Ethics Praxis 10

African Church Assets Handbook

Good Stewardship for Sustainable Impact

Christoph Stückelberger / William Otiende Ogara / Bright Mawudor (Editors)

Globethics.net

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Globethics.net Ethics Praxis 10

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TABLE OF CONTENTS

Preface 11

1 Introduction 13

1.1 Background to this Handbook 13

1.2 Significant Risks 16

1.3 Emerging Opportunities 16

2 Challenges and Opportunities in Managing Church Assets in Africa 19

2.1 Challenges in Managing Church Assets in Africa 19

2.2 Opportunities in Managing Church Assets in Africa 29

3 Integrity Leadership as Good Stewardship 37

3.1 Integrity as Foundation for Stewardship 37

3.2 Stewardship as Clear Biblical Concept 41

3.3 Corruption as Abuse of Assets. Biblical Perspective 51

3.4 Liberation from isms: Nepotism, Favouritism, Denominationalism, Ethnicism, Sexism 55

3.5 Liberation from Addictions 58

4 Integrity in Church Elections: a Condition for Good Asset Management 61

4.1 The Link between Asset Management and Elections 61

4.2 Unfair Church Election Practices 62

4.3 Profiles of Candidates 64

4.4 Steps for Fair Church Elections 65

4.5 Code of Ethics for Candidates 65

5 African Time Management: Ethical Challenges for Asset Management 67

5.1 Abstract, Introduction and Overview 67

5.2 Definitions and Clarifications of the Concept of Time 70

5.3 African Concept of Time. The Igbo Culture of South Eastern Nigeria as Paradigm 76

5.4 Ethical Challenges of Time for Asset Management 80

5.5 African Cultural and Religious Values 82

5.6 Conclusion and Practical Applications of Time to Human Life and Values 85

References 87

6 Mapping and Recording of Fixed Assets 91

6.1 Mapping of Fixed Assets 91

6.2 Recording of Fixed Assets in the Register 99

7 From Capitalization to Disposal of Fixed Assets 103

7.1 Capitalization and Valuation 103

7.2 Acquisition and Control of Fixed Assets 106

7.3 Depreciation and Disposal of Fixed Assets 108

8 Innovation Strategies and Partnerships 111

8.1 Innovation in Order to be Competitive 111

8.2 Innovation in Faith Perspective 112

8.2 The Ethical and Unethical Innovator 114

8.3 Innovation Strategy in Asset Management 115

8.4 Networking as Asset: Partnership Strategies 117

9 Investment Strategies: How to Attract Investors? ... 119

9.1 Why Investments by Churches? 119

9.2 How to Attract Investors and Whom? 122

9.3 SWOT Analysis for Investments by CRO's 127

9.4 Sampling Best Practices 129

9.5 The Build Operate and Transfer (BOT) Concept 132

9.6 Bad Examples of Investments 133

9.7 Investment Committee, Rental Income and Taxes 134

9.8 Social Media in Fixed Assets Management 136

9.9 Challenges of Investments in Fixed Assets 139

10 The Role of Women in Church Asset Management 147

10.1 From Microfinance to Table Banking 147

10.2 From Real Estate to Construction: Margret, Ruth 149

10.3 From Farming to Travel Agency: Zipporah, Lucy and Jennifer 151

10.4 More Women in Church Asset Management 153

11 Complaint Mechanisms for Increasing Accountability of Church Assets 155

11.1 Meeting the Increasing Demand for Accountability..... 155

11.2 What is a Complaint Mechanism?..... 156

11.3 Reasons for and Benefits of a Complaint Mechanism..... 157

11.4 Design of a Complaint Mechanism 159

11.5 Establishing an Effective Complaint Mechanism..... 161

11.6 Process of Handling Complaints – Four Steps 168

12 Conflicts of Interests: Ethics Matters 177

12.1 Introduction 177

12.2 Twenty Ethical Principles (Recommendations) 179

13 Taxation and Tax Exemption of Church Assets 187

13.1 Who and What is Taxable?..... 187

13.2 Key Messages for Tax Planning..... 188

13.3 Sale of Property: Capital Gains Tax 188

13.4 Tax Exemption of Churches and Church-related Organisations..... 189

14 Case Study 1: Asset Management of Protestant Churches in South Kivu/ DR Congo and Strategies of Reform 191

Abstract 191

Résumé en français 192

14.0 Introduction: Methodology 194

14.1 Identification of the Members Churches and their Managers of Assets and Finance 195

14.2 Finance Management of CCC/ECC Member Churches in South Kivu 198

14.3 Management of the Assets of CCC/ECC Churches 212

15 Case Study 2: All Africa Conference of Churches Asset Development 2000-2025 237

15.1 Why Asset Development of AACC? 237

15.2 Steps of AACC for Successful Property Development 238

15.3 Key Learnings by AACC in Property Management 245

16 Glossary of Definitions 249

16.1 Fixed Assets 249

16.2 Standards of Care 250

16.3 Internal Controls 251

17 Annexes 253

Annex 1: All Africa Conference of Churches AACC: Recommendations on Corruption, 2003 253

Annex 2: All Africa Conference of Churches (AACC): Resolution on Stewardship, 2013 255

Annex 3: African Church Assets Program ACAP. Media Release of the Participants of the Workshop. AACC Conference Center, Nairobi/Kenya, 2-4 March 2016 258

Annex 4: African Church Assets Program ACAP II. Workshop Report, Nairobi 21-23 Sept 2017. Executive Summary..... 262

Annex 5: Checklist Institutional Resources..... 267

Annex 6: Checklist Evaluating Effectiveness of Asset Management 272

Annex 7: Church Assets Management Action Plan CAMAP 278

Annnex 8: Minimum Standards for Candidates for Church Elections..... 279

Editors and Authors 281

PREFACE

God gives abundant life and resources to the whole creation, including humanity. Christians as followers of Jesus Christ and churches as the body of Christ participate in this abundance of God's gifts with talents of human resources and manifold mobile or fixed assets in land, forests, real estate, institutions, capital, including the assets of church-related organisations (CROs) such as schools, hospitals, farms, training centres, microfinance institutions, women's associations, universities etc.

Yet, there is still much poverty in churches and CROs, in Africa as on all continents. There is a great need to decrease dependency from donations and to increase income from professionally managed assets. This include the mismanagement and abuse of church resources e.g. by corruption. Improved asset management is urgent for the sustainable continuation and expansion of the mission and tasks of the churches and CROs. It is also a key element for African Dignity, the motto of the All Africa Conference of Churches AACC.

The African Church Assets Programme ACAP of AACC and Globethics.net, supported by Bread for the World, is a very important effort and contribution to these goals. This handbook is a concrete tool for church leaders, finance and asset officers, pastors, lay persons and experts to develop their action plans, increase their income from assets and attract ecumenical partners, investors and governments to support the efforts of the churches s and CRO for sustainability and thus also to contribute to the UN Sustainable Development Goals. The handbook is also timely as AACC with its 11th General Assembly in Kigali/Rwanda early July 2018 decides on the AACC programmes for the coming years.

Responsible and sustainable assets management will certainly be part of it.

I warmly invite all churches in Africa and on other continents to actively use this handbook for improved church assets management – for the Glory of God.

Geneva, 25 June 2018

Prof. Dr Isabel Phiri
Associate General Secretary
World Council of Churches
Geneva/Switzerland

1

INTRODUCTION

William Otiende Ogara / Christoph Stückelberger

1.1 Background to this Handbook

As churches and Church-related Organisations (CROs), the goal is to become financially sustainable and less dependent from donations by balancing income from donations with income from own assets and business.[1]

The subject of Managing Fixed Assets in churches in Africa and church related organizations (CRO's) is receiving more attention than ever before. This is largely due to the growing awareness of how an individual member of a church (or the church itself) can grow rich overnight through donated assets by well-meaning individuals. Fixed assets are those "Assets of a permanent nature required for the normal conduct of a business. For example, furniture, fixtures, land and buildings are all fixed assets"[2]. They are often used by the entity to generate wealth in the form of income which them supports the objective of the organization.

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[1] See Bright Mawudor, Financial Stability of Church Related Organisations. An Empirical Study on Kenya, Globethics.net Theses No. 17, Geneva: Globethics.net, 2016. Link to the book: www.globethics.net/theses-series

[2] Glossary of Terms in chapter 15 of this book.

Another background of this handbook is the fact that churches and church-related organisations every month lose substantial amount of money and fixed assets by corrupt practices inside the organisations![3] It is more and more difficult to ask for and get donations if at the same time existing assets are not well managed or even lost.

The All Africa Conference of Churches AACC has 133 member churches and 32 associate councils of churches in 39 countries, representing over 120 million Christians in Africa. In 2006, the AACC - with support of the editors of this handbook – published a "Social Audit Report" [4] in order to increase transparency and accountability. In 2013, the 10th General Assembly of AACC in Uganda adopted a resolution which stated among others: *"AACC Secretariat to launch and implement an African Christian Assets Programme (ACAP) that will facilitate member churches to map, register, secure and manage Church-related assets of land, resources and real estates and to increase income from it."*[5]

Based on this resolution, Globethics.net Foundation, an international partner organisation of WCC, based in the Ecumenical Centre in Geneva Switzerland, with AACC and with the financial and conceptual support of Bread for the World in Berlin/Germany developed the African Church Assets Programme ACAP with phase I 2015-16 and phase II 2017-18, preparing also a phase III for 2019-20. This handbook is a fruit

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[3] See Christoph Stückelberger, *Corruption-Free Churches are Possible. Experiences, Values, Solutions*, Geneva: Globethics.net, 2010, e.g. 34-65, 172-178; Elisabeth Nduku/John Tenamwenye, Corruption in Africa. A Threat to Justice and sustainable Peace, Geneva: Globethics.net, 2014. Both books free download www.globethics.net/focus-series.

[4] CORAT Africa, *Final Report of the Social Audit of the Secretariat of the All Africa Conference of Churches*, Feb. 2006. The 17-pages report, initiated by Bishop Dandala and supported by Christoph Stückelberger/Bread for all, shows in detail challenges in management (also of assets) of AACC before 2006, combined with solutions and recommendations. The report can be requested at info@aacc-ceta.org.

[5] Full text of the resolution below in Annex 2.

of ACAP! The editors are deeply thankful for the financial support and inputs of Bread for the World, represented by Monika Redecke!

The idea of the Handbook on Fixed assets came from a workshop organized in September 2017 jointly by All Africa Conference of Churches (AACC) and Globethics.net That workshop came up with a Joint Communique, in which the participants underscored the importance of Fixed Assets Handbook. From the Communique is the following "In gratitude to all the facilitators and recognizing our responsibility to be good stewards and improve on resources entrusted to our care, we issue this Joint Communique put together by 26 participants drawn from 11 Countries of West Africa, Central, South and East Africa, and representing 16 organizations. It is addressed to the Leadership and Members of Churches; the Civil and Public sectors; Youth, Christian leaders and all those in our network with the primary aim of improving on our asset mapping process; enhancing our capacities, competencies and commitment in assets management and re-enforcing our stewardship of the goods entrusted to our care."[6]

Follow-up workshops on country level have been held between December 2016 and February 2017 in Rwanda (Butare, hosted and organized by PIASS), East DR Congo for South and North Kivu (Bukavu, hosted and organized by Église du Christ au Congo ECC South Kivu, in French), Zimbabwe (Harare, hosted and organized by Zimbabwe Council of Churches ZCC) and Ghana (Accra, hosted and organized by Kingdom Equip Network KEN).[7]

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[6] A joint communique from the participants of the second African church assets programme (ACAP II) conference held at the Desmond Tutu Conference Centre of the All African Conference of Churches (AACC), Nairobi, Kenya from 21-23 September 2017, in African Church Asset Programme, Report 2017.

[7] See ACAP Reports and News on https://www.globethics.net/de/african-church-assets-programme and www.globethics.net/reports.

1.2 Significant Risks

It is clear that churches in Africa today will face significant risks. Some of them will lose many of its assets that are not yet registered in its name. Again, it has also been difficult to get all inventory of all these assets putting the organization at a greater risk. Indeed, some of them will not be ready and willing to raise funds for the transfer of the names on the titles, from individual or group names, to the church's name. Some churches today will lose property that it has because of poor registry. This will happen because either they do not have the correct papers or they do not pay land tax. Some churches will not make creative use of the possibility to earn income through these assets. The assets therefore get old and useless due to general lack of maintenance mentality or culture. Overtime it then becomes very difficult for even well-meaning churches to provide justification for ownership of the assets as the acquisition process may not have been well documented. It is not surprising therefore that in some cases, churches have continued to lose huge chunks of land and building assets to persons who decided to take advantage of the churches ignorance on how to regularise ownership.

1.3 Emerging Opportunities

Yet, in spite of key challenges there are opportunities to build on. The culture of philanthropy has resulted into a number of very generous donations and contributions in the form of landed assets having been received by churches over the years. The other side of the reality is that some of the donated assets may have landed in the hands of some individual members of the church who were never well meaning and over the years may have decided to have the assets recorded in their names. Such fraudulent acquisitions of the assets are not uncommon and these have invited the urgent need for regularization of ownership of fixed assets.

Fixed Assets management involve the process of making decision with regard to planning and control over the acquisition, use, safeguarding and disposal of assets so as to maximise their service delivery potential and manage the related risks and costs over their entire useful lives. Today, Fixed Assets represent a significant investment that needs to be protected by the management to ensure their safety. Fixed assets in this case comprise movable and immovable assets which include land, buildings, Motor vehicles, furniture and equipment.

The objective of this Handbook is to prepare churches in Africa to not only appreciate the value of regularising ownership of the assets that they may have acquired over time, but be very intentional about proper recording accountability, use and disposal of the same.

2

CHALLENGES AND OPPORTUNITIES IN MANAGING CHURCH ASSETS IN AFRICA

William Otiende Ogara

2.1 Challenges in Managing Church Assets in Africa

2.1.1 Understanding the Scope of Challenges

Challenges are situations that make it difficult for organizations to manage their assets properly and achieve their objectives through the use of its fixed assets. The challenges that organizations face with regard to the management of its assets affect the daily running of organizations. These are many and diverse. They very often are within the scope of the respective churches and are to be addressed. Our attempt to outline the challenges is intended to stimulate further conversations with respective churches on the importance of fixed assets management.

Challenges here will include general lack of legal titles and registration of Church properties; poor inventory of temporal goods and the bureaucracy within the national laws of most of the countries in Africa today. The "cumbersome public-sector methods found in registrations; the high costs involved to register titles, properties and lands; the fact that corruption is prevalent with the systems operated in some of our environments and therefore urgently require and request support from our partners locally and internationally to succeed. Requirements in-

clude financial payments; proof of ownership of property; documentations; investment models to utilise land in exchange for registration funds"[8].

There is also the present danger that some of these properties may end up being registered in the name of private persons instead of the corporate and legal holders. The endangered individuals would be stranded as they would find the strong ones using mechanisms, policies and structures that would prevent them from registering properties in their names.

2.1.2 Landed Properties Given by Families

Land given by families to churches and yet ownership of the same remain unclear (or irregular) is a common issue in churches. Very often such donations were affected by families who were well meaning but over time as the children grew up, and given the growing pressure on arable land, children of such facilities now refuse to recognise such donations. In some cases, the land owner passed on without initiating the intentional process to secure the title in the name of the church.

In such circumstances the dependants may take advantage of such loopholes and make efforts to reclaim the land back from the church. Today, cases abound especially in the rural areas where church elders through their contributions towards the work of God donated land to the church and eventually they passed on and their family members took advantage of the fact that the land had not been duly transferred in the name of the church to reclaim back the land through a court process.

"In 1965 a church in a neighbouring rural area had acquired a piece of land through donation by one of the church elders. After the death of

[8] A joint communique from the participants of the second African church assets programme (ACAP II) conference held at the Desmond Tutu Conference Centre of the All African Conference of Churches (AACC), Nairobi, Kenya from 21-23 September 2017.

the key church elders the family members realised that the land where the church had built a sanctuary was donated by their father and title of the land was still in their father's name. They initiated a court process to recover the land from the church which eventually was ruled in their favour and the church lost all the investments that they had on that land"

Church clergy, right, with a church member showing the clergy some fenced land that was donated to the Parish.

The best practice for churches would be to ensure that before any structure is erected on the land that has been acquired through donation; the title should be first secured or transferred in the name of the church to cushion against any future risks of litigation and subsequent loss of the land to any interested party or family members.

2.1.3 General Lack of Maintenance Mentality

There is a persisting poor maintenance culture over fixed assets. Preventive maintenance of fixed assets is yet to be embraced by church organizations. It is a culture that exists even in many families and supported by the perception that the work maintenance does not exist in

many of our local languages. Very often, fixed assets are only attended to when there is a problem that needs to be fixed by repairing the fixed assets. Lack of preventive maintenance of fixed assets has practically made it difficult for organizations to keep assets in proper shape to maximise on the fixed assets potential. Poor maintenance of buildings and the infrastructure has resulted into leaking roofs for churches, hospitals, schools and in most cases water cannot flow through the water taps due to poor or lack of maintenance. The situation has led to high cost of repair especially where the roofs have fallen from the buildings due to lack of maintenance or water taps have been completely damaged and water cannot flow through the taps.

An example here is that within Kenya today, County dispensaries and primary school buildings have experienced such kind of scenarios and have undergone a lot of repair work to bring them back to good shape. In most cases in these institutions it is nearly impossible to use water taps because they have been damaged and water is no longer flowing through the taps. On the other hand, their ceiling boards have already come down and you are able to see the roofs from inside due to leaking of the roofs.

Maintenance culture of fixed assets should be embraced by organizations to ensure that fixed assets are well taken care of and are able to serve the organizations in an efficient manner for them to achieve their goals as well as maximising the services of the fixed assets. Well maintained fixed assets will reduce the cost of repair of fixed assets and this will translate to saving of funds that can be reinvested in other projects which in turn can generate revenues for the organization.

2.1.4 General Lack of a Change in Mind Set

Over the years, many churches were made to believe that they were poor and that they needed external support from traditional church donors. Some of these donors even until very recently paid for church

workers' salaries at a time when such salaries could be best left to the church itself to pay. This culture of dependency blocked may church members from seeing possibilities of utilizing the landed assets that they had acquired over the years. The assets were left idle and money was being sought from elsewhere. This poverty mentality has gone on for years in some of the churches and had prompted some of the writers to make remarks as summarised below:

"It is not our land that is poor. It is not even our minds that are poor. The truth is that we have received freely so much for so long that we have lost the power to choose for our own, empower our own, create our own and think for ourselves. No human is as deserving of help as he who loses the power of his mind to create, and no amount of wealth can redeem he who is not ready to redeem himself. Philanthropy, however great, will never solve the problems of one whose mind is not redeemed. Philanthropy must empower, not just provide. We must change how we acquire and share wealth for Africa to change. Benevolence is never enough to catalyse change; if perpetuated it only paralyzes…" (By Paul Okumu of SISA)

Further observations do demonstrate that today, "The church has a number of Properties which remain not only undocumented but in a state of disrepair. It has over the years been endowed with many prime assets, but there has not been a process put in place to map where the assets are and their conditions. In the absence of a comprehensive record of all key properties owned, the church today faces the potential loss of the properties through loss of rent, theft, or decay and dilapidation

2.1.5 Inadequate Provision for Reserve Funds

Ideally, fixed assets need reserve funds to provide for replacement of the same as and when they wear out. Today, the financial burden of meeting wages of church workers does not permit availability of reserve funds to cater for assets replacement. Members' givings are used solely

to pay pastors salaries and administrative work leaving no funds set aside to maintain the fixed assets. Many church buildings are in a state of disrepair, unfortunately with no funds kept aside for repair and maintenance due to low giving by members. Churches live from hand to mouth, because the only revenue that most churches receive income from members giving. Ideally, this is not enough to pay for recurrent costs and maintain the assets of the church. Funds to upgrade church facilities like hotels, parking and conference rooms, -to attract quality clientele and management staff, remains a challenge. Not having a clear agenda for development of property investment that will generate sustainable income is another concern.

Churches need to venture into income generating activities that will generate other revenue streams other than depending on the giving from members to adequately fund its projects. Churches can build schools, institutions of higher learning and even hospitals to increase their revenues and-sustain their operational and financial activities. Income generating projects will make churches more sustainable. This will in turn enable them initiate a lot of development projects which will generate funds to support its core mission of evangelism.

2.1.6 A weak Procurement Process

Acquisition of fixed assets may be done by individuals who mean well for the respective church institutions. The process is often reliant on one individual who is expected to have a monopoly of knowledge as to what the CRO needs. S/he remains trusted by the decision that s/he takes. There is very little that is done by others to interrogate the actions of the individuals. This is an example of where trust is not followed by clear accountability. In fact, any attempt by any one member to question the action of the individual is construed to mean general lack of trust. The transaction may involve purchase of land, or even a building for the church.

Very often there is little conversation on the rational for the fixed assets procured though most of the transactions were being done in good faith. This point is further re-emphasised by the recent base line study by All Africa Conference of Churches which did reveal that there is admittedly, considerable weaknesses in many CRO[9] in so far as procurement is concerned. Many organizations have inherited very informal systems where assets were donated and never recorded for better stewardship. There is general lack of capacity development in assets management as evidenced from this remark "I wish partners come to my country and teach my church on fixed assets management". One other CRO comments that "mid-term needs for the improvement of asset governance and management remains.

2.1.7 General Lack of Proper Records

Many churches today struggle with basic lack of records of the fixed assets that is under their ownership and possession. What exists may only be in the form of memorandum entry, but very little in terms of what ordinarily would go for a basic fixed asset register. In the circumstances it is very difficult to establish when the assets were developed, and in what state they were in when they were acquired. The following extract from a church evaluation report does demonstrate this fact:

"The Diocese inherited very strategic institutions. But there is no authentic record of what was acquired and in what state. Most of these institutions have since remained run down and the image of the once noble Diocese now remains distorted. The main Secondary School and the Holy Trinity Church are some of the institutions that have tried to improve their physical infrastructure. There is a lot of room for improvement in this area. Fences and gates are missing for most institutions. As a result, the safety of the Diocese assets is not assured"10

[9]© AACC Survey on Organizational Health 2016.

[10]Baseline assessment of a Diocese in Tanzania-2015.

These loopholes leave room for fraud cases. Well-kept records are key in proper asset management.

2.1.8 Outright Stealing

Some elders actually steal church properties and have them registered in their names. This is very rampant in some of the upcoming churches where elders are often custodians of church properties and they double up as trustees as well. They end up taking advantage of their positions and transferring the title of the land in their personal names. In churches where elders double as the trustees of the church, there exists the fraudulent risk of scandalous transfer of the title document to their names. An indication that they are not faithful to their calling and honest to provide good stewardship act. Stealing extends into what is often referred to as "grabbing public assets" through corrupt means to benefit people by performing fraudulent acts particularly by people who call themselves the saints.

Such acts have resulted into development of anti-corruption manual by a local church which was unanimously adopted by church members. This was after a church elder secured the title of a church house in his name without approval by members of the church. The other aspect was the change of policy of the church. This is where trustees of the church were directly elected by members instead of elders appointing themselves as trustees. Strict policies that are developed by churches have always acted as deterrent to fraudulent activities by people in high offices.

2.1.9 Poor Quality Materials Used in Some Structures

In some instances, people charged with the responsibility of procuring materials end up buying low quality materials. These wear out so fast. Cases of buildings collapsing are common due to poor quality of materials used in the construction. This gets worse when funds are misapplied (or out rightly stolen).

Generally, public organizations have in many occasions suffered the risk of misuse of its assets or poor-quality materials because of the mentality and perception that public assets are up for grabs. People charged with certain responsibilities neglect their work and engage in activities which do not benefit their individual organizations but serve their own personal interest.

2.1.10 Promoting a Culture of Extravagance and Greed

Initially through hard work and commitment, some CRO's have tried their best and are generating money from use of their investment assets. Over time, as the leadership changes, the new leadership will now have known the struggle that the CRO's went through in building the investment in assets. They come in and decide to pay themselves relatively higher salaries, now that there is money being generated. Their pattern of expenditure starts going up and often the original values of simplicity and cost savings are thrown off the window.

It will not be easy to sustain such investment as there is the temptation to eat into the seed money. The following story illustrates the frustrations that some CRO's go through:

A National Women Organization of great repute, decided to acquire land in a prime area of an urban environment and developed a number of leasehold rental properties. They did this through a mortgage facility that initially became very risky to repay given the dismal rental revenue that was being generated. The Organization led by a Chief Executive who believed in a culture of financial humility and simplicity engaged the staff in extreme cost cutting measures to survive. This they did very well and after a few years of continuing to reinvest the meager surplus that they were making, they were able to improve on the capital base of the property. The Property Committee made sure that they did not even take any sitting allowance. After a while, the Committee decided to sideline the Chief Executive as they were not being paid their sitting allow-

ance. They felt that the Chief Executive was blocking the way for them and decided not to renew her contract. After a while when a new Chief Executive was appointed, the Committee demanded to be paid sitting allowance and since they could not control how often they met, all the net revenue generated from the property was used and there was not much left for reinvesting. The property eventually got auctioned as the Committee was unable to repay the outstanding mortgage.

This insatiable thirst for money kills many good initiatives and leaves many CRO's starved for cash. This situation is perhaps best illustrated by the following statement from Pope Francis "When the apostle tries to fill an existential emptiness in his heart by accumulating material goods, not because he needs them but because he'll feel more secure."[11]

2.1.11 Unplanned Structures

Cases abound where plans for acquisition of Assets remain haphazard and unstructured and it becomes very challenging to develop a master plan in future as space will have been taken up, by structures that could have been avoided. Some of our churches got money, put up wonderful structures and are now waiting for more money to operate. Such concerns are an indication that project planning was not fully interrogated from the start to the end. Proper planning can help thwart such issues.

2.1.12 Construction Projects Take Unnecessarily too Long

Some churches take too long to complete structures. The delay in completion is often attributed by either lack of funding or cases where the lead person in the organization is not development conscious. Constant squabbles in church amongst the leaders/elders have also slowed down developments in most cases and the structures take too long to be completed. Visionary leaders are normally creative and when they join organizations they initiate development projects which in a short time

[11]Ailments of the Courier- by Pope Francis 2016.

get completed while some leaders who lack development agenda take too long to initiate development projects and sometimes they don't initiate projects. This has made so many churches lag behind in terms of development while they have enough resources to use at their disposal to develop their churches.

2.2 Opportunities in Managing Church Assets in Africa

These are benefits that a church organization can exploit to its advantage to maximise the services that professionals who are members of the church can offer freely and also to take advantage of tax incentives, rebates and tax exemptions that exist for organizations whose work is for the advancement of religion.

2.2.1 Creative Use of Members Who Are Professionals

The church can take advantage of its professionals who are willing to assist in asset management: The fact that the churches have members who are professionals and have the readiness to assist in assets management gives the church an opportunity to positively engage such services for the better management of its assets. Professionals provide great human resource and credibility in the asset management and therefore it would prove useful to engage them in the asset management systems of the church to ensure efficiency and proper utilisation of the fixed assets for the benefit of the church. This approach will make the management of fixed asset more accountable and in an accurate manner that will greatly benefit the church in the area of services provided by the assets.

Internships and attachments in asset management can bring in an interesting dimension in asset management. Interns experienced in asset management can bring in fresh asset management ideas. They can also fetch free labour, diversify an organization's work force and nurture talent that asset managers can take advantage of to improve asset management.

2.2.2 Promoting the Culture of Philanthropy

There is great potential for mobilizing financial within churches and civil society organizations in Kenya today. This is one country which has made significant strides in building church structures through philanthropic giving. Lillian Kaivilu (2013)[12] quoted Sabula who asserted that, "Kenyans are naturally philanthropic since everyday they help a beggar in the streets and a needy child. But this is never counted as philanthropy since there are no laws in Kenya supporting the practice," It is further argued that experts say that Kenya, and Africa at large, could be sleeping on a gold mine that could greatly transform the economy. This argument is further supported by the piece of work by Ogara et al (2007) on their research on reinventing volunteerism, in churches and church related organization where they affirmed that "for every dollar (US $ 1) contributed or donated by the development partners/ donors for development projects in Kenya13, the volunteers contribute between US $ 1.5 and 2 dollars in kind".

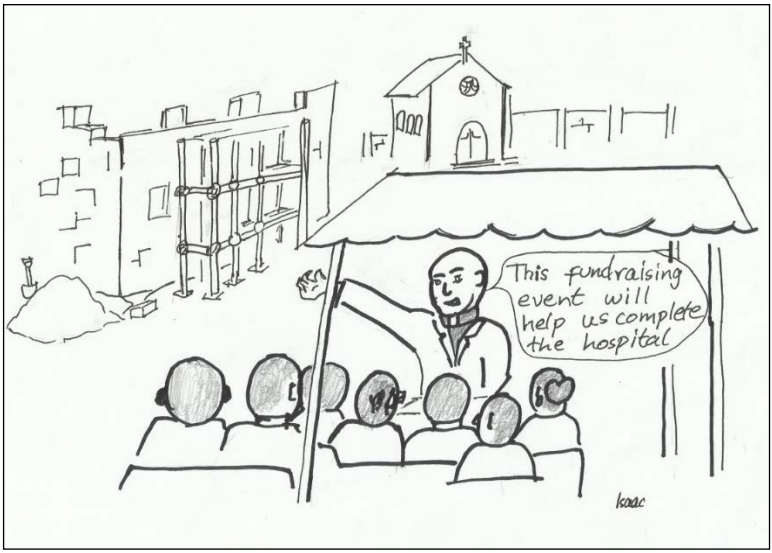
Traditionally, Kenyans are cultured to give generously to their extended families. Their motivation is drawn from the oneness and the cultural or traditional bonding among the community members. For example, the Maasai community being pastoralists, respond to the effects of drought or other catastrophe that strikes a member of their own by contributing generously to the affected household.

There is a greater need to document and learn from existing resource mobilization strategies. One of the shocking revelations from their research was the fact that whereas 41% of some organizations do quantify the value of volunteer contribution to their organizations, there is no evidence of documentation of this claim. There is need to streamline the local fund-raising practices. The local fund-raising scenario, has left a trail of bad history especially with practices that favoured politicians and

[12] The People in Development Agenda, September 25, 2013.

[13] William Otiende Ogara, *Reinventing Volunteerism,* Nairobi, 2007, 6.

left a huge potential within some of the potential middle-class funders untapped.



The church Leader explaining to the congregation on the benefits of fund raising to assist building a hospital owned by the church

The fact that there is a culture of *harambee* (sacrificial giving), which churches are yet to be exploited to the fullest: Major sources of church income are from harambee and members giving. The church need to exploit better ways to fundraise for projects, and at the same time initiate special giving for development projects. Church members can only be motivated to participate positively in development projects where the leadership has the vision to develop the church and make it more sustainable so that the church can move away from over dependency on members giving to long term sustainability through other financing means.

A local church exploited harambee *and special offering avenues to generate funds to acquire a property in Nairobi. The leadership deliberated the issue with church members on how to finance the investment and it was agreeable that the best and the safest financing option was to*

raise funds through members giving and harambee other than going for bank loans which eventually would prove more expensive to service. Harambee and members giving provide free financing that if well exploited account for the best financing option for church development. The church was therefore able to raise the required amount within a specified period of time and the property was acquired.

Some private institutions are ready and willing to donate assets: Church organizations need to network and partner with institutions that support faith-based organizations to be able access the benefits that such organizations can offer to the church. Some of these institutions donate assets to churches and therefore churches should take advantage of such support and benefit from the institutions however transparency and accountability will be important for the church to be able to persuade and make the institutions develop confidence and trust to support the church.

The only key challenge here is that the "harambee" strategy has been abused and overused by these politicians. Sometimes back, it was banned especially during the electioneering years; however, the practice is still on-going though with little success since most middle-class population have little interest in political fund-raising activities. In addition, there is a general lack of requisite skills for effective local resource mobilization strategies. Some of the fund-raising organizations continue to operate informally hence the push to have alternative resource mobilization skills

2.2.3 Unexploited Land Bank

Over the years, churches have inherited large tracks of land and buildings that lie underutilized. Land is a factor of production and therefore where churches have large tracks of land it is prudent that the land be developed to increase earning capacity of the church. Churches can venture into kindergartens, schools, universities and rental houses for purposes of generating more revenues and improve the financial stability

of the church. History has taught that a number of churches, given their commitment to holistic ministry, have over time diversified their operations and invested in schools, universities and rental houses which have made them more sustainable and have increased their financial capacity to run many projects.

2.2.4 Supportive Government Policies towards Churches

Many countries in Africa have taxation policies that still favour churches and many churches don't have to be assessed on taxes on land. Besides, churches are not taxed on the income related to members giving, *harambee* and donations. As long as the funds raised by the church are for advancement of religion they are exempted from tax and churches should take advantage of tax savings to prudently invest the funds in productive projects. Churches can also seek for tax exemptions for some of the taxable incomes a rising from investments which are not tax exempt because the surplus funds that they receive from those investments are ploughed back to the church to support the church activities of preaching the gospel of the lord Jesus Christ. Where a church organization would want to import materials for building they can ask for VAT tax exemptions from Kenya Revenue Authority so that their imports can be exempted from such tax to allow for cheap imports of materials.

