



## 1.6 The Danish Trade Union Development Agency's Sustainability Assessment Tools

### Assessment of project strategies in relation to an organizational development cycle

With the time horizon of the Danish Trade Union Development Agency's (DTDA) project cooperation estimated at 8 to 12 years, the partner organization is bound to change during this process and cooperation. Exactly how will depend on the concrete project. Consequently the description below cannot cover all organizations, but may be illustrative in order to demonstrate how the role of the partner organizations changes during a typical project process.

The contributions of the DTDA simultaneously change character from being focused on the development of human resources, educational materials and seminars to concentrating to a higher degree on development of strategies, structures and systems.

By grouping the various types of organizations into different levels, an idea of the contributions of the DTDA in a given situation is clarified and some characteristics can be summarised:

Organizational level	Intervention of the DTDA	Elements
<b><i>1. Level: Development</i></b>		
Vague targets and Policies  Based on individuals and activists	Organizational development  Development of competence	Basic educational system Materials Accounts and statements Management skills initiated
<b><i>2. Level: Strengthening of organizations</i></b>		
Formal structure, but weak membership base and internal democracy Subject based	Capacity building Vision, mission Strategic planning	Documentation Separate themes Training and education Agreements Advocacy Management development
<b><i>3. Level: Institution Building</i></b>		
Clear and well established structure Transparent and democratic Membership fee Paying members Service organization	Sustainability Integration of the project organization in the partner organization	Structures- democratic Leadership and direction Strategies Economic control Educational systems Human resource development Advocacy and alliance building



**The first level organization** typically has a limited political and administrative base, a flat – informal decision making structure, very often based upon individuals, access to few resources and with members, who pay little membership fees, but who support the “ good cause “. The contribution of the DTDA is to support the empowerment of the organisation through development of the competences of the activists thorough a tailor made education program and to initiate an organisational development, e.g. administration and finance management skills,

**The second level organization** has progressed in defining targets, priorities and strategies. Concurrently it is focused on organizing more members and the organization has developed more representative decision-making hierarchies. A member base exists paying a small fee. The organization pursues ”test cases”, but lacks a central administrative and leadership capability and has weak internal democratic structures. The DTDA continuously support a focused development and application of human resources and materials, encompassing the priorities decided by the organization. That will typically mean negotiation technics, health and safety, gender equality, training materials and documentation etc.

**The third level organization** functions more like a proper trade union. Many efforts are put into servicing members, locally and nationally. The organization has a clear cut structure , which makes it possible to make democratic decisions based on the attitudes and rights of elected representatives of the organization. The organization both enjoys income from the members and has a central administrative and political capacity. The organization has problems delegating responsibilities and finds it difficult to recruit and retain new members and develop relevant services to the members. The contribution of the DTDA typically revolves around supporting development of strategies for training, tripartite negotiations, and leadership, i.e. developing different leadership systems based on the introduction of data based membership registers. A condition for this contribution is the willingness of the organization to continue and finance the new ( cost and human resource heavy ) changes (cf. minimum capacity ).

A first level organization does not contain elements from the second and third level organizations, whereas a third level organization may contain elements from both second and first level organizations respectively.

The project strategy will typical be described in an overall strategy and further sub strategies where the specific interventions, “ use of the Tool-box”, for capacity building are clarified, e.g. education programs and management hereof, communication and information, administrative and financial management, specific organisational development of national and local structures, advocacy and alliance building, position papers on prioritised topics and labour marked issues.

### **The sustainability wheel**

Analysing the sustainability of FMLL/CCSG on the terms described in the programme document and annex 5 implies a qualitative assessment of the degree of sustainability in four dimensions: Democratic, political, organisational, and financial sustainability. The degree of sustainability related to each qualitative indicator might be expressed in quantitative terms using a scale from 1 (representing a low level of sustainability) to 3 (representing a high level of

