FINANCIAL MANAGEMENT AND FUNDRAISING STRATEGY

(PREPARED MARCH 2019)
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OVERVIEW

The Federation of Africa Engineering Organisations (FAEO) is an international non-governmental organisation which represents the interests of all engineering practitioners in Africa. The FAEO is the umbrella organisation of five regional bodies: Central Africa Federation of Engineering Organisations (CAFEO); Eastern Africa Federation of Engineering Organisations (EAFEO); North Africa Federation of Engineering Organisations (NAFEO, to be established); Southern Africa Federation of Engineering Organisations (SAFEO) and West Africa Federation of Engineering Organisations (WAFEO). These bodies, in turn, liaise with national Professional Engineering Institutions (PEIs) in their regions. The full FAEO constitution can be found in Annex 1. The constitution can also be found online albeit in an abridged version.

MISSION

- To serve humanity through the use of and innovative technologies.
- To represent the engineering profession in Africa and internationally.
- Promote the value of engineering in society as the unified voice of the profession in FAEO;
- To contribute resources and synergise expertise in partnership with key stakeholders to accomplish the transfer and assimilation of the value of the best practice principles of sustainable development.
- Ensure an appropriate level of efficient human resource capacity in the built environment professions but in particular engineering, to enable Africa to ultimately achieve sustainable development for all its people.

“To be the leading engineering professional body offering sustainable development solutions for the benefit of humanity in Africa and beyond”
1.0 HISTORY
In 2012, the Federation of African Organisations of Engineers (FAOE) which was established under the auspices of the World Federation of Engineering Organisations (WFEO) and the Africa Engineers Forum (AEF) joined together and agreed to establish a central united home for African engineering organisations, under the name of Federation of African Engineering Organisations (FAEO). At this meeting, the FAEO constitution was discussed, debated and accepted and was formally adopted on the 8th May 2012, the basis of which was used to conduct elections for the executive committee.

1.1 FAEO OBJECTIVES
The Objective of the Federation shall be to develop, in the spirit of African unity, direct relationship between its several member organizations on a basis of mutual understanding, so that their activities may be fostered and directed to the greater public good and, in particular:

- To establish appropriate standards of engineering education
- To support the advancement of knowledge in critical areas required for development.
- To build engineering resource capacity in every country.
- To promote the development of standards of professional engineering practice appropriate for the continent and share knowledge on best practice.
- To promote the adoption of appropriate regulatory framework in each country to ensure that only qualified practitioners operate.
- To promote the adoption of high standards of ethical behaviour.
- To promote the advancement of engineering science and practice and their applications for the benefit of mankind.
- To advance the common aims and objectives of its member organizations.
- To support the work of each member organization in its own territory.
- To provide a focal point for the expression of the professional engineering opinion of its member organizations.
- To collaborate with other national and international organizations, as it may think fit, to support and supplement their work.
Through these Strategic Objectives the FAEO aims to:

- Be recognized as the respected and reliable source of advice and guidance on engineering capacity building
- Be at the forefront of international engineering and capacity building efforts
- Improve the visibility/presence, and stature of FAEO, and attain support of National and International engineering Organization
- Continuously improve the work and quality of the FAEO outputs and outcomes

### 1.2 ORGANISATIONAL STRUCTURE

FAEO’s organizational structure comprises of: The President, President-Elect, Immediate Past President, Vice Presidents, Executive Director, Chairs of Technical Standing Committees and Staff members.

![FAEO Organisational structure](image-url)
2.0 FINANCIAL ASSESSMENT OF ORGANIZATION

2.1 Resources

The subscriptions source of income for FAEO from members was rather inadequate to run the reconstituted new organisation. The Nigerian Society of Engineers, NSE, hosting the Secretariat of FAEO supported the Federation with a kick-off grant of $18,750 (=NGN 3,000,000) in 2012 and provided office space as well. Another support came from the South African Institution of Civil Engineering, SAICE by way of loan in two tranches; $9,000 in August 2013 and $11,000 in September 2014. All the support from both NSE and SAICE could barely pay the salaries of the Executive Director (ED) and travelling expenses of the ED and other key officials of FAEO, which was not sustainable.