2.2.5 Local Revenue Authorities Can Give Rebates

Countries like Kenya have revenue authorities that are willing to give rebate to those who offer humanitarian support. In Kenya today, The Kenya Revenue Authority is willing to give tax rebates to those who contribute to legitimate church social action activities (or other registered humanitarian organization). Tax incentives by the Kenya Revenue Authority can be a clear motivation for organizations to support churches. The church need to approach organizations which are willing to support the church to seek for financial support in the area of fixed

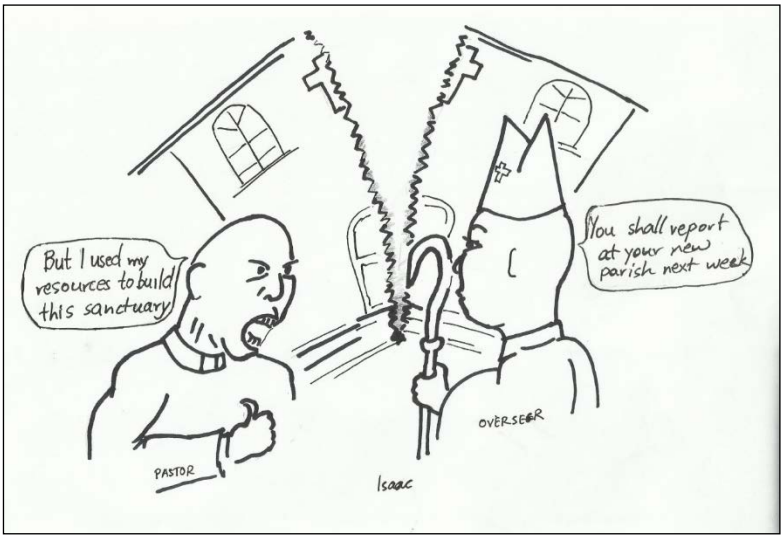
assets acquisition. The Church should come up with clear projects that they need to be supported by the organizations.

2.2.6 Growing Professionalism in Church Workers

Churches are increasingly engaging staffs, who have diverse experience and exposure. Some of these people are better qualified even in assets management. Today, Churches need to have trained pastors in assets management who have good ideas of managing the fixed assets for better and efficient outcome in the utilization of the assets. Churches should consider pastors who have knowledge in assets management so as to make the churches well equipped in the management of their fixed assets. Trained pastors who have the knowledge in assets management will provide sound leadership that will make church invest in projects that will increase their revenue base and make them financially stable.

2.2.7 Widening Space for Clergy Capacity Enhancement

A number of countries today have a growing number of theological institutions with curriculum that go beyond theological training and formation. There are a number of institutions which are ready to train pastors but the onus lies with the leadership of various church organizations to take up the challenge and go for trainings to improve their leadership and management skills in various spheres to be all round managers. Some of the institutions include PAC University, Africa Nazarene University and East Bible College.



Left, a church member explaining to the church leader on stewardship of church resources.

2.2.8 Promoting Theological Education on Assets Management

A number of CROs, Theological Institutions and Bible Schools are increasingly recognising the need to develop theological curricula on managing church assets. Some of the key questions that they are addressing include what level should this programme or course be introduced. Workshop and seminars are now being mounted to assist practicing staff, leaders and ministers have basic skills on assets management.

Trainer of Trainees (making it very practical at the various levels) and involve the AACC with Globethics. There is need for online education through modern communications and even through use of open universities

Some CRO are now working towards seeing enabled and empowered church leaders to asset management in order to ensure creative use of assets within their possessions. It is expected that such training will aid the participants to really diversity the assets and accounts well to the people.

3

INTEGRITY LEADERSHIP AS GOOD STEWARDSHIP

Christoph Stückelberger

3.1 Integrity as Foundation for Stewardship

To become and, especially, to remain a faithful steward needs a strong character and personality. Many young person start the professional career with ethical values and convictions, but give up in the tough professional struggle. Stewardship needs personalities with integrity. But what is integrity?[14]

Let us again first look at the Biblical texts. The word "integrity" only appears—and quite rarely—in the Old Testament. The profession of Judges alone specified that integrity was needed. "Do not try to become a Judge, if you cannot extract injustice, for you could be influenced by the personality of a Prince and thus compromise your own integrity" (Sirach 7:6). Straightforwardness (Prov. 1:3) is close to integrity and integrity of faith and says no to former (ancient) gods and has trust in

[14] This point 3.1 §2-8 reprint by permission from and further developed in: Christoph Stückelberger, *Integrity – The Virtue of Virtues*, in: Christoph Stückelberger/ Walter Fust/ Obiora Ike, Global Ethics for Leadership. Values and Virtues for Life, Globethics.net Global Series No. 13, Geneva: Globethics.net, 2016, 318; cf. also: 311-326.

God (Jos 24:14); integrity and faithfulness are almost synonymous in this text.

There are other expressions that describe many aspects of integrity: the purity of the heart and the loyalty of the believer, for instance, David, following the threat of Saul (2 Samuel 22:21-26: "My God treats me by my justice, he treats me by the purity of my hands, as I have followed the paths of God, I have not been unfaithful to my God. All his laws are in front of me, and I have not disobeyed his commandments. I have been faithful with Him, I have avoided all misbehaviours. Consequently, God has given me back my justice, as he has seen it with his own eyes. To the faithful, you are faithful, to the blameless you are blameless." Faith in God and in his teachings/ ethical principles: "Let our heart be truthful to God, our God, so that you follow his teachings, and keep his commandments, as you are doing it today." (1 Kings 8:61, 1 Kings 9:4). But in the eyes of Jesus, the Pharisee claims to follow all the laws of God, but he forgets that love is the most important teaching of Jesus. So, in this sense, integrity is understood as an act of love.

A biblical text on integrity - which we may consider as a "classic", as it is very rich - is the Psalm 15:2-5:

"God, who will be accepted in thy tent?
Who will stay on thy sacred mount?
He who has a truthful behaviour;
practises rightfulness;
has honest thoughts;
controls his tongue;
does not harm others;
nor hurts his fellow men;
he despises the sinner;
but respects those who fear God.
He does not back off after he made a wrong promise
He does not lend money with interest

He does not accept gift to condemn an innocent

He who behaves as such is incorruptible."

This is an excellent description of a truthful person with the eleven following traits: he is rightful, honest and true, he controls his words, he is fair, nonviolent without excess, he does not fear wrongdoers, but follows those who behave truthfully, he keeps his promises, does not let himself being exploited, is free of corruption and is incorruptible ("unshakable" in other translations).

The term "incorruptible" at the end of the psalm is an important qualifier of the believer and of the truthful person: a truthful person recognizes temptation, but he resists to it. He faces uncertainty, but does not ignore it, he faces doubt, but does not lose his faith. He shakes, swings, and trembles but he does not fall, as is said in another Psalm.

The content of "keeping one's promise" is equally important: keeping one's promise is easy if one gets more by doing it. But if one risks losing by doing so (for instance, for not being re-elected to a position or not earning a mandate), keeping ones' promise has a price. This is where the psalm encourages us to do it even if there is a price to pay for it.

In this psalm, the full description of integrity includes behaving towards the people around us and the community, keeping the truth and values and at the same time, saying no to corruption and financial exploitation which leads other people to become indebted as a consequence of non-equitable pricing. An honest person lives in peace of heart and in ethical safety: "Living in honesty, is living in safety." (Proverbs 10:9)

Ethics according to the *New Testament* may be part of the qualities of an integral person as described in the Old Testament, but it goes one step further. The ethical person avoids evil, but does not condemn the villain. On the contrary, he seeks to put him back to the community and the society. To love one's enemy and seek for reconciliation is the greatest act of integrity.

We can summarize the Christian description of a person with integrity as follows:

Integrity is a combination and integration of many virtues: honesty, respect, responsibility, transparency, righteousness, trustworthiness, probity, uprightness, honourableness, morality, high-mindedness, right-mindedness and following God's rules on justice, peace and love. Integrity is to comply with one's own values and convictions. For Christians, this means to act in conformity with God's will. Integrity is doing the right thing, even when no one is watching (C.S. Lewis) and doing what is necessary and not only what is profitable. A truthful person acts out of intrinsic motivation and not the contrary. A truthful person respects and implements laws and regulations. He/she has the courage to act correctly without being followed by the crowd, without being applauded by the authorities, or without fear of financial losses. The person with integrity can distinguish conflicts of interest and solve them in a transparent way. The person with integrity can recognize his own mistakes and those of others, and to correct them, accepting his own limits and the need for collaboration with others.

Staying truthful in a world where evil, cheating, corruption, dishonesty, lies and exploitations are around, is a big challenge for a truthful person. This is where he/she needs a lot of bravery and resilience. These are moments during which the truthful person finds him-herself alone, without any support, nor understanding from others, and often being considered as a naive or even weak-minded person. These are moments where he/she undergoes pain and sufferings as violence overshadows non-violence, just as the horse overshadows the donkey, if we refer to Jesus' metaphor on donkeys. It is during those moments where the force of integrity is tested and where faith comes into force, based on the conviction that the dishonest person may have short term gains, but the just will benefit in the long term from benedictions and blessings, as claim the promises in the Bible : "For the upright will live in the land, and the

blameless will remain in it" (Proverbs 2 :21), "Blessed are the meek, for they will inherit the earth" (Mt 5 :5), "Blessed are those who are the pure in heart, for they will see God" (Mt 5 :8). The spiritual inspiration for a truthful person is his faith, his hope and the divine promise.

This courage can be (sometimes) costly. During these last two months, I met two friends: The first has a high-ranking position as Head of a public company in Africa. He resigned voluntarily as he was not given the possibility to implement the value-based integrity as we discussed above. He had given up his position and the privileges thereof, the money and the politico-economic power in order to keep up with his integrity principles. He thereby enhanced his reputation as a truthful and trustworthy person, a moral quality to which the people in his country was yearning for. The second is a friend from Asia, who had accepted a promotion for a top academic position in an institution, provided he could replace the corrupted elements within it, and build thereupon a culture of integrity with more transparency. He declared that he would resign without the support of the auditing authorities for such transformation. These two examples show that one needs not only the necessary bravery, but also a sufficiently good material safety net to avoid falling into the insecurity gap upon leaving a position out of ethical conviction!

3.2 Stewardship as Clear Biblical Concept

3.2.1 Stewardship – Terminology

Managing assets raises the question about the attitudes of the persons who have to deal with these assets it is profound question about the relation between a person or group of persons in the entrusted goods or services. Do the persons act as owners, as managers, as servants, as persons not not caring or destroying or wasting the entrusted goods and services? Managing assets of churches and church related agencies raises these questions in a Christian context.

If you look at the Bible, we see a very clear answer from the beginning to the end of the Bible. The answer lies in the relation between God and human being, between the creator and creation, between the perfect and the sinner.

God gives human beings different names which describe this relationship: the most often used is steward. It is a manager of entrusted goods but not the owner (in French in the French le/la gestionnaire, le/la intendant/e). Also, the term housekeeper is used the one who keeps the household in order. Even the term King in the Old Testament does not mean that the King can do whatever he wants but is still responsible to the one who put him on the throne which in biblical terms is God. In the New Testament the followers of Jesus have been called disciples which again means a relationship to the leader. Jesus also calls because the disciples and followers his friends which indicates a close relationship and co-responsibility of the friends. They are not called slaves which would only execute the orders of the boss.

3.2.2 Old Testament

Let us look at the number of these biblical stories which help us to clarify the responsibility in dealing with assets.

The creation story in Genesis 2 (the older one) mentions that God placed the human being in the Garden of Eden to “cultivate and conserve” it (Gen. 2:15). This is the oldest and shortest definition of sustainability that I found. It is a wonderful description of being entitled to use the assets of the creation in order to live in dignity and being able to feed eight billion people on the globe as of today. But he called to use these assets in a way that they are maintained for future generations. The Hebrew word for “cultivate”, “abad”, means to execute a task. The second word “conserve, in Hebrew “schamar”, means to protect, like a shepherd his sheep or a gardener his garden. Both activities are not the work of an independent owner, it is the work of a servant. Again, the

first creation story in Gen 1, younger than the one in Gen 2, gives the mandate to human beings to rule over the assets of this creation. This has to be interpreted in the context of the understanding of the King: as I mentioned, the King has a lot of power but also a huge responsibility to care for the entrusted people, animals and plants and non-living assets.

King Saul was selected by God as king. But at a certain moment he felt that Saul was not executing the power in a responsible way and did not obey God. Therefore, God took away the power and blessing from Saul and replaced him by David (1 Samuel 28:15-19) Many other stories in the Old Testament are told about abuse of power by corruption, by violence, sexual abuse, laziness, superstition by placing the King on the throne of God like that King of Tire (Ez. 28).

The prophets in the Old Testament had the role to remind the kings and ruling powers of their stewardship and responsibility. Even warlords who seemed to have unlimited power have to respect the limitations by respecting rules of war, we would call them today humanitarian law. Military leader was forbidden by God to cut fruit trees in war or in the occupied land as these assets have been seen as the basis of food of the people in the occupied land (Deut. 20:19).

3.2.3 New Testament

In the New Testament, a very impressive story is the *temptation of Jesus*. Before his first public activity, he was tempted is all human beings. Three of the four Gospels Matthew Mark and Luke told a story as it was so important. Jesus was tempted three times, transformed stones into bread, to jump from the rock and to get all power of kingdoms in the world (Luke 4:1-13). We see in them the three classical temptations of food and money, of miracles and the power. These are the of temptations of abuse of entrusted assets. Responsible stewardship is especially sensitive to these temptations and develops mechanisms to resist these temptations.

The most impressive story about *good and bad stewardship* is told in the gospel of Luke (12,42-48).[15] Let us quote the text as the story so clear and impressive:

> 42 Who then is the faithful and wise steward, 2 whom his master will set over his household, to give them their portion of food at the proper time? 43 Blessed is that servant whom his master when he comes will find so doing. 44 Truly, I say to you, he will set him over all his possessions.
> 45 But if that servant says to himself, 'My master is delayed in coming' and begins to beat the menservants and the maidservants, and to eat and drink and get drunk, 46 the master of that servant will come on a day when he does not expect him and at an hour he does not know, and will punish him, and put him with the unfaithful. … 48 Every one to whom much is given, of him will much be required; and of him to whom men commit much they will demand the more.

The Greek word in this text for 'steward' is *oikonomos*, the 'economist'! Oikos means the house and the household. The oikonomos is housekeeper who keeps the house in order. It is the administrator and manager who cares for the economy of the household and for all people living and working in this community. It is the first servant. There are four characteristics in the text which distinguish the responsible and the irresponsible manager.

1. The good manager recognises that he is not the proprietor of the house or the shareholder of the company but responsible to

[15] The interpretation of Luke 12:42-48 was first published in Christoph Stückelberger, *Stewards and 'Careholders'. A Christian Ethical Perspective*, in: Christoph Stückelberger and Jesse. N.K. Mugambi (eds.), Responsible Leadership. Global and Contextual Ethical Perspectives, Geneva: Globethics.net Publications, 2007, 3-12. Reprinted by permission from the publisher.

maintain and develop it in the name of the owner. The bad manager behaves as if he is the owner and sees the house or company as his own property.

2. The faithful steward cares for the people under his responsibility! He gives food, salary and social security at the proper time (v. 42). But the bad leader violates and exploits the people he should be responsible for (v. 45).

3. The good leader represents a solid work ethic. He works hard for the well-being of his collaborators and therefore serves as a good example. The irresponsible leader does not work, is corrupt, drunken (that means he is greedy and hooked on all kind of things). His exploitation and slavery are an expression that he regards not only the household but also human beings as his personal property.

4. The wise servant acts in a responsible way at every moment of his life because he knows that the 'master' could come and control every time. Business ethics and response to God are fully integrated in the daily life. But the stupid manager believes that no control will happen, that he can win every court case by bribing the judges, that it is enough to go to church and start to pray just at the end of life in order to be saved.

The story shows in a very simple and convincing way the meaning of responsibility: it means to respond to somebody (the word 'responsibility' comes from 'response'): the manager to the owner, the Christian to God. A bad leader wants to be autonomous, that means 'independent' from all responsibility towards others except himself. And by that, as a drunken person, he even loses control over himself. He is controlled by his greed for mammon and power. The good steward is theonomous, that means he gets his responsibility, respect and dignity from his dependency from God. And the more responsible he acts the more responsibilities he gets and can manage (v. 48).

This responsible behaviour is a vision for everybody, but especially for leaders. This model is convincing because it is not only a theory but a model practiced by Jesus himself in his life as a 'serving king', offering his own life for the benefit and salvation of the whole com- munity. He preached, healed, danced and laughed, constantly responding to the needs of his 'clients' as his 'work ethics'. He served as a servant washing the feeds of his disciples, he gave orientation and guidelines by his challenging parables, he shared food. He remained faithful to God whom he called father, even on the cross. The disciples of the resurrected Christ are invited to become such good stewards of God's gifts.:

The responsible oikonomos (economist): **T**oday the Greek word "oikos" is present in three dimensions: *eco*nomy, *eco*logy and *ecu*menism. Responsible stewards care for the economy as the material basis of life in God's household, the earth; they care for the ecology as the environmental basis of life in the household; they also care for ecumenism as the spiritual basis for life and its inter-religious and intercultural community in the global household. They care, protect, guide, order, serve and share on all three levels (see chapter 2). The Reformer John Calvin on the responsible use of resources: "Everybody should remember that he is the treasurer of God in all what he possesses."[16]

The responsible steward: The principles, values and virtues of responsible leadership as stewardship – as presented in the biblical stories and ethical values – are the basis for concrete guidelines in applied ethics of leadership. The Ghanaian theologian Emmanuel Asante developed an "ethics of stewardship" for the stewardship of talents, time, wealth, power, sexuality, poverty eradication, etc.[17]

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[16] John Calvin, *Commentary on the Books of Moses*.

[17] Asante, Emanuel, *Stewardship. Essays on Ethics of Stewardship*. Accra Ghana: Wilas Press, 1999.

Normally as leaders we complain about lack of resources to take proper responsibility. However, the first step is to discover the manifold resources that exist and not only the missing financial resources. Let us look at thirteen different types of resources usually available in an institution. A good part can be summed up in six Ms: material, manpower, methods, machines, money, market. But other resources such as nature, time, reputation, values and spiritual resources are added. They all can and have to be managed in a wise, professional and responsible way.

A famous story about managing assets is the *parable of the talents* (Matth. 25:14-30). Property owner entrusted his property during his absence the servants in unequal way it gave five units of money to the first two units to the second and one unit to the third as the first two worked with what they received and increase their value the third test put it in a whole. When the owner came back entrusted more to the first two and punished the third. The parable shows that entrusted assets are not only a gift but also an obligation and responsibility to care for it, to maintain it, to increase its value in order to better serve society knowing any moment that the assets are only entrusted and not owned. The story shows also the connection between trust and entrusted assets: the better the servant was managing the entrusted assets the more trust and responsibility he or she received (V 21 and 23).

The New Testament is also very practical when it comes to *mutual accountability for assets*. Paul reminded the early Christians in the small parishes and communities to correct the brother or sister when they fail in their behaviour or responsibility (Gal. 6:1) and "speaking the truth with love" (Eph. 4:15), but also forgive each other (Eph. 4:32). Christians cannot say they care only for what is entrusted to themselves but they also have to care for the assets entrusted to the others in the Christian community and in secular society as all are God's assets!

An impressive story in that respect is the *collection among the Christians in Corinth for the Christians in Jerusalem (2 Cor 8-9).*[18] The relatively wealthy Christians in Greece collected money for the poor parish in Jerusalem (which suffered in the year 70 a severe hunger crisis). Paul was asked to bring the money to Jerusalem, but appointed Titus to accompany him in order not to be suspect to abuse the entrusted collection (2 Cor 8:19-21): "We want to avoid any criticism of the way we administer this liberal gift. For we are taking pains to do what is right, not only in the eyes of the Lord, but also in the eyes of men." (V. 21). Four eyes for mutual control and accountability was his rule from the very beginning of Christianity dealing with money! And accountability is towards God, but also the human community! Therefore, a church leader cannot claim to be responsible to God alone but the parish should not control how he administers the money of the parish. That is not biblical, not Christian! Paul was a church leader with integrity and clear rules of asset management!

In addition, the story is an example of sharing assets with "equality", a word used twice by Paul in this text. Sharing of assets is the consequence of being steward and not owner! "He who had gathered much, did not have too much. And he who gathered little, did not have too little." (2 Cor 8:15) Really a model of Christian economy which avoids greed and poverty and enables an "Economy of Enough for all"[19].

This same attitude of Paul can be reported from other texts in the New Testament. "Each one should use whatever gift he has received to serve others, *faithfully administering God's grace* in its various forms. If

[18] For a detailed analysis see the thesis Viateur Habarurema, Christian Generosity according to 2 Corinthians 8-9: its exegesis, reception and interpretation today in dialogue with the prosperity gospel in sub-Saharan Africa, Carlisle: Langham 2017.

[19] Bob Goudzwaard/ Harry M. de Lange/ Mark Vander Vennen, Beyond Poverty and affluence: toward an economy of care with a twelve-step program for economic recovery, Geneva: WCC Publications 1995.

anyone speaks, he should do it as one speaking the very words of God. If anyone serves, he should do it with the strength God provides." (1 Peter 4:10) managing assets therefore means managing and administering God's grace.

Managing assets in the biblical sense does not only cover material goods, what we could call the hardware. It also deals with what we can call software: the asset of leadership skills, the own body and mind, spiritual assets and managing time is a key asset.

3.2.4 Leadership as Servant Leadership

Throughout the Bible leadership is understood as *servant leadership*, serving God and those in need. The two disciples who claimed the right to sit on the left and the right side on Jesus in His kingdom, have been heavily criticized by Jesus remembering them that servant leadership means not privileges and power, but service and suffering: "For even the Son of Man did not come to be served, but to serve, and to give his life as a ransom for many." (Mark 10:45)

Managing assets in the responsible way needs accuracy, openness and *transparency*. Assets cannot be managed in a Christian way if they are not listed, declared, validated, monitored and controlled. Transparency is a key value and virtue in modern bookkeeping, management of assets and all kind of leadership. This is not a secular modern movement which has nothing to do with Christian faith. On the contrary, Christians are called children of light, acting not in darkness, but walking in the light and acting in transparency. We like to call God the *God of light* and Jesus, according to the Gospel of John, called himself "I have come into the world as a light, so that no one who believes in me should stay in darkness." (John 12:46).

The same letter 1 Peter mentions also a spiritual dimension of asset management: "Always be prepared to give an answer to everyone who asks you to give the reason for the hope that you have. But do this with

gentleness and respect." (1 Peter 3:15). It means we are not only accountable for material goods and services, but also for the hope in us. *Hope is a major asset* by God's grace. Without hope we do not have the energy and the motivation to act and to improve the world. Prayer and mutual encouragement with hope is an asset we carefully should administer and further develop by faith. Not only freedom by God's grace, but also the old rules and laws make us aware that "the whole world is held accountable to God." (Romans 3:19)

Asset-management can also be seen in the light of *self-management.* The own body and mind is the first, closest asset we have, daily and inseparably part of our life. Our body and mind therefore is the first place to learn how to manage our assets, our talents, our gifts. Self-discipline is an old virtue in ethics. It was discredited because of moralizing this virtue, often linked with anti-sexual morality. At the core of self-discipline means accountability in handling, caring, healing and protecting the own body and mind. Paul uses a metaphor: *the body is the temple* where God is living. Therefore, it is holy place as holy as a church or a mosque. "Do you not know that your body is a temple of the Holy Spirit who is in you, whom you have received from God? You are not your own, you were bought at a price. Therefore, glorify God with your body." (1 Cor 6:19) this is the same attitude as we described throughout the Bible in dealing with assets: the asset, including our own body and mind, belong to God as the owner and creator of it. We are called to be good stewards in dealing with these assets. This is true not only for the body, but for *the mind*. The way we direct, control, develop, strengthen our brain and mindset is an expression of responsible management of this core asset of ours. The list of virtues in the New Testament are an expression of it: kindness, controlling the tongue, modesty, patience etc. are expressions of managing our mind.

Time is one of the most precious assets. Time is not only money, time is quality of life, meaning of life, happiness and much more. Like a

house or a piece of land or skills or a healthy body, time is not a property, but a gift of God, and asset to manage in a responsible way. Protestant work ethics by working hard was sometimes seen as origin of capitalism and could lead to restless and overstressed lifestyle. But the core meaning of it is to use this very precious gift of God for his glory and in thankfulness. Laziness was seen by the reformers Luther, Zwingli and Calvin as a lack of thankfulness. Proper management of time therefore is a key element also of asset-management. If 100 people are called for a meeting and the meeting starts 30 minutes late, 50 hours of time lost which means more than one working week of a full-time staff. But adequate time management includes also breaks, rest, holidays to regenerate the energy.

3.3 Corruption as Abuse of Assets. Biblical Perspective

Mismanagement of entrusted assets is also a topic known throughout the Bible. Especially *corruption* is reported and condemned without exception in the whole holy scripture. Corruption - defined as the abuse of entrusted public or private power for personal interests – is a widespread form of abuse of entrusted assets.

3.3.1 Corruption According to the Old Testament

The oldest reference to corruption in the *Old Testament* seems to be found in the book of Exodus, only three chapters after the Ten Commandments (Kleiner, 1992, 101ff): 'You shall take no bribe, for a bribe blinds the officials, and subverts the cause of those who are in the right.' (Ex 23:8, similar Proverbs 17:23) This prohibition of corruption dates back to the times before the kings; it is not accidental that it instructs judges not to accept bribes. The unbiased administration of justice is vital for every legal system. In the environment of the Old Testament, in Egypt and Mesopotamia, the phenomenon of corruption was also known, but here in the book of Exodus a law against corruption has al-

ready been drawn up! It is also important to see what the ethical justification is for prohibiting corruption: it is truth and justice, in particular the legal protection of the poor, as is shown in other verses. 'Ah, you... who acquit the guilty for a bribe, and deprive the innocent of their rights!' (Isaiah 5:23) The goal of fighting corruption is to protect the poor and the weaker from the corrupt practices of the powerful. But at the same time the corrupt practices of poor people are also condemned and not justified. 'You shall not side with the majority so as to pervert justice; nor shall you be partial to the poor in a lawsuit.' (Ex. 23:2-3). One cannot justify corruption because it is a result of poverty.

The responsible selection of leaders was always key for a corruption-free society. His father-in-law instructed Moses to select as leaders 'men who fear God, are trustworthy, and hate dishonest gain.' (Ex. 18:21) Even before the time of the kings, it is mentioned that the sons of Samuel accepted bribes for their own benefit (1 Sam. 8:3). In the book of Kings, it becomes clear that corruption was also used in external affairs and in military matters: allies of the adversary were offered bribes to turn their weapons against him (1 Kings 15:19; 2 Kings 16:8).

The prophets are also very clear about the effects of corruption: Corruption kills. Corruption destroys life. 'In you, they take bribes to shed blood; you take both advance interest and accrued interest and make gain of your neighbours by extortion.' (Ezek. 22:12) Similar in Psalm 15: 'O Lord, who may abide in your tent? …[Those] who do not lend money at interest and do not take a bribe against the innocent.' (Ps. 15:1,5) The prophet and the psalm both mention in the same verse usury and corruption! The effect is the same: exploitation, reduction of life expectancy and violation of just distribution. Wealth must be rooted in good performance and not based on exploitation: 'better is a little with righteousness than large income with injustice.' (Prov. 16:8) The prophet Amos (5:12,15) criticises the corrupt judges: "You oppress the righteous and take bribes and you deprive the poor of justice in the courts. …

Hate evil, love good, maintain justice in the courts." Unjust leaders can destroy a country, as the collective experience of the proverbs says: 'By justice a king gives stability to the land, but one who makes heavy exactions ruins it.' (Prov. 29:4)

The prophet Micah, during the 8th century before Christ at the same time as the prophet Isaiah, attacked not only the corrupt legal system, but also the corruption of religious leaders: 'Its rulers give judgment for a bribe, its priests teach for a price, its prophets give oracles for money; yet they lean upon the Lord and say, 'Surely the Lord is with us! No harm shall come upon us.' Therefore because of you Zion shall be ploughed as a field; Jerusalem shall become a heap of ruins, and the mountain of the house a wooded height.' (Micah 3:11-12)[20] The expectation of God is clear: justice, trust in God and modesty: 'What does the Lord require of you but to do justice, and to love kindness, and to walk humbly with your God?' (Micah 6:8)

The theological justification of refusing corruption becomes clear in particular with the prophets. Yahweh God is incorruptible, as he is justice and right himself. This is why he is not trying to bribe King Cyrus when he repatriates his people from exile to their land (as some individuals among the people may have proposed). Corruption destroys communities. Whoever uses the evil of bribery is called pagan and is thus called as being excluded from the community with God. Devout are they who do not take bribes (Ps. 26:11).

3.3.2 Corruption According to the New Testament

In the *New Testament*, corruption is even more dramatic: *corruption kills lives:* In connection with the events around Passion and Easter, it is reported that Judas was bribed by the high priests (Mark 14:10f. par.)

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[20] Alagbada, Nicodème, *Un message prophétique contre la corruption. Essai d'une relecture de Michée 3 :1-12*, pré-thèse pour la DETA, Yaoundé, Cameroon, 2004, manuscript.

The elites of the Roman Empire under Pontius Pilate were heavily corrupt. And Pilate in cooperation with the Jewish authorities (Synhedrium) killed Jesus. Corruption kills, in a double sense: it killed Jesus of Nazareth, and Judas hanged himself (Matt. 27:5) because he lost all self-respect through corruption. The high priests and elders also paid bribes to the soldiers so that they spread the lie that the body of Christ was not resurrected but stolen. (Whether these passages are historical is controversial but beside the present point.) The Acts of the Apostles report how Ananias and Saphira committed fraud in selling their land without respecting the rules of sharing of the Christian community (Act 5:1-11). Judges and governors were bribed: the governor Felix wanted some money from Paul to sentence him less severely (Acts 24:26f), but Paul resisted. It is also documented that the customs – controlled by the Romans – were corrupt at the time of Jesus; this is also shown by the story of chief tax collector Zacchaeus and his illegally acquired goods and how he later gives half of his belongings to the poor (Luke 19:1-10).

The corruptibility of the spirit is probably the most dangerous form of corruption: The magician Simon offers money to the apostles Peter and John, thus trying to buy the power so that anyone he places his hands on will receive the Holy Spirit (Acts 8:8-24). Peter sharply sent Simon away and called his attempt devilish, which means the opposite of God's will. Because of the magician Simon, this form of sinful corruption is called *simony* which means the attempt to buy spiritual power and functions. To draw a moral from this story, it shows that what is an inalienable power of God cannot be acquired by underhand dealings. Greed is seen as a root cause of corruption in the biblical texts: 'Take care! Be on your guard against all kinds of greed; for one's life does not consist in the abundance of possessions.' (Luke 12:15) The notion of accountability is in the core of the relationship between believers and God and between human beings.

Greed is seen as one core root of corruption. Greed in the New Testament Greek word (*phil-argyria*) means literally 'loving money': 'The love of money is a root of all kind of evil, and in their eagerness to be rich some have wandered away from the faith and pierced themselves with many pains.' (1 Tim. 6:10).

The relevance of these biblical insights – mostly conveyed in narrative stories – for the ethics of fighting corruption lies in the fact that the stories reflect images of successful life and of a society that fights corruption. *There is no single verse in the Bible that justifies corruption! But many verses have a very clear analysis of the effects of corruption and very clear values of a corruption-free society*, which can be summarised as follows:

Corruption kills and destroys life	God wants life
Corruption denies the rights of the poor	God wants justice
Corruption hinders economic performance	God wants honest wealth
Corruption destroys trust and confidence	God wants community
Corruption strengthens violence	God wants peace
Corruption destroys integrity/credibility	God wants dignity.

3.4 Liberation from isms: Nepotism, Favouritism, Denominationalism, Ethnicism, Sexism

Abuse of entrusted assets for personal interests is often rooted in and linked to *nepotism, favouritism, ethnicism, clientelism, denominationalism, sexism, racism.* They can be called *grey corruption*. The common characteristics of these -isms is that they give a preferential advantage to a person or a group of persons-based relations and group belongings which can discriminate other persons and are a violation of the human right of equality of each human being. There may not be a direct payment or receiving of a monetary bribe; but to give an advantage to a person which is not based on performance, but on other criteria.

Reasons for these -isms are manifold. It is a very complex phenomenon with social, cultural, economic, political, religious, historical and personal factors A few reasons can be mentioned:

Prejudices:	groups of people are seen by lenses which do not reflect reality
Lack of trust:	persons from other groups are not trusted, often based on prejudices
Power:	increasing own power by securing loyalty by selection based on these -isms
Greed:	personal advantage from selection of persons based on these -isms
Poverty:	give or get a job by preferring/discriminating some groups of people
Family:	the pressure from the wider family to prefer clan members for a position
Tradition:	customs which prefer groups for positions, e.g. men before women
Religion:	believers of same faith are preferred above love for all human beings
Security:	security (linked to trust) is more important than performance
Culture:	relations are more important than rules and laws
Arbitrariness:	lack of defined procedures and rules leads to arbitrary decisions and impunity
Mainstream:	Political correctness which leads to selection as accepted by the mainstream
Individuum:	the character and mind-set of a person leads to discriminatory selection.

