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WACSI EDITORIAL

Effective Board Governance for Civil Society Organisations

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The Life Cycle of a Functional CSO Board

A key driver of operational resilience and sustainability is the capability of civil society organisations (CSOs) to establish and cultivate effective boards. Board governance is an important ingredient to securing the evolution, scale and impact of a CSO. A colleague and I recently had an engaging conversation about the various stages of board development and the potential pathways to diagnose the health of a CSO board. This conversation centred on the patterns of evolution of CSO boards and whether there was a sequential transition from one phase to another. This led to the development of this article, which focuses on the life cycle of CSO boards within the African context based on our engagement and thought leadership in the sector.

> "A key driver of operational resilience and sustainability is the capability of civil society organisations (CSOs) to establish and cultivate effective boards."

Let's go back to the Basics! What is a Board?

A board is the policy making body of an organisation and is found at the top of the organisational structure.

It usually consists of elected and or co-opted individuals. In most CSOs, members of the Board are not salaried but perform voluntary service. In some cases they are given allowances to meet certain logistical costs.

Every CSO should operate a functional board, which exercises leadership, enterprise, integrity and judgment in directing the organisation to achieve impact and to act in the best interests of the organisation's values and constituencies.

Most literature on organisational governance recognises the four basic duties of a board to be loyalty, care, skill, knowledge and attention. Board functions include: making decisions on policies and strategies of the organisation, representing the organisation, accountability for the organisation, overseeing the organisation's work, appointing the executive director and agreeing on standards, resource mobilisation, conflict and tension management and being the custodian of the organisation.

Globally, there are three different and quite distinct types of CSO boards that develop as these organisations grow and change. They can be characterised as (1) The Founding Board, (2) The Governing Board, and (3) The Resourcing Board. Often the trend has been that CSO boards evolve from founding to resourcing boards but this evolution does not happen in all cases.

The Founding Board

Some start-up CSOs or organisations at their nascent stages operate founding boards. This means that the organisation is the board. There is no distinction between governance and management. This situation is quite understandable taking into cognisance the resource challenges associated with starting a CSO and in some instances the lack of organisational governance

experience and skills. Usually, members of such boards are the promoters/founders of the organisation. The board is composed of individuals with close ties to the mission of the CSO. Therefore, there is a strong sense of ownership and power is shared. Consensus leadership is practiced and there is reluctance to release power to first staff members. The board processes and procedures are largely informal, based on collective decision-making and sometimes there is "rubber stamping" (the founder takes the final decision). The members are extremely passionate about the mission and do not prioritise putting in place robust policies and effective administrative systems. A key challenge founding boards face is their penchant for not trusting and sharing power with the first staff members. In some cases, such frictions lead to some founding members choosing to leave. Otherwise, staff may suffer the consequence and be treated poorly or, in worst cases, be fired.

It is recommended that such boards shift to a more business-inclined operation model. This means that the board and staff must redefine their roles. The board must begin to shift to a policy-making role while staff members focus on day-to-day management.

The organisation must be also encouraged to open to new people, define clear job descriptions and invest in developing systems and structures for itself.

The Governing Board

This is the next stage of evolution of most CSO Boards. CSOs that have been operating for about four to ten years usually have governing boards. This is characterised by a clear distinction between governance responsibilities and management roles. Therefore, there is a balance of power between staff and the board. There is a tangible assumption of responsibility for the health and operational efficiency and effectiveness of the organisation. Additionally, there is the presence of formalised decision-making processes and an increased reliance on staff recommendations. The required focus is laid on policy, planning and oversight responsibilities. There is also a significant investment in building management systems and structures.

Governing boards begin to embrace fundraising responsibilities. Board members are also more open to creating committees and are happy to delegate more work to these committees.

An interesting development is the pursuit of a functional balance between board members' passion for the mission of the organisation and the focus on building internal capacity.