To reposition FAEO to attain greater heights, FAEO collaborated with Royal Academy of Engineering-UK under the African Catalyst Project Phase II and secured a grant of £299,775. This was to strengthen the organisational capacity and allow FAEO to continue and improve the works related to its mission. As a precondition for the grant, applicants were required to work with a UK partner, which FAEO identified RedR UK as being a suitable partner for the delivery of the project. 40% of the grant is paid to FAEO directly for capacity building, and 60% goes to RedR-UK for boosting FAEO’s expertise and capacity in order to establish functional governance systems and operational policies, including transparency, inclusion and diversity. The project plan included the improvement of the financial management, and fundraising/marketing systems and the recruitment of two additional staff and the development of a strategic plan to further strengthen the organization.

2.2 Current Funding:

Currently, the three installments amounting to £177,525 due on the project have been received from the Royal Academy of Engineering. Part of this amount will enable FAEO to pay three FAEO staff and cover travelling expenses to PEIs for networking. A steering committee was set up for the project and a budget for the travelling expenses of the steering committee members is funded by the grant. Two important workshops were also budgeted in the grant for Governance and Strategic Planning.

The current funding goes to February 2020 and FAEO wishes, by implementing fundraising and marketing activities, to mobilize more resources to fund projects as captured in the above-mentioned objectives.
Following the capacity assessment conducted by RedR UK consultants in July 2018, it was recommended to develop a 5-year self-sustaining fundraising and marketing strategy, as part of a wider strategic planning process.

### 3.0 DETAILED FUNDRAISING STRATEGY

#### 3.1 Fundraising Objectives:

1. To raise $150,000 in 2019 with a minimum 25% yearly increase for the next 5 years from major donors and membership subscriptions.
2. To raise a minimum of $300,000 yearly from 2020 to execute projects on thematic areas like mentoring young engineers, encouraging participation of women in engineering, and intervention of engineers in disasters and humanitarian crises in Africa. FAEO is consulting with RedR to develop specific strategic plan in this area.
3. To raise awareness of FAEO activities in Africa by organising different events/workshops during national engineering week of PEIs in Africa; starting from 2019 with a targeted minimum 100 participating engineers yearly.

### 4.0 POTENTIAL FUNDING

#### 4.1 Member States

The main source of income to the Federation would ideally come from payment of subscriptions from member countries. Of the 54 member states of African Union (AU), however, only 18 are identified with FAEO. Even the identified member states, only about seven (Nigeria, Ghana, Sierra Leone, Tanzania, Zambia, Kenya, Uganda) have paid their
subscription. By providing more attractive services and introducing engaging projects, there is a potential capacity to increase membership to at least 60% of AU member states.

FAEO has signed a memorandum of understanding (MOU) in 2016 with the AU to carry out projects across the continent. Those projects when executed have the potential to generate funds which would be at the disposal of FAEO. Although, the MOU was signed in 2016, there has been limited activities executed. In January 2019 the new president of FAEO visited the AU office in Abuja to put action into the MoU signed.

FAEO will submit a proposal to AU for further activities to be conducted during the period of 2019-2020. Upon successful completion of proposed activities FAEO should introduce more long-term joint activities and encourage AU to increase its contributions in coming years.

### 4.2 Governments

FAEO is also recognised as the umbrella body of engineers in Africa and indeed in most African states of AU such as Nigeria, Ghana, Kenya, Tanzania, Zambia, Sierra Leone etc. Given the recognition of FAEO by those governments, they could be leveraged upon as a huge source of funding as FAEO will engage those governments with attractive services e.g. disaster & humanitarian crises intervention, engineering mobility and other professional engineering services.