Reasons to overcome these -isms are mainly the Human Rights which it their core are based on the equality and therefore equal rights of

all human beings independent from their age, sex, race, status, colour, religion, ethnic group, intelligence, physical constitution etc.

What are the solutions? How can these -isms be avoided? Let us take the same points which lead to discrimination which can be corrected to overcome these -isms:

From prejudice to experience:	enable to experience the quality of persons seen as strangers
From mistrust to trust:	encounters, cooperation and ethical education can build trust
From power to integrity:	not loyalty and relations, but performance is the benchmark
From greed to responsibility:	chose not what serves oneself, but serves best the community
From poverty to jobs:	create more jobs by a more performing economy
From family to community:	see the community as the broader "family"
From tradition to innovation:	conserve humane traditions, transform inhumane traditions
From religion to faith:	from religious tradition to the faithful love of all human beings
From old to new security:	the new security from rules-based procedures and transparent standards
From old to new culture:	combine the importance of relations and of state of law/rules
From arbitrariness to rules:	transparent, impartial procedures and monitoring of selection
From mainstream to ethics:	do what is ethical and not what the majority does
From weak to strong personality:	courageous leaders in implementing integrity and justice.

To avoid these -isms does not mean that these selection criteria cannot be justified in specific cases: e. g. in a protestant institution, some Catholics may be employed, but it can be justified that a majority should be Protestants. In a team of 90% mail persons, it may be justified to look specifically for a female new staff and to exclude male candidates as a step towards gender balance. Quota systems can be justified to protect and support minorities. But in most cases, these -isms undermine the integrity, credibility and performance of institutions. Especially in asset management, where high performance, credibility and transparency is needed, they have to be avoided.

3.5 Liberation from Addictions

Mismanagement and abuse of assets is not only linked to lack of competence or bad will, but sometimes also the result of addiction. Addiction is an attitude and action where the free will is restricted and replaced by inner compulsion. There are many forms of addictions. Those most relevant in our context of asset management are the addiction to *money, power, alcohol/drugs and sex*.

Addiction to money is also called create. Even if more money is not needed for life in dignity some people are addicted to get more and more when they smell money and see an opportunity. Abuse of assets for personal interest can happen when the control and double control and rules are not clear. Our others are addicted to power, for example in a leadership position which they do not want to leave at the end of the Monday. Then they manipulate elections or change constitutions in order to stay in power. Addiction to alcohol or other drugs are often not visible, but can lead to hidden need for money to buy drugs or to abusive loyalty of employees in order not to be discovered as addicted or violent. Addiction to sex or extra marital relations are often a reason for corrup-

tion: this praxis again needs money which has to be earned in the Eden way which can lead to abuse of entrusted resources. A survey among public officials in some years ago on the motivations for accepting bribes showed that the majority of public officials and police men, mainly male persons, indicated that sex affairs and extramarital relations have been the main motivation for earning money through bribes.

Such observations show that managing assets in a transparent and ethical way needs to discuss, observe and correct potential or real addictive behaviour of persons in decision-making positions. As it is a sensitive topic it needs the courage of supervisory bodies such as councils, auditors, executive committees in trust friends and pastors to approach addicted persons in the pastoral and if necessary therapeutic or even legal way.

4

INTEGRITY IN CHURCH ELECTIONS: A CONDITION FOR GOOD ASSET MANAGEMENT

Christoph Stückelberger

4.1 The Link between Asset Management and Elections

The *leadership of an institution* is decisive for the responsible, accountable, transparent, innovative and income generating management of churches and church-related institutions. Leadership includes all geographic levels from international to national, provincial and local levels. Within each institution, it includes

- the leadership of the whole institution in form of supervisory legislative body (e.g. Synod, Parish Council);
- the executive leadership (Bishop, Pastor, Director, Vice-Chancellor of a Christian university, Head of school, Head of hospital or an NGO etc.;
- The heads of departments (Head of Finance, Head of Programmes etc.);
- The heads and members of committees (President of the Asset Committee, of Education and Health Committee, election committee which prepares elections etc.);
- Lay Associations (Women, Youth, Lay, Professions etc.);

- Volunteers groups (leadership of choirs, volunteers of social services etc.); and
- Suppliers to projects (selection and appointment of companies based on procurement rules of the institution).

Therefore, Leadership elections on all levels are the most important element for good asset management of institutions!

A number of churches and regional ecumenical organisations called for fair church elections. The AACC General Assembly in Uganda 2013 called "member churches and NCCs to decide on minimum standards for candidates for elections of positions in churches and church-related institutions within the provisions of the churches, including a clause for fair campaigning and prohibiting candidates from buying votes."[21]

The engagement of churches for fair political elections is only credible if fair elections are also implemented within churches and church-related institutions.

4.2 Unfair Church Election Practices

In many countries, elections in churches and church-related institutions are fair, following clear constitutional rules, procedures and ethical standards.

But in many churches and church-related institutions there are a huge problems of corruption, manipulation, power-struggle with unfair means and theological deviations, among others. This has been observable from our experiences of church leadership trainings and election observation and consultancy in many countries on all continents. The issue is not

[21] AACC Resolution on Stewardship, Accountability, Transparency, Leadership and Governance, s10th General Assembly, Uganda 2013, *God of Life, lead Africa to Peace, Justice and Dignity*, Nairobi: AACC 2013, 107-108 (chapter 4.3.9.1. Resolutions). See text in this book Annex 2!

unique to Africa, but the focus of this Handbook on Church Asset Management is on Africa.

Malpractices include (all based on real cases):

- *Candidates buying votes* from the electorate – e.g. members of the Synod, a parish council, a committee – by giving money; paying debts (of individuals or e.g. church provinces); inviting selected persons of the electorate for a travel, promising benefits or a position after being elected etc.
- Candidates who are already in leadership position *threatening electorate to be sanctioned* if they do not vote for the candidate.
- Organizing and *spreading misinformation* about competing candidates by using ethnic, financial, political, moral, sexual wrong information.
- *Postponing elections* with the argument that there is no money e.g. for holding a national election synod, in order to stay in position as an elected person.
- *Changing constitution or other legal text* e.g. on maximum number of mandates or age of candidates, in order to allow a current mandate holder (e.g. president) to be again candidate.
- *Opening a court case* against other candidates or sections of the church in order to discredit them or exclude from elections.
- *Unfair theological discrediting* of other candidates (theological debate about the future of faith and church is welcome and needed, but based on fair arguments and not on insinuations).
- *Non-Accepting results of elections* and remaining in the leadership role (which in some cases led to a split of the church into two churches).
- *Many other malpractices.*

Malpractices in elections are often similar to malpractices in other sectors of society such as government/public sector, private sector and also traditional customs.

Such malpractices are often an indication that the candidate wants to reach a position of power in order to gain access to church assets by any means possible.

4.3 Profiles of Candidates

Important for fair elections in politics as well in churches and Church-Related Organisations CROs is a clear profile of the candidate so that the election campaign is not only about denominational, ethnic, financial or gender aspects, but about the vision and profile of the church or CRO represented by the candidates. Criteria for good leadership with integrity are already partly mentioned in chapter 3 about "Integrity leadership as good stewardship".

In summary, candidates for church leadership positions should be screened on the basis of the *Leadership Criteria for Candidates*, such as:

- *Strong personality:* able to defend the mission of the church in an independent, convincing way.
- *Faith*: strongly rooted in Christian faith and spirituality.
- *Vision*: a clear vision and strategy for the future of the church.
- *Integrity*: ethical transparent behaviour, without corruption.
- *Stewardship*: servant leadership, placing God's calling and the mission of the church before personal interests.
- *Courage*: able to take and defend decisions even against resistance.
- *Innovation*: stimulate new and unexpected initiatives to reach the goals with new ideas, methods and coalitions.
- *Integration*: respectful, able to integrate and reconcile various positions.
- *Management* for an efficient, professional use of limited resources.
- *Networking/Communication* with all sectors of society including oecumenical cooperation for increased synergies to reach the goals.

4.4 Steps for Fair Church Elections

The above list of malpractices indicates already what fair elections mean, which are, as mentioned earlier, a key element for the improvement and innovation of church assets management:

- *Respecting the constitution*, rules and regulations related to elections.
- A *Code of Ethic*s (below chapter 4.4) to be signed by all candidates when they deposit their candidature.
- *No corruption*: Abstaining from buying votes in all forms and establishing respective control mechanisms by the election committee.
- *Establishing a complaint mechanism* for those who observe irregularities and malpractices (below chapter 11).
- *Independent election observers* e.g. from other churches or ecumenical bodies such as AACC as election observers became the norm in political elections.
- *Candidates accepting the result of the elections* (except irregularities are proven which would lead to another elections).
- *Training journalists* for fair journalism before, during and after church election campaigns.
- *Protecting religious and secular media* from pressure from candidates in order to support fair reports on church elections.

4.5 Code of Ethics for Candidates

Elections Candidates should meet minimum standards (as below in Annex 8) and sign a code of ethics in order to strengthen fair elections. Codes of Ethics for candidates in political elections as they exist in various countries[22] can be adapted to churches.

[22] See the Globethics.net Collection of Codes of Ethics: https://www.globethics.net/web/codes-of-ethics.

5

AFRICAN TIME MANAGEMENT: ETHICAL CHALLENGES FOR ASSET MANAGEMENT

Obiora Ike

"When God created the world, he gave the Europeans the CLOCK (Watch) and gave Africans TIME."

5.1 Abstract, Introduction and Overview

This reflection is offered to leverage some stereotypes and observations from within and without the continent on a so-called "African Time" concept and time management which has consequences for society, governance and business including ethical challenges. The contributions serve ongoing global dialogue between cultures and traditions for better knowledge of the various concepts which often are taken for granted, yet determine world civilizations. One of these Concepts is TIME. One is always amazed at the complexity and diversity of human cultures. Each of them is distinct by virtue of its historical evolution and the resulting characteristics which make it a structurally unique, original and organic whole. Culture has remained humanity's form of self-expression on its journey through history.

The paper reflects on how culturally determined notions of TIME influence both the concepts and conduct of business, the keeping of promises, the obligation around contracts and agreements and the management of assets with its ethical challenges focusing on the African setting. This is necessary in view of a new world of pluralistic, interconnected and intercultural realities pushed through by the factors of growing migration, modern communication, digitalization, networking arising from space travel and the fact of One World energized by factors of globalization. There is no doubt that modern Africa is at the crossroads, subject to many forces and currents as we witness disjunctions between traditional cultures and the demands of modern life. Things are really falling apart.

Generalizations about "the" African worldview is made with caution given the massive size of the continent and its numerous communities. Even though humans and nature live in Time and pass through Time, its understanding has been variously understood and perceptions that are contradictory in terms of its general acceptance and understanding abound.

In the light of present realities, "AFRICAN TIME" as a concept and its management has serious questions to contend with. Today new civilizations have emerged and culturally rooted concepts of the past face social, economic and even ethical challenges. How can one compete effectively in business and society with the so-called attitude of "African Time" in the modern age, ensure agreements and promises kept, products are delivered and others who keep to scheduled appointments are accorded due respect and the dignity of their and Time-keeping from a different culturally milieu? Can they be taken serious in the modern world of business that bears attitudinal `laissez faire` practices and *take-it-easy lifestyle* in relation to Time? What do we make of such statements as are often expressed in "African Time"; *"tomorrow is another day"; "don't worry God is in control"*. Do we continue to take Time for granted? This might be a generalization but is it not challenging to con-

trast this with yet another and different Cosmo-vision generally found in western cultures, which reduces the concept of TIME to clearly spelt-out, measured, controlled and isolated beings, each seen in linear and particularistic terms and analogically separated from each other?

The current trend in universal practice of punctuality and timely keeping of appointments based on the *clock-time* is often excused in many African societies - a situation replicated in warmer regions of the southern hemisphere of our one global village, such as Italy, some regions of the Middle and near East, Latin America and extending to some parts of Asia. These are cultures basking on a relative concept of time as circular (cyclical) not lineal, thus the dichotomy affecting the progressive peoples of the cold northern regions who use the Watch or Clock and in some sense, the slow development of the rest who see TIME as unlimited and are slow about its usage. This mentality certainly affects Business relations, clearer understanding of Timelines in the western manner; contracts and promises and the place of values and Ethics in Assets management in the modern world.

It is of course clear that the role of worldview and culture in shaping peoples' sense of past, present, and future is of particular relevance since the idea that there is an African worldview that is different from western philosophies is a statement of identity and difference, an interesting though not necessarily surprising phenomenon. The same can be said for the idea that a distinctive set of values and guidelines for living are implied by this worldview and that these values are transmitted by culture.

The African world views, cosmology and philosophical foundations; its religions and ethical foundations and claim to inherent rationality and ability to interpret the universe in holistic and interconnected terms challenge this western philosophical premise on the use and understanding of Time. Is it not the lesson that humans should manage and drive Time and not that Time drives and manages humans, therefore the need for a balanced and holistic relationship with Time and its management? What

is this rationality? Without taking into account this reality of African culture, how would one explain this elastic attitude and relaxing relationship to "Time" vis-à-vis the mentality of a clear compartmentalized and mechanical dependence on the electronic clock or watch found particularly amongst peoples of the Western hemisphere?

5.2 Definitions and Clarifications of the Concept of Time

Definitions are useful to explain context and content of concepts used in a study. On a global and intercultural level however, the concept of Time is still indeed difficult to analyze from any single culture or Cosmo-vision due to culturally different and contextual variegated philosophical wisdoms with geographical zones, natural and weather conditions that make Time relative and its overall practice and understanding controversial, or at the least different. The English word *Time* (*Chronos* and *Kairos* in Greek, *Zeit* in German, *Oge* in Igbo and *Wakati* in Swahili) is one soft concept that is culturally differentiated, deeply philosophical and in practice variously understood as it affects the life-styles, Cosmo-vision and socio-economic factors of nations and peoples since ages. From the dictionary, the Wikipedia and other elaborate research on the etymology of the concept of Time, we note that there are ancient, medieval and various leading thinkers and contrasting positions of philosophers, wise people and scientists of all epochs and cultures.

The branch of philosophy concerned with knowledge of issues surrounding Time and Space are dealt with in studies of ontology, epistemology, metaphysics. While the questions of Time have been central to philosophy from its inception, the philosophy of space and time was both an inspiration for and a central aspect of early analytic philosophy. These issues bother on whether time and space exist independently of the mind, whether they exist independently of one another, what accounts for time's apparently unidirectional flow, whether times other

than the present moment exist, and questions about the nature of identity, particularly the nature of identity over time.

The earliest recorded *African philosophy of time*[23] was expounded by the ancient Egyptian thinker *Ptahhotep* (c. 2650 –2600 BC)[24] who said: "Follow your desire as long as you live, and do not perform more than is ordered, do not lessen the time of following desire, for the wasting of time is an abomination to the spirit." (11th maxim of Ptahhotep)

African oral philosophies such as found among the ancient Kikuyu of Kenya, the Ashanti of Ghana and the Lingala of Congo alongside the Igbo of Nigeria recognize the principle of Time as a cyclical reality which extends to include both the temporal and the spiritual sphere. African Philosophy typically recognizes three levels of existence, which refer to the past (ancestors), the present-living and the future yet-unborn generations. This reality extends also to nature, environment and creation as stakeholders. In this worldview, "not only the presently living but also the living dead (ancestors), the Supreme Being, the unborn and the entire spiritual world...even natural objects are seen as interrelated as symbols of each other."[25]

The African leading thinker of the 4th century *St Augustine of Hippo* ruminates on the nature of time, asking, "What then is time? If no one asks me, I know: if I wish to explain it to one that asketh, I know not."[26] He goes on to comment on the difficulty of thinking about time, pointing out the inaccuracy of common speech: "For but few things are there of which we speak properly; of most things we speak improperly, still the things intended are understood." But Augustine presented the first philosophical argument for the reality of Creation (against Aristotle) in the

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[23] https://en.wikipedia.org/wiki/African_philosophy All links in this chapter 5 have been accessed on 20 June 2018.

[24] https://en.wikipedia.org/wiki/Ptahhotep.

[25] Obiora Ike, *Understanding Africa. Traditional Legal Reasoning, Jurisprudence and Justice in Igboland*; Enugu: CIDJAP publications, 2001.

[26] St. Augustine, *Confessions*, Book 11.

context of his discussion of time, saying that knowledge of time depends on the knowledge of the movement of things, and therefore time cannot be where there are no creatures to measure its passing[27]

The *Vedas* which are earliest texts on *Indian philosophy*[28] *and Hindu philosophy*[29] and dating back to the late second millennium BC, describe ancient Hindu cosmology[30] in which the universe[31] goes through repeated cycles of creation, destruction, and rebirth, with each cycle lasting 4,320,000 years (Wikipedia).

According to the Wikipedia, The ancient *Incas*[32] of South America in their *quechua* language regarded space and time as a single concept, named *pacha*. The *pacha* (Quechua pronunciation: [pætʃæ] often translated as *world*) was an Incan concept for dividing the different spheres of the cosmos in Incan mythology. There were three different levels of *pacha*: the *hana pacha*, *hanan pacha* or *hanaq pacha* (Quechua, meaning "world above"), *ukhu pacha* ("world below"), and *kay pacha* ("this world"). The realms are not solely spatial, but were simultaneously spatial and temporal. Although the universe was considered a unified system within Incan cosmology, the division between the worlds was part of the dualism prominent in Incan beliefs, known as Yanantin. This dualism found that everything which existed had both features of any feature (hot and cold, positive and negative, dark and light, etc.).

Ancient Greek philosophers, including *Parmenides*[33] and *Heraclitus*, wrote essays on the nature of time. *Plato*, in the *Timaeus*, identified time

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[27] St. Augustine, *Confessions*, Book XI q30; *City of God*, Book XI ch.6.

[28] https://en.wikipedia.org/wiki/Indian_philosophy.

[29] https://en.wikipedia.org/wiki/Hindu_philosophy.

[30] https://en.wikipedia.org/wiki/Hindu_cosmology.

[31] https://en.wikipedia.org/wiki/Universe.

[32] https://en.wikipedia.org/wiki/Inca_Empire. See on Wikipedia also the article Quechua, Incan Mythology, Yanantin, Dualism.

[33] [33] https://en.wikipedia.org/wiki/Parmenides. See on Wikipedia also the articles Ancient Greek Philosophers, Heraclitus, Plato, Aristotle, Timaeus, physics,

with the period of motion of the heavenly bodies, and space as that in which things come to be. *Aristotle*, in Book IV of his *Physics*, defined time as “the number of changes with respect to before and after, and the place of an object as the innermost motionless boundary of that which surrounds it”.

Following the teachings of *Plato and Aristotle*, Time assumed a western philosophical understanding as “the succession of moments”; the indefinite continued progress of existence and events in the past and present regarded as a whole”. Time is perceived as “a moment or definite portion of time allotted, used, or suitable for a purpose”; “the favourable or appropriate time to do something” or simply, “the moment, point in time, year, month, day, occasion, hour, minute, second, instant, juncture, stage, phase of an action.” It is common to hear such a definite statement about Time as: "*it is eight o'clock Swiss Time*".

From these generally *Western and European* thought patterns and in contemporary discourse, the clearest cliché is *TIME IS MONEY*. This measure of time in terms of its monetary value, business output, quantifiable asset and stress conditioned aspects is a burden to many. To keep company, visit a family member, even have time to rest and sleep during working days has become a great issue. People seem to live to work and not to rest as time lost does not come back. Yet they die and Time continues to stay on and serve future generations. This is a philosophy of time that needs to be addressed.

The use of the Clock as the measure of Time has assumed centre stage. It is seen as “an amount of time reckoned by a conventional standard”, “a point of time as measured in hours and minutes past midnight or noon”. Time is expressed as “era, age, epoch, period, aeon, years, days, the continued progress of existence as affecting people and things”. Since is Time is passing non-stop, we follow it with clocks and calendars, yet we cannot study it with a microscope or experiment it, even as Time keeps passing. We just cannot say what exactly happens

when time passes. Time is represented through change, such as the circular motion of the moon around Earth. The passing of time is indeed closely connected to the concept of space. Time and its understanding could be seen as a measurable portion of moments in history, characterized by particular events or circumstances.

In the early 11th century, the *Muslim physicist*[34] *Ibn al-Haytham*[35] (Alhacen or Alhazen) discussed space perception and its epistemological implications in his *Book of Optics* (1021). Here, he also rejected Aristotle's definition of *topos* (*Physics* IV) by way of geometric demonstrations and defined place as a mathematical spatial extension. His experimental proof of the intro-mission model of vision led to changes in the understanding of the visual perception of space, contrary to the previous emission theory of vision supported by *Euclid*[36] and *Ptolemy*[37]. In "tying the visual perception of space to prior bodily experience, Alhacen unequivocally rejected the intuitiveness of spatial perception and, therefore, the autonomy of vision. Without tangible notions of distance and size for correlation, sight can tell us next to nothing about such things."

In contrast to ancient Greek philosophers who believed that the universe had an infinite past with no beginning, *medieval philosophers*[38] *and theologians* developed the concept of the universe having a finite past with a beginning, now known as Temporal finitism[39].

St Thomas Aquinas was one of the finest and greatest of the scholastic philosophers whose reflections on Time are Aristotelian, yet Christian. He defined time as the “succession of moments which extends to eternity”. The Christian philosopher *John Philoponus*[40] presented early

[34] https://en.wikipedia.org/wiki/Physics_in_the_medieval_Islamic_world.

[35] https://en.wikipedia.org/wiki/Ibn_al-Haytham. See also article book of Optics.

[36] https://en.wikipedia.org/wiki/Euclid.

[37] https://en.wikipedia.org/wiki/Ptolemy.

[38] https://en.wikipedia.org/wiki/Medieval_philosophy.

[39] https://en.wikipedia.org/wiki/Temporal_finitism.

[40] https://en.wikipedia.org/wiki/John_Philoponus.

arguments, adopted by later Christian philosophers and theologians of the form "argument from the impossibility of the existence of an actual infinite", which states three things namely that "An actual infinite cannot exist"…"An infinite temporal regress of events is an actual infinite."… "An infinite temporal regress of events cannot exist."

Immanuel Kant[41], the famous German transcendental philosopher published the *Critique of Pure Reason* in 1781. This is one of the most influential works in the history of the philosophy of space and time. He describes time as an a priori notion that, together with other a priori notions such as space, allows us to comprehend sense experience. Kant denies that either space or time are substance, entities in themselves, or learned by experience. He rather holds that both are elements of a systematic framework we use to structure our experience. Spatial measurements are used to quantify how far apart objects are, and temporal measurements are used to quantitatively compare the interval between (or duration of) events. Although space and time are held to be *transcendentally ideal* in this sense, they are also *empirically real*—that is, not mere illusions.

Other philosophers who wrote serious works that have influenced the understanding and concept of Time and Space over the centuries are the traditional realist positions in ontology and the Idealist philosophers such as *Gottfried Leibniz*[42] who held monads existed, at least independently of the mind of the observer is that time and space have existence apart from the human mind. The Idealists such as *J.M.E. McTaggart*[43] in his book *"The Unreality of Time"* argue that what we call Time is an illusion and by contrast, deny or doubt the existence of objects independent of the mind. Some anti-realists, whose ontological position is that objects outside the mind do exist, nevertheless doubt the independ-

[41] https://en.wikipedia.org/wiki/Immanuel_Kant.

[42] https://en.wikipedia.org/wiki/Gottfried_Wilhelm_Leibniz.

[43] https://en.wikipedia.org/wiki/J._M._E._McTaggart.

ent existence of time and space. *Isaac Newton*[44], the physicist made his great impact and his teachings continue to influence science and technology. Albert Einstein[45], a Jewish German of the twentieth century proposed that the laws of physics should be based on the principle of relativity. This principle holds that the rules of physics must be the same for all observers, regardless of the frame of reference that is used, and that light propagates at the same speed in all reference frames. According to the general theory of relativity, space, or the universe, emerged in the Big Bang some 13.7 billion years ago. Before that, all matter was packed into an extremely tiny dot. That dot also contained the matter that later came to be the sun, the earth and the moon -- the heavenly bodies that tell us about the passing of time.

5.3 African Concept of Time. The Igbo Culture of South Eastern Nigeria as Paradigm

African cultures and philosophies are found and exist from the Horn of Africa to the southern Cape, from the Western Atlantic shores of Senegal through the massive forests of Central Africa to the Indian Ocean washing the shores of Kenya into the adjoining islands to the east the west and the south of the continent. These cultures have gone beyond the shores to the other continents of the world in Europe, Asia, Latin and North America and exist also among the aborigines in the regions of the pacific and Australia. The point being made here is that Culture matters precisely because Culture and its ingredients provide the key to a proper understanding of reality. It is also helpful in solving problems that emerge from this basic reality.

All over the African continent, there is an amazing identity as to how people deal with Time and how they understand the concept, not just as

[44] https://en.wikipedia.org/wiki/Isaac_Newton.

[45] https://en.wikipedia.org/wiki/Albert_Einstein.

an exact moment but as something "around" or "surrounding an event". Time was not seen as a moment but as something "around an event that is cyclical" and clearly imprecise in comparison to the dominant western philosophies. Many African societies to this day show a cultural attitude which understands life and Time as interconnected and expressed on three levels of existence.

In the *ancient Igbo culture of Southern Nigeria* made up of over fifty million people, Time was seen in holistic and interconnected terms but not measured lineally with a Clock or Watch or understood as a definitive period like the western worldview which has made the mechanical clock the measure of Time before and after from the moment. Here, emotions, phenomena, institutions and observations played out to serve harmony, community and nature – all understood as concentric circles. And the question: Why is this so?"

The saying: *"When God created the world, he gave the Europeans the CLOCK (Watch) and gave Africans TIME"* brings out this distinction concerning the concepts of time more clearly. In parts of sub-Saharan Africa, people are informal with the western concept of time. And indeed, the term *African Time* has come to stay as a way of speech - a cliché used and understood globally. If one may be allowed to generalize on this topic, it seems that there is more to this phenomenon which requires of some philosophical explanation. In comparison, it is observed that Africans and southern hemisphere dwellers who have more of sunlight live life more *leisurely,* relax more, laugh a lot and sit around in community and groups telling their stories of life and nature in a setting where the old and the young met.

Amazing, embarrassing or even as rattling as the above assertion may seem, there is something which attracts a deeper inquiry on this ease and leisure of keeping to the mechanical Time based on the Clock – the Watch from the observant traveller or student on research while traversing the continent. Further, it is observed that life seems to rotate,

not around the clock which is time keeper, but around human relations and communal matters which often demand of a certain slow-pace mentality in executing targets.

In this tradition, the *Omenala* - meaning *the traditions and customs* - gave the sense of Time, generally recognised in relation to community and nature and the deity. Igbo Philosophy as found in many other parts of the continent expressed the reality of the human being as social existence, with responsibility at three levels: a) the present-living (the community, to whom the individual 'belongs'), b) the past with the living-dead (ancestors from whom traditions, ethics, laws and cultural concepts derives their origins) and c) the future, described as the yet-unborn generations (ensuring the sustainable management of resources today with future generations in mind). These three levels are cardinal points in understanding the African view of the relationship and understanding of Time reflected between culture and religion, tradition and ethics, private and public interests, the human community and the world of nature in general including animals and trees, and animate and inanimate beings.

It found expression in the daily lifestyle of people, the interplay between community and individual; religion and business; forces of nature and nurture. The environment and humanity where loyalties of kinship, clanship, language, culture, politics, religion and economy converged to create social groups recognized as stakeholders, beyond the immediate family to include the kith and kin, the born and the unborn, the living and the dead. Although customs varied from community to community in matters such as marriage, burial rites, title taking, there still prevailed a central link for various African communities on the "ultimate questions of life concerning the origin of human existence, the purpose of life, death, the why and how of things, moral laws, land and markets, to mention but a few". This view on time to some extent confirms certain stereotypes of the African worldview.

According to *Igbology* (the logic of Igbo culture) Time (oge) is another word for continuity: "*chi efo efo, chi abo abo"* (eternal light) – and is defined in the perspective of sustainability, understood as past, present and future. Looking at the past as the guarantor of the present and the basis for the future provides strong arguments and long term foundations for a more grounded and rational basis which seeks to promote a sustainable world for everybody. The Igbo referred to Time as an *indefinite period founded on the nature of existence in itself and based on Chukwu (God) who is the principle of "chi efo efo- chi abo abo"*. This of course does correspond to the views of Time as an eternalist concept, expounded in other ancient cultures and holds that time is a dimension of reality on a par with the three spatial dimensions, and hence that all things - past, present, and future - can be said to be just as real as things in the present. In this sense, the very words *near*, *far*, *above*, *below*, and such are directly comparable to phrases such as *in the past*, *a minute ago*, and so on and time is latent, indefinite and not limited.

In other words, Time was not definable or limitable for "*mgbe onye jiri teta ka chi jiri boro ya*" (meaning "*your own morning starts when you wake up from sleep to embrace the day"*). Nature is rather the measure of Time, not man. The seasons and the elements of nature - Wind and Rains, the Moon and Sun - all of which under Chukwu (God) helped agricultural realities and the planning of survival and existence make time what we describe it to be.[46]

This "way of life" – *modus operandi*- described as – "African Time" - has become a culture of its own and means in practice: Lateness to scheduled events or appointments, whether religious or cultural, political or social, family events or festivals, educational or even such that affect travel and transportation are excused under the guise of African time! Unlike in different parts of the world such as Switzerland or Germany

[46] Obiora Ike, *Understanding Africa. Traditional Legal Reasoning, Jurisprudence and Justice in Igboland*; Enugu: CIDJAP publications, 2001.

which makes the Clock-and-Watch "*a strict regulator and master*" for most human and technical activities, African Time is entrenched and readily accepted as a way of life.

5.4 Ethical Challenges of Time for Asset Management

The ethical challenges for a new adaptation of cultural affinities on Time management within an environment of plurality, modernity and current challenges of our One World in the 21st century give rise to the following considerations which affect the value chain and thought patterns of the society. What are the relationships and lessons to learn from the relationship between keeping to Time and respect of the other; keeping to Time and business transactions that guarantee that contractual agreements are kept, timelines observed and the identity and dignity of the other respected?

The underlying philosophy in African societies which have given rise to such concepts and practices as the understanding of the Earth, the attitude to Time, the respect and use of Land, property and ownership, family values, respect for the elders; reverence of the ancestors; the role of gender—men, women and youth need to be re-visited and integrated into the modern challenges of the twenty first century.

In essence, the following should be a guide with respect to Time and its management.

- Time understood as a *gift and service to entire life* – nature, humans and spirits (the divine milieu, to God, religion, the spirits and the spiritual realm).
- Time practiced as a meeting for *consensus in the service of communities*. These include family and community; the governance structures in village social affairs.
- Time concept to include reflections on aspects of *medicine and health, work and its relation*s to the past present and the future.

- Time valued in its dimensions of *disciplined planning, accountability and management* all of which are linked.
- *Time and the Law* geared towards service of the reason behind and the purpose of law; serving the adjudication of cases where legal cases arise; promoting concepts of morality in culture and society which respects participatory modes of governance such as democracy; the proper management of market-oriented gains described as profit/price allocation and the fact that time serves to enhance environment and human ecology.
- Time must be spent in *taking care of the elderly, children, the family* and giving them what is their due respect of compassion and patience.
- Time concepts which include *keeping all promises* made and standing by one's word; being honest at all times; acting on principles of justice and fairness in dealing with others; exercising jurisprudence and local wisdom consciousness in the observance of the rules, noting the famous of Jesus Christ: "The Sabbath is made for man and not man for the Sabbath". Here this should translate to mean: "Time is made for man and not man for Time"; balancing the interest of the community having priority over private and individual interests; avoiding conflicts of interests; practicing transparency, disclosure and accountability in every situation; preserving the common good; respecting and protecting life and the environment; being prudent in speech and not harming others; being content and eschewing greed.

Such espoused traditional values around what humans do with Time should be regulated and applied to modern issues of sustainability, the Corporate Governance Function and the service of the Common Good. Our search, therefore, is not to invent new codes of conduct, but rather to *rediscover* these inherent traditional values and principles of sustainability, subsidiarity and solidarity which made Time what it is – a gift for humans to use in service to others.

5.5 African Cultural and Religious Values

The next step would be to apply these values to the modern models of a global culture that speak of Corporate Governance, Corporate Social Responsibility, Business Ethics so as to contextually maintain the best practices within an African milieu. In doing so, we should be able to establish the integral nature of African cultural and religious values considered as ethical values**.**

Values guide Life: The point being made here is that African traditional religion is essentially a philosophy and a spiritual way of life, which permeates, pervades and animates the traditional social institutions, norms and celebrations. Every Igbo ritual act of the peoples of South-Eastern Nigeria, including sacrifice, dance and festival, had a philosophy or idea behind it. In other words, action was motivated by and grounded on values which involved a basic belief, a philosophy, an underlying principle or an idea. These values thus generated actions and behaviour, which in turn influenced individuals and groups.