Board recruitment is also more strategic to ensure that the right configurations of members are selected based on a wide array of skills including management, finance and resource mobilisation, subject matter proficiency, legal acumen, among others.

A key frustration that organisations with governing boards experience is the difficulty of transitioning from an informal board to a more dynamic and formal structure. The rate of change of such boards into formal and "professionalised" entities can be rather slow.

It is recommended that when such boards are able to support their organisations to have strong and robust governance systems and structures, they should deliberately pursue a resource mobilisation/ fundraising agenda.

The Resourcing Board

The transition from governing to a resourcing board often leads to a struggle between the board and staff as they adjust to their new roles driven by a

heavy focus on institutional resource mobilisation. Organisations at this stage focus on recruiting a larger board that has the capacity to attract and access a significant number of strategic funders, donors, and influential partners. Therefore, the organisation focuses on recruiting board members of high visibility with "resourcing" connections. CSOs that have been operating for about 10 to 30 years usually operate resourcing boards. Serving on such boards is considered prestigious. Planning and budgeting are done by staff and approved by the board. There is significant investment in operational planning and evaluation and a strong commitment to resource mobilisation. On such boards, a designated committee often functions as a governing board. Therefore, board oversight

responsibilities are often delegated to committees. A key success factor of a resourcing board would be its ability to delegate governance of the institution to a designated board committee to facilitate the transition into an institutional resource mobilisation board.

Conclusions

The stages of board development discussed in this article often occur within the life cycle of CSOs but not in all instances. In certain situations, they may be exceptions. Some founding boards already have the capacity to raise funds and may experience a different growth trajectory by transitioning to a resourcing board without assuming all the attributes of a governing board. In addition, it is not a forgone conclusion that

boards of all CSOs need to experience the resourcing stage. Some sector stakeholders argue that the progression to resourcing boards should not be perceived as inevitable. In Africa, this perception of inevitability is not supported by public interest; cause-oriented organisations that resist the idea of becoming resource driven institutions. These organisations often equate the resourcing stage with unhealthy bureaucracy, a focus on hierarchy and a growing culture of unresponsive and inflexible practices.

It is within this context, now more than ever, that leaders of CSOs in Africa need to be challenged to understand the role and responsibilities of their boards and the changes that need to be made as their organisation grows.

The Life Cycle of a Functional CSO Board

The Governing Board

The Founding Board

The Resourcing Board

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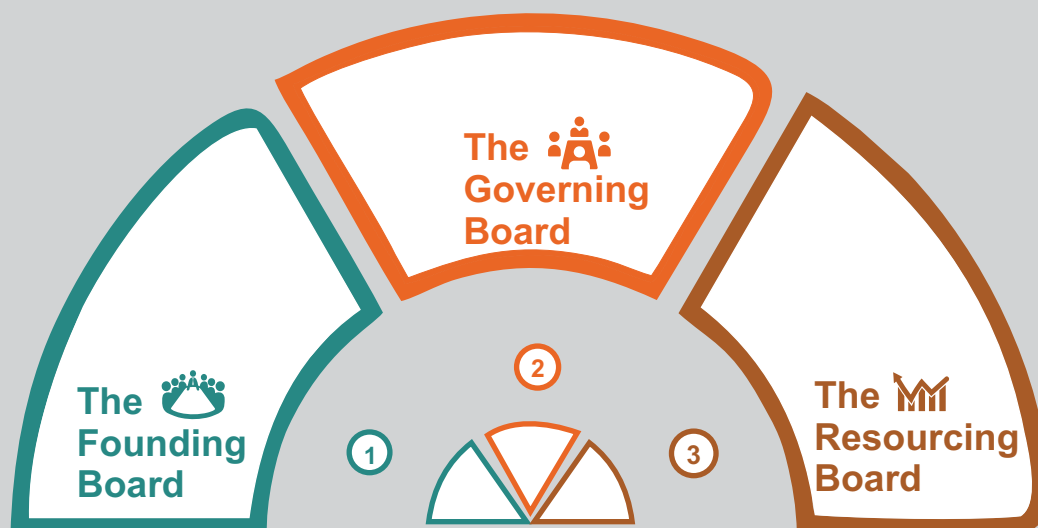
Transforming a CSO Board into a Golden Pot

