

# **An Organisational Assessment and Finance Function Review IUCN Sri Lanka**

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# Executive Summary

Section A of the report provides an overall assessment of IUCN-SL, whilst Section B deals with issues pertaining to the 'Co-location' of Regional Programmes with the Country Office. Section C gives an in depth assessment of the Finance Function. Section D consists of a Summary of Recommendations and Follow-up Matrix.

## SECTION A - Overall Assessment

1. The findings and recommendations of Section A are based largely on documentation and staff input but shaped by the direct observation of the reviewer and experience from elsewhere in the Union.
2. The Introduction provides some background as to the genesis and purpose of the Organisational Assessment and Review of the Finance Function.
3. A brief summary of progress on the recommendations of the previous review of 1997 and a listing of the assets and challenges of IUCN-SL provide a basis for further exploration.
4. People in their positions identifies issues and makes recommendations concerning the functioning of key programme posts and their management as well as their interface with other parts of IUCN-SL.
5. Corporate Services recommends ways in which administration and HR functions should be strengthened to provide more effective support to programme delivery. (Finance is covered by SECTION C).
6. To expand and strengthen IUCN's presence and influence in Sri Lanka, the development of two new programmes and the establishment of programme offices are recommended.
7. Adjustments of management structures, designed to meet the needs of a changing and growing programme are outlined.
8. To empower staff and enable IUCN-SL to make a greater impact, several aspects of corporate culture are explored and suggestions made.

## SECTION B - 'Co-location' of Regional Programmes with the Country Office, IUCN-SL

9. The findings in this section are based mainly on inputs from individual staff and the outcomes of joint meetings between the Regional Programmes and key staff of IUCN-SL but also informed by direct observations by experiences of the reviewer and from elsewhere in the region. The background deals with the rationale for 'co-location'.
10. A joint identification of the generic links in 'co-location', i.e. services, systems, procedures, representation and programme as well as roles and responsibilities are recorded.
11. Each of these links was explored within the context specific to Sri Lanka, joint conclusions reached and decisions made to facilitate a smoother interface between all the co-located programmes.

## SECTION C - The Finance Function

12. The review of the Finance Function was carried out as part of an overall review of the existing structures of IUCN-SL, its management systems, resource base and staff capacities as requested by the Country Representative. It was done in parallel with Section A and B.

13. While there has been an effort to restrict the review and reporting to issues strictly connected with Finance, as per the TOR, there are obvious points of overlap which cannot be avoided when one goes beyond proximate causes to root causes.
14. It was clear however that the finance function needed an identity and a *raison d'être*. The roles and responsibilities of the finance function needed to be clearly articulated and aligned with the overall goals and objectives of the IUCN-SL Office. The next step being to specify the roles and responsibilities of staff in clearly laid out ToRs that mesh with the ToR of the finance function.
15. The review also examined the interface that the finance department had with Programme Coordination Unit, Administration and Regional Programmes.

The underlying problem was the disconnectedness between the different functional components of the office e.g. CRO, Programme, Finance and Administration. Part of this disconnect had to do with systemic issues inherent in the organisational model in operation, cultural issues and management and leadership styles. Part had to do with the need for policies, systems and procedures that would give greater clarity to processes and help towards smooth, streamlined operations.

16. In regard to the finance department's interaction with programme, there were specific issues of cost centre and project accounting, staff time and management overhead, pre-funding etc. that Finance and Programme needed to work out through discussion.
17. Similarly with regional programmes there were matters pertaining to financial administration, procurement, accounting and supply of information that had to be resolved.

## **SECTION D - Summary of Recommendations and Follow-up Matrix**

18. A Summary of Recommendations and Follow-up Matrix of all three Sections of the report is provided as a basis for developing a change implementation plan and for use as a monitoring tool by IUCN-SL, the RBP, RMP and ARO.

# An Organisational Assessment and Finance Function Review IUCN Sri Lanka

April 2001

## INTRODUCTION

**Background:** A 'Re-Organisation Mission: Programme, Finance and Administration Review' was undertaken in 1997. A Programme Planning Meeting held in 2000, in addition to laying the foundations of the draft IUCN Sri Lanka Programme 2001-2005, also identified the need for strengthening M&E procedures and for improving the programme development processes. A harmonisation exercise was carried out following the CR's participation in the Asia Programme Harmonisation Workshop in Kathmandu 27<sup>th</sup>-30<sup>th</sup> July 2000.

In addition IUCN-SL and the Regional Biodiversity Programme were the pioneers of the 'co-location' of Regional Programmes in Country Offices. Until very recently, with the addition of the Regional Marine Programme, IUCN-SL was the only country to have two 'co-located' regional programmes.

**Genesis** Having worked through so many processes, the Country Representative IUCN-SL felt the need to assess the current ground realities of programme change and expansion and the changes in management approaches, structures, systems and procedures already undertaken by IUCN-SL from 1997 to date, with a view to developing a coherent approach for effecting any further changes found necessary.

At the regional level a system for the cyclical review and on-going monitoring of Country Offices and Regional Programmes is gradually taking shape.

Therefore the Regional Director, Asia and the CR, IUCN-SL jointly **commissioned** an organisational assessment to be undertaken by a team consisting of the Director Finance/HR, the Senior Advisor HR/OD and the Head of Regional M&E Programme. (The latter's participation in the mission was not possible at the time).

**The purpose of the visit** was two-fold: To support IUCN-SL in developing its organisational efficiency, effectiveness and capacity to enable it to achieve its mission, goals and objectives as envisaged under the draft Programme Plan for 2001-2005, by recommending appropriate institutional changes.

Assess mutual benefits, impacts, opportunities and challenges in hosting the Regional Biodiversity Programme and the Regional Marine Programme in IUCN-SL and recommend ways of maximising the opportunities and dealing with the challenges including the development of systems, procedures and mechanisms to facilitate a smooth and cost-effective programme and service interface between the Regional Programmes and the Country Office for the benefit of both.

An underlying intent was to reinforce the notion that all staff members have a responsibility to engage in, and contribute to, the management of change.

The **TORs** were developed through a consultative process and are attached as **Annex-1**. (Unfortunately the assessment of systems and mechanisms for programme development did not take place).

The **anchors** for the assessment were KRA 7 of the Global IUCN Programme 2001-2004: "Effective, efficient and accountable management and leadership of the Union" and Goal 3 of the Asia Programme: "A dynamic, effective, sustainable organisational that is efficiently managed to pursue IUCN's mission in the region".



**Audiences/Clients:** The **report** will be submitted to the commissioners of the review i.e. the RD and the CR. The management and staff of IUCN-SL, the Regional Biodiversity Programme and the Asia Regional Office, having contributed so much to the review process, are also key clients. Moreover, as the findings will directly impact on their work, they too will have to share in taking responsibility for internalising the recommendations and implementing them.

The findings of the report may be of interest to IUCN Members in Sri Lanka and of benefit to other Country and Regional Programmes within the Asia Region, as well as the collective Asia Regional Directorate. Other parts of the Union may also have an interest.

The **process** used is attached as **Annex-2**.

# SECTION A - ORGANISATIONAL ASSESSMENT

## 1. Summary of Progress Against 1997 Reorganisation Mission

### 1.1 Recommendations (non-financial)

The thrust of the recommendations were:

- a) **The development of a new programme framework.**
- b) **'New organisational structures' based on**
  - 'programme priorities'; the setting up of a number of thematic units to be managed as sub-cost centres; and
  - the need to 'effectively manage and backstop an expanding portfolio'; great emphasis was laid on building 'the necessary support infrastructure' to manage the challenges of growth.
- c) The development and formalisation of 'cross-cutting coordination and review mechanisms to foster coordination, quality control and information sharing'.
- d) The 'delegation of increased authority to a second management tier'.
- e) The proper use of the OABC list as a monitoring tool for forecasting the linkage of programme and finance; the generation of financial management information for decision making.

### 1.2 Actions taken (non-financial)

- a) Through a series of interactive processes, a programme framework has been developed. To meet new requirements, this has been 'harmonised' with the Key Result Areas of IUCN Asia Region and the overall IUCN Programme for the period. The current version of IUCN-SL's draft programme for 2001-2004 is under revision and will be presented at a Donor's Meeting to be held in the next few months.
- b) • IUCN-SL has been re-structured according to the model presented in 1997 but with some modifications. Five thematic units; Biodiversity, Coastal and Marine, Forests, Education and Communications, Law have been established as sub-cost centres.

The Programme Planning Meeting of July 2000 suggested the grouping of the units into broader programmes such as Natural Resources Management. This has been deferred for consideration at a later stage when IUCN-SL is confident of having consolidated and learned from the transitions it has already undertaken.

- A Programme Directorate was established in 1999 to take the lead on programme development, coordination and M&E; to support the linkage between programme and finance as well as to support the CR in resource mobilisation.
  - To provide strong support and to ensure accountability, the finance function is now managed by a dedicated Finance Directorate, rather than the recommended Director Operations. All administration work has been honed off with the establishment of a separate Administration Unit.
  - A dedicated HR function is planned for the near future.
- c) Staff meetings are held regularly to share information about events and organisational matters. Programme issues have been separated out and a Programme Development and Review Meeting established, the focus being on the OABC list. The installation of LAN has facilitated exchange of information. However these measures are considered to be

insufficient for the purpose. The key weaknesses of 'insufficient coordination and integration', 'inadequate integration amongst the thematic groups', 'communication problems, vertical/horizontal' identified in the Programme Planning SWOT Analysis still need priority attention.

- d) Responsibilities have been delegated to the directors and to heads of various units, and by them in varying degrees to their staff. The delegation of concomitant authority, to enable staff to be fully accountable for delivering these responsibilities, has been slow.
- e) The admonitions of the 1997 Review regarding the OABC list have been taken on board. The list is now given due attention and utilised as an important tool. However, Finance's know how has not as yet been utilised fully for smart budgeting at the design phase of project proposal development. (Section C of the report will cover finance, including the generation of financial management information. Section A will reflect only perceptions from a programme perspective).

### 1.3 Conclusions

Taken all in all; one can conclude that the 1997 Review was a valuable and valued exercise with realistic, do-able recommendations. IUCN-SL has used them wisely as a road map rather than as a blueprint. The 'hard' structural aspects have been managed competently almost 'in toto' and the separation of administration from finance has moved beyond the recommendations. The softer aspects, always more difficult to deal with as they involve changes to mind sets and behaviour patterns of long standing, have understandably lagged behind. They remain as the primary challenges to IUCN Sri Lanka and its management if it is to build on its assets, grow, move forward and fulfill its great potential.

## 2. Present Assets and Challenges

### 2.1 Assets

IUCN-SL has much to celebrate as it moves forward into the 2001-2004 period. It has made considerable progress and has considerable assets to its credit. It has:-

- a) The most favourable agreement with the State of any IUCN Office in the Asia Region and a presence of fourteen years standing in Sri Lanka.
- b) IUCN-SL's expansion of work into new areas, with both old and new partners, may be taken to indicate, by and large, a growing credibility at the field level, amongst NGOs, with government departments and with donors.
- c) As the driving force a strong, energetic, technically qualified and competent CR with access to the highest reaches of government; an insistence on high quality performance and products; a desire to change the management culture of IUCN-SL thus open to evaluation and critique from peers.
- d) A small cadre of technically qualified staff, committed to IUCN's mission; fairly well balanced in gender and age, and keen to use their own and the organisation's capacities to optimum level.
- e) A generous corporate and service staff to programme/project staff ratio.
- f) A clear vision of its overall programme for the period 2001-2004.
- g) A portfolio of on-going projects with more in the pipeline.
- h) Balanced books.
- i) A good, fairly well equipped physical environment, spacious and pleasant.

## 2.2 Challenges

IUCN-SL has grown beyond the point where power can remain vested only in top management or can continue to rely on individuals to coordinate the necessary support and services for programme development and delivery.

- a) The major challenge now is to build a strong second tier of management and to delegate authority and power 'down the line' to match the levels of responsibility.
- b) A second challenge is to reconfigure/ develop mechanisms and fora for collaboration, cross-fertilisation of ideas and the pooling of intellectual capital to create synergy for programme development and evaluation.
- c) A third is to develop user-friendly, systems and procedures for finance and administration to support programme delivery whilst maintaining accountability.
- d) A fourth is to ensure that everyone receives user-friendly financial, programmatic and organisational information needed for decision making and seeing how they fit into the 'big picture'.

These changes in leadership style, integration, information sharing and support services would result in transparent, participative decision making, empower staff and make them more effective and productive. The consequent upsurge in energy and an environment conducive to synergy could drive the programme forward to new levels of performance.

A failure to make this transition at this juncture could lead to frustration, a feeling of being 'boxed in' and a consequent lack of motivation, flagging energy and disillusionment. The Programme Planning Workshop SWOT Analysis has already flagged that some of these are already a concern.

- e) A further challenge is to strengthen and extend IUCN's present influence in Sri Lanka.

These challenges are underlying themes woven into the rest of the report.

## 3. People in their Positions

### 3.1 Country Representative (CR)

Within the CR's role as representative and overall manager of IUCN, the period 2001 has some on-going and particular challenges.

- a) Monitoring and adjusting to the changing socio/ economic/ political environment to guide programme development strategically to ensure IUCN remains a major player particularly in impacting on policy.  
Examples are:-
  - giving the initial impetus to set consultative processes underway for the development of a constituency strategy
  - decisions on the what and how of an environmental economics programme.
- b) Keeping an eye on the imaging of IUCN to develop, not only a higher profile, but the best-fit profile. (Concerns were expressed by some staff that both internally and externally, IUCN is increasingly seen as becoming a commercial organisation blurring its image so that it is hardly distinguishable from a consultancy company, consequently losing its edge on impacting on policy.)
- c) Leading on organisational design and restructuring to ensure that management structures and corporate functions rapidly adjust to meet the demands of programme change and growth.  
Examples are:-
  - overseeing the establishment of programme offices
  - the separating out of HR related functions and the appointment of a Human Resources Officer

- guiding the development of processes for knowledge generation and its utilisation for impacting on policy.
- d) Involving senior managers in the design, budgeting and negotiation of a Framework Agreement to provide a source of more flexible programme funding whilst covering some of the core costs of IUCN-SL.
- e) Most importantly, nurturing a change in mindsets and behaviour patterns to enable a new style of management, continuously monitoring to identify, appreciate and acknowledge progress in herself and others.

### **Findings**

***The challenges of maintaining a strategic focus on a programme and constituency, steadily expanding in size and complexity plus the concomitant organizational changes, will make increasingly heavy demands on the CR. She will therefore need to use her time ever more judiciously.***

### **Recommendations**

1. ***Whilst retaining an overview and a monitoring and accountability role, the CR must devolve herself from day-to-day management, decision-making and correspondence. In future her technical know-how should be used only to give direction and guidance at the 'brainstorming' stage of programme/project design and at the final stage of sign-off of proposals for quality checking before they are sent to APDG. In between, the CR's role should be to monitor progress and provide course correction if needed.***
2. ***A process should be set in motion to delegate greater authority to senior managers commensurate with their responsibilities and likewise to further delegate authority down the line.***
3. ***Each senior manager should then be held accountable for managing his/her own sphere and coordinating with each other to ensure that:***
  - ***procedures, systems and mechanisms for programme integration, quality control and top class support services are developed and utilised effectively by the thematic units and the projects for high quality programme development and delivery. (Later these would need adjustment and extension to cater to the programme offices when and as they are established.)***
  - ***the CR receives sound, timely and accessible management information and advice on which to base higher level strategic decision making and futuring***
  - ***well designed, smartly budgeted and packaged project proposals for resource mobilisation.***
4. ***To support this shift in management culture, it is important that the CR is given the opportunity of participation in a leadership/ management course, to be formally shared with colleagues on completion.***

### **3.2 Programme Director**

#### **a) The Programme Director (PD) manages a unit, which is:**

- The node for:-
  - identification and development of priority conservation programmes and projects
  - translating these into marketable proposals for funding and taking them through the APDG process
  - harmonisation of the IUCN-SL programme with the Regional Programme and collaboration with its component parts
  - reporting on IUCN-SL's work and progress
  - design and implementation of processes, systems and mechanisms for planning, reporting, coordination/ collaboration to support the above

- development of M&E systems which promote action learning approaches to feed into on-going and future initiatives and to impact on policies
- interface between programme and service functions.
- Responsible for maintaining an overview of major projects in order to:-
  - guide strategic direction
  - ensure the articulation of lessons learnt and their exchange with the wider IUCN and IUCN-SL partners
  - guide the utilisation of lessons learnt to impact on policy.
- The catalyst for pooling the intellectual resources of the organisation.
- A support to CR in resource mobilisation.
- The Programme Director is also line manager of five thematic unit heads/in charge.

