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Research Application Summary

**Towards harmonization of financial operations and reporting requirements in a multi-donor support environment: Experiences from RUFORUM**

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**Abstract**

With increasing multi donor financing support strategies in most institutions, harmonization of financial operations will be a key to save time and resources. Multi donor supported institutions will need to design strategies, tools, systems and policies that can strategically harness multiple donor agency requirements in cost effective manner. This paper shares experiences of RUFORUM as an example of a multi donor supported institution. It further presents some processes and tools that could support the harmonization of financial reporting.

Key words: Accountability, financial reporting, harmonization, multi donor, RUFORUM, transparency

**Résumé**

Avec l'augmentation des stratégies de soutien financier multi-donateurs dans la plupart des institutions, l'harmonisation des opérations financières sera une clé pour économiser du temps et des ressources. Les institutions soutenues par plusieurs donateurs devront concevoir des stratégies, des outils, des systèmes et des politiques qui peuvent exploiter stratégiquement les exigences de plusieurs organismes donateurs de manière rentable. Ce document partage les expériences de RUFORUM comme exemple d'institution soutenue par plusieurs donateurs. Il présente en outre certains processus et outils qui pourraient soutenir l'harmonisation de l'information financière.

Mots-clés: responsabilité, information financière, harmonisation, multi-donateurs, RUFORUM, transparence

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**Background**

The rise in demand for complementary funding contributions to support operations of regional and international organizations in the past decades has been dramatic (OECD, 2006). This is attributed to limited resource basket available to support individual institutions and more also the

general push towards alignment of institutional activities to continental agenda such as Agenda 2063 of the African Union. This situation in most of the institutions has created an environment for multi donor operations which presents both opportunities and challenges (ODI, 2013). United Nations (UN) defines a multi donor supported institutions as an institution that receives pooled funding from multiple donor agencies to support institution activities of common interest aligned to the institutional (beneficiary) strategic business plans and vision. In spite of such an environment, each donor still requires transparent, accountable and detailed expenditure information. While most donors place much emphasis on detailed individual financial reports aligned to their programmatic activities as approved in the contractual agreement, these individual requirements often differ significantly from one donor to another particularly in terms of the format, details and reporting period (Alina and Mulley, 2006). Moreover, these reports tend to be outside the beneficiary institution's reporting to its governing bodies. Furthermore, such requirements extend to the need of compilation of support documents in form of original expense receipts, vouchers which each is expected to be aligned to the individual project as per the proposal. Because of varying needs of each donor, the individual donor reporting becomes cumbersome and complex. As such harmonization of donor reporting in multi donor supported institutions becomes necessary and could enhance effectiveness of institutions in response to the needs of donors (CDD-Ghana, 2007). This does not imply that all donor financial reports will be uniform, but rather their differences are taken into account when determining the most effective reporting modalities, strategies and priorities aligned to the beneficiary institution. The Regional Universities Forum for Capacity Building in Agriculture (RUFORUM), established by ten Vice Chancellors in 2004, is a consortium of 114 African universities operating within 38 countries spanning the African continent, is one example of a regional institution which evolved from single donor funding and now operates in a multi donor environment. The organization evolved from its predecessor, the Forum on Agricultural Resource Husbandry (FORUM) programme of the Rockefeller Foundation. Since its founding in 2004, RUFORUM focus was primary on agricultural sector. In July, 2014, RUFORUM widened its scope through the mandate given by the African Union to support the implementation of the new African Union Science, Technology and Innovation Strategy for Africa, 2024 (STISA 2024) to encompass Science, Technology and Innovation.

For the past decade and a half, RUFORUM has successfully implemented over 55 projects as an implementer, key partner and associate partner supported with support from the donor agencies. This paper draws from the experiences of RUFORUM's efforts towards harmonizing of financial operations and reporting requirements given the multi-donor support environment it operates in. The paper also provides insights on the best practices, strategies, structures for enhanced efficiency, accountability as required by development partners.

