

The Pakistan earthquake relief
programme as a case study

Capacity Study of Islamic Relief



Foreword

Study of the Humanitarian Capacity of Plan Sweden, SOS Children Villages Sweden and Islamic Relief Sweden

Sida's Division for Humanitarian Assistance regularly performs capacity studies of humanitarian actors to learn more about the organisations and to assess their capacity to carry out humanitarian relief programmes.

In 2006, Sida commissioned Deloitte to conduct capacity studies of Islamic Relief, SOS Children Villages and Plan, with a particular focus on their humanitarian work. The same year, each of these organisations had received grants from Sida's humanitarian division for projects in Pakistan after the earthquake (Plan and Islamic Relief) and in Malawi to assist drought affected households (SOS Children Villages).

The purpose of the studies was as follows:

- to map the organisations in terms of organisational structure, management capacity, administration structures and routines etc.,
- to assess the organisations' capacity to carry out humanitarian relief efforts,
- to provide Sida with recommendations regarding a possible future partnership with the organisations.

Deloitte sub-contracted a humanitarian expert for the evaluation team, which also included persons from Deloitte's local branches in Pakistan and Malawi. In the report, the consultant clearly emphasises that the conclusions are based on one case study alone for each organisation and might therefore not be fully applicable to the organisations' other relief work.

In general, the consultant concludes that the projects have been successfully implemented by the organisations and that the organisations managed the projects well.

The opinions and suggestions in this report reflect the views of the consultants commissioned for the studies. Sida has formulated a management response which reflects Sida's views on the studies and the implications for future cooperation with the organisations, see Annex 6.

Please find more information on Sida's humanitarian assistance on our homepage, www.sida.se/hum.

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Capacity study of Islamic Relief.

Focus on Humanitarian Assistance using the Pakistan earthquake relief programme as a case study

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Executive Summary

Deloitte has been assigned by Sida to perform a capacity study of Islamic Relief aiming to:

1. Map and document the organisation in regards to the areas: organisational structure, management of activities, administrative systems and routines, personnel administration and financial control.
2. Make an assessment whether or not Islamic Relief has the capacity to implement effective emergency relief programmes (ERP), including an analysis of the strengths, weaknesses, opportunities and threats identified from the ERP performed in Pakistan October 2005 to December 2006 (with final reporting back to IR Sweden in June 2006).
3. Assess whether or not Islamic Relief is an appropriate future partner for Sida regarding emergency relief programmes and, in that case, under which circumstances this partnership would be most effective.

The review was conducted both in Sweden, UK (Islamic Relief Worldwide, headquarters) and in Pakistan taking place from September 11, 2006 to October 27, 2006, involving staff from the Deloitte offices in Stockholm and Islamabad (Pakistan) as well as a sub-contracted humanitarian aid expert. It is important to keep in mind that the conclusions are based on one single case study. Other country offices and/or other ERPs may be operated differently.

Overall Conclusions

Deloitte has found that Islamic Relief Worldwide is a rapidly expanding, well qualified humanitarian relief implementer which is well qualified to manage expanding funding flows.

Islamic Relief would benefit from “Good donorship” in the form of organisational backstopping, support in developing core functions and, not least a trusting relationship with a realistic, experienced partner on the funding side.

Recommendations

Sida is recommended to explore how best to expand its humanitarian funding for the organisation.

Sida is recommended to explore what possibilities exist for it to offer Islamic Relief a relationship as described above. The possibility of working through a peer-support structure or via specifically tailored consultancies should be considered.

IR Sweden and IR HQ are recommended to approach Sida jointly as IR Sweden does not yet have the stability and maturity to manage the deepening of the Sida-IR HQ relationship that would be most effective.

Sida is recommended to consider IR Sweden for a gradual expansion of humanitarian funding. Such expanded funding should be implemented in parallel with expanded cooperation in activities directed at IR Sweden constituency in Sweden. Sida should also explore IR Sweden constituency to assess IR Sweden as a potential resource base for other Sida activities.

Background

Sida is constantly reviewing its humanitarian partner organisations in order to find the most effective and efficient channels for the Swedish humanitarian assistance. Sida's Division for Humanitarian Assistance performs capacity studies with a view to clarify needs of change or strengthening of the competence and capacity of the organisation to perform humanitarian assistance.

After the earthquake in Pakistan in October 2005, the Division for Humanitarian Assistance decided to fund a project through Islamic Relief Sweden for the first time. The contribution amounted to SEK 3,000,000 and was given to Islamic Relief Sweden for earthquake affected areas in Pakistan. The activities include emergency distribution of food, non-food items and provision of medical services in Muzaffarabad, Bagh, Rawakalot and Neelum districts in Northern Pakistan.

The main focus of the study is the implementation capacity of Islamic Relief regarding emergency relief programmes. As Islamic Relief Sweden is a non-operational, fundraising organisation which is part of Islamic Relief Worldwide with operational offices around the world, the assessment of capacity is made on Islamic Relief Sweden, Islamic Relief Worldwide as well as the case study Islamic Relief Worldwide Pakistan.

Objective

The objective of the study as stated in the Terms of Reference between Deloitte and Sida is:

- To carry out a capacity study with regard to both the internal structures of the organisation and its capacity to implement humanitarian programmes in accordance with the Swedish policy on humanitarian assistance. The capacity study of Islamic Relief Sweden shall facilitate the possibilities for Sida to assess the organisation in view of possible coming more long-term agreements, possible larger scale co-operation and possible regional programmes. The assignment shall comprise the whole of Islamic Relief's organisational setup in Sweden (the board and the secretariat) as well as selected activities in the field with a particular focus on the recent humanitarian emergency programmes in Pakistan.

- To map and document the organisations regarding the following five areas:
 - Organisational structure
 - Management of activities
 - Administrative systems and routines
 - Personnel administration
 - Financial control
- To perform an analysis with clear recommendations mainly within the five areas presented above.

Scope and Delimitations

The scope of our work has comprised the following activities:

- Interviews in Sweden, Birmingham (UK) and in Islamabad, Muzaffarabad and Bagh (Pakistan) with a number of people at different positions within the associations or relevant stakeholders. For these interviews a tailored questionnaire was used as reference. For a list of persons interviewed, please see appendix 1.
- Desk reviews of policies, procedures, manual, guidelines, reports, agreements and other relevant documentation relating to Islamic Relief Sweden, Islamic Relief Worldwide and Islamic Relief Pakistan. For a list of documents reviewed, please see appendix 2.
- The review has focused on the capacity to perform emergency relief operations, and has included the following areas: organisational structure, management of activities, administrative systems and routines, personnel administration and financial control. Please see the Terms of Reference in appendix 3 for detailed information of what is included under each area.
- Please be aware of the following delimitations to our work:
 - The conclusions are based on only one case study (Islamic Relief Pakistan) of an ERP. It is important to keep in mind that other country offices as well as other ERPs may be operated quite differently.
 - The objective of the study is to review the organisation's capacity and not to perform an impact oriented review. Thus, the effectiveness of the ERP is not assessed and queries to beneficiaries are not included in the scope.
 - The review is based upon interviews and triangulation of information supported with a review of policies, procedures and guidelines. Only on a few occasions has detailed testing of e.g. supporting documentation been performed.
 - Due to time constraints and availability of employees at the time our visit, some sub-sections are covered in different levels of detail for each of the associations.

Terminology and Abbreviations

Term/Abbreviation	Explanation
ERP	Emergency Relief Programme
NGO	Non-government organisation
INGO	International Non-government organisation
IR	Islamic Relief
IR HQ	Islamic Relief Worldwide, headquarters
PHF	Pakistan Humanitarian Forum (Emergency coordinating body in Pakistan)
SFI	Stiftelsen för insamlingskontroll (The Foundation for Fundraising Control)
DPRU	Disaster Preparedness & Response Unit

Organisational Mapping and Analysis

The first sub-section below includes a description of the Emergency Relief Programme (i.e. the case study). Following this, the organisational mapping is presented for each of the five areas specified in the Terms of Reference. Please note that the mapping also includes an analysis of each of the areas. Each sub-section ends with a summary of the strengths and the areas of consideration.

Description of the Emergency Relief Programme

Islamic Relief Worldwide *started working in Pakistan in 1992* and registered in 1994. Islamic Relief Pakistan had been undertaking development projects including health programmes and disaster preparedness in Pakistan controlled Kashmir since 1998. The organisation had established offices in Muzaffarabad, Bagh, Dhirkot, Rawalakot, Forward Kahuta and Neelum Valley with a total capacity of 200 staff members and a Country Strategy Document in place. Through the interventions in progress before the earthquake, Islamic Relief was able to respond to the emergency one day following the earthquake, utilising the network of community-based organizations in districts Bagh and Neelum Valley which had been developed. Islamic Relief was furthermore one of the founding members of Pakistan Humanitarian Forum (PHF). As PHF was established prior to the earthquake it was an important coordinating body.

The Emergency Relief Programme (ERP) was initiated to support the earthquake affected areas in northern Pakistan. Islamic Relief performed emergency distribution of food, non-food items and provided medical services to earthquake affected population in four districts in north Pakistan. More than 73,000 people were killed, 128,000 injured and as many as 3.5 million people were left homeless by the 7.6 magnitude earthquake that struck south Asia on 8 October 2005. The city of Muzaffarabad was ruined by the quake and roads, buildings, hospitals, schools and houses were destroyed. The whole district suffered 80% damage, leaving nearly 820,000 people affected by the disaster.

The initial *situation analysis and needs assessment* was performed by the country/field office which was further developed jointly with the Disaster Preparedness & Response Unit (DPRU, sent out by IR HQ) In terms of selection of beneficiaries IR depended on the lists provided by the Pakistani Army. This was true of all organisations and agencies active in the area. Through its own network IR Pakistan cross-checked needs. IR Pakistan's presence in the emergency area before the disaster enabled a

participatory planning process with the communities. In view to the widespread destruction and the recognition that Islamic Relief has been working in the area (Azad Jammu Kashmir, AJK), international agencies such as Concern Worldwide, Action Aid, and Save the Children UK conducted a two-phased joint rapid assessment together with Islamic Relief in most affected parts of AJK. The assessment teams visited various villages to assess the impact of earthquake on the lives of the affected population. This was mainly done through observations, structured, semi structured interviews, and focus group discussions with the affected people.

Throughout the ERP, IR Pakistan showed a significant, pragmatic and effective commitment to *coordination and networking*. The national coordination body Pakistan Humanitarian Forum (PHF) had a meeting three hours after the earthquake occurred in which IR Pakistan was participating. The NGOs made a joint initial assessment of the situation, performed a need analysis and coordinated the interventions. The UN also played an active coordinating role during the relief phase following the earthquake. After a couple of days, UNDAC/OCHA was established in the field and held regular meetings throughout the relief phase in which IR Pakistan participated. The humanitarian cluster system was piloted in Pakistan, and sectoral coordination groups were established in the different humanitarian hubs (e.g. Mansehra, Bagh, and Muzaffarabad) as well as at the national level. Many of the cluster groups are still active today. Islamic Relief participated actively in the cluster group meetings held at the field level as well as in Islamabad (national level). Further evidence of networking and coordination is also found in the partnerships with international humanitarian agencies such as Cafod, Christian Aid, Concern Worldwide, IDRF, Action Aid, and Save the Children UK.

IR HQ was informed about the disaster situation and the project committee approved the project. Headquarters then created an initial emergency budget and informed all the fundraising offices of the emergency through a so called “Emergency Update”. IR Sweden was one of the offices which decided to *raise funds for the ERP* and an application of funding to Sida was prepared. When the funding had been arranged and transferred to IR Pakistan (via IR HQ) an agreement was written between IR Sweden and IR HQ where the donor’s requirements were communicated.

