process. Local NGOs generally pay less attention to the preparation stage of the strategic planning process. Less attention at the preparation stage undermines the whole process as preparation forms the foundation stage for the whole process.

Factors at the formulation stage included: the need for competent consultants, the capacity of the participants and adequacy of time given to the formulation stage. Factors

at the implementation stage included the organization's knowledge and capacity to implement the strategic plans; and the influence of donors on the organization's priorities. Lastly, at the monitoring and evaluation stage, the factors included: misunderstanding the purpose of monitoring and evaluation or overemphasizing accountability at the expense of learning; the culture of busyness; the culture of not valuing accountability; and the inability to differentiate between the monitoring and evaluation of strategic plans from monitoring and evaluation of projects and activities. There is usually an assumption that local NGOs are able to formulate, implement; and monitor and evaluate the strategic plans. The foregoing observations show that this assumption is usually not true.

### ***8.3.3 Key players in the strategic planning process***

Generally, all the players: the board, management, donors, consultants and the communities did not play their roles effectively. The key challenges faced by the board were low commitment, inadequate capacity and failure to provide strategic leadership. For the management the factors included lack of knowledge and capacity to effectively implement the strategic plans. For the donors the factors included stringent, inflexible conditions attached to their money, project rather than organizational based funding; short-termism and failure to establish genuine partnerships with the local NGOs they supported. The consultants too failed to establish partnership relationships with the local NGOs they served, they limited the scope of strategic planning by excluding it from a wider OD framework and they promoted a ‘service rather than developmental’ approach to their work. The communities failed to participate at a ‘strategic level’ in the strategic planning process and failed to hold the NGOs accountable for the performance of the strategic plans.

There is still low awareness of the roles and responsibilities of the players in the strategic planning process. There is need for more knowledge, capacity and commitment among the players.

### ***8.3.4 The relevance of current literature to guide strategic planning practice in local NGOs***

A summary of the literature review (section 3.6 on pages 103 - 104) shows that the current practice of strategic planning in general is based on the following assumptions:

- That organizations are autonomous and are therefore free to choose the projects to implement based on recognized and felt needs and that they have unconditional access to the resources they need.
- That organizations have capacity to go through the strategic planning process.

- Effective accountability mechanisms are in place to make the organizations obliged to account to the beneficiaries for their performance.

The results of the study and the conclusions above however indicate that donors, more than the local NGOs themselves determine the priorities. The results and conclusions also indicate that local NGOs have low capacity to effectively undergo strategic planning processes. Communities and beneficiaries are not empowered enough to hold the local NGOs accountable on the performance of the strategic plans. Strategic planning in local NGOs is therefore ineffective because its current practice is built on wrong assumptions. Strategic planning in local NGOs would be more effective if the local NGOs had autonomy and ability to raise their own or ‘unrestricted funds’. Strategic planning would also be more effective if the local NGOs built their organizational and the key players’ capacity to enable them effectively play their roles and responsibilities. Lastly, strategic planning would be more effective if communities and beneficiaries had the capacity to participate in the strategic planning process and to hold the local NGOs accountable on the relevance and performance of their strategic plans.

In summary the level of implementation of strategic plans in the local NGOs studied was low. Lack of ‘process consciousness’ was the key factor hindering effectiveness of the strategic planning processes. All the players did not play their roles effectively. Lastly, there is lack of relevant literature to effectively guide the strategic planning processes in local NGOs.

### ***8.3.5 Recommendations***

The study concludes by making recommendations on how to improve the strategic planning process in local NGOs:



### *8.3.5.1 Implementation of strategic plans*

Local NGOs need to invest more in the skills to implement ‘transformational’ in addition to ‘transactional’ or ‘resource transfer and provision project’ activities. Transformational projects result in more lasting and sustainable changes in the lives of the people served. The ultimate success of strategic plans is in their ability to bring about lasting change in the lives of people served. Transformational activities are aimed at building the capacity of the beneficiaries. ‘Capacitated’ beneficiaries would be better able to participate more effectively in the strategic planning process and to hold the NGOs accountable on their implementation of the strategic plan as far as the communities are concerned (Easterly, 2006: 381) (see page 230 below on recommendations to communities as a player in strategic planning).

Local NGOs need more comprehensive investment in organizational capacity building. They need to invest in capacity building beyond acquisition of resources and training in specific skills. They need to invest more in process interventions and capacity to collaborate with other institutions for synergy. Process interventions like developing appropriate policies, systems and procedures; cultivating empowering leadership and culture in the organization create foundations for financial and organizational sustainability and impact which are key prerequisites and results for strategic planning.

