



## 2016 Interim Report to Accountable Now

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ActionAid presents a full report to Accountable Now every two years with an interim report in the alternating year. The last report submitted was the 2015 Report covering the calendar year January-December 2015 (it was submitted in December 2016).

This **interim report** details the structural and material changes that have occurred within the organisation in 2016, as well as progress updates against the areas identified by the panel in the Improvement Analysis document.

## Message from Secretary General

The year of 2016 was a year of deep reflection for ActionAid. Externally, the context became more challenging: we started to experience ever more humanitarian situations in terms of number and severity, and a growing migration and refugee crisis. The economic context and predictions in the global north and south were looking hostile to the development sector while donors were becoming more demanding and prescriptive. Consequently, flexible money got scarce and many governments around the world have adopted an austerity agenda, reducing social expenditures and deepening inequalities. Shrinking civic and political space heightened as several progressive governments were in crisis.

At the same time, we observed that during 2016 many social movements and citizens increased their mobilisation to defend their rights. From #BlackLivesMatters in the USA to #FeesMustFall in South Africa, civil society had started to organise and mobilise to claim for rights and resist attempts to reduce rights under the new wave of austerity.

The governments in these countries failed to propose a sustainable and inclusive economic model, particularly in the south. There was a real push for the implementation of the neoliberal model (as the shape of the future) with the creation of jobs and the supposed trickledown effect that has not been proved anywhere. The international cooperation was withdrawn from or substantially reduced in many countries where we operate (such as Latin-American emerging economies) and the private sector took over space in development as it was touted as the preferred actor for several donors. As a result of this instability, the deterioration of the economy and public services arose with the increase of unemployment rates, pushing people back into poverty.

Internally, we observed a decline of unrestricted income, due to lower than planned performance of larger voluntary giving markets and the reduction of unrestricted grants. Two of the biggest affiliates of our Federation had to deal with drastic changes on the development and international funding context. The 2016 elections in Denmark resulted in a new government that decided to substantially cut the Danish cooperation funds (DANIDA), with direct impact on ActionAid Denmark's ability to support other AAI countries. As a result, we had to adjust and phase out from Nicaragua, which was almost fully funded by DANIDA. A few other countries and the Secretariat had also to cut programs funded by this donor. In June 2016, the Brexit approval created huge uncertainties to the sector. Although the associated risks are yet to materialise, the Federation had to immediately engage into developing a new strategy for accessing EC-DEVCO<sup>1</sup> and ECHO<sup>2</sup> funds, given the considerable proportion of funds from these donors that are currently accessed via ActionAid UK.

As a Federation, we challenged ourselves to better respond to the changing context in a way that we could better articulate impact at a macro level vis a vis the complexities of managing a growing and evolving Federation, with a broad set of identities and opinions. In this sense, the International Board, at the request of Members of the Federation, brought forward the development of ActionAid's new International Strategy to 2016. The strategy development was a needed opportunity to rethink the organization mission, theory of change, programmatic approach and priorities and organizational shifts. The Federation was bold on deeply rethinking itself and committing to deep changes to make us more relevant to advance social justice, gender equality and eradicate poverty. The unanimously approved new strategy was the most relevant change AAI went through in 2016.

To resist to the ever-shrinking civic and political space, we decided to frame our new strategy in a way in which we support social movements defending the human rights defenders as well as supporting the creation of a new generation of young women leaders. We developed a Position Paper focussed on 'expanding and creating new spaces of action'. We were part of a Global Steering Committee convened under the auspices of the International Civil Society Centre to develop a Charter on Civic Participation in response to growing attacks on citizens across the world.

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<sup>1</sup> European Commission International Cooperation and Development

<sup>2</sup> The European Civil Protection and Humanitarian Aid Operations

Our overall thrust was premised on how we will fight inequality, injustice and poverty putting women at the centre of what we do – our added value as a Federation. These are examples of how we started to change our narrative. It was an inward-looking exercise that helped us to face the fast-changing external context, our financial sustainability and how we could improve our accountability to people living in poverty.

