Cycle of board activities and the monitoring of AAI’s goals
Memo prepared for AAI Board Meeting on August 25, 2009

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Background

At the last board meeting of AIDS Accountability International, on 22-23 April 2009, the Acting Chair presented a best practice model for the cycle of board activities. This model has been integrated with AAI’s work plan and existing board procedures as regards to strategic thinking and monitoring, and is presented under the section Cycle of Board activities below.

At the April meeting, Executive Director and Managers presented the Long-term Strategy for 2009-2014 and an operational Action Plan for 2009-2010. Discussions at the meeting lead to some supplements to the action plan as well as to some changed priorities.

Appendix 1 shows the Action Plan as presented at the meeting in April.

Appendix 2 presents the supplements to the Action Plan that has been decided by the board.

As requested by the board, after the meeting in April the Secretariat has focused its work on developing procedures and at set of indicators for measuring the results of our activities in 2009 to 2011. It is important to note that the outcome/impact indicators for 2010 will be revised during autumn 2009 and presented at the autumn board meeting, in line with the proposed Cycle of board activities. The two Appendices form the basis of the implementation and monitoring of AAI’s Action Plan for 2009, which will be discussed in depth under the section Procedures and indicators to measure our outcomes/impacts.

Cycle of Board activities

According to best practice for Board procedural matters the Board work can be divided into four specific focus areas:

1. Formulating Policy- March
2. Ensuring Accountability- June
3. Strategic Thinking- September
4. Supervision- November

In addition to this, it is also the role of the board to appoint and reward the Executive Director.

In order for the board’s activities to work efficiently it is important that every focus area is handled in chronological order, as indicated above. We will harmonize AAI’s board activities with the above outlined cycle, but for 2009 we will need to make some adjustments, as will be described below.

Cycle for 2009

During 2009, the Board has met in two regular Board meetings; on 27 January and on 22-23 April. At the board meeting in January, the annual accounts for 2008 were presented and discussed. Election of new board members was also discussed and Executive Director informed the board that the strategic plan would be presented at the meeting in April.
At the meeting in April the Long term Strategy 2009-2014 and Action Plan for 2009-2010 were presented. It was decided that the next Board meeting (telephone meeting) should be on August 25 and the next physical meeting on 30 November, 2009.

Based on the Cycle of Board Activities outlined above and the activities executed so far, the following process for the Board activities during 2009 is proposed:

**Board Meeting 25 August**
The meetings in January and April covered the first focus area- formulating policy - for 2009. The meetings have also included strategic thinking, (focus area 3), with regards to AAI's activities in 2009. We will hence need to focus the board meeting in August on ensuring accountability, (focus area 2), and present procedures and indicators to monitor and evaluate our work in 2009 and 2010. This will ensure that the November board meeting can focus on the forth area, supervision.

A number of questions need consideration at the August board meeting:

*Ensuring Accountability*

The board is held, usually by law, ultimately accountable for the activities of the organization. In order to ensure accountability the board must undertake the following tasks:

1. Report to shareholders
2. Ensure regulatory compliance in terms of relevant national laws
3. Review audit reports

Tools to ensure accountability:

1. Annual report.
2. Regulatory compliance check list (*Appendix 6*, drafted by Carl-Olof Bouveng)
3. Audited financial statements.

*Following up our goals and develop indicators to measure the outcome/impact of our activities.*

In the section below, *Procedures and indicators to measure our outcomes/impacts*, we present frameworks for monitoring AAI’s activities.

Please note that indicators for some of AAI's activities will not be presented until the November meeting. These involve organizational management issues like CEO review, monitory and budgetary control, monitoring and managing risk. A memo will be developed by the Secretariat that presents indicators and ratios to follow up this more internal part of AAI’s activities.

**Board meeting November 30 (physical meeting)**

As mentioned above, the November meeting will focus on supervision. In addition, it will be necessary to plan for how to implement the outlined Cycle of Board activities in 2010, and to plan strategically and prioritize between proposed activities for 2010. An action plan for 2010 has already
been developed and presented to the Board in April, but at the November meeting we will need to update this action plan. Lastly, during this meeting we will determine dates for the four board meetings (out of which 2 physical) in 2010.