#### **b) Constraints**

- At present, the Programme Director has an additional responsibility. He manages the Medicinal Plants Project (MPP) which takes up an estimated 50% of his time (a considerable part of the remaining time is used for management of the units including guidance to staff on programme/project implementation).
- Not enough time is devoted to the development of M&E systems as the Programme Coordinator focuses mainly on assisting the Director Programme in taking up some of the other major responsibilities of the PDU.
- Support to setting up the PDU and its processes, systems and mechanisms, expected from others in the Region, has been delayed.
- There is uncertainty as to the amount of authority the Programme Director wields. There is a perception that day to day decisions may be subject to delay awaiting the final approval of the CR.

#### **Findings**

***The structures and processes of programme development, planning, co-ordination and M&E functions need to be further strengthened. (see 5.2 & 7.2 also)***

#### **Recommendations**

- 5. In consultation with the CR, appropriate unit heads and project staff, the Programme Director should divest himself from all direct responsibility for the MPP.***
- 6. A shift in management style, to set in a process of giving greater authority to the Unit Heads for managing their programmes/ projects would enable the Programme Director's supervisory role to focus more on support to programme and project development; guidance, mentoring, capacity building; monitoring for course correction. (This would lighten his load as well as empower the unit managers.)***
- 7. Once the Programme Director spends a significant component of his time on PD work, the internal work plan of the unit should commit more time to the development of M&E systems.***
- 8. The setting up and utilisation of processes, systems and mechanisms for programme/ project development must be accorded top priority.***
- 9. The onus should be clearly put on the Programme Director for, distance supported and validated, development of procedures, systems and mechanisms for programme/ project development, review, M&E. etc. The services of the Regional Programme Co-ordinator should be obtained in areas where it is found to be necessary.***

10. ***The Programme Directorate should develop a road map and planning calendar so that Unit Heads are supported in developing strategic plans for their programme area.***
11. ***PD should then focus on working with the units on conceptualising, designing and marketing one or two medium to large size project proposals.***
12. ***The PD should take the lead role in increasing staff member's understanding of the purpose of the 'harmonisation process', its implications and applications. This will enable staff to see IUCN-SL's work in the context of a national programme, feeding into an integrated regional and global programme.***

***After an initial workshop, the understandings gained could be re-iterated as each new project concept is examined to see which KRAs and KEGOs it feeds into.***

13. ***To enable the units to work more effectively, the Programme Director should work with the Director Finance, Head of Administration and the Unit Heads to:-***
  - ***clarify the questions surrounding cross-charges and develop definite guidelines to be reviewed periodically***
  - ***ensure that unit heads have timely, appropriate and understandable information for decision making and to support their understanding of underlying issues; and***
  - ***that services and support are delivered smoothly and effectively in a timely manner.***

### **3.3 Thematic Units**

Five Thematic Programme Units have been established as sub-cost centres. Of these, three are managed by unit heads, and two by senior/programme officers in charge.

Currently the Thematic Unit Heads' responsibilities include:

- the management of the unit as a sub-cost centre
- the development and implementation of a strategic plan for the programme
- the development of project proposals
- some, as Project Managers of a portfolio of projects, have direct responsibility for the outputs of projects and the management of project staff and consultants, e.g. the Head of the Coastal and Marine Unit is responsible for four projects. The staff of this unit consists of a programme officer dedicated entirely to one project, one technical specialist dedicated to a second project and 11 short-term consultants.

Those in charge of the units are under varying degrees of stress and strain. These appear to centre on:-

#### **a) Programme issues**

The unit managers have yet to come to grips with developing long term strategic plans, reviewed and accepted by the organisation.

- Perceived reasons:
  - a goodly amount of time of some unit managers is spent on project delivery - but as this is a familiar role with which they are comfortable, it is not seen as problematic
  - too much time and energy is spent on 'administration'; a mix of managing of finances and getting supplies and services in a timely and smooth manner
  - a feeling that being organised into units has to some degree inhibited the informal collaboration that previously prevailed
  - inadequate fora to stimulate thinking and encourage collaboration: the programme meetings focus solely on the OABC list whilst the staff meetings deal with administrative issues - other exchanges are at an informal level
  - lack of a 'road map', of how and when to develop strategic plans/ related project proposals and the processes of review and acceptance.

## **b) Staffing issues**

- a shortage of staff; most are one person units
- a lack of training opportunities to maintain a high quality of performance, stay on the cutting edge and build the capacity of clientele, staff need to be supported in their own development and growth
- one secretary is shared by all units.

## **c) Financial issues**

- Cross charges:-
  - as suggested by the 1997 Review, an exercise has been done to budget cross-charges against each project. In the case of small projects this may amount up to 30% of the budget. (This usually happens when programme staff double up as project staff and earn additional staff time). There is a worry as to whether this is justified and/or justifiable to the donor
  - the basis for cross-charging rates is not known and therefore appears excessive
  - there is a perception that no activity may be undertaken if staff time cannot be covered; this is a barrier to making even strategic interventions unless staff time is covered
  - both finance and PD come in heavily on cross-charging leaving little room for the unit manager in the decision making
  - unit managers are uncertain of the consequence if they are unable to cover all staff time
  - cross-charging is seen as having the potential of creating competition between the units and getting in the way of collaboration.
- Delays in Payment
  - some reliable suppliers, who have given prompt services, are disgruntled because of delays in payment (see Section C for recommendations).
- Per diems for over-night stay in project areas
  - incomplete information about the basis of per diems for IUCN field and programme staff and for consultants have caused a degree of uneasiness regarding the possibility of inconsistencies and inequities.

## **d) Observations**

- The programme staff are a great source of under-utilised technical knowledge, ideas, energy and commitment.
- They seem to:-
  - be victims of a lack of administrative systems and management information
  - not very aware of the 'big picture', their position, stake in and contribution to it
  - have little say in decision making, feel disempowered, not in control of their unit's work and uncertain of how to fulfil their responsibilities of programme development.
- In addition:-
  - the direct management of, and reporting on, portfolios of small field projects by unit heads, takes up time which should be spent on programme development and management
  - the idea of the unit as the repository of learning is not yet seen as part of its role
  - the TORs of unit managers are inadequate - written as task lists
  - at present there are only 2 secretaries to service the PD and the thematic units. Only very routine services, such as typing and filing, are expected of them. A vibrant, fast changing organisation needs pro-active secretarial support which includes an understanding of unit work and knowledge of networks. Expectations for secretarial support should therefore be elevated.
- The concerns of the units should be given due weight and consideration.



- The recommendations/suggestions for the Programme Directorate and elsewhere in the report, if followed, will go a long way to enable and empower unit staff.
- In turn unit staff should:-
  - become pro-active solution seekers; identify their specific needs, state them clearly and objectively, suggest solutions
  - not be hesitant in asking for non-confidential information
  - contribute to the development of procedures and systems; adhere to them; note difficulties and glitches; suggest amendments
  - plan ahead so that administration have prior information on transport, supplies, etc.
  - prioritise, plan; carving out dedicated time for drafting/finalising Strategic Programme Plans and project proposals for 2001-2004.

### **Findings**

***The thematic programme units need to be further empowered and given more effective support in order to better fulfill their role and responsibility in programme development, delivery and the 'capturing of learning'. (see 5.2 & 7.2 also)***

### **Recommendations**

- 14. The generic roles and functions of a thematic unit need to be clearly spelt out.**
- 15. The responsibility of unit heads for managing field projects should be phased out.**
- 16. With the guidance of PD, the units should jointly develop a generic outline for a strategic plan for thematic programmes. Based on this, one unit should develop its plan, offer for group critique and re-design it as a model for others to follow.**
- 17. The units should work with PD to conceptualise and design medium to large sized project proposals drawn down from their strategic plans.**
- 18. Dedicated project management, as well as anticipated inputs from programme staff should be budgeted into the design of new project proposals.**
- 19. Depending on work demands and resource availability, additional unit staff should be recruited**
- 20. TORs should be redesigned:-**
  - ***unit heads TORs to reveal the full range of roles and responsibilities***
  - ***project officers TORs should also reflect those responsibilities which go beyond purely project work***
  - ***secretaries' TORs (including those of the receptionist) should be redesigned on the basis of responsibilities; the overarching one being 'facilitation of the maximum operating efficiency of the unit(s) being serviced'.***
- 21. a) New responsibilities and expectations should be clearly defined and explained to the present secretaries so that they can build their capacities with the help of their managers. Those unable to grow into their new responsibilities should be supported in finding work elsewhere.**
  - b) As soon as resources permit, there should be one secretary to every two units as well as one executive secretary dedicated to the Programme Directorate.**
- 22. The Finance Unit should provide, not only regular, user-friendly information, but also help to build the capacity of Unit Heads to interpret financial information. Finance staff should be given the opportunity of visiting project areas and meeting with project staff to deepen their understanding of the programme.**
- 23. The basic formula of staff rates for cross charging should be shared with Unit Heads.**

24. a) *The concerns re per diems should be explored and, if valid, dealt with appropriately. Any misconceptions should be dispelled through informed discussion.*
- b) *Finance and HR IUCN-SL should work with the Director HR, ARO to develop a clearly laid out per diem policy for IUCN-SL. (This could then be used as a base for a Regional policy to be customised to fit the realities of each Country Office.)*

#### 4. Corporate Services

Compared with other offices in the Asia Region, IUCN-SL has a very favourable ratio of corporate staff to programme staff, indeed one could say a disproportionate number of corporate staff for the present small cohort of programme staff. One would therefore be justified in expecting extremely efficient services.

<b>Corporate and Programme Staff</b>				
	CO	RP	Sub-total	Total
1. CR & RPH	1	2		
2. PD	2		5	5
<b>Corporate Services</b>				
3. Finance	4			
4. Admin	3			
Sec/Receptionist	4	1	12	
Support	7		7	19
<b>Programme/Project delivery</b>				
1. Programme	5	1	6	
2. Project	13		13	19
				<b>43</b>
Short term consultants*	24	1	25	25
* Short term consultants (non-staff) have been included as the finance, admin, and HR functions cater to them also.				

##### 4.1 Finance

Please note: - a detailed review of the finance function is reported in Section C of this report.

##### 4.2 Administration

A unit of 3, plus a receptionist, 3 drivers and 4 office assistants undertakes this service function. This staffing is generous considering that secretarial services are not managed by the unit; cleaning is contracted out to a commercial agency; tea is prepared in bulk for self-service; lunch is brought from home and there are no guestrooms to manage. Events are fairly well managed, the move and the maintenance of the new premises handled fairly well. However the day-to-day provision of services is uneven and not always timely.

##### Issues/constraints

###### a) Mode of working

- This unit was part of the Finance Unit. It is only recently that it was separated out and distinct roles and responsibilities clearly allotted to it.
- The unit needs to view itself as a service unit and internalise that the justification for its existence is the provision of services to enable efficient and effective programme delivery.
- As yet it functions in a rather 'ad-hoc' fashion, in a responsive rather than a proactive mode.

- Simple, user-friendly systems have yet to be developed; the new purchasing procedure is a first step in the right direction.
- Within the unit, responsibilities are not clearly defined or delegated.
- Capacities of staff, including office assistants, are under utilised.
- The need for support to IT and the demands for other services is seen as major dilemma.

#### **b) Vehicles**

- The present vehicle fleet is not always suitable for field work - when sturdier vehicles are needed, they have to be hired.
- Vehicle maintenance was a concern; there was a perception that budgeting has fallen short of the amount needed.
- The administrative unit will have a key role to play in the physical setting up of programme offices as well as administrative systems to effectively service their specific needs whilst smoothly interfacing with the Colombo Office.

### **4.3 HR Function**

The Financial and Administration section of the 1997 Review recommended that 'As the organisation grows, a need will arise for a full fledged Human Resource Development and Management Unit. However in the interim, the Director Operations should be responsible for this function'. Presently, the responsibilities for HR are unfocussed and scattered amongst the CR, Finance and Administration.

One is reluctant to add to the core costs of IUCN-SL by adding to an already generous number of corporate staff. However, the hidden costs of continuing to neglect the HR function are heavy and outweigh this concern. The lesson learnt from Pakistan and other offices, that HR systems need to be up and running effectively before, not set up, during expansion, must not be lost.

#### **Findings**

***The corporate services need reorganization and re-orientation in order to provide more effective and timely support to all parts of IUCN-SL and the co-located Regional Programmes. (See 5.2 also)***

#### **Recommendations**

- 25. Work-study of the administration unit to be carried out.***
- 26. Responsibilities of the unit staff to be allocated according to the findings. TORs to be redesigned with emphasis on responsibilities not merely discrete tasks.***
- 27. Simple user-friendly systems and procedures to be developed to facilitate delivery and accountability.***
- 28. The Head of Administration should visit the project areas, survey available accommodation and negotiate special IUCN rates where possible.***
- 29. Resources for the purchase of field vehicles should be budgeted in future project proposals.***
- 30. The Finance and Administration units should clarify any questions related to vehicle maintenance budgets.***
- 31. As demands increase, the vehicle and driver presently dedicated for the use of CR, in keeping with vehicle policy 'Personal Use of Office Facilities Policy' will at some point in the future have to be put in pool.***

32. *As the office expands and the workload increases, it will be necessary to have one person in the administrative unit dedicated solely to IT support. In the meantime, the measures taken to re-organise the unit and its work should enable the head of the unit to both provide effective and timely services to support the programme and other units as well as use his expertise to support the basic IT needs.*
33. *A Finance and Administrative Committee, with representation from the programme staff should be established to support smooth interfacing deal with relevant issues. The purpose, composition and functions should be drawn up in the form of TORs.*
34. *A dedicated Human Resources Officer should be appointed, reporting directly to the CR, to pull together and systematize all personnel administration.*
35. *At a later stage, as demands increase in number and sophistication, an experienced qualified Director of HR should be recruited and a dedicated HRM Unit set up.*
36. *More immediately, the TORs of all staff should be redesigned to reflect responsibilities and work objectives (including any contribution they are expected to make to Regional Programmes) so that they form a sound base for appraisal.*
37. *A system should be put in place to circulate TORs so that each member of staff is aware of others responsibilities.*
38. *During the 2001-2004 period, serious attention should be given to the design of a staff development and training plan based on identifying and collating professional development needs and how best to meet them; prioritising from an organisational perspective so that scarce resources are utilised most effectively; generating/ setting aside dedicated resources.*
  - a) *In the meantime, experiential on-the-job learning should be optimised. The proactive use of day-to-day activities, interactions and knowledge sources, accompanied by rigorous self-analysis, provides rich learning opportunities. Management support can be given through mentoring, guidance, using interventions for course correction positively to deepen understandings and build capacity through supportive participatory critique. Peer support in analysing successes, failures can also be of value.*
  - b) *A system whereby the CR invites staff to accompany her to strategic meetings with government, donors and other partners would develop 'political' management skills. A briefing, debriefing by the CR and a record of observations by the staff member would increase the value.*
39. *Visits to/from counterparts in other offices need preparation and well determined objectives/ outputs as well as analytical reporting to gain full value.*
40. *Appraisal provides the opportunity for: a clear shared assessment of achievement levels, strengths, weaknesses, areas for improvement and careful consideration of how these can be managed for on-going monitoring of progress throughout the year.*
41. *Collation of training needs stated in the appraisal forms could feed into the training plan.*

## **5. New Elements**

If IUCN is to further extend its presence and influence in Sri Lanka, IUCN-SL needs to constantly monitor the external environment and adjust quickly to changes that would add value, are feasible and fit into IUCN's overarching programme and organisational development.

## 5.1 New Programmes

### a) A Constituency Programme and Unit

IUCN-SL needs to re-examine its interactions with the conservation constituency in Sri Lanka and explore ways of creating greater synergies and impact.