Human rights NGOs need to improve their relevance so that they can in turn improve their legitimacy and financial and organizational sustainability. They can improve their relevance by moving away from addressing abstract needs to addressing concrete felt needs of the people they serve. They need to clearly demonstrate how human rights can help the people meet their basic needs. This necessitates the need for the RBA approach which must emphasize building the people’s capacity to hold power holders accountable in providing the needed services and challenging the power holders to take responsibility in discharging their duties (Fowler, 2006: 1 - 12).

### 8.3.5.2 *The strategic planning process*

There is an assumption that the strategic planning process is well understood among the key players. The evidence collected in the study points to the contrary. There is need therefore to raise awareness of the strategic planning process among and in the local NGOs. This could be done as a special session with the organizations at the beginning of the process. It could also be done by taking a learning approach throughout the whole strategic planning process. Another way would be organizing joint inter-organizational reflective sessions where leaders from different organizations would come to reflect and share experiences on their strategic planning processes.

Preparation for the strategic planning process would be improved by ensuring that there is an agreed and shared purpose for going through the strategic planning process among all the key players. This could be achieved through the awareness session. Such sessions would also help establish ownership especially for the organization. Having a special task force with specific responsibilities for the whole process and obligations on the part of all the key players to make the task force discharge its responsibilities effectively would also reinforce ownership. Conducting an organizational assessment to determine the issues to address in the strategic planning process is also critical. Ensuring that the local NGOs have adequate competence and capability to produce such a document would enhance formulation of effective strategic plan documents. This might mean involving organizational members in leading the organizational assessments and making sure of the consultants' competence. It might also mean ensuring that the people participating in the formulation of the strategic plan have the required 'strategic thinking ability' and making sure that adequate time is devoted to the formulation exercises.

The checklist below can be used as a tool to assess an NGO's readiness to go through a strategic planning process.

- |   |
|---|
| <ul style="list-style-type: none"><li>• A need for strategic planning agreed upon by the board and management</li><li>• Clear reasons for undergoing the strategic planning process are stated and agreed upon. The purpose of strategic planning as an effort to achieve a strategic fit through ensuring relevance, legitimacy and sustainability must be clearly established</li><li>• A task force to manage the strategic planning process is selected</li></ul> |
|---|

- Terms of reference for the task force are in place and the roles and responsibilities of the task force throughout the strategic plan planning process are clearly spelt out
- Resources are available for the task force to carry out its work
- The task force develops the terms of reference for the consultant to be hired. The roles and responsibilities of the consultant throughout the strategic planning process are clearly spelt out
- The consultant contracted has been transparently hired and his or her track record has been proven beyond any shadow of doubt
- How members of staff and volunteers will be involved through participation or identification is clarified
- A criterion is developed for selecting participants to the strategic planning workshop
- An assessment is carried out and key issues to be addressed in the formulation of the strategic plan workshop are identified
- An ideal picture that the organization would want to work towards is developed. This should also include the ideal picture of the communities or beneficiaries
- Agreements on how the strategic plan will be monitored and evaluated are made and resources are available for this
- The extent to which communities or beneficiaries will be involved in the whole strategic planning process are agreed upon
- The dependence – autonomy dilemma in relation to donors’ influence in the whole strategic planning process is discussed and the organization takes a conscious stand.
- A communication and market plan for the strategic plan is in place
- The task force carries out adequate negotiation with the donor willing to fund the strategic planning process (if it is funded by a donor, as is the case most of the times) to help the donor appreciate the ‘big picture and obligations) implied in the steps above.

Implementation of strategic plans would be enhanced by ensuring that the local NGOs have adequate knowledge and capacity to meet the often ‘higher demands’ implied by the strategic plan. They also need to develop capacity to move beyond ‘unhealthy donor dependence’ in order to maintain autonomy to pursue their priorities. This means developing capacity to negotiate with donors as partners and/or to access alternative and unrestricted sources of funding.

Monitoring and evaluation of the strategic plans would be enhanced if the accountability purpose of the monitoring and evaluation does not override the learning purpose. The local NGOs would also need to introspect themselves and challenge themselves to embrace a ‘culture of accountability in performance’. This means they need to develop effective monitoring and evaluation; and performance appraisal systems. Lastly, there is a need to build specific skills especially among the boards in monitoring and evaluation of strategic plans as a related but distinct discipline from monitoring and evaluation of project activities.