The *implementation* of this ERP was performed by IR Pakistan while IR HQ (via the regional office) was the monitoring body. In the Pakistani ERP, the chairman of the Swedish board travelled to the disaster area to monitor the programme as well. The official final report of the ERP was written by the local office, the Emergency & Relief Unit and other groups involved in the ERP.

Initially targeting 10,000 families with an initial budget of the ERP was £ 2.6 million, Islamic Relief reached over 300,000 people in the affected areas. Grants from Sida enabled support to 1,000 families with emergency relief items. So far, IR has distributed 15,121 tents benefiting around 100,000 people. Around 200,000 quilts and blankets and 30,000 mattresses and sleeping mats have been distributed to survivors in Muzaffarabad, Bagh, Rawalakot and Neelum Valley. Islamic Relief’s analysis of impact shows that the project achieved its intended objectives, which is supported by organisations and agencies that we have spoken to.

One of the difficulties experienced during the ERP was high staff turnover, due to the presence of a large number of NGOs and INGOs

and the resulting high demand for experienced staff. Furthermore, Islamic Relief's field staffs were among those directly affected as many lost the lives of close relatives, incurred financial losses, and/or were traumatized. Furthermore, the growing demand for relief items essentially meant an acute shortage of relief supplies in the market. The situation was further exacerbated by the government's decision to restrict sale of tents to private and NGO orders during the early phase of emergency response. This was overcome by identifying alternative suppliers in and outside of the country; this was made easier given Islamic Relief's international presence and experience in relief programmes.

For further details, please refer to the final report of the ERP prepared by Islamic Relief (*"Sida/Islamic Relief Disaster Response Programme – South Asia Earthquake 2005 Final Narrative Report"*), attached separately to this report.

Organisational Structure

"Vision: A caring world where the basic requirements of people in need are fulfilled".

Islamic Relief is easiest explained by quoting its mission statement:

"Inspired by Islamic values, Islamic Relief Worldwide will be a worldwide role model in (a) Assisting individuals, groups and institutions to develop safe and caring communities, (b) Helping the poor and those who are suffering to enjoy self-reliance, with dignity, (c) Making it possible for those who wish to support others to reach those in need of their help.

To achieve this, we will raise funds, build partnerships and communicate key messages as we work to (a) Mitigate the effect of disasters, prepare for their occurrence and respond by providing relief and rehabilitation, (b) Promote sustainable development through programmes in education, health and nutrition, water and sanitation, and income generation, (c) Advocate on behalf of the poor and suffering".

Description of Islamic Relief Worldwide

Islamic Relief is a British-based international aid agency addressing the needs of the world's poorest people. It was founded in 1984 in Birmingham, where the headquarters for Islamic Relief is located today. Twenty years on, and the organisation has grown into a worldwide institution with seven figure Euro budgets, about 2,000 employees and hundreds of thousands of beneficiaries. Islamic Relief has fundraising offices in 11 countries around the world (of which eight are European countries). Funds come from both individual donations and institutional donors such as the UK Department for International Development (DFID), the United Nations World Food Programme (UNWFP), and the European Commission Humanitarian Office (ECHO).

Islamic Relief is the largest European based Muslim aid agency and aims at drawing together the acquired technical and philosophical traditions and values of both Western and Islamic societies. Islamic Relief Worldwide has full-time offices in 25 countries and provides assistance in over 30 countries worldwide. In many of the areas where the organisation has field offices, Islamic Relief's initial involvement was due to a natural or man-made disaster that led to a humanitarian crisis. The organisation is working with emergency relief as well as development activities. Islamic Relief works with local communities, regardless of race, religion or gender, by helping them to recognise and use their skills in order to develop their potential to do more. This means that Islamic Relief can eventually withdraw from these projects and move on to other areas of the world where its work is needed.

The organisation operates through a global network of locally registered Islamic Relief partners/affiliated implementing partners. Affiliated partners are, for example, field offices such as Islamic Relief Pakistan. They liaise closely with Islamic Relief headquarters within a formal reporting and monitoring framework that ensures all affiliates work towards the achievement of the same core strategic objectives. The Islamic Relief Partners are established as separate independent legal entities with their own jurisdiction. They are primarily dedicated to raising humanitarian funds and awareness of Islamic Relief Worldwide projects, but also carry out humanitarian programmes in their own countries.

Islamic Relief Worldwide's voluntary income grew from £18.4 million in 2004 to £35.4 million in 2005. The 92% growth was mainly due to the tsunami and the Asia earthquake. 60% of the income was raised in UK and the remaining 40% from the other 10 fundraising organisations (USA and France provide the second and third largest contributions). The institutional funding amounted to £5.5 million or 13% of total income (compared to £1.7 million or 8% in 2004). The annual report states that 85% of the total expenditure was spent on charitable expenditure.

Islamic Relief strongly emphasizes its adherence to the Code of Conduct in folders, on the Intranet and even on their business cards. We also noted that the organisation in its final report of the ERP has reviewed its compliance with each of the paragraphs in the Code of Conduct and commented upon areas where compliance could not completely be ensured. This further indicates a strong commitment to the Code of Conduct.

Description of Islamic Relief Sweden

The Swedish branch of Islamic Relief was founded in 1996 and is very small – both in terms of turnover and number of employees. IR Sweden currently has three people on its salary list: a project coordinator (working 80%), an operating manager (working 50%) and the chairman of the board (working 20%). The chairman is also responsible for the bookkeeping together with a volunteer. IR Sweden has a number of volunteers working for the organisation and is currently looking to expand its staff with one or two more employees in the areas of accounting and project administration.

The annual turnover for IR Sweden amounts to SEK 3-3.5 million, i.e. the Sida funding of SEK 3 million in October 2005 doubled the organisation's income. IR Sweden raises funds for both humanitarian and development activities. The humanitarian activities during the Muslim holidays 'Id al-Adha' and 'Id al-Fitr' are important to the organisation. In relation to other donor country offices, Sweden has the second smallest contribution to the worldwide network with only 8% of its contribution being unrestricted funds.

Description of Islamic Relief Pakistan

Islamic Relief established its office in Islamabad, Pakistan in 1992. IR Pakistan's activities are focused in Azad Jammu & Kashmir (AJK) and Balochistan where there are two field offices. Islamic Relief's local office in Muzaffarabad (operating since 1998) co-ordinates relief programmes in Neelum Valley and Athmuqam. IR Pakistan has implemented many relief and development projects including drought relief in Balochistan, disaster response (earthquakes, droughts, cyclones, and floods), Orphan Support, Prevention of Blindness programmes, and Education Enhance-

ment Programmes. In 2001 the organisation launched the Neelum Valley Integrated Development Programme, which covers health, water & sanitation, sustainable livelihoods, and disaster preparedness.

In the last five years, IR Pakistan has expanded significantly. According to management, a clear expansion could be noted after Islamic Relief had signed the Red Cross/Crescent Code of Conduct, and thus communicated to donors and society that funds are not just given to Muslims.

Before the earthquake, IR Pakistan had less than 200 employees – a figure increasing to about 400 after October 8, 2005. The senior management is placed in the country office in Islamabad except for the area managers located in the field offices. The Country HQ Desk in Asia is the organisation which IPR reports to in the Islamic Relief network.

Networking and coordination skills

Islamic Relief is a non-governmental organisation (NGO) in consultative status (category special) with the Economic and Social Council of the United Nations, signatory to the Code of Conduct of the International Red Cross & Red Crescent (since 1995) and the Code of Conduct of People in Aid. Since 2002 Islamic Relief is a framework partner of ECHO (the European Community Humanitarian Aid department) and the organisation is also a member of BOND (British Overseas NGOs for Development) and DEC (Disaster Emergencies Committee). The Swedish organisation is a member of Forum Syd and is currently working actively to establish a relation with Sida.

In the reviewed ERP it was noted that the country office worked together with other NGOs through the national coordinating body PHF (Pakistan Humanitarian Forum). IR Pakistan held the chairmanship of PHF for one year and helped developing the organisation. The organisation also participated actively in the humanitarian cluster group meetings (initiated and coordinated by the UN) which were held at the field level (sectoral/district) as well as in Islamabad (national level).

Level of adaptability in case of an ERP

As the number of staff in Pakistan was more than doubled after the earthquake, the organisation showed a possibility to expand upon a disaster. Each staff member's contract is renewed every year, which is also the case for management positions. The evaluation performed at the end of each year results in a decision whether the employee should stay or not. In this way, IR Pakistan is flexible to scale down after a large ERP like the one reviewed. Furthermore, there is an exit strategy included in the initial ERP strategy, which means that problems related to scaling up and down in case of an emergency is considered. We also noted that the organisation managed to maintain the normal development programme after initial relief aid.

Strengths and Areas of Consideration – Organisational Structure

Strengths

- Very high credibility in the programme area combined with a systematic organisational commitment to the humanitarian agenda.
- Organization is appropriate, adaptable and diversified, and experienced in ERPs.
- Excellent networking skills at local and national level and a sophisticated level regarding Humanitarian Relief Agenda.

- Commitment to coordination clear both in rhetoric and in practice, both at national level – primarily through the PHF, and at local level – through the relevant lead agencies of the clusters.
- A clear organisational commitment to the Code of Conduct.
- A flexible organisation with the ability to maintain the normal development programme after initial relief aid.

Areas of consideration

- IR Pakistan will most probably face a challenge to scale down after the earthquake as the number of staff has more than doubled since pre-earthquake.
- The location of one of IR Sweden's two offices, inside the mosque, sends one message to IR's core constituency, another message to secular Muslims in Sweden, a third message to other faith-based organisations in Sweden, a fourth message to non-Muslims etc. IR Sweden should carefully consider the implications of shifting to a different location for its future effectiveness, as a relief and development organisation seeking its rightful position in the Swedish NGO mosaic.
- Internal capacity building is mainly focused on the field office and not on the fundraising offices. Meanwhile, we have been informed that IR Sweden and IR HQ have agreed to additional investment in the Swedish organisation's capacity in the time period 2007–2009.

Management of Activities

Systems in place for administrating relief programmes

In order to respond quickly, Islamic Relief Worldwide has created a system where a specifically designated team (Disaster Preparedness & Response Unit, DPRU) is on constant alert in various countries around the world, ready to mobilise at a moment's notice. The DPRU works together with the country/field office to make the initial situation analysis and needs assessment. PHF had a meeting three hours after the earthquake occurred where IR Pakistan was participating. The NGOs made a joint initial assessment of the situation, performed a need analysis and coordinated the interventions. DPRU is responsible for implementation the first 90 days and after that the responsibility is handed over to the Emergency & Relief Unit.

After IR HQ is informed about the disaster situation, a project committee approves or declines the project. After that, headquarters creates an initial emergency budget and informs the fundraising offices of the emergency through a so called "Emergency Update". If the Swedish office decides to raise funds for the ERP, a decision needs to be made by the Swedish board. As this procedure was formalized after the reviewed EPR, we could not test this procedure for effectiveness for this case study.

In regards to administrative systems in place, we noted that the Swedish office recently developed an own Microsoft Access database ("IR Project") which is to be used for registering and monitoring all its activities. So far, only a handful of projects are registered in the database. The intranet of Islamic Relief Worldwide (i.e. "extranet") should also be mentioned as it has the function of an information sharing database regarding the different programmes Islamic Relief is involved in around the world.

Follow-up and quality assurance

Goals and objectives are set up for all projects in the Country Strategy Document. This document is however currently being changed within Pakistan due to the major impact of the organisation's efforts after the earthquake. All projects have their own budget which is follow-up upon by the quality monitoring unit at the country office. Grading scales have been set up to monitor the quality. The finance department at the country office also monitors over and under spending within the project. As the finance function is involved early in the process, a proper follow-up is facilitated.