Ethics is Culture: A discussion of ethics within the African ambience must necessarily involve a discussion of both the African philosophies and cultures, and their moral and overall ethical practices. The point of linkage between religion, morality, law, social and economic realities is the domain where the African locates tradition, the *Omenala* (culture), which is the foundation for Ethics, and therefore the rational background for living together. In summary, this contribution from the African point of view achieves the *promotion of stakeholder participation* which enhances communal living and values based on principles of *onye anwuna ma ibe ya efula*, which is “live and let live”, implying the age-old Social Ethical Principles of justice, fairness, solidarity and subsidiarity.

Modernity still contains Tradition: It may amaze some, but the reality ‘on the ground’ shows that the traditional *Omenala* is still the link between the ethical, religious and secular realities as well as the basis for

the legal system and morality in general. It still exists as strongly today as it did yesterday. Africa's beliefs in traditional religious practices, cultural practices and even the lifestyles of the present are still found in the many big cities of the Continent. Many modern cities carry the cultures of their peoples and we find them in Lagos, Abuja, Accra, Cape Town, Johannesburg, Enugu, Cairo, Tunis, Nairobi, Lusaka and Harare, to mention but a few.

Business Ethics is always Social Responsibility: Even though the study of Ethics is classically made distinct from morality and emerges on the philosophical and scientific scene, especially in modern times, as the rational basis for the ought-ness or wrongness of actions by humans (in relation to what is right and wrong), Ethics here does not refer simply to cultural beliefs, traditions or religions, but to the rational basis of establishing the fact that it is rationally fair or unfair to treat people outside the ambience of justice. This Western model of Ethics which continues to gain ground in the many humanistic and speculative sciences and other areas of human endeavour, elicits its scope and array in such disciplines as business ethics, media ethics, bio-ethics, social ethics, political ethics, economic ethics, environmental ethics, legal ethics, gender equity ..., and the list continues to grow. In an African ambience, doing business is always an ethical matter. In this context therefore, *Business Ethics must entail social responsibility, where the community is an extension of the business and business an extension of the community.*

Linkage between Culture, Society, Economy and Religion: There emerges 'interwovenness' between religious beliefs and cultural practices. Attempts to de-link this 'interwovenness' during the Islamic and Christian religious missions proved impossible; these mistakes are currently being corrected under a so-called agenda of enculturation. Win-Win scenarios emerged from this worldview and practice, thus, making it possible to evolve from the *Omenala* (culture, tradition) unique prin-

ciples that can give an integral understanding to economy, society, culture and environment. It is in this way that traditional African religious values, philosophies and cultural practices are now being unearthed and re-branded into the new and emerging social and religious space on the continent.

Intergenerational Context: The above mentioned aspects of African culture (*Omenala*), is transferred from one generation to the next by oral tradition through symbols and rituals, in fables and dances and in the moral formation and religious traditions of the peoples of Africa: "*as soon as a child is born into the community of 'Umunna'* (brethren), life is affected by the intricate network of restrictions and all that they represent. Immediately a child is able to speak and understand issues, … it is exposed daily to the do's and don'ts of the society and parents drum it into its ears, through fables told in the night around the fireside and exposure to the various forms of rituals and other observances, the gravity of committing abominable acts."[47]

Property Rights: Private Property, understood as a "Social Mortgage", emphasized the right of access of all persons who belong to the community, to the gifts of nature, including the various factors of production such as land and labor. Even though the community respected the right of individual ownership of property, this did not imply the amassing of wealth by a few to the detriment of the majority. In other words, ownership of property was subjected to its universal destination and use by all the members of that community. The idea of a philosophy founded on the principles of "*it belongs to me but I belong to the community*" (*Umunna*; *Ubuntu*) ensured that property rights were guaranteed, but not in an absolute system as found in capitalist societies. A property right was limited by overall social (stakeholders) interests.

Life is the highest Moral and Ethical Value: The integral nature of African Cultural and Religious Values as Ethical Values begins with an

[47] Olisa , A., *Human Rights Law Service.* Lagos: HURILAWS, 2003.

understanding of Life which is considered Sacred and which had to be preserved, protected, promoted and generated. In this sense, homicide, murder, suicide and other unnatural forms of death inflicted on another were considered crimes against the Earth and a breach of the bond between human beings, the deities and the earth itself. Such breaches were a destruction of the communal foundations upon which society existed and had to be pacified by all means by the entire community even where the culprit and his family had to undergo expulsion from that environment. In serving Life, the *Omenala* (culture) in its ethical dimension sought to serve communal harmony, to respect the past heritage of ancestors and the laws of the land founded also on religious beliefs, and to help in the progress of the economy by protecting the earth and making laws to discipline erring persons who thwart the laws of the land.

5.6 Conclusion and Practical Applications of Time to Human Life and values

The main issues from an African perspective on this integral linkage concerning the philosophy of Time management is to see Time in its integral dimension: between Religion, Culture and Ethics—which unfortunately do not fit into the modern categories of many western philosophical paradigms, actions or thought patterns—are as follows:

A broad understanding of culture which encompasses the entire way of life of a people. Thus, culture (*Omenala*) has the potential to assist and guide modernization processes in a sustainable manner as founded on cultural rationality (derived from the past) and as projecting into the future. In the face of radical and rapid changes worldwide, so also in Africa, globalization, migrations, technological advances, the danger of losing original sources (including cultural integrity) all remain threats. There is an urgent need to look again into the primary sources of traditional cultural rationality in order to enable a significant yet sustainable development. One may do this by promoting intercultural dialogues

that look into Africa's past history so as to retain or reclaim elements with relevance and applicability to modern economies.

Religion as an integral reality, a non-dualistic relationship between the sacred and the secular in promoting an integral understanding of creation is what is called for. Here, the presently living, the yet unborn and the living dead all share in a cyclical bond which determines the being and consciousness of all Africans. This kind of religion determines the relationship between humanity and divinity; it has formed the basis for the reverence of creation governed by God and a respect for the earth (*Ala*) which had its own ethical implications. One of these ethical implications is a deeply rooted respect for nature as an organic understanding of ecological sustainability.

Law as a service to harmony, which regulates issues of justice and community by prescribing the rules which governed society, is indispensable. It was unique in building consensus, social harmony, reconciliation and equitable relationships. The essence of the law and of Justice in traditional society was not to blame this or that person, but to settle the matter for the social harmony of the entire community and its continued existence.

Economy, where business is not separated from ethics and where nature is preserved (ecology), needs intensive implementation. Land is thus understood not as a *good* for *absolute ownership*, but one for being *used* and respected as such. In many cases, land in traditional society was not sold but allowed only for use, since the Earth was recognized as what provides sustenance to the agrarian economy of traditional society upon which everything depended, to cover the needs of the past, the present and the future. Besides, an absolute sale of land was conditioned and practiced only as *leased* on a temporary basis, to enable the transmission of this scarce good for future generations. This traditional cultural value translated today as a Business Ethical model can serve as a deterrent to a greed whereby those who wish to do so can buy off all that

is available because of their capital base. Wealth has significance when it is used responsibly to further community interests and not hoarded just for individual aggrandizement. In Africa one acquires reputation by adding value through one's wealth which is to be shared with the village community.

Win-Win scenarios in business: The principles that find relevant application in this context include: Recognition and Promotion of Win-Win scenarios in the economy; Social Responsibility of Business; a "We-and-I" consciousness in social relations; Property as a Social Mortgage and a Natural Right; Interconnectedness between Spiritual Realities and the Material World.

In conclusion, African Time management and its concepts translates to living in Time and with an understanding of Time being a good servant but not a master; of accepting to become part of Time without a boundary that continues into eternity; and of nurturing Time in its temporality and transcendence with the ancestors, the yet unborn and the present living all sharing in this cyclical present.

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6

MAPPING AND RECORDING OF FIXED ASSETS

William Otiende Ogara

6.1 Mapping of Fixed Assets

6.1.1 Rationale for Mapping of Assets

The importance of mapping of fixed assets is perhaps best highlighted in the workshop that took place at AACC, attended by a number or church executives from the Continent of Africa. During that meeting, participants did underscore the "Urgent need for legal titles and registration of Church properties; an inventory of temporal goods and the recognition within the national laws of our countries of our material assets. This process has been difficult to execute in many of our countries due to the cumbersome public sector methods found in registrations; the high costs involved to register titles, properties and lands; the fact that corruption is prevalent with the systems operated in some of our environments and therefore urgently require and request support from our partners locally and internationally to succeed. Requirements include financial payments; proof of ownership of property; documentations; investment models to utilise land in exchange for registration funds. We recognise the danger that some of these properties may end up being registered in the name of private persons instead of the corporate and legal holders and resolve therefore to use strong mechanisms,

policies and structures that would prevent individuals from registering properties in their names"[48]

6.1.2 How to Map Fixed Assets

Mapping is done for tracking purposes of each fixed asset. The assets must be assigned a specific location within office premises. Mapping of fixed assets is the process of identification and monitoring of fixed assets at all times and in every location of the assets. Where an asset is to be removed from one location to the other, approval should be sought before taking the asset to the new location. Mapping of fixed assets will involve:

6.1.2.1 Asset Tagging

Tagging is the process of giving numbers and labelling of fixed assets to allow the tracking of their movement from one location to the other location. It is done by an organization to allow for the identification of its assets.

The importance of tagging is that:

- It provides accurate way of identifying individual assets of the organization;
- It helps in the taking of the physical inventory of the assets;
- It provides easy control of the location of physical assets;
- It helps in the maintenance of fixed assets.

a) The tag number should be entered in the assets master record after tagging by the staff in charge of fixed assets tagging. The tag number should be issued by the staff in charge of tagging of the assets who should ensure that all the moveable assets are tagged. This will include projectors, printers, televisions, DVD players, video cameras, digital cameras, fax furniture, machine, PCs, monitors, lap-

[48] Communique from the ACAP II workshop held at the AACC Premises-September 2017.

top computers, tablets and any asset that may be easily stolen.

b) Fixed assets such as property are not tagged but the asset title deed number should be recorded in the inventory even though it cannot be physically attached to the property.

c) The tags should be consistently placed in the same location on each similar asset type. The tags should be placed, if possible where they can be:

- Easily accessible
- Easily identifiable without disturbing the operation of the asset.

For the assets:

- Identifying the assets
- Locating of the assets
- Securing the Assets physically and legally
- Appointing responsible persons for the assets
- Identifying what the Church can do with the assets (using the example of the stick in the hands of Moses for which God used mightily)
- Sensitizing of the leaders to be good stewards of the Churches' assets
- Taking the bull by the horn, as churches. I.e. take responsibility for the assets and decrease the dependency on donors
- Investing in training the leaders to make them know what they have by identifying all the land-owning groups and interests that emanates from the lands
- Training the leaders to use experts (registered Surveyors, Valuers, Architects, Lawyers etc.) in the area of asset management
- Documenting clearly and handing over of all such records to the appropriate personnel
- Following up with physical inspection of the immovable property, the purpose for acquisition etc. which should all be clearly

spelt out in the Handing Over documents

- Creating a standardized handing over documents which will embrace all sections/departments so that none area is left uncovered
- Monitoring bodies to take responsibility
- Finding practical ways of keeping assets
- Financing of Assets Registration, Securing and Mapping (these processes takes time and patience).
- Insuring all Assets through comprehensive insurance cover
- Finally, depending on God's wisdom in exploring several ways of raising money through Shares, Bonds etc. and investing wisely be it in buildings, shares etc. to better the Church.

6.1.3 Benefits of Fixed Assets Mapping

a) Fixed assets management is an important task for an organization because it helps the entity to save on its financial resources by maximizing the assets to provide best returns to the organization. It is important for an organization to implement an asset management system because it helps in the recovery process of assets. Assets management mitigates risks and provides better ways of handling assets in an organization. To manage well the movement and use of fixed assets an organization should map its assets and achieve the following benefits:

b) It will help the organization to keep track of the movement of all its assets: Fixed assets mapping will allow the organization to keep track of all their assets by having information at all times the location of all the assets, how the assets are being used particularly moveable assets and any changes or work done on the assets in terms of repair and maintenance. Proper assets data will help in the efficient utilization of the assets of the organization which will result into high returns from the assets hence achieving of the intended goals. Proper mapping of assets will assist an organization in quality level of service in the most cost-

effective way and will ensure long term sustainability of the organization's fixed assets.

c) It helps the organization to manage assets from different locations with accuracy and effective manner: The organization can ensure accuracy of all its assets by creating an inventory which has the details and location of all its assets. The inventory will help the organization in giving accurate report of its assets to the prospective insurers. Accurate information of fixed assets will make it easy to pay the correct premium to insurance company so that the assets are adequately covered when taking an insurance cover for them to mitigate against the risks like fire, burglary or accidents.

d) Assets mapping will help the organization to calculate accurate depreciation amounts: Depreciation of assets is calculated based on the value of the asset and therefore inaccurate value of assets can lead to wrong depreciation amounts being reported in the financial statements of the organization. Depreciation of fixed assets is the reduction in the value of an asset as a result of wear and tear, age or obsolescence. Where the figure is not accurately calculated it leads to misstatement of financial information which in actual fact distorts the financial reporting of the organization. Regular assessment of the assets will ensure that the financial information of the organization is accurate.

e) Recovery of assets becomes easy and timely: Assets recovery is a fundamental issue as that must be entrenched in the fixed assets management system. In the circumstance where an asset is scrapped or sold the asset will be easily removed from the fixed assets register so as to maintain accurate records of the fixed assets consistently over time.

f) It can lead to savings on the maintenance cost of the fixed assets: During the operational phase of the assets life cycle there can be cases of under maintenance of over maintenance problems. Maintenance of fixed assets involves cost that affects the profitability of an organization because it eats into the profits of the organization and particularly where

there is over maintenance the organization can run into losses due to high cost of maintenance. On the other hand, under maintenance can as well lead to reduced productivity of the assets which again will lead to losses. In an ideal situation maintenance of fixed assets should be carried out when it's necessary and where the maintenance cost outweigh the benefits derived from the assets; then disposal of the asset should be considered so that the organization can purchase new asset for the required task.

Members of a church complaining about church land that has been grabbed by a private developer who has erected a market)

g) It helps the organization to have an improved and efficient operation: Good mapping of fixed assets makes it easy for an organization to fully understand the capabilities of all its assets and the best ways they can be operated to give better results with low costs. Better understanding of the assets and the level of productivity of the assets will help in carrying out the right decision on where to use the assets to achieve efficient and better results for the organization. This can only be achieved where there is proper assets management and record keeping. Assets that

are not productive are therefore replaced immediately and new ones secured to make the organization running and to able to achieve its operating objectives with fewer hindrances.

h) It allows the implementation of risk management plan: Risk is the exposure to danger that can lead to loss. Risk management therefore is the identification, assessment and prioritization of the identified risks. Assets management has to incorporate risk connected with the use and ownership of the assets. It is incumbent upon the management of the organization to ensure that proper risk assessment is done to be able to identify risks involved in the use and ownership of assets and to come up with risk mitigating strategies to solve any eventuality that the organization can come across. The risk mitigation will involve insurance of assets against perils such as fire, burglary and accident and safe custody of the assets.

i) It helps in planning for the assets of the organization: Proper fixed assets mapping can help the organization in optimizing the operations which will include planning, resource use as well as implementation of the management programmes developed by the organization.

j) It ensures that there is clean inventory of assets without *ghost* assets: There can be chances where assets that have been lost or stolen still exist in the fixed assets inventory and such assets are known as ghost assets. Such ghost assets can only be cured through proper assets management system which account for all fixed assets of the organization and ensures accuracy of the inventory. Accurate assets records will ensure accuracy in reporting of assets in the financial statements.

k) It ensures safety of all fixed assets: Where there are assets management system cases of theft of assets are reduced. Accurate accounting and the assets recovery process will give the organization opportunity to maximise the returns of assets by minimizing losses during the process.

l) Assets mapping will ensure value for money when acquiring fixed assets for the organization to be able to purchase the assets at the lowest possible cost and competitive prices as well as disposal and usage of the assets.

m) A focused organization will ensure that it has adequate systems and processes in place to do proper procurement, proper maintenance, storage and disposal of assets and keeping of accurate assets register.

n) Good assets mapping will help the organization keep stock levels of assets at an optimum and economical level that is necessary for the organization.

o) It will ensure that processes and procedures are in place for the effective, efficient, economical and transparent use of the assets.

It is therefore imperative that *people entrusted with the management of the assets* uphold the following general principles to ensure safety of the assets:

They should ensure high integrity and accuracy in the recording and administration of the assets;

They should ensure that assets are only procured on need basis to help the organization benefit from value for money;

Ensure that all the assets are safeguarded from theft, misuse, loss and related risks well taken care of. The risk of theft, fire and accident can be mitigated by having appropriate insurance cover for the assets;

They should promote the principle of due care on the use of the assets and put appropriate attention to the maintenance of the assets to ensure efficiency on their use.

They should ensure that the interest of the organization is safeguarded when it comes to the disposal of the assets.

6.2 Recording of Fixed Assets in the Register

6.2.1 Inventory of Fixed Assets

Fixed assets inventory is a record of all the fixed assets that are owned by an organization. It will have all detailed information in terms of description and the serial numbers of the fixed assets that the organization owns.

The register of fixed assets should be kept as follows:

a) A register of fixed assets shall be maintained by the Finance Officer.

b) Title deeds, leases and contracts relating to land and buildings shall be maintained by the Finance Officer.

c) All the assets should have their details such as serial numbers and nature of the assets described in the register.

d) The fixed assets register should be updated periodically with new fixed assets purchased or fixed assets additions.

d) The relevant Finance Officer should conduct an annual inventory inspection of all fixed assets of the organization.

6.2.2 Recommended Procedures for Recording

After an asset has been acquired record keeping should commence immediately and the following procedures should be followed to ensure that proper records of fixed assets are maintained in the fixed assets register.

Procedures for recording

Create new record of the fixed asset: the finance officer should create new record for the asset that is purchased and give it a reference number. If the register is computerised, then the software will assign the record number to the asset.

The description of the asset should be written: Describe the asset in one sentence. If this asset is similar to other company assets, use the same description format. Or the manufacturer's details can be used to describe the asset.

Enter tag number: List the number on the company: provided tag and affix to the equipment.

Enter serial number: The serial numbers are normally provided by the manufacturer on equipment. Where the serial number is not visible you can contact the manufacturer to locate the serial number on the asset.

Indicate the asset location: The place where the asset is located should be indicated i.e. specify the location at least by building, and preferably by room.

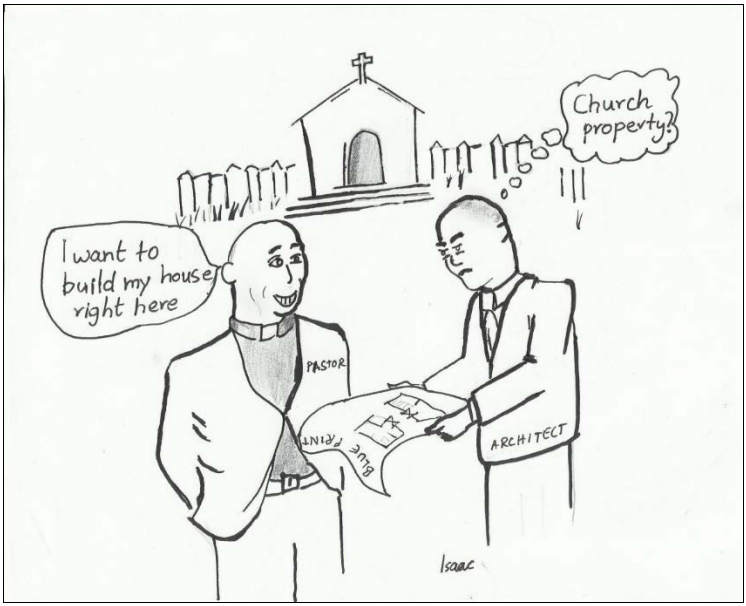
State the person responsible for the asset: State the name or the title of the person who is responsible for the asset.

Record the date of purchase: State the month and year on which the asset was ready for its intended use.

Record the cost: Enter the total initial capitalized cost of the asset. This should match the amount recorded in the general ledger or fixed asset journal for the asset. Do not use the amount listed on the supplier invoice, since other costs may have been added.

Assign to asset class: Assign the asset to an asset class by comparing its characteristics to the standard asset classes used by the company. If in doubt, review related assets to determine the classes to which they were assigned. This is an important step, since useful lives and depreciation methods are frequently assigned automatically, based on the asset class.

Enter useful life. Where the system does not automatically assign an asset, a useful life based on the asset class, state the useful life.



Church elder, left, showing architect where he would want to build his residential apartment.

7

FROM CAPITALIZATION TO DISPOSAL OF FIXED ASSETS

William Otiende Ogara

7.1 Capitalization and Valuation

7.1.1 Capitalization Procedure

Capitalization refers to cost of an asset that is expected to provide utility to an organization for a period which is more than one year[49]. Organizations set capitalization limits so that assets with little value or items that are expected to be fully consumed with one accounting period can be treated as expenses, e.g. staplers, computer, mouse and key boards. Capitalisation of assets recognises the following as *fixed assets:*

- Land &Buildings
- Capital leases
- Computer equipment
- Office equipment
- Furniture and fixtures
- Intangible assets (Computer software)
- Machinery
- Vehicles.

[49] Raymond Peterson (2002), 8.

7.1.2 Guiding Principles in Fixed Assets Capitalization

The capitalization thresholds that should be used to categorise fixed assets should be as follows:

- Land, buildings and motor vehicles should be capitalized irrespective of their costs.
- Fixed Asset additions, enhancement, or expansion expenditures that extend the useful economic life of the assets should be capitalized as part of the cost of that fixed asset. An example is where there is major repair of the roof of a house or increasing the size of a house the expenditure should be capitalised as part of the building cost.

On the right is the church accountant informing church elders of the need to dispose the old church vans.

- Where there is work in progress on assets such as building, the cost should be reported as work in progress until it's complete. After completion the cost should be classified into appropriate class of fixed assets.
- Where an expenditure has been incurred in the acquisition of Information Technology equipment e.g. laptops, desktop comput-

ers, servers, printers such cost should be capitalized. And where there is additional expenditure is incurred to upgrade existing equipment, the cost should be capitalized.

- Where expenditure is incurred on Furniture and equipment i.e. chairs, tables Wall units, such costs should be capitalized.
- Costs incurred to keep a fixed asset in its normal operating condition that does not extend the original useful life of the asset or increase the asset's future service potential are not capitalized. These costs are expensed as repairs or maintenance. These costs are related to the repairs and the maintenance of the fixed assets.

7.1.3 Revaluation of Fixed Assets

- Revaluation is the upward or downward adjustment of the net book value of a fixed asset to account for major changes in the fair market value of the asset. Periodic revaluations of land and building should be conducted by an independent valuer to determine the market value of the property after a certain period of time which can be after five years or ten years.
- Where improvements are done on land or building to make it ready for an identified use then such cost should be put as part of the cost of the property.
- Furniture and equipment, computers and motor vehicles are valued at cost. But where a motor vehicle is to be disposed of the revaluation can be done to determine the market price.

7.1.4 Benefits of Fixed Asset Valuation and Revaluation

The Valuation and Revaluation of fixed assets should be done after some time by the management of the organization to be able to achieve the following:

- To be able to establish fair values of fixed assets for financial reporting purpose and for disposal purposes in case the assets are to be sold.
- To determine the replacement cost for purposes of insurance against risk of fire, theft and accident.
- To determine and advice on the expected useful life in years for the fixed assets from the date of revaluation

7.2 Acquisition and Control of Fixed Assets

7.2.1 What Does Acquisition Involve?

Acquisition of fixed assets is the process of purchasing assets at cost and all other costs that are directly attributable to bringing the asset to its working condition.[50] These costs include cost of site preparation, initial delivery and handling costs which include insurance, freight fees, installation costs, professional fees such as architects and engineers. Control of fixed assets exists on the benefit that it is derived from the use of an asset in pursuit of its objectives by regulating access of other people to that benefit.

An organization should adhere to best procurement practices when it comes to acquisition of fixed assets. The acquisition of fixed assets should be done when it is necessary for the organization to have the fixed assets and there is intended use of the same. The process of acquisition should be above board where tenders should be invited from suppliers and selection of the suppliers should be based on the quality and pricing and any other after sale services that the organization may benefit from to ensure value for money. Where in the process of acquisition there is conflict of interest by an officer of the organization, the same should be disclosed and the said officer should refrain from getting in-

[50] Iain Gray/ Stuart Manson, *The Audit Process, Principles, Practice, Cases*, London: Cengage Learning, 455.

volved in the procurement process to allow for arm's length negotiations during the procurement of the assets.

Tenders should be opened by tender committee in the presence of the prospective suppliers followed by process of selection where the best supplier should be selected. After the best supplier has been selected, a quotation should be sent to the supplier with specification of the assets to be supplied. The supplier will send an invoice which should be reconciled with the details on the quotation earlier sent to the supplier to ensure accuracy of information. The supply of the assets should be accompanied with delivery notes that should be signed by the officer of the organization as evidence of the delivery. Where correct procedures are not followed the organization may risk the loss of its financial resources used in the purchase of the fixed asset. An example was a case where a church wanted to acquire a piece of land for the construction of their sanctuary. The piece of land that they planned to purchase had been acquired by another company and the title deed presented to the church's management was not genuine but the church management went ahead and committed funds to the tune of two million towards the purchase. The management engaged a lawyer after committing the funds to the seller and the lawyer did due diligence only to find that the transaction was not genuine and the person selling the land was not the owner. In the end the church lost the money because these were fraudsters.

In the circumstance where an organization plans to acquire an asset particularly land, due diligence should be properly done as best practice to ensure that the assets is genuine. This can be done through the relevant authorities like the ministry of land to ensure that asset is genuinely owned by the seller.

7.3 Depreciation and Disposal of Fixed Assets

7.3.1 Depreciation of Fixed Assets

Depreciation is a non-cash expense that reduces the value of an asset as a result of wear and tear, age or obsolescence. It can be calculated either on straight line basis or declining method to write off the cost of fixed assets over their useful lives. The main reason for depreciation provision is because assets grow old and therefore for prudential reasons a provision should be made such that when the assets cannot be used any more then such funds can be used to acquire new assets. The assets that are depreciable include motor vehicles, furniture and equipment.

Fixed Asset Class	Rate
Freehold land and building	Nil
Motor vehicles and Motor cycles	25%
Furniture and Office equipment	12.5%
Computer Equipment	30%

Depreciation calculated should be charged to income and expenditure during the year as an expense.

7.3.2 Disposal of Fixed Assets

Where the fixed assets can no longer support the operations of the organization or it's under-performing due to obsolescence, depletion or deterioration then the assets can be disposed of by the organization. The disposal of assets can be done by tendering or public auction, trade in and trade off. Whichever method adopted by the organization it should be done in a transparent and accountable manner. *Disposal of fixed assets can be done under the following circumstances:*

- Obsolescence occurs when an assets technology is surpassed by newer or different technologies have come into the market.
- Depletion is the gradual loss of market value of an asset as it is being consumed or exhausted (oil well, timber)

- Deterioration is the general loss in value of an asset due to aging process (production machinery
- Where the fixed assets are fully depreciated and cannot be economically used
- Where the assets are not fully depreciated but are damaged beyond repair

Use of Motor Vehicles: Motor vehicles are the most common means of transport for most CROs. They are beneficial in that they allow flexibility of movement, are convenient and transport workers from the work place to their residences. Motor vehicles become costly when they start demanding for costs like; insurance, repair, fuel, inspection, service, parking, car washes, fines and maintenance. These costs, if not well managed, can cause a loss in an organization's profits. Most organizations are often faced with the challenge of whether to buy or lease motor vehicles. Leasing or ownership, each has its own merits and demerits that need to be analysed.

Any organization that wants to acquire a motor vehicle should consider the following:

- How much will the vehicle cost to buy and manage?
- What kind of terrain will the car be driven on?
- How often will the car be driven?
- For what purpose will the car be used for?
- For how long will the car be maintained?

Good stewardship is required when acquiring a vehicle. It may make economic sense for CROs to purchase modest vehicles that are not fuel guzzlers. Modest engine capacities will mean less fuel costs which means greater savings for CROs. Reasonably priced vehicles also have easily available and inexpensive spare parts. These types of vehicles have reasonable car service and spare parts expenses. High priced vehicles on the other hand have their bitter share of high maintenance and

service costs. Alternatively, organizations can explore the option of leasing vehicles if they want low repair and maintenance costs. The flip side of leasing is excess mileage expenses and leasing costs. All in all, there isn't a clear-cut solution. Each organization needs to analyse what works for it-whether to buy or lease.

Motor Vehicles should have work ticket or log sheets that should be kept in the motor vehicle. The ticket should have *columns for recording the following for every journey*

- Starting mileage
- Purpose of the journey
- Name of the officer approving the journey
- Quantity of fuel bought for the vehicle
- Mileage at the end of the journey
- Name of the driver on each journey

At the end of every month a summary should be made of the following:

- Mileage Covered
- Fuel consumed
- Servicing and Repairs done

The organization should ensure that the motor vehicles are fully insured to avoid the risk of loss in case of accidents.

8

INNOVATION STRATEGIES AND PARTNERSHIPS

Christoph Stückelberger

8.1 Innovation in Order to be Competitive

Innovation became almost a magic word and a "must" for all business strategies. "*Innovation* is the combination of creativity (invention, etc.) and its implementation for new solutions for problems and requirements in technical or social issues. It is different from improvement as the gradual modification of an existing solution."[51] Innovation as a term is mainly used for technological innovation, especially in digitisation, e-commerce, artificial intelligence etc. But innovation is also needed in social, political, economic, cultural and religious sectors in order to adapt to new challenges and find new solutions for urgent problems.

The term innovation currently is focussed on market-driven entrepreneurial solutions in a competitive world, replacing older terms such as research and development (R&D). For many periods of human history,

[51] Parts of sections 8.1-3 are reprint by permission from Christoph Stückelberger, *Innovation-Ethics for Value-based Innovations,* in Jean-Claude Bastos de Morais/ Christoph Stückelberger (eds.), *Innovation Ethics. African and Global Perspectives*, Geneva: Globethics.net and African Innovation Foundation, 2014, 63-80.

innovation was mainly a term for cultural renewal compared to cultural tradition, for modernity versus conservatism.[52] In order to understand innovation, it may help to look at other terms that refer to similar attitudes and activities and outcomes but from a different perspective. In politics, terms often used are transformation, reformation, renewal, revolution and development. Not every transformation or revolution is innovation, but some political transformations have as far-reaching effects as some technical innovations.

As the annual Global Innovation Index[53] shows, innovation is a key factor for economic development and competitiveness. Scarcity in natural resources can be compensated by innovative ideas and methods. Let us take the case of Switzerland: Switzerland has almost no natural resources like oil, minerals etc., except water to produce some electricity. This scarcity of the land had to be compensated by knowledge, education and innovation. Switzerland is regularly features on the top of the global innovation index.[54] For Switzerland, scarcity is both a challenge and an opportunity.

8.2 Innovation in Faith Perspective

Religions have their own terms for innovation, often describing inner transformative processes that lead those transformed to see what religions describe as the "world beyond", the "real world behind the visible world" and are seen as the real innovation, whereas technological inno-

[52] After World War II, innovation was meant to renew the culture of peace and of humanism. Tradition and innovation dealt with the fight between the old and the modern cultural worlds (see Rencontres Internationales de Genève, *Tradition et Innovation. La querelle des Anciens et des Modernes dans le monde actuel,* Neuchâtel 1956, specially Babel, Anthony, "Tradition and Innovation", ibid., 199-207).

[53] https://www.globalinnovationindex.org.

[54] Ibid, Global Innovation Index 2017, XVIII (accessed 16 June 2018).

vation is seen as just "more of the same", as innovation within the material world, but not really a transformation. In Abrahamic religions (Judaism, Christianity, Islam) the central term is to redirect life to God. In Christian faith it is called *metanoia* and metamorphosis (cf. Romans 12:2: re-direct your mind to God and be transformed,), new creation, eschatology (orientation from the last, absolute, eternal world). In Asian religions (Buddhism, Hinduism, Jainism, Sikhism, Taoism) the real innovation is seen in the spiritual way from the ego to the self, from greed and materialism to inner freedom, from violent possession of the other to nonviolent unity with the other and the universe.

For Christians, faith in the triune God means

- *God Father the Creator* is the source of human creativity. The true creation "out of nothing" (ex nihilo) can be done only by God. All human creativity and innovation is derived from something which already exists (e.g. physical laws, material)
- *God Jesus Christ the Liberator* sets us free from the sin of boxes and self-limitations set by inner boarders or limits of authorities. This liberation makes us free to develop whatever innovation is needed to serve humanity. But it sets also free from the sin of superstition as if we are the genius. No, God is the genius and we human beings are his instrument. Liberation from sin leads to excellent innovation, but with modesty as God's servants and stewards.
- *God Holy Spirit the Innovator* gives us inspiration and courage for unexpected solutions. Inspiration is the capacity for visions and dreams. Innovation is the capacity to implement visions with respective resources. God provides inspiration and innovation.

