

Finance and Value for Money



Corporate services team building and strategic planning.

Photo: Colleen Lowe Morna



Colleen Lowe Morna - CEO



Kubi Rama - Outgoing Deputy CEO

Overview

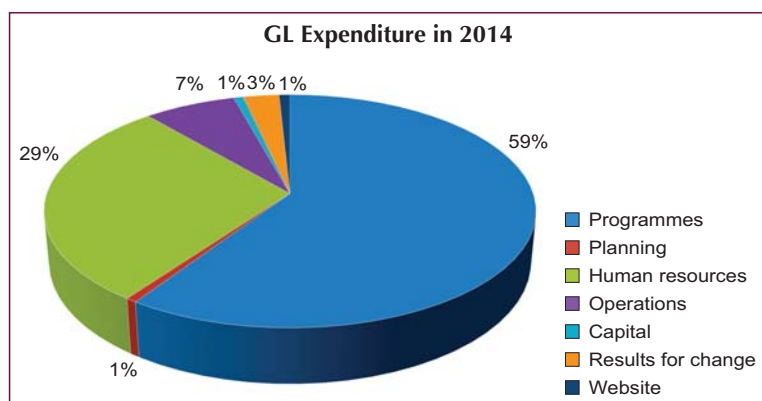
2014 was a year of promise and challenge. The GL budget grew from approximately R58 million in 2013 to R75 million in 2014. The increase in funding gave GL the opportunity to grow its programmes and deepen its work at regional and country level.

Two challenges emerged during the year. First, systems needed to be strengthened to manage increased donor funds efficiently and effectively. GL employed financial staff in country offices. On a technical level GL invested in upgrading the accounting system to an online system (Pastel Evolution). On paper the transition from Pastel Partner to Pastel Evolution should have been straightforward. However, as with all systems changes, especially one involving such a complex set of accounts, the transition took longer than expected. Technical challenges arose as GL sought to synergise systems in ten country offices. GL's attempts to draw up a detailed chart of accounts that could be viewed in four dimensions - by donor, project, branch and country, challenged private-sector trained systems consultants. This led to additional support being sought from Sage Pastel, and a more versatile team of consultants being engaged to review the architecture, as well as assist GL to derive the maximum benefits from the new system.

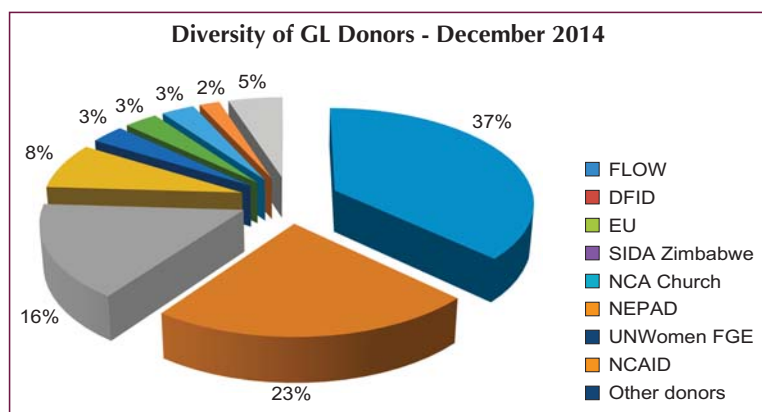
Income trend over the past four years

Income trends 2011-2014								
	2011-2012	%	Dec 2012	%	Dec 2013	%	Dec 2014	%
Carry over donor funds	2 568 658	7%	4 977 171	13%	6 893 043	12%	14 332 810	19%
Donors	33 859 603	86%	30 942 643	83%	49 143 940	84%	57 584 421	77%
Own	3 016 476	8%	1 246 768	3%	2 556 230	4%	3 498 126	5%
Total new	39 444 737	100%	37 166 582	100%	58 593 213	100%	74 949 115	100%
% increase			-6%		30%		28%	

The table above shows an increase in income of 28% in 2014. Donor carry over and donor income remained consistent at 96% and 95% respectively in 2013 and 2014. GL's own income accounted for 5% of total income, compared to 4% in the prior year. In light of the challenging funding environment GL aims to increase its own income from 8% to 10% of the total income in 2015.