The normal procedure is that the field offices send quarterly reports to the headquarters. In the case of emergency projects, reports are sent on a monthly basis. Weekly reports are sent at the time of disasters, since there is a greater cash flow taking place. The finance department at IR HQ will get back to the country office in case of queries and follow-up. This may for instance be the case if the narrative information shows variances above threshold values or if income/expenditures have not been recorded properly.

IR HQ is responsible for monitoring the performance of the programme and then report back to Sweden. The monitoring includes verifications of expenditures. The donor's requirements, roles and responsibilities and obligations are stated in the agreement which is written between IR HQ and IR Sweden. All transactions are coded in the accounting, enabling follow-up on expenditures by the project manager in the finance department.

In the Pakistani ERP, the chairman of the Swedish board also chose to travel to the disaster area to monitor the programme. When returning home, a report of the visit was written. The official final report is written by the local office, the Emergency & Relief Unit and other groups involved in the ERP. For longer, large scale operations, quarterly reports are also written.

We noted practical examples of cultural bridge-building in how Islamic Relief deals with cultural snafus, e.g. discussions regarding gender issues, regarding how to apply the Code of Conduct to relief situations, staff policy and recruitment etc. In terms of selection of beneficiaries IR depended on the lists provided by the Pakistani Army. This was true of all organisations and agencies active in the area. Through its own network IR cross-checked needs.

Cost effectiveness

The cost effectiveness of the organisation and its programmes has not been studied in detail. It should however be noted that the cost effectiveness must be seen in context of capacity building of local institutions and impact of national and district coordination. We have also noted that the organisation's offices and infrastructure are locally adapted and indicate cost awareness. It should be noted that Islamic Relief is self-operating, in contrary to many other NGOs. There is an ongoing debate whether this implies a higher or a lower cost structure. Furthermore, as very few expatriates are working within the country offices, the payroll costs can be kept down.

Emergency relief competence

Islamic Relief is, just like the name suggests, an organisation with large focus on emergency relief. Of the 170 projects Islamic Relief is currently involved in around the world, 25 are ERPs. As the organisation has been

involved in several relief operations, experience and institutional knowledge are believed to exist within the organisation. This comment is also based upon the organisational setup of with emergency expert teams (Emergency & Relief Unit /Disaster Preparedness & Response Unit). The Swedish organisation also has previous experiences from disasters. During the earthquake disaster in Turkey, IR Sweden distributed 150 tents provided by the Swedish Army via a Turkish organisation.

Emergency relief standards

An Emergency Response Manual exists and is available on Islamic Relief's Intranet ('extranet'). This includes references to emergency relief quality standards, such as the Sphere Standards. IR Pakistan has been working with Sphere standards since 2–3 years back. The country office sends information to the field offices (responsible for e.g. distributions) regarding the minimum standards specified by the Sphere standards and compliance is monitored by the IR HQ.

We have noted that although being a small organisation, the Swedish office is aware of the Sphere standards and has also included these as a factor in the organisation's decision-making process. IR Sweden has also developed guidelines regarding disaster response and preparedness. These guidelines had not been developed at the time of the earthquake disaster in Pakistan and this ERP we could thus not test whether the response was in line with the guidelines.

Policy structure

IR HQ is the policy developing body. We noted traces of a rapidly developing somewhat "top-heavy" policy environment. Our assessment is that this is partly driven by increasing fund flows from qualified and demanding donors and that the organisation is trying to get up to speed regarding policy development to be in compliance with the humanitarian policy environment. This could be noted at the global level as well as at country level (both fundraising and operating countries). It was also noted that IR Pakistan performs benchmarking studies regarding policy environment against e.g. Oxfam. We do believe that most policies are in place but that they have not yet been operational long enough to be properly implemented. The security/contingency plan could be mentioned as an example, which IR HQ has just updated and are plans to roll out next year. At IR Pakistan we also noted that there was an awareness of security issues but that the policy was not yet completely formalized and implemented. It is however worth mentioning that the security is mentioned as one of the five main HR principles for Islamic Relief.

At the global level, the policy structure is available for all offices via the organisation's intranet (called the "extranet"). The policies are divided into four sections: (1) Policy & Governance, (2) Relief & Development Operations, (3) Fundraising Operations Management, and (4) Office Management and Administration. When necessary, policies are extracted and modified to match the country's rules and regulations.

The policy environment at the Swedish office is much greater than what could be expected from an organisation of IR Sweden's size. The operating manager has previous experience in developing policies in manuals for companies and has made a huge effort with establishing policies, manuals and guidelines deemed relevant for the Swedish office. Many of these are based upon the global policies but modified to suit the Swedish environment. We have noted that the documents vary in detail and quality. Although not yet completely developed, our assessment is

that the policy environment (policies, guidelines and manuals) will meet future expansion of the organisation.

IR HQ, IR Pakistan and IR Sweden are all committed to humanitarian principles and to developing staff and learning from experience. Meanwhile, globally this is an organisation in the process of multiyear, rapid expansion being implemented in parallel with conceptual deepening and sophisticated policy development. This is an enormous challenge for every manager in the organisation. Our impression is that at senior levels leaders and managers are keeping up, just. At field level programme implementation clearly takes precedence over long-term organisational development. We believe this to be appropriate in the earthquake aftermath, and the combination of results focus with conceptual ambitions is impressive and refreshing. Every level of the organisation appears to be in need of time for reflection and catch-up however. Activities designed to support organisational “settling in”, e.g. reflection, training, peer reviews would most likely be highly effective.

Beneficiary involvement and sustainability

Needs analyses for the programmes are based upon experience, discussions with beneficiaries, assessment surveys, baseline studies and/or information available from other reliable organisations, such as the UN. Due to IR Pakistan’s presence in the area prior to the disaster, the organisation has access to the community and beneficiaries (e.g. local elders, religious leaders). In long term projects, the needs are assessed through participatory discussions with the communities, while needs assessments for relief programmes are made on the spot, based on prior experience of the community and contacts with its leaders.

Islamic Relief also clearly states to the beneficiaries (as well as in the programmes) that they should be active and involved in the ERP and work for becoming self-supporting. The organisation encourages the people to save their earnings, develop the skills, and to invest in the development and rehabilitation programmes. We have noted specified details for the social mobilisation and resolutions with the beneficiaries for their needs identification.

Many of the principles and methodologies for beneficiary involvement are the same or similar to those used by other, experienced and sophisticated, NGOs. In areas, such as AJK, where the population is primarily Muslim, the organisation has a credibility surpassing that of other faith-based and secular organisations. In our opinion this significantly improves their effectiveness both in terms of programme implementation and in terms of furthering the humanitarian agenda.

Strengths and Areas of Consideration – Management of Activities

Strengths

- A system in place enabling quick response by the organisation.
- Quantifiable measure of performance used, mainly focused on impact.
- Significant, pragmatic and effective commitment to coordination.
- Very high beneficiary involvement.
- Good awareness of sustainability issues and a sophisticated method.
- Good knowledge regarding Sphere standards, both on national and local level.
- A separate Humanitarian Policy exists (Emergency Response Manual).

Areas of consideration

- Broad and sophisticated policy environment on a global level. However, policies are not yet implemented on a national level (e.g. security policy is not yet completely implemented at IR Pakistan). Also, we have seen indications of policies being produced on an ad hoc basis.
- Questions regarding how long the organisation can keep up with its own success. The DFID support is very important for organisational stability. IR needs to find other long-term partners with an understanding for the organisation's organisational infrastructure.
- We noted, from some of the examples of marketing materials presented to us at IR HQ (materials produced by European fundraising departments and neither at IR HQ nor IR Sweden), a portrayal of beneficiaries as helpless recipients. These images used in Islamic Relief's information material and marketing may not be in line with the humanitarian agenda, as they present the people as victims rather than individuals.

Administrative Systems and Routines

Governance structure

The governance of Islamic Relief Worldwide is the responsibility of the Board of Trustees and is currently made up of five trustees devoting their time voluntarily. The directors of the company are also the charity trustees for the purpose of charity law. The Board of Trustees contractual obligation is to direct and control the organisation through the process of governance. It plans future missions and priorities, monitors the present performance and measures progress. The Board of Trustees' focus is primarily on strategic planning and governance which includes: measuring strategic results achieved by management, satisfying regulatory requirements of the charity and fulfilling the Board of Trustees responsibilities to all stake holders.

When appointing Trustees emphasis is placed on getting the diversity of skills and knowledge that is required for an effective Board. The process entails determining the optimum skills, knowledge and experience mix for the current operational climate and needs, identifying potential trustees and promoting and explaining the activities of the Board to potential trustees. Quality, characteristics and qualifications are decided upon when selecting members of the Board of Trustees. However, the process may include personal approaches to potential candidates. Once short-listed the chairman of the Appointments Committee contacts all nominees in writing and the selection process is then enacted to select the Trustees.

The Board of Trustees appointed a Board of Management whose role is to follow up the progress in the implementation of the strategy approved by the Board of Trustees. The Board of Management receives regular reports on the performance of the organisation. The annual financial reports along with plans and budgets are approved by the Board of Management before presenting them to the Trustees. This is where the approval of policies and procedures that are to be implemented throughout the organisation takes place. The Board of management consists of 10 people. A certain unit exists/has been started for policy development.

Islamic Relief has a system with "Interconnecting directorship", meaning that the member of one local board is also member of another country's board. This is an information-sharing as well as a controlling function.

On the country level there is a Management committee (COMT) taking care of the major day to day decisions. IR HQ always needs to be consulted in terms of major decisions. As the board is not considered be strong on country level, the COMT has the operating power. The day-to-day decisions are mainly made by the area management team or the field management.

Governance in Sweden

The power of the Swedish organisation lies within the board of directors. The board for IR Sweden consists of seven members and two deputy members; all nine are Swedish Muslims and three are women. The founder of IR Sweden, who is also member of the Islamic Association in Sweden (Islamiska Förbundet), is represented in the board. The chairman of the board was previously the chairman of The Swedish Muslim Council ("Sveriges muslimska råd"). The board has meetings about every second month or if there is need for a board decision. No documented procedure for when this is the case does currently exist, but it should involve "larger issues or decisions", such as whether IR Sweden should get involved in a new project or hire a new employee or if a disaster occurs. To some extent, the role of the board can be considered to be operational, but does also have monitoring duties.

The medium-term strategy of Islamic Relief Sweden is unclear to us. The Swedish organisation's vision is to "grow and become a large player in Sweden". It is neither clear what the purpose of this is nor how it is to be measured (e.g. growth of/or type of activities, growth in turnover or number of employees etc). A further amount of participation in the field work is considered to be important for the Swedish organisation, in order to increase the institutional knowledge.

Both the chairman of the board and the founder are included in the project committee. The remaining two members of this committee are the project coordinator and the operating manager. The project coordinator is the person responsible for filing applications, reporting and following up on the projects.

Administrative systems and routines

IR Sweden did previously not possess the capacity to apply for public grants (from Sida, Forum Syd etc). As IR Sweden hired a project coordinator, it has actively started to build up capacity necessary to apply for public grants and to monitor the programmes IR Sweden is engaged in. IR Sweden has policy documents in place describing the planning- and decision-making process in regards to public grant application management. The organisation shows knowledge about the logical framework approach (LFA). It should however be noted that the procedures are quite new and not yet tested in a sufficient number of programmes to be able to assess their capacity. Furthermore, IR HQ has experienced capacity in public grant application management and is supportive to the Swedish branch.

Mainly due to the rapid growth, resulting in lack of space, the archiving procedures at IR HQ have fallen behind. Although the most important documents are kept in fire proof safes, all archives at the headquarters are not to be considered as properly safeguarded. Some actions have however been taken, e.g. scanning of photos.

Purchasing procedures

Islamic Relief always strives to make procurements from local vendors. Procurements for the ERPs are made by the country offices. Purchasing routines are in place saying that all procurements over a certain amount need to be approved by a procurement committee.

