Exit Strategies

Transitioning from International to Local NGO Leadership

Richard Holloway
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by Richard Holloway

Pact
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Acronyms, Abbreviations and Definitions

ACORDE  *Asociación Costarricense para Organizaciones de Desarrollo*. A Costa Rican organization assisted by Pact/Costa Rica in the late 1980s to become a sustainable support organization for Costa Rican NGOs.

ANGOC  *Asian NGO Coalition*. A support organization for South East Asian NGOs based in Manila.


GOPP  *Goal Oriented Project Planning* (ZOPP in German). A systematic project planning methodology developed by GTZ.

GTZ  The German government agency for international cooperation.


IDR  *Institute for Development Research*. Boston-based training and research oriented support organization for NGO sectors worldwide.

INGOs  *International NGOs*. These are NGOs whose headquarters and governance are situated in the industrialized countries, including Australia and New Zealand.

IRED  *Institut Recherche et Development*. Geneva-based international NGO support organization.

LNGOs  *Local Non-Governmental Organizations*. These are NGOs whose headquarters and governance are situated in developing countries, including former Soviet bloc countries.
About the Author

Richard Holloway is one of the leading thinkers on the vital role of NGOs in the growth of civil society. He has spent over 28 years in developing countries working on social and economic issues for Pact, CUSO, OXFAM (UK), ATI, British ODA and IOCU (now Enfants du Monde). In addition, he has undertaken consultancies for USAID, the World Bank, British ODA, UNICEF, UNDP and numerous international and national NGOs. Through this work Mr. Holloway has helped to create a greater role for NGOs in Bangladesh, India, Malaysia, Thailand, Indonesia, Philippines, Ethiopia, Botswana, South Sudan, the Caribbean and South Pacific.

While Richard Holloway was Pact’s Country Representative in Bangladesh from 1989 to 1995, he participated with a Bangladeshi team in the transformation of a USAID-funded project into a local and sustainable organization. This project was initially called PRIP and managed by Pact. Through a pioneering exit strategy, PRIP became a separate, legally registered Bangladeshi organization called the PRIP Trust. Mr. Holloway led the two-year transition process, which involved planning and collaboration with the local management team.

Currently Mr. Holloway is a Pact Senior Associate based in Zambia. He provides consultation services to Pact country programs in Africa and Asia, is presently training and implementing NGO capacity building activities in Zambia, and writes about development.

In addition to exit strategies, issues of particular interest to him are: NGO capacity building, formation of networks and coalitions, long-term institution-building, the growth of civil society, alternative funding mechanisms for NGO sustainability, government-NGO relations and corporate-social investment. Richard Holloway’s expertise in these areas is reflected in this document.

Richard Holloway is married, has three children and enjoys classic blues music.
About Pact

Pact is an international nongovernmental organization (NGO) founded in 1971. Its mission is to contribute to the growth of civil societies—where citizens acting together can freely express their interests, exchange information, strive for mutual goals and influence government. Pact accomplishes this by strengthening the community-focused nonprofit sector worldwide and by working with strategic partners to identify and implement participatory development activities that promote economic, social and environmental justice.

In 1997 Pact is implementing development programs in seventeen countries in Asia, Africa and Latin America. Pact's four core areas of program excellence are: grants management; capacity building and increasing organizational effectiveness; democratic initiatives, strengthening the enabling environment for NGOs; and building networks, coalitions, support organizations and forming strategic alliances. Pact is a leading facilitator of organizational development for both nascent and established NGOs around the world. Regardless of the sector being addressed—micro-credit, micro-enterprise, democracy building, environmental protection, nonformal education, or community health—Pact concentrates on strengthening the capacity of local NGOs to further their own development goals.

Pact is breaking new ground in designing and implementing exit strategies in its country programs. There is much to learn. The exit strategy followed in Bangladesh is the most evolved, yet PRIP Trust's story is still unfolding with many surprises along the way. Other exit strategies are underway in South Africa, Cambodia and Indonesia. Each case is unique. Over the next decade Pact will strive to develop many successful models for NGO exiting and to be a leader in promoting the theory and practice of this important development methodology.
Acknowledgments

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Arorn Goon, Executive Director of the PRIP Trust/Bangladesh and former Deputy Director of Pact/PRIP, whose charisma and persistence made the exit of Pact and the birth of the PRIP Trust/Bangladesh possible;

Kurt MacLeod, Pact's Country Representative in Laos, for serving as senior editor for this project;

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Kris Meschroth, currently Pact's Country Representative in Peru, who pioneered Pact's exit strategies with his work for ACORDE in Costa Rica in the 1980s;

USAID/Bangladesh, for supporting Pact's PRIP project for ten years and for continued support to the PRIP Trust during its transition phase; and

Clare Blenkinop, the author's wife, for her support and encouragement.
Introduction

The subject of these guidelines is exit strategies or the evolution of an INGO project into a locally managed, independent organization. Exit strategies are becoming more accepted in theory by many INGOs, but they are not yet common in practice. Although many community-based organizations plan and implement sustainable projects, INGOs need to more assertively and systematically consider issues of organizational sustainability at the local level. In these guidelines organizational self-reliance and sustainability are defined as: the establishment of locally managed and governed organizations that address the development needs of their beneficiaries comparably or better than INGOs.

From 1988 to the present USAID/Bangladesh has funded Pact under a Cooperative Agreement to manage the Private Rural Initiatives Project (PRIP). Part of the design of this project involved an exit strategy of the Pact/PRIP project into a locally governed and managed Bangladeshi organization. In 1995 Pact formally transferred management of the PRIP project to the newly formed PRIP Trust. The final steps of this transition will unfold during 1997.

The Bangladesh experience serves as the case study for this publication. It represents just one model for implementing an exit strategy. These guidelines deal with the basic requirements for pursuing successful exit strategies. Each chapter begins with a synopsis of the Pact Bangladesh experience related to each chapter’s topic. Topics include governance, leadership, legal identity, management, programming, budgeting and funding. Each chapter concludes with recommended “DOs and DON'Ts” and a list of recommended readings.

The primary audience for these guidelines includes the managers of INGOs, public and private donor organizations, development practitioners and the academic community. The topic is also especially important for LGNOs which must be the ultimate
judges of whether these concepts are reasonable and practical. For many readers the concepts and ideas in this document will not be new, but to date there is very little documentation on the subject of exit strategies. This publication is a basic primer on a very complex topic.

Pact hopes that this publication will stimulate other organizations to document and publish their experiences. In addition Pact wants to encourage broad discussion of exit strategies by NGO coalitions and networks around the world. Pact hopes that readers will share in and improve upon this discussion of exit strategies.

Please send your comments or ideas regarding this publication to: EXIT STRATEGIES, Pact, 1901 Pennsylvania Avenue, N.W., Fifth Floor, Washington, DC 20006. All submittals will be acknowledged.

History of Pact/Bangladesh and the PRIP Trust

- **November 1988**
  Cooperative Agreement signed between Pact and USAID Bangladesh for a five year, US $5 million project to strengthen the capacity of Bangladeshi development NGOs.

- **March 1989**
  Country Representative Richard Holloway and Deputy Director Aroma Goon hired and PRIP begins implementation of projects.

- **September 1991**
  Based on a needs assessment, Pact Bangladesh considers its services as addressing a long-term need of the Bangladeshi NGO sector. Pact proposes a project extension of 10 years with the incorporation of localizing the project’s governance and management to Bangladesh. Pact proposes an endowment for PRIP to ensure that the new Bangladeshi entity has financial security.

- **1992**
  USAID agrees to localizing PRIP but rejects the endowment. USAID requires Pact/PRIP to engage non-USAID donors for PRIP from year eight.

- **1993**
  Formal five year external evaluation of PRIP endorses its successful performance but questions the need for localizing the project.

- **1994**
  Per Pact’s request, USAID contracts a consultant, Leslie Fox, to examine the localization issue. He endorses PRIP’s ideas, and USAID accepts PRIP’s plan for an exit strategy.

- **February 1995**
  The PRIP Trust creates a Board of Trustees with Aroma Goon as a Trustee.

- **1995**
  The Board of Directors appoints Aroma Goon the Executive Director of the PRIP Trust. Pact makes the transition from direct management of the
CHAPTER ONE

Setting the Scene

This chapter examines the ways that INGOs work in developing countries. It surveys the limitations of a project-based approach to development and explores the rationale of an INGO exiting from its direct role of program management.

The Pact Experience in Bangladesh

When Pact was awarded a cooperative agreement by USAID/Bangladesh in 1989, the project was designed as a five-year program to provide training, technical assistance and subgrant management services to Bangladeshi NGOs to improve their organizational capacity and effectiveness. USAID had preliminarily canvassed the NGO community for their agreement and buy-in to the concept of a five year project. Pact, based upon local response, opened up a Bangladesh field office to implement the Private Rural Initiatives Project (PRIP). The project was not designed with any one partner in mind, but rather would work with and through a number of Bangladeshi NGOs which would in turn provide support to the NGO sector as a whole. An exit strategy was originally not part of the planning strategy for PRIP, but it was assumed that the five year project would result in increased organizational effectiveness of the NGO sector. At the end of the five years, Pact was slated to cease its field operations.

After three years of work considered useful and successful by USAID/Bangladesh and the NGO...
clients of Pact, USAID invited Pact to consider extending the project to ten years from the original five. At this time the idea was simply to continue the project and the service it delivered for a longer period of time. Once Pact consulted its clients it realized that there would still be a need for Pact’s services - the need would not arbitrarily disappear at the ten year cut-off point. Pact/Bangladesh thus suggested to USAID that the project should evolve into a Bangladeshi-managed and operated organization to continue the same type of work. Pact also suggested that a way to ensure sustainable service delivery was the creation of an endowment. This idea was rejected by USAID in favor of moving to alternative donor funding. The idea of evolving into a Bangladeshi organization was something new for USAID, however, and they contracted a consultant specifically to ascertain whether the stakeholders thought this wise. The stakeholders were reported to be in favor of the idea, and USAID accepted the idea. The exit strategy process was then formally put into place.

Operations of INGOs

The operations of INGOs working in developing countries cover a wide range of roles and functions.

These roles and functions include:

- A branch office of the headquarters organization. This office identifies local needs and initiatives that reflect INGO concerns. The branch office provides technical and managerial assistance and in some cases directly funds INGOs to implement projects. The INGO assists the local initiative within a particular project time frame.