Of the total budget programme expenditure accounted for 59% of the total expenditure, the same as in 2014. Human resources expenditure decreased by 2% closing at 29% of the overall expenditure. Operational costs decreased by 1% closing at 7%. Results for change (monitoring, evaluation, knowledge, learning and innovation) accounted for 3% of GL's expenditure. Capital expenditure, the website and planning, each accounted for 1% of the budget.



As reflected in the chart, GL maintains a diversified funding portfolio. In 2014, GL received funds from 18 donors, two more than in the previous reporting period. Two bilateral donors accounted for over half of GL's funds - the Netherlands government FLOW Fund (37%) and DFID Programme Partnership Arrangement (23%). The EU (16%) is GL's third largest donor through one global and three country funds. The Swedish Embassy (Zimbabwe) accounted for 8% of GL's funding. The GL Zimbabwe office has secured funding for the next three years. Smaller donors (1% to 3%) included NEPAD, the UN Fund for Gender Equality (UNFGE), the Norwegian Council on Africa and Norwegian Church Aid (NCA).

	Total-Rands	%
UNICEF Zambia	964 999	1.4%
UNFPA Botswana	689 905	1.0%
Irish Aid	642 659	0.9%
Diakonia	630 083	0.9%
Dialogo	267 465	0.4%
UNICEF RSA	200 000	0.3%
Other donors	173 015	0.2%
HIVOS	132 494	0.2%
USAID Swaziland	51 691	0.1%

The breakdown of other donors (5% contribution) is provided in the table. Diakonia is the largest amongst these donors and provides some core support to GL.

The following table shows:

- An increase in the number of donors funding GL from 17 in 2013 to 18 in 2014.
- GL got an additional 3 funding agreements with Lesotho, Madagascar and the EU Global.
- A decrease in the number of donors with three year funding agreements from seven to six.
- The number of donor reports increased from 31 to 33.
- GL's financial year aligns with seven of the 18 donors.
- Seven of the 18 donors required specific audits; the others accepted GL's overall annual audit.

Key facts about GL Donors				
Donors	2011/2012	2012/2013	Dec 2013	Dec 2014
Total no.	11	14	17	18
Total no. with three year agreements	4	5	7	6
Total no of reports	22	23	31	33
Align with FY	2	3	5	7
Contracts allow one audit at the same time	All 5 separate donor audits were done earlier than GL audit due to earlier deadlines than GL AGM	All separate donor audits will be done earlier than GL audit due to earlier deadlines than GL year end and AGM	5 donor audits will be undertaken before the GL audits to meet the donor submission requirements that are due before GL main audits	8 donor audits will be undertaken for the 2014 financial year, one overall audit and 7 specific donor audits

Value for money

GL defines Value for Money as the “judicious and strategic management of resources to enhance economy, efficiency and effectiveness of our work to promote gender equality and justice in Southern Africa.” In 2011, GL expanded its *Results for Change Manual* to include VFM. In December 2012, the GL CEO attended a Bond workshop on VFM, and has

subsequently run four in-house workshops on this. These have resulted in fifteen institutional case studies, housed on the GL website,ⁱ and shared with partners at the November 2013 meeting of the Southern African Learning Partnership. Internally, we often explain VFM using the biblical parable of the talents (make use of what you have to leverage more!) and encourage staff at every opportunity to “get more bang for the buck” (or pound!).