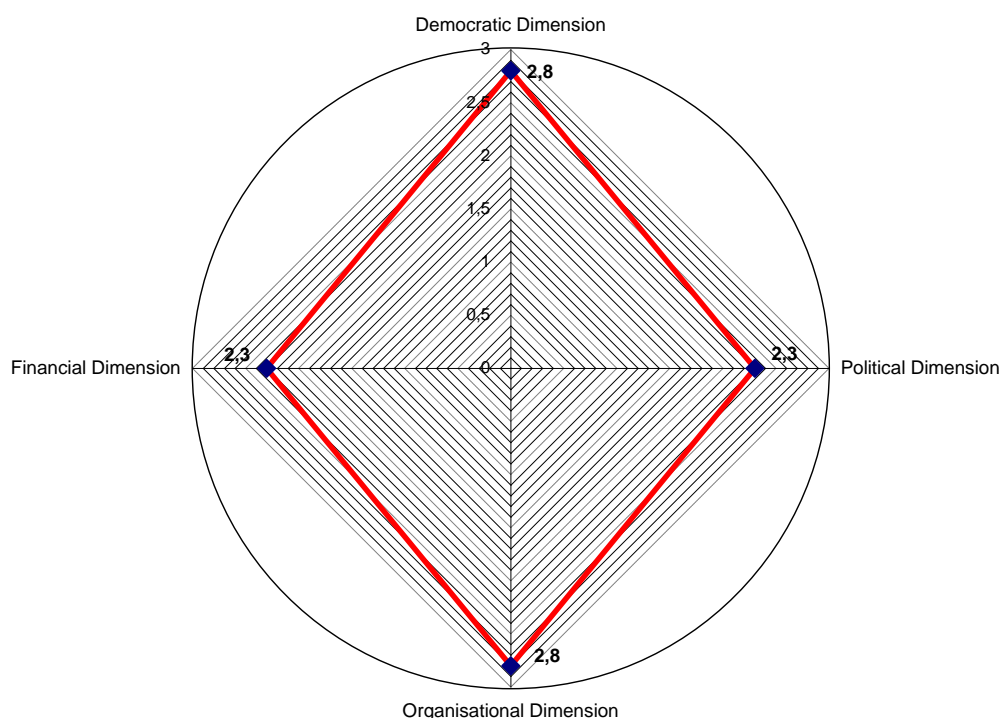


sustainability’) when describing status quo of each specific indicator. And it allows for an illustration of strengths and weaknesses. The following is an example from the sustainability assessment in Guatemala 2007

<b>Dimensions of Sustainability / Project</b>	<b>2005</b>	<b>2007</b>
<b><i>Democratic dimension</i></b>	2.75	2.8
Contested regular, fair, and democratic elections at all levels within the organisation held as stipulated in the constitution	3	3
Transparent and democratic nomination of candidates for elections at all levels of the organisation	3	3
Communication to members of new political initiatives through newsletters, committees, local offices etc	-	2
A high level of members participating in meetings and activities of the organisation	2	3
Systematic training programme implemented	3	3
<b><i>Political dimension</i></b>	2	2.3
The organisation is consulted by and influencing government on political, economic and social issues of relevance for members	-	1.5
The organisation is recognized and represented in a wide range of tripartite bodies	-	-
The organisation elaborates policies and programmes of action, published in national or local media	-	2.5
The organisation is forming alliances with other organisations within civil society	2	3
<b><i>Organisational dimension</i></b>	2.4	2.8
A clear institutional framework of the organisation	3	3
Competences and division of labour between different levels in the organisation are clear and respected	3	2.5
A well developed and up-to-date membership database	2	3
Established local structures nation-wide	1	2.5
The organisation keeps track record of trainers in affiliated organisations	3	3
<b><i>Financial dimension</i></b>	1.8	2.3
Level of income from dues and own contribution in balance with expenditures	1	2
Number of dues paying organisations/affiliates are increasing	1	1
Centralised accounting and finance unit in charge of administration and control of all resources are functioning within the organisation	3	3
Clear procedures regarding management and control of economic resources has been decided	3	3
The organisation capable of raising funds for projects and activities from international donors and/or government institutions	1	1.5



### FMLL-CCSG SUSTAINABILITY GRAPHIC



Text from example: *Comparing the level of the four dimensions of sustainability from 2005 to 2007, during the previous/ongoing project period, shows relatively slow but steady advances in all aspects of sustainability.*

*Mainly the organisational dimension, but also the democratic dimension has been strengthened due to an increased number and participation of member organisations. Four new unions joined the Centre in 2007, and the number of users of the training facilities offered by the Centre increased significantly as education activities were decentralized to approximately 20 localities in the country. Additionally, the participation of women workers has increased notably during the period. Until 2005 FMLL/CCSG hardly matched the minimum requirements from the DTDA, that at least 30% of participants is women - in mid 2007 almost 40% of participants in education activities and users of the Centre are women.*