In Nigeria, in addition to Federal Government, there are other government institutions like the Nigerian Communication Commissions (NCC), the Nigerian National Petroleum Corporation (NNPC), the Nigerian Liquefied Natural Gas (NLNG). FAEO Secretariat is working with National members to identify similar government establishments for partnership in their respective countries.

### 5.0 PRIVATE SECTOR, NGOs AND INGOs:

#### 5.1 Private Sector

Nigeria has a very active private sector which has major industry players like MTN, Etisalat, Globalcom, Airtel, Shell, Chevron, Total, Mobil, Agip, Statoil, Julius Berger, Bullet Construction, Dantata & Sawoe, Nestle, Cadbury, PZ Cussons, Dangote Group, Lufthansa,
Airfrance, KLM etc. Again, FAEO Secretariat is working with other PEIs to identify similar private sector organisation to engage on projects that will generate revenue to FAEO.

### 5.2 NGOs

The non-profit sector in Nigeria has been actively engaged in charitable causes, and corporate business entities are increasingly engaging in philanthropy through their corporate social responsibility programmes. Through the years, charity has progressed from individual charitable acts of helping the poor to more organized philanthropy.

There is an increase in awareness and in establishment of philanthropic initiatives and organizations. Individuals, families, wealthy capitalists, actors in the Nigerian film industry Nollywood, and religious bodies are using foundations and other non-profit forms to contribute their resources in addressing social problems.

The non-profit sector has become more organized, and top charity foundations are making philanthropic impact beyond the shores of Nigeria and in the continent, including the Aliko Dangote Foundation, the TY Danjuma Foundation, and the Tony Elumelu Foundation.

### 5.3 UN agencies and INGOs

FAEO is working on partnership arrangements on specific projects with UN agencies, USAID, DFID, EU, INGOs such as Norwegian Refugee Council, etc.

### 6.0 BACKGROUND

Nigeria, currently hosting the Secretariat of FAEO, is home to several international organisations. Most of these organisations are willing to partner NGOs with strategic objectives that align with their mandate. The UN affiliates particularly are very open to partnering with NGOs that focus on the 17 Sustainable Development Goals (SDGs). Many of these NGOs have supported and are still supporting non-profit organisations in these regards. Since FAEO will have relevance in supporting the 17 SDGs, this provides a potential for funding.

### 6.1 Strategy - Member Countries

FAEO will

1. Champion the practice of engineering mobility amongst member nations towards sub-regional development and building on technical/engineering synergy for the development of the African continent as a whole. The engineering/technical synergy
would be achieved by encouraging the signing of bilateral agreement by member states under the auspices of the AU and FAEO. FAEO plans to have this effective from 2019 with at least 20% of the AU states subscribing to this, with the expectation for this to reach 60% in five years.

2. Conduct needs assessment for PEIs in Africa to identify areas needing urgent intervention on capacity enhancement and FAEO would initiate capacity building trainings for identified PEIs by collaborating with reputable organisations-locally and internationally such as RedR UK, Universities and other sources.

3. Assist countries in which PEIs do not exist with support towards establishment.

4. Champion the harmonization of engineering standards amongst member states effective from 2019 by encouraging the signing of bilateral agreements through the AU. FAEO plans to have at least 20% member countries in compliance to this by 2023.

5. Actively follow up its members for payment of annual subscription as and when due. FAEO would ensure that payment of subscription would form a basis for members to host the WFEO-FAEO/UNESCO African Engineering Week.
Table 1: Fundraising action plan for Member States

