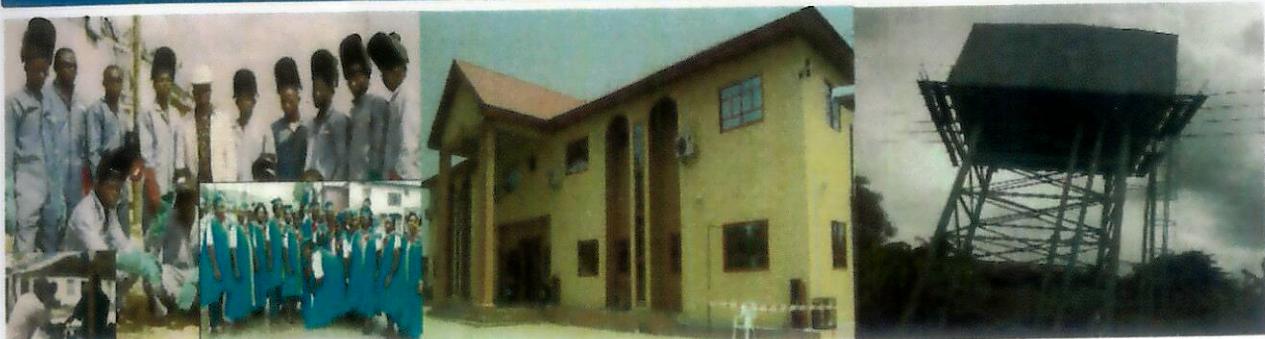


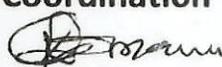
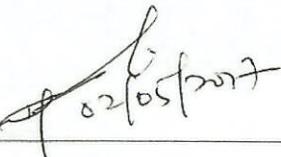
# **Operating Principles and Procedure Guidelines (OPPG)**

**Standards and Best Practices for Implementing the Global Memorandum of  
Understanding (GMoU) in SPDC Host Communities**



May 2017

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#### Document Update

Any reviews or updates to the document can only be authorised by the General Manager, Sustainable Development.  
This document will be due for review in 4 years (December 2021).

#### Disclaimer

The reference guide is not a legal document and cannot be quoted or referred to in a court of law or any legal proceeding of any sort.

## Foreword

The social investment programme of The Shell Petroleum Development Company of Nigeria Limited (SPDC) aims to promote sustainable development in the Niger Delta region and also to establish a harmonious environment for its operations. Since the 1980's SPDC has negotiated Memoranda of Understanding (MoUs) with over 1000 individual communities across the Niger Delta. These MoUs often required SPDC to implement highly visible, capital-intensive infrastructure projects (roads, health centres, etc.) and other short-term activities.

Managing the MoUs was resource and time intensive, especially with projects being implemented using SPDC's internal processes; it proved difficult to administer the delivery of so many projects in parallel, the outcome of which was a proliferation of uncoordinated and often uncompleted projects. The situation was further exacerbated by increasing violence in the Niger Delta, as well as the uncoordinated implementation of development programmes in the region.

In 2005, Shell decided to develop a longer-term approach that would give communities more responsibility in deciding how social investment funds are spent; provide a platform for building mutually beneficial relationships with the communities and create an enabling environment for business continuity and growth.

The new community development / interface model based on Global Memorandum of Understanding (GMoU) was deployed in late 2006. The GMoU is a five year agreement with a cluster of communities that is aimed at building strong community development institutions that will drive development at the grassroots level and serve as interface points between the communities and SPDC.

The GMoU model is community driven and its success depends on community institutions being able to clearly articulate, plan and deliver sustainable development interventions that will impact positively on the people living in SPDC's operational area. Presently, there is an appreciable gap in the skills and attitudes required for successful management of the GMoU delivery process by the relevant community institutions - the Community Trusts (CTs) and the Cluster Development Boards (CDBs). To bridge the gap, SPDC engaged a number of NGOs to work with the communities through provision of capacity building via training and on-ground mentoring support.

This Operating Principles and Procedures Guide (OPPG) is a practical handbook that is designed to facilitate this process of capacity building and provide the CTs and CDBs, with a day-to-day guide for their operations.

The OPPG sets out the policies and principles, functions and responsibilities of all parties as well as the process steps for achieving mutually beneficial outcomes for SPDC and Communities in its areas of operation.

This manual, though primarily developed for delivery of SPDC's model of the GMoU, can also be used as a guide by development practitioners engaged in development work outside of the Niger Delta region and is recommended for their use.

*This reference guide deployed in 2007, has been reviewed in 2009, 2015 and 2017 to incorporate field experiences post-deployment. The essence is to make it a more practical guide for the implementation of GMoU and in the day to day running of the CTs and CDBs.*

Igo Weli,  
General Manager,  
External Relations,  
SPDC  
May, 2017.

# **THE OPERATING PRINCIPLES AND PROCEDURES GUIDE FOR MANAGEMENT OF GLOBAL MEMORANDUM OF UNDERSTANDING**

The Global Memorandum of Understanding ("GMoU") model is the preferred framework for sustainable community development and interface in Shell Petroleum Development Company of Nigeria (SPDC). The model is an approach to social investment designed to allow clusters of Communities (GMoU clusters) take ownership of their own development. The GMoU is a comprehensive agreement that governs the relationship between the communities within a Cluster and SPDC over a specified period of time – usually a 5 year period.

The delivery of the GMoU will be guided by fundamental principles of sustainable development, good governance, inclusiveness, transparency and accountability.

**When effectively implemented, this process will assist every GMoU Cluster, Project GMoU and their constituent communities in adopting best practice and developing the capacity to own and manage their own development programmes.**

## **1.1 Purpose**

The Operating Principles and Procedures Guide (OPPG) for GMoU is intended to:

- Provide guidelines and acceptable standards for the establishment of GMoUs as the preferred framework for sustainable community development and interface.
- Define the processes and standards for implementation activities by the GMoU Clusters to ensure the model delivers value and social benefits to stakeholders
- Provide guidance for GMoU clusters and its constituent communities to build transparency, good governance and sustainability in managing the development of their communities and resources.

## **1.2 Scope**

This Procedure applies to all activities generally accepted as a part of the 'Global Memorandum of Understanding' and includes but is not limited to:

- Selection of community members to represent the community on the GMoU
- The constitution and roles of institutions managing and implementing the GMoU
- Stakeholder engagement (Communities, Government and Non Governmental Organizations (NGO))
- Development, funding and implementation of community development projects

## **1.3 Who is this for?**

- GMoU Clusters and management boards
- Staff of all Shell Companies in Nigeria (SCiN) involved in the delivery of GMoU activities
- Delivery partners (Contractors, Consultants, NGO's, Development Partners, Cluster Development Boards ("CDBs") /Community Development Foundations (CDF) and Community Trusts("CTs")

## **SECTION 2. Operating Principles and Good Practices**

The Community Trusts ("CTs") and Cluster Development Boards ("CDBs") play a strategic role in ensuring the success of the GMoU. The following underlying core principles should be reflected in the organisations values and in the conduct of business at all times.

### **2.1 Core Principles and Values**

The CT's and CDB's are required to adhere to ethical business principles and values. To this end the organisations shall establish and adopt a code of conduct to guide their respective organisations.

#### **2.1.1 Peace and Security:**

Sustainable development can only thrive in an atmosphere of peace and security. The CTs and CDBs shall work with their communities and other stakeholders to create a peaceful and secure environment that will facilitate the fulfilment of their vision for socio-economic growth and enable the members of the community to meet their basic development needs.

*The impact of violence on peace and security and the overall development of the community have to be properly articulated by the CT/CDB members and the mentoring NGO. The use of alternative dispute resolution (ADR) mechanisms should be encouraged at all times and the members of the CTs and the CDBs are expected to have been trained in ADR mechanisms.*

#### **2.1.2 Inclusiveness:**

The implementation of the GMoU, as managed by the CTs and CDBs, shall engender the delivery of equitable benefits to all segments of the society and take into consideration special needs of vulnerable groups including women and youths.

The CTs and CDBs shall promote inclusiveness at all levels of the society, specifically via ensuring:

- i. The involvement of women, youth and the poorest in all decision-making, planning and project implementation activities. Each project or activity has to take into account the needs of the various segments of the community.
- ii. The involvement of existing community interest groups through all steps of the participatory planning cycle as a means of encouraging ownership by the communities.
- iii. Appropriate representation of women in the CTs, CDBs and project committees. Women shall occupy at least one of the following key positions in the CT; Chairman, Secretary or Treasurer.

CTs and CDBs will work with existing, recognized and respected traditional structures to mobilize, inform and invite the different segments of the community (women, youth, fishermen groups, etc.) in community development activities.

#### **2.1.3 Transparency and Accountability:**

In line with global standards and the reform programmes of the Nigerian government, the activities of the CTs and CDBs shall be managed in a manner that promotes transparency and accountability.

The GMoU shall promote good governance incorporating transparency, accountability, ethical practises, and consequence management. Communities shall be encouraged to utilize their existing good governance practices as well as adopt appropriate policies from the government and other sources. The CT's and CDB's shall:

- Provide accurate, timely and unambiguous information on the mission, objectives and policies of their organisations to stakeholders
- Declare assets, sources and uses of funds.
- Publish and disseminate regular narrative of activities and financial reports.
- Maintain regular dialogue with government and other relevant organisations

#### **2.1.4 Capacity Building and Institutional Development:**

The CT and CDB shall carry out relevant and pragmatic capacity building and institutional development programmes that will position her to perform GMoU duties and facilitate the development process of the communities. Capacity building and institutional development shall focus on the design and deployment of instruments that enhance accountability and transparency, such as the publishing of expenditure, CDB disbursement of funds to CTs and implementation cost of projects undertaken.

Learning and sharing shall be an integral part of the GMoU process and communities shall be encouraged to share experiences and locally developed solutions to problems they encounter.

#### **2.1.5 Management Practices**

The CTs and CDBs shall adopt sound management practices aspiring to meet the highest standards and aim to strengthen institutional capacity and sustainability.

These practices include:

- The maximum utilization and development of formal and informal human resource skills available to community institutions
- Accountability and transparency in financial operations
- Regular, rigorous and continuous monitoring and evaluation of activities, projects and programmes. To the greatest possible extent, this should be carried out with full participation of beneficiaries.
- Planning and effective management of activities

#### **2.1.6 Financial Management**

CDBs' and CTs' shall ensure strong financial management and have financial procedures that adhere to ethical standards.

In managing their financial affairs, these institutions should:

- Adopt adequate and appropriate standards for financial review and monitoring
- Ensure that sourced funds are always used for their intended purpose

- Include all organisational and administrative costs in budgets and provide adequate resources to manage them
- Ensure that all CT and CDB members declare their interests and avoid conflict of interests.

#### **2.1.7 Partnering and Cooperation:**

CDB's and CT's shall partner and cooperate with other development stakeholders in their development activities to maximise resources and establish mutually beneficial interventions where feasible.

#### **2.1.8 Legal and Governance Structure**

As required under the Nigerian law, the Board of Trustees of the Cluster should register with the Corporate Affairs Commission as "Incorporated Trustees" under Part C of the Companies and Allied Matters Act of 2004. The CTs and CDBs should register with the appropriate Local/State Government bodies and adopt a constitution, by-laws, or similar framework for its governance.

#### **2.1.9 National Development Policies and the Millennium Development Goals:**

All programmes / projects derived from the community and cluster development plans shall be consistent with relevant local, state and national policy frameworks and global development aspirations. Some of these goals/policies include the Millennium Development Goals (MDGs), National Economic Empowerment and Development Strategy (NEEDS), State Economic Empowerment and Development Strategy (SEEDS) and Local Government Economic Empowerment and Development Strategy (LEEDS).

#### **2.1.10 Development Partners and Donors Expectations**

The long term viability of institutions requires that they operate legally and accountably in order to access available support. To this extent, CTs and CDBs shall work to meet the expectations of partners and donors by doing the following:

- Ensure appropriate representation of women in the CTs, CDBs and project committees
- Publish quarterly financial and narrative returns of activities
- Use standard book-keeping and administrative procedures
- Audit all expenses yearly
- Apply participatory development processes, including approval procedures
- Have effective project monitoring and evaluation procedures
- Demonstrate a history of financial stability, accountability and project management
- Own and operate dedicated bank account(s) for each partner. No co-mingling of funds

#### **2.1.11 Sustainability and Environmental Development**

A key pillar of the GMoU delivery process is the integration of sustainability principles and strategies into the programming of community/cluster development interventions by CTs, CDBs and the general community.

Financial sustainability should be encouraged through linking the institutions to local and state government through local and state Economic Empowerment Development strategies. The CTs/CDB's as accountable, effective and legally established institutions will also be eligible for support from both local and international donor agencies.

Communities shall be encouraged to create programmes that will stimulate the growth of small business, provide opportunities such as skills training and income generation which can be used to sustain and manage the operations of the CTs and CDBs.

Communities shall be encouraged to adopt/develop sound environmental conservation practices and programmes which shall be integrated into all development activities at the community and cluster levels.

## **2.2 Governance and Control**

- The CDB working with the CTs, are accountable and responsible for community development within the cluster.
- All activities that pertain to the GMoU and clusters shall be implemented in accordance with the agreements signed with clusters, the OPPG guide and the GMoU improvement guide.
- All activities will be subject to audits and independent external assurance processes.