Two main reasons - negative obstacles and positive energies - for innovation are faith-based: 1. Taking risks is a key condition for innovation as innovation includes the chance to succeed, but more often the risk to fail. If someone always wants to be on the safe side, he/she does not take risks. In religious terms: risk means the danger to fail. For-

giveness is the encouragement to take the risk to fail and to re-start, to have a second and third chance. Forgiveness facilitates and supports innovation! 2. Many good innovative ideas are killed by authorities. Authoritarian (in fact weak) authorities demand obedience instead of creativity, subordination instead of new solutions and they always look first at "what is in for me", which personal benefit they get from an idea. Therefore, innovative asset management in churches needs a culture of trust, openness for ideas from staff and parish members, participation in finding new solutions.

8.3 The Ethical and Unethical Innovator

Not every innovation is ethically positive. To create a new cluster bomb which creates longer suffering before dying may be an innovation, but an unethical one. To develop a new malware for destroying hospital software kills lives and is unethical. *Ethical innovation*[55] is innovation based on ethical values. Innovation ethics is the theory of ethical innovation and ethical innovators. The ethical innovator is

- Ingenious thinking outside the box
- Intuitive holistic rational, emotional, social
- Inspirational inspired by the spirit and visions
- Integer honest, transparent, not plagiarising
- Independent from authorities and mainstream trends
- Inclusive for the benefit of deprived and needy
- Improving improving living conditions
- International not only for protected beneficiaries
- Indigenous respecting and integrating indigenous culture

[55] More in Christoph Stückelberger, *Innovation-Ethics for Value-based Innovations*, in Jean-Claude Bastos de Morais/ Christoph Stückelberger (eds.), *Innovation Ethics. African and Global Perspectives*, Geneva: Globethics.net and African Innovation Foundation, 2014, 63-80 (70-73).

- Influential ambitious in becoming mainstream
- Income generating not jobless growth, but job creating
- Indefatigable hope and energy to overcome obstacles.

8.4 Innovation Strategy in Asset Management

In asset management of churches and church-related organisations, it is today imperative to think "out of the box". This needs – as mentioned – a mind-set of openness, a culture of trust and participation in the organisation and a leadership which looks at the best solutions for the common good and not first at solutions for the personal benefit. It also needs a careful consideration about the mission of the church. Asset management or profit maximisation are not goals in itself but innovative asset management should help churches and CROs to better fulfil their mission with greater impact by better use of talents and assets.

Main income generating activities with church assets in the past have been the *hospitality* sector (retreat centres, hotels, restaurants) and real estate for housing and offices. Hospitality sector is good, but difficult to gain stable income, demanding in management and competitive in many cities. *Rental income from apartments* is still one of the best and stable income generating assets, more so as housing is a great need in most African cities. *Rental income from office buildings* is also a good option, but are riskier and volatile than apartments. Both need professional management, careful planning and commercial attitude even if churches support social housing. *But other sectors should be considered in addition*:

Agricultural land is one of the main fixed assets of churches and church-related agencies. It is often underestimated in its value as it is available abundantly. In addition, the reputation and status of farmers in society and among young people is low. But agriculture is still the backbone of society not only in Africa. *Farming projects* with innovative ways of food production which combines manual work with semi-

industrialisation and mechanisation, eco-farming with product transformation can open markets. In addition, less investment capital is needed than for buildings and net income is generated in shorter time than in other sectors. In our church Asset management training in Zimbabwe in Feb 2018, an expert for chicken farms showed with concrete figures, that an investor can get 10% net benefit within few months and the owner of the land – e.g. a parish – can also get 10% net benefit after few months! The main condition is a very professional, transparent and efficient management of the project! Farming projects are also important to create jobs!

Vocational training centres: There are too many, millions, of unemployed graduates in Africa, but not enough well trained and innovative skilled young farmers and young professionals with vocational training! But churches – partly in denominational competition – start again and again new universities with huge investments and substantial risks for the future if the boom of new universities continues. Diversified asset management of Churches should increase investments in vocational training and less in education in tertiary sector. Churches have a mission and vocation to upgrade the reputation and status of farmers and persons with vocational training! Church-run innovative farming projects and professional centres are one way.

The digital world is dominating all continents, including Africa. *IT solutions* from websites to social media, from mobile-apps e-libraries, from e-commerce to telemedicine, from e-learning to online legal aid, from tele-preaching to online donations and offerings offer immense opportunities. Churches and CROs can develop manifold solutions which serve the communities and generate income. Rooms in a parish centre can be used during some time of the week for small IT-business, on the church school compound, a small business for recycling of electronic waste or reparation of mobile phones can be installed. Agricultural products from the church farm can be marketing through e-commerce.

Impact investors and social entrepreneurs investors search innovative projects! Churches and CROs have a chance to attract impact investors if they present a clear strategy and well defined projects of their assets.

8.5 Networking as Asset: Partnership Strategies

Tell me with whom you cooperate and I tell you how successful you will be. This management principle is more important than ever in todays interconnected world. A long list of books speaks about networking as the key success factor for success: suppliers, clients, e-commerce networks, professional networks, ecumenical cooperation are seen as positive networks. Family, friends and clan relations are as important, but can lead to negative nepotism, favouritism, denominationalism and ethnicity.

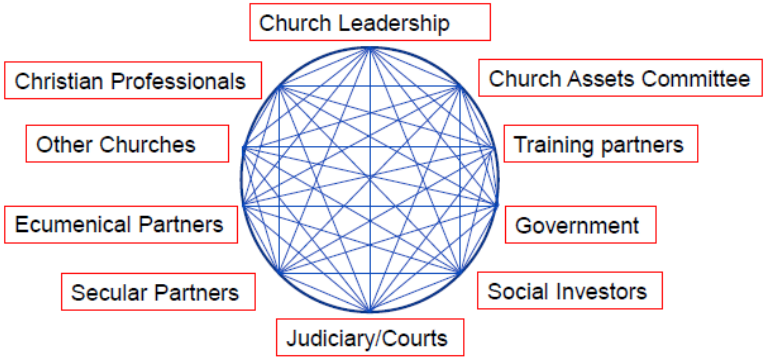
Networking and partnerships are a key asset in asset management: to find the best experts for planning, the right investor or group of investors, asset partners for scaling up of the project, the right mix of donors and investors, the credible partners in governmental ministries, the objective media for communication, the independent lawyers for legal or court matters, the church leaders with integrity, the young professionals committed to their faith and their profession etc.

Innovative strategies in asset management need also “think out of the box” in terms of networks and potential partners. Try to overcome prejudices or boxes such as “she is the best expert, but we cannot engage her as she is from another denomination”, “I never want to approach investors as they all are exploiters and want profit-maximisation”, “we as church should not cooperate with the state as all public officials are corrupt”. Then you remain in the small circle of friends which may be good, but not the best you need!

Therefore, open your mind and heart, look around as far as helpful and needed to find the best partners and networks. And you will be surprised: more partners than you think are interested and willing to coop-

erate with the churches and CROs. Examples experts we invited for church assets trainings: the national ombudsman on anticorruption issues, a leading tax expert on tax exemption, agricultural and real estate experts on project development, investors on investment criteria, mediators on how to settle conflicts around land, international development partners to show innovative solutions from other continents, pastors to strengthen our spiritual vocation, women finance experts to show the female skills in asset management etc.

The following graph shows networks for potential partnerships. The more links (lines between the sectors), the stronger the network for asset management. With a pencil, draw the lines which you want to further develop for your asset management.



9

INVESTMENT STRATEGIES: HOW TO ATTRACT INVESTORS?

William Otiende Ogara / Josephine Atieno Otiende
Christoph Stückelberger

9.1 Why Investments by Churches?

Investment is important because it helps churches to grow and reach out in its social ministry of preaching the gospel and reaching the unreached with the word of God. Investment is among others biblically illustrated in the book of Mathews 25:14-30 which demonstrates clearly a good stewardship act by the servant who was given five talents and was able to generate five more talents for the master. Churches should invest wisely as commanded by the word of God to be able to get good return for the work of God. Investments that are undertaken by the church should be directed to benefit the church and society as the work of God but not individuals to take advantage and benefit in the name of God.

> *The Parable of the Talents (Matth. 25:14-30, ESV)*
> *14 "For it will be like a man going on a journey, who called his servants and entrusted to them his property.15 To one he gave five talents, to another two, to another one, to each according to his ability. Then he went away.16 He who had received the five talents went at once and traded with them, and he made five talents more.17 So also he who had the two talents made two talents*

more.[18] But he who had received the one talent went and dug in the ground and hid his master's money.[19] Now after a long time the master of those servants came and settled accounts with them.[20] And he who had received the five talents came forward, bringing five talents more, saying, 'Master, you delivered to me five talents; here, I have made five talents more.'[21] His master said to him, 'Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master.'[22] And he also who had the two talents came forward, saying, 'Master, you delivered to me two talents; here, I have made two talents more.'[23] His master said to him, 'Well done, good and faithful servant. You have been faithful over a little; I will set you over much. Enter into the joy of your master.'[24] He also who had received the one talent came forward, saying, 'Master, I knew you to be a hard man, reaping where you did not sow, and gathering where you scattered no seed,[25] so I was afraid, and I went and hid your talent in the ground. Here, you have what is yours.'[26] But his master answered him, 'You wicked and slothful servant! You knew that I reap where I have not sown and gather where I scattered no seed?[27] Then you ought to have invested my money with the bankers, and at my coming I should have received what was my own with interest.[28] So take the talent from him and give it to him who has the ten talents.[29] For to everyone who has will more be given, and he will have an abundance. But from the one who has not, even what he has will be taken away.[30] And cast the worthless servant into the outer darkness. In that place there will be weeping and gnashing of teeth.'

Listening to the parable of the talent, there is justification is expecting any church entity that seeks to invest to expect better returns. Indeed, not all investments will be viable. Those entrusted with investment

in CROs are therefore required to ensure that any investment in assets is done in such a manner that generates returns that are worth the value of the assets being invested

Churches should invest their money wisely in legal areas that will give them return on their investments. The churches should take precaution to avoid pyramid schemes that have really made organizations and individuals lose their hard-earned money. Pyramid schemes are fraudulent organizations formed to defraud people of their money under the guise of investments. Many organizations and individuals have fallen victims of these schemes and have lost substantial sum of money in the name of investments with high returns.

Church Priest, centre, opening a church which is owned and managed by the church

9.2 How to Attract Investors and Whom?

9.2.1 Donations and Investments for Asset Development

A donation is a voluntary giving for ever without a return. An investment is capital given e.g. in form of a loan for a defined period of time of repayment and with interest. The Development of Church Assets needs both.

The largest part of the income of churches and Church-Related Organisations (CROs) comes from offerings and donations. In an enquiry among the protestant churches in Rwanda, 73% responded that offerings are the major source of income and 15%, that donors are the major income, in total 88%. Only 4% said that income generating activities are the major source of income. 8% mentioned various sources.[56]

Donations (offerings, donations, legacies etc.) are important for asset development, but they are not enough as they are normally limited in amount. Borrowing money for income generating asset development is normal not only for public development and private business, but also needed for churches. From a faith perspective, it is justified and needed in order to reach the mission of the church and of CROs. But forms, conditions and partners of investments have to be considered carefully.

9.2.2 Concepts: Impact Investments, Ethical Investments

Churches and CROs should invest in a way which is consistent to their faith and values. *Faith-consistent investing*[57], *values-driven in-*

[56] The Protestant Institute of Arts and Social Sciences PIASS, *Good Governance. Participation, Transparency, Accountability and other Virtues. Where do Rwandan Churches Stand?*, PIASS Publications: Butare 2017, 72.

[57] *Faith Invest Alliance* is a new alliance of investors from different religions such as church pension funds and faith-based development agencies. It is in formation. It should be launched towards the end of 2018. Christoph Stückelberger is member of the development committee. More information will be available on www.faithinvest.org and already on the website of the Geneva

vestments, *ethical investments* are terms to express in different ways the values-orientation. *Impact investing* is a new broad movement which reorients investments towards the real economy of direct investments by avoiding speculative parts of mainstream investing. "Impact investing is … powered by investors who are determined to generate social and environmental impact as well as financial returns" is the definition by the Global Impact Investing Network GIIN[58]. The Environmental, Social and Governance Criteria (ESG) of investments are also key guidelines for ethical and social investing, also called Socially Responsible Investments SRI as monitored by the United Nations Principles for Responsible Investment UNPRI[59]. A new trend are also the so-called *SDG-investments*: The Sustainable Development Goals SDGs, adopted by the United Nations General assembly in 2015 for the period of 2015-2030, set 17 ambitious goals for humanity to reduce poverty, increase health and education, protect environment, promote peace and gender equality etc.[60] SDG funds and other investment vehicles aim at re-orienting investments towards contributing to the SDGs as over 70 percent of the capital needed to reach these goals have to come from private investments, the rest from public budgets, development cooperation and aid. Churches with their assets can and have to play an important role in SDG investments.

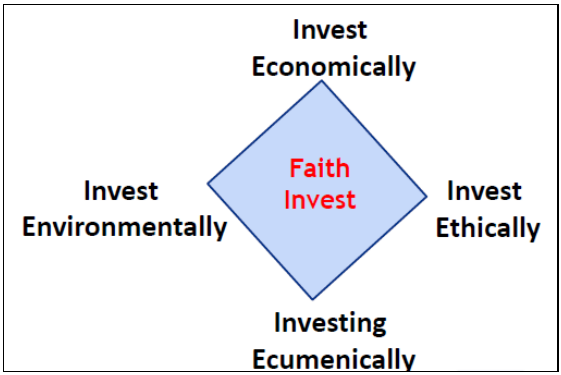
We suggest for churches and CROs the **Concept 4E Faith Invest:** invest economically (aiming at needed financial benefit), ethically (respecting faith-based values), environmentally (caring for the environment) and ecumenically (seeking cooperation and partnerships wherever possible and appropriate).

Agape Foundation with its programme on values-driven investments: http://gafoundation.world/en/programmes/programme-3/project-3-faith-in-finance (accessed 16 June 2018).

[58] https://thegiin.org/impact-investing/ (accessed 16 June 2018).

[59] https://www.unpri.org/ (accessed 16 June 2018).

[60] https://sustainabledevelopment.un.org/?menu=1300 (accessed 16 June 2018).



9.2.3 Conditions to Attract Investors

There is hard competition to attract investors. Some Churches and CROs have a high credibility through solid investment records, transparent leadership and professional management. They can easily attract investors and get good conditions. Others have great difficulties as they failed in investments, have not-trustworthy leadership, scandals, mediocre management or no clear project plans.

How to attract investors to invest in assets of churches and CROs? *Check the following checklist. Such information are important for investors* (see also other articles in this handbook):

- ✓ *Registration of assets* (e.g. land titles with valid documentation, registered, updated)
- ✓ *Reports and reporting systems* (Annual reports and accounts, inventory, credible external audit etc.)
- ✓ *Official recognition of church by state* (legal status of church, church assets, CRO such as school, hospital, tax exemption documents)
- ✓ *Online access of information* (professional and updated website with relevant information on finance, governance, members of committees etc., showing transparency)

- ✓ *Need of good governance and assure security* (leaders with integrity, governance with control mechanisms, rules and regulations for asset committee or other structures)
- ✓ *Support infrastructure facilities* (access to regular information from projects, emails and mobile phone for quick and reliable communication, IT system, cyber-security)
- ✓ *Competent and skilled staff/experts* (banking and accounting experts, experts related to specific investment projects, professional and committed working culture, staff with integrity)
- ✓ *Show experience of church in projects with investments* (documentation on past and current investment projects and their performance, lessons learnt from failing or critical projects, awareness of potential economic, political, cultural and church-specific investment risks)
- ✓ *Rules and regulations for delegation of power* (controls, checks and balances in executing power, written rules and practiced implementation)
- ✓ *Good financial system* (transparent, audited and published annual accounts, budgets and mid-term planning, value of assets as collaterals for loans and other investments)
- ✓ *Projects relevant for development, national priorities, SDGs* (show the relevance of the project for the UN Sustainable Development Goals (e.g. education, water, health), for national development plans and priorities, for church strategies, for the goals of a specific interested investor)
- ✓ *Marketing of projects* (description of the projects faithful to the mission of the church, but also in investors' language with key figures)
- ✓ *Others from your experience: ……..*
- ✓ *Others ……..*

9.2.4 Sectors of Investments and Types of Investors

The chance to attract investors depends a lot on the *sector*, market situation and innovative character of the project. Innovative approaches and new sectors for churches are needed. More is described in chapter 8.3 and 8.4 above.

Depending on the type of project, different types of investors can be interested and can be approached:

- *Development agencies*: classical donor partners (such as Bread for the World or Christian Aid) may in future also consider investments in addition to donations.
- *Microfinance institutions*: they give loans for small to medium size projects, more and more also linked to local banks.
- *Private Foundations*: they may offer grants, but also investment capital for social entrepreneurs or start-ups.
- *Faith investors:* They are specifically motivated to invest in projects consistent to their religious values and therefore open to church-related projects.
- *Private investment funds:* They are often specialised such as a water fund for water and sanitation projects, education funds, health funds, women's funds etc.
- *Public investment funds:* as part of public-private partnerships (PPP) or with other vehicles. The chance to get funds from them is higher if there is a interdenominational coalition of churches or even various religions as many state-controlled entities have to ensure that they are religiously neutral or impartial.
- *Intergovernmental development banks*: Even though they mainly work through governments, they may consider cooperation with churches; e.g. the African Development Bank showed interest in looking at the African church assets programme ACAP. This needs pooling (see 9.2.5).

9.2.5 Pooling and Market Place

One big challenge to bring together projects and investors is the size of projects. If an investor looks for an investment opportunity for 20-100 million USD, he cannot consider and will even not read an application for an investment of 50'000 USD as the cost to study the project is too high compared to the potential return. But if ten churches through their National Council of Churches – as we discussed in the ACAP workshop of the Zimbabwe Council of Churches ZCC – pool 10-20 projects in a basket with an investment volume of 10-20 million USD, an investor may be interested. Therefore, *pooling of projects* around topics or geographic regions – e.g. water or agriculture in Zimbabwe – with some joint professional management structures - increases the investment opportunities substantially.

We propose to consider in future *market places* in form of one day or two day workshops where churches and CROs can present their projects and potential investors can meet them. It is not a theoretical conference, but a practical match-making opportunity. An example is the Forum organised by "Waterpreneurs" – a network for investments in water and sanitation projects - in Nairobi in April 2018.[61] Other market places are online investment platforms where project partners can submit their offers and meet investors online. Successful is the "Social Investment in Action" Platform of the Asian Venture Philanthropy Network AVPN[62].

9.3 SWOT Analysis for Investments by CRO's

Church related Organisations (CRO's) are at different levels and capacities on matters of investments. Some CRO's have tried and not only

[61] The special website innovate 4 Water https://www.innovate4water.net/ and the report of the Nairobi Water Forum: https://www.innovate4water.net/i4w-nairobi-2018 (accessed 16 June 2018)

[62] https://avpn.asia/social-investment-in-action/social-investment-in-action-may-2018/ (accessed 16 June 2018).

failed miserably but even lost their investments in assets. Today, there is a growing rush by some CRO's to invest in shares without due diligence process and they lose out in the process as they will not have followed some due diligence process. Some CROs make impulsive decisions to engage in investing in stock markets or money markets before they are educated. Today the market place is getting filled with rogue investors/financial institutions. In some cases, CRO's are not ready to sell assets even where it is clear that they can better invest proceeds from sale. Valuation of assets remains grossly inadequate and leaves the church vulnerable to losses in the event of fire, theft etc. The growing urbanization is providing opportunities for better returns on use of our land, vehicles etc.

Assets Investments in CRO's in Africa - A SWOT Analysis

Key Strengths	*Key Weaknesses*
• Diversified church membership • Diversified church leadership personalities • Varied sources of income, like tithes, offerings and donations.	• Poor church leadership • Poor church administration • Un-skilled church governing bodies and councils • Dismal congregation involvement and participation • Un-professional fin. audits
Key Opportunities	*Key Threats*
• Growing number of professional advisors with some of the member churches and their readiness to support the churches investment agenda • A rich history of prime assets under some CRO's waiting to be invested • Availability of information	• Proliferation of investment quacks in the market place • General lack of assets records within many CRO's rendering it impracticable for the churches to engage in meaningful investments • Tax regime that may not favour churches' investment

on investment opportunities available for the CRO's • Goodwill from the church membership to grow some of the investment through philanthropic giving • Influx of credit cards owned by church members.	• Staff of CRO's remain ill equipped to provide necessary investment decisions • Fear of loss of funds through investment and it is still an area yet to be exploited • Unfavorable state policies and by laws. • Fraudsters and thefts.

9.4 Sampling Best Practices

Examples abound within a number of CRO's in the Continent on investment activities that are in fact paying. It is possible for churches to invest their assets more creatively and make money for ministry. The following is an example of where the Anglican Church of Kenya, through the Church Commissioners for Kenya pooled their pension funds together and invested in high end properties in Kenya. It is a clear example on how churches can pool their funds together to form pension funds which have defined return to the members. Anglicans have done this through pension funds and this has made the church do well in terms of investments.

Church Commissioners for Kenya, a Company limited by guarantee and not having a share capital. It is a trust holding all the funds administered by them for the benefit of the whole Anglican Church of Kenya. The Organization has a rich history spanning over close to 5 decades, having been formed by the Church Missionary Trust in 1957 and renamed Church Commissioners in 1962. It is the investment arm of the Church. It holds in trust all movable and immovable property of the Anglican Church in trust. In terms of structure, CCK has representatives from Dioceses. Each Diocese is represented by the Bishop, one Clergy and one layman. The Archbishop of Kenya is the Chairman of Church

Commissioners of Kenya. Commissioners meet once a year at the Annual General Meeting. There is in place a Board of Governors charged with the responsibility for oversight. CCK has remained committed to its long term goal of being in the leading edge of creating shareholders value and to increase future dividend payments to the dioceses, CCK will continuously scout for opportunities to grow the organization and business through suitable alliances, joint ventures, and acquisitions.

The partnerships will in all cases be based on like mindedness and value addition to the organization and investments. Today it is able to generate dividends from the assets base that it has and share the same with respective member Dioceses. Its success has been mainly due to the professional manner in which decisions are taken by the oversight Board and implemented by a qualified and competent management Team led by a former Commercial Banker. The Board remains professional in their approach and guided by values of integrity and hard work. Each year, Management staffs are given clear performance targets that they have to meet.

Churches can invest in either fixed assets or financial assets depending on the available rate of return from such investments. Financial assets include investments in short term deposits and long term government bond. Fixed assets are long term tangible assets that an organization owns for the purposes of production of income, supply of goods and services, rental to third parties or use by the organization. These assets are not intended to be converted to cash within one accounting period. An asset represents a present economic resource of an organization to which it has a right or legal access to it. This therefore means that the organization can use economic resource at its discretion, and its use can be precluded or limited by the owner. For the organization to have access to the asset the asset has to be available and the organization must have legal right and possession to the asset as of the date of the financial statements. An economic resource is something that is scarce and has

the ability to produce economic benefit by generating cash inflows to the organization as well as decreasing cash outflows from the organization.

A good example is, one main line historic church in Kenya which is ranked amongst the largest land owners in Kenya. It has invested over Kshs 500 million in the construction of a 10-storey office block at the Main Church in Nairobi. Some of the floors will be used as a church; while others will host a cafeteria and a meeting room. In June 2013, the same church owned a middle-sized Insurance Agency houses in a commercial building along Waiyaki Way that has a basement parking and an open roof top- features that attract tenants. Churches also own several lodges and conventional centres around Kenya. Jesus is Alive Ministries (JIAM) has made a foray in the real estate with a proposal to build a 12-storey building that will comprise a five-star hotel, conference room, banking hall, supermarket, office space and basement parking.[63]

The above example is a good indication of how CROs can diversify the investment options available to them. Such investments generate good cash flows and bring about stability financially for organizations. Diversification helps in maximizing returns, achievement of financial objectives while minimizing risks. It balances risk and reward.

Periodic financial literacy talks for top church management are good ways of being pro-active about investment. A good example is where churches organize talks that invite successful asset managers to talk on financial management of church resources. This will assist improve assets and lower liability. It will also help CROs realize areas of improvement in asset management.

[63] Investors bet billions on Kenya Real Estate. By construction Kenya. November 2014.

9.5 The Build Operate and Transfer (BOT) Concept

All over the Continent, many churches today have vast acres of land lying idle and grossly underutilised. Some of these properties especially those close to urban areas are leasehold. In some countries, churches have done well to recognise their limitations in developing such properties and they have therefore decided to engage with some credible and established organizations using the BOT Concept. The following is an example that is working pretty well, though, the agreements very often are written in such a manner that they tend to favour the party that is involved in investing won funds to build and operate.

"This property as indicated earlier is a Lease Hold allotted to the Church for 40 years expiring 2020. The Church decided to enter into a long term agreement with a Trading Company a private company duly registered in South Sudan for a period of 22 years. The agreement is to expire in the year 2033. The monthly consideration for the first ten years shall be at the amount of 5,000 USD per month. As of the year 2021 the monthly consideration remains the same but subject to 5% increment every year to the end of the tenancy agreement".[64]

Essentially it is the so-called tenant who availed the finance and built the premises. For the tenant management is done without any contribution from the Church. It is clear that due to lack of professionalism and legal skill, the end result is not always in favour of the Church. Even then the Church stands to gain as the land would essentially be lying idle with successive governments. It is possible for such properties (if left idle for too long) to revert to government. Today the Church has in fact started putting together a well-equipped secretariat with funds coming from such ventures

The Church has since realised that the monthly rental consideration needs to be adjusted and due consideration be given to opinion of ex-

[64] Report of the Church lawyer May 2014.

perts on valuation and assessment, something which ought to be done as part of the feasibility studies of the project at the inception.

Build Operate and Transfer (BOT) concept is gaining popularity amongst CROs. It has several advantages that come with it. It has benefits like encouraging private investment, enables injection of capital in slow projects, transfers risk from CROs to the construction companies and enables proper management of resources.

9.6 Bad Examples of Investments

A report in the *Daily Nation* Newspaper[65] by Jacqueline Kubania states how people lost money in pyramid schemes. The report reads: When pyramid scheme mastermind Peter Ndakwe stashed millions of shillings in offshore accounts in Panama, he did not defraud faceless entities with piles of money but thousands of ordinary Kenyans, who had bought into his lies and invested their life savings in his company, Clip Investment Sacco Ltd. One such person is Mr Samuel Karanja, a middle-aged businessman in Nairobi who, in 2007, took out a bank loan to invest in Clip and other companies that promised high returns. "I convinced my wife that the investments would be the key to financial freedom and we deposited Sh320, 000 with Clip. The terms were very attractive and everything looked above board as contracts were signed in the presence of lawyers," says Mr Karanja. The Karanjas then distributed a further Sh215,000 into three other companies and sat back, awaiting the promised handsome returns. "We only received one pay-out of Sh32, 000 from Clip before the entire operation collapsed in 2007 and that is the last we saw of our money," he says. A report by a task force headed by Mr Francis Nyenze, the minority leader in the National Assembly, says Mr Karanja was among 148,784 investors who lost over Sh8 billion to 270 fraudulent schemes.

[65] Daily Nation, Nairobi, 25 Nov. 2015.

These figures came with a caveat, with the team saying there was a possibility the numbers and amount involved could be higher as it ran out of time and money before the investigation was completed. Surprisingly, despite the large number of victims and amount of money lost, not a single director or owner of the 270 companies involved has been brought to book. Some simply vanished. Others, like Deci founder George Donde, whose firm had the highest number of investors, died under mysterious circumstances. So frustrated have the victims become that they have decided to take matters into their own hands. "We formed the National Pyramid Schemes Victims Initiative (NPSVI) in 2008 and we have sued five government agencies, including the Attorney-General's office and Central Bank of Kenya to recover our money and for the perpetrators to be brought to book," says Mr Karanja.

9.7 Investment Committee, Rental Income and Taxes

9.7.1 Investment Committee

The church can classify its investment objectives into various categories. Categorizing them into long term, medium term and short term will assist in proper management of its finances. "Putting your money in long-term rather than short-term investments also provide tax advantages on capital gains. Often long-term gains (those held over 12 months) are taxed at rates below your income tax bracket. Short-term gains, on the other hand, are taxed as regular income."[66] Investments help organizations manage their resources well. Good investments also increase cash flow. They also help build stronger asset bases.

The church should have the right composition of members in its investment committee. These members should bring in diversity that positively develops any building projects in the church. Members of such investment committees should periodically analyse investment strate-

[66] Benefits of Long-term Investing, by The Educated Investor. 2000-2014.

gies. Outside investment professionals and consults who have been thoroughly vetted can be allowed to work with church investment committees.

9.7.2 Investment in Rental Houses

An organization can invest in property for the purposes of rental income to maximise returns on its investments. The return that an organization expects from such investment includes income and capital gains net of expenses associated to the property. When an organization is acquiring property, there are significant tax implications when purchasing the property. An organization would opt for prudence by ensuring that the property it acquires is able to generate enough returns that will meet related expense to the property as well as savings by the organization.

The church can diversify into building church schools, kindergartens, and universities: The church can invest in learning institutions which many churches have done and they have been able to generate substantial income from such ventures to support their operations and reduce the dependency on offerings and special giving from members. The property market is more stable than the other markets, which are frequently affected by market forces. Investment in property almost gives assured fixed returns to the investors.

The return from rental income is more constant from the tenants and where the income from rent is higher than the mortgage repayment, the organization will not look for more funds to settle the difference. The organization may also have surplus funds to cover any property costs incurred.

Property normally appreciate in value and this means that the return from the property will increase proportionately with the increase in value.

Any expenses associated with the investment property, such as property maintenance, council rates, fees charged by managing agent are well catered for from the income generated from the rents.

Where an organization has an investment property, it can also be used to get another loan for the purchase of another property.

9.7.3 Tax Exemption

Churches should take advantage of their tax exemption status [67]to invest in treasury bills and other government securities which are considered safe for the church to get return instead of keeping money to lie idle in their bank accounts without good return.

Churches can use professionals in their midst to assist them get better investment. Churches should take advantage of the professionals they have in their churches to help them in making prudent decisions when it comes to investments of their surplus funds for better returns. Professionals will guide the church on the available investments opportunities with good returns because professionals do understand market operations and better securities to invest in.

9.8 Social Media in Fixed Assets Management

9.8.1 The Power of Social Media

It would be disastrous to miss out on the social media savvy millennial generation that is constantly on their I-pad or their phone browsing. Adults and the older generation are also making use of social media in managing their assets. The current generation fixed asset manager cannot afford to ignore the use of social media in managing fixed assets. An organization's social media presence cannot be ignored when it wants to progress. Social media has dramatically changed how business is conducted around the world.

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[67] On tax exemption see in this book chapter 13.

The time when churches in Africa and church related organizations (CRO's) need social media is now. Any online presence matters. Fixed assets managers are not being left out. They are using the social media to manage their fixed assets.

Several definitions have been used to define what social media is. For the purpose of this study, "Social media is a series of websites and applications designed to allow people to share content quickly, efficiently and in real-time. The ability to share photos, opinions, events, etc. in real-time has transformed the way we do life and it is also transforming the way we do business."[68] The use of social media can help CRO's grow their brand, interact more effectively and make quick decisions in fixed assets management. Any organization needs to understand what its peers are doing on various social platforms regarding asset management, to maximize on its results. A good social media platform can simplify complex asset management tasks and automate basic everyday asset management jobs.

Social media is one of the digital innovations of this era that is being utilised in the management of fixed assets. It covers a wide range of tools that are used to communicate with audiences. Examples of social media sites and applications include: Instagram, Twitter, You Tube, Facebook (and its associated Facebook Messenger), Instagram, LinkedIn, Pinterest, WhatsApp, Snapchat, and YouTube. Social media platforms increase the ability of an organization to reach a wider audience, get noticed while delivering on its core mission and organize its assets.

A good example is one of the vibrant churches in Kenya, that has 17 church branches, over 2000+ sermons online, released 10+ books and over 8000 members. It has a website, face book, email, You Tube and Twitter account. All these are updated in its Church website.[69] This

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[68] Matthew Hudson, *What is Social Media*, The Balance, Nairobi, Sept. 2017.

[69] Allan and Kathy Kiuna, *Jubilee Christian Church*, U-Tube, May 2015.

church is a good example of how media is positively used to run business and manage resources.

In one of the vibrant churches located in Nairobi, the assets managers could be seen using the social media space for customer interaction, promoting its brands, real-time communication and marketing its products and services. Asset managers are catching up with the social platforms and using them to upgrade their possession.

9.8.2 The Importance of Social Media

There are several advantages that come with usage of social media in fixed assets management. Asset managers can make use of the above social media tools to:

- Manage financial risks
- Keep good records
- Educate its stakeholders on pertinent financial issues
- Target specific audiences
- Communicate financial matters
- Manage risk in terms of fraud, financial hacking, numbering errors
- Online maintenance of inventory.

"Given its scalability and efficiency, tactical use of social media can reduce spending on advertising and promotion. Rather than flying across time zones for television interviews, for instance, executives can host a Twitter chat and reach a similar (and arguably more interested) audience."[70] Assets managers are advantaged in the current generation to make use of these social platforms to grow their businesses. They can also use it to meet customer expectations and market their brand. It also provided an opportunity for self-service for internal and external customers.

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[70] Ernst & Young Global Limited, *Building a Better Working World*, video, Feb. 2018. http://www.ey.com/au/en/about-us/ey-building-a-better-working-world---video1.