Strategic directions are provided in documentation already available. The 'IUCN External Review: June 1999' laid great emphasis on the need to work more closely, not only with Members, but also with Commissions and Commission members. 'Strengthening of the IUCN Conservation Constituency in Asia: Members and Commissions', the CDC Programme IUCN Asia lays out some of the potentials, opportunities and envisaged results stemming from KRA 7 and Asia Programme Goal 3. The 1997 Organisational Assessment and the IUCN-SL Programme Workshop Report: July 2000, give rationale for developing a NGO strategy and a NGO/ Membership Unit.

#### **Findings**

***Having gained a good deal of experience through regular interaction with its membership, working with NGOs and a number of key government departments and agencies and other institutions, there is a fund of information, knowledge and ideas among programme and project staff which could be tapped into. Moreover the successful implementation of the Local Environmental Fund gives some leverage.***

***Given all of the above, IUCN-SL has a sound base from which to begin a reexamination of its interactions with its constituency.***

#### **Recommendations**

***42. The present scenario needs to be mapped out and a gap analysis made; based on the findings, a consultative process should be set in motion to develop a constituency strategy which mirrors that of the region, but is based on the opportunities and needs specific to Sri Lanka.***

***43. High priority should be given to the development and marketing of a quality funding proposal for Constituency Programme and the establishment of a Constituency Unit.***

***44. In the meantime:-***

- ***key players in the field of environment should be identified and encouraged to apply for IUCN membership***
- ***collaboration with members should become an element in programme planning***
- ***programme staff attendance at meetings would encourage closer interaction with members***
- ***the potential of working with Commissions and Commission members in Sri Lanka should be explored***
- ***Commission members should be invited to attend Members Meetings after due consultation with membership.***

### b) Environmental Economics

#### **Findings**

***IUCN-SL shares in the growing realisation, globally and within the region that, to deal with the economics of biodiversity and natural resources use is an essential component of sustainable management.***

#### **Recommendations**

***45. IUCN-SL should utilise the services of the newly established Regional Environmental Economics Programme to explore approaches to Environmental Economics. Consultants could be used to initiate any priority work identified.***

**46. Over time IUCN-SL would need to build its own capacity and perhaps establish an Environmental Economics Programme Unit.**

## **5.2 Establishment of Programme Offices**

### **Findings**

***IUCN-SL has a number of discrete projects, many clustered in specific geographical areas. The opportunity of cross-fertilisation, synergy and further programme development would be enhanced if programme offices were established to manage the field projects and develop area specific components of the IUCN-SL Programme.***

***The establishment of Programme Offices would reinforce the message that IUCN is not a remote urban organisation; is in touch with ground realities and does give due weight to the local communities it works with.***

*Key factors, taken into consideration in deciding where to open these offices, would be the geographical location of IUCN field projects and strategic areas of focus in accordance with both IUCN-SL and Government of Sri Lanka priorities.*

***The opening of Programme Offices would have a profound effect on all parts of IUCN-SL.***

- ***Programme and Corporate functions would have to extend their systems to encompass the needs of the programme/field offices and ensure accountability:-***
  - *programme planning, coordination would need to be more complex to embrace not only the thematic units but also the programme/field offices and the projects so that they support and feed into each other in a truly integrated programme*
  - *monitoring and evaluation would also need to be geared to support the changes HR systems, services and support would need to extend and change to cater to the specific needs of the programme office. A particular emphasis would be on active support to line managers in the orientation of staff, continuous monitoring to ensure that programme office and project staff give their first and foremost loyalty to IUCN-SL as an organisation, rather than to their specific component part*
  - *the Administration Unit would have a big role to play in the physical setting up of the programme offices; the provision of services, systems, support and monitoring for compliance.*
  
- ***As field projects would be managed by these Programme Offices, the roles of the thematic units would shift :-***
  - *technical input and support to the projects in their thematic area would continue*
  - *a major focus would be to work with the projects to capture, collate, analyse and utilise learning from the projects in order to feed this into their own programme for use in policy work, capacity building; pass on from one on-going project to another and feed into future project design*
  - *the units would continue to have their own projects but these would focus on policy influence and capacity building.*
    - e.g.:
      - *Communication: would build the capacity of the media for environmental reporting particularly in areas covered by other programmes and projects such as biodiversity issues, and marine and coastal.*
      - *Biodiversity: support for government influencing the Conference of Parties of CBD.*

The above organisational metamorphosis will take time. It will depend on top management's commitment. It will take place unevenly depending on many variable factors such as duration and number of projects already in hand, funding situations, the design of new programmes and acceptability of new projects to donors; the capacity of individual managers to embrace and shape new roles and responsibilities.

## **Recommendations**

- 47. The role of Programme Offices, their structural, systems, staffing and budgetary requirements would need to be thought through and clearly articulated. (Consultation with IUCNP and IUCNN could be useful).**
- 48. An action plan for the establishment of two Programme Offices should be completed during the first quarter of 2002.**
- 49. It is essential that all systems and procedures are developed, tested and revised very soon so that they have the strength and resilience needed for expansion and adaptation to the programme needs.**
- 50. All future project proposals will need to be designed and budgeted to resource the necessary organisational adjustments.**

## **6. Structural Changes**

The following is based on the premise that the IUCN-SL Office is an administrative construct intended to give identity to and provide management structures and services to drive and support people in the effective:-

- carrying out of mandatory functions
- implementation of an integrated IUCN programme in Sri Lanka
- collective nurturing IUCN-SL's development as a vibrant organisation constantly adjusting to changes in its external environment.

Each management unit, at its own level, should provide oversight and direction in its own sphere. These units would be enabling structures for:-

- a sharper focus on the achievement of programme results
- greater efficiency/effectiveness of support and control functions
- appropriate delegation of responsibility and authority
- the productivity, appraisal, guidance and growth of its staff.

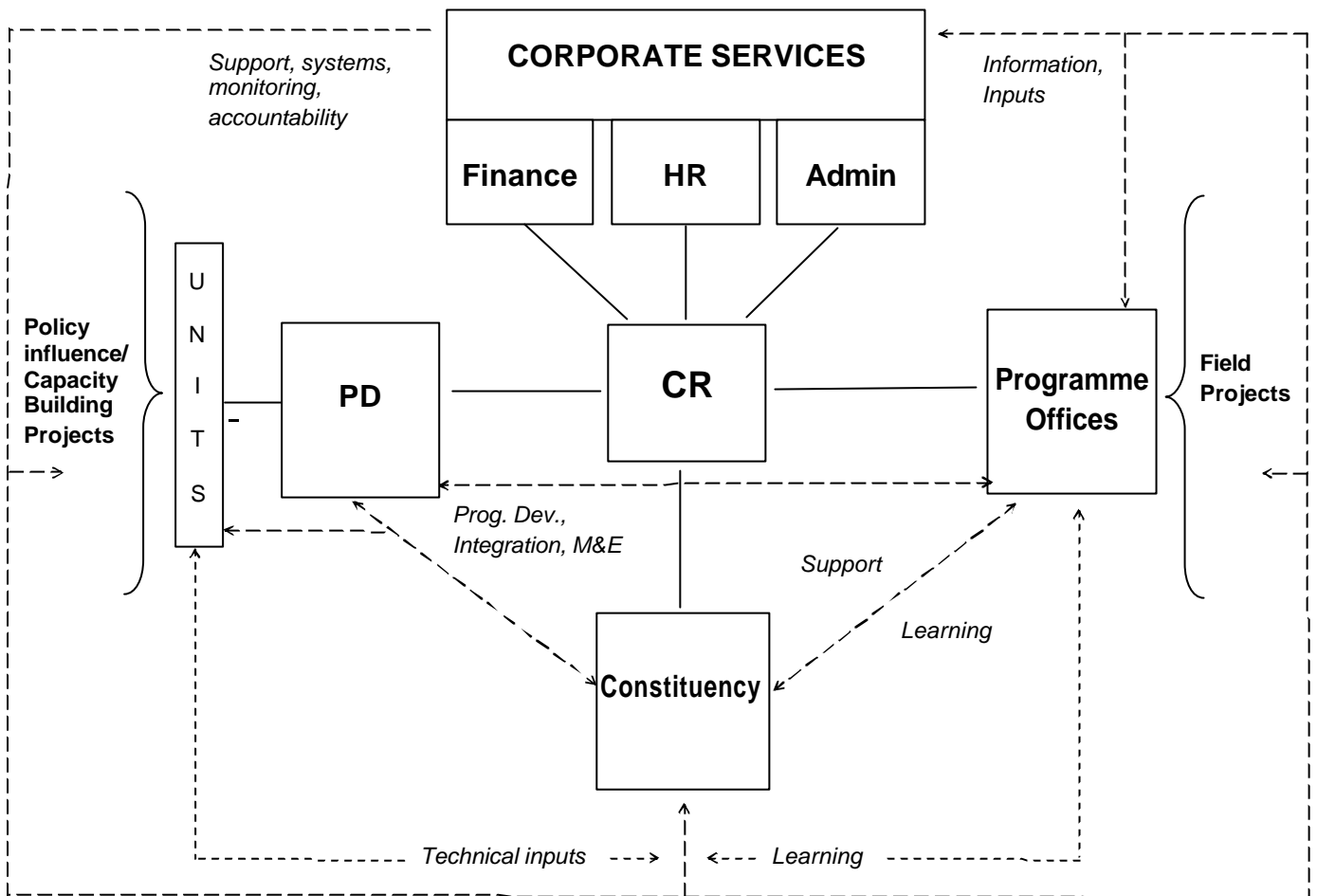
The present management structure is both too fragile and too rigid. It leaves the CR dependent on just two senior managers, one heading the Programme Unit and one heading Finance. A cadre of second tier managers is needed, each responsible for their own sphere but interacting constantly to ensure that the envisaged results of an integrated programme are delivered effectively. They should also be monitoring the internal and external environment, looking at the 'big picture', in order to collectively inform, advise and support the CR in adjusting the strategic directions of the organisation.

### **Findings**

**A more robust, adaptive management structure is required to support the enriched and expanded programme envisaged.**

### **Recommendations**

- 51. IUCN-SL should be restructured, in a phased manner, so that management entities are adjusted to support changes in priority programme areas and new demands on organisational functions. The suggested restructuring is shown as Figure-1.**



## 7. Changes in Corporate Culture

The most profound changes in corporate culture will be made through bringing about those shifts in mind sets, behaviour patterns, management approaches and systems development, which are woven throughout the report. Some additional aspects are covered below. (see **Section C 3** also)

### 7.1 Sharing of Information and Ideas

In the Programme Development Workshop, 'communication problems - vertical/ horizontal/ external' were seen as the highest priority weakness to be addressed.

Already certain measures have been taken. Regular staff meetings and programme meetings are held. A LAN system has been established to facilitate information sharing.

#### a) Issues

- The 'big picture' seems to be confined to the upper reaches of management. The harmonisation exercise was confined to the CR, Director Finance and Director Programme though the unit heads were involved in thematic inputs. The move towards designing and negotiation of a Framework Agreement is vaguely known, but its potential and implications are not understood and the unit heads have not been involved in the thinking. The plans for opening programme offices in other stations, the reasons and implications have not been revealed or debated.



- Since the splitting of the Programme meetings from the staff meetings there are inadequate mechanisms for information exchange between co-located Regional Programmes. IUCN-SL staff are uncertain of the modalities of sharing of information and ideas with Regional Programmes located in IUCN-SL.
- Information from the external world is not automatically sent to all appropriate people by those receiving it. However more information is shared than previously, e.g. a debriefing after ARD meetings.
- Though Internet connections for each unit are planned, at present there is only one Internet connection in the library, available when the part time librarian is on duty.
- Financial and other management information is not automatically available (though always given on request). It is not always user-friendly - its meaning is not always accessible to the non-finance managers.
- There was an openly expressed perception that there is a lack of transparency in top financial management. (How are IUCN Sri Lanka's surplus funds utilised? Is financial ineptness rewarded, efficiency in resource mobilisation and utilisation penalised?).

## **b) Conclusions**

In spite of efforts in the right direction, an information sharing, consultative culture has yet to evolve. Information should be treated as a valuable resource, the value of which increases the more it is used within the institution.

### ***Findings***

***A conscious, proactive effort needs to be made on the part of everyone to move to an enriched information sharing culture.***

### ***Recommendations***

- 52. It should become a practice to brainstorm new ideas with staff in the very early stages rather than when the thinking has already reached a mature stage.***
- 53. The 'big picture' should be revealed to the staff and they should be encouraged to examine how they fit into its various parts and the implications it may have for them and what contribution they can make.***
- 54. The need for various kinds of information sharing and intellectual exchange should be thought through and appropriate mechanisms employed to meet them, e.g. Programme fora need to focus on a) exchange of learning and constraints and how they can be overcome; b) new developments in programmes/projects; c) reviewing drafts of strategic plans for the programmes, project concept papers and proposals; d) sharing and teasing out the 'big picture'; e) information and ideas sharing between IUCN Sri Lanka and co-located Regional Programmes.***
- 55. There should be no hesitation in asking for legitimate information, i.e. information of a non- confidential nature and seeking explanations of its significance.***
- 56. The primary receiver or generator of information at whatever level should cultivate a habit of considering who would benefit from receiving it and then pass it on.***
- 57. The plans for providing each unit with Internet connection to be implemented as soon as possible.***
- 58. The CR will need the support of the RD and the Director F/HR Asia Region in building staff understanding of how Regional and Country finances mesh together for mutual benefit. The RD's visit to IUCN-SL for the Donor Meeting might provide a good opportunity.***

## 7.2 Learning

As the mission of IUCN is to 'influence, encourage societies', projects should be seen as testing grounds and demonstrations of new approaches which contribute to the above. The learning from these projects needs to be captured, analysed and synthesised for three purposes:-

- to influence policy and practice
- feed into other on-going projects, and thematic programmes
- shape the design of future programmes and projects.

### **Findings**

***At present learning from the field largely remains with the projects and is in danger of being lost when the projects come to an end.***

### **Recommendations**

- 59. The PD, working through the thematic programmes, should be the node that draws all learning together, institutionalises it and ensures its full utilisation within the wider IUCN and to impact on both internal and external policy.***
- 60. IUCN-SL needs to explore and work out ways of creating learning loops as part of the M&E processes.***
- 61. The organisational vision of the programme units needs to expand to encompass the idea of the programmes being the repository of learning.***
- 62. Future projects should be designed to focus on learning, its capture and utilisation.***
- 63. Project reports should also be designed to give emphasis to the recording and analysis of learning.***
- 64. In the meantime, as in the IUCN Lao PDR, NTFP project, consultants could be hired to extract what has been learnt from a select number of the present generation of projects as they draw to an end.***
- 65. IUCN-SL is not the only programme to face this need to strengthen itself as a learning institution. It might be useful to include 'IUCN, a Learning Institution' on the agenda of an ARD meeting, to encourage exchange of experiences, successes, constraints and ideas on how to overcome them.***

## 7.3 Cost-conscious Culture

As this area was not explored in depth, random observations and suggestions are given as pointers rather than firm recommendations.

The most valuable asset of an organisation is its staff. It is also the most expensive. Maintaining the morale of staff and using staff time wisely and well is, therefore, the most cost-effective measure that an organisation can take.

- Senior managers seem to spend a lot of time on tasks that could easily be delegated down the line.

This sort of delegation not only saves money, but boosts staff morale as it gives them more ownership and builds their capacity.

Cost effectiveness is also another reason why the CR, PD and DF should not continue to be sole decision makers or solution makers.

- Weak secretarial services are also very costly. Productivity of other staff is hampered as their time is taken up in doing what a good secretary should be doing. When there are low

expectations and little of interest comes their way, secretaries become de-motivated, inefficient and lethargic.

- Petty cost cutting measures are not worthwhile. The cost, in terms of staff morale, definitely outweighs the amount of money saved, if any, if the time spent on administering them is taken into account.

There are better ways of using the Administration Unit's time, e.g. the setting up of systems for monitoring the use of supplies, utilities, travel and accommodation costs, etc. so that there is no wastage.

- Computers are expensive, but shared use is costly in terms of efficiency and productivity.
- The efficiency and resale value of vehicles decrease if maintenance work is delayed.