<table>
<thead>
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<th>No.</th>
<th>Target</th>
<th>Required Action(s)</th>
<th>Date</th>
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<tr>
<td>1</td>
<td>Engineering mobility</td>
<td>Encouraging the signing of bilateral agreement by member states under the auspices of the AU and FAEO</td>
<td>20% in five years</td>
</tr>
<tr>
<td>2</td>
<td>Conduct needs assessment for PEIs</td>
<td>Identify areas needing urgent intervention on capacity enhancement capacity building trainings for identified PEIs by collaborating with reputable organisations-locally and internationally</td>
<td>2019</td>
</tr>
<tr>
<td>3</td>
<td>Establishment of PEI</td>
<td>Visits and effective communication</td>
<td>2019-2024</td>
</tr>
<tr>
<td>4</td>
<td>Harmonization of engineering standards amongst member states</td>
<td>Encouraging the signing of bilateral agreements through the AU</td>
<td>Effective from 2019</td>
</tr>
<tr>
<td></td>
<td></td>
<td>20% by 2023</td>
<td>20% by 2023</td>
</tr>
<tr>
<td>5</td>
<td>Follow up with member states for payment of annual subscription</td>
<td>Review subscriptions in line with UNESCO scales</td>
<td>Effective 2019</td>
</tr>
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</table>
6.2 **Strategy - Government:**

FAEO will

1. Approach government owned organisation for support during execution of its projects and mission that aligns with their mandate or corporate social responsibilities. FAEO would take up projects on disaster and crises management, training of PEIs and other needs assessment areas before approaching government institutions for funding. This would be achieved by engaging international and local expertise in execution of identified projects.

2. Explore areas of collaboration with state owned companies for joint execution of projects or programmes by identifying the areas of interest for concerned companies.

**Table 2:** Fundraising action plan for Government

<table>
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<th>No.</th>
<th>Target</th>
<th>Required action(s)</th>
<th>Date</th>
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<tbody>
<tr>
<td>1</td>
<td>Approach government owned organisation for support during execution of its projects and mission that aligns with their mandate or corporate social responsibilities</td>
<td>-FAEO would take up projects on disaster and crises management, training of PEIs and other needs assessment areas before approaching government institutions for funding.</td>
<td>Effective 2019</td>
</tr>
<tr>
<td>2</td>
<td>Explore areas of collaboration with state owned companies for joint execution of projects or programmes</td>
<td>-FAEO would identify the areas of interest for concerned companies</td>
<td>Effective 2019</td>
</tr>
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6.3 **Strategy - Private Sector**

FAEO will

1. Explore different opportunities to partner with private sector companies. The FAEO fundraising team would review the mandate, interests and corporate social responsibilities of private companies based in Nigeria and Africa for effective engagement in such areas e.g. women in engineering, crises and disasters, young engineers etc.
2. Design a win-win private sector agreement in order to encourage more companies to support FAEO. Also fund/awareness raising campaigns can be designed to engage more companies. The win-win agreement would cover areas of marketing such organisations, helping to source local and international expertise, allow them to leverage on the network and reach of FAEO, this can also include working on tax exemption for companies that support FAEO.

Table 3: Fundraising action plan for Private Sector

<table>
<thead>
<tr>
<th>No.</th>
<th>Target</th>
<th>Required action/s</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Explore different opportunities to partner with private sector companies</td>
<td>-The FAO fundraising team would review the mandate, interests and corporate social responsibilities of private companies based in Nigeria and Africa for effective engagement</td>
<td>Effective 2019</td>
</tr>
<tr>
<td>2</td>
<td>Design a win-win private sector agreement</td>
<td>-Design fund/awareness raising campaigns</td>
<td>Effective 2019</td>
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Tax-exemption is one of the selling points for FAEO to approach private sector, and FAEO can take advantage of these rules, being a non-profit organisation.

6.4 Strategy - International Organisations and Global Private Foundations

FAEO will

1. Establish a strong contact with UN agencies and INGOs based in Nigeria to introduce its projects and engage them in different projects based on mandate of each agency. All UN agencies/INGOs should be included in donor mapping exercise.
2. Work jointly with development partners to engage foundations in order to obtain the necessary resources for the implementation of innovative and sustainable development initiatives.
### Table 4: Fundraising action plan for NGOs and INGOs