Most boards of civil society organisations (CSOs) in Africa fail to live up to their resource mobilisation responsibilities. This is because too many CSOs approach board fundraising assuming they have boards full of movers and shakers who know how to raise funds, even when that is not the case. Today, more than ever, boards of African CSOs are expected to mobilise significant amounts of resources. This has become essential as development partners are shifting their priorities and in some cases even withdrawing funding support. This is due to global calls for more aid to go to the world's poorest countries, and with overseas development assistance (ODA) likely to transition from middle income to lower income economies in the coming years, civil society is likely to face a significant shortfall. This situation is also exacerbated by the volatility of aid budgets, the inefficiency of sub-granting, increasing legal barriers and failing public trust in CSOs. Therefore, it is has become crucial to strengthen and deepen the resource mobilisation capacities of civil society. CSO boards must play their part in this. However, to borrow a religious analogy, how do they turn a clockmaker God into an active one?

The key component of resource mobilisation that occupies CSOs is fundraising. The specific fundraising issues that are often expressed are; (1) how to build an effective fundraising board, (2) the essential characteristics of effective board members, (3) the board's role in leading fundraising, (4) orienting the board and preparing them for fundraising and (5) the importance of board leadership and why it is essential to successful fundraising.

Fundraising is all about leadership. People give resources to causes they identify with and give audience to those who can deliver those causes. Fundraising is not necessarily about the 'asking' but about telling a story and opening doors. Donors would not open their doors to organisations they don't know. Therefore, fundraising is relationship-based. To grow these relationships, an organisation's board must develop and maintain a strong connection to its benefactors and beneficiaries.

> " Today, more than ever, boards of African CSOs are expected to mobilise significant amounts of resources.

An organisation can only achieve fundraising success when the board leads fundraising efforts. Some members of the board may never attract resources directly, but can participate by making connections and advocating. It is important for boards to understand and appreciate that it is not just about the 'ask' but it is about knowing their organisations

stories and communicating them effectively.

For boards to play this role, they need to be invested. Effective board members understand an organisation's story and message. Too many organisations presuppose that their board members assume their story. Organisations must make sure board members do not just tell a story but rather the right story. Therefore, organisations must indoctrinate their boards in their ways; it must be organic for them to communicate on their work to make the right 'asks'. This will enable board members to identify, cultivate and recruit prospective donor partners and new board members.

Every board is made up of three potential fundraising groups: askers, ambassadors and advocates. It is the responsibility of an organisation to assess each board member to determine which group they fall into. This process would help the organisation focus on the areas in which board members need strengthening.

According to AFP "Advancing Philanthropy", January 2013, these are the characteristics of the three groups:

Askers	Ambassadors	Advocates
• Comfortable asking others to make donations • Mobilise new donations and renew past donations from donors • Focus on fundraising • Take new board members on donor prospecting meetings as a form of training	• Assist with donor cultivation and management • Engage potential and current donors • Focus on outreach and relationship development	• Share the Case for Support and tell others why the CSO is important to its community • Help identify potential donor partners • Attend donor cultivation and management events

The three groups all play an important role. The advocates amplify the organisation's story, informing potential donor partners about why the organisation is relevant to their community; they lay the foundation. Ambassadors cultivate donor relationships through their participation in networking meetings and fundraising events; they build upon the foundation. Askers leverage on cultivated relationships to mobilise new resources and manage current donor partners; they apply the finishing touches.

An organisation should identify the roles that suit each of their board members and support them to work together to achieve its fundraising targets.