- Direct implementers of their own INGO projects, without NGO involvement.

- Managers of specific, time-limited projects under contract to another donor.

- Suppliers of technical, managerial or sector-specific assistance to a NGO’s existing program.

- Intermediaries between donors and the donor-funded project of a NGO.

- Partners with separately-funded NGOs in a network or advocacy initiative or with affiliated organizations.

In the first three cases, the INGO manages and governs in-country activities based on the INGO’s internal management requirements. Foreign donors typically fund these types of projects. The first three cases encompass the largest proportion of INGO projects in developing countries and are most relevant to these guidelines.

Project-based Approach to Development

Donors design projects based on predetermined resources, activities and assumptions about the project’s success. They designate activity time limits and promote their goals and objectives through a chain of organizations. This implementation continuum includes the INGO at the one end, the INGO utilizing the expertise of a NGO in the middle, and the targeted community-based organizations at the other end.

Both donors and many NGOs assume that each of these organizations along the continuum has sufficient control over their own development process to ensure a transformation of INGO resources into locally actualized benefits. Many donors also assume that at project completion the organizations involved in the process will “solve,” or at least substantially alleviate, the problem. This is the assumed logic of the project cycle. Theo-
retically, if the project attains its goals upon completion, beneficiaries will not need additional resources from the donor. The donor can then feel free to use resources released from a completed project to address another problem or sector.

This assumption about project sustainability often proves to be false. There is not a simple cause and effect relationship between a transfer of resources from an INGO to successful results. Projects often make successful inroads in addressing problems, yet the project often needs more years of operation before it can manage sustainably and implement alternative strategies. Sometimes the project reveals not only an isolated problem it can address, but also an ongoing condition that requires a sustained commitment from the INGO. An INGO may have opened up a “menu” of alternatives for LNOs and yet pull out just when local expectations have been raised. When a project does not proceed according to the donor’s independent timeline, frustration on both sides results. If a project is not leading to anticipated results, there should be a reevaluation of the project design.

A more sustainable approach than the project-based approach is a long-term commitment from an INGO to build local capacity to solve the identified problem. Some INGOs see responsiveness to local needs and realities as their ultimate goal, which includes the institutionalization of local capacity to carry on the work that the INGO started. In this manner, the INGO is promoting an exit strategy.

The lack of an INGO exit strategy from the start-up phase of project implementation is a major limitation of the project-based approach to development. This approach assumes deficits in knowledge, money and skills in developing countries that only inputs from INGOs can address. This kind of development approach does not lead to INGOs supporting and strengthening a local NGO sector or to local institution-building.

It is important for INGOs to carefully consider their own role when designing development programs. The traditional role of ‘program implementer’ with full management responsibility and accountability for service delivery, is increasingly giving way to that of ‘program facilitator’. The ‘program facilitator’ role emphasizes providing capacity building and technical sup. to local organizations which play the primary implementation role. Building an exit strategy into the initial program design works best when the INGO defines its role as a ‘program facilitator’ from the initial design stage.

Options for an INGO upon Program Completion

Unfortunately, many INGOs discover they cannot indefinitely continue the work that they have started. Yet such INGOs may feel that they should not, due to the organization’s professional and ethical standards, abandon a project that successfully addresses beneficiary needs.

Organizations in this situation have three options that include:

- Continuing to manage the work themselves but with fewer resources committed.
- Finding and funding another INGO or aid agency to complete their work.
- Facilitating the creation of a new NGO that will continue the program’s work through funding from the original agency or steering the NGO towards new funding sources.

A successful and sustainable local organization is, in many ways, the logical outcome of the INGO’s work. The NGO is often the result of many years of arduous and dedicated work by locals and foreigners. It potentially brings great satisfaction to all
concerned. On the other hand, if the attempt to localize the work of an INGO fails, the process is frustrating, disempowering and a waste of time and money.

If an INGO facilitates the creation of a new NGO, it is implicitly accepting that the local organization has developed the capacity to manage the project successfully. However, the NGO may need further technical assistance and funding from the INGO to help it through the transition period. This transition period will require a significant investment of time and commitment from the INGO and NGO staff.

Motivations for Creating a Sustainable NGO that Replaces the INGO

All stakeholders in the localizing process should be clear about the motivations for localizing an INGO, how the initiative originated, and the major beneficiaries of such an activity. Ideally, the motivation should stem from a genuine commitment to continuing the valuable services of the INGO sustainably at the local level. The initiative should originate from both expatriate and local staff. If local staff does not fully embrace the need for the exit strategy process, there may be significant staff turnover and miscommunication later in the transition process.

The major beneficiaries are ultimately the clients served by the newly localized NGO. Self-oriented motivations on the part of local staff do not serve the organization’s best interests, and should be avoided. Since the process can be very stressful and challenging, it is important that the motivation for implementing the exit strategy be as transparent and accountable as possible. Ideally, the INGO should be committed to an exit strategy from the very beginning of the project.

For those NGOs whose mission is to facilitate sustainable development through the strengthening of local capacity to manage programs, there are several reasons to design an exit strategy with the expectation that the NGOs will assume INGO responsibilities.

These reasons include:

- The INGO desires to have the work sustained and knows that it cannot continue the project itself due to lack of funding and personnel or a change in policy. At the end of a project cycle, the INGO can either raise funds itself to continue the project, or create a local agency to continue the project with its own funds. The INGO may provide initial funding to launch the NGO but expect it to ultimately rely on other funding sources in the future.

- An INGO managing a program may feel that it has provided sufficient inputs of advice, knowledge, and skills. It acknowledges that local staff have the capacity to implement the program. The NGO will continue funding the local agency or may help to become financially self-reliant through mechanisms such as an endowment.

- A NGO may not agree with the manner with which an INGO handles the project and may request the funding agency to turn the project over to them.

- The donor contracts with an INGO to create a NGO to operate the project.

- The INGO and in-country partners prefer a local organization over the NGO.

NGOs that promote the creation of sustainable NGOs use the rationale that an indigenous NGO offers a more sustainable, long-term approach and is more responsive to local needs.
The local staff of the INGO are put in a difficult position when discussing the localization of the INGO into a local institution. In many cases, their motivation to stay and work on the exit strategy process comes from a sincere interest in continuing valuable work at the local level. It is important that the local staff clearly acknowledge their support for the organization's overall mission. It is necessary for the staff as well as stakeholders to talk through their hopes, expectations and concerns, and reach a mutual consensus on the process for the transition to local management. It is very important for all actors to mutually agree to the localization process to which they will all be adhering. Each staff member will need to commit to the vital part he or she will play in the process. The transition process is full of challenges, and a strong commitment by all parties is invaluable to meeting the challenges as a unified team. An organization undergoing change is only as strong as the weakest link in the organizational chain. Further, depending on local circumstances, there will be individuals or organizations outside the organization who are not in favor of localization and who may attempt to take advantage of any organizational disorder.

First Steps to Increasing Local Capacity

Many INGOs take their first steps toward greater local control of INGO activities through:

- increasing local staff training programs in financial, human resource and programmatic management
- facilitating the creation of local advisory committees
- phasing out expatriate managers in a systematic, planned way

Conclusion

The end result of an exit strategy involves several complex steps. The process requires local people to assume a leadership role in the areas of governance, management and local revenue generation.

Many INGOs and LNGOs are just beginning to address the crucial issue of funding for local organizational sustainability. Most development literature assumes that foreign funding will continue to be the mainstay of INGOs. While this may be true in the short run, LNGOs should not assume that foreign funding will continually flow in their direction. LNGOs need to have their own strategies in place for meeting their short- and long-term resource needs.

This first chapter provides the reader with an understanding of the basic INGO motivations and rationales for creating an exit strategy. The fact that increasing numbers of INGOs are considering exit strategies is a clear indication that NGO sectors are experiencing a paradigm shift in the way they approach development planning and implementation. The evolution toward a more sustainable localized management focus over development programs has been natural. This evolutionary process is challenging and must be approached with a clear purpose and strong commitment by all stakeholders. The rewards for a successful exit strategy are enormous. Building dynamic local institutions which stand the test of time is one key to practicing sustainable development.

DOs and DON'Ts

**DO**

Work out who is initiating the exit strategy process and why.
Make the reasons for exiting and local control transparent to all stakeholders.

Get consensus among all stakeholders about the value of creating a LNGO to assume the responsibilities of the program.

DON'T

Try to push through the idea of localization without extensive discussion.
Blur your own reasons for attempting localization.
Start the process unless you are committed to it and fully prepared to carry it through.

Further Reading


The Pact Experience in Bangladesh

As PRIP began, Pact/Bangladesh created an advisory committee composed of both Bangladeshis and expatriates who were involved with Bangladeshi LNGOs. Its function was to advise Pact on general policy matters and specifically to review proposals from LNGOs for funding over US $50,000. It was made clear that this advisory committee did not have a governance function.

When Pact/Bangladesh started planning the evolution of PRIP into a new Bangladeshi organization, it began to look for potential members of a governing body. Since the legal form chosen was a Trust, it started to look for trustees. Pact engaged the services of PRIA, an Indian NGO support organization, to assist with this process. The five founding trustees were largely chosen for their commitment to the organization and their stature with donors. This stature was important, since accessing new funding post-USAID was a vital aspect of the success of the newly localized NGO.
The number of trustees was kept small in the knowledge that their time would be needed quite frequently in the transition process, and the group had to be manageable and close. One trustee in particular was a departure for PRIP, as he came from the corporate rather than the nonprofit world. The last trustee assigned was the Deputy Director of Pact/PRIP, Aroma Goon, since both Pact and the other trustees felt that continuity was an important principle.

It was agreed upon in the Deed of Trust that over time the number of trustees would be increased to eleven. Trustees should represent a number of differing interests. Only one member of the original advisory committee (later disbanded) was asked to become a trustee after the transition process. This event caused some tension with former advisory committee members, but illustrated the point that different people are required in a governance function than in an advisory function.

When it became time to select a board of trustees, the PRIP Trust placed a priority on the following individual requirements:

- A strong belief that the NGO addresses the needs of the targeted beneficiaries
- A clear understanding of the vision and mission of the organization
- A commitment to devote the time necessary
- An ability and desire to bring their unique expertise or skills to the organization
- Respect for and trust in the executive director
- Strong interpersonal skills to manage potential tension or conflict among members

provide direction to nonprofit organizations. The trustees or board members have fiduciary oversight of the funds collected by the NGO and provide necessary checks and balances function. A governing board could be composed as a board of governors, or trustees, depending on the legal status of the NGO. The existence of a governing board helps ensure programmatic and financial transparency and is vital to an organization’s long-term sustainability. It is standard for INGOs implementing projects to have a board of directors.