## **2.3 Value Creation Processes**

- Stakeholder Engagement
- Project identification and Implementation
- Financial management

## **2.4 Expected Outcomes**

- Strong inclusive community institutions responsible for development in their communities - project identification, Implementation & Management
- Enhanced Intra/inter community relationships developed through the clustering process
- New partnerships developed with government and other agencies to address development challenges of the communities

### SECTION 3. The Community Trusts and Cluster Development Boards

The Community Trust (CT) and Cluster Development Board (CDB) are the two community institutions that have primary responsibility for the day to day implementation of the GmoU. The Board of Trustees provides oversight function to the CDB ensuring activities implemented are in line with the approved policies, procedures and objectives as stated in the CT/CDB constitution.

The figure below shows the organisational structure of the CT and CDB.

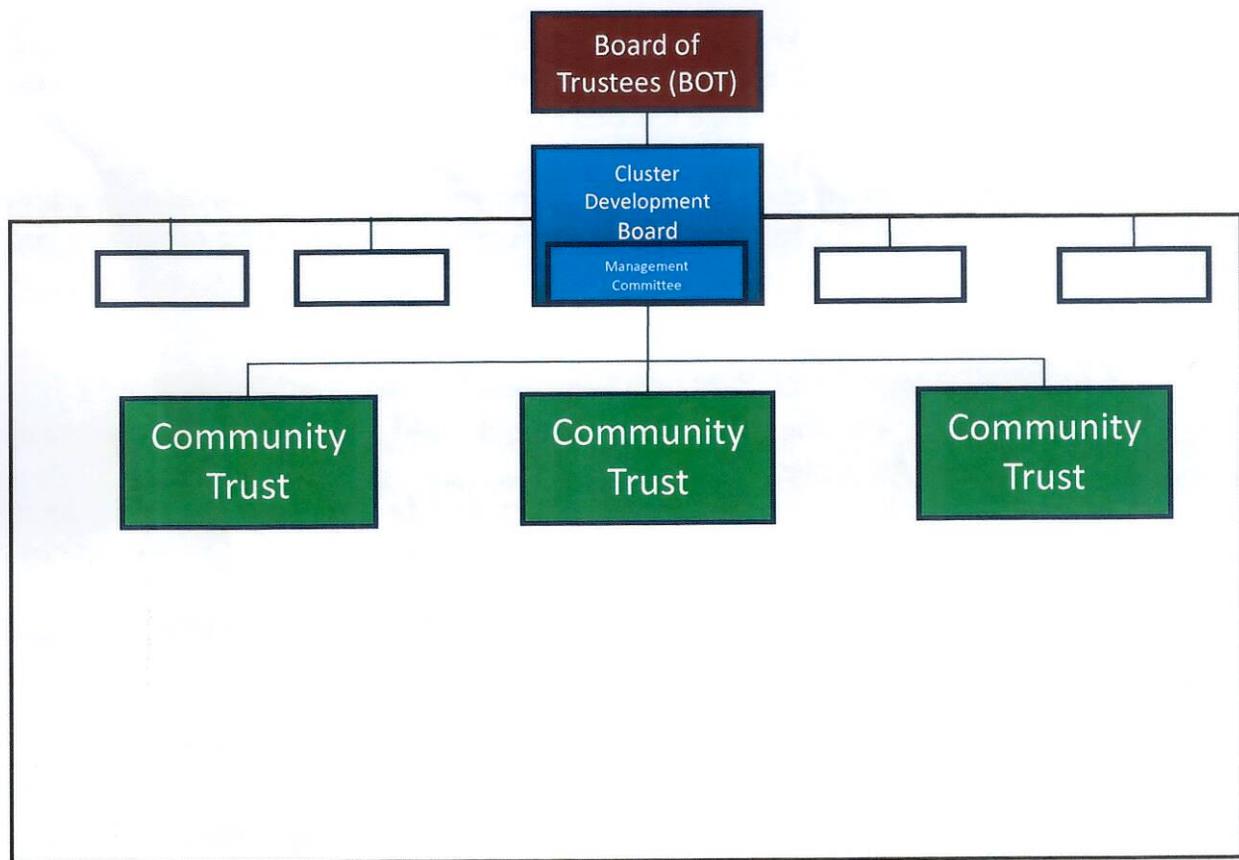


Figure 1: Organisational Structure of the CT and CDB

#### 3.1 The Community Trust

The Community Trust (CT) has the responsibility of ensuring the sustainable development of their community using the GMoU model and that the different segments of the community are impacted by the benefits from the GMoU. The CTs represent the interests of their specific communities at the Cluster Development Board (CDB) through its Chairperson, Secretary and Treasurer. The CT is under the supervision of the CDB, which shall oversee all its activities as it concerns the GMoU.

Ultimately, the Community Trust members should be aware that they do not have the authority to act independently of the community; rather they are representatives of their people and are therefore accountable to them.

### **3.1.1 Composition of Community Trust**

The CT in each community shall be made up of ten members appointed or elected through a process that is fair and consensual. CTs shall have a minimum of 30% women representation in its membership (women shall occupy at least one of 3 key positions in the CT i.e. Chairman, Secretary or Treasurer). Traditional Rulers and community members holding positions in community organisation bodies e.g. Community Development Committee, Women and youth bodies shall not be members of Community Trust.

### **3.1.2 Functions**

The Community Trust serves the interest of the community and works in close collaboration with the CDB.

The CT will carry out the following activities to ensure that the people in their community benefits from the terms of the GMoU and other development activities in the area:

- Mobilise the community to participate in Sustainable Livelihoods Assessment (SLA). The findings from the SLA provide input for building up a Community Development Plan (CDP).  
The CDP shall be aligned with the Niger Delta development plan, the local government development plan (where available), meets the community needs and shall be valid for a period of 5 years subject to annual reviews.
- Prepare Annual Business Plan and make appropriate requests for funding of projects in the CD plan through the CDB
- Develop and oversee the implementation of community projects and programmes in the Annual Business plan in a transparent and accountable manner.
- Participate in the communication of invitation to tender (ITT) to registered contractors
- Ensure grass root communications through community forums, town hall sessions etc.
- Represent the community on the CDB.
- Manage and maintain the CT Admin account.
- Constitute Project Committees to manage project implementation process.
- Constitute maintenance and sustainability committee to manage project post project completion.
- Ensure transparency and accountability in the design and execution of all projects carried out in line with the GMoU by:
  - Holding monthly CT meetings to review projects and community development initiatives supported by the Community Trust.
  - Holding periodic town hall forums to brief the entire community on CT/CDB activities
  - Ensuring that appropriate activities reports are made to the CDB as provided for in the GMoU or as may be requested by the CDB.

### **3.1.3 Representation**

Representatives of the CT should reflect the various segments of the community (men, women, and youth) and the appropriate skills the CT needs to progress its activities. The CT shall be made up of 10 members consisting of the following elected positions with alternates:

- i. Chairman
- ii. V. Chairman
- iii. Secretary
- iv. Assistant Secretary
- v. Financial Secretary
- vi. Assistant Financial Secretary
- vii. Treasurer
- viii. Assistant Treasurer
- ix. Public Relations Officer (PRO)
- x. Assistant Public Relations Officer

A woman shall occupy one of the following key positions in the CT; Chairman, Secretary or Treasurer.

### **Roles of the Community Trust Officers**

#### **Chairman**

- Call and preside over meetings
- Signatory to CT Account
- Supervise all cash advance/retirement requests and payment of allowances
- Represent the Community at the CDB

#### **Vice Chairman**

- Role as delegated by the Chairman
- Signatory to CT Account in the absence of the Chairman

#### **Secretary**

- Send out notices of meetings and keep records of proceedings.
- Manages CT correspondence.
- Set up and maintain the records of activities of the CT.
- Collect, collate and store data for planning, monitoring, evaluation and reporting sustainable community development.
- Present progress reports (monthly/quarterly)
- Represent the Community at the CDB
- Co Signatory to CT accounts
- Develop project proposals on behalf of CT
- Performs other duties that may be defined from time to time.

### **Financial Secretary**

- Collect, collate and keep financial data and records for references, audit and planning.
- Produce monthly, quarterly and annual financial reports for the Community and CDB.
- Take part in the preparation of annual budget and cost estimates for Community projects
- Keep records of all payments disbursed by CT
- Process all cash advance/retirement requests and payment of allowances
- Alternate signatory to Secretary for CT accounts
- Perform other duties that may be defined from time to time.

### **Treasurer**

- Custodian of financial instruments (cheque books/Tellers).
- Collect/Disburse funds as approved.
- Perform other duties that may be defined from time to time.

### **Public Relations Officer (PRO)**

- Lead CT Interface with external stakeholders and others
- Publicize the activities of the CT.
- Seek to promote a positive image of the CT and the community in consultation with the secretary.
- Organise community forums quarterly to provide feedback on projects and activities
- Enlighten community on grievance/feedback mechanisms.

#### **3.1.4 The Tenure**

The tenure of all officials shall be single five (5) years tenure. No person shall be allowed to serve as member of the CT, CDB or hold any other official position in the cluster/GMoU after serving single five (5) years tenure.

#### **3.1.5 Selection Criteria for CT Representatives**

Nominees for CT membership should be persons who:

- Are committed to the development of the community, have been selflessly involved in development projects and are ready to take roles on a voluntary basis.
- Have proven integrity and honesty (This means that they have not been involved in corrupt practices, criminal activities and have not misappropriated funds).
- Are peacemakers and have always worked to settle issues and problems in the community amicably.
- CT chairperson, secretary and treasurer should have a minimum qualification of OND or its equivalent.
- Are 18 years old or over.
- They are members of the community either by birth, marriage or have been accepted by the community.
- Are recognised by the appropriate traditional authority.

The following are automatically disqualified from CT membership and should not be nominated:

- i. Traditional Ruler of the community
- ii. An infant or a minor below the age of 18 years
- iii. Un-discharged bankrupts
- iv. Persons of unsound mind
- v. Persons convicted of a criminal offence
- vi. Persons with a history of militancy who are not enrolled in the Federal Government Amnesty Programme.

### **3.1.6 CT Selection Process**

The process for selection of CT members shall be transparent and participatory.

- i. Community leadership shall submit a list of nominees for the CT positions which displays representation from all segmentation of the community including minority and marginalised groups.
- ii. The list of nominees shall be verified and validated by the facilitating NGO and State Government.

### **3.1.7 Inauguration of the CT**

The CT is not functional until after inauguration. The first duty of selected members is to pledge commitment to the oath of office in line with the Code of Governance (Section 2.4). CT inauguration shall be carried out by authorised state government body.

### **3.1.8 Meeting Frequencies**

The 10 CT members shall hold meetings once every month. These meetings shall be held in the community town hall or community Trust office. No meeting should be held in hotels, rented halls or outside the community.

### **3.1.9 CT member Negligence**

CT members who are negligent in their duties and do not execute their roles and responsibilities for 5 consecutive meetings shall step down from his/her position with the vote of 2/3 majority of the CT membership.

### **3.1.10 Recall of CT members**

#### **Criteria for Recall**

The community leadership<sup>1</sup> shall recall any CT member on the following grounds:

---

<sup>1</sup> As recognised by Government

- i. Proof of Unsound mind
- ii. Bankruptcy
- iii. Conviction of an offence including fraud
- iv. Involvement in acts of gross misconduct
- v. Failure to communicate CT/CDB decisions and activities back to communities.
- vi. Proven conflict of interest in contracting

#### **Process for Recall**

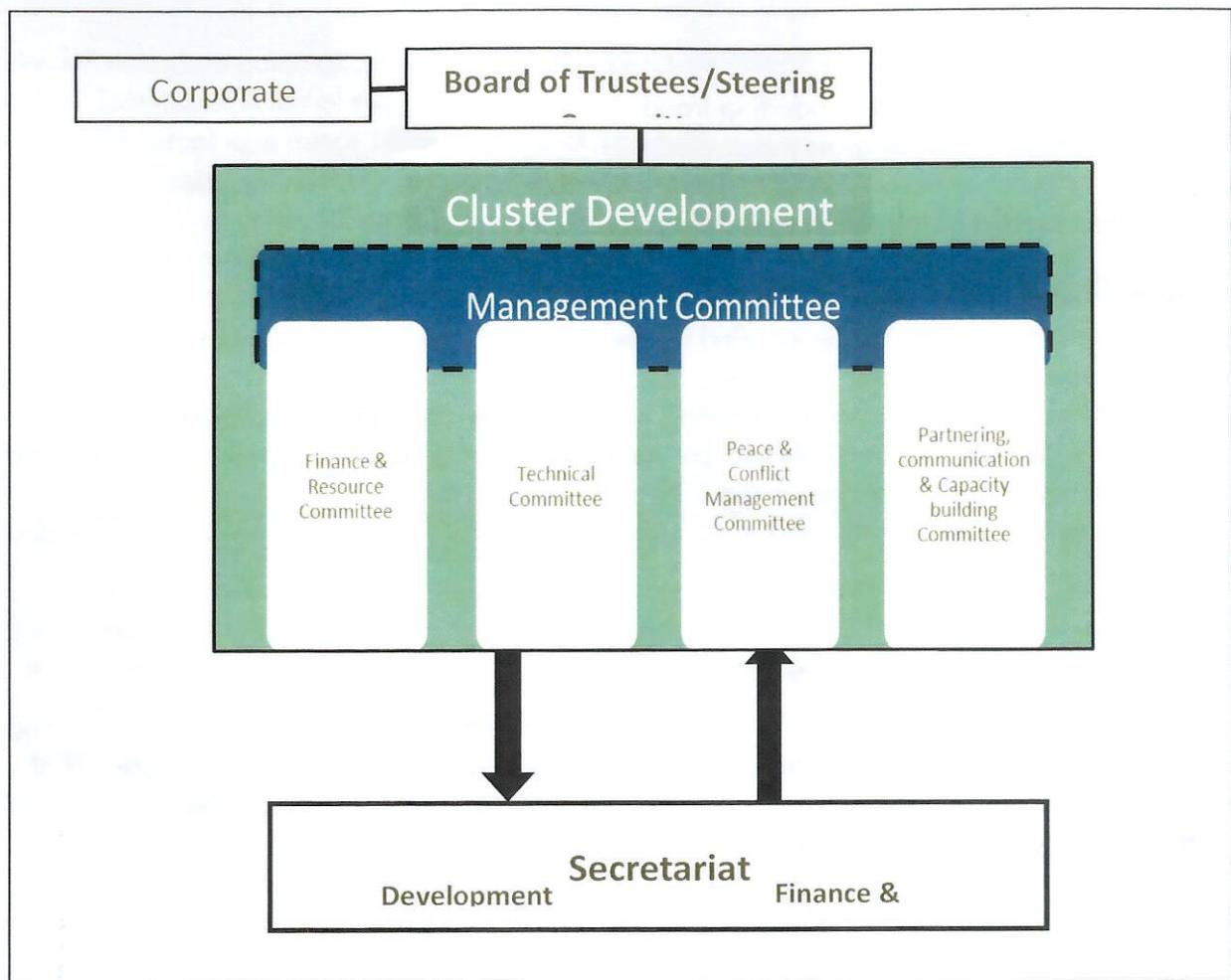
A member of the CT/CDB can be recalled by the community he/she represents in a community meeting agreeing to the recall. Thereafter;

- i. A written resolution from the meeting signed by the community leadership (Traditional ruler with other leaders) should be forwarded to the State Government through the Government Representative on the CDB and copied to the CDB.
- ii. Government investigates and communicates its decision to the community, CDB and SPDC.