This process should entail empowering board members to understand their role, especially during the board recruitment process. The board recruitment committee has the responsibility to explicate these board roles and responsibilities when recruiting. The committee must make expectations clear with respect to governance insight, programme development and resource mobilisation.

As part of this process, board members must be taken through a formal orientation process that should include learning visits, onsite tours and staff engagements. This process should immerse the board members in the organisation's work and its relationship with its stakeholders. Existing board members should also be given the responsibility to mentor new recruits to ensure knowledge and skill transfer. It is also vital to educate and train new board members on how to make the 'ask'.

Organisations should involve board members in the cultivation and management of existing and potential donor partners. During board meetings, members should be encouraged to share contacts of potential donors they may have relationships with and strategise on how to rope them in.

Board members must also be challenged to identify two to three fundraising tasks they want to work on every year. Always remember, people give to causes they identify with. Resources are dwindling and if worthwhile causes are not presented to potential donors, they will not give. It is the board's responsibility to present these causes, enticing donors to open their chequebooks and it is imperative that organisations empower them to do so.

Transforming
a CSO
Board
into
a
Golden Pot

5 Things to reflect on
to have an effective fundraising board

How to build an effective fund-raising board

1

The essential characteristics of effective board members

2

The board's role in leading fund-raising

3

Orienting the board and preparing them for fund-raising

4

The importance of board leadership and why it is essential to successful fundraising

5

Why Effective Board Governance Matters for CSOs

*A*s a non-profit capacity building specialist and development worker, I have come to the conclusion that governance matters as we seek to build communities, organisations and civic participation to shape sustainable development in Africa. It has become essential for CSO leaders to strengthen their current board models. My colleagues and I at WACSI continue to promote the need for CSO boards to constantly evolve or totally transform their governance structures to be smart, nimble, responsive and adaptive to uncertainty and rapid change. Therefore, this piece is for CSO leaders who are struggling to institute proper governance structures, systems and processes. One lesson I have learnt over the years is that good governance is more than a function. It is also a continuous journey.

Boards and Governance

Sometimes boards are wrongly characterised as intellectual groups sitting around a table having uninspiring conversations. Some practitioners think the sole responsibility of boards is to raise funds and others see boards as groups that rubber stamp decisions that are made by executive directors. But to truly reach their potential, CSOs need vibrant, dynamic and effective boards made up of engaged members with diverse backgrounds and skills. Boards set the direction of the organisation. They are the guardians of the mission. They enforce ethical guidelines and are policy makers, ambassadors and strategic thinkers. They monitor progress, evaluate the performance of the organisation and the executive director and demonstrate integrity in everything they do on behalf of the organisation.

In order to have the tools to do their work, board members must have enthusiasm for the cause. They must have passion for the organisation's mission. They also need to understand all of their responsibilities and perform all of their duties. Sometimes I hear board members saying they are unclear about their roles and responsibilities.

From my experience and observation the responsibilities of a board are to determine mission and purpose, select a new executive director, support and evaluate the executive director, monitor and strengthen programmes and services, ensure effective planning, ensure adequate financial resources, protect assets and provide financial oversight, enshrine legal and ethical integrity and build a competent board.

Determine Mission and Purpose

The board is responsible for ensuring that the organisation's mission is clearly stated. A commitment to the mission should drive the priorities of the board and management. The board and staff should also periodically review the mission statement to ensure it is still valid. The mission statement should articulate whom the organisation serves and explain what makes it distinctive.

The board is ultimately responsible for the mission statement. A good mission statement should play a major role in decisions about the organisation's activities such as strategic planning, programme development, partnerships and priorities among competing demands for scarce resources. The board should periodically assess what the organisation does to ensure it is not drifting away from its intended mission and purpose.

The mission also sets the stage for developing fundraising strategies and serves as a benchmark for sustaining the confidence and support of the organisation's donor partners.