At the international level, purchasing procedures are very sophisticated and ambitious. Areas taken under consideration is i.e. environmentally friendly goods and fair trade goods. We have noted an unusually high level of long-term thinking and “macro-level” awareness regarding the impact of the purchasing procedures within the organisation.

Procurements are very limited at IR Sweden and normally include purchasing of office material or such. All purchases within IR Sweden should have a purchase order and must be authorised according to the organisations purchasing procedures.

Risks

The internal control structure within Islamic Relief comprises (a) strategic and operating plans approved by the Board of Trustees, (b) regular consideration of results and variance from budgets by the Management Committee, (c) reviewing and ensuring the segregation of duties, and (d) the identification and the management of risk. The risk awareness at the organisation is considered to be good and it is our understanding that the control environment in place reflects the risk assessment.

One of the most important risks discussed was relating to the organisation’s image. It has been noted that the name “Islamic Relief” has its pros and cons. By being called “Islamic Relief”, the accessibility to a large number of donors and volunteers and is created. The organisation also experiences public credibility to its activities due to the values that is connected to the name. On the other hand, “post 9/11” has become a frequently used concept, as Islamic charity has been incorrectly interpreted with terrorism funding. One of the implications has been that the organisation has faced office raids and extra administrative duties. Our overall impression is that the pros of the name clearly outweigh the cons.

One of the informal anti-corruption controls in place at Islamic Relief is the many country offices (such as in Pakistan) have an expatriate as country director. This is however not a corporate policy.

Strengths and Areas of Consideration – Administrative Systems and Routines

Strengths

- Capacity and experience within the Swedish organisation regarding administration of applications and follow-up. Also, the global organisation has adequate supportive systems in place.
- Ambitious systems and committed staff at the Swedish office.
- Very sophisticated and ambitious purchasing procedures at IR HQ.
- Good risk awareness with a control environment matching the risk assessment.

Areas of consideration

- Overall, it is clear that the weak link to date is IR Sweden. The Swedish organisation does not yet have stability and maturity organisationally. It needs to continue its process with becoming more professional and raise its exposure to Swedish society outside its core constituency.

- The Swedish board of directors consist of a homogenous group of people. We believe that the Swedish organisation would benefit from recruiting an external person to the board providing Islamic Relief Sweden with access to other groups within the Swedish society.
- The medium-term strategy of Islamic Relief Sweden is unclear to us. The Swedish organisation's vision is to "grow and become a large player in Sweden". It is neither clear what the purpose of this is nor how it is to be measured (e.g. growth of/or type of activities, growth in turnover or number of employees etc).
- The routines for archiving and registering should be enhanced at IR HQ in terms of safeguarding the documentation.
- While being an important asset for the organisation, the name "Islamic Relief" also brings difficulties which need to be taken under consideration. We believe this to be a challenge more than a threat.
- We have noted indications of procedural delays and loss of initiative, due to vertical communication problems between IR Pakistan and IR HQ.

Personnel Administration

Policies and procedures

The HR function at IR HQ is only three years old. The rapid growth of the organisation can be noted within the HR function as it is trying to get up to speed with all policies and procedures necessary for an organisation of IR HQ's size. For instance, Islamic Relief did not have a training department until 2005. The organisation has built capacity within the HR area by hiring senior managers. The headquarters in UK has recently developed a new HR software and the organisation is planning an organisation-wide roll out. The internet based system is called 'Snowdrop' and includes training records, personnel records etc.

An overall personnel policy is developed by the headquarters and this has been filtered down to the country offices and fundraising offices. This could be noted in both Sweden and in Pakistan where policies modified to the local situations as well as rules and regulations were reviewed.

Due to the size of the Swedish organisation, the personnel administration is very limited in Sweden.

Recruitment and staff turnover

The recruitment area has been another area of focus by the HR function at the headquarters. Under the motto "If you get it right when recruiting, you'll avoid many of the problems later", the HR function has put a lot of efforts into producing checklists, position profiles etc, and to establish a network of HR people within the global organisation. Hopefully, recruiting can be part of Snowdrop in the future.

Recruitment at the Swedish office is limited due to the size. IR Sweden currently considers hiring one or two more employees (a project coordinator and an administrator). Job descriptions also exist for all positions and recruitment procedures are in place, where the board must approve all new hires. We have questions whether the recruitment procedure yet is formalized.

The recruitment process at IR Pakistan is a standard procedure which is included in the local HR manual. A job request with the required competencies is set up and, based on this, the recruitment is performed and a job description is developed.

IR Pakistan experienced problems concerning high staff turnover after the earthquake due to the presence of a large number of NGOs and INGOs and the resulting high demand for experienced staff. The staff turnover was 10.33% (28 people) which can be compared to 3.8% this year (so far). The problem was identified and the salaries were adjusted. The staff turnover is not considered to be a problem at the headquarters.

Payroll

Payroll at the headquarters is outsourced. In the future, Islamic Relief hopes that payroll can be part of Snowdrop. At IR Sweden, the payroll process is segregated as good as possible with one person preparing the salaries and another person making the disbursement. It should be noted that parts of the Swedish salary costs are posted in the general ledger as “consultancy costs”, since the salary is disbursed against an invoice to the employee’s own firm.

Overall, the salary system appears to be simple with per diems as the only part that is not fixed. At IR Pakistan there is an annual increment based on inflation as well as on performance. The performance is measured on a 5-level scale (documented on a Staff Performance Appraisal-form) as part of the annual appraisal process within Islamic Relief. Certain percentages of increment are connected to the grading.

Personnel competencies

We believe that the people within Islamic Relief Pakistan, Sweden and at the headquarters are very committed. The employees at the field office seem very competent. At the country office in Pakistan, there is a requirement that all senior managers should have master level educations.

Islamic Relief Worldwide is describing itself as an equal opportunities employer. As far as possible, IR Pakistan prioritises to hire locals in the different regions to avoid conflicts. Gender balance at the headquarters as well as in Pakistan is considered to be good, while the Swedish organisation is too small to be evaluated in terms of gender balance. We consider it worth mentioning that not all employees at the headquarters were Muslims.

As previously mentioned, the training group within the HR department is newly developed. The department’s objective is to “train people to be trainers”, i.e. to develop a learning organisation. This work is performed in all Islamic Relief’s regions. At IR Pakistan, the HR department has a certain group of three employees responsible for performing an annual “Training Need Analysis”. Training is available both nationally and internationally. We have also understood that Islamic Relief has started with job rotation and that transfers and inter-office shuffling is also possible.

Volunteers

Islamic Relief Worldwide considers volunteers the heart and soul of its operations and relies upon them in delivering its services. During 2005, some 950 volunteers contributed to Islamic Relief Worldwide operations. Volunteers have assisted in the varying functions of Islamic Relief Worldwide donating their time in Islamic Relief Worldwide shops, administration and fund-raising activities.

Throughout the earthquake, IR Pakistan had more than 100 volunteers. The duties performed by volunteers included participation at distributions, inventory management, report writing and other depending on capabilities. The compensation was in line with what the other

NGOs were paying. A short-term contract was written with the volunteer and they were monitored by the supervisor on site.

IR Sweden has a number of volunteers engaged but does not have the capacity to administrate all volunteers that would like to work within the organisation. Guidelines for administrating volunteers have been established. These include decision-making process of whether or not to bring in a volunteer as well as conditions between the parties.

Strengths and Areas of Consideration – Personnel Administration

Strengths

- Necessary capacity has been built on global level in the HR area.
- Competent and dedicated employees throughout the organisation.

Areas of consideration

- Policy environment in the HR area is not yet up to speed (e.g. global fundraising policy at IR HQ)
- Insufficient capacity at IR Sweden to administer all volunteers, limiting the organisation's capacity.
- Risks regarding insufficient segregation of duties within the small Swedish organisation need to be considered (for instance regarding payroll) and mitigating controls should be implemented.

Financial Control

System of accounting

Financial guidelines exist throughout all levels of the organisation. The country offices or the fundraising officers develop their own procedures and guidelines with support from the global policy.

All field offices are using one, single accounting system (Quickbooks) while the headquarters is using another (Dynamics). Islamic Relief is currently in the process of changing accounting system with the objective to have one, single system for the entire Islamic Relief organisation.

SPCS is the name of the accounting system used within IR Sweden. The chairman of the Swedish board is responsible for the bookkeeping and a volunteer is helping him out occasionally. As the turnover is relatively small, the accounting system is quite simple with very few transactions. In the case of a large expansion of the organisation, we have questions regarding the capacity of the accounting system as well as the competence in the project accounting area within IR Sweden. Due to the small size of the organisation, the duties can not be properly segregated.

By use of unique pin-codes, income and expenditures are allocated to certain projects within the accounting system. The allocation of total quantities in a programme for one specific donor is based upon the percentage of the total budget. The field offices use their own project codes and may separate it into sub-codes based upon all the donor's specific requirements.

Transfer of funds/Cash management

IR Sweden is a fundraising office and funds come from both individual donations and institutional donors. The main sources of funding for IR Sweden are contributions from societies or individuals. Most funds raised are restricted to e.g. orphans, certain regions or contributions special for the Ramadan holiday. Of the 17,000 orphan sponsorships within Islamic Relief around the world, 300 are sponsored through IR Sweden (about 40% of total funds raised at IR Sweden).

It has been noted that the funding structure becomes very complex for Muslim charity as many donor requests regarding use of funds can be extremely specific, e.g. “to be used for computer in Pakistani office”.

Funds are transferred to the programme country via IR HQ, who is also responsible for monitoring the performance of the programme and then report back to Sweden. The frequency of transfer depends on the size of the fundraising office, but ideally it takes place quarterly. The transfer requests from the field offices normally also takes place on a quarterly basis. At IPR, the funding from the IR HQ is considered to be quite stable over time except for the occurrence of an emergency. In these cases, IR Pakistan initially invests its own money and requests money from an “emergency pool” held by IR HQ afterwards, in order to speed up the procedure.

The Pakistan organisation strives to keep cash to a minimum. A larger cash management procedure takes place quarterly, due to the sponsorships of orphans and widows. IR Pakistan is aware of the risks involved and has implemented controls to minimise the risk.

Another financial control in place is that no bank accounts are allowed to be opened or closed without permission from the internal audit department.

Budgeting

Budgets are made for each project/programme. In Pakistan, there are currently about 50 “mini-budgets” of which about 15 relate to ERPs. Budgets are broken down on activities. In emergency cases, the budget is prepared by IR HQ (i.e. top-down).

The fundraising partner’s budget is based on local expenditure and expected funds raised. Each partner is responsible for the budget to its own board and there is no follow-up (or accountability) of budget between the fundraising partners and the headquarters. A quarterly report on management accounts is however sent to the headquarters. Within IR Sweden, a budget is prepared annually. The budget is mainly used as a follow-up tool for the board and the operating manager reports actual vs. budget figures to the board on a quarterly basis.

Audits

The internal audit function at IR HQ has been established since 2001 and consists of two employees. In the end of this year, the number will increase to five, with one addition in Asia, one in Africa and one in Middle East/Eastern Europe. The Internal Audit department’s objective is to carry out a programme of regular risk-based cyclical audits across fund-raising partners and affiliated implementing partners, thus all reports are directly addressed to the Chief Executive Officer. Checklists are used during the audits. These reports are reviewed by the Internal Audit Committee of the Board of Trustees. The audit programme includes risk based audits of overseas projects and UK based functions.

All projects and programmes are evaluated by the Monitoring and Evaluation department (two people) within IR Pakistan. The field office is also responsible for the quality assurance of the programmes. When the programme is finalised, the external auditors are making a final review, which was also the case for the ERP partially funded by Sida. Apart from this, project staff from the Asian desk makes project evaluations and IR HQ does also conduct an evaluation of the overall Earthquake-operation.