#### **3.2 The Cluster Development Board**

The Cluster Development Board is a grassroots institution with the responsibility for coordinating the implementation of development programmes and projects derived from the cluster development plan (CDP) and for managing issues arising between SPDC and cluster communities as well as issues between the communities.

For operational purposes, the CDB shall form 4 standing sub-committees which will be supervised by a management committee. The roles of the standing committees are detailed in section 2.4.



*Figure 2: CDB structure and Reporting*

### 3.2.1 Composition of the Cluster Development Board

The General House of the CDB shall be constituted by 3-4 representatives of the constituent CTs along with external stakeholders identified below as non-voting members.

The Community Trust representation in the Cluster Development Board are as follows:

- **In Clusters with over 3 constituent CTs:** 3 representatives – Chairperson, secretary and treasurer of CT One of these three representatives shall be female.  
**Or**
- **In Clusters with 3 or less constituent CTs:** 4 representatives - Chairperson, secretary, treasurer and one other member of the CT. One of these representatives shall be female.

And the following non-voting members

- One representatives from SPDC (Community Relations Coordinator)
- One representative from relevant Local Government.
- One representative from the State Government
- One representative of Donor Agencies where applicable.

At the inauguration of the cluster, the voting Members of the CDB should be willing to swear an Oath of Office in line with the Code of Governance detailed in section 2.4  
CDB Members will be expected to elect the following Officers:

- a. Chairperson
- b. Vice Chair person
- c. Treasurer
- d. Secretary
- e. Assistant Secretary
- f. Financial Secretary
- g. Public Relations Officer

#### **Guidance for the election of officials**

- The chairperson of the CDB shall be elected from the Chairpersons of the constituent CTs
- The Treasurer of the CDB shall be elected from the Treasurers of the constituent CTs
- The Secretary of the CDB shall be elected from the Secretaries of the constituent CTs
- Women shall fill at least 2 of the executive positions on the CDB.
- All other positions can be occupied by any member of the board

### **3.2.2 Roles of the CDB Executive Officers**

#### **Chairperson**

- Call and preside over meetings
- Signatory to Joint SPDC/Cluster Account and CDB account
- Supervise all cash advance/retirement requests and payment of allowances

#### **Vice Chairperson**

- Role as delegated by the Chairperson
- Alternate Signatory to Joint SPDC/Cluster Account and CDB account in the absence of the Chairman

#### **Secretary**

- Send out notices of meetings and keep records of proceedings.
- Manages CDB correspondence.
- Set up and maintain the records of activities of the CDB.
- Collect, collate and store data for planning, monitoring, evaluation and reporting sustainable community development.
- Present progress reports (monthly/quarterly)
- Co Signatory to CDB account

#### **Financial Secretary**

- Collect, collate and keep financial data and records for references, audit and planning.
- Produce monthly, quarterly and annual financial reports for CDB.
- Take part in the preparation of annual budget

- Process all cash advance/retirement requests and payment of allowances

**Treasurer**

- Collect/Disburse funds as approved.
- Alternate signatory to Secretary for CDB accounts
- custodian of financial instruments (cheque books/tellers)

**Public Relations Officer (PRO)**

- Lead CDB Interface with external stakeholders and others
- Publicize the activities of the CDB/CT.
- Seek to promote a positive image of the CDB. in consultation with the secretary
- In collaboration with the mentoring NGO, organise community forums quarterly to provide feedback on projects and activities
- Enlighten community on grievance/feedback mechanisms.

Sub-committees shall consist of 3 or more persons with a maximum number equal to the number of communities represented by the CDB. Membership of Sub-Committees shall be drawn from the members of the CDB and the CDB shall be required to nominate the following positions within each sub-committee:

- a. Chairperson
- b. Secretary
- c. Other positions as required

### 3.2.3 CDB member Negligence

CDB members who are negligent in their duties and do not execute their roles and responsibilities for 5 consecutive meetings shall step down from his/her position with the vote of 2/3 majority of the CDB membership.

### 3.2.4 Functions

The CDB shall carry out its functions through the General House, Executive Committee and its sub-committees as shown in Figure 2. Other committees may be set up for specific activities should the need arise.

#### i. The General House

The various functions of the CDB include, but are not limited to:

- a. Define the Cluster Development Board mission and purpose
- b. Provide general oversight for the Cluster and SPDC relations.
  - Liaise with communities' leadership or recognized structure to secure and sign off the "Community Trust & Support" (formerly known as FTO) for SPDC activities
  - Ensure immediate access to spill sites for clean-up and remediation, where necessary
  - Ensure that SPDC operations are not threatened or issue threats where there are issues in dispute.

- Ensure the resolution of dispute between SPDC and communities/cluster using the Grievance Handling Procedure (section 7.2)
  - Ensure SPDC business activities are not disrupted and provide support to timely resumption of SPDC activities where there are disruptions.
- c. Maintain and manage the Cluster Development Board bank account.
- d. Produce and manage implementation of Cluster Business Plans (CBP)
- e. Review and recommend the overall CDP budget for approval.
- f. Approve annual budgets for the cluster
- g. Review and approve the reports of the various Sub-Committees set up in accordance with the provisions of the GMOU
- h. Review and approve recommendations from the Finance and Resource Management Committee on funding requests.
- i. Develop quarterly, half yearly and annual performance review reports.
- j. Approve the recruitment of staff recommended by the Executive Committee.
- k. Facilitate completion of yearly external audit.
- l. Participate in half-yearly project review sessions with state governments and any other stakeholders.
- m. Ensure proper financial checks and balances are in place.
- n. Ensure that all activities of the CDB and CTs are within their scope and powers as defined by their constitution.
- o. Engage in conflict resolution between stakeholders
- p. Hold quarterly meeting of stakeholders to enable CDB and CTs to give account of their activities and expenditure.
- q. Demonstrate that the community leadership is satisfied with the project implementation milestones. This should be evidenced by providing:
  - a letter from community leadership confirming satisfaction with project delivery;
  - a report on the community forum
  - an evidence of such briefing before the next tranche payment can be made.

The Cluster Development Board may perform the functions above through its Sub-Committees.

#### **i. The Executive Committee**

The Executive Committee is headed by the CDB chairman and is made up of elected officers of the CDB. The CDB Secretary is the Administrative Head of the Secretariat.

Their functions shall be as follows:

1. Day to day running of the CDB Secretariat
2. Recruitment of staff for the CDB Secretariat for approval by the General house (Development Programme Officer, Finance/ Administrative Officer, Cleaner and Security.)
3. Review and approve reports of the Sub-Committees

#### **ii. Finance and Resource Management Committee(FRMC)**

Members of the Finance Committee shall comprise of the chairman of CDB (chairperson of the FRMC), Chairmen of the constituent CTs , SPDC Community Relations Coordinator, Mentoring NGO and Donor Agency, where applicable.

This committee shall be responsible for:

- Generating a business plan for the cluster administrative funds (activities, cost and schedule).
- Ensuring proper financial record keeping is done by the secretariat.
- Advising the CDB on the status of accounts
- Ensuring the preparation of annual audited accounts which shall be circulated to all stakeholders.
- Recommending a reputable firm of auditors to conduct the annual audit of CDB accounts to the Board of Trustees.
- Ensuring the Finance and Admin Officer presents monthly and quarterly income and expenditure reports to the board.
- Ensuring compliance with laid down procurement procedures.

### **iii. Technical Committee**

The Technical Committee shall be made up of the following members: the Secretary of the CDB (chairperson of the committee), Secretaries of the constituent CTs, SPDC cluster Implementation Adviser, LGA Rep, mentoringNGO and Donor Agencies, where applicable.

The roles of the Technical Committee are as follows:

- Review and recommend proposals for projects, (including technical plans and designs) and programmes derived from the Community and Cluster Development Plans.
- Monitoring and Evaluation of both Cluster and Community development projects
- Prequalification of contractors for projects
- Hold monthly project performance review meetings with the Programme Officers
- Set up and maintain a data base of all community development interventions
- Provide data and other information, as required, to relevant sub-committees of the CDB
- Ensure that Cluster Development Plans can be fed into Local Government and State Government plans through appropriate level Government initiatives (eg LEEDS, SEEDS).

### **iv. Partnering, Communication and Capacity Building Committee**

Members of this committee shall consist of CDB PRO (chairperson of the committee) and two other members of the board (CT treasurers) , SPDC Reps (SPDC Community Relations Coordinator /Community Relations Officer), LGA Rep, mentoring NGO and Donor Agencies, where applicable.

This committee has the primary responsibility to liaise with potential partners and donors for the mobilization of funds and support for the realisation of the clusters vision.

Other key responsibilities include:

- Preparation and implementation of a cluster GMoU Communication Strategy.
- Identification and organisation of appropriate capacity building and institutional development activities / programme for CTs and CDBs.
- Production of cluster newsletter and any other appropriate publications.
- Work with the Community Trust to ensure wide and effective distribution of newsletters and other publications.

v. **Peace and Conflict Management Committee**

Membership shall comprise of members drawn from the CDB with at least 2 women, State Government Rep, SPDC, Security (Divisional Police Officer), and mentoring NGO. The Chairman of the committee should be a respected and influential member of the board.

While acknowledging that peace is the collective responsibility of all citizens, this committee has specific mandate that involves ensuring safety and security for all stakeholders in the cluster. Activities and means of achieving this include:

- Peace advocacy.
- Relationship building for cluster members.
- Development of early warning systems on conflict through intelligence gathering.
- Engaging in conflict resolution between stakeholders.
- Provision of a conducive and peaceful atmosphere within the community for the companies, their agents, contractors and subcontractors to work free from disruption, invasion, disturbance, interference and threats.
- Mediation in intra-community conflict, inter-community conflict, community -company conflict
- Liaison with security organisations when required.

### **3.3 Board of Trustees**

The Board of Trustees is a legally required body for incorporation of the Cluster Development Board at the national level.

Members of this body need not be resident in the community but must be respected individuals trusted by the community members they represent.

SPDC, and other funding partners, shall also be represented on the Board of Trustees.

Members of the Board of Trustees must be selected by interview process, swear an Oath of Office and adhere to the Code of Governance outlined in 3.5.

#### **3.3.1 Selection criteria for members of Board of Trustee:**

One or all of these criteria shall be used in selecting members of the board of trustee:

- Trustees shall be selected for their status, influence, contacts or public standing. The board will benefit from committed and influential people to fundraise and raise its profile.
- Trustees shall be selected for their specialist skills or knowledge. The board will benefit from individuals that are highly skilled in relevant areas.
- Trustees shall be selected because of their interest in the development of the cluster. The board will be in tune with the needs of the people in the cluster.

#### **3.3.2 Specific Functions of the Board of Trustees**

Upon its creation, the Board of Trustees shall:

1. Ensure that the Cluster Development Board's activities are within the law
2. Ensure that the Cluster Development Board's activities are within the objectives and powers as stated in its Constitution
3. Ensure that financial controls are in place for the Cluster Development Board and Community Trusts
4. Lobby for Funding
5. Act as a final Court of Appeal
6. Appoint the external auditors in conjunction with the Cluster Development Board
7. Approve policies and procedures of the Cluster Development Board and its Sub-Committees.
8. Approve CDB Mission Statements and organisational aims and objectives
9. Grant approval to the overall Cluster Development Plan budget

### **3.3.3 Tenure of the Board of Trustees**

The tenure of the board of trustee shall be 5 years from the time of its inauguration. No person shall be allowed to serve as member of the board of Trustees or hold any other official position in the cluster/GMoU after serving single five (5) years tenure as a member of the Board of Trustees

### **3.3.4 Size of Board of Trustee**

The size of the Board of Trustee shall be in accordance with the annual funding for the Cluster:

Annual Funding	Size of Board of Trustee
< N50 M – N99M	5
N100M – N249M	6
N250 M – N499M	7
N500 M +	7

### **3.4 Steering Committee**

A steering committee chaired by government will oversee compliance and monitor performance by all parties.