The responsibilities of a board of directors include:

- setting broad policy guidelines
- choosing the chief executive
- approving annual budgets
- creating possible strategies and work plans
- performing mediation and conflict resolution services
- representing the organization in a court of law

Each member of the board is responsible for ensuring the integrity of the organization and carries varied degrees of personal liability depending on the legal codes. The executive director is usually an ex officio member of the board but sometimes has voting rights.

Reasons for a Governing Board

In countries where British common law operates, the governing board for a nonprofit organization is designed to benefit the public good or to use external funds. The governing board helps ensure accountability to the organization’s goals and mission. Thus, the general standard for a board member is that he/she doesn’t have any self-interest in the organization by being either

What is a Governing Board?

A governing board is an association of reputable and well-known citizens who voluntarily give their time, expertise and advice to
Membership vs. Nonmembership Structures

The purpose of a membership organization is to benefit its own members, which is not always the case in a nonmembership organization. A membership organization elects the governing body from its own members while assuming that the representatives of the body make decisions that are in the best interests of the organization. In cases when a representative does not act in the best interests of the organization, the representative can be voted out of office. Cooperatives are an example of this type of an organization.

The three main reasons for creating a board in a nonmembership organization include:

- The board helps preserve the organization's integrity
- The board makes the organization more accountable to its mission and goals
- The board provides valuable advice

The basic concept of a governing body is to create a board separate from the staff of the organization, which is prepared to offer itself voluntarily to advance the mission of the organization and act as a check-and-balance on its operations. In principle, the board members should not consist of friends of the executive director, rubber stamping members, or members who use the organization for their own personal advantage. Abuses of this structure are possible but can usually be avoided by judicious selection.

Most INGOs have additional requirements of their board members, such as a stated commitment to the goals of the organization. The organization chooses its board members based on the particular skills and resources that the organization finds useful.

The idea of a governing board is similar to the "council of elders" structure found in many societies. The difference is that the actual legal structure of governing bodies is based on European-based codes of law. Theoretically, INGOs can transfer this structure to developing countries while assuming it will provide the same advantages as in developed countries. This transfer entails building the capacity of a local organization to create a governing board. In reality, the INGO needs to match its organizational structure with its cultural and legal context and ascertain what is most applicable to the local situation.

Motivations of Board Members

A INGO that creates a governing body and executive position that have separate powers should consider the different motivations that an individual has for becoming a board member. The INGO must ask itself if the members can fairly represent the organization and adhere to its legal framework.

The motivations for a member of a governing body include:

- A genuine belief in the value of the work performed
- An overall interest in seeing the organization succeed and flourish
- Desire to support the executive director or local staff
- A strategic interest in the organization's success, in order to facilitate the member's own personal agenda
• A belief that becoming a member is the expected position for a person of their status, such as a retired senior civil servant

• A desire to attain the status attached to the position

Although board members have a variety of motivations for serving, the first three points are ones that indicate the member’s true commitment to the mission and goals of the organization. An INGO that transforms its organization into a local one usually works closely with the staff of the INGO to identify potential board members who have the qualities that the local organization seeks. Both the INGO and the NGO staff need to be dedicated to creating a top quality governing board. In any country, there are always many dedicated, capable citizens with broad vision willing to serve on such boards. However, identifying and recruiting available and interested candidates is not an easy task.

Creating a Governing Board

There are two principal ways to create a governing board. Either the members of the new NGO elect the board members or the leaders of a new NGO appoint board members. The NGO should first understand and identify the existing types of governing bodies in the country and build on or modify this structure to meet the needs of the organization. Before starting the organization should have a clear idea of the type of board members it wants to govern the organization.

The NGO may realize that it is in its strategic interest to have international board members. There are four primary reasons for including international board members:

• The NGO implementing an exit strategy may request seats on the governing body during the transition phase, especially if it is still funding the program. In this case the NGO should consider limiting the number of seats reserved for the NGO so that the NGO has sovereign power over its program.

• In some countries there is a large population of country nationals living abroad, either temporarily or permanently as emigrants. The NGO may find it to their advantage to invite such people to serve on the board. The NGO must consider the added cost of providing transportation and lodging for these internationally-based individuals to attend board meetings.

• The NGO may want an acknowledged expert in their field who complements the organization’s sectoral focus.

• The NGO may strategically choose a foreigner from donor countries where it intends to seek funds, or carry out advocacy work.

One important element to clarify with board members is the extent to which they expect to become involved in management decisions of the organization. The responsibilities of a board member are not to micro-manage the organization either directly or through pressuring the executive director. The board should be knowledgeable about and interested in the organization’s work, but not overlap the responsibilities of the executive director. The organization should provide a thorough orientation to the board members and explain the breadth of their responsibilities and limits of power, since the proper role of a board member may not be fully known to prospective members.

Board Member Selection

The NGO should identify board candidates it thinks will govern the organization well. When considering a public official
as a board member, the organization must recognize that this raises the danger of connecting the INGO with a political party. This could jeopardize the integrity of the organization with both its beneficiaries and its potential donors. The INGO should approach this decision with caution.

Another consideration is an appropriate balance in the professions, ethnic backgrounds, ages, experience and gender of board members. The board should attempt to reflect a diversity of interests and life experiences in order to maintain an appropriate check-and-balance function for the INGO.

It is important that the board members dedicate the time required to be effective and fully engaged board members. A common mistake by a INGO is to choose influential but over-committed citizens to serve on the board. This should be avoided because absentee members can hinder the board’s ability to make timely decisions.

Advisory Committee

One of the difficulties in selecting board members for a new organization is that the INGO staff members are probably equally new and run the danger of making premature decisions for the organization due to inexperience. This situation can be avoided if the INGO takes the precaution, while the organization is still internationally managed, of creating an advisory committee composed of eminent local citizens involved in the kind of work the organization implements.

An advisory committee could contain several people who may be good candidates for the board. Board members taken from the former advisory committee provide an element of continuity and knowledge of the organization that may help prevent premature or ill-informed decisions. The objective is not to transfer the advisory committee en masse to the governing body since it will require the unique vision of new members.

The advisory committee makes recommendations or provides responses to the board on matters concerning the organization’s programming issues. Usually, the advisory committee does not have the right to vote. In creating other parallel structures to the board of directors, it is important not to bypass the executive director in the decision-making process or to confuse the responsibilities of all actors.

Conclusion

This chapter provides some suggestions for creating a governing body for an organization. During the transition phase, the INGO should work in collaboration with the new INGO to assist it in identifying and appointing new board members. Initially, the local organization may consider placing final decision making with the INGO until the board has the capacity to perform its duties autonomously. It may also consider augmenting the board with an advisory committee. Both the INGO and the INGO should realize they need to be flexible during the transition phase. There are no hard and fast rules for this process. The organization should build on existing experience and first-hand learning rather than follow one specific recipe. The INGO and local organization should not be afraid of making some mistakes and adjusting their strategy based on cultural and organizational realities.

DOs and DON’TS

DO

Learn from existing country experience. Examine the variations of governing bodies in the country. Con-
sider the constraints that NGOs have with their board members.

Systematically consider the qualities desired by the organization for its board members.

Establish an advisory committee while still a foreign organization, if appropriate to the situation.

Select board members who provide access to resources human, organizational and financial resources important to the organization.

Select board members hastily.

Select board members who desire to manage the organization.

Turn the advisory committee into the board.

Select board members from other NGO boards. There may be potential future conflicts of interest.

Further Reading


National Center for Nonprofit Boards. (All of their publications). Washington, D.C.


Tandon, Rajesh. “Board Games: Governance and Accountability in NGOs.” In Nongovernmental Organisations: Performance and
CHAPTER THREE

Leadership

This chapter addresses the process of selecting a new leader for the INGO created out of the exit strategy process. It examines the issues involved in the transition of power from the expatriate leader to the local one. It suggests certain qualities that the organization may require of a new leader, and how to build the capacity of the leader so that he or she will further develop the necessary leadership skills well before the INGO exits.

The Pact Experience in Bangladesh

In considering the optimal leader for the PRIP Trust, a high priority was placed on continuity from the PRIP Project, and protecting and promoting the vision and mission of PRIP. Pact and the founding trustees-designates agreed to appoint the current deputy director to the executive director position. Aroma Goon had been with the organization from its inception in 1989. The trustees decided not to look further afield. Moreover, they decided that the deputy director would also be a founder trustee. In order to clarify that her position was not for life, however, clear terms of contract were written into the Deed of Trust. A very careful analysis was made of the qualities of the outgoing director to determine which aspects of PRIP were dependent upon his unique stamp on the organization. These qualities were compared with the qualities, skills, and experiences of the incoming deputy director. Apart from the change in leadership style, the outgoing director was an expatriate man whereas the incoming director was a local Bangladeshi woman. The structure, organigram and work responsibilities of the staff of PRIP Trust were modified to maximize her potential as its incumbent leader. The trustees took into account the differences between the outgoing and incoming leaders and entered into an eighteen-month contract with PRIA for human resource development of the staff. Much effort was put into preparing the incumbent director for the job. There were two unexpected elements to the transition. First, several local staff who had been with the Pact project decided to leave. This provided the opportunity to recruit well qualified staff for newly defined positions. Second, the new director found herself subject to numerous personal attacks in her high profile role as executive director. The attacks were something she had, to some extent, been shielded from previously. The new executive director was seen by detractors as vulnerable once the organization was no longer an INGO, and no longer managed by an expatriate.

Defining Executive Director

The titles of executive director, coordinator and secretary general are used for a person who leads and manages an organization. While organizations usually only have one leader, some organizations use group or rotating leadership structures. Although there are advantages to other models, the one leader model will be discussed in this context. Regardless of the title, an exit strategy involves replacing the INGO executive director with a local one.

For an INGO that is transforming itself into a NGO, the first step in hiring an executive director is to determine the qualities that the executive director needs to adequately lead the local organization. This will in part depend upon a review of where the NGO is and where it intends to go in the future. The
organization can then compare these qualities and future needs with the candidates considered for the position. It can create a wish list of characteristics, considering the top quality leaders in similar organizations coupled with internal and external advice. The organization will find that the qualifications required of an INGO expatriate director are different from those of an NGO.

