

# CRISIS RESPONSE

## HOW TO ADAPT YOUR WORK PLAN & BUDGET

We are in unprecedented times. While it is hard to predict the full impact COVID 19 will have on any organization's programs, we do know that taking a cautious and deliberate approach to planning is essential. Organizations need to maintain their focus on the bigger picture and their long-term goals, while also confronting the serious challenges of this pandemic and the immediate impacts on their teams, their funding and the broader community.

Finding solutions to the complex global challenges we face requires shared responsibility and unprecedented collaboration. Your commitment to collective action with communities, international bodies, national governments, counties, companies, donors, and NGOs is as critical as ever. That said, it is a top priority to keep your organization running smoothly, which will require adjusting work plans, adapting budgets, and lots of communication about these changes to key stakeholders.

**The following framework is meant to guide you through a review of your work plans and budgets to help you respond, adapt, and manage your cash flow.**

The framework is divided into five parts, answering five key questions:



**Part 1:** Understand the context and clarify your assumptions. What is your operating environment going to look like for the next 3, 6 and 9 month period?



**Part 4:** Organizational Costs: How long can you keep operations running with available funds?



**Part 2:** Program/Project Assessment: How are your work plans going to change in the months ahead?



**Part 5:** Employee and Donor Communications: What do you need to communicate to these two critical stakeholder groups? And how are you going to communicate?



**Part 3:** Financial Planning: How do your budgets need to change to support the adapted work plans?

Borrowing some advice from one of our donors, here are some things to do as you navigate through this crisis:

**1 Don't Forget Your Vision** - You are going to have to make hard choices to get through the months ahead. Maintain your vision of the future as your inspiration to keep you going, even while making hard decisions. Your vision is your ultimate purpose, and you want your organization to be able to return to the goals and impacts that drive you.

**2 Take a Step Back** - This is going to be a marathon, not a sprint, and it is critically important as leaders to maintain perspective and positive wellbeing. Do what you need to do to clear your head and stay healthy - spend time with family, eat well, get fresh air and some sunshine.

**3 (Re) Plan** - Which brings us to the point of this guidance. Your existing work plans and budgets are no longer relevant. That's frustrating, but it's okay. Now you need to take some time and go through your plans, make adjustments, and create some budget scenarios to help you proactively navigate these challenging times.



## Part 1: Understand the Context & Clarify Assumptions

### Be Realistic About Expectations

As you work towards the answers to these questions, be conservative on the estimates of what your teams can deliver in this time period. Bear in mind that some team members are likely to need longer to complete work, given new responsibilities at home or elsewhere, anxieties around the impacts of COVID-19, and even potential health implications. Additionally, if you collaborate with other organizations, their constraints need to be taken into consideration as you evaluate work plans and realistic timing. Lastly, your community members' needs and ability to engage will also be drastically changed and should be factored into these adapted plans.

Start by clarifying your assumptions about your working environment for the rest of the year. Here are some possible assumptions for forecasting, but things are changing rapidly, so use best available information to guide your decision making:

- ➡ Pandemic reaching peak case load in May- June, depending on your country.
- ➡ No business travel until Aug 31, 2020.
- ➡ All meetings, workshops and events that do take place will happen virtually until Aug 31, 2020.

These assumptions are based on a medium impact scenario from the spread of COVID-19, but the spread of the virus in Africa over the next few weeks will likely alter these assumptions.



## Part 2: Summary Assessment by Program or Project

The circumstances of the COVID-19 crisis will change the work you are able to do and how you do it. You will not be able to do many of the things that you had planned. You may not have the resources you expected to have. You may have to do new things that you did not plan for as a result of the COVID-19 crisis and the impacts it is having and will have on your partners and target communities. So now is the time to start thinking about how you will adapt your work plans, not just once, but on an ongoing basis to meet the dynamic changes in the current environment.

Reviewing plans at an organization level might be too complex to tackle, so we recommend reviewing plans and budgets program-by-program. Working from your annual work plans and any relevant grant agreements that clarify expectations and deliverables, review each programmatic or project area. Ask each program or project lead to complete a brief update having understood your assumptions (see 'Part 1') and answering the following questions:

In light of the risks that COVID-19 and the associated restrictions to movement and meeting present to implementing field work and more general work plans, please classify each initiative into one of the following buckets:

- **No impact:** COVID presents no impact whatsoever on this activity
- **Delay required:** Delay in delivery, but by and large, the activity, objectives and outputs will remain the same
- **Modification required:** Activities and deliverables will need to be modified
- **Cancelled:** Planned activities will no longer be possible or relevant within a new timeline
- **New Activity:** Are there new lines of work you have identified within an initiative which would be strategic at this time, such as community health outreach?