*The assessment of the Centre having increased political sustainability is mainly due to the fact that member organisations have enhanced their participation in mechanisms for social dialogue and bi- and tripartite institutions (e.g. in the National Commission for Minimum Wages, Commission for the National Health Strategy, the National Institute for Social Security) and that member organisation of and within the framework of FMLL/CCSG have enhanced capacity to form alliances with other social organisations (e.g. have elaborated joint thematic positions to public policies on environmental issues and joint proposals to local development in certain provincial municipalities). Additionally, it is worth mentioning that FMLL/CCSG in cooperation with ISACC and the University USAC in Guatemala has designed a diploma course on the union movement and labour rights, which now is part of the curriculum offered at the Faculties of Social and Legal/Juridical Sciences.*



*The assessment of financial sustainability illustrates that the functioning and range of activities of the Centre in 2007 mainly depends on funding from external sources, as in 2005. None the less FMLL/CCSG did take some steps forward during 2006 and 2007, as the institution has been increase the level of own contribution slightly and also been able to raise funds from the national and international donor organisations to carry out project activities in 2007-2008. Support from the international foundation SOROS as well as the Spanish union organisation UGT will cover an estimated 8% of expenses of the functioning of the Centre in 2008. The assessment of the DTDA is that the 'local' and internal institutional conditions allowing for an increased financial support from other donor organisations have been achieved by now: FMLL/CCSG is an officially recognized institution based on democratic principles and practices, member organisations have shown continued political commitment to the vision of creating a unified union movement defending workers' rights through negotiation and social dialogue, other unions and social organisations recognize the efforts done to empower vulnerable groups and improve the critical human rights situation, 'multidisciplinary support teams' connected to the Centre and constituted by volunteers provide legal assistance and other advisory services to unions, and lastly the stable (limited) 'technical core staff' facilitate social alliance building and ensure efficient and transparent administrative and financial management of FMLL/CCSG.*

### **The cost analysis**

The cost analysis is introduced as an integrated part of the project preparation and is carried out in cooperation with the partner organisation. The aim of the analysis is to establish a relation between the required increase in the financial income of the organisation, the time required to achieve this financial capacity sufficient to achieve and maintain the necessary capacity or **critical mass** in the organisation. This will also indicate the time span in which support from the DTDA is required.

The critical mass is a term for the sustainable capacity the partner organisation must have politically, administratively, financially and organisationally at the end of a project cycle consisting of a number of defined project phases (usually over 8-12 years).

Since the cost benefit analysis is describing the desired situation/capacity of the organisation after the entire project cycle (9-12 years) the analysis is not to be seen as an accurate instrument for assessment of the sustainability within the specific project phase. The DTDA and the partner organisations will therefore define the **minimum capacity** of the organisation. Minimum capacity is the political, financial, institutional capacity that must be present in the partner organisations after completion of each project phase and that the organisation is capable of sustaining without external aid and support. These elements will be the core issues in the **Financial Cost Analysis** that will describe the expected achievements on the financial sustainability of the projects.

Ideally the **Financial Cost Analysis** should be prepared before entering into continuous project cooperation with the partner. Considering the long duration of the expected project cooperation the cost analysis should be revised as a part of the continuous assessment of the project and it's achievements, changes in the external factor, assumptions etc.

The Cost analysis is a money wise calculation of the expected development in the activity/capacity level of the organisation and the income of the organisation required to