### **3.5 Meeting Frequencies**

The following frequency is advised for CDB meetings:

1. The General House -monthly/bimonthly,
2. The Sub-Committees -As required, (not more than monthly)
3. The Board of Trustees -twice annually.
4. Steering Committee – once a quarter

Emergency meetings of the CDB members can be called as at when required.

### **3.6 Constitutional Issues**

In line with the Company and Allied Matters Act, the Cluster Development Board and the Community Trust will be expected to have a constitution and by-laws. They must also register their organisations as appropriate for their status and function.

#### **3.6.1 Registration**

Registration confers legal status on the CTs and CDBs, as they are guaranteed by the laws of the State and the Federal Republic of Nigeria. As a result, the CDB can engage with companies and organisations in a process which details legal obligations and protects legal rights. The CDB and the CT should register with the state government. The Community Development Foundations constituted by the cluster and its Board of Trustees should be registered with the Corporate Affairs Commission (CAC).

The Community Trusts and Cluster Development Board shall be guided by the mentoring NGO to register with the State Government/CAC following the steps below:

- Obtain the guidelines for State/CAC Registration.
- Determine the appropriate Ministry with whom to register.
- Obtain and fill the registration form.
- Pay the necessary prescribed fee.
- Obtain certification.

#### **3.6.2 CT and CDB Constitution and By-Laws**

The constitution contains the important framework of the institutions, while the by-laws contain the detailed procedures of their daily functions. Sample constitution and by-laws for CTs and CDBs can be found in the GMoU Toolkit.

Decision making on all issues with the exception of those listed below will require a quorum of 50% of membership strength.

- i. Cluster Development Plan.
- ii. Financial matters bordering on the budget.
- iii. Approval for constitutional matters.

Decisions on issues above shall require a quorum of 70% of the clusters board members.

### **3.7 Code of Governance for Members of the Community Trusts, Cluster Development Board and Board of Trustees**

#### **1. Selflessness**

Members have a general duty to act in the best interest of Community Trusts and the Cluster Development Board as a whole. They should not do so in order to gain financial or other material benefits for themselves, their family, their friends or the organisations they come from or represent.

## **2. Integrity**

Members should not place themselves under any financial/ other obligation to individuals or organisations that might seek to influence them in the performance of their role.

As well as avoiding actual impropriety, members should avoid any appearance of improper behaviour. Members should also avoid accepting gifts and hospitality that might reasonably be thought to influence their judgment.

## **3. Objectivity**

In carrying out their role, including making appointments (e.g. Trustee appointments), awarding contracts, recommending individuals for rewards amid benefits or transacting other business, members should ensure that decisions are made solely on merit.

## **4. Accountability**

Members have a duty to comply with the law on all occasions in accordance with the trust placed in them and in such a way as to preserve public confidence in the CTs and CDBs.

Members are accountable for their decisions and actions to the public, funders and service users. They must submit themselves to whatever scrutiny is appropriate to their role.

## **5. Confidentiality and Openness**

Members should ensure that confidential material, including material about individuals, is handled in accordance with due care.

Members should be as open as possible about their decisions and action that they take. They should give reasons for their decisions and restrict information only when the CTs' and CDBs' interest clearly demands it.

## **6. Conflict of Interest**

Members have a duty to declare any interest relating to their Community Trust and Cluster Development Board membership role and to take steps to resolve any conflicts that may arise. Where private interests of a CT and / or CDB member conflicts with their membership duties, he / she must resolve this conflict in favour of the membership role.

Whilst it is not possible to list all situations or relationships which may create a conflict of interest or the appearance of one, a few examples are listed below;

- Holding a financial interest, performing services, serving on a board of directors of a company seeking to provide services for the CDB
- Family interest or personal interest or relationship such as a 'close relative' involved in/soliciting business dealings with the CDB/CT
- Hiring a relative
- Financial or other participation in contract/supplier/customer/competitor of the CT/CDB
- Substantial interest in a contract/supplier/customer of the CT/CDB. A 'substantial interest' means any economic interest that might influence or appear to influence your judgement.

Members must make relevant declarations of interest in the different circumstances and roles they play both within and outside the CT and CDB

Any Cluster Development Board member, Community Trust member or Trustee who has an interest in a matter under discussion should declare the nature of his/her interest and withdraw from the room, unless he /she has a dispensation to speak.

- If a Cluster Development Board member, Community Trust member or Trustee has any interest in the matter under discussion which creates a real danger of bias, that is, the

interest affects him or her or a member of his/her household, more than the generality affected by the decision: he/she should declare the nature of this interest and withdraw from the room unless he/she has a dispensation to speak.

If a Cluster Development Board member, Community Trust member or Trustee has any other interest which does not create a real danger of bias, but which might reasonably cause others to think it could influence their decision, he/she should declare the nature of the interest, but may remain in the room.

## **SECTION 4. Administrative Policies and Procedures for GMoU Implementation**

### **4.1 The Community Office/ Secretariat**

The Administrative infrastructure is required for carrying out day-to-day activities of the Community Trusts and Cluster Development Boards. This administrative infrastructure shall be provided through a community office and CDB Secretariat at the respective community trust and cluster levels.

#### **4.1.1 Structure**

The CT Office shall be run solely by CT Executives. No employed staff is required. CTs are encouraged to use existing and functional facilities in their community such as their Town Hall and women centres. CDBs with limited administrative funds are encouraged to use similar facilities within the cluster

The CDB Secretariat shall be managed by staff employed on short term basis (two-year renewable contracts). The secretariat is responsible for day-to-day activities of the CDB and is accountable to the Management Committee.

#### **4.1.2 Functions of the Secretariat and Community Office**

The various functions of the Secretariat and Community Office include, but are not limited to:

- Provide support to the CDB and CT to achieve their development goals.
- Set up and maintain activity records of the institution on a daily basis through the Finance and Admin Officer/Assistant.
- Present monthly progress and financial reports to the institution through the Technical Committee and Finance and Resource Management Committee (for the CDB), and the Secretary/Financial Secretary (for the CT).
- Build up and care for a stock of resource materials (e.g. books) related to sustainable community development.
- Collect, collate and store data for planning, monitoring, evaluation and reporting sustainable community development.
- Perform other duties that may be defined from time to time.

#### **4.1.3 Location of the Community Office and Secretariat**

The location of the Community Office/Secretariat in the cluster is critical to ensure it properly fulfils its functions. In choosing the community where the Secretariat should be located, communities should be encouraged to consider the following issues:

- Access to communication - GSM, Postal, etc.
- Availability of amenities - Water, electricity, meeting area, etc
- Ease of access - Transport (water and land) routes

- Centrality/accessibility for all cluster communities
- Land Tenure - the location must not be in a disputed location

#### **4.1.4 The Physical Structure**

Communities and clusters should be encouraged to tailor the size of the physical structure of the Secretariat to their resources. The strategy for meeting the initial cost of setting up the Secretariat would have to be agreed by the community/cluster.

Possibilities include:

- Renting a facility for the purpose (CDB Secretariat).
- In communities with large and under-utilised town halls, assigning part of the premises as the Community Office for the CT.
- Raising funds specifically for the construction of a Secretariat.
- Building and equipping own structure and capturing cost as a project development charge for the first year.

Other options could be identified and utilised by communities within the cluster.

Prior to renting or building the Secretariat, the CDB shall ensure proper lease agreements between the organisation, the landlord and planning authorities. Premises should not be rented unless the legal owner can be established. Building should be constructed on legally acquired and registered land.

A community donated structure for Community Office/Secretariat use must have a document of authority in which it must be duly stated that the building and land were donated to the CT /CDB. In addition there must be legal documentation showing legal ownership of the owner of the property and a proper legal instrument donating the property.

#### **4.1.5 Key Secretariat / Community Office Requirements**

In the initial establishment period, the following is suggested as key office requirements:

##### **Community Office (for CTs):**

A small, preferably one-room, secured office at the CT level furnished with filing cabinet, small safe, and desk(s) and chairs.

**Secretariat (for CDBs):**, the Secretariat should house a secured office, a meeting/conference room and library/resource centre.

Allowable capital expenditure is in the first instance limited to:

- Office furniture (Basic)
  - Desks and chairs
  - Filing cabinet
  - Computers/Printers /Scanner /Copiers
  - 1 Standard Safe
  - Telephones
- Fans

- Generator; Solar power (CDB only)

#### **4.1.6 Maintenance and Repairs**

- i. Insure contents of the offices with a reputable insurance company.
- ii. Keep all public and work areas clean and attractive. Repairs and maintenance shall be carried out as required to provide safe, fully functional office/premises.
- iii. Conduct monthly housekeeping checks in respect of regular inspection of fire control devices and electrical appliances to impede fire outbreak.
- iv. When major maintenance or alterations are required, the person designated by the CDB or the Management Committee (with the assistance of a technician or skilled person where feasible) shall conduct a survey of the premises. This will, determine operating and capital budgeting requirements for repairs, maintenance and alterations (should the lease permit same).

### **4.2 Human Resources Management**

This section provides guidelines for recruitment and management of employed staff by the CDB to run the CDB Secretariat.

#### **4.2.1 Secretariat Staffing**

CDBs with sufficient Administrative funds shall recruit a Development Programme Officer (DPO), Finance and Administration Officer (FAO) and support staff (Cleaner and Security) to assist their activities. All positions are field based and the following minimum skills and qualifications are recommended:

- i. At least 2 years professional experience for the core staff and 1 year experience for support staff.
- ii. Requisite Higher National Diploma (HND)/B.Sc qualification in finance or business admin (for Finance and Admin Officer)
- iii. Requisite HND/B.Sc ) qualification in community development or a social science course (for Development Programme Officer)

These staff shall be employed on short term basis (two-year renewable contracts) and shall be mentored by the Mentoring NGO assigned to the cluster.

CDB's with limited administrative funds should limit staff recruitment to one person who can take on the role of both FAO and DPO or explore other cost management options such as engaging youth corps.

#### **4.2.2 Recruitment**

Appropriate recruitment policies and procedures, with reference to this guide, shall be developed by the CDB with support from the mentor NGO and in consultation with the CTs. All

jobs will have clear job descriptions, copies of which can be found in the GMoU Toolkit. Terms and conditions of service shall be provided to all employees of the CDBs

#### **4.2.3 Salaries and Payments**

All Secretariat staff shall have health insurance pension and group life insurance cover as stipulated by the Federal Government. PAYE tax shall be deducted from staff salaries and paid to the State Inland Revenue service by the CDB.

Salaries should as much as possible be benchmarked with local government authority salary scale. All secretariat staff should open a bank account for easy transfer of salaries.

#### **4.2.4 Employer's Expectation**

All members of staff are expected to perform their duties loyally, diligently and efficiently to contribute to the achievement of the CDB secretariat mission and purpose. Terms of employment detailing code of conduct, performance management, grievance/dispute and disciplinary procedures are to be clearly outlined in the contract of employment signed between CDB and staff.

Any member of staff whose performance has consistently fallen below the standards expected by the CTs and CDBs, whose attitude to work is unsatisfactory, or whose continued employment is considered by the Management team to be detrimental to the organisation shall be disciplined in line with these procedures. (See GMoU Toolkit for sample Disciplinary procedure)

### **4.3 Stores and Asset Management**

#### **4.3.1 Asset Management**

All large assets of CDBs and CTs will be comprehensively insured with reputable insurance companies.

##### **i. Asset Register**

A comprehensive register of all the organisation's assets shall be maintained. The register shall be updated regularly to record additions or deletions of assets.

An asset register should include this information:

- Asset category
- Description of asset
- Purchase date and cost
- Supplier or vendor
- Location of the asset
- Inventory or identification number
- Condition of the asset
- Accumulated depreciation
- Net book value

In the interest of transparency, all CDB members are free to monitor the inventory and inspect all items and accompanying receipts.

## **ii. Fixed Assets File**

All fixed assets shall be labelled as appropriate following these procedures

- Open a file card for all fixed assets recording all details on the asset register(Asset category, Description of asset, Purchase date and cost, Supplier or vendor etc)
- Record additional details such as: copies of receipts, maintenance records, important numbers (vehicles), insurance details, registration details, etc.
- Record who is currently in possession of, or responsible for the use of the particular asset.

## **iii. Usage**

The CT /CDB shall develop a system for issuing of assets required for project use. Personnel are responsible for equipment / commodities issued to them for use on the project. An asset check is to be done monthly by the Finance and Administrative Officer.

## **iv. Disposal of Fixed Assets**

The CDB shall develop clear guidelines and approval authority for the disposal of assets. The Finance and Administrative Officer will identify assets which can no longer perform their designated functions or which are unserviceable due to unavailability or difficulty in procuring the necessary spare parts and shall report this to the CDB through the Finance and Resource Management Committee. Following approvals for the disposal of the item, he /she shall dispose of the item and ensure its removal from the assets register. All unserviceable items should be sold at auction (Refer to the GMoU Toolkit for fixed asset and financial record keeping and related templates).

### **4.3.2 Consumables & Inventory Control**

The Finance and Administrative Officer of the CDB is responsible for Consumables and inventory control. The FAO is to follow laid down procedures for the procurement of consumables:

- i. Make recurrent purchases in bulk to ensure that the CDB does not run out of essential materials.
- ii. Maintain procured consumables in locked cabinets for distribution
- iii. Ensure recording of all of all stock in and out using a suitable ledger.