The new strategy represented a bold step in terms of putting accountability to the people we work for and with at the centre of our work, reinvigorating our commitment to them through stronger mutual accountability and collaboration within the Federation, and greater organisational agility and innovation in connecting social justice struggles at local, national and international levels. It strengthens the Federation's unity and performance through an on-going organisational change initiative.

*Adriano Campolina*

*Chief Executive / Secretary General of ActionAid International*

## An update on significant organisational changes during 2016

Through the strategy development process, the Federation had the opportunity to undertake a deep reflection of our own identity as an organisation and to establish a new strategic direction that required the adoption of key changes for the next years guiding our ways of working.

In December 2016, the Federation celebrated the approval of ActionAid Global Strategy: Action for Global Justice. The strategy was the result of months of intense interactions across the Federation that started with a review exercise of the previous strategy - the *Taking Stock Review 4*, followed by several rounds of consultations and a scenario building conference that resulted in the final strategy paper. Each of those steps required active and consistent engagement of international staff and country leadership, ensuring staff, partners and other stakeholders' engagement at country level. The strategy was unanimously approved by the extra-ordinary General Assembly in December 2016.

The strategy development was only the beginning of the changes as it set the new direction of travel for the Federation from 2017 onwards. Below is a summary of the highlights that started to be implemented in 2016:

- The development of the new global strategy *Action for Global Justice 2028* (through a detailed and participatory process) that was approved in December 2016. Under the new International Strategy, ActionAid's **mission and vision were restated** as:
  - Mission: A just, equitable and sustainable world in which every person enjoys the right to a life of dignity, freedom from poverty and all forms of oppression.
  - Vision: To achieve social justice, gender equality, and poverty eradication by working with people living in poverty and exclusion, their communities, people's organisations, activists, social movements and supporters.
- The Federation committed to **applying the feminist lenses and values in all of ActionAid's work, guiding the implementation of the mission and vision**. Applying a feminist lens sharpens ActionAid's power analysis of gender and other inequalities. The new strategy also recognises women and young people – the majority of the population in many countries where ActionAid works – as drivers of change.
- The Federation has also committed to further connect our rootedness in poor communities with larger social movements and alliances for structural changes, building an approach of “rooted campaigning”.
- The Federation adopted a new program framework focused on rights, redistribution and resilience and committed to 4 program priorities on the initial 3 years:
  - Address the structural causes of violence against women and girls and secure women's economic justice;
  - Ensure increased civic participation and state accountability for the redistribution of resources and delivery of quality, gender-responsive public services;
  - Strengthen resilient livelihoods and secure climate justice;
  - Advance transformative women-led emergency preparedness, response and prevention.
- We also decided to **consider transformational feminist leadership as our desired leadership**: the organisational commitment to transformative feminist leadership (TFL) started us on a journey to being more mindful as leaders at all levels in the organisation in how we practice our power and politics. We have found that using the ‘feminist lens’ affords us the best theory of change for large scale transformational change. Our choice of TFL does not suggest that our goal is to make converts to feminism as an ideology. We recognise the complexity of feminism as a construct in itself. What we have chosen is to apply the feminist lenses to our practice of leadership.

- **Measuring and Learning for Impact:** AAI reviewed its past approach and introduced for our M&E in Strategy 2028, a new set of global M&E principles and standards. This review established the expectations of the upcoming process and key aspects that will drive the future MEL system. We resolved that our primary accountability will be to be people living in poverty and facing injustice and oppression.
- **Federation Change Management Plan:** The strategy development process recognised that the execution of Strategy 2028 is highly dependent on the organisation's internal capacity for delivery. The Federation Organisational Development (OD) Change Management Plan was one of the key supporting documents primarily looking at internal capacity in the organisation to deliver on our strategic ambitions. This plan is interconnected with the Monitoring and Evaluation (M&E) Approach and Strategy and the Funding Strategy. The OD Change Management Plan outlines the Organisational shifts and change priorities, describing how the change may happen and assesses the risks of delivering on the changes.
- **Funding Strategy 2028:** Our funding strategy is an integral part of Strategy 2028 and is therefore led by our identity, theory of change and programme framework. Our approach to resourcing responds to ActionAid's current critical financial position of declining net unrestricted income and draws on key lessons learnt from the previous Global Fundraising Framework.