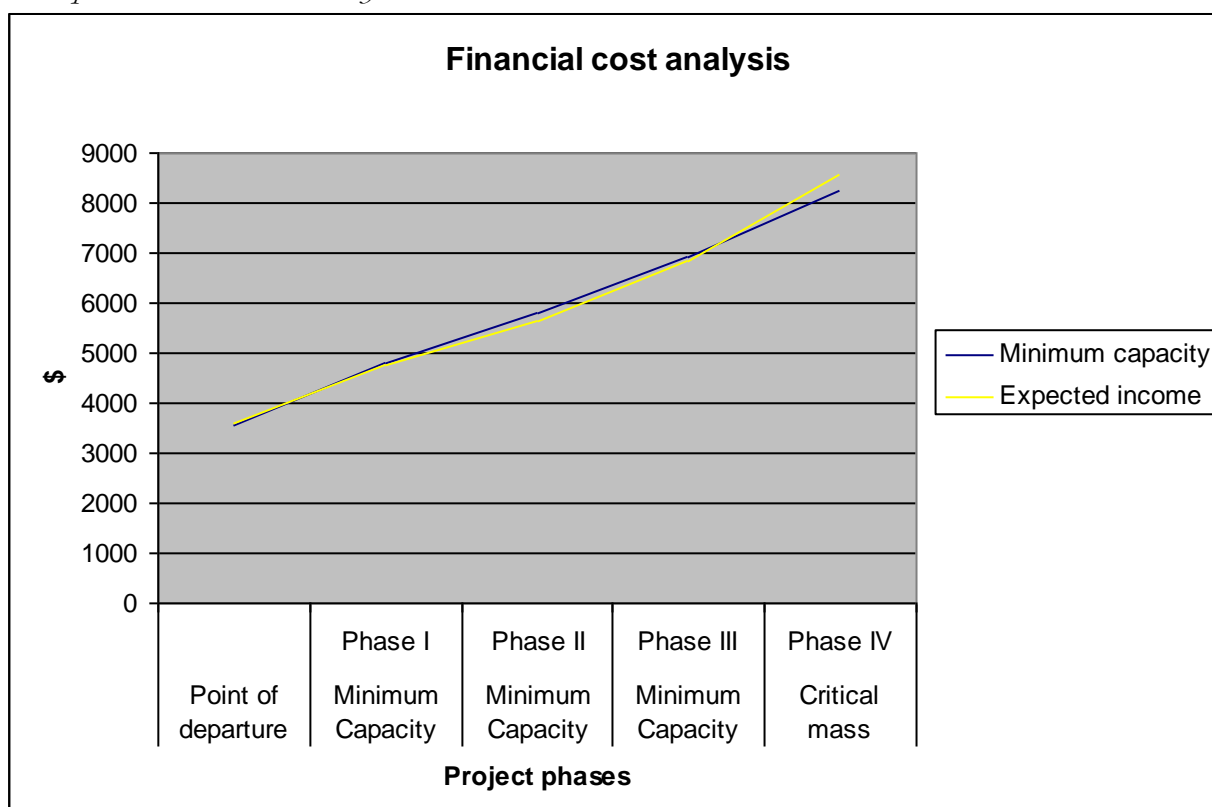
maintain that level by own means. It also shows the main capacity changes and the means for securing the required income.

In the example below, an expected development flow in x-organisation over 12 years is shown. The established minimum capacity indicates the desired level after the completion of each project phase (usually 3 years) and the critical mass the expected level after the entire program cycle, which equals the financial sustainability of the program.

The particulars in the excel sheet used for the analysis must of course be adjusted to the individual project/programme expressing the established objectives.

The Financial cost analysis is also used as a control of the project design and should serve as a tool for corrective measurement in case the analysis “does not balance”. In the example below the balance between the income and expenses indicates a review of the design.

*Example: Financial Cost Analysis*





Expenses	Point of departure	Minimum Capacity			Critical mass
		Phase I	Phase II	Phase III	
Staff	2300	3200	3000	3500	4000
Office expenses	200	200	600	800	1000
Admin systems	20	100	400	400	500
Communication	630	230	230	340	450
Education activities	50	300	350	500	800
Research/Documentation	45	75	75	150	200
Membership service	0	50	300	400	450
Advocacy	325	650	850	850	850
Org. Development					
Total	3570	4805	5805	6940	8250
					0

Income	Point of departure	Minimum Capacity			Critical mass
		Phase I	Phase II	Phase III	
Affiliation/memship fees	3500	4000	4500	5000	6000
Financial income	25	50	75	100	150
Participant fees	0	50	100	150	300
Income generating activities	0	350	350	900	1200
Miscl.	75	300	600	700	900
Total	3600	4750	5625	6850	8550