Once you have classified each program or project, write a short description of the anticipated changes, use simple bullet points to summarize new projected timelines and any proposed changes to activities, deliverables, and outcomes. How will plans change? What needs to be communicated to the donor about those changes? To the target audience- community, partner organizations, government, researchers?

**Example:** Changes to Planned Workshop

- **Timing:** Workshops postponed to October
- **Outcomes:** Unchanged.
- **Logistics:** Participants to be informed of new dates, and given guidance on changing travel plans and potential venue changes.
- **Cost Implications:** Travel costs deferred, with some additional costs to change arrangements.
- **Staff:** Salaries covered through existing grant only through September, additional funds for salary need to be identified.
- **Risk:** Will the venue still be in operation after long closure?
- **Communications:**
  - ➡ **Donor:** Inform donor of new timeline, request additional funds for salary extension.
  - ➡ **Participants:** See above on logistics.

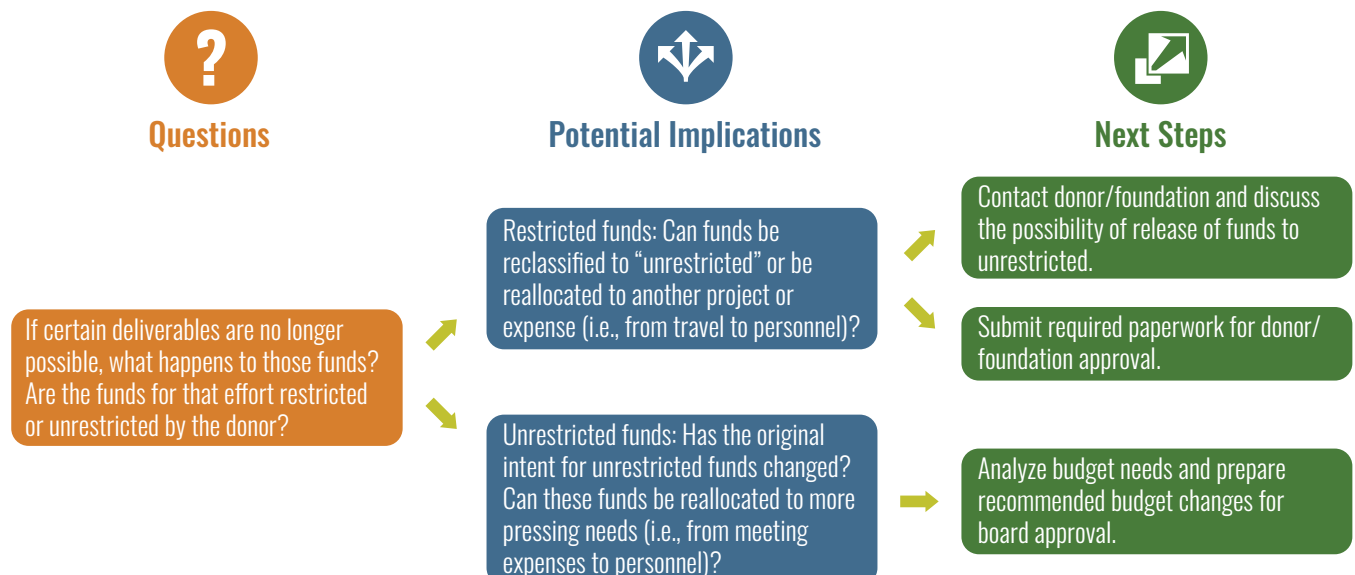
Flag any grant reporting expectations and deadlines, and assess if it will be useful to amend those agreements as well.



## Part 3: Financial Updates

Based on the proposed changes to work plans and deliverables above, assess the implications for your budget:

### How will delays or modifications of deliverables impact budgets?





## Questions



## Potential Implications



## Next Steps

If you are expecting to change the timing of work plans and deliverables, and the grant covers staff for those efforts, how will salaries be covered for those new timelines?



Program X implementation has been delayed, and the training workshops planned for June-July will now happen in September- October. The program covered 50% of salary for the program officer, but only through the end of September. Can the grant period be extended?

The workshop costs can be shifted to the new dates, but what about staff time?

How will salaries be adjusted for key staff? Are there other sources of funding to cover salaries?



If a program timeline has been delayed, ask the donor/funder for a no-cost extension.



Analyze the budget to determine if personnel costs will need to be reallocated given that program resources will need to be used later in the year for the extension.



Identify unrestricted or restricted funds that can be reallocated (with donor/ foundation approval) to fill any personnel funding gaps.

Are you experiencing unplanned costs, such as providing computers or software and home internet access that enables your team to work remotely?



Unplanned costs may require reallocation of resources from other budget lines.



Analyze the budget to determine what resources may be available to reallocate to unplanned costs, like equipment or software expenses.



Determine if a budget change request from a donor/foundation is necessary to make the reallocation.