The role of the executive director involves more than management competence. It includes:

- maintaining the organization's vision
- directing the organization toward its goals and objectives
- inspiring and motivating the staff
- performing a range of representative and public relations functions for the organization as a whole
- interpreting information and influences relevant to the organization
- requiring both diplomatic and entrepreneurial qualities to adapt to an ever-changing donor, governmental and NGO environment
- recognizing the need for organizational change and growth and the ability to see his/her ability to effect these necessary changes
- representing the organization as a whole with a personal leadership stamp

The organization should identify individuals with the most key qualities for sustaining the program and organizational mission. The organization cannot expect to find all the requisite qualities in one individual. The LNOG will need to strike a balance between the leader’s qualities and those extant within the local staff, so that they augment each other. To establish this complimentary structure, the organization may need to restructure some jobs and change the scopes of work for some positions. For instance, if the leader does not speak well at public functions, the organization may consider designating a more eloquent speaker from the staff as the organization’s spokesperson or identify someone as the leader’s speech writer.

The new executive director may need to increase his or her capacity in some areas important for leadership. The organization can augment the skills that the executive director lacks through training programs, technical assistance, exposure trips and mentoring. This may require lengthening the transition phase from the INGO to the LNGO to allow adequate time for building the executive director’s leadership capacity. If the organization has not had the foresight to plan for this situation, the organization may consider contracting a consultant. This consultant would mentor the new executive director and would provide advice as the executive director performs his or her daily responsibilities coupled with perhaps one day per week for special training programs.

The Search for Leadership

The organization can begin the search for an executive director with a public advertisement listing the requisite qualifications. More commonly, during the transition phase to LNOG leadership, the organization will have strong candidates from the existing staff. The organization can either nominate an executive director within the existing staff or hire someone outside the organization. A newly localized NGO whose reputation is built on the qualities of the existing staff may favor promoting an executive director from within the organization.

The organization should make the process of hiring a new executive director as transparent as possible with the staff. One
way to assure this is to announce the intention of the INGO to transform into an NGO as soon as senior staff makes the decision and inform the staff that there will be a search for the executive director position. The management should encourage local staff to apply for the executive director position and clarify that it will also be opening the position to outsiders. This will allow the organization to have a wide applicant pool to attract the best qualified candidate.

If the INGO has a local deputy director, he or she may be able to serve the role of executive director. This is possible if the qualities required by the NGO match those of the deputy director. If the executive director is recruited internally, the NGO needs to redistribute the individual’s previous responsibilities or hire a new person to fill the vacant position. An executive director chosen from the staff has the advantage of being familiar with the organization’s mission and culture.

When considering an external individual as executive director, the NGO must weigh the benefits of an outsider against the advantages of maintaining continuity by hiring someone internally. Regardless of the decision, redefining the roles of staff and creating new positions will present challenges to the NGO.

Other Considerations

Strong loyalties toward present senior staff for the executive position may exist among the staff. The staff may desire to promote a senior local staff member as the new leader of the organization. However, the organization must weigh staff loyalties against the qualifications necessary to create a sustainable organization with strong leadership.

In some developing countries the idea persists that local leaders of NGOs are not as capable of directing an organization as expatriate directors. In some countries this idea is also held about a woman leader as opposed to a man. The challenge for the exiting NGO staff is to dispel such attitudes by strongly endorsing the management capabilities of the local staff and the leadership capability of the new executive director. This can be accomplished through transferring the most visible displays of responsibility and power in the organization to local staff long before the expatriate staff leaves. This will build trust between the organization’s stakeholders and staff while helping to ensure sustainability.

The NGO should convey to the new executive director that he or she will be accountable to certain standards of conduct as measured by the governing board. The NGO, along with the governing board, should clearly define the executive director’s Terms of Appointment. This may include a limited tenure that can be extended at the discretion of the governing board or the terms for dismissing the executive director. This move may ease the fears of some who are wary of a director with unlimited tenure or powers.

While INGOs usually understand that the role of the governing board is to infuse the organization with accountability, it is important not to forget that a very important function of the governing board is to identify and appoint the executive director. The exiting NGO staff can nominate their own candidate for executive director but approval must come from the board since the role of the executive director is to implement the program approved by the governing board. The exiting NGO staff may also act as advisors to the NGO’s new board of directors and executive director during the transition phase but must acknowledge the board and executive director’s autonomy to make their own decisions.

Conclusion

The selection of the executive director of the NGO is a vital process. The local staff and governing board should devote
significant time to creating a list of qualities that it requires of the executive director. The exiting INGO may contribute valuable advice on the transfer of leadership and can inculcate trust between the staff and beneficiaries toward the new executive director. The transfer of leadership from the INGO to the local executive director should be a gradual process that allows time for the organization to adjust to the new management style and changes in staff responsibilities. The exiting INGO should work in collaboration with the governing board and executive director to build their capacity for sustaining and expanding the INGO services valued by its stakeholders. The sooner the INGO plans the exit strategy with the local staff, the greater the possibility of a smooth transition to an NGO.

**DOs and DON'Ts**

**DO**
- Give considerable thought to and list the qualities needed for an executive director of the NGO.
- Encourage local staff to apply for the position of executive director, and keep them well informed about the process.
- Create clear personnel policies and rules that pertain to the executive director’s position.

**DON'T**
- Assume that the new executive director’s responsibilities and scope of work are the same as the director of the INGO.
- Fail to include senior staff in the selection process for a new executive director.

Further Reading


CHAPTER FOUR

Legal Identity

This chapter describes the legal options available to NGOs and legal issues to consider during the exit strategy process. The chapter emphasizes that it is important to develop a new legal identity for the NGO to permit the most efficient program implementation possible and allow it protection under applicable law.

Legal Frameworks

Nonprofit law varies widely throughout the world. An NGO's legal identity provides protection within a country's judicial system. The NGO, its legal representative, and the government sign off on a document clearly stating the legal identity of the NGO. Legal documents signed by NGOs have varying titles, including Memorandum of Understanding, Deed of Trust, Constitution, Articles of Incorporation, Charter, etc. These legal documents describe the governance structure of the NGO and detail the standards that the NGO is legally responsible for upholding.

Nonprofit legal frameworks include the following scenarios:

- A country where there are very few legal requirements or classifications for an NGO. For example, in Ethiopia the only possible identity for an NGO is as a "civil association." In general, the NGO should choose the identity that is commonly used.

Following this, the application was made to the Government of Bangladesh. As expected, this process was not clearly delineated and acceptance was not viewed by the Government as automatic. No objections had been officially made to the application of the PRIP Trust for registration, but after one year nothing had happened. Intensive lobbying was carried out through personal contacts to determine what objections had been raised. Once it was determined that the objections were not objective enough reasons to deny registration, they were put aside and registration was granted. On a cautionary note, an NGO without well-placed, influential contacts would have found their registration indefinitely postponed with limited potential of bringing the issue to the courts for resolution.

In Bangladesh, the legal options for the new NGO were to become a society, a cooperative, a nonprofit company, or a trust. Once established under one of the Acts which covered these structures, an NGO which wanted to receive foreign funds had to register with the Government of Bangladesh under the Foreign Donations Voluntary Activities Regulation Ordinance. In 1994, the advisory committee decided to establish the new NGO as a trust under law, mainly due to the protracted paperwork requirements of the other legal entities. The process ultimately culminated in a final decision by a civil servant as to whether or not a particular NGO became registered. In addition, none of the other forms described the types of activities in which the new NGO would become involved. One advantage was that a Deed of Trust was registered with the Registrar of Trusts, not the Government of Bangladesh. Following extensive legal research and inquiry among peer organizations, Pact and the founders of the PRIP Trust decided that a Trust was the wisest legal option. The Deed of Trust was written describing the nature of the PRIP Trust and subsequently registered.

The Pact Experience in Bangladesh

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by other NGOs. Given a choice of options, the NGO should choose a legal identity that allows it the autonomy within the country that it needs while protecting the NGO's ability to achieve its objectives and goals efficiently. If no NGO legal framework exists, look for legal options developed for the commercial sector and modify them to reflect the nonprofit status of the NGO.

- A country that divides NGO legal identities into two categories: charitable or political organizations. Many of these statues are outdated, and under these circumstances an NGO should make sure that the required government documents clearly state the NGO's mission and activities. These documents should not conflict with the legal category chosen by the government for the NGO.

Organizations, like Pact, that have as part of their mission to build local capacity may find that this mission does not fit any specific legal category. In response, the new L NGO's legal document should include the mission and goals of the organization so that the government clearly understands the NGO's program. This helps ward off future confusion. This clarification with the government is particularly important if the NGO works in advocacy, lobbying, human rights, or other politically sensitive sectors.

- A country requires that an NGO be formally registered to operate. In this case, NGO registration and NGO legal incorporation can be two different categories. NGO registration allows the NGO to operate in the country under certain conditions and protection as defined by the government. Usually the government groups all NGOs together within this category.

Legal incorporation is a document that is tailored to the needs of a specific L NGO, and often negotiated between the government and the L NGO. This describes the NGO's structure and accountability to its mission, employees and beneficiaries. The legal incorporation document may include: guidelines for an individual's conduct on the governing board; issues related to the executive director; guidelines for relations between board members and the executive director; a definition of the executive director and board's scopes of work, and statements about the term of office of the executive director, the number required for a quorum of the board, the signing authority for checks etc. Further reference, a copy of the PRIP Trust's Deed of Trust is available from Pact.

It is often best to opt for the most simple regulatory requirements when implementing projects in foreign countries where there is a limited legal structure. In such cases, the NGO may choose to work closely with other NGOs and the government to develop NGO legislation that will serve the needs of the NGO's beneficiaries, host government, international organizations and L NGOs. When an INGO accepts the challenge to help develop NGO legislation based on best practices in other countries, it is breaking new ground in creating an enabling legal environment for NGOs in the country.