**Supervision**

The board is expected to supervise the outcome of the organisation. In order to do this the board must perform the following tasks:

1. Review CEO performance. The CEO is the only employee of the board that the board should review.
2. Review organizational results. The importance is to monitor such indicators and ratios and ensure that they do not indicate changes that could negatively impact on the organisation.
3. Monitor budgetary control.

**Tools:**

1. Cash flow statement
2. Debtor days (review each Board of Directors ,BOD, meeting)
3. Worst and best case projections (review each BOD meeting)
4. Ratios and activity indicators. These can include ratios routine indicators monitored quarterly or only once a year. The list of ratios will be developed by the AAI secretariat during September/October 2009. The list should include staff turnover rates and risk monitoring, for example financial risk.

**Strategic Thinking**

As mentioned, we will need to spend some time at the November meeting on strategic thinking for 2010. This way we will adjust the work to the introduced Cycle of board activities. It is important to note that the role of the board is not to undertake the actual planning process (i.e. write the strategic plan). This is the task of the CEO and the staff. The board, however, does provide the long term strategic directions based on an exploration on the vision of the organisation and reviews the Strategic Plan from that viewpoint. The board defines the expected outcomes rather than try to determine the specific actions needed to achieve the outcomes.

In sum, by Strategic Thinking, it is meant that the board focuses on how to meet the organizations’ purpose. This will necessitate the following tasks:

1. Position the organization in an ever-changing environment. The outcome of the analysis is a Strategic Direction Statement that the Secretariat develops into a Strategic Plan and an Operational Plan.
2. Set organizational direction.
3. Review and allocate resources.

4. Formulate corporate strategy in areas such as research agenda, process, communication and outreach, social entrepreneurial models and staff development.

Tools:

1. SWOT Analysis- Analysis of an organisational strengths and weaknesses and external opportunities and threats
2. Value chain analysis- The board must understand the value added by AAI to the general goals to increase accountability and leadership
3. Scenario planning- Planning for different possible futures
4. The LFA Framework

Cycle of Board Activities 2010

This is a proposed plan for the Cycle of board activities during 2010:

1. Formulating policy-March 2010 (Physical board meeting South Africa). The policy will affect the strategic plan and action plan for 2011.
2. Ensuring accountability- June 2010 (telephone meeting). This concerns activities for 2009, including action plan for 2009.
3. Strategic thinking-September 2010 (Physical board meeting Sweden). Strategic planning for 2011, including action plan.

Issues to discuss and accompanying tools for meetings 2-4 are found in the previous section on meetings in 2009. Focus area 1, Formulating Policy, has not been presented yet.

Policy Formulation

Policy formulation at Board level is not about setting internal operational policy, but rather about determining the reason for the organization's existence and shaping a common purpose and broad directions for the organisation. In order to develop organisational policy the Board must perform the following tasks:

1. BOD task- Determine organisational purpose, vision and values. This includes answering to the following questions:
   a. What is the reason for the organisation's existence?
b. How will the organisation make a difference in the field of accountability and leadership?

c. How does the organisation ensure that it stays relevant?

d. What is the organisational culture and its role in defining acceptable and not acceptable behaviour?

Tools:

- Power point presentation describing organisation culture and values.
- Power point presentation with the organisational vision and mission statement
- List of all the organisational activities and how they relate to the organisational vision.

Outcomes:

- revised or reaffirmed vision and mission statement
- statement on organisational culture

Procedures and indicators to measure our outcomes/impacts

Introduction

It is of great importance that AAI has procedures and indicators in place to measure the outcome/impact of our activities. To make sure we have this by the end of 2009, AAI has:

1. Studied existing frameworks and tools for measuring outcomes/impact.

Frameworks for measuring results can be divided into those that measure the internal effectiveness and efficiency of an organization and those that look at the outcomes of the organization's external activities. After having researched different tools, and bearing in mind the fact that the majority of our financial resources come from a development agency, we have chosen to use Sida's (Swedish International Development Agency) Logical Framework Approach, or LFA. LFA is used by the majority of OECD donors. An introduction to LFA and draft LFA matrices for Research Development and Communication & Outreach are found in Appendix 3.

As a next step we will develop indicators on organizational management issues like CEO review, monetary and budgetary control, and risk management. We have chosen to use Charity Rating's framework for this internal part of AAI's activities. A memo presenting indicators and ratios for this will be presented at the November meeting.