<table>
<thead>
<tr>
<th>No.</th>
<th>Target</th>
<th>Required action/s</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Establish a strong contact with UN agencies and INGOs based in Nigeria to introduce its projects and engage them in different projects based on mandate of each agency. All UN agencies/INGOs should be included in donor mapping exercise.</td>
<td>- FAEO would share factsheets, newsletters and magazine on seasonal basis (quarterly or annually) FAEO ED would establish courtesy visits to different UN agencies/ INGOs -FAEO would participate in relevant events and conferences organized by UN/ INGOs</td>
<td>Effective 2019</td>
</tr>
<tr>
<td>2</td>
<td>Work jointly with development partners to engage foundations in order to obtain the necessary resources for the implementation of innovative and sustainable development initiatives.</td>
<td>-FAEO would explore different possibilities of implementation of innovative projects by approaching potential global foundations</td>
<td>Effective 2019</td>
</tr>
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</table>
6.5 **Internal check list for Donor Stewardship**

Maintaining a good relationship with donors is essential in order to maintain and increase future donations. To this end, the FAEO will engage the following practices:

1. Ensure good relationships with donors and institutionalize official legal templates for MOUs/LOUs which are used and approved by a legal advisor;
2. Ensure that terms and conditions attached to each donation (including reporting procedures) are acceptable to both parties and adhered to;
3. Respond in a timely and professional manner to all inquiries from donors;
4. Provide donors with strategic communication information, especially with regards to the programmes they have contributed towards. The FAEO will identify donors to invite on selected field visits (if possible) to witness programmes that they either contribute towards, or if not, programmes that are in-line with their funding priorities. These visits give donors a first-hand account of the programme in the field and hopefully encourage future contributions;
5. Schedule update meetings to both inform donors about the use of their funds and explore any additional support opportunity;
6. Offer advocacy materials such as calendars, newsletters etc;
7. Invite donors to visibility events which are hosted by FAEO during the year.
8. Send thank you letters signed by the Executive Director to donors as soon as donations are confirmed;
9. Thank donors at public events and/or official communications, when appropriate especially with the national and local government;

To attract new donors/ supporters, FAEO will do as follows:

i. Maintain communication with all potential donors;
ii. Regularly follow and understand political agendas and interests that may result on a potential support to FAEO;
iii. Reach specific corporate partners and local private companies and jointly design win-win projects.
7.0 STRATEGY DEVELOPMENT AND IMPLEMENTATION

7.1 Identify

Potential partners have been identified and prioritized based on analyses of the potential partners’ landscape as a result of donor mapping exercise in Nigeria. FAEO has developed a data base consisting of major donors active in Nigeria.

7.2 Maintain

It is estimated that acquiring a new partner costs ten times more than maintaining an existing one. Once a partnership materializes, there should be an emphasis on maintaining a good relationship and regular donation. Different initiatives can be taken to encourage partners to increase and continue their contributions such as organizing joint campaigns, introducing new markets and giving them more exposure through different channels.

7.3 Maximize

Review the relationships with key partners and meet with them face-to-face to evaluate implemented projects, present new objectives and hear about their expectations. Discuss possibilities of maximizing their contribution and create atmosphere of co-creation of the activities.

The following selection criteria can be applied to identify the most promising partners for FAEO, both corporate and local:

1. Size of the company:
2. Shared mission and ethical values:
3. Synergies between FAEO and CSR (Corporate Social Responsibility) companies’ programmes and any learning are from previous contacts and experiences with companies.
8.0 MARKETING

8.1 Marketing Tools

1. FAEO will develop website, social media platforms, and brochures in English, French and Arabic. FAEO has an existing website that it plans to redesign to a single pager and translates into the above languages since February 2019. In the past, FAEO was not active on social media, but following to development of fundraising and marketing strategy, it has rejuvenated its activities on social media and on its websites accordingly.

2. FAEO plans to do short videos documentaries which would be disseminated through its website, social media and other outlets.

3. The organisation equally plans to produce factsheets, newsletters and magazines on seasonal basis (quarterly or annually) to furnish various stakeholders of its activities.

4. The tagline is needed by the organisation for effective and summarised communication of its objectives and mission/vision. Tentatively, FAEO uses the tagline: Empowering Engineering to develop Africa latest by 30th June 2019.