Transferring Assets

As part of the exit strategy, the INGO may want to transfer its assets to the L NGO. This will allow the L NGO to access the same infrastructure to implement its projects as the INGO. The assets may include cars, computers, telephones, etc. If the L NGO falls under a different legal identity than the INGO, the INGO must make sure that the transferred materials will be protected as property of the L NGO.
Practical Considerations

Some practical considerations for the legal identity of a new NGO created from an exit strategy include:

- INGOs often receive certain immunities to a country’s legal system such as tax-free imports, easier access to communication, ability to work in restricted areas, etc. The employees and governing body of a NGO will fall under the same legal structure as all other local citizens despite the fact that the organization was once an INGO. Before transferring power to the NGO, the INGO should make sure that an adequate legal framework is in place that addresses issues such as property allocation to the NGO.

- The INGO may have more power to negotiate with a foreign government over the details of the NGO’s legal identity than the NGO itself. If this is the case, the INGO should use this comparative advantage to establish the nonprofit legal framework as part of the exit strategy.

- The goal is to create the same or better legal privileges enjoyed by the INGO for the NGO.

Planning Ahead and Networking

Some countries register NGOs only when there is a guarantee that they will receive foreign funds. Other countries require a security check on the leaders of the NGO. It is important to remember that registration can be a lengthy process and the INGO should consider this as they develop a schedule for the exit strategy.

If there are other NGOs in the country, research the legal statutes that pertain to these NGOs. A focus group of NGOs on legal issues can reveal areas that the NGO can address with the government before transforming the program into a NGO. It is advantageous to discuss these legal issues with directors of NGOs and include them in the exit strategy. Government officials can also provide valuable advice during the process and often best understand the potential problems of transferring the program within the confines of the established legal system.

The INGO and future executive director of the NGO should meet government staff responsible for registering the NGO. This networking will allow the individuals involved in the exit strategy to consider the steps and time involved in registering a NGO. An NGO that has employees who are well connected in the government may find that these individuals can act as liaisons with the government and can help smooth this process.

Lawyers

It is sensible to hire a lawyer to draw up legal documents. The INGO should thoroughly brief the lawyer on the legal needs of the organization. Lawyers often have their own concepts of what is needed and may be unfamiliar with the NGO sector. There may be circumstances where the INGO wants to follow an alternative strategy that includes an exit strategy to draw the least possible attention to the new NGO. This may be the situation in countries where NGOs are not common. In this case, a useful tactic is to collect legal documents from a variety of NGOs with a similar mission, identify the legal elements that are pertinent, and provide these documents to the lawyer.
Conclusion

The creation of a clear and legally binding document between the host government and the new NGO is essential for sustainably transforming an INGO into a local organization. A good place to start is with a thorough investigation of the current legal identities available to NGOs. Achieving legal status can take a long time in some countries and thus it necessitates a plan of action for developing a solid NGO legal identity in the exit strategy. This process will create a path for other NGOs to follow and lead to a better enabling legal environment for the NGO sector as a whole.

DOs and DON'Ts

**DO**

- Investigate all the possible legal identities available to NGOs in the country.
- Choose a legal identity that will facilitate the implementation of the NGO's mission and activities.
- Clarify the type of work the local organization will implement with the government department responsible for registration.
- Be prepared to offer technical advice on creating an enabling legal environment for NGOs.

**DON'T**

- Let a lawyer decide on the legal identity without participation from the INGO and NGO.
- Fail to make sure that the legal documents include the government's responsibilities toward the NGO.

Further Reading


CHAPTER FIVE

Management

Organizational sustainability partly depends on the establishment and practice of effective and efficient management. This chapter stresses the importance of developing a management structure as part of the exit strategy so the NGO inherits an organization built on a solid foundation and reflects local management styles and priorities.

The Pact Experience in Bangladesh

Because Pact was a registered NGO with USAID, and had been managing USAID funds, it had already satisfied the full panoply of USAID financial and management requirements including the A-133 audit. The PRIP Trust, therefore, inherited a working system which was thorough and comprehensive. The PRIP Trust chose to continue to follow the policies and procedures of USAID in managing its funds. As new donors support the PRIP Trust, their requirements will be built into the management system as well.

As part of this new management initiative, the PRIP Trust added two further assessment instruments. One instrument was the “Capacity Assessment Guide,” which Pact/Bangladesh had originally designed for use with its partners. This guide was now used to assess the capacity of the Trust itself. The second instrument was an “Organizational Climate Survey,” conducted by PRIA on PRIP Trust. These instruments were extremely useful tools to determine organizational strengths and weaknesses, and provided a springboard for strengthening the PRIP Trust’s organizational capacity.

The findings of these diagnostic tools pointed to the need for specific management training needs, which were incorporated into the eighteen month human resource development program with PRIA. Due to the turnover of staff in the transition to the PRIP Trust, there was a strong sense that the organizational vision needed to be imbued in the new staff and strengthened with existing staff.

Effective and efficient management is the ability to complete the NGO’s program objectives given the available resources. An NGO working abroad is both accountable to the standards of its own internal and donor management practices. Some donors, such as USAID, have well-defined management regulations that it expects the INGO to uphold. Donors’ management requirements can differ from local management practices, and a sustainable NGO management structure will incorporate the management standards required by the donor with the management practices common in the country.

Incorporating Local Management Practices

The INGO should examine the management structures of existing NGOs to discover ways that country nationals manage their organizations. An INGO should work closely with its local staff and potential executive director to design a management structure reflecting local practices without compromising donors’ requirements or its own standards for accountability.

The goal is to create management practices that reflect local realities while satisfying donor requirements. The exit strategy should include objectives for incorporating local management practices so that the transition to a NGO proceeds smoothly, with no drastic changes at the last moment.
Standard management practices that donors require include:

- annual financial audits
- a regular financial and program report
- organizational capacity assessments
- registration as an NGO with the donor where the approval may require certain management standards
- external and internal evaluations as part of regular monitoring and evaluation

The new executive director and the NGO staff must clearly understand the donor's management requirements before the NGO hands over the program. This may include changing scopes of work for some staff members so they are responsible for fulfilling these requirements. The best option is to have the new management structure in place long before the NGO leaves. This will allow the NGO to mentor the NGO in management requirements and strengthen the NGO so it can satisfy donor demands adequately while incorporating its own management style.

Organizational Assessment

Organizational assessment can provide the window for the NGO to identify and strengthen its management practices, in order to begin transition into an efficient and effective NGO. Systematic organizational assessments produce a map of an organization's strengths, weaknesses and progress towards becoming a sustainable organization. Organizational assessment findings help the NGO make programmatic and management decisions for the exit strategy. It provides a picture of the organization's current capacity so it can strategically plan for a smooth transition to a NGO.

Pact's programs in Cambodia, Botswana, Bangladesh, Ethiopia, and Peru have used organizational assessment tools that identify the NGO's organizational and programming needs. Pact has developed an Organizational Capacity Assessment Tool (OCAT) that synthesizes the lessons learned from Pact's experience in organizational assessment. This tool is both a computer-based and a paper-based system and incorporates data compiled regularly by an NGO to assess its own performance and direction.

Once the NGO has completed its own organizational assessment, it can decide the actions needed to build the capacity of the local staff in preparation for the NGO's departure. This may include designing a training schedule to address areas needing strengthening. The goal is to create an aware organization with solid management practices. The NGO may also decide to perform assessments on individuals, including the new executive director. The NGO may have greater access to management training programs than the NGO and should use this knowledge to advantage in building the organization's management capacity. The NGO may hire a management consultant to build the organization's capacity and work closely with local staff.

Management Flexibility

An objective of the exit strategy is to leave in place a sustainable organization with a clear vision and mission. While solid management practices are a component of organizational sustainability, the NGO should acknowledge that management practices respond to the needs of an effective organization. This means that if the objectives change, the management practices may become flexible. An examination of successful NGOs can provide insight into ways that the new NGO may want to
manage differently from the INGO. Regularly scheduled organizational assessments allow the NGO to adjust its management practices to become a more effective development organization.

Conclusion

Competent management practices include inculcating a shared vision and ownership among the staff; maintaining transparency; fulfilling donor requirements; and addressing the needs of the organization and beneficiaries.

The challenge for the INGO is to create an exit strategy that, with careful planning, incorporates local management styles into its program while still fulfilling donor requirements and maintaining the organization’s integrity as a leader in its field. To achieve this, the INGO may find it necessary to augment its management capacity through training programs, technical assistance or mentoring. An organizational assessment of management practices can provide the INGO with a list of the areas that need strengthening. The exit strategy should have a plan for creating a NGO with solid management practices which are required to mold a sustainable NGO.

DOs and DON’Ts

**DO**

- Perform an organizational assessment that closely examines management practices.
- Expect a change in management style to reflect local practices.
- Consider management capacity building training programs for local staff.

**DON’T**

- Create such rigid management practices that the NGO cannot adapt the practices to reflect programming changes.
- Overload staff with training programs that takes them away from implementing projects.

Further Reading


CHAPTER SIX

Programming

This chapter discusses the need to maintain an organization's continuity while undergoing inevitable changes during the implementation of exit strategies. It introduces the value of strategic planning as a way to increase staff participation in the transition process and the program decisions of the new NGO. This chapter concludes that strategic planning gives the NGO a programming guide encompassing goals, objectives and indicators.

The Pact Experience in Bangladesh

Following the principle of continuity that had been identified as very important in the transition process, the PRIP Trust did not introduce many new concepts that were not already part of the planning process of the former Pact project. The PRIP Trust made sure, however, that it went through a strategic planning exercise and created a logframe which would carry over into the new organizational structure. There were two main aspects of the strategic planning exercise. First, it was carried out when Pact was being funded by USAID and thus already complied with the required norms of USAID logframing and reporting. These reports concentrated more on outputs than on results, and the PRIP Trust became accustomed to counting deliverables rather than monitoring impact. Second, the logframe was not carried out in its entirety with all stakeholders, but rather by the PRIP Trust staff and USAID. It was then presented to, and validated by, the trustees and stakeholders.

Program Review and Strategic Planning

Although the new NGO created from the exit strategy may implement the same work as its INGO predecessor, the transition period offers an excellent opportunity to perform a program review and strategic planning workshop with the staff. Program review is a rigorous evaluation of activities, projects and programs carried out with the participation of the NGO staff. Strategic planning uses conclusions from the review to assert or redefine the NGO's mission, goals, objectives, activities and performance indicators after examining all aspects of the program, including programs, personnel, finance and administration. Every staff member should take part in the exit strategy transition. Therefore, the strategic planning process should provide ways for the local staff to participate in decisions which are fundamental to enhancing program ownership. It offers the local staff an opportunity to present their own programming ideas and facilitates the transition to a local organization.