### *8.3.5.3 Players in the strategic planning process*

Boards can improve their roles and responsibilities in the strategic planning process by ensuring that they have committed members. They need members who are available, independent, and individuals who can add specific and needed skills to the board and those who can add diversity in terms of gender, age etc. Local NGOs need to have specific budget lines for their boards and consciously invest in board development. The boards need to consciously invest in their ability to provide strategic leadership. While board members in business organizations may be put on a salary, NGO board members cannot be put on a salary as they are the custodians of the spirit of voluntarism in NGOs (National Center for Non Profit Boards, 2000). NGOs therefore should find other creative ways of motivating their board members like reimbursing their costs, giving modest sitting allowances, retreats, providing capacity building opportunities for the board like skills development in strategic thinking and leadership; and exchange visits and exposure. A board development budget line in the budget would make this possible.

Management would improve its role in strategic planning by ensuring that there is a management team in the organization. Most local NGOs do not have a management team that has specific strategic and operational responsibilities. Local NGOs need to invest in creating functional and effective management teams. They need teams that move beyond mere project skills to organizational skills as well. It is such teams that can appreciate the value of strategic planning as a management tool. Such teams would also be in a position to negotiate with donors for better quality funding and to identify alternative funding sources.

Donors need to adopt 'a more partnership' approach. They need to be more honest and transparent in their funding practices. They need to consciously surface the contradictions within their funding practices that stand in the way of 'truly developmental support' to local NGOs. Recognizing their limitations on what and how they fund, they need to encourage and support the local NGOs' capacity building for alternative funding.

Such a direction would eventually make the local NGOs less dependent on donors and therefore make a ‘more egalitarian relationship’ with the donors possible.

Consultants hold immense power because they are looked up to as experts. They can therefore easily mislead an organization. Consultants need to make sure that they add real value to the strategic planning processes they facilitate. They therefore need to invest in their own continuous self-development, which would be the basis for competence, establishing mutually beneficial relationships with the clients and ‘embracing a developmental rather than a service provision’ approach in their efforts to facilitate strategic planning processes. Using their perceived ‘expert’ identity, consultants can play the role of ‘advocates’ in persuading donors to improve the quality of their funding that would make the strategic planning processes more effective.

Communities need to become more proactive in ensuring that their voice is incorporated into the strategic planning process and ensuring that they hold the NGOs accountable for the performance of the strategic plans especially as they relate to the communities. Communities need to rediscover the power of their position as the ultimate ‘*raison d’etre*’ of all development efforts. They also need to know that the communities and not the local NGOs who serve them are ultimately responsible for their own development and that the local NGOs who serve them probably need the communities more than the communities need them. Communities can achieve this by adopting the Rights Based Approach which NGOs can play a role in facilitating (Andersson, 2006: 5). Communities can also demand to keep copies of the strategic plan to monitor how it is being implemented. Lastly, IRISE (2007: 30) recommend that NGOs should have an obligation either through by-law, guidelines or legislation to regularly report back to communities.

#### *8.3.5.4 Literature guiding the strategic planning process in local NGOs*

In order to guide strategic planning practice in local NGOs more effectively, strategic planning literature must take into account the facts that most local NGOs are not financially sustainable, do not have adequate capacity for strategic planning and are not accountable to the communities they serve. Strategic planning literature for local NGOs

must therefore emphasize the importance of local NGOs to become more financially sustainable, build their organizational capacity for strategic planning and put in place mechanisms for downward accountability (accountability to their beneficiaries).

#### *8.3.5.5 Areas for further research*

In order to shed more light on strategic planning in local NGOs and build on the findings of this research, the study recommends 3 areas needing further research. These are the need to establish a clear link between strategic planning and organizational impact. This study was not meant to clearly link impact to the strategic plans of the cases studied. It would however be important to do further research to establish whether better strategic plans do indeed result in improved impact or lasting changes among the communities. This research and the current literature on strategic planning in NGOs do not shed light on this. More interest to invest in strategic planning would result if such a link was clearly established.

The other area needing more research is how to build the capacity of the board to play their leadership role in strategic planning more effectively. The board, being the custodian of the organization, takes the ultimate responsibility for the strategic planning process. Most boards of the cases studied and many boards in general have gone through various capacity building initiatives and yet they still remain weak in discharging their governance and strategic planning leadership roles. It would be important through research to establish the causes for this failure and how they can be dealt with in order to improve the boards' governance and strategic leadership roles.

Monitoring and evaluation, especially as a discipline for the board, is a new area. It is important to establish by research on how this discipline can be incorporated and integrated effectively into the boards' terms of reference. Monitoring and evaluation in general, is another area that many local and other NGOs have invested in so much but

with little if any visible results. It would be worthwhile to find out the reasons behind this failure and how they can be dealt with.