8.2 Different Opportunities for Marketing

FAEO will

1. Forge alliance with other international engineering NGOs to explore areas of joint collaborations.

2. Interact with media. The importance of media in the dissemination of information cannot be over emphasised. FAEO in recognition of this significance, would invite local media to the events/seminars and engineering for effective coverage and enhancing its visibility.

FAEO should approach the main media representatives during the course of the year to establish ties and engage them in its activates. At least a quarterly joint activity should be introduced by FAEO to interact with media such as roundtable discussion, media briefing of interviews.

Media also should be encouraged to support FAEO by providing free of charge coverage and services such as publishing posters and advertisement on pro-bono basis.
3. Participate in different events and activities related to engineering locally and regionally and promote its mission and objectives by approaching decision makers, engineers and other key players.

4. Initiate different activities on annual basis such as organising different events/workshops during national engineering week of PEIs in Africa. These activities should be included in FAEO annual planning calendar at the beginning of each year.

9.0 FUNDRAISING

The following actions are required for fundraising:

i. Legal document/agreement should be drafted and signed by both parties, only ED should sign the agreement on behalf of FAEO;

ii. The exact amount of contribution and terms of payments should be clearly indicated in agreement;

iii. When a donation/contribution is confirmed by a private sector partner or member country, it should be registered in FAEO accounting system;

iv. The responsible staff member must properly register the contribution in FAEO system and send a copy of registration to finance officer;

v. FAEO should report back to partners/members on how their donations are being used or spent and what the impact of their contribution is. This should be done on annual basis unless otherwise negotiated with the donor a different timeline;

vi. Preparation of annual audited report, approved by board of FAEO, and uploading of same on the organization website;

vii. All contracts and agreements related to fundraising should be adhered to: “No officials of FAEO have received or shall be offered by the Company or any of its affiliates any direct or indirect benefit arising from this Agreement or its execution.”

viii. Implement all actions reflected in FAEO policy on “Transparency, Inclusion and Diversity (TID)” related to fundraising.
9.1 Due Diligence

1. FAEO officials are responsible for assessing and managing risks to their organization’s activities, beneficiaries, property, work and reputation. Money Laundering and adverse publicity about a donor are examples of how an NGO could be exposed to criminal liability and suffer reputational damage.

2. Having an appropriate due diligence/ ‘know your donor’ policies in place to provide fundraisers with appropriate guidance when raising large sums will be important.

9.2 Branding

3. Use FAEO logo, letterhead and tagline in all internal and external correspondences.

4. Use FAEO official email in all communications.

5. For significant public initiatives, each Party shall share the related communications materials in advance with the other Party. The latter Party shall be given the opportunity to review and revise such communications materials or request a postponement of any publication of any confidential matters for a reasonable period.

9.3 Monitoring and Evaluation

6. The proposed 2019–2023 strategy’s vision should include a review of existing processes with recommendations for revising and streamlining them where necessary. A reviewing committee should be formed by members of FAEO for this purpose to closely monitor and evaluate the progress of the activities in the action plan approved by FAEO Board annually.

10.0 CONCLUSION

As a result of compliance with proposed “Fundraising and Marketing” strategy, FAEO is expected to strengthen its capacity in self-sustaining fundraising. FAEO could take proactive role to approach potential donors and Member States by expanding its network in the continent.
11.0 DETAILED FINANCIAL MANAGEMENT STRATEGY

11.1 Fundraising and Sustainability Strategies

Fundraising will focus on the management of donor relationships, increasing the generation of funds locally and maximizing unrestricted donations. FAEO will build donor database consisting of international and local non-governmental organisations, governments and state own parastatals, multinational companies and other viable businesses within its locality. The Federation shall equally make use of its relationship with its partners and stakeholders to fundraise and generate goodwill. The organisation will ensure continuous training of key staff in this area to be able to remain competitive and effective. See detailed fundraising strategy above.