IR HQ requires the field offices to have their businesses audited annually by external auditors. IR Sweden uses a small accounting firm which performs annual financial audits of the organisation. The Swedish organisation does not yet hold a fundraising account (“90-konto”) and are thus not controlled by SFI, ”Stiftelsen för insamlingskontroll” (The Foundation for Fundraising Control).

Transparency

Islamic Relief strives to be as transparent to its donors as possible. The accounting system in place at the country level ensures that a report can be prepared for each donor. Please see the information regarding the accounting systems above. On a global level, the organisation presents annual reports and other information for the public regarding how the money is spent.

Strengths and Areas of Consideration – Financial Control

Strengths

- Financial guidelines exist throughout all levels of the organisation.
- System in place enabling high transparency and follow-up per individual donor.
- Strong monitoring system in place with internal as well as external auditors.
- Relevant internal controls in place for handling cash and petty cash.

Areas of consideration

- Risks regarding insufficient segregation of duties within the small Swedish organisation need to be considered (i.e. regarding accounting) and mitigating controls should be implemented.
- In the case of a large expansion of the Swedish organisation, we have questions regarding the capacity of the accounting system as well as the competence in the project accounting area.

Observations and Recommendations

Please note that the observations and recommendations presented in this section are based upon one single case study and may differ from other country offices and/or ERPs.

- Islamic Relief Worldwide is a rapidly expanding, well qualified humanitarian relief implementer which is well qualified to manage expanding funding flows. Sida is recommended to explore how best to expand its humanitarian funding for the organisation.
- Islamic Relief is also an organisation in the process of rapid expansion which would benefit from “Good donorship” in the form of organisational backstopping, support in developing core functions and, not least a trusting relationship with a realistic, experienced partner on the funding side. Sida are recommended to explore what possibilities exist for it to offer Islamic Relief such a relationship. The possibility of working through a peer-support structure or via specifically tailored consultancies should be considered, e.g.:
 - Could an ex-chairperson of one of the major Swedish NGOs be coaxed to act as advisor to IR HQ/IR Sweden for a period of time?
 - ...or one of our ex-deputy secretaries general to the UN?
- IR Sweden and IR HQ are recommended to maintain and further develop the existing mentoring relationship within which IR HQ would accept actively supporting the development of IR Sweden in the medium term.
- IR Sweden and IR HQ are recommended to approach Sida jointly as IR Sweden does not yet have the stability and maturity to manage the deepening of the Sida-IR HQ relationship that would be most effective.

Sida is recommended to consider IR Sweden for a gradual expansion of humanitarian funding. Such expanded funding should be implemented in parallel with expanded cooperation in activities directed at IR Sweden constituency in Sweden. Sida should also explore IR Sweden constituency to assess IR Sweden as a potential resource base for other Sida activities.

We have observed areas of improvement for Islamic Relief which are presented below together with a recommended action. The observation may relate to a specific association or to Islamic Relief as a whole.

We would once again like to stress that the national associations may differ greatly. Thus, the findings may only relate to the specific case study.

Observation 1 (IR Worldwide)	<i>Policy development – areas of improvements</i> – All policies are not yet implemented on a national level (e.g. security policy at IR Pakistan and fundraising policy at IR HQ) due to rapid growth that the organisation experiences. – Indications of policies being produced on an ad hoc basis.
Risk/consequence	– The structures are not established, maintained and implemented in the same rate as the organisation grows, which may have implications on the output and quality of the programmes.
Recommendation	– For various reasons (e.g. to be in compliance with the humanitarian policy environment), it is of great importance that the development of a new and/or improved policy environment continues. However, it is of even greater importance that the policies developed are filtered down and are properly implemented and adhered to on a local level. – We would like to stress the fact that the development and implementation of policies should cover both the fundraising offices and the country offices. As we have understood, the focus currently lies on the affiliated partners.
Observation # 2 (IR Sweden)	<i>Possible problems with future capacity in regards to accounting</i> – In the case of an expansion of the organisation, we have questions regarding the capacity of the accounting system as well as the competence in the project accounting area within IR Sweden.
Risk/consequence	– Incorrect bookkeeping and/or traceability. – Insufficient capacity to properly administer a greater number of transactions and/or larger donations.
Recommendation	– Training of staff to enhance the competence as well as to create back-ups within the accounting area. – Training should also be performed regarding the accounting system, in order to properly evaluate whether it has adequate capacity enabling larger/more projects while maintaining adequate traceability and transparency. – When designing the accounting organisation, proper segregation of duties and a proper control environment need to be considered.
Observation 3 (IR Sweden)	<i>Improper segregation of duties</i> – Due to the small number of the staff at the Swedish office, the possibility to maintain a proper segregation of duties is limited. This is for instance the case within the accounting and payroll functions.
Risk/consequence	– Fraudulent activities. – Inability to detect incorrect and/or invalid transactions.

Recommendation	– The duties should be segregated to the extent possible, which is especially important in areas involving cash handling (e.g. posting transactions to the G/L, ability to perform cash disbursements/ payments and performing bank account reconciliations; preparing vs. disbursing payroll; maintaining supplier master data vs. disbursing supplier invoices). – Smaller size organisations may use a risk-based approach to ensure that compensating or mitigating controls are in place (e.g. counter-signatures).
Observation 4 (IR Sweden)	<i>Areas of improvements and opportunities for the Swedish board</i> – The Swedish board of directors consist of a homogenous group of people. – The medium-term strategy of Islamic Relief Sweden is unclear to us. The Swedish organisation's vision is to "grow and become a large player in Sweden". It is neither clear what the purpose of this is nor how it is to be measured (e.g. growth of/ or type of activities, growth in turnover or number of employees etc).
Risk/consequence	– Unutilized possibilities in raising funds in previously unexplored groups of the Swedish population. – The absence of a clear strategy risks limiting the organisation's ability to function effectively. Furthermore it makes communication with other institutional stakeholders more difficult.
Recommendation	– The board should set up strategic goals for the Swedish organisation. The global overall strategic goals should be taken under consideration while doing this. The strategic goals should be filtered down to measurable, operational targets that will drive the development of the organisation towards its objectives. – We believe that the Swedish organisation would benefit a lot from recruiting an external person to the board providing Islamic Relief Sweden with access to other groups within the Swedish society. See e.g. recommendation above regarding the possibility of IR connecting with "Names" in the Swedish aid community.
Observation 5 (IR HQ)	<i>Insufficiently safeguarded archives at IR HQ</i> – All archives at the headquarters are not properly safeguarded.
Risk/consequence	– Loss of important documents and experiences in cases of theft, fire etc. – Potential legal issue if documentation requires to be safeguarded by law.
Recommendation	– The routines for archiving and registering should be enhanced at IR HQ in terms of safeguarding the documentation. We have understood that the organisation is about to change offices and we suggest that properly safeguarded archives are included in the building plans. Furthermore, mitigation actions such as scanning of photos and documents should be performed. – Electronic data should be properly backed-up. Ideally, a copy of the back-up tape should be kept off-site.

Observation 6 (IR Worldwide)	<i>Need of review of images used for marketing and fundraising material</i> – We noted, from some of the examples of marketing materials presented to us at IR HQ (materials produced by European fundraising departments and neither IR HQ nor IR Sweden), a portrayal of beneficiaries as helpless recipients. These images used in Islamic Relief's marketing may not be in line with the humanitarian agenda, as they present the people as victims rather than individuals.
Risk/consequence	– An external image out of line with the values of Islamic Relief.
Recommendation	– IR should consider the consistency of its support for the Code of Conduct and the image it projects of vulnerable people in its marketing and fundraising material.
Observation 7 (IR Worldwide)	<i>Vertical communication problems</i> We have noted indications of procedural delays and loss of initiative, due to vertical communication problems (observed between IR Pakistan and IR HQ).
Risk/consequence	– Non-/Incorrectly working vertical communication may result in misunderstandings as well as incorrect/late reporting and/or follow-up. – Incorrect decision-making due to improper and/or incorrect basis for decisions, e.g. information overflow.
Recommendation	– The organisation may consider shortening the communication lines, especially in cases of ERPs.
Observation 8 (IR Sweden)	<i>Insufficient capacity to administer volunteers</i> – Insufficient capacity at IR Sweden to administer all volunteers that would like to work within the organisation, limiting the organisation's capacity. It should however be noted that documented guidelines regarding volunteers as well as terms and conditions between the parties have been established.
Risk/consequence	– Loss of volunteers' interest in working for the organisation due to poor volunteer management.
Recommendation	– Given the organisation's heavy reliance on volunteers, IR Sweden should consider investing more in professional volunteer management.
Observation 9 (IR Sweden)	<i>Problems arising from IR Sweden's office location</i> – The location of one of IR Sweden's two offices, inside the mosque, sends one message to IR's core constituency, another message to secular Muslims in Sweden, a third message to other faith-based organisations in Sweden, a fourth message to non-Muslims etc. We are aware that the organisation has discussed these aspects.
Risk/consequence	– Mixed messages may limit the organisation in terms of funding, accessibility to new donor groups etc.
Recommendation	– IR Sweden should regularly review the implications of shifting to a different location for its future effectiveness, as a relief and development organisation seeking its rightful position in the Swedish NGO mosaic.

Observation 10 (IR Worldwide)	<i>Difficulties regarding IR's organisational infrastructure/culture</i> – There is clearly a specific organisational culture within Islamic Relief. This is one of the organisation's clear strengths. We believe that it may also imply a higher threshold for “traditional” stakeholders seeking contact.
Risk/consequence	– Limited accessibility to “traditional” stakeholders.
Recommendation	– We do not presume to know the solution to this problem, but wish to congratulate IR to the degree it has manage to maintain its current balance between difference and sameness. A continued such balance is a key to the organisation's expressed ambition to fulfil a bridge-building function between western and Muslim humanitarian values. Sida is recommended to support IR in its efforts to maintain its specific identity while communicating better with other stakeholders.

Annex 1

List of Contacts

Name	Position
<i>Islamic Relief Sweden</i>	
Abdallah Salah	Founder, Operations manager
Dario Marlovic	Programme Coordinator
Mahmoud Kelim	Volunteer in the area of bookkeeping
Mostafa Kharraki	Chairman of the Board, responsible for bookkeeping
<i>Islamic Relief, Birmingham England (HQ)</i>	
Haroun Atallah	Chief Executive Officer
Abdulwahhab Sante Ciccarello	FSU Manager
Dr. Adel Sabir	Support & Administration Director
Mohammed Tariq	Administration and facility Manager
Amjid Ilahi	Procurement Officer
Firasat Tanveer	Project Accountant
Javed Akhtar	Finance Department Manager
Javed Bostan	Internal Audit Manager
Dr. Hossam Said	International Programmes Director
Affan Cheema	Head of Programme Support & Grants Management
Wilem van Eekelen	Head of Policy and Research
Shakil Butt	Accounts Department Manager
Atallah Fitzbibbon	Head of Performance & Improvement Unit
Shamsa Hussain	Programme Officer – Asia Desk
Yousuf Kasujee	Emergency Relief Desk Officer
Dr. GHassan El Kahlout	Disaster Preparedness Response Co-ordinator
Ross Coxon	Training Officer
<i>Islamic Relief, Pakistan</i>	
Adil Al Mahi	Country Director
Naser Hussain	Manager Administration
Ayaz Ali	Programme Development Advisor
Iram Bashir	HR Manager
Naser Hussein	Administrative Manager
Okello Hamisi	Relief & Rehabilitation Manager
Sultan Mahmood	Watsan/Shelter Advisor