The strategic planning workshop may include the development of an exit strategy. Examining all aspects of the organization's work in this planning workshop includes how the program, personnel, finances, and administration may be modified. The workshop allows the country staff to create the exit strategy's objectives, goals, indicators and timetable. A strategic plan that includes participation from the whole staff infuses the exit
strategy with transparency and accountability. It acts as a check-and-balance between the planned activities and the capacity of the individuals responsible for implementing the activities. It will illuminate the process needed to transfer the organization from an INGO to a LNGO and include feedback from the staff of the strategy's feasibility.

The goal of a strategic planning exercise is to assure that the staff understands and concurs with the organization's overall mission and goals. The exercise may lead to some changes to create a more effective and efficient program. However, the organization should be cautious about radically changing the NGO during the strategic planning workshop. The activities involved in transforming the INGO into a LNGO will demand dedication, time and sacrifice from the local staff. If the staff identifies areas that need modification, the objective of the exit strategy is to introduce these changes gradually so that they are complete by the time the INGO leaves the country. Substantial changes, however, may interfere with the exit strategy.

If possible, this process should include the new executive director. This will allow the executive director to play a fundamental role in leading the LNGO through the program review and strategic planning workshop and facilitate ownership of the process among local staff. The INGO may advise the new executive director that the goal of the strategic plan is to create a smooth transition to a LNGO without radical changes in management and activities. The local staff may feel more secure about the transformation process if there is organizational stability. The INGO may find that instilling a sense of organizational ownership through programming and management style changes while promoting stability is a difficult balance to maintain. There are no easy answers to this dilemma. The LNGO will find the best balance by flexibly adjusting methods of transformation based on lessons learned during the process.

In the case where it is too early to appoint an executive director, one objective of the strategic plan should be to address the recruitment process of a new executive director and the selection of a governing board. If the INGO decides to review and plan before appointing the new director and board, the INGO should perform an additional strategic planning workshop once the new management structure is in place. This will allow the new staff to understand the value of strategic planning workshops.

Logframes for Planning

Many donor organizations and INGOs create plans based on management by strategic objective techniques that use a participatory logical framework analysis or logframe. A logframe analysis incorporates the voice of stakeholders, and is sometimes referred to as ZOPP, GOPP, or TeamUp methodology. When used effectively, a logframe incorporates the views of the NGO's stakeholders, creates a coherent relationship between the different project activities, and considers the assumptions made about the external environment and the effect it will have on the project. The logframe ensures that the purpose, goals, outputs, activities, indicators of success, means of verification and assumptions all correspond. It incorporates an integrated analysis into the project's design and makes sure it is based on reality.

An NGO usually uses a logframe for a project, not for strategic planning. A logframe does not include the organization's vision and mission. First the organization creates the NGO's framework through the program review and strategic planning exercise. From these exercises the NGO identifies programs or projects needed to fulfill the vision and mission. The NGO then places the programs or projects into a logframe that suggests the plan of action needed to implement the program and achieve the desired results.

It is advisable to use the occasion of the strategic planning workshop for the INGO staff, along with the local staff, to
create a logframe for the first two years of the NGO. This may, in turn, require a staff training program in logframe analysis to assure that the staff understand the logframe and how to subsequently modify it.

The components of a logframe include:

- A participatory methodology that involves stakeholders. The NGO can accomplish this by using ZOPP/GOPP or TeamUp methodology that involves eliciting stakeholders' ideas and setting priorities. Pact has developed its own version, entitled OOPPP (Objectives Oriented Participatory Project Planning).
- Building the logframe itself.
- Crafting a workplan that allows the NGO to reach the determined objectives and monitor its progress toward results.

If the NGO is going to use these techniques, then it is very important for the executive director and senior staff to become familiar with them. Such familiarity should be deliberately fostered among staff at all levels.

There is the danger, however, that a logframe will begin to assume an unhelpful degree of formality. The organization should revisit the logframe every three months to assess whether the outputs and inputs reflect changes in the internal and external environments. This process of revisiting the logframe serves as a reminder to staff of their targeted outputs and activities and is a healthy process.

Conclusion

Conducting a program review and strategic planning workshop is a good place to start the exit strategy process. The strategic planning workshop should include all staff members so the staff reaches consensus on issues that include the organization's mission, goals, and objectives. Including the development of the exit strategy as part of the workshop will make the process transparent and accountable to the local staff. The workshop is not designed for radical changes in the organization's management structure or goals, but rather for clarification of the organization's vision and incorporation of the staff's decisions in programming. Logframes take the planning process one step further by defining the actions and indicators needed for reaching project results. The workshop will encourage local staff to claim ownership of the exit strategy process and help facilitate a smooth transition from the NGO to LNGO.

DOs and DON'Ts

**DO**

Check that your programming procedures are transparent and easily understood.

Perform a program review of the programs of the organization.

Consider including the new executive director and board as part of the program review and strategic planning workshop.

**DON'T**

Forget to set up a logframe for projects and train the staff how to use it.

Forget training in work planning as a way of operationalizing the logframe.

Forget to involve the governing board in the strategic planning process.
Further Reading


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**CHAPTER SEVEN**

Budgeting for Exit Strategies

This chapter examines some costs associated with transforming an INGO into a NGO. It suggests that the INGO should budget for these costs to make the exit strategy sustainable and successful.

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**The Pact Experience in Bangladesh**

A very large number of activities were undertaken which were specific to the transition process, and all of these required funding. USAID, once committed to the process, was very accommodating to the idea of reworking the budget line items. Sufficient funds for organizational development activities were budgeted, and time was allotted for them. Due to the number of new staff members, there was a need to orient and brief them to some of the influences which had been crucial to the development of the vision and mission of the organization.

The strategic planning workshop discussed in chapter six provides the INGO with the opportunity to incorporate the requirements of the exit strategy into the activities and budgets of the organization. The transition from a foreign governed and managed organization to a local one is not only a decision but
also a commitment to a process that has real costs. The INGO must budget prudently for the transition. Some possible transition activities discussed in previous chapters which may have associated costs include:

- A facilitator for the strategic planning and planning workshop
- Legal fees for registration documents and memorandum of understanding
- Fees for registration
- Search for executive director using advertisements and interviews
- Staff development costs including training programs, technical assistance, consultants and exposure trips
- Additional staff to back up senior staff considering the time commitment that the exit strategy may take
- Management consultancy costs for organizational development
- Future links between the old and the new organizations

A strategic planning of the budget will provide the organization with an assessment of its administrative expenditures. An INGO’s administrative expenditures usually has large budget lines that include expatriate salaries and benefits, overseas communication, imported vehicles and advanced technology. Since local staff salaries and benefits will probably be much lower than expatriate salaries, cutting costs may be possible.

The INGO may not have the foresight to plan an exit strategy from the beginning of this process. In this case, the INGO will not have a budget to support the process. It can support the transition by cutting costs in administrative expenditures. This may include:

- renting less expensive office space
- using locally produced goods instead of imports
- making do with less equipment
- phasing out the expatriate staff sooner than originally scheduled

These savings can offset the costs associated with implementing the exit strategy. This may include making some difficult decisions which will not be universally popular. Cost-cutting may be seen as an indication that the NGO undergoing localization isn’t as valued as the INGO. However, the bottom line is that the INGO should not make compromises on program goals, objectives or services to beneficiaries.

An important element of the budget deals with the costs of the continued links to the INGO. The LINGO may find it important to maintain close contact with the departing INGO. The INGO might have access to resources, information and networks unavailable to the NGO. If the LINGO works particularly in advocacy or lobbying, international contacts may be essential to achieving some of its goals and objectives. It is likely that the INGO will maintain an interest in the future work and potential of the LINGO it helped to create. If the transition is fairly smooth and the exit strategy is a success, the INGO can serve as a leader for other INGOs to follow a similar path.

If both the INGO and LINGO maintain close contact, they may offer joint consultancy services to other NGOs considering an exit strategy. Although both organizations may be financially separate after the transition, they may provide services to each other after the implementation of the exit strategy is complete. Ties between the INGO and LINGO may remain intact for years after the formal transition is completed.
Conclusion

The INGO will need to make some difficult financial decisions based upon organizational priorities during and after the transition period. These decisions should be made with the full cooperation and input of the local staff so that all parties understand each other's concerns and reasoning. Prudent financial planning will reduce the chances of financial crises after the transition period.

DOs and DON'Ts

**DO**

Consider the expenditures involved in implementing the exit strategy

Consider administrative budget cuts to make the process possible

Consider an appropriate level of organizational style which may reduce costs for those associated with the INGO.

**DON'T**

Forget future links between the INGO

Forget the possibility of a networking relationship to evolve between the former and new organizations

Forget that there are budgetary implications for the new kinds of links between organizations

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CHAPTER EIGHT

Funding

This chapter examines funding alternatives for the INGO after it transitioned its project. Although funding may come from the INGO's donor, this chapter advice the INGO to diversify its funding sources. It divides funding sources into two categories that include external and domestic.

The Pact Experience in Bangladesh

Early on in the process, USAID rejected the idea of an endowment for PRIP. This decision was greatly regretted by Pact. Instead, USAID told Pact that it should consider phasing out donor funding, and phasing out USAID funding in incremental amounts during the last three years of the project. Other possible donors were European and Canadian.

During the transition period, an extremely delicate balancing act was played out. Pact and the PRIP Trust started approaching potential donors for funds for an organization which had as yet no track record, even though it may have had a legal existence. The following issues were raised by prospective new donors. First, if USAID was so enthusiastic about the PRIP project, why wouldn't it continue to support it? The brief answer was that USAID had a ten-year cutoff point for project support. Second, other donors were not enthusiastic about co-funding mechanisms with USAID, given what was perceived as a lack of flexibility in USAID procedures. Donors had also
been angered by USAID’s change in reproductive services funding during the Bush Administration, which had curtailed co-funding arrangements in the family planning field. Third, USAID did not have established systems which allowed for co-mingling of funds with other donors. This made it difficult to establish a donor consortium to support the PRIP Trust, which could include USAID. This was a system used frequently by other bilateral programs, but not USAID. Fourth, how could donors gauge the likely performance of an organization which had not yet been established itself? Moreover, this organization had been closely associated with the qualities and personal leadership of the departing executive director.