11.2 Budgeting (Fiscal Planning and Monitoring)

Budgeting, planning and monitoring, will be used to achieve effective financial management and programs objectives. These tools will be equally used to communicate responsibly and transparently with our partners and donors; and also used to focus on sustainability and flexibility to allow for growth and mitigate against financial risks. FAEO overall budget will be prepared annually and monitored quarterly. This will be submitted for approval to the Executive Committee and thereafter adopted by stakeholders for implementation. FAEO will ensure monitoring and evaluation of the budget quarterly to review the budget, and adjust accordingly. FAEO will use differentiated budgets that will help show the organization’s current financial situation and practical steps it has taken to achieve its vision for example a cash flow forecast, and a donor funding grid. The budget will take into account any outstanding liabilities, accruals, prepayments and core cost recovery.

FAEO will organize income generating programs such as training and capacity building seminars for national PEIs, consultancy and strategic partnerships to help fund its corresponding core costs. The Federation will also work assiduously to expand its membership and generate income from the payment of yearly dues in order to recover core costs. Administrative and support costs will be increased proportionately as the organization grows. The organisation shall work at keeping its overhead expenses at the barest minimum (aiming to not exceed 10% of FAEO’s budget). This will be subject to quarterly review for modification and evaluation to ensure continued program operations. For each project activity adopted, FAEO will calculate the ‘true cost’ including core costs, before a decision is made to go ahead by the Executive Board. All program related costs will be included in donor funding.
applications under ‘program’ rather than ‘core costs’. Furthermore, FAEO will negotiate an “administration allowance” of at least 5% with donors as an extra source of funds for core costs.

11.3 Reserves

The purpose of this FAEO reserve policy is to ensure the stability of the mission, employment, programs, and ongoing operations of the organization. The reserve is meant to provide an internal source of funds for unforeseen circumstances like a sudden increase in expenses, previous unbudgeted expenditures, unexpected loss in funding, or uninsured losses. For sustainability, reserves must be restored back to its initial level of the previous year, with a minimum of 30% of the annual expenditure budget. This target should be achieved by the end of fiscal year 2019. Reserves will provide protection against unforeseen expenses, major economic downturns to ensure the survival of the organisation for at least 6 months after such incidents. Reserves will only be utilized for emergency circumstances. The use of reserves will require approval of the Executive Council and the Executive Director. The reserves policy will be reviewed annually by the FAEO Board.

11.4 Risk Management

Risk management will focus on minimizing risk through effective internal controls, intermittent risk assessments and preventive procedures by every stakeholder. The keeping of records in virtual databases will be accompanied by monthly back-ups to avoid loss of information. The associated risks with reduced donor funding or unfulfilled pledges would be minimized through expansion of the organization’s donor base and the inclusion/partnership with local donors that have stakes in the continued operations of FAEO. A review of risk will be presented to FAEO’s Board annually.

11.5 Internal Financial Controls

FAEO will assign responsibilities, duties and authorities based on experience, skills and position along the organizational structure. To foreclose the occurrence of fraud, financial crime, or the general risk of inconsistency, the organisation will introduce appropriate and adequate internal financial controls by way of a checks-and-balances system. Systems would be established for regular monitoring and evaluation of financial activities; producing cash
flow forecasts; and consistent bookkeeping of income, and expenditure. Management will be charged with maintaining an approvals system for all purchases, as well as ensuring regular bank reconciliations. A culture of transparency and awareness with financial controls, procedures and policies will be promoted throughout the organization via training and capacity building. Confidential reporting systems will also be put in place for escalating suspected fraudulent or unethical activities. Regular reviews of the systems will be undertaken to avoid errors and fraud. A whistleblowing policy will be developed and publicized so there are clear routes for staff to take if they see irregularities or possible fraud taking place.

**11.6 Practical Implementation of Proposed Financial Strategy**

FAEO shall adopt the following processes towards implementation of this financial strategy:

- a. Improved fundraising and expansion of the donor base,
- b. Strategic planning and budgeting,
- c. Effective accounts record keeping,
- d. Financial reporting,
- e. Stringent financial controls.