Dr. Arifa Alvi	Health Programme Manager
Mubashir Abbasi	Finance Manager
Mubashir Mumtaz Abbasi	Finance Coordinator
Muzaffarabad	
Sohail Mahboob	Area Manager (AJK)
Iftikhar Abbas	Finance Manager
Mazhar Zaidi	Administration manager
Dr. Shahida Haris	Livelihood Officer
Community people	N/A
Sajjad Khan	Programme Officer (AJK)
Name	Position
Bagh	
Abdul Raof	Finance Officer
Asim Khan	Administration Officer
Abrar Ahmad	Senior Field Engineer
Sardar Muhammad Fafique Khan	Environment Awareness Officer
Zahida Mubbashir	Hygiene Promoter
Ambreen Iqbal	Project Officer (Social Mobilization Unit)
Ishmail Tan	HR Officer
<i>External organisations</i>	
Abdul Rauf Khan	Director, Small Industries Corporation, Government Official
Dorothy Blane	Country Director, Concern
James Kernen	Country Accountant, Concern
Syed Suluiman	Technical advisor for emergencies, Concern
Saeed H. Kazmi	Director, NUST
Ahmed Sohail	Assistant Professor, NUST
Fatima Naqvi	Programme Manager, HUM Department, Oxfam, Secretariat Pakistan Humanitarian Forum
Raja Mahmood	Project officer WATSAN, UNICEF (seconded to ERRA as Advisor WATSAN)
Arshad Rashid	Development Advisor, European Union
Kamran Akbar	Team Leader, PPAF (Pakistanian Poverty and Alleviation Fund)
Dr. Sadiq	Head of Civil Defence Muzaffarabad
Muhammad Saeed Chughlat	Civil defence Muzaffarabad, major
Wajahat Ahamad	Programme Assistant, WFP
Mr. Awais Manzur Sumra	Director of Planning, ERRA
Dr. Adil	Director Health Services, Government Health Committee, Muzaffarabad
Dr. Farhat	Inspectorist of Health Services, Government Health Committee, Muzaffarabad
Dr. Farooq	Government Health Committee AJK
Dr. Ejaz	Government Health Committee AJK

Annex 2

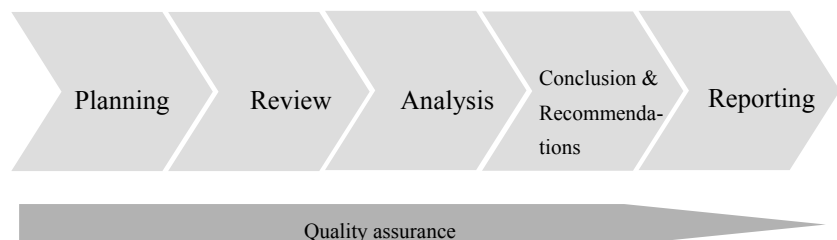
Documents Reviewed

Document name
Islamic Relief – General Presentation “20 years of serving humanity”
Annual Report & Financial Statements – year ended 31 December 2005
Islamic Relief – Annual review 2004
South Asia Earthquake – One year on
Partnership – with the needy (Islamic Relief’s magazine, Issue 29, Summer 2006)
PowerPoint presentations regarding IR HQ (from visit at Islamic Relief headquarters in Birmingham)
Annual report for Islamic Relief Sweden 2005 (Verksamhetsberättelse)
Appeal from IR Sweden, Decision from Sida and the following agreement between Islamic Relief Sweden and Sida
Agreement between Islamic Relief Sweden and Islamic Relief Worldwide
Organograms of IR Pakistan and IR HQ
Concept paper of the emergency
Delegation of authority
Bank account reconciliations
Quarterly project report
HR Manual on Administrative policy, procedure and practices (IR Pakistan)
Financial procedures for IR Sweden
Consultancy agreement between Islamic Relief Sweden and Swedish Quality Innovation (SQI)
Supporting documentation for the transfer of the funds relating to the ERP (e.g. journal vouchers)
Quality manual of Islamic Relief Sweden (including all policies, guidelines and procedures)
Global policies, procedures and guidelines from the international Intranet (“Extranet”)
Information from the organisation’s international and national Internet and Intranet pages

Annex 3

Method

Diagram 1, illustrates the different steps of our method. Each step is described briefly below.



Planning

Initial contact will be held with representatives from the organisation in order to collect information from the various stakeholders and to outline the final scope of the project. Included in this step is the identification of relevant documentation to be collected during field studies (e.g. Code of Conduct, Sphere Standards and other relevant guidelines). Key individuals are identified and meetings are scheduled. An important part of the planning phase is Deloitte's cooperation with the humanitarian aid expert Björn Ternström, who provides our team with expertise in the area of humanitarian assistance. Deloitte will work closely together with a humanitarian aid expert when developing the work plan and the questionnaire. Questionnaires to be used during the on-site interviews with representatives of the organisation (as well as other relevant organisations and stakeholders) will be established, based on the request and scope presented in the ToR, information available in Deloitte's knowledge database regarding best practice, as well as complementary information from humanitarian aid experts and Sida.

Review

The objective of the review is to gather relevant documentation identified in the planning step. Obtained information will be used during the analysis phase, which is further detailed below. In order to get a comprehensive understanding of the current organisational and financial structures of the organisation, meetings will be held with key personnel in Sweden, Pakistan and in the UK. Primary focus areas are the organisations' respective capacity with regards to their internal structure and

their respective ability to implement humanitarian programmes in accordance with Swedish policy.

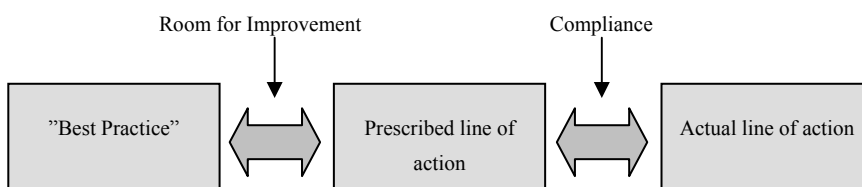
As described in the ToR, the study includes following focus areas:

- *Organisational structure*
A comprehensive review of material and data withholding information as to the organisation's current structure and development will be performed. Further, an extensive mapping of the organisation's involvement and participation with other national/international organisations will be performed and analysed.
- *Management of activities*
By reviewing and collecting documentation from previous and current activities, conclusions will be made as to their effectiveness, degree of fulfilment, method of work, and alignment with best practice.
- *Administrative systems and routines & Personnel and administration*
These areas will be reviewed based on the Deloitte Internal Audit Method, which contains a structured method on how to assess the control structure within administrative and finance related processes. Naturally, the approach will be adapted to the delimitations and focal points presented in the ToR.
- *Financial control*
A comprehensive review will be made, focusing on the existence of formal documentation, collecting information regarding cash management, audit trails, and the financial control environment.

We believe that numerous interviews will be necessary to perform in order to reach valuable conclusions and formulate areas of improvement for the organisation. We intend to conduct as many interviews as possible in person. However, if some of the relevant individuals would be located in other regions we may also conduct interviews via telephone. We believe that the key employees are situated in Sweden, Pakistan and in the UK. Apart from employees within the organisation we believe that it is necessary to interview key individuals in other relevant organisations and stakeholders (such as Sida, the UN and local authorities) in order to assess whether the organisation's objectives have been met, and if not, why.

Analysis

Information obtained from the field studies will be analysed based upon prior experience, "best practice", and applicable analysing methods such as the SWOT-analysis. These tools will enable us to present our findings and recommendations in a practical, clear, and useful manner. Our general approach is described in diagram 2:



The analysis will emphasise, not only the strengths and weaknesses of the focus areas mentioned in the review-chapter but also on current and future capacity of the partner organisations to successfully implement humanitarian programmes as well as how to enhance current performance.

Our methods include a comparison between on site observations and information gathered during the review phase. This comparison will primarily serve as input when evaluating the validity of the organisational structure (both in Sweden, Pakistan and in the UK) and while analysing the administrative systems and routines.

Information gathered with regard to the current network status of the organisations will be used in order to determine and evaluate their positions as to size and interdependence. The analyses of their current networks will determine whether or not these networks need to be further elaborated and/or needs to be redesigned.

Furthermore, the analysis will focus on current cost effectiveness and adherence to applicable policies. This will be done in order to determine management proficiency, result of work, and the suitability of current administration systems.

Conclusions and Recommendations

Observations and recommendations will be concluded in a draft report which is to be discussed with representatives from Sida as well as the reviewed organisation before the final report is completed. A humanitarian aid expert will take part in this phase to further validate our conclusions and recommendations. If requested, a concluding meeting will be held in Sweden. Based on our experience from similar engagements, we recommend that regular communication is held between our team and Sida representatives to continuously discuss project status.

Reporting

Once we have validated and quality assured preliminary findings with senior management and relevant stakeholders, a draft report will be sent to Sida and the reviewed organisation. A final report will be presented to Sida no later than two weeks after received comments.

Quality Assurance

Quality assurance is an integrated part of the review. Our quality assurance covers our whole approach from planning to reporting. Responsible for this work is Michael Bernhardt. Deloitte also puts great emphasis on communication. We will during the whole project communicate preliminary conclusions and planned action with Sida and the reviewed organisation to avoid expectation gaps between expected and actual outcome.

Annex 4

Terms of Reference

Terms of reference – Capacity study of Islamic Relief 2006

(Please note that minor changes was made to the ToR, e.g. change of the reporting deadline)

Sida

The Swedish International Development Cooperation Agency, Sida, is responsible for Swedish bilateral development and humanitarian assistance. Sida also handles most of the co-operation with countries in Africa, Asia, Latin America and Central and Eastern Europe. Sida has approximately 650 employees – including expertise (of whom approx. 100 in the field) in economics, technology, agriculture, healthcare, education and environmental protection. The general goals for Swedish aid are to contribute to a reduction of poverty, to increased democracy and sustainable development in the countries that Sida co-operates with.

For more information, please see Sida's homepage: www.Sida.se

The objectives of the Division for Humanitarian Assistance are to protect human lives and give assistance in accordance with international humanitarian law and assist in mitigating the consequences of humanitarian emergencies in connection with armed conflicts and natural disasters. Humanitarian action in situations of conflict or natural disasters is guided by the humanitarian imperative and the principles of impartiality and neutrality. It must be strictly needs-based and serves to protect civilians and non-combatants and to prevent and alleviate human suffering.

Sida can fund programmes for humanitarian assistance through UN agencies, the Red Cross Movement or through Swedish or international NGOs. In 2005, Swedish humanitarian assistance amounted to 3.2 billion Swedish krona, and the allocation for 2006 is approximately the same.

Background

Sida is constantly reviewing its humanitarian partner organisations in order to find the most effective and efficient channels for the Swedish humanitarian assistance. Sida's Division for Humanitarian Assistance performs capacity studies with a view to clarify needs of change or strengthening of the competence and capacity of the organisation to perform humanitarian assistance. The main focus of the study is the implementation capacity of the organisation.

After the earthquake in Pakistan in October 2005, the Division for Humanitarian Assistance decided to fund a project through Islamic Relief Sweden. The organisation represents the Swedish branch of well-known international networks, but has not previously received humanitarian funding from Sida.

Purpose and Objective

Sida wishes to carry out a capacity study with regard to both the internal structures of the organisation and its capacity to implement humanitarian programmes in accordance with the Swedish policy on humanitarian assistance.

The capacity study of Islamic Relief (IR) shall facilitate the possibilities for Sida to assess the organisation in view of possible coming more long-term agreements, possible larger scale co-operation and possible regional programmes.

Assignment

The assignment shall comprise the whole of IR's organisational setup in Sweden – the board and the secretariat – as well as selected activities in the field with a particular focus on the recent humanitarian emergency programmes in Pakistan. In the assignment is therefore included a field trip to Pakistan.

The assignment comprises mapping and documentation, analysis, and recommendations mainly according to the points below.