2. Discussed with experts about ways to measure the outcomes/impacts of non-for-profits.

AAI has participated in the first European Conference on measuring the impact of non-for-profits. Also, AAI has discussed the LFA framework and indicators to monitor our activities with two
Consultants: Gustaf Löfgren from New Philanthropy Capital and Tove Strömberg from Accountant firm Coopers. We will continue the dialogue with these two experts during autumn to improve the M&E of AAI. In addition, all AAI Managers will be trained by Sida in September on how to use the Logic Framework Approach, LFA.

Process

In discussions with experts it has been stressed that it is of great importance to allocate resources for M&E. Therefore, AAI will nominate an M&E Officer with the main task to develop tools for monitoring and evaluation, collect the relevant data and evaluate the outcomes of the organization. This is not a full time position. At present it is not decided whether the person responsible for the evaluation should be an additional or existing staff member.

Also, the process itself is a very important part of evaluating the outcomes of the activities. We hence need procedures in place to document the different steps in our work. This will facilitate evaluation by ourselves and, importantly, also by others. During 2009 we are therefore making large efforts to develop these monitoring procedures for our work. So far we have procured software for monitoring projects and collecting data, improved the documentation of our activities and we will have a staff member responsible for monitoring and evaluation. It should be stressed here that the need for M&E of our work has to be put in relation to the costs for M&E. For instance, rather than doing a global media monitoring we can select an appropriate number of media in key regions and look at how they have covered AAI’s ratings.

As mentioned, we will develop ratios and other indicators for the internal activities. Financial Reports are part of this data collection. We have invested in developing a professional book-keeping system which will enable us to compile and present detailed data, also on project level. We have procured a book-keeping service and hired Maria Penderud, who is responsible for the financial reports and book-keeping. Maris has long experience in this field of work and will be a great asset to us.

Different stakeholders need different M&E

It is clear that different stakeholders will require different types of M&E from AAI. The board needs general information on both internal and external monitoring of results. Some partners need much defined information. For instance, donors that support specific projects will need specific financial reporting. We therefore will need to adjust our M&E reporting to the particular stakeholder that wishes to monitor us. These in turn need to be supported by a flexible data collection system.
Development of AAI’s activities

AAI became operational in 2006. Activities during the first two years aimed at developing and launching a rating of country responses to AIDS. The AIDS Accountability Country Scorecard was launched in December 2008. After the launch AAI has gone into the next phase; to reach out with our ratings and make sure they are used, and to further develop the Country Scorecard and our other ratings.

Pre-launch M&E is therefore different from post-launch M&E. It is not until now, post-launch, that monitoring of the dissemination of the Country Scorecard can start. It will take an additional 2-4 years before we can fully evaluate if and how our ratings are used by selected stakeholders and what outcomes the ratings have had.

Before we go into the Logical Framework Approach we will present a generic picture of AAI, its activities, outcomes etc based on PEPFAR’s model. This serves as the background to the LFA development.
Leaders fail to implement their HIV/AIDS commitments and thereby the pandemic continues to affect and infect millions every year.

Lack of independent assessment tools to make leaders accountable.

Lack of accessible and transparent HIV/AIDS data.

Limited Southern participation in policy making forums regarding M&E of the response.

Establish Development Teams and other advisory groups with gender and geographical balance.

Consult with Panel, Forum and other advisors.

Host meetings, workshops and Conferences.

Commission papers, articles and reports.

Identify and engage key stakeholders to develop and disseminate ratings.

Conduct targeted outreach activities.

AAI’s stakeholders (state and non-state actors):
- Policy makers
- Civil Society
- Donor Agencies
- Governments
- Media
- Private Sector
- PLHIV
- Parliamentarians
- Researchers

Rating Products:
- AIDS Accountability
- Country Scorecard and related indexes
- Business Sector rating

Communication & Outreach:
- Quarterly and yearly reports.

Increased use of AAI’s ratings by stakeholders.

Increased interest in AAI’s ratings among key stakeholders.

Increased accountability and leadership in the overall response to HIV/AIDS.