9.9 Challenges of Investments in Fixed Assets

9.9.1 Vehicles: Owned Versus Rented Fixed Assets

One of the local churches in the Anglican church of Kenya, recently had a task meeting to discuss the purchase of a new bus to assist in its outreach program. Members of the congregation were overjoyed that they would now have a bus that would enable them go for monthly missions, have fortnight door to door evangelism in the neighbourhood and even travel long distances to visit any bereaved church members. The initial stages of using the church bus was great as the church seemed to be reaching out effectively to its neighbourhood. All these errands, the church would finance.

Trouble started when the elders realised that the church was delaying in paying its staff salaries and the escalating costs of maintaining the church bus was proving to be extremely expensive for the church to maintain. The management of the church had to have a meeting to discuss whether to rent out the church bus or hire whenever they had outdoor events. In summary, they decided that any member who boarded the bus for any social event had to pay for the seat. This enabled the church save on its motor vehicle expenses and concentrate on its core task of outreach.

The above is a dangerous trend in management of one of the fixed assets that most organization encounter. If a church only needs a bus occasionally, or for special trips, it may make more sense to rent rather than purchase. That eliminates the upfront expense, as well as on-going maintenance and insurance costs. Transport is one of the most important activities in accomplishment of any company's goals. If left un-checked, it can bring chip in heavily into an organization's finances.

Other scholars will argue that, "if a church is going to use a vehicle infrequently, it might make more sense to rent rather than buy. Doing so allows the church to rely on the rental company to provide proper

maintenance, and often it will mean the use of newer vehicles."[71] Costs of maintaining fixed assets, like vehicles include: insurance, repair, fuel, inspection, service, parking, car washes, fines and maintenance. These costs, if not well managed, can cause a rip-off in an organization's profits. Assessing whether such a fixed asset is an asset or a liability is important for any Church-Related Organisation (CRO).

Alternative means of vehicles that CROs can use are motorbikes. A gift of new motorbikes was once given to some evangelists in rural eastern Sierra Leone to enable them get in touch with church members in remote areas in the year 2015. A church minister in the remote area of Sierra Leone would use the motorbike to evangelize, connect frequently with the congregation, access remote communities and perform church visits. Motorbikes are cheaper and easy to maintain. Church ministers and clergy can also use motorbikes to access remote places. They can be a cheaper alternative to expensive vehicles. CROs can come up with policies that can assist church ministers acquire motorbikes easily.

9.9.2 Construction Work-In-Progress (WIP)

Construction Work-In-Progress (WIP) can be a liability if not watched out. Assessing the value of an un-finished project can be underestimated or over-estimated. In the association of professional builders' website, "Typically builders rely on their accountants to calculate their Work-In-Progress figure at the year end. But in our experience over 95% of accountants do not know how to calculate this number correctly for a building company."[72] They either over- estimate or under- estimate. This can bring about a poor asset management of an organization.

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[71] Bobby Ross Jr., *Should a Church Own or Rent Vehicles?* Managing your Church, 8 March 2018. www.churchlawandtax.com/blog/search?query=bobby+ross+march+2018&x=0&y=0 (accessed 20 June 2018).

[72] Russ Stephens, *Association of Professional Builders*, Oct 2015, 1.

"Not accounting correctly for over and under billings and WIP accurately can lead to a host of financial problems including cash flow short falls and "profit fade," or the recognition of profit too early (or late) during the job cycle. In addition to potentially wreaking havoc on an organization's finances, these problems can be a major flag for sureties and lenders."[73] Having the real costing instead of estimated costing when it comes to WIP can help asset managers curb future losses.

9.9.3 Information Technology Equipment

Information Technology (IT)[74] is indispensable in the current generation. Information technology equipment includes and will not be limited to; data storage devices, laptops, servers, printers and computers, power supplies and network supplies. A computer is a good investment for any organization. Regular maintenance and care for it is a necessity. Software and hardware maintenance is crucial to prolong the life of a computer.

There are poor habits that organizations are often engaged in that damage most of their computers. The bad habits include: Eating at one's work station in a bid to meet targets while un-knowingly dropping food and drinks on the keyboards. Hiring unscrupulous cheap computer technicians. Failing to remove unwanted temporary files and software that eat up on computer memory. Failing to back up date being the worst of them all. The list is endless.

IT equipment also faces several risks that can increase the costs of operation of asset managers if not dealt with. Risks that IT equipment face include: Out-of-date operating systems, power faults, voltage spikes, data loss, theft, faulty manufactures, hackers and fraudsters, viruses and spams, natural and human dangers. Assets managers should be

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[73] Business Management, *The Importance of Understanding over and under Billings and Work in Process,* Jan. 2016, 1.

[74] The main contributor of this chapter 9.8.3 is Josephine Atieno Otiende.

able to engage its IT personnel to respond to any IT-related incidents. They should also engage its IT staff to help avert any IT related risks. They should also address recovery and contingency plans in case any of the above IT risks occur.

There are several things that can be done to extend the life of a computer. Custom Gaming & Enthusiastic PC site has a list of Ten Commandments for computer equipment. They are, "Always install antivirus software. Perform regular software updates. Defragment your computer regularly and clean the registry. It's a good idea to backup all files in external drives so that they are there if something happens to your computer. Keep your keyboard crumb free. Clean the screen. Remove dust from vents and fans. Use a surge protector. Avoid extreme temperatures for example leaving your laptop in a hot car or cold, damp basement. Make sure that you transport it in a padded carrying case. These cases not only protect computers from scratches and dents, but also they prevent them from getting dust and debris."[75]

CROs cannot fail to recognize the crucial roles that IT asset managers play. It would be a noble idea that they double up as managers of software and technology-related hardware as well as developers of procedures used in tracking company assets. Merging roles of assets managers with IT, to have IT asset managers is crucial in the current cut-throat competitive world.

Most organizations are always in a rush to buy IT equipment, but later forget that back up is necessary. Imagine one day, out of nowhere, your computer crashes. It refuses to boot at all. You take it to a repair computer technician, but they tell you the hard drive is dead. You have permanently lost all your data, including crucial documents, project files, bank passwords, family photos, programs, music files and videos. A disaster that any computer user can encounter. A common mistake that most machine users make is failure to back up their files into their

[75] Velocity Micro, *The 10 Commandments of Computer Care*, March 2018, 1.

computer hard drive. This unfortunately, is a short term solution. Real back up happens when a user saves information to a remote location. This provides a safer back up plan. Back up to remote locations is crucial for any organization that wants to safeguard its information. Back up saves on time, costs, risks and resources.

Insurance of IT equipment is critical. "You're going along swimmingly in your business, until one day, a power surge or equipment failure wipes out your computer system. Fortunately (or so you think), you have property/casualty insurance, so you call your insurance broker and explain what happened. The broker calls you an hour later and says "Sorry, you're not covered." After expressing your shock and dismay, you say "How can that be?" The broker explains that your property/casualty policy only covers damage to your equipment from "external" causes, such as a fire, a flood or a tree falling on your roof. The policy does not cover damage from "internal" causes such as mechanical failure, electrical short circuit or "arcing" (faulty wiring or motor burnout). What you should have bought, in addition to your property/casualty policy, was "equipment breakdown" insurance. Equipment breakdown coverage is "hardware" insurance, not "software" insurance. "There has to be some sort of physical damage," he says, "such as a power surge that destroys your computer hard drive." Computer failures due to software problems, such as "bugs" or viruses, are not covered. They also point out that equipment breakdown coverage covers the cost of repairing and replacing the damaged equipment, and frequently (but not always) includes "business interruption" and "service interruption" coverage, which will cover you against loss of business or income due to computer-related "downtime." If these additional coverages are not included in your policy, you may have to ask for them."[76] The right insurance for IT equipment needs to be selected well so that the scope of all

[76] Entrepreneur Media, *Why you need equipment breakdown insurance*, March 2018, 1

risks are factored in. Asset managers and IT personnel need to work closely together when taking insurance for IT equipment to ensure that the organization is well compensated in the eventuality that the above risks occur.

9.9.4 Land Issues

Land has always been a sensitive issue. CROs are slowly beginning to be aware of the unique dynamics that come with land ownership. In 2015, the Roman Catholic Church in Kenya availed 3,000 acres of its church-owned land available for commercial farming to feed drought-stricken families in Kenya. "The Roman Catholic Church was viewed one of the wealthiest institutions with regards to land."[77] In Kenyan local dailies, one of the Evangelical Churches was on one occasion accused in the Kenyan media of trying to grab land. Cases of private developers wanting to grab church land are common.

CROs are no longer being left behind in purchase of land tracts of land. The decision on whether to rent or own land is key to any organization. The advantages of owning land are that it gives the owners peace of mind, it is a long-term investment and it has long term appreciation. On the other hand, acquisition of land can be expensive. Renting land on the hand provides a flexible means of land ownership. On the hand, renting land brings about rental expenses and fluctuations that bring in unnecessary expenditures to asset managers.

Assessment of the pros and cons of an acquired land is vital for asset managers. This will help mitigate any future risks. It will help an organization to have the highest returns for any land assets it owns.

"Certainly, a few decades ago a business office could easily get away with minimal equipment. The basic equipment might include a telephone, desk, chairs, files, typewriter, adding machine, and copier.

[77]National Post, *Wealth of Roman Catholic Church Impossible to Calculate*, March 2013, 1.

This was all the basic equipment required to operate an average office. Today's ever-expanding technology makes it necessary to add much more equipment to the office."[78] Good office furniture adds marks to overall décor in an office. It also boosts productivity. Most offices nowadays have an ergonomic chair and desk that helps in proper body alignment while working to improve efficiency of employees. Good office aesthetics helps workers work efficiently. Other things like lighting, spacing, quality signage need to be constantly upgraded to ensure employee morale is boosted.

[78] ACE Office Machines. March 2018.

10

THE ROLE OF WOMEN IN CHURCH ASSET MANAGEMENT

Caroline Maneno Oketch

10.1 From Microfinance to Table Banking

Throughout Africa, women are a powerful force for growth and development, making important contributions to the economy as workers and entrepreneurs, and to the welfare of their families. In many African countries, however, unequal access to property, discrimination in the labour market, and business-related obstacles hinder women from contributing even more to their countries' growth and well-being. Removing such obstacles can help not only to empower women, but also to unlock the full economic potential of their nations.

Assets are "stocks of financial, human, natural or social resources that can be acquired, developed, improved and transfer red across generations. They generate flows, as well as additional stock".[79] Ownership and control over assets such as land and housing provide direct and indirect benefits to individuals and households, including a secure place to live, the means of a livelihood, protection during emergencies, and col-

[79] The Ford Foundation, *Building Assets to Reduce Poverty and Injustice*. New York: The Ford Foundation, 2002.

lateral for credit that can be used for investment or consumption.[80] Land, housing, business enterprises, and financial assets can be used to generate income and wealth. Assets are important for reducing poverty, and cushioning risk and vulnerability from natural disasters, illness, or financial crises. However, women in many countries are far less likely than men to have ownership or control of productive assets. In addition, women may not receive the benefits of assets held by men, even when they live in the same household. [81] Ownership of assets is critically important to women's bargaining power and hence their economic empowerment.

The advent of *microfinance* in Kenya has however changed the trends of women's ability to own and manage assets. Through microfinance we have seen an increase in management of both physical and financial assets by women. Evidence from many microfinance projects implemented in less developed countries indicate that microfinance has improved the access and efficient provision of credit and savings.

Insurance facilities to women to sustain their consumption, manage their risk better, facilitate the building of asset bases through development of microenterprises, enhance their income generating capacity and eventually enjoy quality of life.[82] In Kenya this is especially enhanced by tying microfinance borrowing to the concept of *Table Banking*, where a borrower must have some deposits in the institution before they can borrow. This builds a culture of setting aside money on a regular basis thus building an asset base.[83]

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[80]The World Bank, *Poverty Reduction and Economic Management Network* - Gender and Development Group, August 2008**.**

[81] Deere, Carmen Diana and Cheryl R. Doss, *The Gender Asset Gap: What Do We Know and Why Does It Matter?*, Feminist Economics 12 (1&2), 2006, 1-50.

[82] Robinson, S., *Evaluating the impact of microcredit on women's empowerment in Pakistan*. Microfinance Gateway (April 15, 2010).

[83] Women Enterprise Fund, 2009.

Among the microfinance institutions and women's development organizations in Kenya that have been instrumental in enhancing women's capabilities in owning and managing assets both physical and financial include the Kenya Women's Finance Trust (KWFT), Young Women's Christian Association of Kenya (YWCA), African Women's Economic Policies Network (AWEPON), Smallholder Irrigation Schemes Development Organization (SISDO) among many others. These organizations have paved way for women to successfully own and manage assets that have greatly contributed to an increase in their financial strength and independence. Most women entrepreneurs in Kenya predominantly own and manage assets in food processing, clothing, agro-processing, horticultural, retail, entertainment, and other manufacturing sectors.

10.2. From Real Estate to Construction: Margret, Ruth

However, there are those women that *manage assets* in for women non-traditional, male dominated sectors such as *real estate.* Examples:

Margret: Twelve years ago Margaret who lives in one of the low income settlements in the outskirts of Nairobi put up four semi-permanent iron sheet structures after her husband passed away. She lived in one room and rented out the other three. She then got together with five other friends and formed a table banking group which became the bridge that enabled her to access credit amounting to Kes. 30,000 (equivalent of US$300) for the first time from a Christian microfinance institution. She used the money to renovate the existing dilapidated iron sheet structures that no longer had tenants because they were leaking.

"After renovating the rooms my tenants were willing to pay more for rent and the demand for more rooms for rental increased. With increased earnings I was able to pay back the loan I took in four months and decided to take a second loan of Kes. 65,000/= (equivalent of US $ 650) with which I added more houses therefore increasing my monthly

income. In total I took nine loans to improve on my rental houses and with the income I was able to educate my children as well as put up a permanent four-bedroom family house."

Currently Margaret is a happy landlady who owns residential rental apartments in one of the mid-income estate in the outskirts of Nairobi. Additionally, she has extra rooms being rent out as business premises for other business people in the area. She has employed three caretakers to oversee her properties and work with property agents in order to get tenants.

"It is not easy managing such vast property in a sector that most people believe is for men only. However, people prefer my rental house to the ones in the neighbourhood because they are well maintained and have the basic amenities such as water, electricity, garbage collection services and good security.

As an entrepreneur managing her apartment business successfully, Margaret encourages other women to invest in different types of businesses and more so emphasises the need to own business assets that can sustainably generate income that will lead to economic self-sustainability.

Certainly in Kenya women are increasingly breaking barriers and excelling in asset ownership and management in the *construction* sector as well.

Ruth who lives in a semi urban village near Nairobi was eleven years ago a housewife who decided to join a self-help group of ten members. They started with "merry-go-round" and later officially registered the group with Ministry of Social Services so that the members could seek for financial support from microfinance institutions to boost their businesses.

"I was introduced by a friend to a "merry-go-round" group where we would save some money which we later used as collateral to acquire credit from a women's microfinance institution. My first physical asset

which I set up with credit worth Kes. 5,000/= (equivalent to US$ 500), was a small shop that she managed very well. This motivated me to seek further financial injection of Kes. 250,000/= (equivalent to US$ 2,500) with which I expanded my business to a hardware shop selling construction materials. This was to capture the need for construction materials that came from various property owners around who were refurbishing their houses into permanent ones."

Ruth later took a loan of KShs.95, 000 which helped her rent a shop in the nearest shopping centre and also to get her first stock of building materials from the City. Being new in the hardware business, the first year was not successful as she expected, but with focus and further financial input her business has grown and she has opened an additional hardware store in the neighbouring town. She has six employees and through her good management skills the two outlets have grown into the best well managed hardware stores in the area.

10.3. From Farming to Travel Agency: Zipporah, Lucy and Jennifer

Women have also continued to excel in managing assets in the traditional sectors such as *farming*:

Zipporah initially kept two dairy cattle to provide milk for family consumption as well as sell what remains to neighbours in the village. After some community education by a staff from one rural microfinance institution, she and her ten neighbours came together and registered into a farmer's self-help group. Thereafter they were each were advanced with credit so that they could boost their dairy projects.

"I decided to invest further into my dairy project and purchased two more cows as well as upgrade the structure for the cows. I also purchased a water tank that would provide a close water source for domestic use and for the cows as well. My investment paid dividends as the milk production increased and I decided to open a milk bar at the shop-

ping centre where I sold my milk. The idea of the milk bar furnished with a refrigerator and freezer provided a central place from where customers can purchase milk with ease at any time of the day. My milk supply business has grown and I have opened two other milk bars in Limuru and Kawangware and supply milk for sell to neighbouring supermarkets.".

Zipporah understands that her dairy cows are valuable assets that have opened up doors of financial freedom and has gone a step further to insure her livestock against any calamities so that in case of any eventuality she can receive compensation and continue with her business. With the commercialization of milk and the proceeds from these sales remaining in the hands, and under the management of Zipporah, she intends to strengthen the market value for milk and dairy products by refocusing her attention to improving both production and marketing for bigger financial rewards through the whole dairy value chain.

At a corporate level women have ventured into *owning and managing productive assets of higher value* that facilitate their participation in more challenging and complex business sectors.

Lucy and Jennifer had a dream of owning a travel agency with operations not just in Nairobi but within East Africa. However, the savings that they had put together were not enough to get them to that level. They decided to come together as a group of friends and together they acquired credit through a city microfinance institution. The first loans they received between the two of them were enough to purchase office equipment and they started off as a tour booking agency with four hired vehicles.

"We decided that in order to have a more sustainable business we need to have our own fleet of tour vans that we can utilise anytime we had bookings for tours. Hiring vehicles from other providers was not reliable as there were times we had bookings for tours but could not get tour vans from our service providers. We continued to take successive

loans from the microfinance institutions which enabled us to purchase our own tour vans. This greatly boosted our tour business and we can now venture into tours in most parts of Kenya and Tanzania. Our dream to provide tours for our clients in the whole of the East African region is just a step away. There is nothing as good as being in control of your own assets. You can plan how these assets work for you to boost your business thus your income."

These two successful business women now manage their tours and travel firm which is now a registered limited company with a total of 20 employees among them drivers, tour guides and secretaries. Their success has been attributed to prudent utilization of the financial resources that were in their hands as well as proper management of the assets they have acquired for their business.

10.4 More Women in Church Asset Management

It is evident that women have been able to own and manage assets mainly for purposes of *generating income as well as job creation*. Most view microfinance as an integral component offering women opportunities for greater autonomy and control over their economic well-being. Running a successful business not only contributes to women's improved welfare, it also contributes both directly and indirectly to their empowerment.[84] Access to start -up and an increase in working capital is particularly important for women as an ingredient for asset ownership and management and their economic empowerment. This in turn has led to growth in their confidence to participate in leadership positions where key decisions on distributions are made.

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[84] V. Kazi, *Improving Delivery of Microfinance for Enhanced Performance of Micro and Small Scale Enterprises (MSEs) in Tanzania. An Exploratory Study*, Unpublished MBA Dissertation of the University of Dar es Salaam, 2003.

However more still needs to be done to ensure that women are encouraged to own productive assets beyond the household level that they can utilise for further generation of income for their economic self-sustainability. It is worth noting that there has been concern among policy makers in addressing the gender asset gap while recognizing the fact that productive assets play an important role in reducing poverty. There is no doubt that entrepreneurship and business ownership enhances access to and control of assets.

These encouraging examples show that women are able to start and run their own business. As most women in Africa are also engaged in their religious communities, women can well manage asset development projects of churches and church-related organisations. Women are important human resources of churches to be more involved in asset management.

11

COMPLAINT MECHANISMS FOR INCREASING ACCOUNTABILITY OF CHURCH ASSETS

Luise Ammerschuber

11.1 Meeting the Increasing Demand for Accountability

Recent years have seen an increase in the desire and need of all sectors of society, including public and private sector, NGOs and religious organisations to strengthen their accountability in order to reinforce their legitimacy and position as agents of change within society. To become more transparent and accountable, many churches and church-related organizations are putting measures in place ranging from policies to improved governance and systems. However, there also needs to be a way to ensure commitment to them and to enforce them in case of non-compliance. A specific tool for this purpose and to increase accountability and better governance are complaint mechanisms. The latter are formal channels through which victims and witnesses of misconduct within a church or organization – ranging from mismanagement and corruption to physical and sexual abuse – are given the opportunity to file a complaint, without any fear of retribution, and can expect to see a response in a timely manner. Complaint mechanisms have proven to be a very effective tool to identify misconduct, give victims a voice and ultimately

improve operations. Nevertheless, they remain a relatively new concept within the church sector.

The purpose of this chapter[85] is to help organizations and institutions interested in establishing a complaint mechanism to understand how best to develop and run it to make it successful. The *Practitioner's Guide* which this chapter is based on was originally developed for NGOs but is also applicable and relevant to any church or church-related organization interested in getting involved in this area. It is based on an identified need and provides practice-oriented guidelines based on the experiences of various organizations. It shows what needs to be taken into consideration when planning, establishing and implementing a successful complaint mechanism. *The most important message is: you do not need to reinvent the wheel when designing your complaint mechanism.*

11.2 What is a Complaint Mechanism?

In churches and church-related organizations, complaints can emerge from various situations: mismanagement, corruption, misuse of funds, nepotism as well as psychological, physical and sexual abuse. These incidents leave victims or witnesses of wrongdoing with the question of how to voice their complaints, and churches and organizations with the question of how to receive and handle them. A complaint mechanism offers a solution by providing a formalized mechanism which offers giving victims and witnesses a chance to report a case through a formal

[85] This chapter is an adapted summary of the guide book *Complaint Mechanisms for Non-Governmental Organizations – A Practitioners' Guide* (2017) by Luise Ammerschuber & Elisabeth Schenk. The guide was developed for the Community of Cooperation of Bread for all and its partners (cfd, Connexio, DM – échange et mission, Horyzon, International Blue Cross, Mission 21, Mission Evangélique Braille (MEB), Foundation Salvation Army, Service de Missions et d'Entraide (SME) and TearFund).

and safe channel and allowing churches and organizations to deal with complaints in a formalized manner.

Complaints are an expression of dissatisfaction or discontent about misconduct. A complaint mechanism can receive a wide range of complaints. It caters to both operational complaints (e.g. about programs, quality of work, donor registration) and serious complaints (corruption, nepotism, misuse of funds, physical/psychological/sexual abuse). The mechanism should be designed in such a way that it can be used by everyone, including employees, volunteers, church and community members, partners or anyone else who has observed misconduct by the church or organization. The mechanism needs to be characterized by the following essential qualities: safety, confidentiality, transparency, accessibility, quality, verifiability, timeliness, assistance to those reporting, documentation.

11.3 Reasons for and Benefits of a Complaint Mechanism

The reasons for establishing and the benefits of having a complaint mechanism are manifold. All stakeholders – leadership, employees, donors as well as church and community members alike – can benefit from its existence. A complaint mechanism is a unique tool that allows victims and witnesses of misconduct to have their voices heard, and allows churches and organizations to detect misconduct, enforce policies and improve operations and thus the efficiency and the impact of the organization.

Complaint Mechanisms allow churches and church-related organizations to live up to their responsibility toward donors, church and community members, the church sector and society at large to deliver the best help they possibly can to those they intend to serve. The most important reason for having a complaint mechanism is to give victims and witnesses of misconduct tools to access to their right to be heard. In

many cases where a complaint mechanism is absent, there is no possibility to report in a safe manner. Through a complaint mechanism, this gap is filled: an open ear in a safe and formalized setting is offered to victims and witnesses and their problems are taken seriously and handled professionally. The opportunity to complain brings real meaning to the rights contained in the Code of Conduct and statutes of a church or organization. Dealing with the complaint can challenge the status quo, improve the situation, and potentially prevent similar cases from happening in the future.

Tips by observers of misconduct, e.g. by filing a complaint through a formalized mechanism, are the most effective way to discover cases of occupational fraud.[86] The misconduct pointed out through these tips demonstrates weaknesses in the system of the organization. The establishment of a complaint mechanism is a chance to detect these, to enforce existing policies and procedures and thus to improve the system as a whole. A complaint mechanism thus also functions as an early warning mechanism. The systematic analysis of the complaints enables an organization to uncover structural malfunctions and patterns of misuse, and in some cases problems that have appeared consistently for years in many projects. This analysis helps to identify how the problem emerged and which weaknesses of the church or organization enabled the problem to occur, adapt and improve guidelines and policies and decide which new instruments to develop, and explain the reasoning behind and benefits of these guidelines and instruments to the employees. The mechanism also helps churches and church-related organizations to save money by detecting misappropriation of funds. Through inefficient systems organizations lose a significant amount of money through corrup-

[86] Excerpt from Table 1: Initial Detection of Occupational Fraud, in Association of Certified Fraud Examiners, Report to the Nations on Occupational Fraud and Abuse – 2014 Global Fraud Study, 2014, p.19, available at http://www.acfe.com/rttn-download-2014.aspx (Retrieved 20 October 2016).

tion, nepotism and other misconduct. By establishing a system through which misappropriation of funds and similar cases can be discovered, weak spots are identified and the misuse and loss of money diminished.

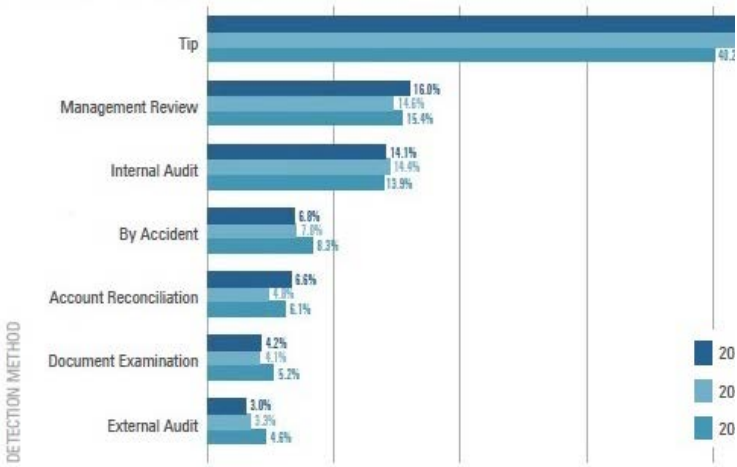


Table 1: Initial Detection of Occupational Fraud

In the long term, the establishment of new systems and minimization of cases of misconduct improves trust not only by outside actors but also within the church or organization. Furthermore, it allows a church or organization to send a strong signal of zero tolerance. The complaint mechanism acts as a deterrent against potential future misconduct.

11.4 Design of a Complaint Mechanism

Complaint mechanisms can be of diverse nature and many different examples can be found. Depending on the needs and structure of your church or church-related organization, you can choose a complaint mechanism design that is *centralized or decentralized:*

A *centralized* complaint mechanism is established by and at headquarters and remains centralized there. Complaints may thus be received at the local, regional or country level but are not handled there but forwarded to the headquarter itself. At the headquarter, the number of people responsible for handling the complaint is restricted.

In a *decentralized* complaint mechanism, one level of the mechanism exists at the headquarter but local partners are responsible for setting up their own mechanisms. The mechanism thus has multiple levels, one at headquarters, a second level at regional/country level and sometimes even a third level at the micro local level.

Entry points of both the centralized or decentralized mechanism and their receivers of the complaints can be *internal* (Complaints Officer/Department, internal email/phone number/website/office hours etc.) and/or *external* (e.g. ombudsperson, external phone number/website/office hours etc.). Combining internal and external ways of receiving a complaint can ensure that even if a victim or witness of misconduct does not feel comfortable with one way of complaining, it can choose another channel to complain.

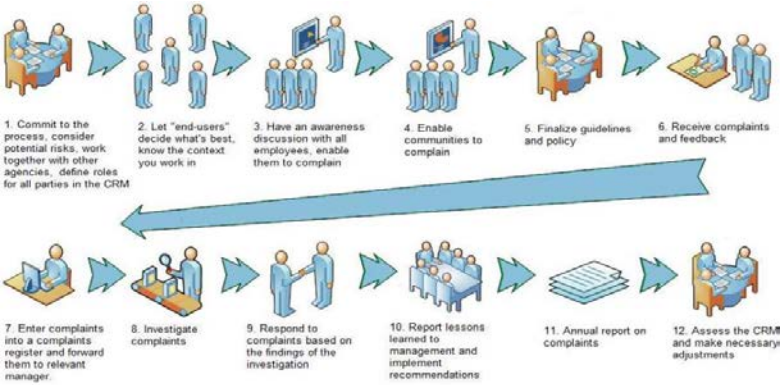
Assign staff*:* In order to ensure that the mechanism is handled well, a person or team needs to be defined for the official complaints handling. This can be a full-time, part-time and/or pro bono position depending on the size and needs of the organization. If necessary, consider pooling resources with other organizations for this purpose. Oftentimes a percentage of an existent position within the church or church-related organization is dedicated to the complaints handling and the task included in the job description to ensure sufficient time is available.

Create entry-points: Depending on the age, gender, literacy, personality and circumstances of the potential complainant, some way to hand in a complaint might be more popular than others. Therefore, it needs to be ensured that the complaint handling has multiple entry-points to cater to different users, e.g. complaint boxes, phone line, email address, office

hours of the complaints officer. The entry-points need to be adapted to the needs of the end user an evaluated and adapted regularly based on feedback of potential users.

***Create ownership**:* A complaint mechanism works best if it is known and supported throughout a church or church-related organization and among its partners and beneficiaries. First and foremost, include senior management right from the start to ensure its full support as this is important for the long term success of the mechanism. Furthermore, create commitment by discussing the complaint mechanism before and throughout its creation with the wider organization as well as representations of potential user groups (beneficiaries, employees, volunteers, partners, suppliers etc.).

11.5 Establishing an Effective Complaint Mechanism



Graphic 1: 12 Steps of Complaints Handling[87]

Commit to the process: The idea for a complaint mechanism can emerge out of a simple discussion by motivated colleagues, arise from cases of mismanagement in the absence of a mechanism to handle them, or be initiated by senior management due to legal or societal pressure or

87 Diakonia, Guidelines: Complaints and Response Mechanism, p.6. (unpublished, approved on 09.08.2012)

for other reasons. Once the idea takes hold, the process gets under way when there is full commitment within the organization. For this to happen, it is important to broaden the discussion to the wider organization. There should be a general consensus within the church or organization on the purpose and objectives of the complaint mechanism. Basic prerequisites include support by (senior) management and having appropriate resources in place. In this initial stage, potential risks and dangers should be identified and strategies to handle them should be developed. It is also at this stage that roles and responsibilities must be defined. This includes decisions on who will receive, handle and investigate the complaints as well as who will train and communicate about the mechanism internally as well as externally. To fully commit to the process, both an open-minded organizational culture as well as human and financial resources are crucial.

Work on organizational culture and create trust: In order for the mechanism to work effectively, it is important to help foster an open-minded church or organizational culture that is self-critical and open to feedback and improvement. Trust is key in this equation. The mechanism needs to ensure confidentiality for potential users to feel comfortable. The person handling the complaints should be a trusted individual and have the right qualifications to handle complaints. The implemented policies regarding the mechanism should be handled consistently.

Assign resources: In addition to culture, another key element for the establishment of a complaint mechanism are human and financial resources. Ensure that they are available, including in the long run. Regarding human resources, in addition to the complaints officer(s), at different points, other church members or organizational departments will need to contribute e.g. a person to become part of the investigation process for a limited time frame. Financial resources are needed to develop training and training material and to sustain the mechanism. The long-term success and credibility of a mechanism are at risk if funds run

out. As churches and church-related organizations might experience pressure to keep their administrative costs as low as possible, the entity needs to communicate and justify the importance of the mechanism to protect its finances and deliver high-quality projects.

Customize the complaint mechanism: A basic challenge many organizations encounter is that there is no "one size fits all" solution to creating a complaint mechanism. Rather, the mechanism must be adapted to the needs of the "end-users." Regardless of whether you choose to establish a centralized or decentralized system, make sure the mechanism is discussed not only at headquarters but with end-users in each country. To establish a well-functioning complaint mechanism, it is essential to integrate the mechanism into existing structures and adapt it to the needs of end-users. You need to understand the context in which you work. The best way to achieve this is to have discussions with representative groups of potential end-users to debate the requirements and details of the complaint mechanism. Explore with stakeholders' questions about traditional systems for lodging complaints locally, types of potential complaints, barriers and the best ways to submit a complaint.

By including people in the design process, you let end-users decide what is best, which helps create ownership of the mechanism. Moreover, by participating in the process, people are made aware of the mechanism and how to use it in the future. An inclusive design process typically includes awareness discussions, for example at team meetings, as well as end-user information sessions. If more input is needed, small task groups can be formed and mandated to assist in designing the mechanism. Internal end-users such as staff should also be reminded regularly of standards of conduct, complaint procedures and early-warning signs during their service.[88] Based on the feedback from end-users, you will be able to design and establish the mechanism.