Select a New Executive Director

Succession planning is becoming an important topic and discussion in today's board rooms. Unfortunately, the reality is that many boards only pay lip service to this important activity. The aim of succession planning is not necessarily to groom an actual successor. A good plan promotes a guideline for action that immediately can be implemented when that action is necessary. In other words, when the executive director gives notice or when the executive director departs.

When launching a search for the new executive director, the board should decide on the search process that may involve constituting a search committee made up of board members. The board needs to decide whether to hire an executive search firm to help the committee with the process or to conduct the search on its own. Both options are viable and can be considered.

The search process should involve reviewing the mission statement, clarifying the organisation's strengths and weaknesses and conducting an inventory of the organisation's current and emerging needs.

The board also needs to agree on clear objectives and clarify expectations of the first year of the executive director's service. It should also set a few long-term priorities and articulate the particular characteristics, skills and style they seek in the new executive director.

Once a new executive director has been hired, it is the boards responsibility to ensure that he/she hits the ground running and also do its part to retain the new leader. This includes providing consistent support to the executive director and conducting an annual performance review.

Support and Evaluate the Executive Director

Providing support for executive leadership, periodically assessing the executive director's performance and acknowledging service through compensation, are essential board responsibilities.

The only place that the executive director can look for constructive support is from the board. Being supportive means providing encouragement and help when needed, introducing the executive director to key stakeholders who can assist the organisation and providing frequent and constructive feedback. The board chair plays a special role in supporting the executive director. The chair should intervene with any board member who may not understand or abuse their positions. The board should evaluate the executive director's performance. The purpose of the evaluation process is to help the executive director perform more effectively. Annual goals and objectives mutually discussed and agreed upon should serve as

primary criteria in performance reviews.

The board chair usually leads the review process. A good performance review process helps to inform compensation adjustments.

Ensure Effective Planning

Through the planning process, the board and staff translate the organisation's mission into goals and objectives. These goals also become the benchmarks for assessing the organisation's progress over time. With the many different types of planning and planning processes, there is not a defined way to undertake planning. Therefore, the board and staff have to make choices based on the organisation's culture, life cycle and capacity. The value of planning lies in the process. Many CSOs hire an outside consultant to facilitate this process, however, this is not always necessary. Planning should also engage stakeholders and challenge the organisation to test assumptions about the quality and necessity of its mission and future objectives. The board's role in effective planning includes participating in the process, formally approving agreed upon outcomes, using the goals as a guide for budgeting and decision-making and tracking and evaluating the plan's implementation. Throughout the process, the board needs to stay focused on the big picture, the high level issues of policy and

strategy - not the details. Most planning efforts include the following elements; a reaffirmation or revision of mission, vision and value statements, trends and research of the environment in which the organisation operates, needs for current and new programmes, services and staff, financial projections and fundraising and marketing communications goals and strategies.

KEY ROLES OF AN EFFECTIVE BOARD

1 Determine Mission and Purpose

Select a New Executive Director **2**

3 Support and Evaluate the Executive Director

Ensure Effective Planning **4**

A Functional CSO Board

The final part of this series would focus on the following board roles and responsibilities, (1) Monitor and strengthen programmes and services (2) Ensure adequate financial resources (3) Protect assets and provide financial oversight (4) Build a competent board and (5) Enhance the organisation's public standing.

■Board roles and Responsibilities
1. Monitor and strengthen programmes and services
2. Ensure adequate financial resources
3. Protect assets and provide financial oversight
4. Build a competent board
5. Enhance the organisation's public standing

Monitor and Strengthen Programmes and Services

What the organisation does for its members, constituents or clients, helps to determine its significance.

Accordingly, it is important that the board monitors the organisation's programmes and services for impact. Impact is determined differently for each organisation but might include the number of clients served or the number of participants at an event among others. Many organisations hire qualified staff to gather data required to monitor its programmes and services.