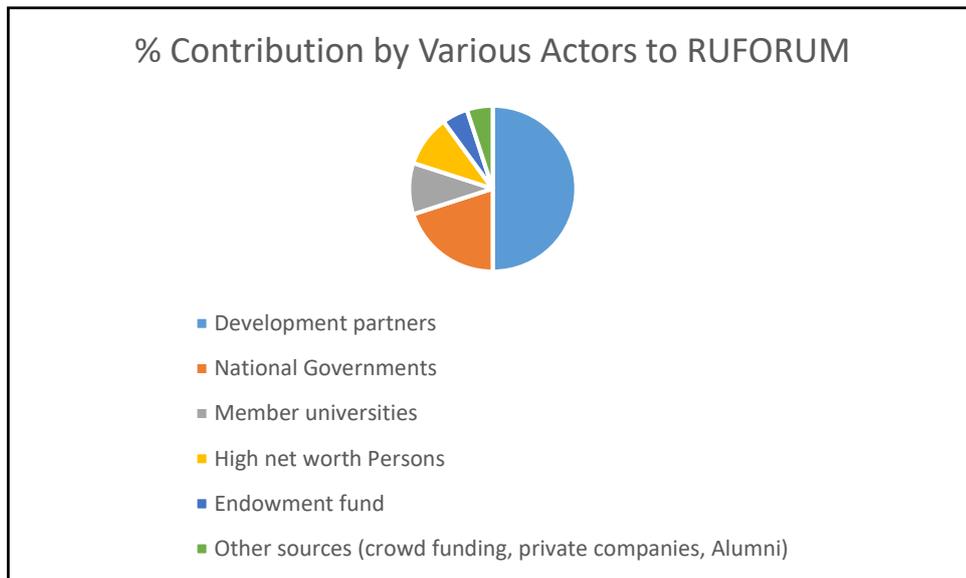
### **Approach**

This study was qualitative in nature and involved narrative and thematic analysis of financial records of RUFORUM. The data were collected through review of the financial reporting documents submitted by RUFORUM to various development partners.

**Organizational Funding Sources**

Whereas RUFORUM has varied sources of funding from developmental partners, national governments, and member universities, higher net worth persons among others, deliberate efforts have been made to align these sources of funding to the institutional operational strategy. Key to this has been i) putting in place an institutional vision which provides an investment plan to donor agencies, and ii) a good understanding of individual donor agency requirements and how they fit into the overall institution vision.

Figure 1 provides a scan of the RUFORUM multi donor/ funding environment while Table 1 provides a list of projects and their reporting requirements for financial year 2017/18.



**Figure 1. % contribution by various partners**

**Understanding and development of a database for reporting requirements of donor agencies.**

Institutions need to be keen in understanding the reporting requirements of the different donors. As much as the format is often different, there exist significant commonalities in the information required for this report including timing of the report, frequency and periodicity. A specific example is presented in Table 1 which provides a list of projects and their requirements for 2017/2018 Financial year. RUFORUM experience shows that most donor agencies require quarterly, half yearly and annual reports and all these feed into each other. RUFORUM has created a database of the donor reporting requirements which maps out the similarities and differences which provides a pathway in harmonization.

**Integrated Financial Management System.**

Investment in a comprehensive financial management systems is critical in a multi donor supported environment. In cognizant to this, RUFORUM since 2012 has made considerable investments into a finance system called Microsoft Dynamics Navision. This systems is designed to generate different types of reports including general core report structure that is aligned to all organizational flagships stipulated in the RUFORUM vision. With this system, RUFORUM is able to track budgets and actual expenses of each project according to their specific activities.

**Table 1. List of projects and their reporting requirements for financial year 2017/18**

Donor Agency	Name of the program	Reporting requirement	Project Time Span	Requirements
Carnegie Corporation of New York	Strengthening regional doctoral programs in African universities	Annual	5 Years	Annual financial report highlighting budget Vs actual expenditure
European Union	Deploying interactive online networking platform for improving quality and relevance of african university graduates to labour markets	6 Monthly 12 Months	3 Years	Financial report and original copies of the support documents including invoices and receipts
The German Academic Exchange Service (DAAD)	DAAD support to promote the regional training programmes offered by RUFORUM	Annual	5 Years	Financial report highlighting budget Vs actual expenditure
Mastercard Foundation	Transforming African Agricultural Universities to meaningfully contribute to Africa's growth and development	Quarterly	8 Years	Financial report and scanned copies of the support documents including invoices and receipts
UK Research and Innovation (SENTINEL)	Social and Environmental Tradeoffs in African Agriculture	Semi Annual	3 Years	Financial report highlighting budget Vs actual expenditure
The Food and Agriculture Organization (CFAPA/ FAO)	Technical and institutional capacity building for universities in Africa	Annual	2 Years	Financial report highlighting budget Vs actual expenditure
Bill and Melinda Gates Foundation	Engaging Capacity of African Universities to Support Agricultural Development in Eastern and Southern Africa	Annual	5 Years	Financial report highlighting budget Vs actual expenditure
The Platform for African European Partnership on Agricultural Research for Development (PAEPARD)	The Platform for African – European Partnership in Agricultural Research for Development (ARD)	Annual	5 Years	Financial report and original copies of the support documents including invoices and receipts
The Innovative Agricultural Research Initiative (IAGRI)	Collaborative capacity building of Sokoine University of Agriculture and National Agricultural Research System	Quarterly	5 Years	Financial report highlighting budget Vs actual expenditure