FAEO shall target both local and international donors, government and its parastatals for funding. This is particularly for marketing, outreach, social media, and event coordination. Differentiated budgets will be prepared quarterly and will be closely monitored through regular, up-to-date bookkeeping systems and be subject to periodic monthly review.

Monitoring and reporting measures include:

- a. The management of FAEO will establish systems/procedures that enforces regular communication within the organization and its several stakeholders/partners/donors.
- b. FAEO will periodically (quarterly) produce reports for review and evaluation to the organization’s Executive Council and key stakeholders.
- c. The organisation will enforce self-monitory, be accountable to the Executive Council through reports, seeking approvals before incurring expenditures and open its books and financials for independent audit and upload same on its website for accountability.
11.7 Transparency

FAEO shall ensure that it is open in its communication/professional relations and accountable in its finances and fundraising exercises and report back to partners/ members on how their donations are being used or spent and the impacts of such contributions. The Federation shall also enforce the keeping of records/documents regarding the income and expenditures of donations. In addition, the organization shall put in place control measures to foreclose the incidence of fraud and ensure responsible management of its resources.

For more detailed policy on transparency, including policy on accepting funds and working with partners, see FAEO ‘Transparency, Diversity and Inclusion’ policy.
### 11.8 SUMMARY

The following actions will be taken to implement the Financial Management Strategy:

<table>
<thead>
<tr>
<th>Action</th>
<th>Action by</th>
<th>Date to complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Approval of the Financial Management Strategy by the FAEO Board.</td>
<td>Board/ED</td>
<td>Original document at next meeting and review annually</td>
</tr>
<tr>
<td>Adoption and Implementation of the Financial Management Strategy by FAEO staff</td>
<td>FAEO staff</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Annual review of Financial Management Strategy</td>
<td>Board/FAEO staff</td>
<td>Annually</td>
</tr>
<tr>
<td>Budget preparation and presentation to the Board</td>
<td>FAEO staff/Treasurer</td>
<td>Annually</td>
</tr>
<tr>
<td>Budget review</td>
<td>Board/FAEO staff</td>
<td>Quarterly</td>
</tr>
<tr>
<td>Include as many ‘core costs’ as possible included in the program section of funding proposals. In addition, add a proportion of the remaining core costs to each funding proposal where this is accepted.</td>
<td>FAEO staff</td>
<td>As proposals are completed</td>
</tr>
<tr>
<td>Review reserves policy and Board approval</td>
<td>Board/FAEO staff</td>
<td>Annually</td>
</tr>
<tr>
<td>Review risk management and Board approval</td>
<td>Board/FAEO staff</td>
<td>Annually</td>
</tr>
<tr>
<td>Internal financial controls – implement and review as necessary, especially if large amount of funding increases the number of staff and the scope of the work.</td>
<td>FAEO staff/ED</td>
<td>Ongoing</td>
</tr>
<tr>
<td>Transparency – identify list of organizations that FAEO will not accept funding from. Update as necessary</td>
<td>Board/FAEO staff</td>
<td>Next Board meeting/ongoing</td>
</tr>
</tbody>
</table>
12.0 CONCLUSION

FAEO proposed this financial strategy towards its continued operations and sustainability with proportional increase of revenue generating activities from 2018-2023. This strategy focuses on preferential allocation of resources based on the organisation’s strategic objectives. The intent is that, through effective financial budgeting and accounting, competent bookkeeping and reporting systems, FAEO will achieve its goals and strategic objectives.
Approved by the Council of the Federation of African Engineering Organisation on this day, 17th September, 2019 at Livingstone, Zambia

Signed by FAEO President on 17 September 2019, at Livingstone, Zambia.

Acting Executive Director on 17 September 2019, at Livingstone, Zambia.

Arranged and Produced by
Engr. Ovens. F. Ehimiage, FNSE
Executive Director
August 2020