Mapping and documentation

A. Organizational structure

- Background and objective of founding the organisation;
- Organisational structure and growth;
- Number of employees, number of members (if any) and basis of the organisation in Sweden;
- Status of the Swedish branch with regard to the international network;
- Participation/involvement in international NGO networks, the humanitarian reform agenda and quality initiatives (HAP, Alnap, Sphere).

B. Management of activities

- Planning of humanitarian activities, with special regard to needs analysis, priority setting, selection of target groups, impartiality;
- Quality assurance – how do the organisations relate to the humanitarian principles, the Code of Conduct, Sphere standards? Do they follow generally accepted humanitarian principles?
- Measurability and goal attainment. Have the programmes been designed in such a way that they are measurable? Have the programmes achieved what they set out to do? Why/why not?
- Beneficiary involvement. How are beneficiaries involved in program design?
- Humanitarian co-ordination. How do the organisations co-ordinate with other humanitarian actors in the field? UN system? Do they participate in the CHAPs? Why/why not? How do they ensure that their work is complementary to that of other organisations, including but not limited to local NGOs, UN bodies and local authorities?

- Efficiency and effectiveness of the programmes? Do they humanitarian programmes include a sustainability aspect? Are programmes carried out in a cost effective way?
- Policy and method? Are there specific policy documents regarding e.g. gender, HIV/aids, environment, conflict sensitivity, corruption? Are these specifically targeted to humanitarian situations?
- Risk assessments? How are they conducted? Do they result in a plan?
- Security issues? Is there a security plan (in conflict areas)? How is it developed?

C. Administrative systems and routines

- Visions, goals, activity plans and policies;
- Mandate/role of governing board;
- Planning process and the use of the activity plan as a guiding instrument;
- System of accounting;
- Decision making and order of delegation;
- System for internal control and communication;
- System of project management;
- Archives and registering;
- Purchasing rules and procedures;

D. Personnel administration

- Overall staff policy;
- Recruitment and selection;
- Staff turn-over;
- Forms and rules of employment, salary system;
- Development of competence of staff at HQ and in the field;
- To what extent do the Swedish branches have their own seconded personnel in the field?

E. Financial control

- Agreements and monitoring of obligations according to agreements;
- Transfer of funds and cash management;
- Budget follow up;
- Main sources of funding;
- Auditing on all levels – how do the Swedish branches ascertain that the chain of audit is maintained?
- Promotion of good administration, transparency in the financing picture and handling of means, and anti-corruption measures.

Analysis

Against the background of its findings the study shall analyse and describe the strengths and weaknesses of the above mentioned points, with special focus on humanitarian emergency programmes.

The study should in particular analyse:

- the organisational structure of IR in relation to its present activities, future plans of activities and to the policy and strategy documents of the organisation;

- the capacity of IR to reach goals set up;
- the division of responsibilities and forms of co-operation in the organisation at planning, implementation and follow-up of projects and integration of experience won;
- how well the project cycle within IR is developed and functions;
- how well the strategic planning functions;
- possible future sources of financing;
- forms of cooperation with local partners and follow-up;
- learning: mechanisms and ability.

Recommendations

The study shall give proposals for possible changes and recommendations in connection to the above points.

Method

The assignment shall be performed through studies of available documentation at the IR office in Stockholm, at its headquarters and in the field (primarily Pakistan) and through interviews with Sida officers in Stockholm and with relevant Sida representatives abroad.

The consultant can create a team to work on the assignment. For the work in the field, the consultants may preferably use local consultants.

Further defining of the methods for performing the study is left to the consultant to decide.

Reporting

A preliminary report shall be given to Sida, Division for Humanitarian Assistance, and IR respectively, in accordance with the specifications below, for possible comments to the consultant on factual errors or misunderstandings, before the final report is handed over.

The report shall be written in English and not exceed 15 pages¹. The structure of the report shall as far as possible follow the Sida Standardised format for Evaluation reports. The report shall be written in Word and submitted in one paper and one electronic copy.

Sida reserves the right to ask for an oral presentation in Stockholm, for Sida and the concerned agencies jointly.

Timetable

The aim is that the assignment shall be started on 1 September 2006 and that the final report shall be handed over to Sida on 25 November 2006 at the latest.

A preliminary report shall be handed over to Sida and IR respectively no later than 1 November 2006, whereupon Sida and IR respectively shall submit their comments (if any) to the consultant within two weeks. The final report shall be handed over to Sida within two weeks after comments have been received.

Specification of Requirements and Requests:

A. Requirements

- The consultant shall possess the compulsory requirements below;
- The consultant shall state how the assignment is to be organised;

¹ Please note that it was decided to ease this restriction, as the parties required additional information in the report (discussed at the debriefing session with Sida, Deloitte and the organisations 13 November 2006).

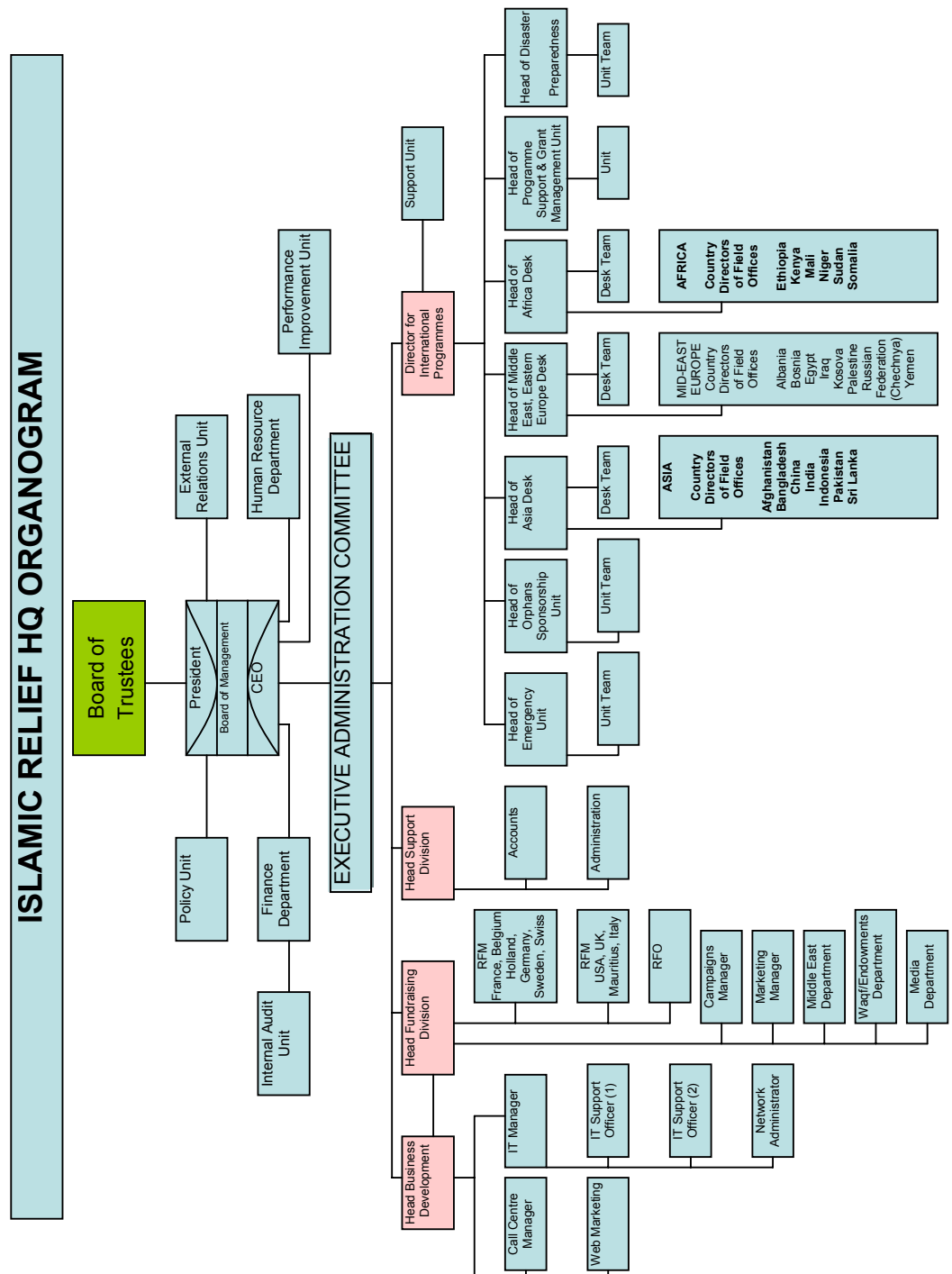
- The consultant shall state availability in respect of the offered Assignment;
- The consultant shall state the total extent of the Assignment, including number of hours required and the number of consultants, specified as fee per hour for each category of personnel; any reimbursable costs, any other costs and any discounts (all types of costs in SEK and exclusive of VAT);
- The consultant shall submit a proposal for time and working schedules for the assignment;

B. Requests

- It should be possible to conclude a contract to be effective as from 15th of August 2006;
- It should be possible to commence the Assignment on or before 1st of September 2006;

Annex 5

Organogram Islamic Relief Worldwide



Annex 6

Sida's Management Response



- ☐ Director General
☒ Department
☐ Division

DECISION

Department Seka	Division Hum	Decision date 2007-05-03	Decision No. 2007-002503
Reporting Elizabeth Narrowe		Case no. 2006-2371	
Approved by Magnus Lindell		Signature <i>[Signature]</i>	
Present Per Byman Kerstin Nordvaller		Consultation with <i>[Signature]</i>	

Copy to Department/Division (orig) Seka/hum: KL, AFG, EN, BW Seka/EO: JN SEKA/stab KN, AL Director General's Office	Chief Controller	Distr. (date/sign) 15/5-07 T.S.
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Subject and decision

Management Response with Regard to Evaluations and Audits with regard to Seka/hum's Capacity Studies of Islamic Relief, SOS Children Villages and Plan

Name of the Evaluation/Audit:	1) Capacity Study of Islamic Relief, Focus on Humanitarian Assistance, Using the Pakistan Earthquake Relief Programme as a Case study 2) Capacity Study of Plan, Focus on Humanitarian Assistance, Using the Pakistan Earthquake Relief Programme as a Case study 3) Capacity Study of SOS Children Villages, Focus on Humanitarian Assistance, Using the Malawi Emergency Relief Programme as a Case study
Sector	Humanitarian Division

DECISION

In 2006, Sida commissioned Deloitte to conduct capacity studies of Islamic Relief, SOS Children Villages and Plan, with a particular focus on their humanitarian work. During that year, each of these organisations had received grants from Seka/hum for projects in Pakistan after the earthquake (Plan and Islamic Relief) and in Malawi to assist drought affected households (SOS Children Villages).

The purpose of the studies was as follows:

- to map the organisations in terms of organisational structure, management capacity, administration structures and routines etc.,
- to assess the organisations capacity to carry our humanitarian projects,
- to recommend to Sida how to view its future partnership with the organisations.

In general, the consultant argues that the projects have been successfully implemented by the organisations and that the organisations managed the projects well.