All those changes brought by the new strategy represented the next step in ActionAid's development, rooting the Federation more deeply in the contexts in which it works, while connecting social justice struggles at local, national and international levels.

## Updates and progress made on the points raised in the Independent Review Panel's last improvement analysis

### Feedback and complaints handling (NGO2)

*ActionAid has a Complaints and Response Mechanism Framework in place. While in 2013, only 17 countries reported to have received and registered complaints; the number of self-reporting country offices increased to 31 in 2015. Since having an effective complaints process is a core aspect of accountability, the Panel is concerned that only two-thirds of AA entities are currently reporting to the Secretariat on this indicator and would like to know the steps being taken to ensure 100% reportage. Moreover, the reference to AA-UK having "robust systems to monitor, capture and resolve complaints" implies that other AA components use different, perhaps less robust, approaches. Unless there are reasonably similar approaches, aggregating country data to provide a global record means little. The Panel would also be interested to learn more about the substance and origin of the complaints (previous full reports have provided fuller information) and, most important, what action was taken to address / resolve the mentioned 1,419 complaints. It is suggested to look at Oxfam GB's example on how to capture learnings from feedback received (see Oxfam's 2013-2014 report, pages 58-60). Moreover, the majority of mentioned complaints are aggregated in the category "other" and more clarity would be helpful.*

#### Actions taken

In line with our commitment to continuously improve our complaints handling mechanisms, in June 2016, the ActionAid Assembly approved a Revised Assurance Policy, updating the 2010 Policy and underlining the Federation's commitment to enhancing internal compliance with ActionAid policies, which includes the Whistleblowing Policy and the Accountability Charter. Principle IV of the Accountability Charter is about complaints and resolution, stating that:

'we strive to readily and rapidly receive stakeholders' views on our work, impact and behaviour. We commit to providing adequate response to the complaints received, including information on actions to redress an unsatisfactory situation. This is a critical aspect of accountability without which those to whom we are accountable would not be able to hold us to account.'

The roll out of the Assurance Policy commenced in 2016 with the development of the key policies handbook. Compliance monitoring tools started to be developed in 2017 but the process was delayed due to the redesign of the Global Secretariat and were recently concluded in 2018, when new teams and systems were in place. Countries will go through the processes of self-assessment and will report to the Governance Structures (International Board and General Assembly) in 2018. In cases of non-compliance, members shall provide either a justification that demonstrates non-compliance is in the best interest of the Federation, or will have developed a clear plan towards full compliance. By June 2018 we expect to have evidence on the reasons why not all the entities are reporting complaints via the existing annual reporting mechanism and commit to take steps forward to address any potential gaps.

As reported in our 2016 Annual Report, across the Federation, ActionAid received a total of 779 complaints in 2016, a 45% reduction on the figure for 2015. Like previous years, complaints from financial supporters were the most numerous, relating mainly to the activities of face-to-face fundraising modality and child sponsorship communications. Nineteen complaints were received from partners or community members. These complaints were related to inadequate provision of goods and services, late disbursement of funds from ActionAid, and allegations of improper activities made against ActionAid partners. All complaints were investigated and two, in India and Guatemala, resulted in the termination of partnerships.