	2010	2011	2012	2013	2014			
	Regional	Regional	Regional plus six national	Regional plus 12 national	15 district, 13 national, regional	District	National	Regional
Number of people	200	265	983	1856	2363	627	1334	402
Cost - R	3477162	4386702	4753788	4753788	10290628	2001175	3786598	4502855
Cost per head	17 386	16554	4836	2561	4355	3192	2839	11201

An example of how VFM informs decision-making is the ongoing unit cost calculations of GL's summits. As illustrated in the tracking table above, GL can now show that devolving summits from regional to national and now to district level has reduced the unit cost from R17,386 per head to R4,355 with the added value of greater visibility, ownership and capacity building that go with decentralisation. As a result of these calculations, GL will be expanding the district summits from 15 to 30 in 2015, and may drop regional summits altogether, in favour of winners from national summits going on regional study visits.

GL's VFM policy on Open and Effective Competition is set out in its Financial and Administrative Policies 2014. Key provisions, reported on last year, include an annually updated supplier data base; three quotations for all procurement and tenders for larger amounts. All contractors must sign and adhere to GL's Zero Tolerance for Corruption policy.



Audience at the opening session of the Gender Justice and Local Government Summit. Photo: Trevor Davies

GL tracks VFM in two ways: savings and leveraging. GL has a procurement officer who tracks savings at HQ and coordinates data collection from country offices. All programmes and cost centres have to compile at least one case study per annum on their contribution to VFM. GL has six VFM categories, summarised in the table that follows:

Good commercial practise	Explanation	Case studies that GL has documented
Smart partnerships	In-kind support; cascading of the Centres of Excellence; coalition building.	GBV indicators research. Alliance networks.
Good planning	Dovetailing of meetings, for example at summits, to get “more bang for the buck.”	2013 Summit.
Making IT work for gender justice	Smart use of information technology to reduce meetings, travel and transaction costs.	GLNS; Meltwater for monitoring the media; Cloud computing and phone costs.
Going Green	Use of road travel to nearby countries; reducing printing and use of paper; energy savings.	Summit documentation. Digital Barometers.
People Power	Multiplier effects through capacity buildings, innovative deployment, good coaching, mentoring and management.	Interns versus staff; Work study job assessments done in-house rather than hiring a consultant.
Social entrepreneurship	Turning a wealth of knowledge into wealth!	GL Services. GL Cottages.

How smart partnerships contribute to VFM: the case of SAWID

Summary of Leverage by province in South Africa ⁱⁱ				
Province	Normal cost - R=A	Actual cost - R=B	Savings - R=A-B	
Provincial workshops	R736 367	R467 998	R286 369	Logistic and human resource costs
Launch of SA Barometer	R30 000	R22 350	R7 650	Costs of doing this at British Embassy versus hotel costs
TOTAL	R766 367	R490 348	R276 019	

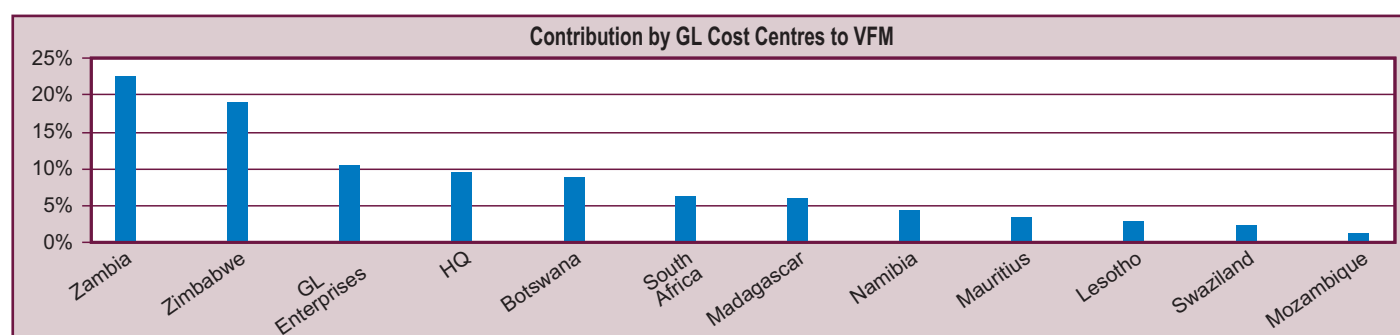
In 2013 GL held dialogues in all nine South African provinces in partnership with South African Women in Dialogue (SAWID). The table how this partnership led to a savings of R276 019 on facilitation costs for the nine provincial dialogues including the launch of the South Africa 2013 SADC Gender Protocol Barometer. The three “E”s of VFM all applied:

Economy: By paying a small stipend to SAWID volunteers, GL saved on venue fees, transport for participants, catering and accommodation. For example in the Northern Cape the coordinator, who works in the office of the premier, got the office to sponsor transport to the venue saving GL a total cost of R43 845. Weekly Tele conference calls and group email reduced travel and coordination costs.



Efficiency: Working through local partners resulted in 2128 participants joining the dialogues and the launch of the South Africa SADC Gender Protocol Barometer. Over 60 NGOs/NPOs and 10 government institutions were represented signed up to champion the targets of the Protocol using an online tracking tool.

Effectiveness: The partnership strengthened SAWID in the provinces and resulted in the “Women Demand Action Now” charter. The Alliance will continue to work with SAWID to strengthen the theme clusters at provincial level and to also collect the voices of the women and men on post 2015 for the barometer through the women demand action now campaign.



The annual analysis of VFM is done by cost centre, with an award for the centre that delivers the highest VFM. Zambia, topped the list in 2013/2014, as a result of the substantial contribution by UN agencies, through the gender ministry, to the GBV indicators study. As part of systems strengthening and improving planning and reporting processes, GL upgraded its accounting package to Pastel Evolution and introduced MS project for project management. GL is looking into using Pastel Evolution to capture VFM savings and leveraging as satellite accounts to its main accounts.

In 2013/2014, GL Enterprises - the cornerstones of GL's diversification and sustainability strategy - made the third highest contribution to VFM. GL Services leverages research and training tools and skills, with clients ranging from the Commonwealth Secretariat, to the EU, to Swedish-based Diakonia. The GL Cottages is a bed and breakfast conferencing facility invested in by GL three years ago, that has appreciated considerably in value; is making a profit and contributing to GL's Green Policy, service culture and ethic (see section on Diversification).

Fund raising and income generation

In 2014, GL submitted 30 funding proposals in-country and at the regional level. Fundraising continues to be a key priority for 2015. Three of GL's largest donors, the FLOW fund, DFID PPA and the EU Global, Lesotho, South Africa and Madagascar funds end in 2015.



Country versus regional funding 2013

	2013			2014		
	No. of donors	Amount	%	No. of donors	Amount	%
In-country	11	15 630 858	28%	14	15 975 149	22%
Regional	6	40 860 486	72%	8	55 333 442	78%
TOTAL	7	56 491 345	100%	22*	71 308 591	100%

*GL receives funding from one EU Global and three country funds in South Africa, Madagascar and Lesotho.

Of the donor funds received in 2014, 22% is country-specific funding, from 14 donors, compared to 28% last year. Country-specific funding remained relatively constant, but regional level funding increased from 72% in 2013 to 78% in 2014.

Summary of fundraising efforts 2014

	2013			2014		
	No.	Value - R	%	No.	Value - R	%
Successful proposals	9	R 32 915 512	34%	12	R 25 955 939	43%
Under negotiation	2	R 17 563 155	18%	8	R 12 946 182	21%
Unsuccessful	6	R 45 946 078	48%	10	R 22 023 563	36%
TOTAL	17	R 96 424 745	100%	30	R 60 925 684	100%

In 2014, GL submitted a total of 30 proposals worth R60.9 million rand. GL succeeded with 12 of the 30 applications. Twelve applications accounted for 43% of the total succeeded. Eight (21%) are under negotiation, with a good chance of success. Proposals

worth R22 million (36%) were unsuccessful. In 2013 48% of the funding applications were unsuccessful. However at nearly R33 million GL raised R7 million more in 2013 than in 2014. This underscores the increasingly precarious funding environment.