#### **8.4 Conclusion**

The goal of strategic planning in local NGOs must be for the local NGOs to become more financially independent and less dependent on project based funding. This will give them the freedom to listen to the communities or beneficiaries more than the donors. This will enable the local NGOs to help the communities or beneficiaries to take more charge of their lives, which is the ultimate aim of development and the reason for the local NGOs' existence. Otherwise, it is not possible for the local NGOs to help communities or their beneficiaries to take more charge of their lives when the local NGOs themselves are not in charge of their own organizational life due to overdependence on and therefore allegiance to donors at the expense of the communities and beneficiaries they exist for. It is only when local NGOs have built their capacity to transcend dependence on conditional project based funding that they will be in a position to go through more effective strategic planning processes. This will enable them to gain genuine legitimacy from the people they serve, become more relevant and demonstrate genuine impact.

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## **Appendix 1: Data collection checklist**

Date of interview:

Person interviewed and position in organization:

Length of time on position in the organization:

### *Organizational information*

Name of NGO

Year started in Malawi

Sector of NGO

Type and number of projects implemented

Number of professional personnel

How many left since formulation of strategic plan

Annual budget

Date strategic plan was formulated

### *Questions*

1. Who called for the strategic planning process?
2. What were the reasons for calling for the strategic planning process? What were the key challenges facing the organization?
3. From the strategic plan, what was implemented and what was not? Why? How much of what you are doing is reflected in the strategic plan?
4. How has the strategic plan helped the NGO in:
  - Ensuring ownership by key stakeholders especially communities or beneficiaries? Give examples
  - Balancing service provision with transformation of the people? Give examples
  - Financial, organizational and benefits sustainability? Give examples
5. What 3 things have changed as a result of the strategic plan? What have been the expected and unexpected outcomes of the strategic plan? How well did the strategic plan respond to the challenges facing the organization?
6. How was the preparation for the strategic planning process done? What went well? What did not go well? Why? How can preparations for preparations of strategic planning processes be improved?
7. How was the strategic plan formulated? What went well? What did not go well? How can formulation of strategic plans be improved?

8. How was the strategic plan implemented (projects, internal capacity building and collaboration with stakeholders)? What went well? What did not go well? How can implementation be improved?

9. How was the implementation monitored? What tools and systems were used? What went well? What did not go well? How can monitoring and evaluation of strategic plans be improved?

10. What roles and responsibilities did the following play in the strategic planning process:

- Board
- Management
- Donors
- Consultants
- Communities

11. What did each do well? What did they not do well? How can each group improve its roles and responsibilities in all the stages of strategic planning process?

- a. What do you know about frameworks like PRSPs, RBA, RBM, MDGs and SWAPS?
- b. How are these frameworks affecting the work of your organization? How can they be used to the advantage of the organization?
- c. How conscious was your strategic planning process of these frameworks?
- d. How is HIV and AIDS affecting your organization?

Probe on these hints:

- Staff productivity
- Direct and indirect financial costs
- Recruitment and replacement costs
- Loss of organizational memory and learning
- Leadership and management costs

12. How conscious is your strategic plan to organizational effects of HIV and AIDS? How can the next strategic plan respond more effectively to this issue?