## **4.4 Health, Safety and Environment (HSE)**

### **4.4.1 HSE Policies and Procedures**

The CDB, with support from the mentor NGO will develop appropriate HSE policy and procedures for its activities. This will cover both administration and project implementation. In clusters with sufficient funding, an HSE officer should be hired to provide training and ensure staff, project committees and contractors comply with the HSE policies and procedures.

### **4.4.2 Security Procedures**

All personnel should be security conscious and either challenge anyone suspiciously found on the premises or immediately call this to the attention of the security guards.

#### **4.4.3 Emergency Procedures**

This section gives guidelines on incidents that occur during the course of official operations which demand immediate action. Below is a list of occurrences that constitute an emergency; this list is by no means exhaustive:

##### **i. Death or Serious Injury to Staff**

In the event of a life-threatening illness or injury, an appropriate medical facility deemed competent to deal with the emergency should be contacted and the staff member taken there. Upon such an occurrence, or in the event of death of a staff member, the CDB Executive/Management Committee or their designate should be contacted immediately.

In such instances, where a close family relation of the injured / deceased can be reached, a senior officer shall be delegated to go to the injured /deceased family relation to inform them of the occurrence.

In all cases, the respective CDB shall be kept fully informed to the extent and timing of all such incidents.

##### **ii. Fire or Threat of Fire**

Staff must be adequately trained in the handling of fire outbreaks. Fire/smoke alarms, emergency exits shall be installed in buildings to ensure rapid evacuation of personnel on site.

##### **iii. Robbery or Attempted Robbery**

In the event of a robbery in the office premises, staff are advised not to take an action, which could lead to a threat to his /her life or the lives of other team members. After the robbers have left, the local police should be contacted and a police report submitted. Thereafter, the Finance and Administrative Officer shall assess the situation and prepare a detailed report within 24 hours to the CDB /CT indicating injuries, financial and other losses. It is also important to mention any security lapses that may have aided the robbery.

##### **iv. Fraud or Attempted Fraud**

Staff and members of the CDB and CT are required to report fraudulent activities to the relevant authorities. They should also see that follow-up action is taken to the best of their ability.

##### **v. Riot**

In the event of a general breakdown of law and order at locations near the CDB Secretariat, and it is considered absolutely unsafe to remain there, the CDB Chairman should liaise with the local police for advice on what to do. The Secretariat staff should subsequently be informed of situation via telecommunications if available or, when it is considered safe to do so.

##### **vi. Accident**

In the event of an accident while on CT /CDB business, the CT /CDB Chairperson or Management Committee or Secretariat / Community Office should be notified. An official report on the accident should be made to the CT /CDB.

Where the accident is considered to be major, the police should be brought in to assess the accident before leaving the accident spot with a view to them issuing an official report.

## **4.5 Information Management**

### **4.5.1 Records Management**

Documents serve as resources to the CTs and CDBs. They assure continuity of the learning process, guide the activities to be done and record the outcomes and impacts of those activities. Recording, organising and storing information effectively is strongly encouraged. CDBs and CTs are encouraged to utilise skills and experience of persons (for example, retired civil servants) within the community to assist in record keeping. Key activities include, but are not limited to the following:

#### **1. Filing**

All reports, correspondence, and other material shall be documented and hard copies kept in the Secretariat / Community Office.

- i. Relevant officer signs and dates all documents that have been actioned and forwards to the Secretariat / Community Trust for filing.
- ii. Secretariat to make hard copies of data/information in electronic form and file.
- iii. Store all back-up media such as CD Roms in a metal cabinet in the office.
- iv. File all completed CT/CDB project records.
- v. Back up all hard copies of records and store electronically.
- vi. All project records of each CT /CDB Project shall be handed over to the CT/ CDB for appropriate storage after project completion.

#### **2. Protection of and Access to Records**

Project data and records shall be kept in good condition and secured from accidental damage and loss. The Secretariat and the Community Trust are encouraged to ensure that appropriate and adequate measures are taken to protect records from damage and /or accidental loss. Access to office records and files will be restricted to persons for whom access is required to perform their functions.

The CTs and CDBs shall facilitate access to Technical and Financial records where they are required by individual community members and interest groups and to reinforce OPPG principles and good practices.

#### **3. Retention and Storage**

CDBs and CTs should take reasonable and appropriate steps to retain and store records in a clean and safe environment. The retention of documents should be guided by the regulations/laws of the Federal Republic of Nigeria and requirements of donor organisations where retention periods stipulated by the organization is longer than the requirement of the Nigerian law. Care should be taken when storing records to ensure that they can be easily recovered if and when required.

### **4.5.2 Communication and Reporting**

Effective stakeholder engagement through prior and informed consultations with stakeholders to achieve mutually satisfactory and sustainable outcomes is key to the success of the GMoU. It is

therefore imperative to ensure effective and reliable communications with the CDB Secretariat, Community Trust and between sub-committee and ad-hoc committee members who must communicate with one another in the course of carrying out their duties and implementing projects.

Information from sender to respondent shall be channelled through the appropriate communication means (telephone, memos, mail, etc) as established by CDB or Management Committee

Annual Development Plans, budgets, expenditure reports, vacancy notices and general information should also be published and placed on a notice board conveniently located in the CDB Secretariat.

### **Internal Reports**

The CDB Secretariat /Community Trust Office is expected to submit monthly status reports as required by the CDB or CT. Additional reports may be required by staff to meet project demands. The language of all reports must be simple, clear, positive and impersonal and should be in the agreed format. Report formats should include; progress (narrative and photographic) other activities, constraints and recommendations.

The Finance and Administrative officer shall produce and present a cumulative monthly financial report to the CDB /CT.

#### **4.5.3 Confidentiality**

The CDB shall be required to make available all documentation relating to the planning and operation of its activities to its partners, donors and the cluster. However there are times when correspondence should be confidential. Confidential documents include:

- i. Staff engagement, letter of employment.
- ii. Matters pending in investigation or further corroboration.
- iii. Issues pending - details required for clarification.

If there is any doubt by a staff member as to whether certain information is confidential, the individual should contact the CDB Chairperson or Management Committee.

A disciplinary procedure shall be instituted against any staff (including volunteers) or member who attempts to or divulges any information deemed to be confidential.

## **4.6**

## **SECTION 5. The Project Planning and Implementation Process**

The CDBs and CTs shall utilise the GMoU funds for the types of projects and activities identified through a participatory and inclusive process, to improve the quality of life and provide sustainable development across the Cluster.

The project planning and implementation process shall include;

- The preparation of a development plan based on community-perceived needs,
- Formulation of a detailed project or programme plan,
- Implementation and monitoring.

At all stages, the core principles outlined in Section 1 should guide this process. One of the main objectives of a participatory process in community development is to facilitate the involvement of all segments of the communities in thinking through and taking ownership of their own development.

### **5.1 Preparation of Community Development Plans and Annual Project Plans**

The community trust in conjunction with the mentoring NGO, shall work with community members to carry out a Sustainable Livelihoods Assessment (SLA). This will be done by

1. Identifying and engaging key and relevant stakeholders under each development sector to identify development challenges, needs and possible projects/programmes to be implemented under their sector.
2. Using appropriate participatory planning tools to further build up on potential areas of socio-economic development focus identified during the SLA.

The fields to be captured or emphasized in the development of the 5 year Community Development Plans(CDP) shall include:

- i. Thematic areas
- ii. Target beneficiaries
- iii. Baseline
- iv. Project Cost
- v. Cost/Resource Contribution by Communities (Cost share)
- vi. Development Champions (Donors who can support the intervention)
- vii. Sustainability Plan by the Community
- viii. Target Dates

Projects/programmes in the 5 year CDP should be prioritised using appropriate ranking tools and should be balanced in addressing needs of the different segments of the society. Once the Community Development Plan is ready, the CT (with support from the NGO) will facilitate the development of an Annual Business Plan.

The Business Plans should contain the following information:

- Project theme
- Project description
- Target Beneficiaries
- Baseline
- Expected output and output indicators
- Sustainability plan
- Time schedule
- Alignment to local and global developmental goals
- Proposed Cost.

## **5.2 Resource Distribution for Project Planning.**

One of the most critical roles of the CDB is to ensure the equitable distribution of cluster funds to meet identified needs within the entire cluster.

There are two levels to which funds should be applied:

- Common interest projects /programmes - cluster wide in scope and impact, and;
- Community level projects - community specific and manageable within the community's capacity.

The CDB must balance the desire of the individual communities to meet their own development goals with the overall interest of the cluster as a whole. Examples of this could be projects such as electricity, education, health insurance schemes which benefit multiple communities and promote unity.

Cluster communities are encouraged to work together on common interest projects and utilise GMoU funding according to the prioritised needs of the communities within approved budget in the cluster regardless of the community's status. As stipulated in the GMoU Agreement signed, the CDB needs to apply 15% of the GMoU project funds specifically for women targeted projects and programmes.

### **5.2.1 Planning Timeframe**

A Community and Cluster Development Plan shall be developed with a five year period in view and shall be subject to an annual review to accommodate changes in situation and priority. As much as is possible, the plans shall be aligned with the millennium development goals, SPDC Social investment focus and Government policy documents such as LEEDS and SEEDS as reference to ensure synergy of development focus areas at all levels and avoid the replication of projects.

Cluster Development Plans shall cover 'regional' projects that are either distilled from the community development plans in the cluster or derived from identified socio-economic projects that address the common/cross-cutting development needs of the communities in the cluster.

## **5.3 Project Selection**

Projects to be funded should meet the following criteria:

- Must have been identified by the community and contained in their Community Development Plan (CDP).
- They are Cluster wide projects that serve a common interest or are deemed necessary by the whole cluster. These should be given preference whilst ensuring there is a spread of impact across all communities.
- They are considered to be technically feasible and can be realistically managed and maintained by the community.
- Are aligned with the Millennium Development Goals (MDGs).
- Can demonstrate employment generation potential and other positive social impact.
- Project must be legitimate, i.e. within the laws of the land and incapable of resulting in reputation damage to sponsors such as SPDC or other donors.
- Have clear maintenance and sustainability plans.
- Demonstrate the use of alternative low maintenance technology options such as solar to replace the use of such items as fuel/diesel generators.

In cases where the cost of a project far exceeds the total provision within the GMoU budget, there must be either

- a. A clear Letter of Agreement (LOA) from other donors from whom the balance will be raised. The Letter of agreement should first be matched by fulfilled pledges before the commencement of the agreed project
- b. or project phasing to allow completion over a 2 to 3 year period.

GMoU funds are intended solely for development and must not be used to fund recreational activities such as festivals, end of year parties, etc.

#### **Projects should not be selected if:**

- They are likely to have a negative social and /or environmental impact
- Number of beneficiaries is likely to be restricted to benefit captors.
- They are not development focused.

Following project selection, the Cluster Development Plan and indicative budget should be reviewed by the CDB. As part of the review process, the appropriate CDB sub-committee should engage and share the completed CDP with the Local Government Authority and relevant State and Federal Government Ministry/Department/Agency to ensure it align with the LEEDS, SEEDS and the Niger Delta Regional Development Master Plan.

Community Trusts will then adapt and amend their Annual Development Plans based on the decisions made at the Cluster Level.

Prior to implementation and following CDB review, the cluster development plan should be submitted to SPDC for approval.

## **5.4 Project Implementation**

### **5.4.1 Project Implementation Committee (PIC)**

At the community level, proposed interventions (projects) will be managed by ad-hoc Project Committees formed specifically for the purpose of planning and implementing projects outlined in the community's Annual Business Plan.

Project Implementation Committee (PIC) members will be drawn from:

- i.the CTs
- ii.community members with relevant experience and
- iii.Potential beneficiaries.

Members of the PIC should demonstrate technical competence of the project they are planning/implementing and should reside in the community.

Specific Functions of the Projects Implementation Committee shall include:

- i.Production of a project proposal
- ii.Preparation of a Bill of Quantities
- iii.Mobilisation of community contribution (Materials, Labour / time, Land, Buildings)
- iv.Oversight of project implementation
- v.Preparation of Narrative Report

The Mentoring NGO and the CDB Secretariat shall provide technical assistance and support to the Project Implementation Committee in performing the functions above.

### **5.4.2 Project Proposals**

The project proposal to be developed by the Project Implementation Committee shall contain the following information:

- i.Nature of the Project
- ii.Background and development need(s) addressed
- iii.Project goals and objectives
- iv.Project Beneficiaries
- v.Scope of Work.
- vi.Available fund and Project cost Estimate.
- vii.Time frame
- viii.Implementation method (direct labour or contracting)
- ix.Plan for project management and sustainability, indicating specifically who will take responsibility for project milestones delivery.
- x.Monitoring and evaluation plan.
- xi.Potential environmental impacts.
- xii.Detailed Bill of Quantity (included as an appendix to the proposal)

The Mentoring NGO and SPDC shall provide necessary technical assistance, include standard design, BoQ formats, monitoring guides, and other capacity building and training as may be required for an effective and transparent community contracting process that would deliver value, on time and within budget.

The Community Trust will review the project proposal and forward to the CDB through the Technical Committee for approval and implementation if it meets all required criteria.

Part A submissions (project proposal) will be made using the proposal format in the GMoU Toolkit.