## 8. Conclusions

IUCN-SL has most of the ingredients it needs to move into a new stage of development and growth not only in size but in impact. If it can set in motion, fresh management approaches and other changes which support the evolution of a more open and vibrant organisational culture, it will be able to face all the other challenges with renewed strength.

The 'Summary of Recommendations and Follow-up Matrix' provided as Section D will serve as a base for developing a change implementation plan and for use as a monitoring tool by IUCN-SL and ARO. (Annex-3 Priority Tasks and Foci, jointly prepared by the IUCN-SL staff, if reconciled with the Matrix could contribute to the implementation plan.)

## 9. Acknowledgements

It was my first visit to Sri Lanka - truly a jewel of an island. I greatly appreciated the weekend opportunities to explore some of its richness of culture and history, and catch glimpses of its biological diversity.

I enjoyed meeting with my colleagues in IUCN Sri Lanka and their care and hospitality. I was impressed by their commitment to the betterment of Sri Lanka's environment and awareness of the need to address this in a wider context.

I wish to thank Shiranee and each one of her staff for their unfailing courtesy, patience and willingness to contribute. I truly appreciated their commitment to IUCN and the thinking they have done about their organisation and its work, past, present and future. I have endeavoured to be faithful and true in my interpretation of their issues and in building on the solutions they proffered.

My thanks also to Bala, and Torben and other regional staff for their insights and input.

## SECTION B - 'Co-Location' of Regional Programmes with the Country Office, IUCN-SL

### 1. Background

Regional programmes are co-located in Country Offices except for two co-located in the Bangkok Office together with the nascent Thailand Programme. The reasons for co-location are:

- a) cost-effectiveness
- b) anchoring in the realities and providing an opportunity for strengthening the synergies between field-level experience and regional exposure
- c) to keep a balance and strengthen cohesiveness - if all RPs were an integral part of ARO, the centre would become too heavy - Country Offices would be in danger of being seen as peripheral.

The assessment took the opportunity of utilising the service of the Country Office and the Regional Programme staff to:

- d) clarify generic functional links applicable to all co-located programmes
- e) identify issues specific to the Sri Lanka situation
- f) to find solutions specifically for Sri Lanka, but probably applicable elsewhere.

### 2. Generic Functional Links between Co-located Programmes (see Figure-2)

#### 2.1 Services

The finance, administration, HR Units (if existing), provide support and services to the Regional Programmes to the same extent and level as they do to the Country Programme.

The Regional Programme utilises these in the same way as the Country Programme does. The Regional Programme pays for these services at a negotiated rate based on actuals, a percentage to make it worthwhile and the ability of the Regional Programme to pay.

In future, there is an expectation that as programme directorates are strengthened, they too will extend their services to the RPs, but this is in the future.

#### 2.2 Systems/Procedures

The RPs adhere to the systems and procedures of the Country Office. Therefore the RPs must be consulted and involved in their development and revision. The Country Office service units are responsible for monitoring compliance of the RPs in the same way as for the Country Office. The RPs should be copied on all policies, systems/procedures so that they have them for ready reference.

#### 2.3 Representation

As the title implies, the Country Representative is **the** representative of IUCN in a given country. The RP also has representational needs - meeting with government functionaries, institutions and donors in connection with the Regional Programme. However the external world does not distinguish between the component parts co-located together in one office - they think only of IUCN. It is essential that there is total coordination and an integrated approach to the external world. When the RPH meets with any institution within the country, national or otherwise, prior information must be given to the CR so that they can jointly check out the implications and strategise before the meeting takes place. Ideally the CR should accompany the RPH. The worst scenario would be for the two to be seen as in competition with each or ignorant of the others programme. Therefore regular, mutual exchange of information and consultation on programme and organisational development is essential.

## **2.4 Programme**

The responsibilities of the RPH includes technical oversight for quality control of his/her thematic component in Country Programmes and other Regional Programmes as well as technical support for programme development and technical inputs into implementation if needed. The co-located Country Programme should make optimal use of this and the co-located programme give some special attention to the programme in his/her backyard. In addition, the Regional Programme can benefit from intellectual stimulation from the Country as much as the other way round.

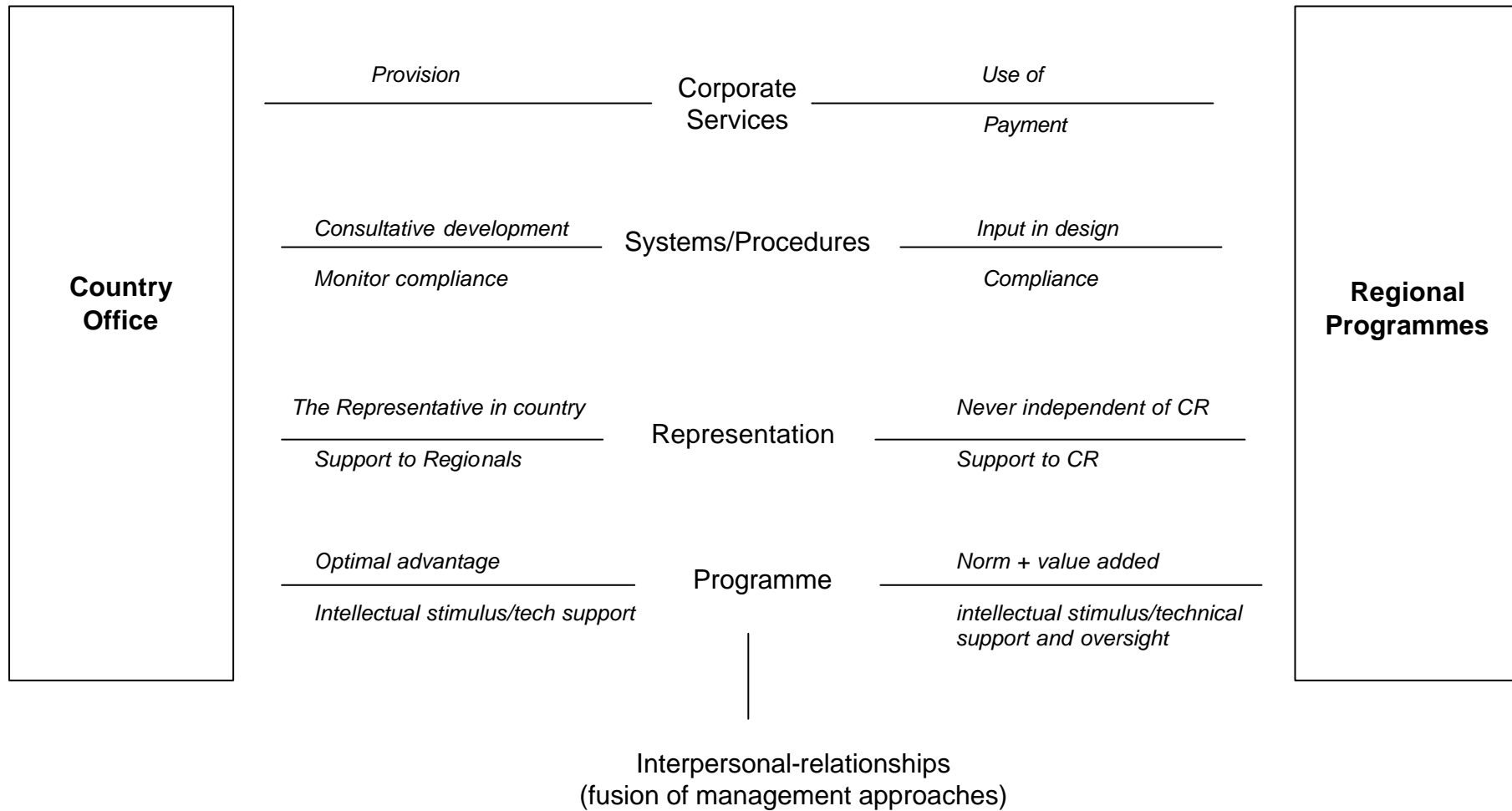
## **2.5 Roles and Relationships**

The roles of a Regional Programme Head and a Country Representative are different but their level of authority for their respective programmes and its resources is the same.

It is people who make services and systems work effectively or fail. A spirit of cooperation, and joint problem solving is essential if co-located programmes are to reap optimum mutual benefits and strengthen Asia Region's cohesiveness.

Figure-2

## CO-LOCATED PROGRAMMES FUNCTIONAL LINKS



### 3. 'Co-Located' Programmes Sri Lanka

#### Background/Introduction

The Regional Biodiversity Programme (RBP), established in 1997, was the first ever regional programme of IUCN Asia. As the pioneers of co-location, IUCN-SL and RBP had the most difficult path to tread. The Regional Marine Programme (RMP) was conceived of, and nurtured by IUCN-SL, which provided the person and the financial resources for setting it up in 2000. Financial support continues as a loan to be paid back to IUCN-SL, once sufficient resources have been generated by RMP. IUCN-SL also acted as banker to RBP when it was hit by an unexpected blockage in its pipeline.

Based on the generic linkages illustrated in **Figure-2**, the co-location issues pertaining to the Sri Lanka situation were teased out and joint decisions reached on how to deal with these.

#### 3.1 Services

##### a) Finance (see **Section C** also)

##### Issues/perceptions

- Uncertainty as to the role CR is fulfilling when signing cheques related to RP's expenditure.
- Concerns about delays in payments to suppliers.
- Delay in financial information from the RPHs to the Finance Directorate.
- Conflicting perceptions as to whether RPs receives 'secondary treatment' in regard to financial servicing.
- Conflicting perceptions whether the agreed service charges for overheads are too high or too low.
- Uncertainty as to whether RPs should be charged for specific use of transport or whether this comes into overheads already paid for.

##### Joint decisions

- It was clarified that the CR and others, when signing cheques related to the RPs, are not monitoring the expenditure as such of the programme but are monitoring to check that procedures have been followed and that documentation is in order.
- If a cheque is not signed for any reason, the Director Finance has the responsibility of sorting it out directly with the RPH; if not resolved within 3 days it will be automatically referred by the Director Finance to the Director Finance/HR Asia Region.
- Concerns about delay in payments to suppliers are common to the Country Programme and are dealt with in **Section C**.
- RPHs must provide timely information to Finance Directorate. This must be worked through in the light of travel plans and sent in either before or whilst on travel. It cannot be delayed until return.
- Conversely responses and actions from the Finance Directorate should take into account the time schedules of RPs so that services are not hindered by the RPHs out of station travel.

- IUCN-SL is keeping records of time spent on servicing RPs which will be used to assess the validity of the overhead charge out rate.
- Each cost-centre in IUCN-SL is charged overheads, but also pays for the specific services provided, e.g. telephone calls, use of vehicles. This principle is equally applicable to RPs.

## **b) Admin**

### **Issues/perceptions**

- Perceptions that the RPs do not get the same quality of administrative services as the Country Office and are 'last on the list'.
- Mixed perceptions about whether the two RPs get equal services or whether the most assertive gets better services or vice versa.
- Difficulties in keeping records of RPHs leave.

### **Joint decisions**

- Quality of services is not dependent on the level of overheads paid. The Country Programme should not give lower quality of service because the RP is not paying the full amount - likewise a RP if paying full rates, cannot demand a higher quality than the Country Office receives, though improvement can be sought for all in a cooperative manner.
- The problems listed by the RPs were those echoed by IUCN-SL so there is no question of discrimination. A general improvement of services is to be aimed for.
- As the RPs are usually small in staff and are often out of station, they should be given prompt service with vigorous follow up by admin in their absence.
- To enable this, RPs (as everyone else) should give all necessary information and be clear and specific about their requirements, e.g. quality criteria for purchasing and printing and give requests for repairs, etc., in writing.
- Realistic time periods for the requested service should be indicated. If for any reason Admin cannot fulfill the request on time, they must inform the RP immediately.
- RPHs should submit a copy of their leave plans signed by the Regional Director and any other documents pertaining to leave to the Administration Unit, who will flag the RPH and the Director F/HR Asia Region when any leave entitlement has been fully utilised.
- It was suggested that the CR and RPHs should meet regularly, initially once every two weeks, to follow up on the substantive issues raised.
- In order to protect the time and energy of the CR and RPHs, a mechanism to pre-empt problems, or failing that, to iron them out as soon they arise, should be set up. This would consist of a joint representative of the RPs, a representative from Finance and one from Administration meeting regularly under the chairmanship of the Human Resources Officer.
- The CR and RPHs should jointly assess progress after a few months. If a substantive problem arises during the test period, the RPHs should try to sort it out with the Director Finance or Head of Administration as appropriate in a solution finding mode. If not quickly resolved, the RPH should feel free to flag it to the CR for resolution.



### c) HR

#### Issues/perceptions

- No issues were identified at this time.
- With a strengthened, dedicated HR function, IUCN-SL will be able to give additional support to the Regional Programmes.

### 3.2 Systems/procedures

#### Issues/perceptions

- A new purchase procedure was developed initially without the involvement of the RPHs.
- RP staff have not been given the opportunity to comment on HR policies/procedures at draft stage.

#### Joint decisions

- RP staff to be consulted about and give input to the development and revision of IUCN-SL systems and procedures.
- RP staff to be included in commenting on HR policies/procedures from the Region.

### 3.3 Representation

#### Issues/perceptions

- Not enough care has been given by the RPHs to notifying the CR well in advance of meetings with other institutions.
- Nor is it automatic for the CR to include the RPHs in IUCN-SL events which would enable the RPs to show support for the Country Programme and use legitimate opportunities to showcase the Regional Programmes which could bring added 'kudos' to IUCN-SL.
- There is not enough exchange of information, let alone to joint consulting and strategising, between the Country Programme and the RPs. It can be awkward if either appears ignorant of the others work in either formal or informal settings. This does nothing for the image of IUCN in Sri Lanka.

#### Joint decisions

- A pro-active concerted effort needs to be made equally on the part of the RPHs and the CR to literally 'get their act together' so that 'together united we stand' is the message given to the external world. Any element of competition needs to be eliminated through discussion and strategising.
- Uninterrupted, short meetings twice a month to share developments and upcoming intentions and events and strategise accordingly would be of immense value.

### 3.4 Programme

#### Issues/perceptions

- There is a danger that the RPHs are losing touch with the programme of the very office in which they are located. At the moment all contact on programme is informal.

- No formal mechanism exists whereby IUCN-SL and the RPs can exchange information about their programme. They used to glean information in staff meetings. As the RPHs have not been invited to attend the Programme Meetings they have lost touch with the Country Programme, likewise the Country Programme in relation to the Regional Programmes. The CR and the RPHs realised that ironically it is the ARD meetings which gives them opportunity for exchange at their level.
- There are no formal mechanisms by which the RPHs can be involved in supporting IUCN-SL programme/ project development.
- Neither the RPHs nor the IUCN-SL have fully recognised the role of RPHs in technical oversight.

#### **Joint decisions**

- The RPHs and Programme Directorate should sit down together and work out formal systems and mechanisms for the exchange of information, input into programme development and the RPHs quality control function. This should not preclude informal contact which can be a source of intellectual stimulus and 'brain waves'.

#### **Post suggestions**

- The TORs of relevant thematic and corporate services staff of IUCN-SL should reflect their expected contribution to and from the Regional Programmes.
- Likewise the TORs of Regional Programme staff

### **3.5 Underlying Roles and Relationships**

#### **Issues/perceptions**

- Lack of understanding by staff of the authority levels of the CR and RPH in relation to the Regional Programmes finance.
- An 'us' and 'them' mentality is beginning to emerge.
- Opportunities to interact more on an informal basis in addition to formal meetings would strengthen communication and understanding.

#### **Explanations and Conclusions**

- It was explained to key staff that, vis-a-vis his/her Regional Programme and its resources, the RPH has the same responsibility and authority levels as the CR has for the Country Programme.
- Mechanisms and systems, no matter how efficient in themselves, will be rendered ineffective without the oil of trust and a commitment to 'making things work'. Attitude and behaviour changes are therefore essential ingredients to ensure a smoother interface between the 'co-located programmes.
- The challenge of re-defining relationships, for the better management of co-location issues to gain optimum mutual benefits, will be a major test of the capacity the CR and RPHs have for personal and professional growth.