Contact donor/foundation and discuss the possibility of release of funds to unrestricted.



Submit required paperwork for donor/ foundation approval.

We're finding that many donors seem willing to offer no-cost extensions at this point in time, which is helpful for moving work plans and deliverables. However, there are challenges around covering salaries and other overhead costs over a longer timeline. **Keeping your team employed and paid should be a top priority and you should discuss this with each of your donors.**

Though this should be your last resort, and all efforts should be made to maintain staff salaries, you may find yourself in a financial situation that makes this impossible. In that event, consult with a local labor law practitioner and your country's labor laws to consider options.

Temporary unpaid leave (for a predetermined time frame) is an option you might consider. In extreme situations where you have no other alternative, it might become necessary for you to consider staff retrenchments or layoffs, which would require strict adherence to labor laws, and in most instances, a one-off payment or severance pay based on the number of years of service of that employee would be required. It is advisable that you enquire whether retrenched staff might qualify for a government stimulus package and to advise the employee on the steps required to access this package. A preferred option might be that all staff, or all staff above a certain income level, agree to a reduction in salary for a specified period in order to continue paying all staff salaries.



## Part 4: Organization-Level Cost Assessment

At an organizational level, it may be useful to assess a baseline core operating scenario to determine how many months of operation your organization can sustain with currently unrestricted (or 'general operating') funds or by reallocating project funds from flexible donors or programs. From that baseline you can start to assess how much restricted funding you may need to ask donors to release from restrictions -- either programmatic or timing restrictions.

1. **Review your budget to assess bare minimum operating costs** each month.  
Usually the majority of these funds will be personnel costs, including taxes and benefits. Additionally, this likely includes existing obligations like office leases, basic utilities, etc. What do you need to spend each month to keep your basic operations functioning?
2. **Assess how much unrestricted funding** you have on hand or guaranteed unrestricted revenue for the remainder of your fiscal year.
3. **Divide your remaining available unrestricted funds by the monthly operating costs** to determine how many months you can sustain your organization's operations with the currently available funding.

$$\frac{\text{Available Unrestricted Funds}}{\text{Bare Minimum Monthly Operating Costs}} = \text{Number of Months of Operating Covered}$$

For example, if Organization A has \$350,000 in available unrestricted funds and its bare minimum monthly operating costs are \$50,000, Organization A has seven months of operating covered for the remainder of the calendar year. This calculation helps Organization A to identify either how much emergency funding is needed from willing donors and/or what additional costs must be curtailed to ensure the organization is able to meet its obligations for the rest of the year.

For many organizations, the vast majority of your income will be restricted to certain programmatic areas, tied to specific deliverables, or even constrained by time (grant period). Evaluating how donors could ease these restrictions to keep staff employed and basic operations functioning, even with field work being slowed or halted, is a critical step to scenario planning.



## Part 5: Communications

### Employee Communications

**Communicate openly and honestly with your team** about the organization's well-being. The team shouldn't be surprised about potential budget cuts or layoffs. Let them know you are committed to their continued employment, if this is feasible, and that you want them to be aware of what the organization is facing right now.

Managing a remote team working mostly from home may require **changing your meeting habits and developing project management tools** to keep abreast of each other's workloads. As you rework the budget and plans, be sure to **closely involve your team** via calls and video meetings and to maintain a routine of regular scheduled communication to update the team and keep the team 'connected'.

## Donor Communications

Your donors are interested in how you are adapting to the changes you face. Communicating clearly, specifically, and proactively are key strategies to engaging donors at this time. When you communicate with donors, and you should sooner rather than later, be sure to:

- **Clearly articulate adaptations** to your work plan and the impact those changes will have on budget and cash flow. This will allow you to make specific requests to donors about changing deliverables and outcomes, removing or easing restrictions on funding, and potentially making additional emergency funding requests.
- **Be specific** about the changes being made and the associated budget changes, which will make it easier to clarify your needs to each of your donors.
- **Be proactive** in initiating calls with them to inform them of the situation your organization and work is facing. Do not wait to contact them only when you need to ask for a budget amendment.

Sympathetic donors who would otherwise not fund your work, perhaps a local company or corporate foundation, might be responsive to a small grant to pay for your current emergency needs, i.e. to keep staff employed for a bridging period. Carefully craft communication materials or concepts outlining the good work your organization continues to do, why it remains critical to the community during this time, what you are doing differently to adapt, and share with smaller local donors (foundations of banks or mobile phone companies or local philanthropists).

### **Additional Thoughts**

Your organization could facilitate this same process with the community-based organizations that you support (e.g. conservancies or WMAs). In many instances, they are more vulnerable than NGOs, since they rely even more on face-to-face meetings for their operations, have less access to technology and are more likely to be severely affected by direct revenue cuts from decreased tourism revenues.