#### **Additional requirements for various Project Categories**

- i. Infrastructure type projects: facility management and sustainability plan for infrastructure projects must be clear and agreed up front and in writing by all stakeholders. Submissions should include technical drawings, Bill of Quantities, other relevant specifications and letter of consent from appropriate ministries if relevant.
- ii. Economic empowerment type projects: financials must demonstrate sustenance and growth.
- iii. Human capital development type projects especially facility upgrade, extension or new, school blocks, teachers quarters, etc: an agreement with an approval of relevant government authorities on manning, and other support must be in place.
- iv. Community health and similar projects: equipment and other support services from relevant government authorities must be in place

#### **Submission of Proposals**

- i. Proposals must reach members of the Technical committee at least 1 week before scheduled project review meeting.
- ii. Proposals including BoQ and Technical drawing, shall be reviewed by all parties of the Technical committee and the SPDC Community Infrastructure Projects Team.
- iii. Recommended proposals are forwarded to Finance and Resource Committee for financial approval.
- iv. Project recommendations are then presented to the CDB plenary for final approval and contract approval (Part B).
- v. The Secretaries to the Technical and Financial/Resource Management Sub-Committee shall record the minutes of all project approval meetings and ensure that all partners to the GMoU endorse the minutes not later than 48 hours after the said meeting. Such minutes shall then be retained in both electronic and hard copies for the records. At the expiration of the audit year or support of the Mentor NGO these records shall revert to the CDB Secretariat for storage and archiving.

Copies of such proposals shall be distributed to NGO, SPDC and CDB.

### **5.4.3 Contracting**

A contract is required for any activity or task given to a third party for the delivery of goods and / or services required for the successful implementation of a project. Where the services of a third party is required, (eg. a contractor, technician or consultant, etc), the technical committee of the CDB will be required to produce an Invitation To Tender (ITT) document to be advertised within the cluster communities.

The Invitation to Tender shall include amongst others the following information:

- Scope of work
- Time frame for work completion
- Technical requirements
- Conditions of Tender
- Specific requirements, if any, relating to the bid submission (i.e. the need to separate the technical and financial bids, etc)
- Proposed contract documents

The Invitation to Tender should also request the following information:

- A capability statement with records of previous work, assets, CAC registration, CDB registration and a bank reference.

Once a service provider has been chosen in accordance with contracting procedures, Project Implementation Committees, technical committees and mentoring NGO will monitor their work to ensure the project is carried out to specification. Payment will be made in accordance with contracting procedures specified. Necessary materials will be procured according to procurement guidelines detailed in Section 5.6

#### **Contracting Process:**

Produce and advertise an “**Invitation to Tender**” document based on the project work scope through available media. Post copies of advertisement on the CT/ CDB notice boards and where external expertise is required, circulate outside the community or cluster

- i. Bids for tender shall be invited from CDB registered contractors
  - Contractors shall be requested to produce bid that contain both technical and financial (commercial) aspects.
  - The technical bid shall contain a competency or capability statement from the bidder. This should cover: bidder's area of expertise, experience of similar projects, relevant technical and financial information
- ii. Bid Registration & submission: Register tenders with the Finance & Administrative Officer of CDB. Tenderer should obtain proof of submission of the tender. Bids should be dropped in specially prepared boxes that are secure and locked with 2 padlocks. The keys to the padlocks will be held by:
  - The CDB Secretary.
  - A designated member of the CDB Technical Committee

- iii. Bid Opening & Review: Open boxes in the presence of all members of the Technical Committee on tender due date.
  - Review bids; The CDB Technical Committee will review technical bids, while the Finance and Resource Management Committee will review commercial bids.
  - Nominate the best bid (both technical and commercial) for award following bids review and analysis.
- iv. Contract Offer & Award: The CDB Secretary shall send an award letter to the contractor and request contractor's response with an acceptance letter.
  - The Finance & Administrative Officer of CDB shall prepare and execute contract document for signing after acceptance.
- v. The mentor NGO shall record the minutes of all contract approval meetings and ensure that all partners to the GMoU endorse the minutes not later than 48 hours after the said meeting. Such minutes shall then be retained in both electronic and hard copies for the records. At the expiration of the audit year or support of the Mentor NGO these records shall revert to the CDB Secretariat for storage and archiving.

This process is followed for any project valued at N500,000 and above. It may also be applied to contracts of lower value if the CT or CDB so decide. The process will be facilitated by the NGO and Secretariat staff.

#### **5.4.4 Contractor Registration**

All contractors who wish to work with the CDB must register with the board and meet the following requirements as a minimum:

1. Contractor registration with the Corporate Affairs Commission and evidence of tax remittance to the state.
2. Payment of a contractor registration fee. The registration fees will be used to validate the claims and documentation of registering contractors. The amount charged will be determined by each CDB.
3. Expertise in the line of business for which contract is being sought residing in his organisation.
4. A Company HSSE policy and code of conduct.
5. Must demonstrate a level of financial liquidity that can enable them to continue execution of work without stoppage during processing of next milestone payment
6. Demonstrate capability in the preparation and submission of technically and commercially sound bids with community content considerations.

To avoid Conflict of Interest (COI) and Performance Management issues, serving members of the CDB must not have any pecuniary interest in a contractor.

#### **5.4.5 Project Monitoring and Evaluation**

The CT will be responsible for ensuring the completion of the project and that the project progresses according to specified milestones. They will be supported in monitoring and evaluation by the technical committee and mentoring NGO.

Final Project evaluation shall be carried out by joint monitoring committee made up of SPDC Engineer/other development partners, technical committee, NGO and CT.

#### **5.4.6 Implementation of Cluster Projects**

For cluster wide projects, the Technical Committee shall recommend and establish a Project Implementation Committee to work with the Secretariat of the Cluster Development Board. The same process outlined for project implementation above will be followed.

## **SECTION 6. Financial Policies and Procedures For Community Trusts and Cluster Development Board**

The initial funding of the CDBs and CTs shall be based on the sum provided for in the GMoU agreements signed with the various clusters. In time, it is expected that, as the clusters build partnerships, they will be able to mobilise additional resources from donors, government and even their own communities.

In order for the CDBs and CTs to function effectively, manage their funds properly and build donor confidence, they must have transparent financial policies and procedures.

### **6.1 Funds Disbursement from Escrow Account**

- Request for funds disbursement is submitted by CDB chairman to GMOU advisor supported with community project contract document.
- GMOU advisor forwards funds disbursement request to GMOU team lead for review and approval.
- GMOU Advisor sends approved funds disbursement request to finance for funds disbursement confirmation.
- Finance Advisor reviews funds disbursement request to ensure alignment with agreed project milestones vis-à-vis evidence of VOWD (Invoice, WCC, copy of cheque and project pictures) for previous milestone where applicable and obtains BFM disbursement confirmation. Completed Milestone certificate must be signed off by SPDC Engineers and GMOU team lead after satisfactory inspection of project milestone.
- GMOU Advisor raises cheques in name of community contractor for GMOU managers' signature after BFM funds disbursement confirmation support has been received
- GMOU manager signs cheque after confirming BFM support has been secured releasing money to community contractor via CDB chairman
- GMOU Advisor must maintain a cheque register for all cheques issued to the community vendors.
- On completion of project/project milestone. Work Completion Certificate (WCC) is signed off by SPDC Engineer and GMOU team lead after satisfactory inspection of project milestone in conjunction with CDB technical committee representative.
- When a project is completed by the CIP, documents are submitted to the Finance Focal Point for posting to the Cost Ledger which includes:
  - Copy of cheque
  - Photocopy of Work Completion Certificate
  - Photocopy of Vendor/Contractor Invoice
  - Copy of Community Project Contract document containing schedule of project milestone breakdown from each project)
- Finance Focal Point reviews documents for accuracy and completeness and if documents are in line, a journal is raised to post document amount to cost ledger whilst same value is simultaneously reduced from the outstanding balance in the Pre-payment Account.
- Finance Advisor obtains BFM approval for journal posting and on BFM approving goes ahead to post journal into SAP.

- A monthly reconciliation meeting is carried out between line finance business advisor and the corporate finance reconciliation team to verify accuracy and completeness of the GMOU balances contained in the working capital account vis-à-vis the bank balances in cluster bank account.

### **6.1.1 Signatories to CDB Bank Accounts**

The CDB shall maintain a SPDC/CDB Joint account in respect of the GMoU. This account will have two - three signatories and one alternate for each of the signatories

- The SPDC Rep (mandatory);
- The Chairperson of the CDB or his Vice Chairman, who serves as an alternate (mandatory)
- The Secretary or the Board Treasurer as alternate
- State Government /Donor Agency Rep. (Where applicable)

All CDB signed cheques must first be verified and confirmed by the SPDC Designated Representative before submission to the designated banks.

A person shall cease to be a signatory to the GMoU bank account if he ceases to be a member of the CDB:

- i. By his/her death or resignation,
- ii. if investigated and found to be fraudulent or
- iii. if the CDB receives a notice in writing from the stakeholder he/she is representing withdrawing/ replacing such person.

### **6.1.2 Project Budgeting**

Under the GMoU, CDBs and CTs are required to produce a budget for all funds to be utilised. In this budget, a minimum of 90% of all funds granted to the CDB shall be used for community projects as prioritised in the CDP's. In addition 15% of the GMoU project funds will be specifically for women targeted projects and programmes as stipulated in the GMoU Agreement signed.

### **6.1.3 Financial Expenses for the Running of the Community Offices and Secretariat**

10% of the total funding for each cluster shall be used for the Administrative Management of Community Offices and Secretariat. 5% of this administration fund is to be used for the administrative management of the CDB Secretariat for the following purposes:

- Rent
- Salaries of the full-/ part-time staff including the cleaner, security and driver, where applicable
- Project supervision and commissioning
- External auditors
- Communications (Publications, website design and maintenance)
- Registration with relevant bodies
- Statutory bills/levies
- Utilities (telephones, internet, electricity, etc.)

- Logistics (transportation, fuelling of generator and vehicles for project monitoring, etc.)
- Entertainment allowance
- Stationery and Consumables

In the interests of long-term viability of the CDB, take home pay for CDB staff should be negotiated by the CDB on a case by case basis but should reflect local government salary scales.

The budget shall be followed and financial reports should indicate any variance to the organisation's budget. (Refer to the GMoU toolkit for budget templates and other financial reporting documents.)

#### **6.1.4 Community Level Budgeting**

- i. Community projects are prioritised through the SLA process referred to earlier in Project Planning. These projects articulate the community's development goals, long-term focus and form the basis of the five year Community Development Plan.
- ii. The Community Trust will estimate the cost of the highest ranked projects with support from the mentoring NGO and community members with the technical capability.
- iii. The Community Trust shall then create an Annual Business Plan based upon priority, estimated cost, and other criteria. This plan will then be submitted to the Cluster Development Board for prioritisation at the cluster level and inclusion in the Annual Cluster Business Plan.

#### **6.1.5 Cluster Level Budgeting**

- i. The Secretariat will be responsible for collating the various Community Business Plans. It shall resolve cluster versus community interest projects, prioritising common interest projects as described in section 4.
- ii. The Board of Trustees, where applicable and in line with best practice, shall approve the recurrent budget (running costs, allowances, salaries, technical assistance, and other remunerations) for the CDB.
- iii. The CDB shall hold the funds for all administration and capital expenses for the Secretariat.

### **6.2 Income**

Initially, the only assured source of income for the clusters is the annual SPDC payment made based on the agreed value in the signed GMoU with the cluster. In line with the community-led development focus of the GMoU model, mentoring NGOs should encourage communities and build their capability to mobilise additional resources from internal and external sources.

Possible sources of funds include:

- Community levies
- Government funds (including NDDC)
- Donor agencies

- Endowments funds
- Top up funds

### 6.3 Recurrent Expenditure

Recurrent expenditure covers running costs, allowances, salaries, technical assistance, and other remuneration. In this sub-section travel expenses and management of the imprest / petty cash is addressed.

#### 6.3.1 Guidelines for the Allocation of Recurrent Expenditure

The following table provides guidance on how funding should be allocated to the various administrative activities of the CDB and CTs

S/N	Funding Area	% of Admin Funding	
		1 <sup>st</sup> year allocation	Allocation for other years
1.	Salaries (CDB only)	25	25
2.	Office Rentals/Maintenance	20	15
3.	Petty Cash/Imprest (Communications, Stationary, Utilities, Entertainment etc)	25	35
4.	Travels (Transportation)	5	10
5.	Office Equipment	15	0
6.	Fuel	5	10
7.	External Auditors (CDB only)	4	4
8.	Bank Charges	1	1

Table 4: Guidelines for the Allocation of Funds for Recurrent Expenses.

Allocation of administrative funds: It is imperative that secretariat staff salaries and rent are ring fenced as 1st line charge and petty cash/imprest is kept below the recommended allocation.

#### 6.3.2 Imprest / Petty Cash

Imprest / petty cash shall be maintained at CT and CDB level to service financial requests for recurrent expenses only. The guidelines for operating the imprest / petty cash account are listed below:

- i. Amounts lower than N20,000.00 at CT level and N30,000.00 at CDB level will be paid by cash
- ii. Imprest should be replenished on a monthly basis.
- iii. Need based replenishment shall be approved by the FRMC at the CDB Level, and by Chairperson and Financial Secretary at the CT Level.
- iv. Limits of the imprest account should be for the CTs and CDBs as follows:
  - First Year - 35% of total Administrative Cost
  - Subsequent Years -35% of the total Administrative Cost
- v. Imprest should be spread out evenly according to the number of months.

- vi. Imprest must have approved retirement of funds before a new one is approved
- vii. Physical checks of imprest must be carried out regularly.
- viii. Proper records of all imprest shall be kept using appropriate documentation for recording imprest disbursements. This should include:
  - Petty cash voucher
  - Assets register
  - Travel advance form
  - Claims forms
  - Retirement form

### 6.3.3 Travels

CDB staff, whose positions require that they travel, are to file monthly travel schedules in advance with the Management Committee of the CDB.