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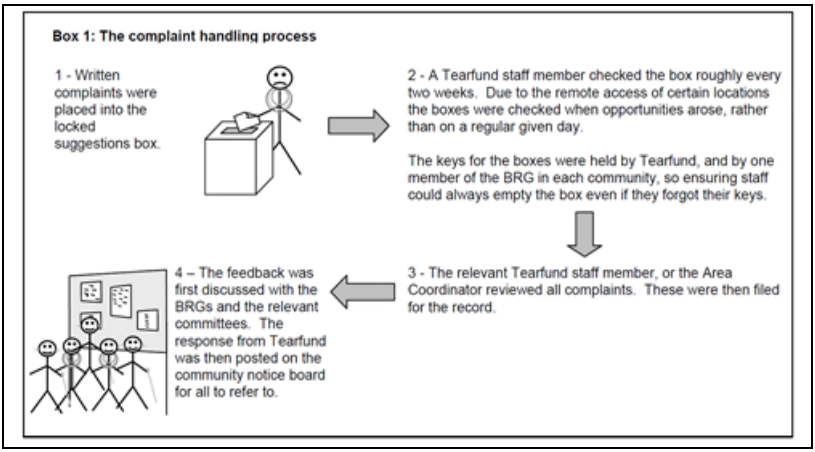
[88] For more information, see Diakonia, *Guidelines: Complaints and Response Mechanism*, p.9-10 (Retrieved 5 February 2016).

Example: Tearfund Kenya

In the framework of its project work in Northern Kenya, the organization Tearfund established *Beneficiary Reference Groups (BRGs)*[89] to ensure queries, complaints and feedback from the communities could be received and processed. The Beneficiary Accountability Officer had identified the need for an alternative channel for written (and if needed anonymous) feedback and complaints. Therefore, Tearfund discussed the idea of setting up complaint boxes in each community with the BRGs. They decided to call it "*suggestion boxes"* as "complaint" was seen as too negative and could keep people from filing complaints due to fear of losing the aid of Tearfund. As a result of the process, five boxes were established in the areas where Tearfund operated. The location of the box was chosen by the area chief together with the BRGs, based on factors such as access, security for users, etc. A descriptive summary was placed next to it and awareness raised within the community. Box 1 shows the complaint handling process. The total cost for the five boxes was 80 USD (16 USD each) in addition to the staff time needed to sensitize the BRGs and the committees. Within three months, Tearfund received 16 (mostly anonymous) complaints via the suggestion boxes, 15 of which were deemed relevant for Tearfund's work. Most focused on the beneficiary selection process and the recruitment process of agricultural workers. The staff and the BRGs felt the suggestion boxes were instrumental in getting feedback from the community that would not have been voiced in other ways.

[89] *HAP & Tearfund, "Tearfund North Kenya Programme: Suggestion boxes for community feedback," 2007, available at http://www.alnap.org/resource/10535 (Retrieved 25 November 2015).* For a more detailed example of a feedback mechanism, see Annex 3: *Case Study – Child in Need Institute's Beneficiary Feedback Mechanisms, Kolkata, India*.



***Identify barriers**:* There are many barriers to reporting: for example, the fear of retaliation or cultural norms that consider it unacceptable to challenge authority. Other barriers include the fear of losing a job, status, prospects or a source of income by filing a complaint, but also a simple lack of knowledge about the complaint mechanisms.[90] When planning and establishing a complaint mechanism, you need to consider barriers that might prevent people from using the mechanism and find solutions for overcoming them.

A victim or a witness might abstain from reporting due to fear of repercussions (losing a position or advantages, physical threats etc.). The mechanism must ensure that complainant protection is in place. Potential complainants might be hesitant to use a complaint mechanism that is not adapted to their individual needs. A female victim of abuse, for example, might feel uncomfortable reporting the case to a male ombudsperson. A victim who faced unfair treatment based on his/her ethnicity or religion might not dare to file a complaint to a confidant of the same ethnicity or religion as the subject of the complaint. In designing the complaint mechanism, these factors thus need to be taken into consid-

[90] For more examples, see Diakonia, Guidelines: Complaints and Reporting Mechanism, p. 28.

eration, e.g. by having trustworthy people of both genders and different ethnic or religious backgrounds available. Language is another component that should be taken into consideration. The church or organization should clearly indicate in which languages complaints can be received and use translators where needed.

Many people who would like to complain are in a dangerous situation. Consequently, in some cases, only the possibility of anonymity encourages a victim or witness of misconduct to file a complaint[91] for reasons of identity protection and to avoid negative repercussions.[92] Although it is more challenging to verify the contents of an anonymous complaint, it is not impossible to investigate them. Modern technology, e.g. anonymized computer platforms allow the Complaints Officer to get in contact with the complainant without him or her having to reveal the identity. Trust needs to be created with the anonymous complainant to establish more contacts and to obtain the needed information. In some cases, the person ends up revealing his/her identity because (s)he understands how important it is for the investigation.

Be aware of malicious complaints: Many organizations are scared of receiving complaints made in bad faith through their complaint mechanism, which could accuse innocent people. Protect your church or organization from malicious complaints by including a zero-tolerance policy toward them. With experience, complaints professionals recognize malicious complaints quite easily. These complaints can be spotted because they are usually not very specific and not documented, and can contain angry language.

Communicate about your complaint mechanism: Communication is one of the most important aspects of creating an efficient complaint mechanism. However, it is also one of the most underestimated and ne-

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[91] Niels Bentzen, DRC, interviewed 3 November 2015.

[92] Diakonia, *Policy for Diakonia's* Complaints *and Response Mechanism*, p. 9 (Retrieved 19 October 2015).

glected parts. In order for a complaint mechanism to work, it is essential that all potential users are informed about its existence and its functioning and the information about is always accessible. Thus, communicate clearly the existence of the complaint mechanism, its purpose and its functioning. Internal communication – the communication on all levels within the organization – is especially important because management, staff and volunteers can both be potential complainants as well as subjects of the complaint. The mechanism can be communicated internally through regular staff trainings, a website, posters, flyers and during appraisal meetings. It is important also to promote the complaint mechanism externally. Examples are public meetings and presentations, newspapers, radio, theatre, etc.

***Engage your partners**:* One challenge can be the geographical distance to the end-users. Often, direct communication between the head office and the beneficiaries is difficult because the church or church related organization operates through local partners as intermediaries. In this case, make sure your partner churches or organizations are fully committed to the complaint mechanism. Representatives of the regional office need to be involved in the process and have the task of ensuring the visibility and accessibility of the mechanism.[93] The extent of involvement depends on the type of mechanism chosen. In a centralized system, partners need to be involved in communicating the existence of a mechanism to stakeholders and how to use it. In this case, the headquarters can simply give a time frame within which the local trainings have to take place as well as provide informational material to assist partners.

[93] International Council of Voluntary Agencies (ICVA), Building Safer Organisations Guidelines. Receiving and investigating allegations of abuse and exploitation by humanitarian workers (2007) (Retrieved 21 March 2017).

In a decentralized system, the obligations of partners are more complex. They are responsible for establishing and running their own complaint mechanism as well as communicating it to their stakeholders. There are different ways for the headquarters to handle this. The most common is to ask every member or partner organization to install a mechanism in a specific period of time, but to give them the freedom to choose between the one proposed by headquarters or to create their own adapted version. For the latter case, headquarters may opt to define minimum standards that the local mechanism must fulfil.

Create a policy: All aspects of the complaint mechanism and the handling procedure need to be detailed in the complaint mechanism guidelines and policy. The guidelines set the overall framework of how to handle complaints within the organization. It should be compulsory reading for staff and can be the basis of trainings on how to use the complaint mechanism. Acknowledgement of the policy should be signed by each employee. The policy should be formulated in a clear and concise manner and entail links to other relevant documents. This serves end-users who want to inform themselves further, e.g. on the rules on sexual abuse or the investigation guidelines.[94]

11.6 Process of Handling Complaints – Four Steps

Step 1: Receiving a Complaint

Register complaint and acknowledge receipt*:* The person responsible for receiving the complaint has a duty to respond adequately to the complainant. First, independent of whether the complaint was received verbally or in a written manner, it should be written down and registered in a standardized way (e.g. in a complaint form). In addition, a letter of acknowledgement should be sent to the complainant. The letter should

[94] A very good example of a policy combining these best practice characteristics is LWF's *Complaint mechanism Policy and Procedure*.

inform the complainant that the organization or the ombudsperson has received the complaint and should summarize the steps that will be taken next. Register the complaint in a standardized, written form.

Identify type of complaint: The next step is to identify what kind of complaint or incident it is in order to decide how to handle it. For an *operational complaint* the best practice is the *principle of the nearest person*: Usually, the operational complaint should be handled as close to the case as possible, i.e. where it comes from. Thus, it needs to be forwarded to the responsible staff, e.g. the project manager. Often, these cases can be resolved through a simple desk investigation. For a *serious complaint* however, the steps are more complex. It is recommended to use the *principle of the next higher person*: if the complaint is about the person's line manager, it should be forwarded to the next higher management level. In general, serious complaints are addressed by regional or senior management at the head office. This measure ensures consistency in how the complaint is handled. Serious complaints should be investigated if enough evidence is available. Safety risks should be identified and responded to immediately.

Identify risky and provide protection *("Whistleblower Protection"):* People who file a complaint can face certain risks. Those in charge of the complaint mechanism should identify these risks, implement safeguards and ensure protection is provided. Protecting complainants means having rules and systems in place that ensure people who point out wrongdoings do not have to face negative consequences (e.g. losing their job or being discriminated against in the workplace). It also means protecting victims from continuing to suffer from the abuse about which they filed the complaint and providing other help such as medical and psychological assistance. Protection of the complainant is a priority. Threats should be taken seriously and not underestimated. In some cases the question might be how to get the information and proof without revealing the identity of the informant because it could put him/her in

danger. If this is not possible, the informant might have to be taken off the case to protect him/her even if it harms the case. In some cases, the complainant might even choose to withdraw the complaint out of fear or for other reasons.

Decide whether to conduct an investigation: Upon receipt of a complaint, the responsible person needs to decide whether to initiate an investigation. For this purpose, the following questions can be raised:

Does the complaint or incident relate to a breach of Code of Conduct or violation of any of the church or organization's policies and guidelines? Has the complaint been made in good faith? Is there sufficient information and evidence to start an investigation? Will the costs be higher than the benefits from the investigation (cost-benefit analysis)? This question concerns corruption issues in particular. Indicators for the decision include the age of the case, a remote location and the amount of embezzled money involved.

To answer these questions and reach a decision regarding launching an investigation, the responsible person conducts a desk research. This means he or she looks into files, enters into informal dialogue with possible informants, and so forth. In many cases, especially regarding operational complaints, the problem can be resolved at the stage of the desk research if there is good communication with the complainant.

Schedule your process and have defined time limits*:* For both the complainant as well as the person(s) under investigation, fixed maximum time frames for each step of the complaint and investigation process should be openly communicated. Time limits make a complaint mechanism more transparent and comprehensible. This goes hand in hand with continuous communication with the complainant and the subject of the investigation. The complainant feels safer and taken seriously if (s)he is informed about when to expect a reply, a decision etc. For the person(s) under investigation on the other hand, time limits are important for avoiding the uncertainty of a never-ending investigation.

Many organizations seek to resolve a complaint within 30 working days of receipt for example.

Step 2: Investigating a Complaint

Appointing the investigation team: Operational complaints are usually handled through desk research. A decision to investigate is taken only if a complaint is qualified as "serious" (as opposed to "operational"). Regarding the investigation, a wide range of possible designs exists, and the type of investigation can be adapted to the needs of the organization. Nevertheless, strong similarities among the different investigation processes can be identified. The Complaint Officer(s) check(s) the veracity of the complaint and considers whether it is an operational or a serious complaint. In the latter case, the complaint is forwarded to a higher authority, e.g. an ad-hoc complaint handling committee, composed of senior management and the person(s) receiving the complaints. This committee recommends the necessary steps to be taken. In some organizations, this committee decides on its own, while in other organizations it makes recommendations to a higher authority (e.g. the board of the organization).

In serious cases that cannot be resolved through simple desk research, an investigation is necessary. The investigation team is established ad-hoc, as is the complaints handling committee. The composition of the investigation team is adapted to the needs of each case.

Decide on the investigative methodology*:* In cases of suspected corruption, the investigation process may require different types of tools and strategies, e.g. external and social audits. An investigative external audit (also called forensic audits) is the auditing of the financial statements of an organization or institution by an entity independent of the subject of the audit. (Please note that not all auditing companies are qualified to conduct forensic audits.) One of the primary aims of the external audit is not only to check finances but to send a clear signal

against corruption and for transparency among partners. Even in the absence of a direct complaint, it is beneficial for a church or church-related organization to conduct audits among randomly selected long-term partners who receive large sums. If a partner continually turns down or postpones an external audit for various reasons, it should be a warning sign for the church or organization, which can temporarily suspend payments until the audit is undertaken. If corruption is suspected, it is recommended to proceed with the investigation without providing prior notification to the entity/person(s) being investigated.

In a social audit (also called ”audit from below“, ”public audit“ etc.), the target group of projects and programs is informed of how the money is used to be able to question the church or organization directly about it and to demand accountability. Social audits create full transparency by giving the target group information about project finances (and other relevant aspects), thus empowering communities to take on a watchdog function.

Step 3: Decision Making, Sanctions & Appeal

Decision making*:* Based on the investigation report, conclusions and recommendations are made that form the basis for the final decision. The person investigating should never be the same individual taking decisions for action on a complaint.[95] Disciplinary decisions are taken by regional management or senior management, never by anyone involved in the investigation. The same practice is applied for decisions regarding the end of an investigation and the analysis of the lessons learned. This procedure helps to avoid conflicts of interest by diversifying decision making. Immediately after a decision is made, the complainant should be informed of the result.

Sanctions*:* Depending on the severity of the findings, the consequences can be handled internally in the church or organization or exter-

[95] Diakonia, Policy for Diakonia’s Complaints and Response Mechanism, p.14.

nally through legislative sanctions. Possible sanctions should be transparent and fair (proportional to the misconduct) as well as widely known and understood within the organization and among its external partners. Consequences can range from an official warning and a note in the personal work file to relocation to another department or demotion to a lower job. In severe cases, it can mean the loss of a job and expulsion from the organization. In the case of a partner organization, the sanction can be a temporary or complete cessation of cooperation, a demand of repayment or a contractual penalty. In the case of repetition, the sanction can become more severe. Sanctions and the communication thereof act as a clear signal that a church or church-related organization does not tolerate any form of corruption and misconduct, and thus serve as a deterrent.

In case of suspicion or detection of a criminal offense under the law of the country in which the activity was conducted, the staff of the complaint mechanism is obliged to refer the case immediately to the law enforcement agents in the country. External legal consequences can include a financial penalty or a prison sentence.

I*nform complainant and the subject of complaint:* Both the complainant and the subject of the complaint should immediately be informed of the result including possible sanctions and of the right to appeal.

Allow for appeal: As in a court system, every person who is found guilty through an investigation procedure has the right to file an appeal against the decision. The appeal must be made in writing, provide justification and be lodged within a time frame specified by the organization.

Document the process*:* Throughout the complaint procedure, all steps should be documented in writing, in as detailed a manner as possible. The documentation, including the final report and all annexes, must be saved in a secured file with access limited to designated people. This procedure is important for several reasons. The establishment of a com-

plaint mechanism entails the risk of court cases, for example, of persons who were sanctioned due to a breach of the Code of Conduct. In these cases, detailed documentation must be at hand and good communication in place. The files are also important for systematic analysis and eventual structural improvement of the organization.

Step 4: Systematic Analysis, Reporting and Improvements

A complaint mechanism also has a learning purpose. Through the systematic analysis of all cases structural malfunctions can be detected. This includes questions about the origin of the case and how it was handled as well as how similar cases could be avoided in the future. Addressing these aspects can lead to improved practices and processes within a church or organization.

***Analyze the cases**:* With this purpose in mind, all complaints received – whether they lead to investigation or not – should be kept on record in written form. This way, complaints can be analysed systematically and used for institutional improvement by detecting structural malfunctions. Through the systematic analysis of a complaint, we can find answers about how a problem emerged, weaknesses of the church or church-related organization and which systems to adapt to prevent the occurrence of cases in the future. Once detected, these can be addressed through new (or revised) guidelines, policies or processes.

Publish annual complaints report: It is a good practice to produce an annual complaints report, containing information on all cases received and dealt with. The annual complaints report is a summary document of the cases the church or organization received and dealt with throughout the year. In the report, anonymized cases are published, leaving out any information about the complainant or the accused. The main purpose of the report should be to highlight lessons learned and how to improve both church or organizational structures and the complaint

mechanism itself.[96] A good report therefore mentions the complaint, the course of action taken and the decision made as well as learning points from the case. Very good examples of ACR are provided by Diakonia and DCA. By openly communicating the results, the organization shows its proactive stance toward fighting misconduct.

Assess your complaint mechanism: Systematic analysis of the complaint mechanism can help identify errors and weaknesses in the system. In order to adapt the complaint mechanism to the needs of the people and the church or organization, the mechanisms should be evaluated *regularly*, for instance every three years. It is up to the church or organization to designate the persons responsible for monitoring the complaint mechanism. These can be regional or senior management or the person receiving the complaints in coordination with the country program focal point persons.[97] The complaint mechanism can be monitored through liaison with staff at all levels. This may include local initiatives with staff in charge of handling the mechanism (for instance the complaints handling committee, focal persons etc.), exploring in detail how resolved complaints were handled to identify any possible lessons, improvements to complaints handling or suggestions for changes in practice, as well as good practice examples.

11.7 Conclusion

This Practitioner's Guide has shown how best to set up a complaint mechanism so that it can be an effective tool to identify misconduct in a church or church-related organization, give victims a voice and improve operations. The *Guide* summarizes the most important best practices, lessons learned and challenges that might be encountered in order to

[96] Diakonia, Policy for Diakonia's Complaints and Response Mechanism, p. 15

[97] LWF, *Complaint Mechanism Policy* and *Procedure*, p. 18 (Retrieved 24 April 2016).

enable churches and organizations to develop well-functioning complaint mechanisms. Large international churches and organizations and small grassroots entities alike can establish complaint mechanism. What type of mechanism a church or organization chooses – centralized or decentralized - and which type of recipients and entry points depends on its needs as well as the resources available. The existence of examples of church-related organizations operating simple complaint mechanisms in countries with difficult conditions prove that even with limited resources it is possible to provide a mechanism to process complaints systematically and to improve operations.

The key factor in making a complaint mechanism a success is establishing *trust* in it among those who are supposed to use it. This can be realized only if the mechanism takes into account the needs of different types of victims and witnesses of cases of misconduct. Therefore, *A Practitioner's Guide* aimed at covering the cases of a wide range of possible complaints, from operational to serious complaints such as corruption and abuse. *A Practitioners' Guide* has demonstrated the value of a complaint mechanism and what to take into consideration to make it efficient and effective. The more organizations follow the examples of organizations which have already established a mechanism, misconduct can be challenged systematically. To confront cases of wrongdoing, corruption and abuse within the church sector and society more broadly, it is vital for NGOs active in fighting misconduct to build a network. Churches and church-related organizations with established complaint mechanisms and those aspiring to do so, or in the process of establishing one, can share strategies and lessons learned to help one another improve operations. This will not only help each church and organization individually; it will also ensure that the whole church sector benefits, and victims and witnesses of misconduct are accorded more justice.

12

CONFLICTS OF INTERESTS: ETHICS MATTERS

Christoph Stückelberger

12.1 Introduction

Church Asset management can often include Conflicts of Interest (COI) as in all interactions and business in society, especially of persons and experts with manifold roles and responsibilities. Examples: A member of a parish council runs a construction company: can his/her company apply for the construction of a new building of the parish? The president of the finance and investment committee of a Christian university is director of the local bank. Where can be a conflict of interest in investment decisions of the committee? The wife of the director of a Christian hospital works in the same hospital as medical doctor and head of a clinic.

What is a conflict of interest? "*A Conflict of Interest* arises in circumstances where there is potential for a secondary interest to unduly influence, or where it may be reasonably perceived to unduly influence, either the independence or objectivity of professional judgement or actions regarding a primary interest. The existence of conflict of interest in all its forms does not as such mean that improper action has occurred,

but rather the risk of such improper action occurring. Conflict of interest is not only financial, but can take other forms as well."[98]

There are *potential, perceived and actual Conflicts of Interest.* A potential COI probably does not do any harm, but can become an actual one in a concrete situation. A perceived COI creates often conflicts and suspicion even if the persons act correctly. The actual COI means that a person de facto benefited from a primary role for a secondary interest, e.g. if the tender for a building was not correct according to procurement standards but the company got the contracts because the company holder is member of the parish council.

The following ethical principles of dealing with conflicts of interest are the result of a process of the so called SUN movement: Scaling up Nutrition SUN[99] is a movement of 60 countries with hundreds of companies and NGOs "to end malnutrition in all its forms" [100]. Christoph Stückelberger serves as one of its two global senior ethics experts. CoIs exist in the nutrition field as in all sectors, e.g. government officials, pharmaceutical or agribusiness companies, NGOs etc. The principles have been developed by a small group of ethics experts: Prof. Dr. Christoph Stückelberger, Globethics.net, Geneva (international coordinator and author); Dr. Sam Kobia, Kenya, Prof. Atsu Ayee, Ghana, José Marinero Cortés, El Salvador, Dr. Badriul Hegar, Indonesia. The paper was presented in February 2015 at an international consultation of SUN near Geneva/Switzerland.

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[98] World Health Organization WHO, *Safe-guarding against possible conflicts of interest in nutrition programmes*, WHO Draft Discussion Paper 11 Sept 2017.

[99] www.scalingupnutrition.org.

[100] www.scalingupnutrition.org.

12.2 Twenty Ethical Principles (Recommendations)

The phrases in italic are the principles/recommendations of each topic

1. *Conflicts of Values: Conflict of Interest (COI) should also be analysed as conflicts of values.*

Having different interests means having different priorities of values, e.g. the value of individual freedom to act versus the values of community or of responsibility for the public. A COI therefore is not only an expression of personal interests, but a COI can also be an ethical dilemma between two or more values.

2. *Trust: Building trust is key for managing COIs*

Platforms for managing COIs can only work if there is a certain amount of trust between the participants. Therefore, "How to build trust" is a key ethical task in preparing a framework and platform for managing COIs. The setting of the (multi-stakeholder) dialogues are key in building an atmosphere of trust. Building trust needs time, a culture of respect, deep listening and ethical dialogue methodology.

3. *Dialogue Ethics: The dialogue ethics and the type of dialogue have an impact on the success of dealing with COIs.*

Dialogues on conflicts have to be distinguished from dialogues on COIs. "Conflicts may be based on divergent or competing interests, but they become conflicts of interest only if the resulting behaviours are designed to secure advantages for any one individual or organization that have the effect of undermining the collective efforts of the other participants (GSO-SUN Reference note point 13).But the discussion if there is a COI and what kind, can be dealt with in different types of dialogues. In a testimonial dialogue the parties express the perception of the own or the others COIs. In a reconciling dialogue the goal is to come to

a joint agreement, in handling the COIs in a careful way[101] A pedagogical dialogue is an educational and training effort to get clarity on handling COIs.

4. *Responsible use of Power: To acknowledge a COI is only possible when one acknowledges the limitation and control of power.*

A dictator does not have/see conflicts of interests since he/she feels omnipotent to execute power in all private and public fields without distinction between "mine" and "yours". The same can exist in cultures where the ruler is seen as the "owner" of resources, material and even beings in his/her kingdom. There again, a COI will hardly be seen by the ruler nor by the subordinate who accept this ownership. Parties in ethical dialogues should begin by acknowledging that their collective efforts are based on how each is able to leverage their individual power, no matter how strong or weak this may be. In the same sense, parties must set limits to the use of their power for the advancement of collective interest within the established setting and rules of the dialogue itself.

5. *Poverty: In situations of poverty, declaring openly the "interest" of basic needs and poverty related constraints has to be part of the COI effort.*

Managing COIs is often based on the assumption that the person or institution with a COI has a free choice of decision in how to deal with the COI. Often this is the case. But in situations of poverty or strong institutional constraints this free decision may be very limited. For persons in urgent basic needs such as basic income or food for survival, a COI seems to be a "luxury problem". It cannot lead to a justification or relativism of a COI "from below". It should rather be addressed in a

[101] See *Globethics.net: Principles of Sharing Values Across Cultures and Religions*, Geneva 2012 (also in En, Fr, Sp, Ger, Chinese); Christoph Stückelberger, *Dialogue Ethics*, Journal of Business Ethics, (2009) 84:329-339.

transparent way. Solutions can be capacity building and community mobilization.

6. *Ownership: Collective ownership for dialogues on COIs by the parties involved is a key for its success.*

If the process is imposed and not owned, it has limited impact, is not sustainable and contradicts the value of partnership. Partnership however does not exclude parties exercising leadership, a factor which may be fundamental to the launch and success of the dialogues on COIs.

7. *Accountability: Mutual accountability of actors in the dialogues on COIs is needed and a fruit of increased ownership.*

Accountability refers to holding officials as other parties and sectors involved responsible or answerable for their behaviour, actions and inactions. Without information, there are severe limits to holding officials accountable. Hence, many mechanisms for increasing accountability also try to increase the validity, regularity, and access of citizens to information about how they are governed. Consequently, there is a close linkage between accountability and transparency. Enforcing accountability in most developing countries is problematic because of either lack of or inadequate disclosure and information.

8. *Transparency and secret circles: Transparency is a key value in managing COIs. Secret Associations are an obstacle for transparency and handling COIs.*

Even though transparency became a worldwide accepted value (especially in anti-corruption policies, public procurement policies etc.), in many cultures and also religious value systems, transparency is still not seen as important or justified. The fact, that many cultures and political circles are still heavily influenced by secret circles which are by definition non-transparent, COIs are not declared and there is strong resistance to declare them. To address the issue can be highly sensitive and even

dangerous as not only mafia organisations show but also threats against journalists and authors who publish links of politicians to secret associations (e.g. in Africa and France).

9. *Partiality and impartiality: Partiality can be ethically needed and justified in order to defend the interest of the weaker as long as it is declared as partiality.*

Parties in a dialogue have the right and ethical legitimacy to be partial, which means to defend own values and interests. But it has to be declared as taking part/being partial for reasons which are then explained. The COIs undermine the impartiality of a person because of the conflict between self-interest and public interests. Transparency is the key if a COI is settled in an unethical or ethical way.

10. *Differentiation by sectors: COIs have specificities by sector and need sector-specific guidelines.*

For example, public servants have stricter rules than persons in the private sector. Rules of engagement in dialogues on COIs will have to acknowledge these fundamental differences and even anticipate how these will impose limits on the capacity to advance collective interests or even address COIs.

11. *Ethics in public service: Ethics in public service should be strengthened with respective tools.*

This has not been taken seriously and therefore needs to be deepened in many countries through additional trainings, tools, monitoring mechanisms via internal controls and an active civil society and independent media as well as vigorous and proactive public education and ethical codes in public service.

12. *Cultural adaptation: Culturally adapted ways of solving COIs should be examined.*

What are alternative ways of solving conflicts of interest in different cultures? E.g. mediation and peace keeping mechanisms in the traditional tribal kingdoms ("chefferies") are positive culturally adapted experiences to learn from. In some cultures, the understanding of property (mine, yours and the communities') differs substantially. This leads to the fact that in some cultures a COI is identified where in others it is not seen as a COI. From an ethical perspective, lack of transparency and COIs cannot be justified .by cultural relativism.

13. *Leadership Ethics: The ethics of COI is influenced by the Ethics of leadership.*

For example, the concept of "servant leadership" acknowledges that the responsibility of a leader is to provide service to the public and common good and not a platform for access to resources for self-interest.

14. *Followership Ethics: The ethics of COI is influenced by the Ethics of "followership".*

It means that not only persons in a leadership position have to declare and resolve their COIs, but also "followers" such as employees, consumers etc. in their respective fields of responsibilities

15. *Transition Ethics: Changing professional positions needs special attention for COIs.*

COIs often arise after changing professional positions e.g. from private sector to public sector or the opposite: Should there be a period, during which it is not possible to have a remunerated mandate e.g. in a specific private sector after serving in the same public sector? The question is pending e.g. in the Swiss parliament with a new law in discussion that former ministers are not allowed to accept a remunerated mandate

(during two years after they left the political mandate) in a private company in a sector where the minister was responsible (e.g. health, agriculture, nutrition or infrastructure).

16. *Virtue of Integrity: Conflicts of interests can be handled better with persons of integrity.*

COIs can affect the integrity of a person. The integrity of a person is a holistic perception by others of the persons credibility, honesty, transparency, the ability to respect and implement rules and regulations, the ability to recognize conflicts of interests and settle them in a transparent way, the ability to recognize and correct mistakes in the own or the others behaviour, the ability to accept own limitations and need of cooperation with others etc.

17. *Sponsorship Ethics: Guidelines on sponsorship help in COIs and can be used by GSO-SUN.*

COIs and Sponsorship e.g. in the medical, pharmaceutical and nutrition field. The international trend that medical doctors have to publish what they get from pharmaceutical companies[102] is one signal to make potential conflicts of interests more transparent.

18. *Lobbying Ethics: Lobbying can be ethically acceptable if clear rules and limits are respected.*

The size and financial input in lobbying activities raises serious concerns of COIs and unfair competition and non-transparent influence. Lobbying is not per se unethical, but can be ethically acceptable as long as a "lobbying ethics" is respected. Like advertisement and marketing, lobbying has to follow ethical standards. There is a large grey zone where COIs play an important role. For example, if an expert of a company is part of a governmental experts group or is at the same time a

[102]http://www.transparency.ch/de/aktuelles/meldungen/2014_10_06_Aerzte_sollen_Deals_mit_Pharmafirmen_offenlegen.php

member of parliament, the scientific or political expertise is much needed, but then managing the COIs is crucial.

19. Limited number of experts: Education and trainings on COIs should be enlarged.

The more specialised an issue is, the smaller the number of experts and the bigger the chance that the same persons accumulate not only knowledge, but also power and positions. This leads obviously to increased number of COIs which is difficult to solve unless the number of experts is expanded. In small countries and economies such as Switzerland it is the phenomenon that "everybody knows everybody" and in highly specialised sectors such as highly complicated financing/banking instruments, this is more the case than in the nutrition sector. One way of dealing with the limited number of experts is to make ethics and conflicts of interest part of the curriculum of educational institutions and especially of trainings of experts.

20. Research: Research on COIs in existing and new codes of ethics contributes to solutions.

Globethics.net is working on a collection of codes of ethics with more than 1000 professional codes of ethics from very many professions. An analysis of these codes in terms of how they mention or do not mention conflicts of interests could give hints on how to improve it with voluntary codes.

13

TAXATION AND TAX EXEMPTION OF CHURCH ASSETS

Geoffrey Muraguri

13.1 Who and What is Taxable?

Each country will have its own tax laws in so far as taxation of church assets is concerned. Church assets include buildings, both commercial and residential grounds, vehicles, both commercial and private, schools, libraries, royalties etc. It is possible for churches to be tax exempt but this only happens depending on each country tax laws and also if the relevant church has requested for and obtained the necessary exemption.

Transactions that attract taxes on assets will normally include rental and or sale of properties. In terms of rental income, for tax purposes these would normally include income earned from rent either directly or through sublet.

It is the responsibility of every citizen to know their tax status. All persons in receipt of rental income unless exempted specifically under any Laws e. g. charitable organizations granted exemption by the Commissioner.

Let us take the example of Tax in Kenya. In terms of taxation on rental income, the Kenya Income Tax Act (ITA) - Section 3(2)(a)(iii)[103]

[103] Income Tax Act of Kenya.

- states that income tax shall be charged for each year of income upon all the income of a person, whether resident or non–resident, which was accrued in or was derived from Kenya. The Act states further that gains or profits includes a royalty, rent, premium or similar consideration received for the use or occupation of property. Rentals on commercial buildings are taxable. Tax incentives are available to landlords who are in business. These include and are not limited to expenses not wholly and exclusively incurred in the production of rent income as spelt out in Section 16 of the Income Tax Act, for example principal loan repayments, cost of construction, expenditure of personal nature (e.g. school fees) etc.

13.2 Key Messages for Tax Planning

- Pay taxes on the due date
- Compute the taxes due correctly
- Take advantage of a tax amnesty if and as provided
- Register your organization (church, church-related institution etc.) with the relevant authorities
- Consult professional tax consultants
- Be honest with yourself
- Structure your organizations well to benefit from tax exemptions.

13.3 Sale of Property: Capital Gains Tax

In terms of income tax in respect of sale of property, where it's a business of buying and selling of property, income tax is payable on the net profit. Sale of one-off property attracts no income. In terms of the Capital Gains Tax (CGT), in some countries property sales are subjected to this CGT tax. The CGT is applicable on gains realized by companies and organizations such as churches and individuals on the transfer of

property situated in Kenya on or after 1 January 2015. Property includes land, buildings and marketable securities.

Certain transactions are exempted from CGT. These include

- Income that is taxed elsewhere as in the case of property dealers
- Transfer of machinery including motor vehicles
- Disposal of property for purpose of administering the estate of a deceased person
- Transfer of individual residence occupied by the transferor for at least three years before the transfer
- Compensation by Government for property acquired for infrastructure development.

13.4 Tax Exemption of Churches and Church-Related Organisations (CROs)

Depending on the respective country laws, the common practice is that there will be items that are tax exempt for religious organisations. These may include income accrued in, derived from or received in the country, where the institution is exempt from tax. Some of the revenues that are tax exempt include the income of an institution, body of persons or irrevocable trust, of a public character established solely for the purposes of the relief of the poverty or distress of the public, or for the advancement of religion or education established in the country, and whose regional headquarter is in the same country.