Beyond these issues, a larger problem arose with potential donors as to the proper place of the PRIP Trust within the NGO sector. Issues which were thought by Pact to have been clarified resurfaced. These included the relationship between the PRIP Trust and other NGOs, the amount of self-financing that should be expected from the PRIP Trust, and the readiness of the PRIP Trust to take on contract work for donors to assist with meeting its core costs. These negotiations required juggling all the potential funding options while still continuing the work of the organization. This was extremely difficult and stress producing.

Finally, the potential donors felt they needed two things to guide them in their decision: a new proposal with a new logframe for the period beyond USAID funding and an outside assessment of the proposal. These measures were duly put into place and the consultant’s findings were favorable. This encouraged the donors to fund the PRIP Trust.

There are many possible funding options for a NGO created from an exit strategy. These options include: continued funding from the predecessor’s donor; new funding from other external donors; cultivating domestic donors; and generating its own domestic funds through membership fees or income generation activities.

External Donors

For a smooth transition from an INGO to a NGO, maintaining the INGO’s donor is the best, but not only, option. The NGO will be familiar with the donor’s requirements and procedures. Building a long term sustainable funding base for the NGO will take considerable staff and board time, and should be planned for carefully. This is one of the most important tasks of the transition phase.

Exit strategies are still an option for an INGO even when the original donor is not able to fund the new NGO. If the future NGO needs to find new sources of funding, the search should take place years in advance of the INGO’s departure. The INGO may have greater access to funding resources than the NGO. The INGO should use this comparative advantage to help secure a solid funding base for the new NGO.

Unless there is a specific assistance request from donors for the services that the NGO proposes to provide, the INGO will find it easier to secure funding for an existing NGO than a future one. The NGO will not exist when the INGO seeks funding. The NGO and local staff will have to convince the donor that the new NGO will be able to fulfill the donor’s goals. The organization is requesting funds based on what it plans to do rather than on what it is doing. If the mission, goals and objectives of the new NGO do not differ much from the INGO, then the INGO can use its achievements as an example of what the NGO will also be able to achieve. Much will depend on the credibility built in the field by the INGO, and on the reputation and background of the executive director selected for the NGO.
A possible scenario for implementing a good exit strategy is to make the decision to transform the INGO into local management and control at least two years before the proposed end of the existing funds. In this case, the INGO completely localizes its staff two years before funding ends. The board appointment, executive director selection and program review and strategic planning workshop can occur in the first year along with proposals submitted to prospective donors for LNGO funds. The LNGO can devote the second year to further securing the organization as a solid leader in its field. In this case, potential donors can assess whether they want to fund the organization based on an existing program with demonstrated success. This approach will provide the donor with more information to make its funding decisions. Performance must be compellingly demonstrated in order to raise funds from a position of strength.

The LNGO will have an advantage when seeking funds from an external donor if it provides needed services to beneficiaries, fills a niche not addressed by other organizations, and fulfills the donor’s objectives and goals.

The LNGO needs to strike a balance between changing its mission to meet the demands of donors and adhering to a mission that meets the needs of beneficiaries. If the organization can fulfill both the donor’s demands and the beneficiaries needs, then the organization will be in a strategic position for receiving funds. Often slight modifications in project presentation or programming can satisfy both requirements. It is important that the LNGO does not excessively compromise its mission or vision to receive funding.

Sustainable Funding

Funding for NGOs generally comes from grants, yet they constitute a non-sustainable funding source. Once an NGO finishes

the work of one grant, it must look for additional funding. An organization that runs from grant to grant will find that this method of securing project funding will affect long term planning, staff development, and the establishment of a sustainable and credible NGO. While this is still the way most INGOs operate, it is increasingly important to explore alternative funding approaches. The exit strategy process presents an NGO with the opportunity to explore new funding bases. Two sources of sustainable funding include: developing income generating activities and creating an endowment. It takes capital to develop these two sustainable funding sources. If a donor agrees in principle to the exit strategy, the LNGO may make the case for a grant earmarked for developing these two sources of long-term funding.

Alternative ideas for income generation activities include:

- purchase of a building for the LNGO where it can locate its office and rent space to other businesses or organizations
- development or purchase of a profitable business
- implementation of cost recovery projects
- development of a fee-for-services system, such a printing business, training programs, a resource or research center or consultancies

The INGO should conduct feasibility studies on each option and choose the one that is both cost effective and complements the organization’s mission.

Endowments

One option is to create an endowment. These are generally established by a grant from a donor, which is invested in such
financial instruments as: bonds, stocks, long term deposit accounts, and/or real estate. The interest or income generated by the investments allows the NGO to pay for its operational costs. Accrued interest is the same as income for the NGO. This option requires a large initial grant to make the interest sizeable enough to pay for operating costs. Often donors are not willing to grant the amount necessary to create a sustainable endowment fund. Other possible sources for an endowment include counterpart funds resulting from monetization of food aid, local currency from blocked business accounts which cannot be repatriated, and debt swaps.

Domestic Funds

Options available to an NGO for generating domestic funds include:

- Raising money from the general public through subscriptions, collections, membership fees and sponsoring special events.
- Raising money from a specialized group of the public through proposals to local foundations, charities, or payroll deductions in specific factories or industries.
- Generating some of its funds from selling services, or from some form of income generation activity based upon its own resource base.
- Generating funds from running a business.
- Receiving project contracts from the government.
- Raising resources through corporate social investment (CSI). A CSI occurs when a corporation sponsors an organization and in return receives some benefit such as advertising itself as a socially responsible company.

Conclusion

Fundraising for an NGO can be challenging and time consuming. The best option is for the INGO to work closely with the local staff to secure funding for the NGO well in advance of the NGO’s departure. The burden of fundraising during the transition period may be too large a challenge for the NGO. Planning ahead is not always possible, and both the INGO and NGO may need to adapt to the existing situation.

A goal of the exit strategy is to create a financially sustainable NGO. Grants are usually not the best form of sustainability. The INGO should include in the exit strategy mechanisms for creating renewable funds through profit making activities or creating an endowment. The field of organizational financial sustainability is new and presents an exciting challenge to an INGO and the emerging NGO.

DOs and DON’Ts

**DO**

- Diversify the funding base so that the organization is not dependent on one funding source.
- Plan well in advance for creating a financially sustainable local organization.
- Introduce the concept of an exit strategy to potential donors as early as possible to encourage their interest.
- Be creative about possible funding sources.
Try to fund the organization at least two years after the INGO departure and provide for continued technical assistance.

Try to create a niche for the L NGO so that it does not experience tough competition for funding in the first few years.

DON'T

Invest in income generating activities until completing a thorough feasibility study.

Reject a potential donor without considering how the L NGO's services could be repackaged to fit the donors' priorities.

Assume it is easy to secure long term funding.

Further Reading


Conclusion

More and more INGOs in developing countries are realizing that a continuation of their way of working does not fit well with their rhetoric of encouraging sustainability and self-reliance of local institutions. Many INGOs are starting to realize that true sustainability of their work involves shifting their governance, management and financing to L NGOs. Rather than grafting localization practices onto an existing international program, an INGO should consider how it will gracefully exit before it begins project implementation. An exit strategy should become a standard part of the agenda when project proposals are being prepared.

Only when INGOs become localized, can they be clear that the structures are in place to achieve the long-term vision on which their work was based. INGOs should be working themselves out of a job in their countries, as many will freely admit. Yet when an INGO becomes involved intensively in a project and caught up in its own organizational imperatives, it is easy to lose sight of this stated goal.

In many circumstances, INGOs have put considerable resources, effort and time into localizing their management. There are many local staff placed in senior positions and are direct partners in planning for the organization’s future. There is increasing attention given to capacity building of L NGOs which usually involves comprehensive training of local staff.

The development community will benefit from institutionalizing exit strategies into its program design and planning process. Bangladesh is one example of where this practice has been working. In Eastern Europe there are many INGOs which are attempting to localize after only a brief period of operations. Likewise, in Africa and Latin America the trend is growing. Every country presents a unique set of challenges and opportuni-
ties for INGOs working on an exit strategy. Rarely has the way out been thought about as often as the way in, but this mode is changing. This document attempts to offer guidance to help INGOs during their critical period of transition.

In the future, INGOs and LNGOs will benefit from increasing the exchange of information on best practices and working models demonstrating successful exit strategies. The long-term impact resulting from institutionalizing exit strategies will continue to be enormous.

The real story of local sustainability only unfolds after the INGO gracefully exits. Creating a sustainable, dynamic LNGO means that the INGO must take on a new role and step back when its goals are accomplished. Sustainability truly begins when the LNGO takes the organizational torch and determines its own chosen path.

APPENDIX 1

DOs and DON'TS of Localization

Chapter 1: Setting the Scene

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**DO**

- Work out who is initiating the exit strategy process and why.
- Make the reasons for exiting and local control transparent to all stakeholders.
- Get consensus among all stakeholders about the value of creating a LNGO to assume the responsibilities of the program.

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**DON'T**

- Try to push through the idea of localization without extensive discussion.
- Blur your own reasons for attempting localization.
- Start the process unless you are committed to it and fully prepared to carry it through.

---
Chapter 2: Governance

**DO**
Learn from existing country experience. Examine the variations of governing bodies in the country. Consider the constraints that NGOs have with their board members.

Systematically consider the qualities desired by the organization for its board members.

Establish an advisory committee while still a foreign organization, if appropriate to the situation.

Select board members who provide access to human, organizational and financial resources important to the organization.

**DON'T**
Select board members hastily.

Select board members who desire to manage the organization.

Turn the advisory committee into the board.

Select board members from other NGO boards. There may be potential future conflicts of interest.

Chapter 3: Leadership

**DO**
Give considerable thought to and list the qualities needed for an executive director of the NGO.

Encourage local staff to apply for the position of executive director, and keep them well informed about the process.

Create clear personnel policies and rules that pertain to the executive director’s position.

Chapter 4: Legal Identity

**DO**
Investigate all the possible legal identities available to NGOs in the country.

Choose a legal identity that will facilitate the implementation of the NGO’s mission and activities.

Clarify the type of work the local organization will implement with the government department responsible for registration.

Be prepared to offer technical advice on creating an enabling legal environment for NGOs.

**DON'T**
Let a lawyer decide on the legal identity without participation from the NGO and INGO.

Fail to make sure that the legal documents include the government’s responsibilities toward the NGO.