Operational vehicles and/or boats can only be procured for use at the CDB level. The vehicles shall be used for official purposes only with project monitoring activities taking priority. The vehicles shall only be parked at the Secretariat or at the nearest police station if outside the community where the secretariat is located.

#### Travel Authorisation

Authorization for the use of the vehicles and boats shall be provided by the CDB Secretary.

All travels must be well documented and properly authorized by the responsible person in the CTs and CDBs.

Travel shall include the following costs:

- Transport
- Accommodation
- Meals

#### Travel Plans

Each CT and CDB **MUST** have a monthly travel plan based on scheduled meetings and project activities. This should be developed ahead on a monthly basis.

#### Guidelines for Community Trust/CDB Travels

- Travels must be justified, and approved
- Generic travel approval and expense form should be used
- Travel dates shall be for a specified and agreed period.
- The travel schedule shall be for official CT/CDB related purposes only.
- The CDB shall determine a schedule for local travel costs within the cluster. This shall apply to the CDB and all CTs in the cluster.
- Travel rates should be based on available public transport costs.

#### Approval guideline for Community Trust Travels

- Chairperson and Financial Secretary SHALL approve all travels.
- CT Chairperson shall determine the limit of travel for CT members.

- Chairperson should present a travel schedule to the members of the CT for approval during routine monthly meetings.
- Money is collected from the treasurer and recorded by the Financial Secretary

#### **Approval guidelines for Cluster Development Board Travels**

- Travel requests shall be authorised by the relevant sub-committee chairperson, and approved by the CDB Chairperson.
- Chairperson should present his travel schedule to the CDB for approval during routine monthly meetings.
- The CDB shall determine the limit of travel for the Chairpersons of the CDB committees.
- The Finance and Admin officer will be responsible for keeping financial records including travels expenses
- Money is collected from Treasurer and recorded by the Finance and Administrative Officer

### **6.4 Project Financing**

#### **6.4.1 Project Funding:**

- All project funds will be drawn from the SPDC/CDB Joint account
- All Payments will be made by cheque save for exceptions stated in Article 6.10.
- SPDC rep shall endorse all cheques
- All Cheques must be signed by ALL authorised signatories
- SPDC Rep shall keep copies of cheques after all authorised signatories must have signed.

### **6.5 Payment & Procurement Process**

#### **6.5.1 Contract payment:**

Contract sum will be broken down into milestones and contractors will be paid based on milestones stipulated in the contract document upon the completion of the scope of work within each milestone. Appropriate documentation (invoice, work completion certificate and close out certificate) are prerequisites to payment processing.

#### **Recommended milestone breakdown for projects**

Milestone	Value %
Milestone 1	15-30
Milestone 2	30
Milestone 3	20-30
Milestone 4	10
Milestone 5 (VAT & WHT inclusive payable by contractor to FRS)	10

NOTE: Payments for contracts of small value can be broken down to 2 milestone payments.

#### **Payment Process**

- On completion of each project milestone, contractor, CT chairman, mentoring NGO, CDB chairman and SPDC cluster adviser will jointly sign off the work completion certificate (WCC) after undertaking a joint assessment of work done.
- On signing the WCC that aspect of work will be deemed to have been accepted as completed.
- Contractor submits invoice for next milestone. NGO shall attach monitoring report (including current picture of project) WCC, milestone breakdown sheet for submission by the CDB Chairperson to SPDC. Submission will include a letter of request to the GMoU team lead for the release of the requested fund.
- The invoice is processed and Cheque(s) for requested amount is /are prepared and sent out to the authorised signatories for authentication.

#### **6.5.2 Office Related Procurement**

- i. All office procurement above N20,000 must be based on 3 quotations to demonstrate market value
- ii. All procurement must be within specified budget
- iii. Purchases should be made by the Secretariat.
- iv. All payments should be accompanied by payment vouchers and receipts and retired to the Finance and Admin Officer

#### **6.5.3 Payments for items purchased**

- i. Submit a formal invoice detailing the quantity of items purchased, the relevant sale dates and the price. No payment shall be made without a formal invoice.
- ii. This invoice shall be signed off by the Finance and Administration Officer and submitted to the FRMC for approval and subsequent payment.
- iii. All payments above N20,000 are to be made by cheque or bank transfer.

#### **6.5.4 Value for Money and Risk Mitigation**

To ensure value for money and minimise the risk of fraud, the following steps shall be taken:

- i. SPDC shall provide technical assistance on standard Bill of Quantities, standard drawings, and rates to be used.
- ii. There shall be minimal direct payments to CTs for project implementation. Payments will be made directly to contractors
- iii. Payments for projects shall be made on milestone basis. Exceptions to this shall be for off shelf purchases through recognised and established vendors such as motor companies, boat, generator, and other equipment manufacturers.
- iv. Payments shall be in line with the financial guidelines for GMoUs.
- v. Members of the CT/CDB shall be expected to abide by a Code of Conduct that restrains them from executing contracts while in office. Breaches shall be reported to the communities' leadership and individual sanctioned as decided by CDB members.

- vi. A note of indemnity with a detailed project completion report shall be issued by sponsor community to SPDC at project completion.
- vii. Internal and external process and project audits shall be carried out yearly.

## **6.6 Financial Reporting and Auditing**

### **6.6.1 Community Trust Level Reporting**

A cumulative monthly financial report should be produced by the Financial Secretary and presented to the CT (See GMoU Toolkit for format for recording expenditure).

The monthly report shall be published after approval by the CT and CDB and should include a summary showing:

- Total income for the year to date.
- Total expenditure for the year to date.
- Balance remaining.
- Outstanding commitments (e.g. for project in progress or planned for a later date)
- Asset inventory

Regular internal audit should be carried out by the CDB on the CTs. In the event of any discrepancies, the CDB shall constitute a special investigative committee to conduct an independent review. Alternatively, a special investigation committee can also be established in response to concerns raised by the community and / or Community Trust.

### **6.6.2 Cluster Level Reporting**

A cumulative monthly financial report should be produced by the Finance and Administrative Officer and presented to the CDB. This report shall be based on the format shown in the GMoU Toolkit and should include a summary showing:

- Total income for the year to date.
- Total expenditure for the year to date.
- Disbursements to CTs
- Cumulative expenditure on community development (actual and percentage).
- Cumulative recurrent expenditure (actual and percentage).
- Balance remaining.
- Outstanding commitments (e.g. for projects in progress or planned for a later date)
- Asset inventory

A summary report should be published on a quarterly, half yearly and annual basis. These reports should be published on a local notice board and through a community newspaper if such exists.

Monthly reports should be ready by 10th of the following month; 10th of the first month of the new quarter or half year for quarterly and half yearly reports. Annual reports should be ready by 1st week of February.

### **6.6.3 External Audits**

External audit will be held once a year and auditors will be selected based on agreed criteria

- FRMC to recommend selected auditor/s for approval. CDB approves selection where there is no BOT. In cases where there is a BOT, the CDB recommends auditor to BOT
- Auditor shall carry out a preliminary visit one month after release of half year report
- Audited annual report should be published in recognized local print media, CD website (when active) and copies made to SPDC, Govt and other donors.

### **6.7 Documentation**

All financial transactions shall be documented and backed up. Documentation of financial transactions shall be in hard and soft versions. All CDBs shall make use of financial management software to record their fund utilisation. A software package that is simple, adaptable to local situations and versatile shall be adopted for this purpose. Facilitating NGOs will be trained in the use of the software and they in turn will ensure that the appropriate skills for utilising the software are developed at the community and cluster level. The Finance and Administrative Officer at the CDB Secretariat will be responsible for collating inputs from the communities and regularly updating the financial database.

In addition to the financial database, hard copies shall also be maintained. These records shall be kept for a specified period of 7 years. Back-up copies of these documents should be kept in a secure location.

The following forms and financial reporting templates are recommended. They can be adopted for use at CT level. See the GMoU Toolkit for financial reporting templates.

### **6.8 Cheques**

- The Treasurer of CT and Finance/Administrative Officer of the CDB shall keep the chequebooks for their administrative account. This person, however, shall not be a signatory to any account.
- The Chequebook/cheques for the Joint Account shall be kept by SPDC Rep.
- Copies of all cheques shall be domiciled at the Secretariat or Community Office under the custody of the Finance /Administrative Officer or Financial Secretary respectively.

### **6.9 Payment Limits**

Cash payments shall be made for sums below twenty thousand Naira (N20, 000) at CT level, and thirty thousand Naira (N30,000) at CDB level. All sums above these shall be paid by cheque or bank transfer.

### **6.10 Bank Reconciliation**

The Finance Secretary as stated in the GMoU shall carry out monthly reconciliation of the joint bank account. Any discrepancy in the bank records must be brought to the notice of the bank in writing within 14 days from the bank statement date. The Financial secretary shall advise details

of the discrepancy and action taken thereon to the Management Committee/CDB within 10 working days from the date of the statement.

## **SECTION 7. Communication and Stakeholder Engagement**

In order to fulfil its role as facilitator of peaceful and sustainable development, each CT and CDB must establish open lines of communication with its member communities. It should take care to solicit information and opinions from member communities on all issues, and should regularly inform them about its work.

Each CT and CDB should draft a communications plan to address key audiences and other major stakeholders. This activity would best be undertaken by the Partnership, Communication and Capacity Building Committee, with members who are interested or experienced in public relations.

The plan should identify key audiences (internal and external), communications objectives ("why"), messages ("what") and channels ("how"). It should reflect what each audience is likely to want to know about the CTs and CDBs, what specific information should be delivered and in what manner it will be presented.

The CT/CDB shall ensure that monthly town hall/community sessions are held at the grassroots communities. These shall be reinforced by posters on notice boards and other appropriate communications tools. Other information such as contractor registration and tender of available jobs must be properly announced using the available traditional information sharing tools like town criers and print versions should be clearly displayed at strategic places.

### **Guidance on Communication**

- Communication to member communities and the general public must be accurate and based on facts, not the opinions of individual CT/CDB members or others.
- Accurate information about the CDB and CTs should be made available to the public.
- Each CT, CDB (or designated members) may visit communities directly, participate in radio programs, publish newsletters, place articles in existing local newspapers, or other locally popular methods of communication.
- At the very least, CTs and CDBs are expected to convene at least three general public meetings a year in key locations within their areas where their activities, plans and projects can be openly discussed.

CDBs will also be expected to have general visibility to the public, because they are legally established entities representing the social development aspirations of clusters and groups of communities in the Niger Delta.

Public information should include these components:

- CT and CDB mission, objectives and policies.
- Methods, activities and achievements, including any external evaluations and analyses.
- Geographical scope.
- Organisational structure, and in particular how the CTs and CDBs are controlled and managed.
- Constituency, affiliations and links to other organisations, if any.
- Community development plans, annual work plans and budget.

- Sources and uses of funds.

Other audiences for communication activities include all levels of government, potential development partners (NGOs and donors), the news media and SPDC.

### **7.1 Purpose of Communication in the CT and CDB**

Effective communication is important for many reasons. These include:

- To establish and disseminate information on the vision, mission and goals of the CTs and CDBs
- To convey accurate information about community / cluster development plans to recipient communities and other stakeholders
- To manage the expectations of the community members and other stakeholders.
- To build consensus in the communities on the location and sequence of execution of community development projects to reduce conflicts.
- To create goodwill and build positive reputation for the CTs and CDBs
- To obtain feedback from the various stakeholders for the fine-tuning and successful implementation of the goals and objectives of the CTs and CDBs.

CTs and CDBs should be committed to having a continuous advocacy process in the communities, to ensure that everyone is made aware of the GMoU, its implementation processes and successes achieved by the CTs and CDBs.

The GMoU Toolkit provides a framework for communication between the various stakeholders in the GMoU process.

### **7.2 Grievance Handling**

Despite best endeavours, disputes and conflicts may arise from time to time and need to be handled in a manner to bring about speedy resolution. The CT's and CDB's shall be committed to work together with stakeholders to resolve grievances in order to maintain an environment where people can work together peacefully using the following process;

1. Any individual, family or community grievance shall be reported through the Community Trust (CT) from where the grievance emanates.
2. Any grievance so reported to the CT shall be transmitted to the SPDC Representative (Community Relations Officer/Coordinator) of that area within 48 hours of the grievance being reported to the Community Trust (CT) by the CT Chairman or Secretary
3. The CRO shall evaluate the grievance and where feasible respond to the CT Chairman/Secretary to begin the resolution within 72 hours.
4. Where the grievance requires consultation within SPDC, the CRO shall escalate to the responsible CRC/CIC and thereafter to the party within SPDC that can respond to the grievance within 48 hours of receiving the grievance from the CT.
5. In any of the above circumstances, the CT will meet within 2 weeks of receiving a grievance to resolve it

6. Where the grievance is not resolved at this meeting or subsequent ones by the CT, the grievance shall be escalated to the CDB Conflict Management sub-committee which shall convene a meeting within 2 weeks to resolve the grievance
7. Where the CDB Conflict Management sub-committee is unable to resolve the grievance to the satisfaction of all parties at this meeting or subsequent ones, the grievance shall be escalated to the relevant State/Local Government as the case may be by any of the parties
8. Any party not satisfied with the mediation of the relevant State/Local Government on the grievance shall be at liberty to seek legal redress in line with applicable laws of the Federal Republic of Nigeria after, and only after, exhausting the grievance handling process laid down in this GMoU
9. Any party not satisfied with the decision of the CDB on the issue shall be at liberty to take it before the State Government or to seek legal redress in line with applicable laws of the Federal Republic of Nigeria after, and only after, exhausting the dispute resolution processes laid down in this GMoU.
10. Both parties agreed that there shall be no resort to violence or disruptive actions under any circumstances or work stoppages, forceful occupation, sabotage of facility, assault on persons or property or issuance of threats by either side in seeking redress for any real or perceived breach of responsibility.
11. Each party has a right to report criminal acts/cases or cases of public disorder or conduct likely to cause breach of the peace to relevant Security Agencies for appropriate action.