Seka/hum has formulated a management response to these studies, see enclosed. In the management response, Sida comments on the suggestions of the consultant and suggests the following plan of action:

Plan of Action

<i>Activity</i>	<i>Person in charge for follow up</i>	<i>Time Frame</i>
Guidelines for Seka/hum Sida's views and suggestions in this management response should be regarded as Sida's guidelines with regard to cooperation on humanitarian action with IR, Plan and SoS Children villages	Head of Unit	Until dec 2008 or until guidelines are revised
Plan As part of Sida's regular consultations with Swedish humanitarian organisations, Sida shall follow Plan International's and Plan Sweden's policy development and operational experience regarding humanitarian action. Sida should also make use of Plan's knowledge of children's needs and rights in humanitarian crises.	Kerstin Lundgren	During 2007-2008
Islamic Relief Sida highly recommends that IR-Sweden follows the recommendation of the consultant and approaches high level persons in Sweden to help build the organisation's capacity. Sida suggests that IR – Sweden looks in to other ways to increase its management capacity in Sweden, mainly by using the extensive knowledge of Islamic Relief International.	Anna Furubom Guittet	During 2007-08
SOS Children Villages Sida suggests that SOS sign the Red Cross and Red Crescent's Code of Conduct as a basis for possible future humanitarian work. Sida finds the suggestion of making use of SOS villages' infrastructure interesting. Sida should inform the Swedish Rescue Service Agency of this recommendation and mention it to other humanitarian actors, such as UNHCR and WFP.	Barbro Wiberg (SOS) Doris Attve (SRSA) Elizabeth Narowe (WFP)	During 2007-08

Sida

3 (3)

SPECIFY

to approve the action plan as suggested above.

Beslut avseende utvärdering

Management Response of Capacity Studies of Islamic Relief, SOS Children Villages and Plan

1. Background

In 2006, Sida commissioned Deloitte to conduct capacity studies of Islamic Relief, SOS Children Villages and Plan, with a particular focus on their humanitarian work. During that year, each of these organisations had received grants from Seka/hum for projects in Pakistan after the earthquake (Plan and Islamic Relief) and in Malawi to assist drought affected households (SOS Children Villages).

The purpose of the studies was as follows:

- to map the organisations in terms of organisational structure, management capacity, administration structures and routines etc.,
- to assess the organisations capacity to carry out humanitarian projects,
- to recommend to Sida how to view its future partnership with the organisations.

The reports from the studies were well written and clearly structured. A SWOT (Strengths, Weaknesses, Observations and Threats) analysis was used to present the organisations' capacity and to assess their suitability as future humanitarian partners. Observation and suggestions for improvements were linked to recommendation for action. Each study included a review of the Swedish organisation, the international body and the local organisation in the developing country, which was responsible for implementation.

For the assignment, Deloitte sub-contracted a humanitarian expert to be included in the team, which also included persons from Deloitte from Sweden and its local branches in Pakistan and Malawi. In the report, the consultant clearly emphasizes that the conclusions are based on one case study alone for each organisation and might therefore not be fully applicable to other operations of the organisations.

In general, the consultant concludes in the report that the projects have been successfully implemented by the organisations and that the organisations managed the projects well. Below are listed the main conclusions and recommendations in the reports, followed by comments from Seka/Hum.

2. The Study on Plan

2.1 *The Consultant's Conclusions*

In the report, the consultant makes the following conclusions and recommendations:

- Plan is primarily a development organisation (present in many areas suffering from disasters) which is clear regarding its roles and ambitions in emergency relief activities.
- Plan has very strong relations with the community, the local government and NGOs in its field. The consultants argue that with excellent networking and coordination skills, a solid child focussed competency, a clear commitment to the UN Convention on the Rights of the Child and a rapidly developing structure for emergency relief activities, the interventions which Plan engages in will most likely be effective.

- Plan's coordination and networking skills at times reflect 'the other side of the coin'; a lack of operational relief capacity. This is particularly true of activities beyond the geographical area within which the organisation runs its normal programmes.
- Plan Sweden is considered to keep a high profile within the international organisation and is seen as an active member of different NGO-networks and the public debate. The organisation participates actively in the debate regarding the development assistance policy, with a primary focus on children's rights.
- The consultant recommends Sida to consider Plan International as a capable potential partner for future humanitarian interventions.
- The consultant recommends an expansion of support in a manner that is gradual and focussed on Plan's core competencies i.e. children's needs and rights.
- In the short- to medium- term, the consultant recommends that Sida primarily supports interventions in geographical areas where Plan is operational prior to the disaster event.

2.2 *Sida's comments*

Sida notes that Plan Sweden seems to play an important role within Plan International in advocating children rights. Plan is becoming an established humanitarian actor, particularly with regard to children's needs in times of emergencies.

In general, Sida agrees with the recommendations of the consultant. Regarding the last recommendation, that Sida should only fund Plan where it has a project office, Sida should view this as its general policy. However, there might be reasons for Sida to support projects in other geographic regions as well. Sida will, in such cases, need to make a more thorough assessment of Plan's management and relief capacity.

In the coming years, Sida and Plan will probably develop more experience of working together. In a short-term perspective, both parties need to accept that the transaction costs for the projects might be somewhat higher than usual, as Sida's assessments might take longer time, and requests and project reports from Plan might need to be revised according to Sida's formats.

It is here suggested that Sida shall assess future project proposals on a case by case manner. As part of Sida's regular consultations with Swedish humanitarian organisations, Sida shall follow Plan International's and Plan Sweden's policy development and operational experience regarding humanitarian action. Sida should also make use of Plan's knowledge of children's needs and rights in humanitarian crises. In a few years time, Sida and Plan shall discuss whether an agreement on a frame for smaller humanitarian projects should be formulated.

3. **Recommendations regarding Islamic Relief (IR)**

3.1 *The Consultant's Conclusions*

In the report, the consultant draws the following conclusions and recommendations:

- Islamic Relief Worldwide is a rapidly expanding, well qualified humanitarian relief implementer which is well qualified to manage expanding funding flows.
- Islamic Relief is an organisation in the process of rapid expansion which would benefit from "Good donorship" in the form of organisational backstopping, support in developing core functions and, not

least a trusting relationship with a realistic, experienced partner on the funding side. Sida is also recommended to explore what possibilities exist for it to offer Islamic Relief such a relationship. IR could also benefit from the mentorship of an ex-chairperson of one of the major Swedish NGOs, an ex-deputy secretary general to the UN or some other such person high profile humanitarian person.

- IR Sweden and IR HQ are recommended to maintain and further develop the existing mentoring relationship within which IR HQ would accept to actively supporting the development of IR Sweden in the medium term.
- IR Sweden and IR HQ are recommended to approach Sida jointly as IR Sweden does not yet have the stability and maturity to manage the deepening of the Sida-IR HQ relationship that would be most effective.
- Sida is recommended to consider IR Sweden for a gradual expansion of humanitarian funding. Such expanded funding should be implemented in parallel with expanded cooperation in activities directed at IR Sweden constituency in Sweden. Sida should also explore IR Sweden constituency to assess IR Sweden as a potential resource base for other Sida activities.

3.2 Sida's Comments

Sida notes that Islamic Relief has a unique role to play in humanitarian action, particularly in Muslim countries. Also, Islamic Relief has better possibilities than most other organisations to reach Swedish Muslim groups and involving them in humanitarian issues.

However, it is not the mandate of the Sida's Humanitarian Division to try to reach certain groups in Sweden or build the capacity of Swedish humanitarian organisations. Sida highly recommends that IR-Sweden follows the recommendation of the consultant and approaches high level persons in Sweden to help build the organisation's capacity. Also, Sida suggests that IR – Sweden looks in to other ways to increase its management capacity in Sweden, mainly by using the extensive knowledge of Islamic Relief International.

In the short term, Sida recommends that IR-Sweden implements projects in cooperation with other, more established branches of the organisation or together with other, more established Swedish NGOs. In exceptional cases and for specific reasons, Sida can fund projects that IR-Sweden implements alone, though its management and relief capacity to carry out the project needs to particularly reviewed.

4. Recommendations Regarding SOS Children Villages

4.1 The Consultant's Conclusions

In the report, the consultant lists the following conclusions:

- The focus of SOS Children's Villages is development rather than relief. Within its areas of operation, SOS Children's Villages may, however, perform limited interventions if a disaster strikes.
- The organisation is well placed to complement ordinary activities with limited relief activities but would have difficulty in effectively partnering in a major relief operation.

- SOS Children's Villages should be considered as an emergency relief provider for Sida, if the disaster strikes within SOS Children's Village's area of operations.
- Sida should consider SOS existing systems and physical infrastructure, which is mainly linked to the physical Children Villages, as a significant resource to use in possible future large-scale national emergencies, especially in view of SOS Children's Village's urban or semi-urban presence. These could be used for storage, temporary camps for civilians or personnel etc. This should take place under the oversight/supervision of a more experienced relief organisation.
- SOS is recommended to invest in better national level networking. Such networking would enable the organisation to avail itself of the experience gained by others, improve the national resource base by improving coordination and allow other organisations to learn from the significant experience developed by SOS in their particular field.

4.2 *Sida's Comments*

Sida agrees with the consultant regarding SOS Children Villages' humanitarian ambitions. SOS could become a channel for support if, again, humanitarian needs are apparent in the strict geographic area in which SOS works. Sida also suggests that SOS sign the Red Cross and Red Crescent's Code of Conduct as a basis for possible future humanitarian work.

Sida finds the suggestion of making use of SOS villages' infrastructure interesting. Sida should inform the Swedish Rescue Service Agency of this recommendation and mention it to other humanitarian actors, such as UNHCR and WFP.

5. **Conclusions**

In general, the consultant found the work of the three organisations well managed and relevant. According to the consultant, these organisations were relevant channels for Sida's humanitarian work in Pakistan and Malawi during the emergencies in 2006.

From these studies, Sida has learnt more about these organisations and has a clearer view on when and where these organisations can be relevant humanitarian partners. However, it is important to keep in mind that the studies only cover one operation by each organisation and that the conclusions might thus not be fully relevant for humanitarian action in other places.

From the capacity studies, Seka/hum learnt more about these organisations, which were new emergency partners for Sida. It gave Sida an opportunity to compare different organisations and their strengths and weakness.

However, the study focused to a large extent on the general organisational and administrative capacity of the organisations. In order to draw more specific conclusions of the operational capacity of the organisations, it would have been interesting to cover more project sites and to more thoroughly focus on issues such as coordination with OCHA and other cluster lead agencies and humanitarian principles and what they mean for the organisations in terms of project implementation (for example how they interpret the Code of Conduct). More operational issues should also have been covered, such as the selection of target groups, structures of distribution mechanism, participatory processes, means to increase the accountability to the target group etc.

6. Action Plan

On the basis of the capacity studies, Seka/hum should implement the following Action Plan:

Plan of Action

Activity	Person in charge for follow up	Time Frame
Guidelines for Seka/hum Sida's views and suggestions in this management response should be regarded as Sida's guidelines with regard to cooperation on humanitarian action with IR, Plan and SoS Children villages	Head of Unit	Until dec 2008 or until guidelines are revised
Plan As part of Sida's regular consultations with Swedish humanitarian organisations, Sida shall follow Plan International's and Plan Sweden's policy development and operational experience regarding humanitarian action. Sida should also make use of Plan's knowledge of children's needs and rights in humanitarian crises.	Kerstin Lundgren	During 2007–2008
Islamic Relief Sida highly recommends that IR-Sweden follows the recommendation of the consultant and approaches high level persons in Sweden to help build the organisation's capacity. Sida suggests that IR – Sweden looks in to other ways to increase its management capacity in Sweden, mainly by using the extensive knowledge of Islamic Relief International.	Anna Furubom Guittet	During 2007–2008
SOS Children Villages Sida suggests that SOS sign the Red Cross and Red Crescent's Code of Conduct as a basis for possible future humanitarian work. Sida finds the suggestion of making use of SOS villages' infrastructure interesting. Sida should inform the Swedish Rescue Service Agency of this recommendation and mention it to other humanitarian actors, such as UNHCR and WFP.	Barbro Wiberg (SOS) Doris Attve (SRSA) Elizabeth Narrowe (WFP)	During 2007–2008

Halving poverty by 2015 is one of the greatest challenges of our time, requiring cooperation and sustainability. The partner countries are responsible for their own development. Sida provides resources and develops knowledge and expertise, making the world a richer place.



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