Chapter 5: Management

**DO**
Perform an organizational assessment that closely examines management practices.

Expect a change in management style to reflect local practices.

Assume that the new executive director’s responsibilities and scope of work are the same as the director of the INGO.

Fail to include senior staff in the selection process for a new executive director.
Consider management capacity building training programs for local staff.

Plan ahead so the INGO balances staff development activities with the program responsibilities of the new INGO.

**DON'T**

Create such rigid management practices that the INGO cannot adapt the practices to reflect programming changes.

Overload staff with training programs that takes them away from implementing projects.

Chapter 6: Programming

**DO**

Check that your programming procedures are transparent and easily understood.

Perform a program review of the programs of the organization.

Consider including the new executive director and board as part of the program review and strategic planning workshop.

**DON'T**

Forget to set up a logframe for projects and train the staff how to use it.

Forget training in work planning as a way of operationalizing the logframe.

Forget to involve the board in the strategic planning process.

Chapter 7: Budgeting for Exit Strategies

**DO**

Consider the expenditures involved in implementing the exit strategy.

Consider administrative budget cuts to make the process possible.

Consider an appropriate level of organizational style which may reduce costs for those associated with the INGO.

**DON'T**

Forget future links between the INGO.

Forget the possibility of a networking relationship to evolve between the former and new organizations.

Forget that there are budgetary implications for the new kinds of links between organizations.

Chapter 8: Funding

**DO**

Diversify the funding base so that the organization is not dependent on one funding source.

Plan well in advance for creating a financially sustainable local organization.

Introduce the concept of an exit strategy to potential donors as early as possible to encourage their interest.

Be creative about possible funding sources.
Try to fund the organization at least two years after the INGO departure and provide for continued technical assistance.

Try to create a niche for the LNGO so that it does not experience tough competition for funding in the first few years.

Invest in income generating activities until completing a thorough feasibility study.

Reject a potential donor without considering how the LNGO’s services could be repackaged to fit the donors priorities.

Assume it is easy to secure long term funding.

**DON'T**

**APPENDIX 2**

**A Model Timetable For Exiting**
### Appendix 2 — A Model Timetable for Existing

<table>
<thead>
<tr>
<th>Lead Time</th>
<th>Board</th>
<th>Executive Director</th>
<th>Government</th>
<th>Donors</th>
<th>INGO</th>
</tr>
</thead>
<tbody>
<tr>
<td>24 months</td>
<td></td>
<td></td>
<td>Discuss options for registration</td>
<td></td>
<td>• Open negotiation about localization</td>
</tr>
<tr>
<td>20 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Undertake strategic planning process</td>
</tr>
<tr>
<td>19 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Begin strategies for future donor funding</td>
</tr>
<tr>
<td>18 months</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Research legal options</td>
</tr>
<tr>
<td>13 months</td>
<td>Investigate Board Members</td>
<td>• Advise for executive director</td>
<td>Publicly inform donors about new organization</td>
<td></td>
<td>• Hire lawyer to draw up legal documents</td>
</tr>
<tr>
<td></td>
<td>Appoint Board Members</td>
<td>• Sign Legal Documents</td>
<td>• Board starts regular meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 months</td>
<td>Appoint Board Members</td>
<td>• Sign Legal Documents</td>
<td>• Board starts regular meetings</td>
<td></td>
<td>• Arrange subgrant to new organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Begin to transfer major management tasks to the executive director</td>
<td>Start government registration process</td>
<td>Give proposal to donors</td>
<td></td>
</tr>
<tr>
<td>9 months</td>
<td></td>
<td>Begin to transfer major management tasks to the executive director</td>
<td></td>
<td></td>
<td>• Foreign manager becomes adviser</td>
</tr>
<tr>
<td>7 months</td>
<td></td>
<td>Begin to transfer major management tasks to the executive director</td>
<td></td>
<td>Lobby donors for commitments</td>
<td>• Undertake management assessment</td>
</tr>
<tr>
<td>6 months</td>
<td>Executive director fully in charge of operations</td>
<td>Government registration process received</td>
<td>Commitments received</td>
<td>Decide on management input required</td>
<td>• Review org chart,</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>• Hire new staff if relevant</td>
</tr>
<tr>
<td>3 months</td>
<td>Board in place</td>
<td>Executive director fully in charge of operations</td>
<td>Contracts signed</td>
<td>Prepare for transition of assets</td>
<td></td>
</tr>
<tr>
<td>startup</td>
<td></td>
<td>Executive director fully in charge of operations</td>
<td>Localization complete</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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1922 - USAID-SMC — USAID set up a fully funded project to provide contraceptive supplies (Social Marketing Project)

1970 - BRAC (Bangladesh Rural Advancement Committee) is established to work on rural development with the government. BRAC later became a leading nonprofit organization in Bangladesh.

1973 - USAID-SMC — USAID set up a rural development project in Bangladesh. BRAC later became a leading nonprofit organization in Bangladesh.

1974 - USAID-SMC — USAID set up a rural development project in Bangladesh. BRAC later became a leading nonprofit organization in Bangladesh.

1975 - CIDA (Canadian International Development Agency) begins funding projects in Bangladesh. CIDA later became a leading donor organization in Bangladesh.

1976 - USAID-SMC — USAID set up a rural development project in Bangladesh. BRAC later became a leading nonprofit organization in Bangladesh.

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1987 - USAID-SMC — USAID set up a rural development project in Bangladesh. BRAC later became a leading nonprofit organization in Bangladesh.

1988 - USAID-SMC — USAID set up a rural development project in Bangladesh. BRAC later became a leading nonprofit organization in Bangladesh.

1989 - USAID-SMC — USAID set up a rural development project in Bangladesh. BRAC later became a leading nonprofit organization in Bangladesh.

1990 - USAID-SMC — USAID set up a rural development project in Bangladesh. BRAC later became a leading nonprofit organization in Bangladesh.
then helped it to become a nonprofit company and move towards financial self-reliance. It is a local organization with a board and manager, but still relies heavily on consultant advice and is not financially viable.

1993 USAID-MIDAS — USAID set up a fully funded project to provide micro-enterprise support services, (MIDAS) then helped it to become a nonprofit company. It has a local board and manager, but dramatically changed its original mission to become financially viable.

1994 Worldview International Foundation - Worldview Bangladesh — WIF (a Norwegian organization working in development support communications) supported its branch office in Bangladesh for 15 years, and then helped to create Worldview Bangladesh to carry on the same work as an indigenous organization.

1994 Radda Barnen - Radda MCH-FP Center — Radda Barnen (Swedish Save the Children Fund) spun off a portion of its work into the Radda MCH-FP Center. The Radda Barnen Office continued in Bangladesh but with a different emphasis.

1995 USAID - PACT - PRIP — PACT (an American INGO) evolved their USAID funded project called PRIP into an indigenous Bangladeshi organization (called The PRIP Trust) after seven years. PACT had no other presence in Bangladesh.

1996 Planned LWF - RDRS — LWF - WS (Lutheran World Federation - Church World Service) is planning to evolve its 22 year old project in Bangladesh called RDRS into an indigenous Bangladeshi organization of the same name.

Planned SCF (UK) and TDH (Switzerland) — Save the Children (UK) and Terre des Hommes are both planning to spin off parts of their existing programs in Bangladesh into indigenous organizations.

Organizational Resources

Aga Khan Foundation
P.O. Box 2369
1211 Geneva, #2
Switzerland
Phone: 011-4122-909-7200
Fax: 011-4122-909-7291

ANGOC
Asian NGO Coalition
P.O. Box 3107
QCCPO 1103
Quezon City, Manila
Philippines
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Fax: 011-63-2-921-5122

Commonwealth Foundation
Marlborough House
Pall Mall
London SW1Y 5HY
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Fax: 011-0171-839-8157

Earthscan Publications, Ltd.
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Fax: 011-44-171-278-1142
GTZ
PF 5180
65726 Eschborn
Germany
Phone: 011-49-6196-790
Fax: 011-49-6196-791115

The International Fund-Raising Group (IFRG)
295 Kennington Road
London SE1J 4QE
United Kingdom
Phone: 011-44-171-587-0287
Fax: 011-44-171-582-4005

International Center for Nonprofit Law (ICNL)
1511 K Street, NW
Suite 723
Washington, DC 20005
Phone: 202-624-0766
Fax: 202-624-0767

Institute for Development Research (IDR)
David Brown
44 Farnsworth Street
Seventh Floor
Boston, MA 02210
Phone: 617-422-0422
Fax: 617-422-0494

International Center for Voluntary Agencies (ICVA)
Case Postale 216
1211 Geneva 21
Switzerland
Phone: 011-44-22-732-6600
Fax: 011-41-22-738-9904

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Oxford OX26RZ
United Kingdom

IRED (Institut Rezous et Developement)
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1211 Geneva 20
Switzerland
Phone: 011-41-22-734-1716
Fax: 011-41-22-740-0011

The John Hopkins University
Comparative Nonprofit Sector Project
Johns Hopkins University
Institute for Policy Studies
3400 North Charles Street
Baltimore, MD 21218
Phone: 410-516-7174
Fax: 410-516-8233

London Voluntary Service Council
68 Chalton Street
London, NW1 1JR
United Kingdom
Phone: 011-44-171-700-8107

National Center for Nonprofit Boards
2000 L Street, NW
Suite 510
Washington, DC 20036
Phone: 202-452-6262
Fax: 202-452-6299

Pact Publications
777 United Nations Plaza
Sixth Floor
New York, NY 10017
Phone: 212-697-6222
Fax: 212-692-9748
PRIA (Society for Participatory Research in Asia)
42 Tughlakabad Institutional Area
New Delhi, India 110062
Phone: 011-91-11-698-1908
Fax: 011-9111-6980183

The PRIP Trust
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Dhannondi
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Bangladesh
Phone: 011-880-2-819111
Fax: 011-880-2-816429

Team Technologies, Inc.
3810 Concorde Parkway
Suite 1600
Chantilly, VA 22021
Phone: 703-222-5555
Fax: 703-222-5662

United Nations Development Programme-GEF
FF Building
United Nations Plaza
New York, NY 10017
Phone: 212-966-5000

United Way of America
Sales Service of America, Inc.
701 North Fairfax Street
Alexandria, VA 22314-2045
Phone: 703-212-6300
Fax: 703-212-6319

USAID
United States Agency for International Development/CDIE Clearinghouse
State Annex 18
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