## Appendix 2: List of interviewees

<b>Name</b>	<b>Position/ organization</b>	<b>Date</b>
1. Robert Phiri	Director – Public Affairs Committee (PAC)	10/07/06
2. George Dambula	Program Manager - PAC	11/07/06
3. Father Boniface Tamani	Board chair - PAC	11/07/ 06
4. Dr Mustapha Hussein	Board member - PAC	12/07/06
5. Godfrey Mkandawire	HIV and AIDS officer - PAC	12/07/06
6. Ollen Mwalubunju	Commissioner – Malawi Human Rights Commission	13/07/06
7. Mr. G. Mhone	Program manager – Norwegian Church Aid	13/07/06
8. E. Mkwapata	Finance director – Catholic Development Commission (CADECOM)	13/07/06
9. Rolex Tolani	Monitoring and Evaluation Manager (Save the Children – USA)	16/07/06
10. Rogers Newa	Director, Center for Youths and Children Affairs (CEYCA)	17/07/ 06
11. Collins Chipendo	Program officer - CEYCA	17/07/06
12. Rev. Chiphiko	Board Chair – (CEYCA)	18/07/06
13. Paul Hague	Technical Advisor (VSO) CEYCA	18/07/06
14. Mrs E. Nkawa	Board member - CEYCA	18/07/06
15. Patrick Mawaya	Consultant to CEYCA	18/07/06
16. Mphatso Banda	Program Manager – CEYCA	17/07/06
17. Desmond Kaunda	Director, Malawi Human Rights Resource Center (HRRC)	19/07/06
18. McBride Nkhalamba	Program Manager – HIV and AIDS program – Action Aid	19/07/06
19. Frank Mdala	Finance manager (HRRC)	20/07/06
20. Unandi Banda	Board member - HRRC	20/07/06
21. Prof. Wiseman Chirwa	Former board chair - HRRC	21/07/06
22. John Soo Phiri	Program Officer - HRRC	21/07/06
23. Anne Louise	Technical advisor (Danish Institute for Human Rights) - HRRC	22/07/06
24. Emma Kaliya	Gender Program officer - HRRC	22/07/06
25. Towera Luhanga	Project director, Gender Equality Support Program (GESP)	23/07/06
26. Ted Nandolo	Director, Council for NGOs in Malawi (CONGOMA)	23/07/06
27. Mrs E. Kapira	Director - MANET	24/07/06
28. Mrs. M. Mwamlima	Executive Assistant	25/07/06
29. Isaac Msukwa	Program Officer - MANET	25/07/06

30. Wisdom Kanyamula	Program Officer - MANET	25/07/06
31. Cliff Tebulo	Program officer - MANET	25/07/06
32. Julius Nyirenda	Vice board chair - MANET	26/07/06
33. Kizito Tenthani	National Coordinator, Netherlands Institute for Multi Party Democracy	26/07/06
34. Pamela Twea	Assistant Country Rep (Southern African AIDS Trust) SAT	26/07/06
35. Robert Kafakoma	Director, Training Support Program	27/07/06
36. Florence Ngatia	Technical Advisor (WUSC) - MANET	28/07/06
37. Thokozile Chisale	Project Officer - UNDP	28/07/06
38. Victor Kamanga	Program Office - MANET	29/07/06
39. Alfred Dzilankhulani	Independent consultant	29/07/06
40. Marcel Chisi	Director, AYISE	2/08/06
41. Obert Khowa	Deputy Director, AYISE	2/08/06
42. Joyce Mataya	Consultant to AYISE	2/08/06
43. Rick James	Consultant, INTRAC	19/06/06
44. Charles Banda	Consultant, CADECO	19/06/06
45. John McGrath	Consultant, IMANI	5/08/06
46. Darcy Ashman	Independent Consultant	20/06/06
47. Meg Kinghorn	Independent Consultant	20/06/06
48. Dirk Marais	Independent Consultant	28/06/06
49. Maggie Chipasula Banda	Program Manager, Women in Law and Society in Malawi	14/08/06
50. John Chawinga	Director, Catholic Commission for Peace and Justice	30/08/06
51. Mavuto Kapyepye	Independent consultant	31/08/06



### **Appendix 3: Accountability for NGOs**

Criticisms for the NGO sector is growing (Offenheiser, 1999: 12). For instance the following article entitled, *NGOs should be accountable too* appeared in the Sunday Times of 14 May, 2006.

Dozens and dozens of non-governmental organizations are operating across the country supporting the government in promoting human rights, good governance, democracy, health, education, natural resources conservation, food provision and tackling the HIV and AIDS pandemic, which is claiming lives of many people.

As commentators have pointed out, while NGOs are very important in advancing political, economic and social development and in mitigating poverty and hunger, it is important for them to be accountable and transparent if their endeavors are to be appreciated for their value.

But, just like elsewhere on the continent, most NGOs are concentrating on preaching the virtues of good governance when the same NGOs are reluctant to embrace the same virtues thereby raising suspicions among observers. The observers are justified to harbor suspicions on the operations of NGOs when one considers the fact that some donors are now laying allegations of financial mismanagement at some NGOs' doorsteps....

With issues of transparency and accountability slowly becoming a bone of contention between donors and NGOs, it is not surprising that many donors are now directly supporting community initiatives and community based projects instead of going through NGOs, which are just concentrated in urban areas.

Perhaps, time is ripe that genuine NGOs, which are committed to the promotion of human rights, health, education and other pertinent issues, should upbraid other members of the civil society community who mistake civic activism as a get-rich-quick business. The failure to discipline the errant members of the civil society has some consequences, such as government's assault on NGOs with laws tightening registration and in some extreme cases, barring foreign funding for NGOs with political and human rights programs.