Source: RUFORUM Data

The finance system is configured in such a way that each funding source/budget line is individually identified and individual expenses are coded in a manner to ensure that the expense is charged to the correct funding source. All finance transactions are posted against the corresponding budget code which is funding the activity. Regularly and at every reporting period, a report is generated from a module called “Account schedules”. In this, one specifies the period of interest and a report is generated that compares actual expenditure with planned expenditure.

A separate account schedule is configured for each donor that comes on board. This makes it easy to generate a financial performance report for each donor as per the reporting requirements. These reports are used for two main purposes: management for decision making and to the donor as a reporting requirement. The key lesson in implementing this, is that the initial investment of a system is high. In addition to this, in order to run the system to its full capacity, there is need for institutions to build capacity of their staff including the technical staff in charge of project implementation.

### **Generation of cooperate work plans**

Organizational planning is important to guide the implementation of activities within a given period (Driscoll *et al.*, 2005). The work planning is done at various levels namely, individual work plan, departmental work plan and cooperate work plan. In most multi donor institutions, the work plan is guided by the project activities which are expected to fit into overall organizational plans (European Commission, 2005).

At the beginning of every financial year, RUFORUM prepares an institutional work plan which comprises of individual project activities. In this way, RUFORUM has been able to harmonize the implementation of various project activities at cooperate level. The principal guiding document for the generation of RUFORUM corporate work plans are the continental developmental frameworks including the Comprehensive African Agricultural Development Programme (CAADP), the wish of African Heads of State and Government outlined in the Malabo Declaration on sustaining CAADP; the Higher Education, Science and Technology (HEST) Strategies of Development Partners and Multilateral Agencies; the Science Agenda for Agriculture in Africa (S3A); the Continental Education Strategy for Africa (CESA); the Agricultural Education and Skills Improvement Framework (AESIF); and, the Science, Technology and Innovation Strategy for Africa (STISA). It was against these continental developmental frameworks that the RUFORUM Vision 2030 Strategy (African Universities’ Agenda for Agricultural Higher Education, Science, Technology and Innovation (AHESTI) was developed (RUFORUM), 2017). The RUFORUM Vision 2030 Strategy seeks to harness the discovery, engagement and learning of ‘vibrant, transformative universities to catalyze sustainable, inclusive agricultural development to feed and create prosperity for Africa’. This is expected to be achieved through several operational plans, the first one being the RUFORUM Operational Plan 2018 – 2022 built around three RUFORUM strategic objectives including;

- a) Building synergy from networks of specialization to develop quality human resources and capacity required to intensify and increase Africa’s agricultural productivity and competitiveness;
- b) Ensuring the products, processes and knowledge developed through university research directly respond to and are used by value chain actors in the agri-food system to catalyze transformation; and,
- c) Marshalling resources and strategically allocating them to enable African universities to transform into viable institutional entities responsive to national aspirations and conditions through

intensive knowledge-sharing and collective action.

The operational plan is designed around four (4) flagships, underpinned by activities to support regional collective action and learning to give impetus to achieving the RUFORUM objectives. These flagship programmes include;

i). TAGDev - Transforming African Agricultural Universities for Africa's Growth and Development with the objective of transforming agricultural universities and their graduates to better respond to developmental challenges through enhanced application of science, technology, business and innovation for rural agricultural transformation. The flagship will facilitate universities to attract youth into agriculture through pertinent and transformative, experiential, agri-entrepreneurship, vocational, outreach and community engagement initiatives and to support their transition to employment.

ii) RANCH - Regional Anchor Universities for Higher Agricultural Education is designed to enhance selected African universities to facilitate rural agricultural transformation and ecosystem sustainability in Africa. The flagship focusses on facilitating and escalating the setting up of networks of linked universities (African Centres of Excellence and Academic Leadership) that strive for and succeed in developing high standards of conduct in a field of agricultural education, research, innovation and learning.