## **SECTION C - THE FINANCE FUNCTION**

### **1. INTRODUCTION**

In the terms of reference, the objective of the review to be carried out by Stella Jafri, Imtiaz Alvi and myself was seen as "supporting IUCN Sri Lanka to develop its organisational efficiency enabling it to achieve its mission, goals and objectives as envisaged under the draft program plan for 2001-2005, by recommending appropriate institutional changes through reviewing the existing structure and its management systems, resources base and staff capacities."

It is unfortunate that this important step of the programme implementation process has been delayed by over a year due to unavoidable circumstances.

However the persistence of the Country Representative has paid off and at least two of the three specific objectives of the review were undertaken by Stella and myself.

Though the specific objective relating to my review concerns finance, in the analysis of the findings, there is bound to be overlapping issues that are common to the overall review undertaken by Stella. This will be true also for Imtiaz whenever he carries out the specific objective for Monitoring and Evaluation (M&E) as set out in the ToR.

It is expected that SJ's report would expand on the common issues in more detail and to some extent attempt to tie things together from an overall perspective.

The review was conducted mainly with the specific objective as set out in the ToR (refer Appendix-2) in mind. The approach adopted by me was one of problem identification through a process of self-assessment by the key players. The interviews and meetings with relevant staff members and the brain storming session I had with the finance staff were conducted essentially to elicit the issues involved, and to obtain suggestions for improvement.

Even though I was scheduled to spend a week on the review, other work I had involving Regional Biodiversity Programme (RBP) and Regional Marine Programme (RMP) and the need to attend to urgent regional work assigned by the Regional Director reduced the time I could spend on the review. This limited its scope and depth in terms of detailed analyses of accounting processes especially in relation to project accounting and project financial administration.

Finally, I would like to thank Shiranee Yasaratne, Chanaka de Silva, Asanka Abayakon and the IUCN staff for the support given to me during the week I spent in the Sri Lanka Office which enabled me carry out my work unhindered, I also wish to thank THE TWO Regional Programme Heads, P. Balakrishna and Torben Berner and all staff who gave me detailed accounts of the issues they saw as important in the context of my review and their suggestions for improvements which I will be articulating in the report.

### **2. FINDINGS OF THE REVIEW**

The findings of the review are presented under broad headings viz:

#### **2.1 Organisation of the Financial Function**

##### **2.1.1 Roles and Responsibilities of the Finance Function**

##### **2.1.2 Roles and Responsibilities of the Finance Staff**

#### **2.2 Finance Department Interface with Other Units**

##### **2.2.1 Administration**

##### **2.2.2 Programme**

##### **2.2.3 Regional Programmes**

#### **2.3 Systems and Procedure Issues**

- 3. General Reflections
  - 3.1 Organisational and Cultural Issues
  - 3.2 Managerial and Leadership Issues

## **2.1 ORGANISATION OF THE FINANCIAL FUNCTION**

### **2.1.1 Roles and Responsibilities of the Finance Function**

A brainstorming session was held with the finance staff to discuss the roles and responsibilities of the finance function. It was observed that staff were seeing the roles and responsibilities of the finance function more in terms of tasks and low level processes e.g. to deliver timely and accurate reports. They were aware of the broader mission of IUCN-SL but this was not sufficiently internalised to see the organic link of the finance function to the overall mission of IUCN-SL and through it to the global mission. The harmonisation exercise, which seemed to have served only the purpose of budget preparation, did not appear to have been operationalised in the interface between finance and programme.

The conceptual framework that came out of the ensuing discussions helped to tease out some of the key responsibilities of the finance function such as the provision of information in discharging management's responsibility for accountability and also the role of finance in ensuring the sustainability of the institution through financial planning and control. The reports that should be produced by finance was also discussed and consensus was reached on the following:

- Monthly Accounts
- Cost Center Reports
- Project Reports
- Project Deficit Report
- Income Analysis
- Expenses analysis
- Advances O/S
- Pipeline Analysis (quarterly)
- OH & Staff time Analysis
- Cash Flow Forecasts

In addition to overall organisational issues discussed later under General Reflections, the finance function suffered from an identity problem and this was partly due to the fact that for a considerable period of time the finance function was subsumed under the Programme Directorate. It is only now that the unit is beginning to taken on a functional identity of its own and it is important that the Director Finance and the Senior Finance Officer provide the professional leadership for the finance function to stand as equal partners contributing to the effective management of the organisation.

It was also felt that a mission statement was necessary for the IUCN-SL finance unit. The staff was of the view that the statement should capture the following ideas:

- To be a respected and equal partner in the IUCN-SL team with an important facilitative and monitoring role to play
- To be considered as professional
- To be seen as happy to work and contribute through the effective delivery of products and services to its internal and external clients

A key grievance of most finance staff was that they were considered as difficult and as troublemakers, commanding very little respect from other units.

A rigorous analysis of the situation including a self-assessment revealed that this perception stemmed due to certain historical organisational issues. It was also

acknowledged that there were certain inherent deficiencies in the finance function too that resulted in the poor image of the finance function. These were identified as:

- a) Reliability - Not being able to deliver consistently on time.
- b) Quality - Information not being of quality in terms of accuracy and relevance for decision making.
- c) Systems and procedures - The inadequacy of clearly laid out systems and procedures.
- d) Professionalism - The need for professional approach in resolving issues and recommending courses of action.
- e) Leadership - The need for strong leadership in creating a cohesive unit able to interact with peers and supervisors in a cooperative but assertive manner.
- f) Team Spirit - The need for a stronger team spirit in the interface with other units.
- g) Communication - Strengthening of the lines and modes of communication in the dealings with other units.

### **Recommendations**

- 66. It is necessary that a session/workshop is held to impart to staff the essence of the harmonisation process. This will enable staff to see IUCN-SL's mission in the context of a national, regional and global programme as articulated in its key result areas. And in the case of the financial function, how it is operationally linked to this process through Key Result Area No. 7.**
- 67. Director Finance to develop a ToR for the finance function in the light of the brainstorming session and the matrix developed as part of Financial Management Reengineering (FMR) exercise in HQ. (Refer Appendix-4)**
- 68. Director Finance to submit a report on how he proposes to streamline finance operations and the resources he would require.**

### **2.1.2 Roles and Responsibilities of the Finance Staff**

A review was carried out of the roles and responsibilities of the staff in the finance function with reference to their current ToRs. This was done on a one-to-one basis with the staff concerned and also in a group discussion. The matrix prepared by the Financial Management Reengineering Team referred to above was used as a reference document for this exercise and was a logical complement to the work done in regard to the finance function.

A major weakness in the current ToRs was that they merely listed down duties and tasks and not processes and responsibilities. For e.g. "maintaining cash book", "preparation of bank reconciliation" were listed in the ToR of the Accounts Assistant as tasks but not clustered under the heading of a process: responsibility for cash and banking.

In the ToR of Finance Manager, the higher level responsibility for cash and treasury management would be reflected as tasks such as preparation of cash forecasts; movement of funds between fixed savings and current accounts clustered under it. Designing ToRs in this manner not only enriches the job for the staff concerned but also allows for effective delegation.

## **Recommendations**

- 69. Director Finance to hold further group sessions with finance staff to identify and assign roles and responsibilities of staff as a basis for developing clearly defined ToRs for the respective finance staff.**

## **2.2 FINANCE FUNCTIONS INTERFACE WITH OTHER UNITS**

### **2.2.1 Finance Functions Interface with Administration**

The administration function is another example of a function seeking an identity. Originally being under the Programme Directorate, with the advent of the new Director Finance and Administration, it was brought under his purview. Recently, the responsibility for Administration was moved from the Director Finance and placed under an Administrative Officer with limited managerial experience.

While the Organisational Development (OD) ramifications would be covered in more detail. Elsewhere, the comments here would focus on the disconnect that arises between finance and administration. Part of the problem stems from the interpersonal dynamics given the history referred to above. From a systems perspective much of the problem has to do with the need for clearly laid down procedures. It is important also that administration, given its logistical role, is seen as a bridge between the operational units and finance, and not as an isolated and compartmentalised unit on its own. The overriding motto of administration should be facilitation and it is important that finance is responsive to this need.

While procedures should be developed on the principles of equity, economy and efficiency they should not detract from the need to ensure that they effectively meet the ultimate end of delivering programme objectives.

## **Recommendations**

- 70. For example, payment commitments made to suppliers by the administration unit should be honoured, as this has a bearing on the future quality of service of the supplier concerned, which in turn will impact on operations.**
- 71. On the part of administration, it needs to liaise with its client units and obtain the necessary documentation and accounting analyses, which would allow for the smooth processing of payments by finance. The establishment of procedures in this area is essential. (It is pertinent to mention here that payments to suppliers should not be held up due to delays arising from deficient internal procedures. If the supplier has acted in good faith in supplying the goods or services ordered, then there is an obligation on the part of IUCN to settle its dues on the date agreed. Failure to do so would tarnish IUCN's reputation and make future procurement difficult.)**

### **2.2.2 Finance Functions Interface with Programme Coordination Unit**

It was clear from the review that there was an apparent disconnect between the programme function and the finance function. This was again partly due to a historical situation where finance and programme came under a single directorate. Habits die hard. Despite the segregation of the finance function, vestiges of the disconnect still exist. This is evident mainly in the exchange of information. While finance complains that programme does not give them the complete picture in regard to programmatic operations, e.g. the basis of probabilities on the ABC List, programme complains that finance keeps them in the dark on finance matters that have an impact on programme e.g. the basis on which the secretariat budget has been computed. In the past this was never an issue because programme and finance responsibility resided in the same person.

However with the appointment of the new Director Programmes, a dialogue has commenced with finance and a rapport is beginning to be developed between the two

functions. More importantly it is necessary to integrate the two functions at the higher level of programme goals and objectives. It is necessary for programme and finance together with M&E and the CR Office to see themselves as parts of the whole joined together by the Key result Areas in which programme has responsibility for KRAs 1-6 and finance, HR and other corporate functions provide facilitative and monitoring role as envisaged in KRA 7.

The objective of the Harmonisation exercise was to bring about this integration by linking the National Programme through the Regional Programme to the Global Quadrennial Programme. The 2001 Budget was formulated on the basis where the Annual Budget including the Secretariat Budget was linked through the funding derived from projects on the ABC List. This automatically established operational linkage between programme and finance. Sadly, the integrative seeds sown through the harmonisation exercise have failed to take root yet. During the one-on-one review meeting between programme and finance the need for resurrecting the integrative links envisaged by the harmonisation process was discussed.

### **Cost Centre and Project Accounting**

Another point of contention between the finance and programme were conceptual issues connected with the thematic cost centres that have been set up. Firstly, Director Programmes was of the view that there should be a distinction between income earning units and non-income earning units (the latter should be distinguished separately only for monitoring of expenditures, but consolidated as a mother cost centre for recording income and managing institutional sustainability).

The Director Programme also felt that the Programme Coordination Unit should also be part of the non-income earning sub cost centres like CRO, Finance and Administration.

All income-earning sub cost centres will be monitored in terms of income and expenditures for sustainability purposes. There does not seem to be a problem with this conception but it is necessary for further discussion between CR, Director Finance and Human Resources, Asia Region and Programme Coordination Unit in arriving at a model that is most effective.

### **Sub Cost Centre Budgeting**

Other issues that were revealed during the discussion was the top down approach in the preparation of thematic unit budgets. As a result actual expenditure based on work plans could not be retrofitted into the budgets, e.g. stationery and communications costs. This again is reflective of need for a stronger participatory approach to management. It may be necessary for a review of budgets to be carried out in consultation with unit heads and as far as possible budgets re-constituted in line with work plan requirements.

### **Information Disclosure**

Management theory based on empirical studies have revealed that information sharing promotes team building, strengthens integration and helps staff see the bigger picture which in turn helps in the attainment of overall organisational goals.

It is therefore recommended that information is shared as far as possible.

### **Recommendations**

***72. There is also an ongoing debate as regards the extent to which inter-thematic units cost centre information should be shared.***

### **Staff Time and Management Overhead**

**Staff Time (ST):** There are two problems connected with staff time. One has to do with the fact that actual work done very often exceeds the provision for staff time in the budget. The Programme Coordination Unit (PCU) insists on this being reflected in the time sheets for

record purposed. A compromise solution arrived at during the meeting was for both the actual time worked and the chargeable time for accounting purposes to be shown in separate columns.

The second problem on staff time is the charge-out rate. The Director Programmes was of the view that the rates are not reflective of actual costs, hence they are exorbitant and difficult to sell to donors. This is a perennial problem faced in all programmes across the region. Based on market forces standard rates establish an institutional price for the staff assigned and is not necessarily linked to the costs of the specific individual. The argument being that the individual brings with him the backing of the entire institution and there is a premium attached to this, as there are sustainability issues involved.

**Management Overhead (MOH):** Similar issues surround the recovery rate for management overhead. Director Programmes was of the view that finance expectation that all project proposals provide for 16.5% MOH is difficult to justify in practice.

Here again it is a negotiation issue and has to be viewed in the context of each proposal. Some proposals the opportunity for staff time and cross charging of overheads can be offset against the actual MOH.

### **Recommendations**

**73. The issue here is one of sustainability and every endeavour must be made to convince donors that for projects to be effectively executed there is a need for institutional support from the IUCN Office through its Coordination, M&E, Finance and Human Resources Systems.**

**74. Creative budgeting and accounting are also required and the IUCN-SL Office has demonstrated its ability to do this.**

**75. Finance felt that they were usually brought into the picture at a later stage when commitments had more or less been made and further negotiation was difficult. Agreement was reached at the meeting that Programme Coordination Unit will seek the involvement of Finance at the earliest possible stage of the project cycle.**

### **Pre-funding**

Programme Coordination Unit pointed out that in respect of previous contracts, e.g. Medicinal Plants, the nature of the contract is such that pre-funding is inevitable as costs are recovered on a reimbursement basis.

### **Recommendations**

**76. It was necessary for finance to forward to Asia Regional Office (ARO) Finance a list of projects where pre-funding is required. ARO Finance may need to keep HQ informed.**

### **Subsidising Government**

#### **Recommendations**

**77. Subsidising government e.g. travel and other related costs is a major item of expense incurred by programmes in regard to negotiating projects with government. These are in effect project development costs. PDU believe that these costs need to be budgeted on an annual basis, as they cannot be avoided. One should also look at the possibility of building these costs into project lines to enable their recovery once the project has been approved.**



### 2.2.3 Finance Functions Interface with Regional Programmes

The overall organisational issues pertaining to the relation making between the regional programmes and the Sri Lanka Office is discussed under Co-location in part 3 of this report. While some of the finance related issues has its sources at the overall level, only specific issues that arise between IUCN Finance and the Regional Programme, especially RBP are discussed here.

It is important to mention here that most of the issues discussed below were taken up at a meeting held on April 22, 2001 with the two Regional Heads and the CR, the Director Finance, SJ and myself attending. The meeting focused on the courses of action that should be taken to deal with the immediate problems and the institutional mechanisms necessary to ensure that such problems are resolved through consultation and consensus. The minutes of the meeting are attached as Appendix-3.

#### **Cost Centre and Project Accounting**

In view of the heavy travel schedule of the Head of RBP, there are delays in the submission of information e.g. ABC List and Cash Flow updates which sometimes hinder the finance unit from meeting Regional and HQ deadlines. The matter was discussed at a meeting with the RBP Head and he has agreed to furnish all relevant information before he embarks on a trip. The advent of the new Senior Programme Officer should also help ease this problem greatly.

#### **Cash Flow**

#### ***Recommendations***

***78. In view of the current liquidity problems ARO has with HQ, payment commitments of RBP would have to be met by the Region. In this regard, the SL Office may be called upon to make payments on behalf of RBP, for which they will obtain reimbursement from ARO on submission of a monthly expenditure statement. The SL Office will factor such commitments in the cash flow forecasts prepared in respect of RBP.***

#### **Issues connected with Procurement**

This was found to be an area that was fraught with problems. It has partly to do with the fact that there was no written procedure or guideline for procurement though it was being claimed that there were unwritten practices being followed to ensure that goods and services of the right quality were being purchased at the most competitive prices. The regionals felt that the system tended towards arbitrariness, which at times resulted in delays and fractious interaction with the SL Office management. Linked to the whole issue of procurement was also the problem of payments to suppliers of goods and services to the regional programmes. Here again the absence of a policy and procedure led to situations of payments being held up due to either non-compliance with the unwritten procedure, or problems linked with liquidity management.