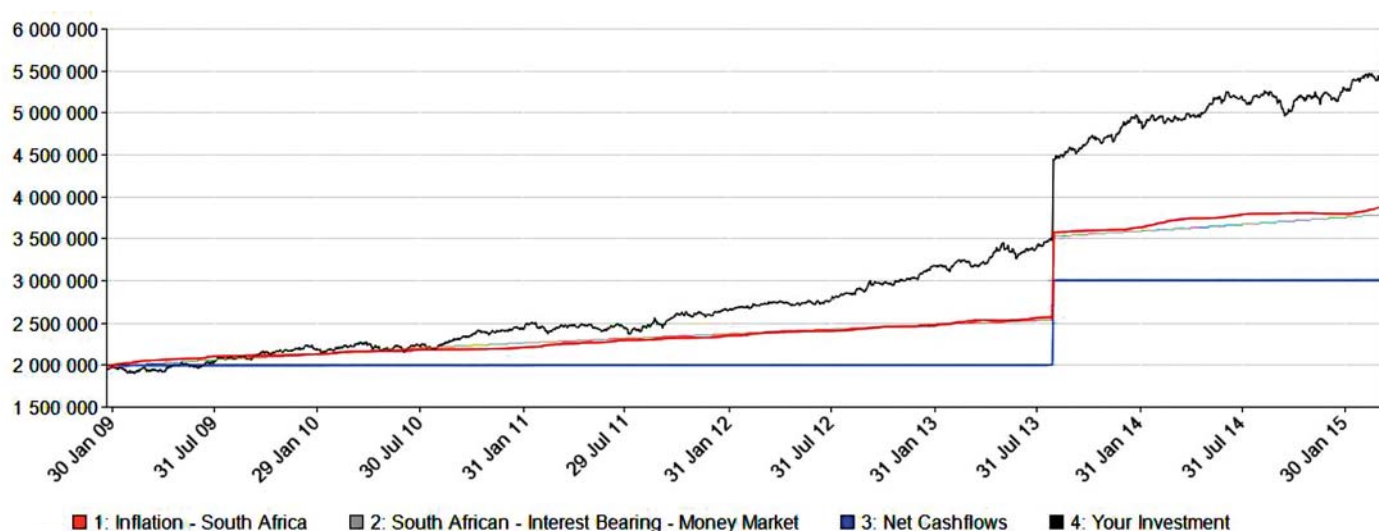
Funding outlook 2014 to 2016

Donor	2014	2015 - estimate	2016 - secured (April 2015)	Total
CFLI	0	131 630	0	131 630
DANIDA	3 402	0	0	3 402
DFID PPA	16 162 254	11 610 714	2 418 442	29 741 410
DIAKONIA	630 083	717 369	750 000	2 097 453
DIALOGO	267 465	51 188	0	318 653
EU GLOBAL	8 380 065	10 789 070	0	19 169 135
EU LESOTHO	1 036 050	528 190	0	1 564 240
EU MADAGASCAR	1 284 626	1 412 841	0	2 697 467
EU RSA	931 081	834 812	0	1 765 893
FLOW 1	21 241 229	20 205 966	0	41 447 195
FLOW 2	5 086 815	0	0	5 086 815
FORD	0	573 246	0	573 246
HIVOS	132 493	1 838	0	134 331
IRISH AID	642 659	0	0	642 659
NCA CHURCH	2 240 050	1 636 000	1 000 000	4 876 050
NCAID COUNCIL	1 328 728	0	0	1 328 728
NEPAD	2 220 333	0	0	2 220 333
OTHER DONORS	173 930	914	0	174 844
SIDA ZIMBABWE	5 573 852	11 955 526	7 722 200	25 251 578
UNFPA BOTSWANA	689 905	988 482	0	1 678 387
UNICEF SA	200 000	0	0	200 000
UNICEF ZAMBIA	964 999	543 000	0	1 507 999
UNWOMEN FGE	2 189 437	3 048 058	0	5 237 495
USAID SWAZILAND	61 271	29 851	0	91 122
UNESCO	0	229 528	0	229 528
WACC	0	388 850	0	288 850
TOTAL	71 619 431	65 065 158	11 890 642	148 575 231

2014 began with approximately R70 million in secured funding for the year, and approximately R65 million in carry over and guaranteed funding. This is

a decrease of 7% from prior year. Secured funds for 2016 dip dramatically, pointing to the need to fund raise, particularly at country level.