This grievance handling procedure shall include and is not limited to grievances relating to land acquisition, compensation, surveillance contracts, social investment projects/programmes, local employment, sub-contracting, etc. from community members in the cluster.

## **SECTION 8. The Mentor NGO**

The GMoU places the responsibility of owning and driving the development process squarely on the shoulders of communities expecting them to utilise and leverage expertise that is largely unavailable or unrecognised at the local level. In order for the GMoU approach to succeed and for communities to fully access its benefits, Non-Governmental Organisations (NGOs) shall play a pivotal role in implementation, maintenance and strengthening the capacity of GMoUs. The relevant Manuals and Training Guides provided by SPDC shall guide NGOs in their actions.

### **8.1 Roles and Responsibilities of the Mentor NGO**

The NGOs will primarily facilitate the development process, provide support for the community institutions, and strengthen local capacities. The Mentor NGO shall sit on the Cluster Development Board as a facilitator and non-executive member.

Other specific roles in this regard include:

#### **1. Project Delivery**

- Conduct of Sustainable Livelihood Appraisal (SLA), Baseline Surveys, Preparation of Community Development Plan (CDP) and Business plan
- Facilitate Capacity building workshops for CTs and CDB members.
- Prepare quarterly report of activities
- Facilitate CDB meetings and Technical Committee meetings in the CTs.
- Facilitate implementation of projects and programs in the CTs/Clusters
- Support the CDB/CT in tendering and contracting issues.
- Facilitate community forum/Town hall sessions.
- Conduct a post impact assessment of GMoU activities over the period of the contract in the clusters and produce a report on it.
- Update/Conduct Baseline Survey on current issues and relationship with the business, socio-economic conditions, conflict and triggers which should be documented with a report.
- Facilitate & generate Cluster/Community Trust Development Plans (CDP), Business Plans (consider projects alignment) with Local, State and National Development Plans, produce two reports one for the CDP and the other for the Business Plan.
- Identify local project implementation gaps and develop/deploy interventions to build the required capacities in liaison with SPDC including the deployment of Operating Policies and Procedures Guidelines as well as embedding GMoU Improvement Guide in operations. Conduct two trainings per CT.
- Facilitate monthly CDB/CT meetings, closeout/commissioning of projects/programs, publication of News Letter and press reviews for the Cluster, and field review visits by external stake holders. To also include formation and training of Advocacy Committee, registration of CDB with CAC and formation of BOT.
- Facilitate project ownership and sustainability

- The Mentor NGO and SPDC shall provide necessary technical assistance, include standard design, BoQ formats, monitoring guides, and other capacity building and training as may be required for an effective and transparent community contracting process that would deliver value, on time and within budget.
2. **Documentation of Value of Work Done by GMoU contractors/vendors (VOWD)**
    - Prepare monthly Report/Documentation of VOWD per projects/programs in each CT/ CDB
  3. **Stakeholder Management & Reputation Mgt (Support SPDC position)**
    - Stakeholder & Community Sensing (emerging issues are pick-up and managed before they occur)
      - ✓ Identify issues and feed the IIM
      - ✓ Issues Management
      - ✓ Feed into stakeholder engagement process
      - ✓ Focus on impacts and mitigation measures
      - ✓ Delivery of mitigation measures
    - Manage relationships effectively with impacted communities and other stakeholders to identify and manage their issues and concern in a structured and proactive approach.
    - Understand community concerns, expectations and needs, design and implement mutually beneficial programs, which contribute to the business and community through partnerships or other collaborations with relevant stakeholders.
    - Reputation focus: media (print, electronic, social media) scanning
      - ✓ Identification & Mitigation of reputation issues
      - ✓ Respond to issues that may arise – obtain, support & present Shell's position in public fora
    - Manage FTO issues relating to the existence and operation of the GMOUs
  4. Conduct Business Plan Reviews & Produce Reports
  5. Secure Dev. & Funding Partnerships
  6. Manage GMoU Governance Process
  7. Assure Quality of GMOU delivered projects
  8. Transparency / value-for-money assurance
  9. Audits: External & Internal- Lead in making presentations to auditors in audits concerning any aspects GMoU

#### **Key Performance Indicators (KPI)**

1. HSE – achieve zero fatality & Zero LTI throughout duration of contract
2. Production/update of 5 Year Community Development Plan - within 30days after award
3. Preparation of 2017 Business Plan – within 30days after award

4. Provide Baseline Reports & Sustainable Livelihood Assessment Reports –within 30days after award
5. Achieve zero budget overrun on annual budget/cluster - 95%
6. Monthly reports – projects/program status including financials & VOWD – 2<sup>nd</sup> day of Every Successive Month
7. 90% of community issues managed & closed out within 5days of occurrence
8. Projects/programs delivered to specification – 100%
9. Zero failure of FTO/Community Trust & Support
10. 100% of issues which may impact reputation, asset or disrupt worksite/operations shared with Shell - **Weekly Report.\* (Report High Impact issues immediately to the Company Nominated Representative)**

An important perspective that the NGO has to promote is that of ownership, sustainability and the fact that the power of communities to actualise their development lies in their hands.

## SECTION 9. Glossary

**Beneficiaries:** Beneficiaries are people who benefit from something. In a project design or a project proposal, they are the people who benefit from the project. Beneficiaries could include direct beneficiaries such as the users of a water point that is built by the project. Indirect beneficiaries might be persons trained so as to implement the project.

**Bye-laws:** A concise statement of purpose and organisational structure within which a group functions.

**Capacity Building:** Refers to all activities aimed at institutional formation and enhancement of the capabilities of members of Community Trusts and Cluster Development Boards to perform their responsibilities as outlined in the GMou.

**Cluster:** Collection or aggregation of communities along clan (historical/ affinity) or local government basis as defined by the relevant state government or as agreed by the people themselves.

**Cluster Development Board (CDB):** A grassroots institution with responsibility for coordinating implementation of the development programmes and projects outlined in the GMOU and for managing issues arising between SPDC and communities within the cluster as well as amongst the communities. The CDB draws its membership from the Chairperson and Secretary of every CT within the cluster, SPDC, NNPC, relevant Local Government Councils, NDDC, donor agencies (if any) and a Non-Government Organisation (NGO).

**Committees:** The functional organs of the CDB and CT set up to play specific roles either in an on-going or on an ad hoc basis.

**Community Development Plan (CDP):** The CDP is a strategic document that articulates the community's development vision. It also provides community members with a set of goals, activities, resources, partners and timelines to enable them to achieve their development objectives on a short, medium or long-term basis. The CDP is designed as a five-year rolling plan that is subject to annual reviews. The outcome of the community's Sustainable Livelihoods Assessment is a major building block for the CDP. The CDP is aligned to local, national and international development plans.

**Community:** A group of people sharing common ancestry, culture and values residing within the same geographical location and possessing government statutory recognition.

**Community Trust:** A community based institution with responsibility for design and implementation of community development plans and management of interface with SPDC. The CT represents the interests of their specific community at the CDB through its Chairperson and Secretary. The CT draws its membership from the various interest groups in the community, youths, women, men and elders.

**Community Based:** For a project or organisation to be community based, it must originate in a community, must have community members responsible, and have its decisions (*policy and executive*) made by community members.

**Community Development:** The process of increasing the strength and effectiveness of communities, improving peoples' quality of life, and enabling them to participate in decision making and to achieve greater long term control over their lives.

**Community Participation:** Community participation is far more than the contribution of labour or supplies; it is participating in *decision making*, to choose a community project, plan it, implement it, manage it, monitor it, and control it.

**Empowerment:** The empowerment of a community (or organisation) is an increase in its strength, improvement in its capacity (ability) to accomplish its goals.

**Evaluation:** A process of allocating value on what a project has achieved (in relation to its objectives).

**Official:**

**Gender:** The word "gender" is used to distinguish between two categories, "masculine" and "feminine." The socially constructed roles ascribed to males and females and resulting socially determined relations. Gender, and its interpretations of what constitutes masculine and feminine differ greatly between culture and culture, between community and community. Gender is a key variable that affects the distribution of power, economic relations, social distinctions and cultural forces that determine how men and women participate in benefit from, and control project resources and activities.

**Global Memorandum of Understanding:** A comprehensive agreement that guides relationship between the communities within a cluster and SPDC over an initial period of 5 years.

**Governance:** It refers to the total pattern of decision-making, control, management, co-ordination and power processes of any organisation, such as a community. Good governance is honest, participatory, responsive, transparent, progressive, equal, democratic, respectful of all members, and works on behalf of all the people.

**Implement:** To "implement" (verb) a project, is to begin and complete the activity described in the project design.

**Imprest:** A method of keeping petty cash by means of which a certain sum of money is retained for petty cash expenditure. At the end of the month or other period a cheque is drawn for the exact sum spent so that the imprest, i.e. the original amount, is replenished.

**Leadership:** Leadership refers to a quality among persons who lead a group or organisation. It is a quality that can be self-developed by those who wish to be leaders. Where its leadership is strong, a community is more empowered. To demonstrate leadership, and thus to be able to lead, you must have vision, honesty, courage and integrity. To be respected by those you would have follow you, you must respect them, and let them know that you respect them.

**Management Committee:** The Management Committee is the Executive or oversight organ of the cluster development board, chosen by the members of the CDB as a whole, responsible for carrying out the wishes of the whole communities in the cluster.

**Monitoring:** The regular observation, recording, analyzing and reporting of activities and the results of those activities, in a project or similar activity.

**Mentoring NGO:** Non-Governmental Organisation assigned to clusters provide development guidance and support

**Non-Governmental Organisation:** Private organisation s that pursue activities to relieve suffering of the poor, protect the environment, provide basic social services, or undertake community development. NGOs are not part of the governmental structure. In common usage, however, the term NGO also implies that it is a charitable-type organisation, which is not organized (like a commercial organisation) to make a profit.

**Participation:** "Community Participation" means that all members of a community participate in decision making that affects the community (not merely consultation or contribution). It involves a process through which stakeholders influence and share control over development initiatives and the decisions and resources that affect them. It can improve the quality of life, effectiveness and

sustainability of projects and strengthen ownership and commitment of government and all stakeholders.

**Participatory Appraisal or Assessment:** Before a project is planned, the situation must be assessed. For a project to be "community-based," the whole community must participate in observing and analysing, looking for problems, potentials, resources and constraints.

Community members need encouragement, skills, stimulation and guidance in order to participate in appraisal or assessment.

**Partner:** The individual, community and/or organisation with which one collaborates to achieve mutually agreed upon objectives.

**Partnership:** Negotiated relationships that exist between two or more entities that have voluntarily entered into a legal or moral contract.

**Parties to the GMoU:** Refers to any organisation, institution or community that (1) is a stakeholder, (2) is funding the GMoU, and/or (3) is facilitating the GMoU.

**Planning:** Planning means thinking about and working out what to do in the future. A good plan has a series of steps leading from the current situation up to the desired end.

**Program Management:** Management concerned directly with the production and delivery of services. Skills and procedures include project cycle management, program formulation, communications, financial and human resource management, and technical reviews and evaluation.

**Project:** A project is a logical series of related activities aimed at solving specific problems with a specific time and in a specific location. Project stages include assessing, planning, implementing (*doing*), monitoring (*observing*), and evaluating. A community-based project is one in which the whole community chooses, plans implements and monitors it, and owns and controls the project.

**Proposal:** A "*proposal*" is a document that requests money and/or seeks approval for a project. The most effective format for a proposal is a project design. It defines a problem, a solution, and a strategy for using potential resources, overcoming constraints, to reach finite and measurable objectives.

**Reporting:** Reporting is the process of conveying information. It can be verbal, written, or electronic.

**Resources:** A "*resource*" is anything of value that can be used as an "*input*" for a project. Most poor people assume that their community does not have any resources, and seek assistance outside. Any community that contains living human beings has resources, some hidden that can be used for self-help development.

**Role:** The set of responsibilities, activities and tasks, identified for each "*actor*," is a "*role*."

**Signatories to the GMoU:** Persons authorized by the parties to the GMoU to sign on their behalf.

**Stakeholders:** Persons or groups who are affected by or can affect the outcome of a project in a community/cluster. They may be individuals, interest groups, government agencies, or corporate organisations.

**Strategic Plan:** An outline of the program or community's long-term goals, and of the specific strategies, approaches, methodologies, and resources through which those goals will be achieved.

**Strategic Planning:** A process by which a future vision is developed for an organisation, taking into account its political and legal circumstances, its strengths and weaknesses, and the threats and opportunities facing it. It articulates the community's sense of mission for an example and maps out future directions to be taken, given the community's current state and resources.

**Sustainable Development:** Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

**Sustainability:** It refers to the "*ability*" of something to be "*sustained*" (*carried on*) after outside support is withdrawn. It is the ability of a community for an example; to secure and manage sufficient resources to enable it fulfils its mission effectively and consistently overtime without excessive dependence on a single funding source.

**Technical Assistance:** Refers to on-going support to CTs and CDBs during community projects implementation, which will be directly undertaken by the CTs or contractors selected by the CT

**Work Plan:** A work plan is a document describing how a project will be implemented, listing all actors and their responsibilities and roles, and all required tasks in the order and timing of their execution.