It is important to note that the deficiency of not having a written policy and procedure for procurement had been recognised and the Programme Coordination Unit had developed a procedure. While they had come up with a fairly comprehensive procedure, there had not been sufficient consultation in its development. It would have also been more appropriate if the Director Finance and the Finance Manager were part of the team that developed the draft procedure.

At the meeting on April 22, it was agreed that the draft procedure would be circulated to the heads of the regional programmes for their inputs.

### **Recommendations**

**79. The issues of cheque signing and the releasing of payments was also discussed during the meeting and consensus reached. Importantly, it was also agreed that if within 3 days a resolution could not be reached on any matters, it would be referred to Director, Finance and Human Resources, Asia Region for his advice.**

### **Financial Administration matters**

Another matter, linked to the procurement and payment issues above, is the difficulties experienced by finance function as a result of Regional Programmes (in this case RBP) not providing on time the necessary documentation required for financial administration, e.g. travel approvals. This being part of the financial administration procedure, processing of connected payments had to be held up.

The matter was discussed during a one-to-one meeting with the Head of RBP and Finance in my presence and it was agreed that going forward such situations would not be allowed to arise.

### **Recommendations**

**80. Director, Finance and Human Resources, Asia Region to document a procedure in regard to Cost Centre and Project Accounting for Regional Cost Centres. (This would be the same as developed for the Programme Sub Cost Centre Accounting referred to in the previous section but with modifications to reflect specific requirements pertaining to Regional Cost Centres e.g. sign off authorities etc.**

## **2.3 SYSTEMS AND PROCEDURE ISSUES**

As highlighted during the brainstorming session on the roles and responsibilities of the finance function, there is a need for systems and procedures in many areas.

Presently, it was observed, that what exists are unwritten practices with elements of ad-hocism. The establishment of systems and procedures would help streamline processes, enhance communication, establish documentation and provide a paper trail.

Among the areas identified as requiring clearly laid out procedures were:

- 1) Preparation of budgets especially in the context of harmonisation
- 2) Preparation of ABC Lists
- 3) Project financial administration
- 4) Procurement (a draft procedure has already been circulated)
- 5) Receipts and payments including Cash Flow Management
- 6) Administration relating to local and foreign travel, vehicle usage
- 7) HRM
- 8) Payroll

### **Recommendations**

**81. The Director Finance should identify on a prioritised basis the systems and procedures that need development and based on a time table of implementation initiate action accordingly.**

### 3. GENERAL REFLECTIONS

#### 3.1 Organisational and Cultural Issues

In addition to the formal interviews and meetings I had with relevant staff, I also made it a point to observe staff in informal settings. Listening in to their conversation at the lunch room, in the corridors and outside of the office. This window of the informal organisation not only corroborated findings in the formal setting but also provided deeper insights into the functioning of the organisation.

An important feedback I would like to give IUCN-SL Management is that the organisation is being viewed as essentially bureaucratic (hierarchical and impersonal) and centralised and command and control in terms of decision-making.

While a detailed discussion of this issue would be dealt elsewhere in this report, reviewed here is the dysfunctional effects it has had on the finance function.

It was observed that though the finance function is headed by a Director who is a very senior chartered accountant, very often the CR intervenes in day-to-day control of the finance function on matters concerning the processing of payments, giving direct instructions to subordinate staff and even micro-managing financial activities at a level of materiality that has little strategic purpose. This has led to confusion, frustration and stress on the part of subordinates. Subordinate staff in the finance department also felt unsupported by their Director especially if he remained silent when pulled up by the CR on procedural and accounting matters that the Director Finance had full knowledge of.

While the situation could be improved by more effective professional leadership on the part of the Director Finance, there is also a need for a different management approach by the CR.

#### **Management response**

In a frank and open discussion held during a debriefing exercise, the CR pointed out that she was forced to get involved because not only was she not getting financial information in a timely manner but also found inaccuracies in the information provided. She acknowledged the fact that the finance staff were diligent, committed and hard working but her concern was that they were not delivering. In a process of self-assessment that ensued during the discussion, it was felt that:

#### **Recommendations**

- 82. The Director Finance should take full control of the finance function and as a senior member of management with the relevant functional expertise, assist management in discharging its accountability obligations through effective financial management. In this respect the Director Finance will act on clearly articulated terms of reference which distinctly sets out the roles and responsibilities of the finance function.**
- 83. As part of this exercise, agreement will be reached with the CR and related Unit Heads on reporting requirements and time tables. The Director Finance and Human Resources, Asia Region will assist in the formulation of this ToR.**
- 84. The CR for her part will repose full confidence in the Director Finance and only deal with him on all matters concerning finance. Flexibility demands that the CR has access to other members but this will be agreed in respect to circumstances and purpose. No countermanding instructions to be given except through the Director Finance.**

## **Cultural Issues**

Each organisation has a unique working atmosphere or climate that is derived from a combination of purpose, history and sense of mission. The cultural construct is conveyed in the physical layout, staff interactions with one another and outsiders, the language, the rituals, the way staff are treated and their deference and demeanour.

Organisations are said to have strong or weak cultures and besides the leadership factor it is the degree of sharedness or connectedness of staff and the intensity of their commitment to core values that determine the strength of an organisational culture which in turn generates the kind of ambience that is motivating.

In most organisations, cultures begin with a founder who together with others who share the same strong values, create the organisation. With time others join the organisation and a common history and culture begins to take shape.

The current CR took over an organisation that needed radical changes in character and the process of transformation to a professional outfit has been a difficult and thin high-wire to cross. Though she has made great strides, she is presently in a very critical transitional phase and requires all the mentoring, guidance, training and support (both moral and material) to build a strong cultural platform.

### **Recommendations**

***85. It is important that the Senior Management in IUCN-SL are sent on advanced courses in management that would help acquaint them with modern managerial concepts, ideas and techniques.***

## **4. CONCLUSION**

In a brief review of this nature one cannot capture all the complexities of an organisation that lend an institution its character and essence.

It is necessary to understand the organic make-up of a social institution such as IUCN-SL, at the level of the individual, the group and the functional unit and the interactive processes that have to be coordinated in order for it to carry out its social functions of promoting conservation and sustainable development in a socio-cultural landscape.

While the development of policies systems and procedures help bring clarity into these processes, it is at the psychological level of organisational behaviour that the greatest level of understanding is required. Interpersonal relationships at the individual and group level, perceptual processes, habits and most of all the motives behind our actions impact upon organisational performance.

The task and challenge of management is to adopt a consilient or integrative approach in harmonising the energies of the organisation for optimal effectiveness.

Managers must sometimes rise above themselves and their immediate responsibilities in order to see the blend of the landscape and the horizon beyond.

## SECTION D - Summary of Recommendations and Follow-up Matrix

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
<p><b>Country Representative (CR)</b></p> <p><i>The challenges of maintaining a strategic focus on a programme and constituency, steadily expanding in size and complexity plus the concomitant organizational changes, will make increasingly heavy demands on the CR. She will therefore need to use her time ever more judiciously.</i></p>	<ol style="list-style-type: none"> <li>1. <i>Whilst retaining an overview and a monitoring and accountability role, the CR must devolve herself from day-to-day management, decision-making and correspondence. In future her technical know-how should be used only to give direction and guidance at the 'brainstorming' stage of programme/project design and at the final stage of sign-off of proposals for quality checking before they are sent to APDG. In between, the CR's role should be to monitor progress and provide course correction if needed.</i></li> <li>2. <i>A process should be set in motion to delegate greater authority to senior managers commensurate with their responsibilities and likewise to further delegate authority down the line.</i></li> <li>3. <i>Each senior manager should then be held accountable for managing his/her own sphere and coordinating with each other to ensure that:</i> <ul style="list-style-type: none"> <li>- <i>procedures, systems and mechanisms for programme integration, quality control and top class support services are developed and utilised effectively by the thematic units and the projects for high quality programme</i></li> </ul> </li> </ol>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>development and delivery. (Later these would need adjustment and extension to cater to the programme offices when and as they are established.)</i></p> <ul style="list-style-type: none"> <li>- <i>the CR receives sound, timely and accessible management information and advice on which to base higher level strategic decision making and futuring</i></li> <li>- <i>well designed, smartly budgeted and packaged project proposals for resource mobilisation.</i></li> </ul> <p><b>4. To support this shift in management culture, it is important that the CR is given the opportunity of participation in a leadership/management course, to be formally shared with colleagues on completion.</b></p>			
<p><b>Programme Directorate</b></p> <p><i>The structures and processes of programme development, planning, co-ordination and M&amp;E functions need to be further strengthened. (see 5.2 &amp; 7.2 also)</i></p>	<p><b>5. In consultation with the CR, appropriate unit heads and project staff, the Programme Director should divest himself from all direct responsibility for the MPP.</b></p> <p><b>6. A shift in management style, to set in a process of giving greater authority to the Unit Heads for managing their programmes/ projects would enable the Programme Director's supervisory role to focus more on support to programme and project development; guidance, mentoring, capacity building; monitoring for course correction. (This would</b></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>lighten his load as well as empower the unit managers.)</i></p> <p><b>7. Once the Programme Director spends a significant component of his time on PD work, the internal work plan of the unit should commit more time to the development of M&amp;E systems.</b></p> <p><b>8. The setting up and utilisation of processes, systems and mechanisms for programme/project development must be accorded top priority.</b></p> <p><b>9. The onus should be clearly put on the Programme Director for, distance supported and validated, development of procedures, systems and mechanisms for programme/project development, review, M&amp;E. etc. The services of the Regional Programme Co-ordinator should be obtained in areas where it is found to be necessary.</b></p> <p><b>10. The Programme Directorate should develop a road map and planning calendar so that Unit Heads are supported in developing strategic plans for their programme area.</b></p> <p><b>11. PD should then focus on working with the units on conceptualising, designing and marketing one or two medium to large size project proposals.</b></p> <p><b>12. The PD should take the lead role in increasing staff member's understanding of the purpose of the</b></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>'harmonisation process', its implications and applications. This will enable staff to see IUCN-SL's work in the context of a national programme, feeding into an integrated regional and global programme.</i></p> <p><i>After an initial workshop, the understandings gained could be re-iterated as each new project concept is examined to see which KRAs and KEGOs it feeds into.</i></p> <p><b>13. To enable the units to work more effectively, the Programme Director should work with the Director Finance, Head of Administration and the Unit Heads to:-</b></p> <ul style="list-style-type: none"> <li>- <i>clarify the questions surrounding cross-charges and develop definite guidelines to be reviewed periodically</i></li> <li>- <i>ensure that unit heads have timely, appropriate and understandable information for decision making and to support their understanding of underlying issues; and</i></li> <li>- <i>that services and support are delivered smoothly and effectively in a timely manner.</i></li> </ul>			
<p><b>Thematic Units</b></p> <p><i>The thematic programme units need to be further empowered and given more effective support in order to better fulfill their role and responsibility in programme development, delivery and the 'capturing of learning'. (see 5.2 &amp; 7.2 also)</i></p>	<p><b>14. The generic roles and functions of a thematic unit need to be clearly spelt out.</b></p> <p><b>15. The responsibility of unit heads for managing field projects should be phased out.</b></p>			



Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p>16. <i>With the guidance of PD, the units should jointly develop a generic outline for a strategic plan for thematic programmes. Based on this, one unit should develop its plan, offer for group critique and re-design it as a model for others to follow.</i></p> <p>17. <i>The units should work with PD to conceptualise and design medium to large sized project proposals drawn down from their strategic plans.</i></p> <p>18. <i>Dedicated project management, as well as anticipated inputs from programme staff should be budgeted into the design of new project proposals.</i></p> <p>19. <i>Depending on work demands and resource availability, additional unit staff should be recruited</i></p> <p>20. <i>TORs should be redesigned:-</i></p> <ul style="list-style-type: none"> <li>- <i>unit heads TORs to reveal the full range of roles and responsibilities</i></li> <li>- <i>project officers TORs should also reflect those responsibilities which go beyond purely project work</i></li> <li>- <i>secretaries' TORs (including those of the receptionist) should be redesigned on the basis of responsibilities; the overarching one being 'facilitation of the maximum operating efficiency of the unit(s) being serviced'.</i></li> </ul>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p>21. <i>a) New responsibilities and expectations should be clearly defined and explained to the present secretaries so that they can build their capacities with the help of their managers. Those unable to grow into their new responsibilities should be supported in finding work elsewhere.</i></p> <p><i>b) As soon as resources permit, there should be one secretary to every two units as well as one executive secretary dedicated to the Programme Directorate.</i></p> <p>22. <i>The Finance Unit should provide, not only regular, user-friendly information, but also help to build the capacity of Unit Heads to interpret financial information. Finance staff should be given the opportunity of visiting project areas and meeting with project staff to deepen their understanding of the programme.</i></p> <p>23. <i>The basic formula of staff rates for cross charging should be shared with Unit Heads.</i></p> <p>24. <i>a) The concerns re per diems should be explored and, if valid, dealt with appropriately. Any misconceptions should be dispelled through informed discussion.</i></p> <p><i>b) Finance and HR IUCN-SL should work with the Director HR, ARO to develop a clearly laid out</i></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>per diem policy for IUCN-SL. (This could then be used as a base for a Regional policy to be customised to fit the realities of each Country Office.)</i></p>			
<p><b>Administration</b></p> <p><i>The corporate services need reorganization and re-orientation in order to provide more effective and timely support to all parts of IUCN-SL and the co-located Regional Programmes. (See 5.2 also)</i></p>	<p>25. <i>Work-study of the administration unit to be carried out.</i></p> <p>26. <i>Responsibilities of the unit staff to be allocated according to the findings. TORs to be redesigned with emphasis on responsibilities not merely discrete tasks.</i></p> <p>27. <i>Simple user-friendly systems and procedures to be developed to facilitate delivery and accountability.</i></p> <p>28. <i>The Head of Administration should visit the project areas, survey available accommodation and negotiate special IUCN rates where possible.</i></p> <p>29. <i>Resources for the purchase of field vehicles should be budgeted in future project proposals.</i></p> <p>30. <i>The Finance and Administration units should clarify any questions related to vehicle maintenance budgets.</i></p> <p>31. <i>As demands increase, the vehicle and driver presently dedicated for the use of CR, in keeping with vehicle policy 'Personal Use of Office</i></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>Facilities Policy' will at some point in the future have to be put in pool.</i></p> <p><b>32. As the office expands and the workload increases, it will be necessary to have one person in the administrative unit dedicated solely to IT support. In the meantime, the measures taken to re-organise the unit and its work should enable the head of the unit to both provide effective and timely services to support the programme and other units as well as use his expertise to support the basic IT needs.</b></p> <p><b>33. A Finance and Administrative Committee, with representation from the programme staff should be established to support smooth interfacing deal with relevant issues. The purpose, composition and functions should be drawn up in the form of TORs.</b></p>			
HR Function	<p><b>34. A dedicated Human Resources Officer should be appointed, reporting directly to the CR, to pull together and systematize all personnel administration.</b></p> <p><b>35. At a later stage, as demands increase in number and sophistication, an experienced qualified Director of HR should be recruited and a dedicated HRM Unit set up.</b></p> <p><b>36. More immediately, the TORs of all staff should be redesigned to reflect responsibilities and work</b></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>objectives (including any contribution they are expected to make to Regional Programmes) so that they form a sound base for appraisal.</i></p> <p><b>37. A system should be put in place to circulate TORs so that each member of staff is aware of others responsibilities.</b></p> <p><b>38. During the 2001-2004 period, serious attention should be given to the design of a staff development and training plan based on identifying and collating professional development needs and how best to meet them; prioritising from an organisational perspective so that scarce resources are utilised most effectively; generating/ setting aside dedicated resources.</b></p> <p><b>a) In the meantime, experiential on-the-job learning should be optimised. The pro-active use of day-to-day activities, interactions and knowledge sources, accompanied by rigorous self-analysis, provides rich learning opportunities. Management support can be given through mentoring, guidance, using interventions for course correction positively to deepen understandings and build capacity through supportive participatory critique. Peer support in analysing successes, failures can also be of value.</b></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>b) A system whereby the CR invites staff to accompany her to strategic meetings with government, donors and other partners would develop 'political' management skills. A briefing, debriefing by the CR and a record of observations by the staff member would increase the value.</i></p> <p><i>39. Visits to/from counterparts in other offices need preparation and well determined objectives/ outputs as well as analytical reporting to gain full value.</i></p> <p><i>40. Appraisal provides the opportunity for: a clear shared assessment of achievement levels, strengths, weaknesses, areas for improvement and careful consideration of how these can be managed for on-going monitoring of progress throughout the year.</i></p> <p><i>41. Collation of training needs stated in the appraisal forms could feed into the training plan.</i></p>			
<p><b>A Constituency Programme and Unit</b></p> <p><i>Having gained a good deal of experience through regular interaction with its membership, working with NGOs and a number of key government departments and agencies and other institutions, there is a fund of information, knowledge and ideas among programme and project</i></p>	<p><i>42. The present scenario needs to be mapped out and a gap analysis made; based on the findings, a consultative process should be set in motion to develop a constituency strategy which mirrors that of the region, but</i></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
<p><i>staff which could be tapped into. Moreover the successful implementation of the Local Environmental Fund gives some leverage.</i></p> <p><i>Given all of the above, IUCN-SL has a sound base from which to begin a reexamination of its interactions with its constituency.</i></p>	<p><i>is based on the opportunities and needs specific to Sri Lanka.</i></p> <p><b>43. High priority should be given to the development and marketing of a quality funding proposal for Constituency Programme and the establishment of a Constituency Unit.</b></p> <p><b>44. In the meantime:-</b></p> <ul style="list-style-type: none"> <li>- <i>key players in the field of environment should be identified and encouraged to apply for IUCN membership</i></li> <li>- <i>collaboration with members should become an element in programme planning</i></li> <li>- <i>programme staff attendance at meetings would encourage closer interaction with members</i></li> <li>- <i>the potential of working with Commissions and Commission members in Sri Lanka should be explored</i></li> <li>- <i>Commission members should be invited to attend Members Meetings after due consultation with membership.</i></li> </ul>			
<p><b>Environmental Economics</b></p> <p><i>IUCN-SL shares in the growing realisation, globally and within the region that, to deal with the economics of biodiversity and natural resources use is an essential component of sustainable management</i></p>	<p><b>45. IUCN-SL should utilise the services of the newly established Regional Environmental Economics Programme to explore approaches to Environmental Economics. Consultants could be used to initiate any priority work identified.</b></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	46. <i>Over time IUCN-SL would need to build its own capacity and perhaps establish an Environmental Economics Programme Unit.</i>			
<p><b>Establishment of Programme Offices</b></p> <p><i>IUCN-SL has a number of discrete projects, many clustered in specific geographical areas. The opportunity of cross-fertilisation, synergy and further programme development would be enhanced if programme offices were established to manage the field projects and develop area specific components of the IUCN-SL Programme.</i></p> <p><i>The establishment of Programme Offices would reinforce the message that IUCN is not a remote urban organisation; is in touch with ground realities and does give due weight to the local communities it works with.</i></p> <p><i>The opening of Programme Offices would have a profound effect on all parts of IUCN-SL.</i></p>	<p>47. <i>The role of Programme Offices, their structural, systems, staffing and budgetary requirements would need to be thought through and clearly articulated. (Consultation with IUCNP and IUCNN could be useful).</i></p> <p>48. <i>An action plan for the establishment of two Programme Offices should be completed during the first quarter of 2002.</i></p> <p>49. <i>It is essential that all systems and procedures are developed, tested and revised very soon so that they have the strength and resilience needed for expansion and adaptation to the programme needs.</i></p> <p>50. <i>All future project proposals will need to be designed and budgeted to resource the necessary organisational adjustments.</i></p>			
<p><b>Structural Changes</b></p> <p><i>A more robust, adaptive management structure is required to support the enriched and expanded programme envisaged.</i></p>	<p>51. <i>IUCN-SL should be restructured, in a phased manner, so that management entities are adjusted to support changes in priority programme areas and new</i></p>			



Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>demands on organisational functions. The suggested restructuring is shown as Figure 1.</i></p>			
<p><b>Sharing of Information and Ideas</b></p> <p><i>A conscious, proactive effort needs to be made on the part of everyone to move to an enriched information sharing culture.</i></p>	<p><b>52.</b> <i>It should become a practice to brainstorm new ideas with staff in the very early stages rather than when the thinking has already reached a mature stage.</i></p> <p><b>53.</b> <i>The 'big picture' should be revealed to the staff and they should be encouraged to examine how they fit into its various parts and the implications it may have for them and what contribution they can make.</i></p> <p><b>54.</b> <i>The need for various kinds of information sharing and intellectual exchange should be thought through and appropriate mechanisms employed to meet them, e.g. Programme fora need to focus on a) exchange of learning and constraints and how they can be overcome; b) new developments in programmes/projects; c) reviewing drafts of strategic plans for the programmes, project concept papers and proposals; d) sharing and teasing out the 'big picture'; e) information and ideas sharing between IUCN Sri Lanka and co-located Regional Programmes.</i></p> <p><b>55.</b> <i>There should be no hesitation in asking for legitimate information, i.e. information of a non- confidential nature and</i></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>seeking explanations of its significance.</i></p> <p><b>56. The primary receiver or generator of information at whatever level should cultivate a habit of considering who would benefit from receiving it and then pass it on.</b></p> <p><b>57. The plans for providing each unit with Internet connection to be implemented as soon as possible.</b></p> <p><b>58. The CR will need the support of the RD and the Director F/HR Asia Region in building staff understanding of how Regional and Country finances mesh together for mutual benefit. The RD's visit to IUCN-SL for the Donor Meeting might provide a good opportunity</b></p>			
<p><b>Learning</b></p> <p><i>At present learning from the field largely remains with the projects and is in danger of being lost when the projects come to an end.</i></p>	<p><b>59. The PD, working through the thematic programmes, should be the node that draws all learning together, institutionalises it and ensures its full utilisation within the wider IUCN and to impact on both internal and external policy.</b></p> <p><b>60. IUCN-SL needs to explore and work out ways of creating learning loops as part of the M&amp;E processes.</b></p> <p><b>61. The organisational vision of the programme units needs to expand to encompass the idea of the programmes</b></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>being the repository of learning.</i></p> <p>62. <i>Future projects should be designed to focus on learning, its capture and utilisation.</i></p> <p>63. <i>Project reports should also be designed to give emphasis to the recording and analysis of learning.</i></p> <p>64. <i>In the meantime, as in the IUCN Lao PDR, NTFP project, consultants could be hired to extract what has been learnt from a select number of the present generation of projects as they draw to an end.</i></p> <p>65. <i>IUCN-SL is not the only programme to face this need to strengthen itself as a learning institution. It might be useful to include 'IUCN, a Learning Institution' on the agenda of an ARD meeting, to encourage exchange of experiences, successes, constraints and ideas on how to overcome them.</i></p>			
<p><b>Roles and Responsibilities of the Finance Function</b></p>	<p>66. <i>It is necessary that a session/workshop is held to impart to staff the essence of the harmonisation process. This will enable staff to see IUCN-SL's mission in the context of a national, regional and global programme as articulated in its key result areas. And in the case of the financial function, how it is operationally linked to this process through Key Result Area No. 7.</i></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p>67. <i>Director Finance to develop a ToR for the finance function in the light of the brainstorming session and the matrix developed as part of Financial Management Reengineering (FMR) exercise in HQ. (Refer Appendix-4)</i></p> <p>68. <i>Director Finance to submit a report on how he proposes to streamline finance operations and the resources he would require.</i></p>			
Organisation of the Financial Function	<p>69. <i>Director Finance to hold further group sessions with finance staff to identify and assign roles and responsibilities of staff as a basis for developing clearly defined ToRs for the respective finance staff.</i></p>			
Finance Functions Interface with other Units	<p>70. <i>For example, payment commitments made to suppliers by the administration unit should be honoured, as this has a bearing on the future quality of service of the supplier concerned, which in turn will impact on operations.</i></p> <p>71. <i>On the part of administration, it needs to liaise with its client units and obtain the necessary documentation and accounting analyses, which would allow for the smooth processing of payments by finance. The establishment of procedures in this area is essential. (It is pertinent to mention here that payments to suppliers should not be held up due to delays arising</i></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><i>from deficient internal procedures. If the supplier has acted in good faith in supplying the goods or services ordered, then there is an obligation on the part of IUCN to settle its dues on the date agreed. Failure to do so would tarnish IUCN's reputation and make future procurement difficult.)</i></p>			
Information Disclosure	<p><b>72.</b> <i>There is also an ongoing debate as regards the extent to which inter-thematic units cost centre information should be shared.</i></p>			
Management Overheads (MOH)	<p><b>73.</b> <i>The issue here is one of sustainability and every endeavour must be made to convince donors that for projects to be effectively executed there is a need for institutional support from the IUCN Office through it's Coordination, M&amp;E, Finance and Human Resources Systems.</i></p> <p><b>74.</b> <i>Creative budgeting and accounting are also required and the IUCN-SL Office has demonstrated its ability to do this.</i></p> <p><b>75.</b> <i>Finance felt that they were usually brought into the picture at a later stage when commitments had more or less been made and further negotiation was difficult. Agreement was reached at the meeting that Programme Coordination Unit will seek the involvement of Finance at the earliest possible stage of the project cycle.</i></p>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
Pre-funding	76. <i>It was be necessary for finance to forward to Asia Regional Office (ARO) Finance a list of projects where pre-funding is required. ARO Finance may need to keep HQ informed.</i>			
Subsidising Government	77. <i>Subsidising government e.g. travel and other related costs is a major item of expense incurred by programmes in regard to negotiating projects with government. These are in effect project development costs. PDU believe that these costs need to be budgeted on an annual basis, as they cannot be avoided. One should also look at the possibility of building these costs into project lines to enable their recovery once the project has been approved.</i>			
Cash Flow	78. <i>In view of the current liquidity problems ARO has with HQ, payment commitments of RBP would have to be met by the Region. In this regard, the SL Office may be called upon to make payments on behalf of RBP, for which they will obtain reimbursement from ARO on submission of a monthly expenditure statement. The SL Office will factor such commitments in the cash flow forecasts prepared in respect of RBP.</i>			
Issues connected with Procurement	79. <i>The issues of cheque signing and the releasing of payments was also discussed during the meeting and consensus reached. Importantly, it was also agreed that if within 3</i>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<i>days a resolution could not be reached on any matters, it would be referred to Director, Finance and Human Resources, Asia Region for his advice.</i>			
Financial Administration Matters	<b>80.</b> <i>Director, Finance and Human Resources, Asia Region to document a procedure in regard to Cost Centre and Project Accounting for Regional Cost Centres. (This would be the same as developed for the Programme Sub Cost Centre Accounting referred to in the previous section but with modifications to reflect specific requirements pertaining to Regional Cost Centres e.g. sign off authorities etc.</i>			
Systems and Procedures Issues	<b>81.</b> <i>The Director Finance should identify on a prioritised basis the systems and procedures that need development and based on a time table of implementation initiate action accordingly.</i>			
Management Response	<b>82.</b> <i>The Director Finance should take full control of the finance function and as a senior member of management with the relevant functional expertise, assist management in discharging its accountability obligations through effective financial management. In this respect the Director Finance will act on clearly articulated terms of reference which distinctly sets out the roles and responsibilities of the finance function.</i>			

Findings	Review Recommendation	Views of IUCN-SL	Actions Proposed	Timeframe
	<p><b>83. As part of this exercise, agreement will be reached with the CR and related Unit Heads on reporting requirements and time tables. The Director Finance and Human Resources, Asia Region will assist in the formulation of this ToR.</b></p> <p><b>84. The CR for her part will repose full confidence in the Director Finance and only deal with him on all matters concerning finance. Flexibility demands that the CR has access to other members but this will be agreed in respect to circumstances and purpose. No countermanding instructions to be given except through the Director Finance.</b></p>			
Cultural Issues	<p><b>85. It is important that the Senior Management in IUCN-SL are sent on advanced courses in management that would help acquaint them with modern managerial concepts, ideas and techniques.</b></p>			



## Terms of Reference

### Preamble

The IUCN-Sri Lanka Programme 2001-2005 focuses on the vision and mission statements, goals, objectives and outputs and gives direction to the work it proposes to carry out during the next 5 years. The content of the program has expanded considerably and will address new and emerging environmental issues as well. It also highlights the need to establish an appropriate organisational structure to carry the programme forward. In addition, the need for strengthening monitoring and evaluation procedures and ways and means of improving the quality of the programme have been discussed in detail and suggestions documented at the Programme Planning meeting which was successfully concluded in April 2000.

In the light of the above, it has now become necessary to review the current institutional structure, including staff and resources and appropriate recommendations made with a view to effecting changes that will improve the institutional efficiency of the organisation.

### Objective of the review:

To support IUCN-SL to develop its organisational efficiency enabling it to achieve its mission, goals and objectives as envisaged under the draft program plan for 2001-2005, by recommending appropriate institutional changes through reviewing the existing structure and its management systems, resources base and staff capacities.

### Specific Objectives- (Stella Jafri)

To undertake an overall review of the existing organisational structure and staff capacities as against IUCN SL's programme goals, objectives and outputs and to recommend a suitable organisational structure, staff deployment plan and a plan for human resources development.

### Specific Objectives for Intiaz Alvi (Monitoring and Evaluation)

To review the efficiency of the existing structure/s in regard to programme development, project design, monitoring and evaluation and the interface between programme and finance in the light of the responsibilities arising from the Programme Plan 2001-2005.

Recommend suitable changes leading to re-structuring the Programme Directorate, appropriate inter and intra coordination mechanism that will enhance efficient project development, project monitoring and evaluation and improved communication with finance, staff responsibilities and specific staff development plan.

### Specific Objectives for Peter Rezel (Finance)

Review the operations in the Finance Unit in relation to IUCN SL, RBP and RMP requirements, and IUCN procedures.

- Review assignments of staff functions and duties
- Review the timeliness of information and reports, and financial data.
- Review structure, authority, and responsibility of the Finance Unit.

**Process**

**1. Preparation**

- a) Discussion with RD and CR to identify major issues
- b) Discussion with Assessment Team members
- c) Joint preparation of TOR - CR, Team members
- d) Background reading
  - Organisational Assessment & Development - The Way Ahead - March 2000 - *Universalia* Report
  - Draft IUCN Evaluation Policy: For review by Senior Management and the IUCN Council - January 2001
  - Delegation of Authority
  - Regional Results - Harmonisation Process - IUCN-SL 'Harmonisation' KRA's & KEGO's

**2. Documents used for information collection and verification**

- a) IUCN Sri Lanka Re-Organisation Mission: Programme, Finance and Administration Review - May 1997
- b) Programme Planning Process - IUCN Sri Lanka (including SWOT analysis) - July 2000
- c) Progress Reports of IUCN-SL, RBP and RMP to ARD
  - Bangkok, 13-16 December 1999
  - Karachi, 7-9 November 2000
  - Karachi, 21-23 February 2001
- d) Correspondence, self notes, discussions with Scott Perkin (formerly Head, RBP) on 'co-location'
- e) CVs, TORs, and a random selection of contracts of IUCN-SL staff

**3. On-task in IUCN-SL (see attachment)**

- a) Introductory staff meeting
- b) Semi-structured interviews of all staff (support staff in groups) \*
- c) Group meeting
- d) 2 meetings with key IUCN-SL staff - Regional Programme staff
- e) Team members cross-check on daily basis
- f) Frequent meetings with CR and several with Head PD to fill information gaps, pursue issues
- g) Initial analysis of issues/findings
- h) Debriefing to full staff meeting + joint development of Priority Tasks 2001-2004 and Ongoing Priority Foci 2001-2004.