iii) CREATE - Cultivating Research and Teaching Excellence is RUFORUM's continuing professional development scheme for academics at member universities through teaching assistantship and regional mobility initiatives. As a mechanism for linking the delivery of teaching and research through RANCH and TAGDev to the K-Hub, the flagship will support the design and implementation of high impact agricultural research and education initiatives that provide an environment and opportunities for quality training, experiential learning and engagement by faculty, students and communities.

iv) K-Hub - Knowledge Hub for University Networking, Partnership and Advocacy aims to ensure that knowledge delivery by RUFORUM is strategic and of "good fit", and inputs, products and engagement are sound and influential in promoting, encouraging and extending knowledge and information exchange amongst and across partners and stakeholders. K-Hub will facilitate ongoing interaction among the agricultural, science and technology, and higher education communities across the continent. The flagship will support and entail processes of packaging and delivering the evidence-base to stakeholders at national, regional and global levels for effective policy design and decision-making in HAE and STI.

v. PROGRAMME SUPPORT: Technical, administrative and logistical support

Each of the flagship programmes above has broad activities aligned to the three RUFORUM strategic objectives. It is against these broad activities that specific activities that constitute the annual institutional workplans are generated. Subsequently, staff workplans are generated against the institutional work plan to ensure that the institution achieves its long term vision.

### **Institutional Budgeting**

The Finance and Administration Manager under the guidance of the Executive Secretary

prepares at the beginning of the financial year an operating budget and presents it to the Finance and Administration Committee of the RUFORUM Board for review and approval. The projected income comprises of confirmed funds. The projected expenditure is categorized in line with the flagship areas as per the institutional vision.

**Table 2. RUFORUM budgeted expenditure for year 2018/19 in line with the flagship area**

Expenditure Projection 2018/2019			
Main Budget Line/Flagship Areas	Projection 2018/19 (USD)	Percentage %	
FLAGSHIP 1: TAGDev - Transforming African Agricultural Universities for Africa's Growth and Development	2,089,883	24%	
FLAGSHIP 2: RANCH - Regional Anchor Universities for Higher Agricultural Education	770,476	9%	
FLAGSHIP 3: CREATE - Cultivating Research and Teaching Excellence	2,786,420	32%	
FLAGSHIP 4: K-Hub – Knowledge Hub for University Networking partnership and Advocacy	1,332,240	15%	
FLAGSHIP 5: PROGRAM SUPPORT – Technical, administrative and logistical support	1,744,755	20%	
<b>TOTAL</b>	<b>8,723,774</b>	<b>100%</b>	

**Source: RUFORUM Data**

### Staffing

An investment in the creation of a structured process for financial management is key for organizations to be competitive. With increased requirements for donor reporting, institutional human capacity becomes necessary. The finance unit consists of four staff and this makes it one of the most highly staffed unit in the RUFORUM Secretariat. These include: Finance and Administration Manager, Senior Finance officer, Finance officer and Systems Accountant. For adequate segregation of duties, some staff are in charge of initiating finance transactions, others are responsible for review before the final approval. These are measures put in place to mitigate against any possible errors. To facilitate close monitoring of the projects, staff development and succession planning, each staff in the unit is allocated a project(s) which they are directly in charge of at all stages of project implementation. This also facilitates timely donor reporting.

### Institutional Policies

The financial operations of RUFORUM are governed by the Financial Management Manual. This clearly stipulates how the donor funds are to be managed from the initial stage of budgeting, implementation, reporting and closure. A number of controls are included to mitigate any possible risk in line with financial data. It is a requirement that all funds received from each donor are reported separately in the General Ledger and in the finance system. Each donor funding should

have a separate bank account where appropriate so that the donor funds can be tracked and reconciled separately both in the Bank and the finance system. Further, an independent review and approval are done for each financial transaction and report.

## Conclusion

Harmonization of financial operations and reporting systems increases effectiveness, reduces transaction costs, and accountability to the funding agencies. The paper has presented some mechanisms and best practices toward harmonization. These have included, the alignment of donor agenda to beneficiary institutional visions and agenda, putting in place comprehensive and inclusive financial management systems which should provide segregated reports for individual donors as well as a minimum financial report of overall institutional operations and integrated work planning.

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