AAI Long-term Strategy

Monitoring our results
Figure 1 illustrates the background analysis behind AAI's strategy, the activities, outputs and outcomes in short, medium and long term. Note that the overall objective of the organization is not measurable since the influence of AAI on these objectives cannot be separated from that of other actors.

**LFA framework**

In **Appendix 3** you will find an introduction to the framework. Let me just clarify some of the main definitions in the model, and comment on some of them:

- **Evaluation;** A systematic assessment (cause and effect) of an activity that is carried out with due concern for factual accuracy and impartiality.

- **Monitoring;** The continuous follow-up of activities and objectives.

- **Financial accountability;** Answerability for the allocation, disbursement and utilisation of funds. (This will be dealt with by AAI mainly through financial reports, annual accounts, etc).

- **Performance accountability;** Concerns with results. (AAI will utilise the LFA framework and other tools to follow up goals).

- **External evaluation;** Conducted by entities and/or individuals outside the organisation. (This will be the case when donors perform evaluation of AAI)

- **The feasibility standards;** If the cost on an evaluation cannot be justified by the usefulness of the results to intended users, it should not be undertaken.

- **Effectiveness;** The extent to which a development intervention has achieved its objectives, taking their relative importance into account. It can be measured at the level of outputs as well as at the levels of outcome and impact. In the first case we are concerned with the achievement of targets for the production of goods and services, in the second with the achievement of further effects that we intend to bring about through these goods and services.

- **Impact;** The totality of the effects of a development intervention, positive and negative, intended and unintended.

- **Relevance;** The extent to which a development intervention conforms to the needs and priorities of target groups and the policies of recipient countries and donors.

- **Sustainability;** The constitution of longevity of benefits from a development intervention after the cessation of development assistance.

- **Efficiency;** The extent to which the costs of a development intervention can be justified by its results, taking alternatives into account.
• Distinction between Evaluation Criteria and Performance Standards; While evaluation criteria are variables in terms of which performance is measured, performance standards are values on those variables representing acceptable levels of achievements.

• Inputs; Financial and other resources.

• Outputs; Goods and services produced.

• Outcome; Access, usage and satisfaction of users. Analysis is made in two steps. First the achievement of objectives is measured. How have the conditions of the target group changed since the intervention was launched? Second, the issue of causal attribution is addressed. To what extent have the identified changes been caused by the intervention rather than by factors outside the intervention?

• Impact; The totality of the effects brought about by an intervention, but is also used more narrowly to refer to effects in the longer term or to effects at the scale of societies or systems. In other words when the term impact is been used in conjunction with the term outcome it refers to effects in the longer term. There are also different types of impact; expected, unexpected, positive and negative.

Moreover LFA is not a control instrument and thus not a substitute for different control systems. We will come back to this during the November Board Meeting. LFA is used to:

3. Identify problems and needs
4. Facilitate selecting and setting priorities between projects
5. Plan and implement development projects effectively
6. Follow-up and evaluate development projects

_AAI’s LFA First step_

The Logical Framework Approach has been used to illustrate the activities and goals for AAI’s activities in two separate matrixes, one for Research Development and one for Communication & Outreach, both found in _Appendix 3_.

_AAI’s LFA Second step_

Out of the two LFA matrixes for Research Development and Communication & Outreach we have developed internal monitoring frameworks that will be used for board supervision. We have also designed a monitoring tool for the area of Resource Mobilization. These three frameworks can be found in _Appendix 4_.

These frameworks present indicators and sources of verification to measure the results of our work, at output and outcome level. It is important to separate between:

- Identifying objectively measurable and verifiable indicators
Is the project achieving its goals? We need to identify indicators, which make it possible to measure the progress of the project at different levels. Indicators that deals with issues of quantity and quality, identification of the targets groups and when the objectives should be fulfilled, it should also deal with geographical region or sector that is affected by the project? An indicator should be objectively verifiable; anybody should be able to measure the results.

- Identifying Sources of Verification

Find data used to measure the indicators selected.

- Identifying Important Assumptions

A project does not exist in a social, economic and political vacuum. It is not always possible for the project group to exert an influence on this situation and it creates assumptions for the project, which can be favourable and not so favourable. These assumptions should be analysed.

AAI’s LFA Third step

During the autumn we will strengthen our capacity to use LFA. In November we will present an updated and improved version of the LFA with adjusted indicators and sources of verification.