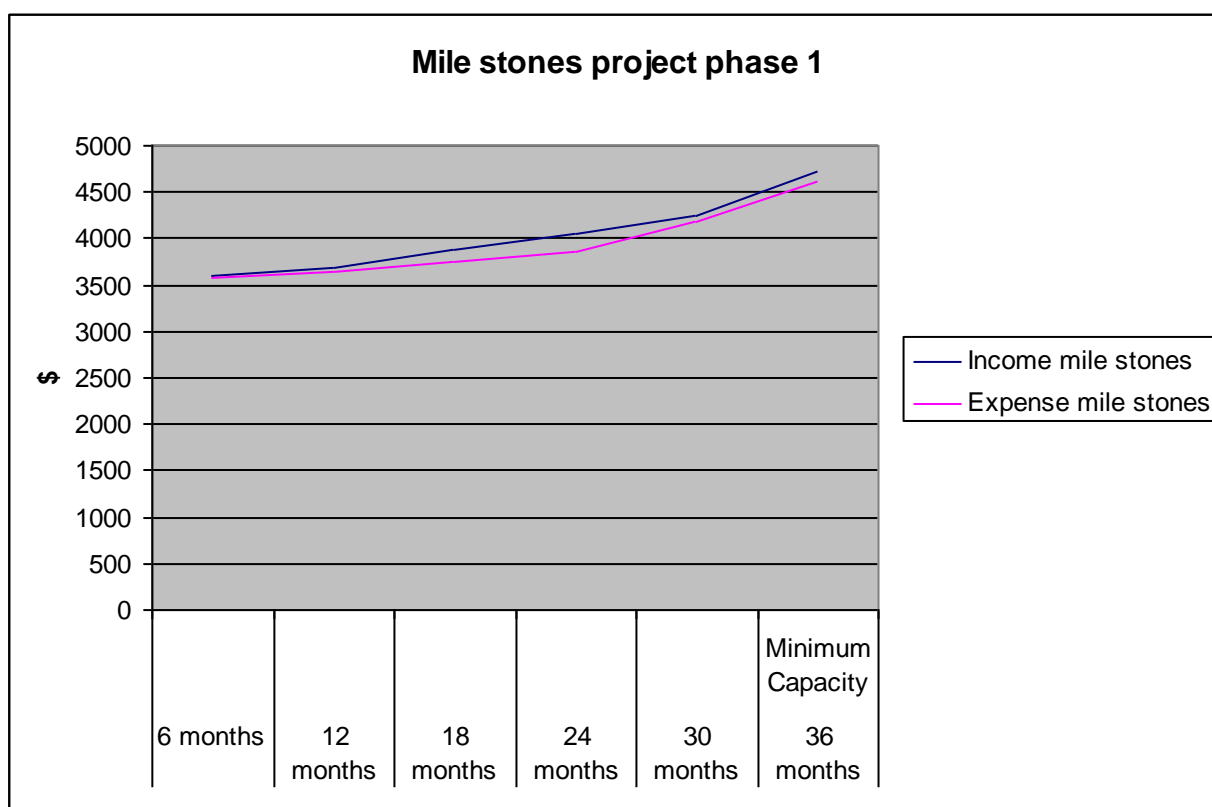


## Milestones

To add precision to the Financial Cost Analysis and to provide the project management with a monitoring tool the analysis should contain a set of milestones within each 2-3 years project phase. (In the overall program assessment the minimum capacity will serve as milestones).

The establishment of the milestones must be related to the planned outputs and activities expressing the expectation to the results of the project intervention within a given period of time.

### Example 2: Milestones





<b>Expenses</b>	<b>6 months</b>	<b>12 months</b>	<b>18 months</b>	<b>24 months</b>	<b>30 months</b>	<b>36 months</b>
						<b>Minimum Capacity</b>
Staff	2300	2350	2400	2500	2700	3000
Office expenses	200	200	250	250	250	200
Admin systems	20	100	150	150	150	100
Communication	630	230	230	230	230	230
Education activities	50	300	350	350	350	300
Research/Documentation	45	75	75	75	200	75
Membership service	0	50	50	50	50	50
Advocacy	325	330	250	250	250	650
Org. Development						
<b>Total</b>	<b>3570</b>	<b>3635</b>	<b>3755</b>	<b>3855</b>	<b>4180</b>	<b>4605</b>

<b>Income</b>	<b>6 months</b>	<b>12 months</b>	<b>18 months</b>	<b>24 months</b>	<b>30 months</b>	<b>36 months</b>
						<b>Minimum Capacity</b>
Affiliation/memship fees	3500	3550	3600	3650	3800	4000
Financial income	25	25	25	30	30	50
Participant fees	0	0	15	20	20	30
Income generating activities	0	0	100	150	150	350
Miscl.	75	100	150	200	250	300
<b>Total</b>	<b>3600</b>	<b>3675</b>	<b>3890</b>	<b>4050</b>	<b>4250</b>	<b>4730</b>