Endowment fund



The endowment market continues to perform well. The fund started out at R4.86 million in 2013 and is currently sitting at R5.44 million. GL's total investment

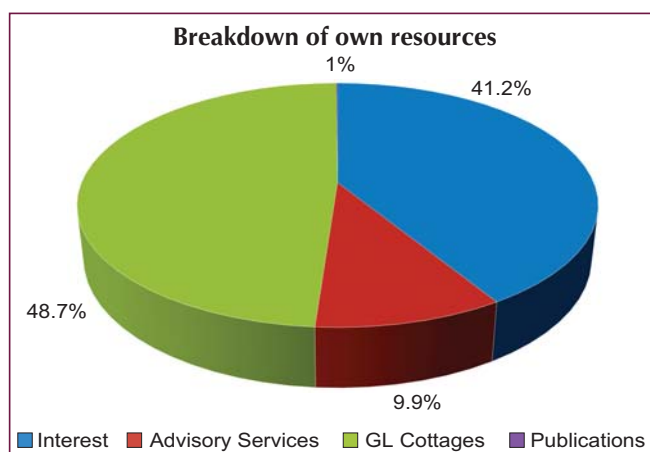
of R3 million has grown by R2.44 million over the five years. As indicated in the graph the Fund's growth remains well above inflation levels.

Own resources

Entity	Category	2013	%	2014	%	Movement from past FY	% Movement
GL	Interest	1 445 262	57%	1 057 726	41.2%	-387 536	-27%
GL Services	Advisory Services	702 891	27%	254 999	9.9%	-447 892	-64%
	GL Cottages	408 077	16%	1 250 263	48.7%	842 186	206%
	Publications	0	0%	3 143	0.1%	3 746	0%
	Total	2 556 230	100%	2 566 140	100%	1 309 462	

The table above shows GL own resources movements.

- Interest decreased from the past year. Interest includes that earned from the endowment fund.
- Income from GL Services dropped by 64% in 2014. Due to increased programme loads GL undertook fewer assignments in 2014.
- GL Cottages profit increased three fold in the year under review.
- GL Cottages accounted for the highest proportion of GL's own income (48.7%). Interest dropped from 57.6% of own income in 2013 to 41.2% in 2014. Advisory services income dropped from 27.3% of own income in 2013 to 9.9% in 2014.



“There have been several glitches with the new system implementation. The dedicated CS team tried hard to get the financial system flowing. We have had numerous successes along the way and adjustments too. We experienced a wide range of problems, but never gave up until management decided to re-implement the system. It is said to lead by example is to truly lead. The Director of Operations Mme Miso has been such a leader. She has made my transition to GL comfortable with a firm expectation of results that is not forceful or demanding. I thank her for laying the GL financial orientation groundwork. One of the challenges we must overcome is retrospective handling of financial documents close to audit time; this leads to working in crisis mode. To prevent the crisis we must have knowledgeable personnel handling finance; organisations cannot compromise with finance”. - *Dudu Mazibuko, Senior Accountant*



Looking to the future: From left, Senior Finance Officer Mathabo Uone, Senior Accountant Dudu Mazibuko and Head of Finance and Administration, Bhekiwe Ncube .
Photo: Colleen Lowe Morna

i VFM Learning and Sharing Centre <http://www.genderlinks.org.za/page/vfm>
ii Summary of VFM comprehensive spreadsheet