Related to these processes initiated in 2016, the Global Secretary is currently driving a new process to create a culture with robust mechanisms to support safeguarding, deepening the commitment to create an environment

where there is zero tolerance to any form of abusive action or behaviour and where all staff, partners, and community members feel safe to come forward with any safeguarding issues. A global reporting mechanism (that will address issues around safeguarding culture, policies and resources) was developed and a Global Safeguarding Reference Group was created to move forward consultations and engagement with the wider Federation what will contribute to improvements on how the federation deals with complaints. Additionally, ActionAid is going through Core Humanitarian Standards verification process that will inform our plans to improve our accountability systems.

## **Staff appraisals (LA12)**

*The number of staff having completed performance management reviews decreased from 93% (reported in 2012) to 77% (2013) to 63% (2015). It would be good to understand why this number decreased so significantly and how ActionAid plans to improve numbers again. Is there evidence that appraisals work well in practice?*

### **Actions Taken**

The numbers reflected in the report were extracted from the online performance management HRMEnterprise system and the reasons leading to the reduction can be attributed to the number of change/re-design processes that various countries have gone through in the mentioned period. There is disruption of normal employee lifecycle processes including performance assessments. Furthermore, more staff (as well as new staff) on probationary periods impacts the rates, since it is outside the ambit of the performance assessments for a particular cycle year.

It is important to note that it is impossible to track performance assessment completion rates accurately for 45 countries in a seamless manner as all countries are not on the same assessment platform. The HRM Enterprise system operates in 22+ countries, and usage of modules varies, some use the performance module, some don't. The backend system data extraction gives the completion rates of those performance assessments that are submitted on-line, there could be instances where the assessments are completed off-line but not accounted for towards the overall completion rates. Decrease in FTE count should not contribute to the overall percentage completion rate depletion, as the measure is a percentage, and overall base denominator will adjust accordingly while calibrating completion rate.

Innovation and digitisation is a part of the 2018 - 2028 strategy, one aspect that would contribute to building an agile, networked organisation is through integrated systems. The Global Finance System is one example on financial convergence, pushing for integrated cloud based HRM Enterprise system for the federation, this will address better governance and accountability on performance management assessments and completion with quality. However, this would mean investment in systems, which we are currently exploring.

The second aspect is to look at the 2018 Global Engagement Survey (GES) engagement results for the federation (and individual countries) by July 2018, specific scores on performance management & recognition across countries will feed into the GES action plans, these scores will be a good indicator of staff engagement vis-à-vis performance/performance management and plans to improve performance assessments and quality of dialogues.

Embedding 'Own Your Teams' (OYT) for the Global Secretariat and federation will have a positive impact on performance assessment processes, performance dialogues and team ownership. Once the Talent Management & Succession Planning (TMSP) pilot picks up momentum in the three years 2018 – 2020, performance assessments will become crucial in talent segmentation along with the external assessments. The above would therefore be "pull" factors in strategically positioning performance management processes. (Refer to strategy operating plan for 2018 – 2020).

We are extrapolating the Global HR report for full year 2016, we will get a completion rate figure on performance management, which may have improved over 2015 rates.

### **Diversity of Board and Senior leadership (LA13)**

*Both the International Board and senior leadership show a relatively balanced gender balance; although the aim is to increase female leadership from 46% (2015) to 50% going forward. Beyond gender, the 2013 report mentioned that it was decided that staff diversity data at the International Secretariat level will be collected from 2017 onwards; diversity data across the federation will have to follow at a later stage. **The Panel would be interested to know why it is so challenging to gather data on staff diversity.***

#### **Actions Taken**

Diversity reporting beyond gender segregation and tracking will need to be positioned through a Diversity paper and what diversity means to AAI as a Federation. The lack of a common understanding across the federation has affected the aggregate analysis in this area.

This piece of work will be prioritized in the strategy operating period (2018 – 2020) as it needs to have alignment to other streams of work such as on feminist leadership principles. The year 2017 is skipped because the Global Secretariat went through a major change process. Looking forward the Federation and the International Board is committed to increase youth participation in governance.