The board contributes by periodically assessing the efficacy of programmes and services offered, asking good questions particularly as they relate to the organisations mission, studying the cost-benefit rationale of major undertakings and programmes and services that may be causing some concern. The bottom line is that every board member should know which activities are essential, which are weak, which produce revenue and which are critical for serving the organisation's constituents.

Ensure Adequate Financial Resources

An organisation can be effective if only it has enough financial resources to meet its purposes and advance its mission. For most CSOs, balancing a budget has two basic dimensions, (1) finding dependable revenue streams and (2) raising money. Boards need to ensure that reliable and diverse revenue sources are developed. They must also ensure that the organisation offers programmmes and services that generate income and these must be consistent with the organisation's mission. Many CSOs engage in fundraising to attract individual and corporate contributions, foundations and government grants. The board should work in partnership with staff members to assess fundraising target and goals. Board members should also have a clear understanding of their personal obligations to give to the organisation. An organisation's effectiveness in fundraising is directly linked to board members' participation. They should first help identify and cultivate potential donors, participate with staff in solicitation efforts, set the example by making a significant personal gift, support special fundraising campaigns and provide stewardship by thanking donors and maintaining relationships.

Protect Assets and Provide Financial Oversight

Fiduciary responsibility requires that the board together with the executive director should do the following four things: (1) to review and approve how the organisation budgets, spends

and makes money, (2) to verify whether the organisation's financial systems and practices meets accepted standards, (3) to ensure the organisation has adequate financial reserves and (4) to safeguard the organisation's reputation and ensure it is not subjected to unnecessary risk.

Approving an annual budget and tracking revenues and expenses against the approved budget is the responsibility for the board. This should be done at least on a quarterly basis. The board should raise questions about items that reflect changes either good or bad to budgeted revenues and expenses. There are also a number of other money monitoring responsibilities that are important for boards to address but most particularly ensuring that an organisation has adequate reserve funds. Many CSOs form committees to assist with financial oversight. The committee structure depends on the size of the board and organisation and may include a finance committee, which takes the lead in monitoring how expenses track against an approved budget. There may also be an audit committee, which oversees the annual review of financial systems and grant report practices. However, it is essential to note that while these committees help the board to fulfill its responsibilities, they are not a substitute for the

financial oversight that needs to be done by the entire board. Audits are increasingly important in gaining the public trust and ensuring transparency. Typically, an audit committee's responsibilities include recommending the selection of an auditor to the board and reviewing the auditor's performance.

Build a Competent Board

When building your board, there are three key principles to keep in mind. Every organisation's governing board will be as effective as its individual board members. Accordingly, all board members and executive directors need to discover the ideal mix of professional skills, backgrounds and other characteristics that they need in their board members. Members of the governing board will only respond to the expectation articulated to them by the organisation and its leaders. Therefore, it is essential to clarify expectations before an individual joins the board. A well-balanced and functioning board depends on the sustained hard work of the governance committee. The governance committee can help clarify expectations, periodically assess board members, orient new board members effectively and ensure continuous opportunity for board member education. Additionally, term limits are an effective mechanism to ensure

rotation and a continuous flow of fresh ideas for your CSO. Building a competent board is an ongoing process. Board members would come and go. While maintaining strong organisational leadership might be a challenge, these suggestions along with some care, thought and planning will help you along the way.

Enhance the Organisations Public Standing

Board members are the organisation's ambassadors. Together with management, the board must communicate the organisation's story and ensure a healthy public image. Board members play an important role in representing the organisation to funders, the community, elected officials and other stakeholders. They should be able to describe the organisation's purpose and activities in a concise and compelling fashion. It is important for the board to know who serves as the official spokesperson for the organisation.

Frequently the executive director or board member maybe designated to speak on behalf of the organisation. The board and staff must clarify and decide who is responsible for speaking to the media and others to reduce confusion and miscommunication. A consistent message is essential in all circumstances.

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