**4. Post-visit**

- a) Detailed analysis of information/issues - shaping of recommendations - report drafted
- b) Draft reports exchanged between Team members to identify and deal with inconsistencies, if any
- c) Draft report sent to RD, CR, Head RM&EP for comment
- d) Comments assessed; accepted, negotiated, rejected
- e) Report finalised

\* Note: For the basis of staff interviews, please see Annex-2 (b) 4 b)

## What PR/SJ need/process

1. We need, particularly SJ a liaison person for the visit who will both help us anchor our visit in realities and be ready to prepare/sort out schedules and locate documentation. So Shiranee could you please appoint a focal point to handle the following.
2. On the first day we need to meet with all staff to explain the purpose of our visit, what we expect from them, and what they can expect from us. This staff meeting should be about 45 minutes to an hour. I suggest:
  - Introductions
  - Brief presentation by IUCN SL on its Programme
  - Brief presentation by SJ
    - The Asia Region
    - Context and purpose of the Assessment
3. We would then need a meeting with CR, to identify/re-cap any areas for attention/issues.
4. a) PR will work with Finance staff on financial issues.
 

b) Concurrently a schedule of meetings (about 1-hr each) for SJ to interview each staff member individually, including regional staff, to get their perceptions:

  - whether the structures, systems, procedures and management approaches are adequate to support the programmatic work of the Country Office now and in the foreseeable future
  - any HR issues impacting on all or a number of staff
  - any individual concerns

and to identify with them suggestions for improvement.

Finance staff will also meet on an individual basis with SJ. Support staff can be given the option of meeting as a group if they prefer it. Initially only a cross-section of project staff should be included. Others may be included later depending on time constraints. (The scheduling should fit around staff members' work as much as possible rather than aiming at a logical sequence. That said I would like to meet a few "old hands" first.)

c) Mid way in this schedule, at her convenience, we would like the opportunity to meet Shiranee in case we need to re-plan or get her perceptions on certain issues.
5. Additional meetings with HR Focal Point, Head of Finance and Head of PDU may be needed
6. After the individual meetings are completed, we will need to meet with the CR again for about 1-2 hours.
7. Time should also be built in for SJ, PR to analyse information received and prepare a presentation to the staff.
8. On the last day a staff meeting of 1-1/2-2 hours for presentation, discussion and further feedback.
9. To look at regional issues we need meetings with:
  - Bala, PR, SJ
  - Torben, PR, SJ
  - Shiranee, Torben, Bala, PR, SJ (may be others, e.g., Finance)

These should all be fitted in between 6 and 7 above, if possible.

10. a) I need, before arrival, a matrix:-

S.No.	Staff Name	Position	Salary	Contract Status	Remarks
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- b) CVs and TORs of each staff member should be available to me on arrival (numbered according to S.No. on the matrix.)
  - c) MOUs/Project documents should also be available if needed.
- 11.
- We may need to meet you, Shiranee on and off during the visit, even when not scheduled but at your convenience.
  - Our aim will be to work as non-obtrusively as possible.

Post note: The above process was by and large adhered to with the following changes:-

- a mid-way meeting of unit heads, programme directorate, finance, admin for group discussion on unit issues
- a second join-meeting IUCN-SL and the Regionals was held
- a semi-formal interview with the Project Head of Global Coral Reef Monitoring Network (a DIFID-IUCN-UNESCO housed project which is provided financial/admin services by IUCN-SL)
- only one field project staff was interviewed.

## Priority Tasks for IUCN-SL 2001 — 2004

No	Tasks	Responsibility		Time Line
		Primary	Other	
1	Free up more time of Prog. Dir. to concentrate on major role & core functions	CR	RM	Mid May 2001
2	<ul style="list-style-type: none"> <li>Conceptualize, articulate 3-yr Unit programme/Strategic Plans</li> <li>Review, Finalize, circulate</li> </ul>	1. UH 2. PDU	UH/CR/Prog. staff	Sept 2001
3	<ul style="list-style-type: none"> <li>Conceptualize, develop fundable proposals (involve director finance in Budgeting)</li> <li>Review, finalize, float to donor</li> </ul>	- UH - PDU	PDU Prog. staff	On-going
4	Conceptualize, develop framework agreement	CR	PD/ARD/UH/DF	June/July /Aug 2001
5	Complete IUCN SL Programme document for Donor conference	Daya	All others	June 2001
6	Put in place procedures / guidelines for Prog./ Proj. development and review	Daya	RM/CR/DF/ Imtiaz	July 2001
7	Redesign, Issue, Circulate ToRs Unit Heads PD Staff	SJ/RM RM RM	Task force	June 2001
8	Reshape present Fora Fill in the Gaps Write ToRs of Fora	Task Force	CR/RM/CdeS	July 2001 On-going
9	Develop internal / external user-friendly admin systems (to facilitate smooth, effective, timely service provision)	AA	Daya CdeS NW	By May 2001 On-going
10	Work studies/Admin staff Redesign, issue, circulate TORs	Daya AA	CdeS/RM/AA/ Admin staff	June 2001
11	Establish Finance / Admin Committee	CdeS	AA/PDU/UH	Early May 2001
12	Create instruments for monitoring, decision making on expenditure on utilities and supplies	AA	FA committee	June 2001
13	Refine/Dev. Instruments for financial monitoring and decision making	DF	FA committee	June 2001
14	Operationalize co-location decisions / conclusions (including mechanisms for on-going smooth interfacing for mutual optimum benefits)	CR,DF/ PD/H Admin	Reg.Prog. staff Finance, Admin staff, Prog. Staff	Late May On-going
15	Establish dedicated HR function	CR		July 2002
16	Establish NGO/Membership Unit	CR	PD, Finance, Membership Focal point	Early 2002
17	Utilization of temporary task forces for specific products and specific solution finding	Task force	CR/RM/CdeS	On-going
18	Establish benchmarks for operationalizing, implementing these notes	CR	CdeS/RM	July 2001

## Ongoing Priority Foci 2001——— 2004

No	Tasks	Responsibility		Time Line
		Primary	Other	
1.	Pro-actively generate an upward spiral of empowerment			
2.	Build Management capacity of Unit Heads through positive critique, coaching, mentoring			
3.	Identify and operationalize ways to develop finance staff's understanding of Prog./Proj. imperatives			
4.	Identify and operationalize ways to develop programmes staff's understanding of financial imperatives and how to interpret and utilize financial information			
5.	Capacity building for programme development on M&E			
6.	Establish Semi-Formal Systems for on going periodic appraisal for monitoring, mentoring and input into summative Annual Performance Appraisal			
7.	Utilization of temporary task forces for specific products and specific solution finding			
8.	Take stock of priority tasks and priority focus at regular intervals			

## Finance Functions Country Offices

### FMR Project - Task 2: Organisation ROLES & RESPONSIBILITIES at Country Office Level

#### Finance Functions Country Offices

<b><i>DIRECTION &amp; CONTROL</i></b>	<b><i>DONORS &amp; PROJECT CONTRACTS</i></b>	<b><i>STRATEGIC &amp; FINANCIAL PLANNING</i></b>	<b><i>FINANCIAL SERVICES</i></b>	<b><i>ASSET MANAGEMENT</i></b>	<b><i>IT FINANCIAL SYSTEMS</i></b>
<u>Direction</u>	<u>Contracts Administration</u>	<u>Financial Planning and Forecasting</u>	<u>General Accounting</u>	<u>Liquid Assets</u>	<u>Financial Systems Maintenance and Operation</u>
<ul style="list-style-type: none"> <li>• Issuance of local Financial procedures and instructions within the framework of financial policies issued from HQ and /or RO</li> <li>• Maintenance of local Finance Procedure manual</li> <li>• Financial advice to Country Director</li> <li>• Functional reporting line with RO Heads of Finance and CFO at HQ</li> <li>• Recruitment and separation of CO's finance staff, subject to RO and HQ final Approval</li> <li>• Management of staff</li> </ul>	<ul style="list-style-type: none"> <li>• Operational control over contracts with Donors and Partners for IUCN country project work</li> <li>• Ensure that contacts with donors are signed up to the delegated and authorised levels (to be defined)</li> <li>• Ensuring that contracts and projects requirements are duly registered and deadlines met. Inform HQ and RO accordingly and obtain project Number until when the numbering of projects is decentralised (future web reporting).</li> <li>• Monitoring of projects from an administrative point of view to ensure that funding is secured and contract obligations are fulfilled.</li> <li>• Liaison with project Managers on projects financial situation</li> </ul>	<ul style="list-style-type: none"> <li>• Provide the input for IUCN's triennial plan</li> <li>• Participate in Country Planning Meetings and prepare forecasts of Income and Expenditure to reflect country programme objectives. Transmit estimates to RO and /or HQ as required</li> <li>• Provide information and advice Country Director</li> <li>• Ensure compliance with planning cycle</li> <li>• Preparation of relevant Management Reports</li> </ul>	<ul style="list-style-type: none"> <li>• Compliance with the Chart of Accounts</li> <li>• Monthly closure of accounts, forwarding of data to RO and reconciliation of current account with RO</li> <li>• Preparation of monthly financial statements</li> <li>• Control over and reconciliation of balance sheet accounts</li> <li>• Issuance of invoices</li> </ul>	<ul style="list-style-type: none"> <li>• Preparation of cash and forecasts and verification of estimates against actual</li> <li>• Liaison with RO on funding</li> <li>• Opening of bank accounts subject to HQ's approval</li> <li>• Liaison with banks over investments and liquidity requirements</li> <li>• Control of signatory panel</li> <li>• Bank accounts reconciliation</li> <li>• Collaborating to the rationalisation of banking services within the country</li> <li>• Accounts receivable</li> </ul>	<ul style="list-style-type: none"> <li>• Operation of Sun Account System and liaison with HQ regarding installation of same within the country</li> </ul>

<b>DIRECTION &amp; CONTROL</b>	<b>DONORS &amp; PROJECT CONTRACTS</b>	<b>STRATEGIC &amp; FINANCIAL PLANNING</b>	<b>FINANCIAL SERVICES</b>	<b>ASSET MANAGEMENT</b>	<b>IT FINANCIAL SYSTEMS</b>
<u>Control</u>	<u>Accounting</u>	<u>Budgeting, Certification and Budgetary Control</u>	<u>Field Accounting</u>	<u>Fixed Assets</u>	<u>Enhancing Reporting Capabilities of region an COs</u>
<ul style="list-style-type: none"> <li>• Setting up of country internal controls</li> <li>• Liaison with Internal and External Auditors</li> <li>• Preparation of action plans for the implementation of Internal and external Auditor's recommendations</li> <li>• Liaising with and keeping RO and HQ informed as required</li> </ul>	<ul style="list-style-type: none"> <li>• In liaison with Project Managers ensure that Staff Time and Overheads are duly calculated and journalised to the projects and that interest is credited</li> <li>• Preparation of interim and final financial statements for Donors and Partners, routing to and/or informing RO and HQ as required</li> <li>• Ensuring that project Audits are carried out and Audit Reports are forwarded to Donors and Partners. RO and HQ to be kept informed</li> <li>• Requesting funds from Donors and Partners in line with contracts specifications, and/or from RO or HQ when applicable</li> </ul>	<ul style="list-style-type: none"> <li>• Assistance to project Managers in the preparation of budgets</li> <li>• Calculated of OH chargeable to projects</li> <li>• Compilation of yearly budgets (Secretariat) and Project activity) for the country</li> <li>• Liaison with HQ and RO on allocation of Unrestricted, general programme, Programme restricted and Internal Funds resources</li> <li>• Mid-year review of budgetary performance together with Country Director ad Project managers</li> <li>• Preparation of Budgetary and financial reports for Country Budget Committee and subsequent reporting to RO and HQ</li> <li>• Overall Budgetary Control at country level and preparation of relevant reports</li> </ul>	<ul style="list-style-type: none"> <li>• Consolidation of project offices monthly returns and reconciliation of relevant current or imprest accounts</li> <li>• Processing of project returns</li> <li>• Assistance, guidance and training to project Accounting staff</li> <li>• Issuance of relevant financial instructions to Project Managers</li> </ul>	<ul style="list-style-type: none"> <li>• Inventory control</li> <li>• Amortisation</li> <li>• Depreciation of assets</li> <li>• Disposal of assets</li> </ul>	<ul style="list-style-type: none"> <li>• Liaise with HQ for the development of management reports</li> </ul>



<b>DIRECTION &amp; CONTROL</b>	<b>DONORS &amp; PROJECT CONTRACTS</b>	<b>STRATEGIC &amp; FINANCIAL PLANNING</b>	<b>FINANCIAL SERVICES</b>	<b>ASSET MANAGEMENT</b>	<b>IT FINANCIAL SYSTEMS</b>
	<u>Control</u>	<u>Financial Analysis</u>	<u>Disbursement Functions &amp; others</u>		<u>Systems Development</u>
	<ul style="list-style-type: none"> <li>Control over Project Budgets to ensure that both Direct and Indirect Support Costs are duly recovered (Staff Time and Overheads)</li> <li>Control over projects in deficit, informing RO and HQ of action taken or to be taken</li> <li>Control over slow moving projects, informing RO and HQ of action taken or to be taken</li> </ul>	<ul style="list-style-type: none"> <li>Variance analysis</li> <li>Preparation of management reports and diagrams for internal and external use</li> <li>Financial Performance Measurement per COs</li> </ul>	<ul style="list-style-type: none"> <li>Control over and processing of payment requests</li> <li>Disbursement Officer functions at meetings</li> <li>Handling of Petty Cash</li> </ul> <u>Payroll Functions</u> <ul style="list-style-type: none"> <li>Processing of salary payrolls</li> <li>Liaise with HRD (HQ) for staff related taxes and insurance</li> <li>Liaison with HQ on salaries payable by HQ to country staff</li> <li>Compliance with tax legislation in the country</li> </ul>		<ul style="list-style-type: none"> <li>Participate in the selection/development of software required for an effective income forecasting and financial planning system with linkages to Sun Accounts/Sun Business</li> <li>Participate in the development of systems fore the integration of Programme and Finance information including linking project management information with accounting information</li> <li>Apply methods for delivering synthesised information to RO over the internet</li> </ul>

**NOTE FOR TRANSLATOR - ACRONYMS**

CO= Country Office; HQ= Headquarters; CFO= Chief Financial Officer; RO= Regional Office; OH= Overheads; HRD= Human Resources Division

## Minutes of Meeting Held on 22<sup>nd</sup> April 2001

**Present:** Advisor, HR (Stella Jafri)  
 Director, F&HR-Asia Region (Peter Rezel)  
 Country Representative, SL (Shiranee Yasaratne)  
 Head, Regional Biodiversity Programme (P Balakrishna)  
 Head, Regional Marine Programme (Torben Berner)  
 Finance Director, SL (Chanaka de Silva)

### 1. Discussion on Purchase procedure

It was agreed that all units of IUCN SL, RBP and RMP would all follow the new purchase procedure that is being developed. The draft procedure is circularised to Heads of RP and their views to be considered when finalising the procedure. This procedure will then be operationalised from 01<sup>st</sup> May 2001.

This procedure should recognise and take into consideration the authority levels of CR SL, Head, RBP and Head, RMP are the same. There will be a mechanism of fast tracking in case of urgent needs. However this should be the exception than the norm. When implementing the procedure, issues may arise and these are to be resolved within a stipulated period (3 days) and conclusions made. If resolution cannot be made or no consensus reached, then the matter may be referred to Peter for his advice. (Example – at the cheque signing stage, CR SL can raise queries on a payment and it should be resolved within the stipulated period through FD and DF&HR –Asia).

In order to maintain credibility with suppliers and third parties, credit period has to be stated in the Purchase Order. There should be no information gap. Either honour your commitment or notify the postponement.

2. Cheque signing authority to be delegated based on levels / limits amongst the signatories. A new limit / level to be created to enable the two directors in Sri Lanka Office (i.e. FD & PD) to sign cheques. DF&HR to be notified of all limits.
3. Regular meetings are to be held between country office and Regional Programmes to resolve issues. It was agreed that CR SL, Head RBP and Head RMP will meet once every two weeks initially.

The RBP & RMP will participate at the monthly staff meetings of SL office.

IUCN SL office and Regional Programmes will establish a mechanism to share information and design activities / programmes.

4. Similarly, Director Finance and Director Programme of SL to have regular meetings to discuss and resolve issues between Programme and Finance, share information, discuss ABC list, cash flow etc.
5. Cash flow forecast to be prepared by Finance in line with the Regional Cash Management Policy. The Regional Programmes will submit their information in time to complete this exercise even if they are not in SL and on travel. The reimbursement of funds advanced by one programme to another (example payments made by SL office on behalf of RBP and RMP) shall take place through ARO every month based on the current account balances and the cash flow.