In Kenya, tax exemption is possible under following circumstances:

- In so far as the Tax Commissioner is convinced that the income of the religious institution is to be expended either in Kenya or in circumstances in which the expenditure of that income is for purposes which result in the benefit of the residents of Kenya. Provided that any such income which consists of gains and profits

from a business shall not be exempt from tax unless those gains or profits are applied solely to those purposes and either.

- The business is carried on in the course of the actual execution of those purposes.
- The work in connection with the business is mainly carried on by beneficiaries under those purposes.
- The gains or profits consist of rents (including premiums of similar consideration in the nature of rent) received from the leasing or letting of land and chattels leased or let therewith and provided further that an exemption.
- No express exemption is provided on Withholding Tax WHT, unless one is provided with an exemption certificate by the service provider on the services procured.

It is stated that the exemption will be valid for a period of five years but may be revoked by the commissioner for any just cause. Where an applicant has complied with all the requirements of this paragraph, tax exemption shall be issued within sixty days of the lodging of the application.

14

CASE STUDY 1: ASSET MANAGEMENT OF PROTESTANT CHURCHES IN SOUTH KIVU/ DR CONGO AND STRATEGIES OF REFORM

Emmanuel Manegabe Zagabe

Abstract

The study[104] was carried out on 21 protestant churches (member churches of the Église du Christ au Congo ECC) in the province of South Kivu in the Eastern part (Great Lakes Region) of the Democratic Republic of Congo. The 21 protestant churches count 2,366 parishes.[105] The research was focused on the management of two types of patrimonies: immovable and financial patrimonies. The patrimonies of protestant churches in South Kivu are either internal or external. Each of

[104] This research study was done in 2014-2016, under the supervision of Professor Moke Kitoka jun., Professor of Ethics at the Université Évangélique de l'Afrique UEA, Bukavu/DR Congo.

[105] The Protestant Church of Christ in Congo (Église du Christ au Congo ECC) on national level is the federation of 96 member churches. With about 40 million believers it is one of the largest protestant churches in the world. See It is organised in provincial ECC churches. The Province of South Kivu includes 21 member churches.

these 21 protestant churches has a department in charge of assets and finance. In each church, this department is led by a responsible called church legal representative. The main challenge of church patrimonies in South Kivu, are those related to the choice of the manager, women marginalisation, maximisation of internal income and the rules of patrimonies.

The needs released for the empowerment of the patrimonial management of churches are the needs of manager's training in the management of patrimonies (immovable and financial). The needs of institutional empowerment and accompaniment in the elaboration and vulgarization of the management tools of financial patrimonies (MAPAF, filing card of financial and immovable patrimonies' management).

The possible strategies for the management resources of churches reform in South Kivu are the creation of a federal training centre in the management of churches organisation in South Kivu (CEFFORMOR) which will reach to the creation of a regional centre of training in management of religious organisations (CEREFOM). The objective is to train in one hand religious administrators who will be in charge of administrative, financial, economic, and patrimonial management of churches and communities. In the other hand, to integrate girls and women in that training so that in the future the responsibility of administrative, financial, economic and patrimonial management be attributed to them because they are able and competent.

Résumé en français

Gestion des patrimoines des églises protestantes du Sud-Kivu/ RD Congo: faits, défis, opportunités et stratégies de réforme.

L'étude a été faite sur 21 églises protestantes du Sud Kivu, province dans la région des Grands Lacs à L'est de la RD Congo, comptant 2'366 paroisses. La recherche a été focalisée sur le management de deux types de patrimoines à savoir : les patrimoines immobiliers, les patrimoines

financiers. Les patrimoines des églises protestantes du Sud-Kivu sont soit d'origine interne, soit d'origine externe.

Chacune de ces 21 églises protestantes est dotée d'un département chargé du management des patrimoines et finances. Dans chaque église, ce département est dirigé par un responsable nommé par le Représentant Légal de l'Eglise.

Les principaux défis du management des patrimoines des églises au Sud-Kivu sont ceux liés au choix du manager, à la marginalisation de la femme, à la maximisation des recettes interne et à la gouvernance des patrimoines.

Les besoins qui se sont dégagés pour le renforcement du management du patrimoine de l'église sont le besoin en formation des gestionnaires sur le management des patrimoines (immobiliers et financiers), le besoin de renforcement institutionnel et le besoin d'Accompagnement dans l'élaboration et vulgarisation des outils de gestion du patrimoine de finances (MAPAF, fiches de gestion des patrimoines immobiliers et financiers).

Les stratégies envisageables pour la réforme du management des ressources de l'église au Sud-Kivu sont celle de la création d'un Centre Fédéral de Formation en Management des Organisations Religieuses au Sud Kivu (CEFFORMOR) qui aboutirait à la création d'un Centre Régional de Formation en Management des Organisations Religieuses (CEREFOM) dans l'objectif de former des Administrateurs Religieux qui se chargeront de la gestion administrative, financière, économique et patrimoniale des églises et des communautés d'une part et celle d'intégration des filles et femmes dans cette formation pour qu'à l'avenir la responsabilité de gestion administrative, financière, économique et patrimoniale soit leur attribuée car capables et compétentes.

14.0 Introduction: Methodology

Terminology: The article is translated from French. The term *patrimony* (French *patrimoine*) is used for the assets of the churches (inherited, land, real estate etc.). The term *communities* is used similar to member churches of the umbrella church Protestant "Church of Christ in Congo" (Église du Christ au Congo ECC). In French they are called *communautés*.

Within the framework of research on the ecclesiastical finances and patrimonies, we applied two questionnaires to the communities, members of the Church of Christ in Congo/South Kivu.

The first questionnaire consisted with the identification of the communities, members of the Church of Christ in Congo/South Kivu and especially the managers of Community of finances and patrimonies. This questionnaire was sent in July 2014. The collected results certified that the Church of Christ in Congo/Southern Kivu is made up of twenty and one communities and all these communities sent the identities of their managers of finances and patrimonies to us.

The second questionnaire was sent in September 2014. This questionnaire made it possible to identify the real needs for each community in management of finances and patrimonies. All the communities answered this questionnaire, except 26 e CLMC.

Below, results occurred in first semester 2015 of the investigations carried out in 2014. Result of the investigations on the identification of the communities/members of ECC South Kivu and their managers of finances and patrimonies.

14.1 Identification of the Members Churches and their Managers of Assets and Finance

14.1.1 Identification of the Member Churches of the Church of Christ in Congo/South-Kivu (CCC/ECC)

Table 01: Member churches (Communities) of CCC/ECC South-Kivu (and number of parishes).

N°	Names of communities	Initials	No of parishes
1	The Baptist Community in the Center of Africa	3e CBCA	85
2	The Community of the Churches of the Mennonites Brothers in Congo	4e CEFMC	10
3	The Community of the Free Churches of Pentecost in Africa	5e CELPA	250
4	The Community of the Churches of Thanks to Congo	7e CGCO	35
5	The Community of the Churches of Pentecost in Central Africa	8e CEPAC	389
6	The Anglican Community of Congo	11e CAC	107
7	Assemblies of God	12e AOG	43
8	The Community of Evangelic Churches Beréennes in Congo	19eCEEBCO	149
9	The Nation Community of Christ in Africa	21e CNCA	186
10	The Free Community Maniema Kivu	24e CLMK	290
11	The Free Methodist Community in Congo	26e CLMC	400
12	The Plain Methodist Community	28e CUMCC	18
13	The Pentecotist Community in Congo	30e CPCO	25
14	The Community of the Assemblies of God in Africa	34eCADAF	50

15	The parliament Community of God in Congo	37e CADC	27
16	The Community Brothers as a Northern Christ Garenganze Katanga	38e CFCGNK	24
17	The Community of the Christian Churches in Africa	40e CECA	93
18	The Community of the Independent Churches Baptistes Evangéliques	41e CEBIE	50
19	The Evangelic Community of Pentecost	45e CEP	21
20	The Evangelical Lutheran community in Congo East	52e CELCO	24
21	The Community of the Baptists Churches in Congo East.	55e CEBCE	90
Total Parishes			2366

Comments on Table 1: The Church of Christ in Congo/ South Kivu currently gathers twenty-one (21) communities which have 2,366 local churches. 26e CLMC has about 400 local churches, 16.91%; it is followed by the 8e CEPAC which has precisely 389; 16.44%; the 45e CEP has 21; either 0.89% and finally 4e CEFMC have only ten (10) local churches; 0.42% of the Protestant local churches functioning in the province of the South-Kivu.

12.1.2 Managers of Assets and Finance of CCC/ECC South Kivu

Table 02: Managers of Assets and Finance CCC/ECC South-Kivu

N°	Communities	No. of churches	Manager sex	Level of study	Marital status
1	3e CBCA	85	M	L2 Financial management	M
2	4e CFMC	10	M	L2 Psychology	M
3	5e CELPA	250	M	L2 Theology	M

4	7e CGCO	35	M	L2 management	M
5	8e CEPAC	389	M	G3 Financial science.	M
6	11e CAC	107	M	G3 Theology	M
7	12e AOG	43	M	D6	M
8	19e CEEBCO	149	M	PP4 biblical	M
9	21e CNCA	186	M	L2A History	M
10	24e CLMK	290	M	D6	M
11	26e CLMC	400	M	Me Theology	M
12	28e CUMCC	18	M	L2 Theology	M
13	30e CPCO	25	M	D4 commercial.	M
14	34e CADAF	50	F	G3 Economics	M
15	37e CADC	27	M	L2 Theology	M
16	38e CFCGNK	24	M	D6	M
17	40e CECA	93	M	L2	M
18	41e CEBIE	50	M	G3 biochemis-try	M
19	45e CEP	21	M	D6N	M
20	52e CELCO	24	M	D6	M
21	55e CEBCE	90	M	D6A	M
TOTAL		**2366**			

Comments on Table 2: The Church of Christ in Congo/South-Kivu currently counts twenty-one (21) communities with 2,366 parishes. From 21 managers of assets and finance, there is only one woman, either

4.76%! 20 other managers are people of male sex, either 95.24%. All of them are married (100%).

For the level of education of the managers, it arises that the ecclesiastical finances and goods are managed by people of various levels:

- A manager having completed post-university studies (Master in Theology) leads finances and assets of the 26^{e} CELMC. He represents 4.76% of our sample.
- Four managers with university degrees (graduates and/or undergraduates) in economics and financial management. They are the managers of 3^{e} CBCA, 7^{e} CGCO, 8^{e} CEPAC and 34^{e} CADAF. This category represents 19.04%.
- Eight managers with university degrees (graduates and/or undergraduates) in other fields such as theology, psychology, history and biochemistry. They represent 38.10%.. They are the managers of the following communities: 4^{e} CFMC, 5^{e} CELPA, 11^{e} CAC, 21^{e} CNCA, 28^{e} CUMCC, 37^{e} CADC, 40^{e} ECSC and 41^{e} CEBIE.
- Eight managers did only post-primary education (PP4, D4 and D6A–D6N). They are 38.10% of our sample. They are the managers of the communities hereafter: 12e AOG, 19e CEEBCO, 24^{e} CLMK, 30^{e} CPCO, 38^{e} CFCGCO, 45^{e} STOCK, 52^{e} CELCO and 55^{e} CEBCE.

14.2 Finance Management of CCC/ECC Member Churches in South Kivu

14.2.1 Origins (Sources) of Income of the Churches:

Question 1a: Internal Income: a) contributions of the churches; b) income from lucrative activities; c) income from assets; d) income from services; e) others.

Table 03: Internal income of communities:

N°	Communi-ties	Contri-bution of church-es	Income of lucra-tive activi-ties	Income /inheren ce	Income on the benefit of ser-vices	Others
1	3e CBCA	X	X	X	X	-
2	4e CFMC	X	-	-	-	-
3	5e CELPA	X	-	X	-	-
4	7e CGCO	X	-	X	-	-
5	8e CEPAC	X	X	X	X	-
6	11e CAC	X	X	X	X	-
7	12e AOG	X	-	-	-	-
8	19e CEEBCO	X	-	-	X	-
9	21e CNCA	X	-	-	-	-
10	24e CLMK	X	-	-	-	X
11	26e CLMC	-	-	-	-	-
12	28e CUMCC	X	X	X	-	-
13	30e CPCO	X	-	-	-	-
14	34e CA-DAF	X	-	-	-	X
15	37e CADC	X	-	-	-	X
16	38e CFCGNK	X	X	-	-	-
17	40e CECA	X	X	X	-	-
18	41e CEBIE	X	-	-	-	-

19	45e CEP	X	-	-	-	-
20	52e CELCO	X	X	-	-	X
21	55e CEBCE	X	-	X	X	-

Comments on Table 03: On 21 communities, there is only three, 14.29% of our sample, which have four sources of the internal income. These are 3e CBCA, 8e CEPAC and 11e CAC.

Four communities (notably 28e CUMCC, 40e ECSC, 52e CELCO and 55e CEBCE) out of 21 (19.05%) mention that their finances come from three sources: contributions of the churches, income from lucrative activities and income from assets. However, for 52e CELCO, the income from assets is replaced by the contributions of faithful Christians (like other income) and 55e CEBCE has not alternative activities, so it supplies services to have other income.

Seven of 21 communities, one third (5e CELPA, 7e CGCO, 19e CEEBCO, 24e CLMK, 34e CADAF, 37e CADC, and 38e CFCGNK) recognize two sources of their income which are: contributions of the churches; the income from assets (5e CELPA and 7e CGCO) and the incomes of lucrative activities for 38e CFCGNK, whereas for the 19e CEEBCO, the second source is the incomes from services. The manager of this community mentioned that this later source is very negligible. For 24e CLMK, 34CADAF and 37e CADC the second source are respectively tithe of faithful Christians to the community, schools and pastors.

Six communities, 28.57% (4e CFMC, 12e AOG; 21e CNCA, 41e CEBIE and the 45e CEP) function only with the contributions of the local churches.

One community (26e CLMC) was not disposed to provide data.

These results, give us a report according to which the contributions of the local churches remain the principal source of the internal income for all the communities members of CCC/ECC South Kivu. It is worth knowing how to improve this principal source and also that other inter-

nal sources would have to be planned to increase the number of sources of income of the communities.

Question 1b. External resources: a) mission partners, b) other project partners, c) subventions d) loans e) donations and legacies.

Table n° 04: External resources of the communities:

N°	Communities	Mission	Financed project	Subventions	Loans	Donations et legacies
1	3e CBCA	X	X	X	-	-
2	4e CFMC	X	-	X	X	X
3	5e CELPA	X	-	-	-	X
4	7e CGCO	X	-	-	-	X
5	8e CEPAC	-	X	-	X	-
6	11e CAC	-	X	X	-	X
7	12e AOG	X	-	-	-	X
8	19e CEEBCO	-	-	-	-	-
9	21e CNCA	-	-	-	X	X
10	24e CLMK	-	-	-	-	-
11	26e CLMC	-	-	-	-	-
12	28e CUMCC	X	X			X
13	30e CPCO	-	-	-	-	-
14	34e CADAF	-	-	-	-	X
15	37e CADC	X	-	-	-	X
16	38e CFCGNK	-	-	-	-	-

17	40e CECA	-	-	-	-	-
18	41e CEBIE	-	-	-	-	-
19	45e CEP	-	-	-	-	-
20	52e CELCO		X			X
21	55e CEBCE	-	-	-	-	-

Comments on Table 04: It is only one community (4e CFMC) out of 21 (4.76%) which has four sources of the external income (mission, subvention, loans, donations and legacies).

Three communities out of 21 (14.29%) have each one three sources of the external incomes (mission for 3e CBCA and 28e CUMCC; financed project for 3e CBCA, 11e CAC and 28e CUMCC; subvention for 3e CBCA and 11e CAC; donations and legacies for 11e CAC and 28e CUMCC).

The external resources of the seven communities out of 21, i.e. 33.33% come from two sources notably: 5e CELPA: mission, and donation and legacy; 7e CGCO: mission, and donations and legacies; 8e CEPAC: financed projects and loans; 12e AOG: Mission, and donations and legacies; 21e CNCA: Loans, donations and legacies; 37e CADAC: mission, gifts and legacies; 52 E CELCO: financed projects, gifts and legacy.

Only one community (34e CADAF) out of 21, either 4.76%, recognizes that the only source of the external income is donation and legacy and that arrives some times.

Eight communities out of 21, i.e. 38.10% state to have no external income, but only internal. These are 19e CEEBCO; 24e CLMK; 30e CPCO; 38e CFCGNK; 40e ECSC; 41e CEBIE; 45e CEP; 55e CEBCE.

One community (26e CLMC) out of 21 (4.76%) was not ready to provide information.

It thus comes out from this analysis that the great number of communities survive on their internal income. It will thus return to us to seek

the ways and means to improve the sources of the internal income. What constitutes a sign of the financial autonomy of many communities. The "donations and legacies" are the source found in almost all the communities.

14.2.2 Regularity and Fidelity in the Contributions of the Local Churches

Question 2: Are the Contributions of the Parishes Regularly and Accurately Transferred (to the Provincial Church)

Table 05: Regularity and fidelity in the payments of the contributions of the churches

N°	Communities	Regular payments of the contributions	Faithful payments of the contributions	Specific notes
1	3e CBCA	No	No	-
2	4e CFMC	No	No	-
3	5e CELPA	No	No	-
4	7e CGCO	No	No	Christians are neither accustomed nor animated
5	8e CEPAC	No	No	Minority of churches are regular and faithful in the payments
6	11e CAC	No	No	-
7	12e AOG	No	No	-
8	19e CEEBCO	No	No	Many fiction churches, they neglect the contri-

				butions
9	21e CNCA	No	No	Spirit of expectation of missionaries, misses spirit of initiative and of creativity of the servants leading to lethargy.
10	24 e CLMK	No	No	-
11	26 e CLMC			-
12	28e CUMCC	No	No	-
13	30e CPCO	No	No	They need a follow-up to obtain them
14	34e CADAF	No	No	-
15	37e CADC	No	No	Whereas the budgets set out again by church, the non-payment do not allow the realization of the contemplated actions envisaged
16	38e CFCGNK	Yes	Yes	But to pay the expenses of hiring
17	40e ECSC	No	No	-
18	41e CEBIE	No	No	Gradually irregularly
19	45e STOCK	No	No	-
20	52e CELCO	No	No	-

21	55e CEBCE	No	Yes	-

Comments on Table 5: *Regularity* of the payments of Community contribution of the local churches: Nineteen communities out of 21 (90.48%) declare that the churches do not pay their Community contributions regularly. Except for 8e CEPAC, it is mentioned that a minority of churches pay regularly. One community (38e CFCGNK) out of 21 (4.76%) assesses that they deposit regularly their Community contributions. One community (26e CLMC) did not provide information.

Fidelity in the payments of the Community contributions of the local churches: Eighteen communities out of 21, 85.71%, mention that the churches do not deposit their Community contributions accurately. However, 8e CEPAC recognises that a minority of churches pay accurately.

Two communities (38e CFGNK and 55e CEBCE) out of 21, i.e. 9.52%, accept that their churches pay accurately, whereas a community (26e CLMC) did not provided any information.

Reasons are mentioned by the financial and patrimonial managers:

The Christians are not accustomed to such organizations and are not sufficiently animated.

Fiction churches are numerous and they neglect contributions.

Expectation spirit of missionaries, lack of initiative and creativity spirit of the servants bring the lethargy in the payments of the contributions.

Possible solution suggested and practised: To obtain contributions, a monitoring is needed.

14.2.3 Cover Rate of Operation by the Internal or External Income

Question 3: Among the two resources (internal and external), which contributes more than the other for the operations of your community: a) internal income, b) external income, c) at which percentage?

Table 06: Cover rate of operation by the internal or external receipts

N°	Communities	Internal receipts	External receipts	Cover rate (percentage)	Specific notes
1	3e CBCA	yes		90	
2	4e CFMC	yes		60	
3	5e CELPA		yes		
4	7e CGCO	yes		60	
5	8e CEPAC	yes		90	The funds of the projects are not budg-eted
6	11e CAC		yes	80	
7	12e AOG	Yes			
8	19e CEEBCO	yes		2	
9	21e CNCA	Yes		90	
10	24e CLMK	Yes		100	
11	26e CLMC				
12	28e CUMCC		Yes	70	
13	30e CPCO	Yes		100	
14	34e CADAF	Yes		50	
15	37e CADC	Yes		60	
16	38e CFCGNK	Yes		50	
17	40e ECSC	Yes		60	
18	41e CEBIE	Yes		80	
19	45e CEP	Yes		65	
20	52e CELCO	Yes		70	

21	55e CEBCE	Yes		70	

Comments on Table 6: It arises from the analysis of this table that 17 communities out of 21, that is to say 80.95% survive on their internal income, with an average of the cover rate of 64.53%. 8e CEPAC mentioned that the funds of projects are not budgetised in the Administration of the community. These funds are managed separately by a specific office called "Coordination office of Projects (BUCOP in initials)". At this level, will we not mention the 19e CEEBCO which gives 2% as the cover rate, whereas it answered well on the preceding question that it lays out with only internal income.

Whereas three communities out of 21, i.e. 14.28% function more with external income and a cover rate of 50% on average. Will we not mention that the 5e CELPA did not give the cover rate of operation compared to the internal income?

Lastly, 26e CLMC did not provide the data.

14.2.4 Use of the Resources

Question 4: The use of these resources is done in the following way:

a. Payment of Staff Wages.....%
b. Evangelization.....%
c. Social activities .....%
d. Acquisition of assets, construction and maintenance .....%
e. Others.....%

Table 07: Use of the Community resources

N°	Communities	Staff Wages	Evangelization	Social activities	Assets construction Mainte-	Others	TOTAL
1	3 e CBCA	23	50	12	12	3	100

2	4 e CFMC	20	30	5	10	35	100
3	5 e CELPA	20	50	5	25	0	100
4	7 e CGCO	20	0	0	0	80	100
5	8 e CE-PAC	59,8	1,23	0,27	3,08	35,62	100
6	11 e CAC	5	3,8	76	15,2	0	100
7	12 e AOG	40	20	20	10	10	100
8	19 e CEEBCO	2	0	0	0	0	2
9	21 e CNCA	45	15	15	20	5	100
10	24 e CLMK	75	25	0	0	0	100
11	26 e CLMC						
12	28 e CUMCC	15	10	50	10	5	100
13	30 e CPCO	0	50	10	30	10	100
14	34 e CA-DAF	65	10	10	10	5	100

15	37 e CADC	60	10	-	-	30	100
16	38 e CFCG NK	50	40	10	0	0	100
17	40e ECSC	100	0	0	0	0	100
18	41 E CEBIE	60	10	20	10	0	100
19	45 e STOC K	55	15	15	9	6	100
20	52e CEL-CO	0	60	10	20	10	100
21	55e CE-BCE	40	15	25	15	5	100

Comments on Table 7: 8e CEPAC mentioned that the "Other" contains: office tools, communication expenses, fuel, transport, Administrative Council meeting, etc. 12e AOG: Others = Unexpected. 21e CNCA: Others = travel and other needs. 37e CADC: Other = travel of the provincial Representative. 19e CEEBCO did not understand well the question.

This table shows that at 30e CPCO and 52e CELCO, the agents work voluntarily. It should be noted that at 40e CECA, all the received funds are used to pay the wages of the agents. The affected percentage to the payment of agents wages is 37.74% on average.

20.75% are the average of the funds injected into evangelization.

14.16% of the funds are fairly charged to the social activities.

9.96%, on average, are the percentage of the funds assigned to the acquisition of assets, the buildings and the maintenance of the fixed assets.

The affected percentage in the other expenses is 11.98% on average.

14.2.5 Decision of Affectation of the Resources:

Question 5: The affectation of income is decided by:

- The Board of directors of the community (CA)
- The legal Representation (the provincial delegation) (RL/DP)
- Your department (or your services) (DPT/SVCE)
- Lawful texts of the community. (TEXTS REG)] If, yes, which
- Others.

Table 08: Decisional body on the resource allocation

N°	Communities	CA	RL or DP	DPT/ SVCE	Texts REG.	Others
1	3 e CBCA	-	-	-	-	AAP
2	4 e CFMC	-	-	-	X	-
3	5 e CELPA	X	-	-	-	Donors
4	7 e CGCO	-	X	-	-	-
5	8 e CEPAC	X	-	-	-	-
6	11e CAC	-	-	X	-	-
7	12e AOG	X	-	-	-	-
8	19e CEEBCO	-	STAFF	-	-	-
9	21e CNCA	X	-	-	-	-
10	24e CLMK	-	X	-	-	-
11	26e CLMC	-	-	-	-	-

12	28e CUMCC	-	X	-	-	-
13	30e CPCO	-	-	-	IH	-
14	34e CADAF	-	-	-	IH	-
15	37e CADC	CAPE	-	-	-	-
16	38e CFCGNK	X	-	-	-	-
17	40e ECSC	-	-	-	-	-
18	41e CEBIE	X	-	-	-	-
19	45e CEP	X	-	-	-	-
20	52e CELCO	X	-	-	-	-
21	55e CEBCE	X	-	-	-	-

Comments on Table 08: 3e CBCA: Annual Meeting of Station (AAP). 4e CFMC: Lawful texts of finances. 7e CGCO: The resources are used only by the downstream of the Legal Representative according to his assents. 19e CEEBCO: The council does not exist, it speaks about Staff. 30e CPCO: The affectation of the resources does not exist because nothing comes from contribution. 34e CADAF: Rules of procedure. 37e CADC: Provincial board of directors.

Ten communities out of 21, i.e. 47.62%, say that the decisions of affectation of the funds come from the Board of directors. In four communities out of 21, i.e. 19.05%, the affectation of the funds in various budgetary headings is given by the Legal Representation (or the Provincial Delegation).

For the lawful texts (rules of procedure), three out of 21 communities, either 14.28%. One out of 21 communities, i.e. 4.76%, mentions that it is the Department and/or service which affect the funds in various headings. For 3e CBCA, one of 21, mentions that it is the Provincial Annual Meeting which affects the funds in the budget headings. Two

out of 21 communities, i.e. 9.53% did not provide us the information on this question. They are 26e CLMC and 40e CECA.

14.3 Management of the Assets of CCC/ECC Churches

14.3.1 Types of Community Assets

Question 6: In your community the assets include:

a. Buildings (administrative, dwelling, ecclesiastics, etc.)
b. Automobile cartage (vehicles, motor bikes, bicycles, etc.)
c. Agricultural land/ fields
d. Equipment (of offices and the dwelling houses)
e. Others (to be quoted, if there is)

Table 09: Types of community assets

N°	**Communities**	**Buildings**	**Automobile cartage**	**Grounds**	**Equipment**	**Others**
1	3e CBCA	X	X	X	X	-
2	4e CFMC	X	-	X	X	-
3	5e CELPA	X	X	X	X	-
4	7e CGCO	X	-	X	-	-
5	8e CEPAC	X	X	X	X	-
6	11e CAC	X	X	X	X	-
7	12e AOG	X	X	X	X	-
8	19e CEEBCO	-	-	X	-	X

9	21e CNCA	X	X	X	X	
10	24e CLMK	X	-	-	-	-
11	26e CLMC	-	-	-	-	-
12	28e CUMCC	X	X	X	X	-
13	30e CPCO	X	X	X	X	-
14	34e CA-DAF	X	X	X	X	-
15	37e CADC	X	-	X	-	-
16	38e CFCGNK	-	-	X	-	-
17	40e ECSC	X	-	X	-	-
18	41e CE-BIE	X	-	X	-	-
19	45e STOCK	X	-	-	-	-
20	52e CELCO	X	X	X	X	-
21	55e CE-BCE	X	X	X	X	-

Comments on Table 09: 19e CEEBCO: Other = offices to some extent. 52e CELCO: automobile cartage consists of motor bikes and bicycles. In 11 communities out of 21, i.e. 52.38%, the assets consist of buildings, automobile cartage, land and equipment. Only one communi-

ty out of 21, is 4.76% its assets consist of buildings, fields and equipment. Five communities have buildings and fields (or others). Three communities, i.e. 14.29%, only have building or fields. One community did not provide data (4.76%).

14.3.2 Mapping and Registration of Assets

Question 7: All these assets are:

f. Identified and indexed
g. Made safe by the titles and insurance
h. Inventoried regularly. If, yes with the assertion C, which frequency (monthly, quarterly or annually)
i. Are these assets integrated (in values) in the accountancy of your community? Yes / No

Table 10: Mechanisms of appropriation of the Community patrimonies

N°	Communities	Identified and indexed	Made safe and ensured	Inventoried regularly	Accountancy
1	3e CBCA	X	X	X	Yes
2	4e CFMC	X		Annually	Yes
3	5e CELPA	X	X	Not regularly	No
4	7e CGCO	X	X	No	No
5	8e CEPAC	X	X	Not regularly	No
6	11e CAC	X	X	Annually	Yes
7	12e AOG	X	X	Annually	No
8	19e CEEBCO	X	X	Annually	No
9	21e CNCA	X	X	Annually	No

10	24e CLMK	X	-	Annually	No
11	26e CLMC				
12	28e CUMCC	X	X	Annually	No
13	30e CPCO	In pro-gress			
14	34e CADAF	X	X	No	No
15	37e CADC	X		Annually	No
16	38e CFCGNK	X		Annually	No
17	40e ECSC	X	X	Annually	Yes
18	41e CEBIE	X		Annually	No
19	45e STOCK	X			No
20	52e CELCO	X		Annually	No
21	55e CEBCE	X		Annually	No

Comments on Table 10: 3e CBCA specifies that most of assets are made safe by the titles and ensured. 8e CEPAC mentions that most of the assets are identified and indexed especially at the base, for land titles, it is mandatory and the payment of insurance for the machines is carried out regularly. However, the size of the community and the very limited finances do not make possible to inventory the assets regularly. 30e CPCO: The process is in progress. The delegation has just settled in the South-Kivu. They are still in the phase of installation of the operation rules of the church and those related to the assets.

Nineteen communities out of 21, i.e. 90.48% indicate that they are identified and indexed. One community on 21, i.e. 4.76% mentions that they are in progress to establish their community in South-Kivu. One community on 21, i.e. 4.76% did not provide an information.

Eleven out of 21 communities, i.e. 52.38% show that their assets (automobile, fields and cartages) are made safe by titles and insurances.

Nine out of 21 communities, i.e. 42.86% did not mention anything. One community did not provide information.

As for the *inventory*, 13 out of 21 communities, i.e. 61.90% mark that they inventory their patrimonies once per year. Whereas two communities out of 21, i.e. 9.53% show that their inventory is not regular. Two others, i.e. 9.53% recognize that they do not make an inventory. One community on 21 mentions that it makes an inventory but did not mention the frequency. One community did not mention anything. Another one says that it is in progress of installation in South-Kivu. Only one did not provide data.

Regarding to the accounting of the assets, 15 communities out of 21, i.e. 71.43% declare that they do not record these patrimonies in their journals. Four out of 21 communities, i.e. 19.05% inform that they grasp the values of their fixed assets in accountancy. One community mentions that it is in progress of installation in South-Kivu. One community did not provide data.

14.3.3 Guard of the Community's Asset Titles

Question 8: Where are the titles of the assets of the community kept?

Table 11: Place of guard of the Community asset titles:

N°	Communities	Place of guard of the titles	Specific notes
1	3e CBCA	To the Provincial Delegation	
2	4e CFMC	To the Representation	
3	5e CELPA	To the Representation	
4	7e CGCO	To the Representation	
5	8e CEPAC	To the Representation and the local churches	

6	11e CAC	To the Representation and the parishes	
7	12e AOG	To National direction	
8	19e CEEBCO	To the Representation	
9	21e CNCA	To the Representation	
10	24e CLMK	To the Representation	
11	26e CLMC	-	
12	28e CUMCC	In bishopric	
13	30e CPCO	In progress	
14	34e CADAF	To the Representation	
15	37e CADC	Each church keeps its documents	
16	38e CFCGNK	To the Representation	
17	40e ECSC	To the Representation	
18	41e CEBIE	To the Representation	
19	45e STOCK	To the Representation	
20	52e CELCO	To the Representation	
21	55e CEBCE	To the Representation	

Comments on Table 11: 30e CPCO: The process is in progress. The delegation has just settled in South-Kivu. They are in the stage of installation of operation rules of the church and those related to the assets. Fifteen communities out of 21, i.e. 71.43%, indicate that the titles are exclusively kept with the Legal Representation (or in bishopric or National direction); two out of 21 communities, i.e. 9.52%, mention that the documents are kept either with the Representation, or with the local Church (parish); one out of 21 (4.76%) mention that the documents are kept with the Provincial Delegation; one out of 21 (4.76%) mention that each church keeps its documents; one out of 21 (4.76%) is still looking

for the installation in South Kivu; and one out of 21 (4.76%) did not provide any information.

14.3.4 Manager's Influence on the Community Assets

Question 9: As a manager of the community assets, do you have an influence on the latter? Yes or No?

Table 11: Influence of the manager on community assets

N°	The community	Yes	No	Specific notes
1	3e CBCA	X	-	-
2	4e CFMC	X	-	-
3	5e CELPA	X	-	-
4	7e CGCO	-	X	-
5	8 e CEPAC	-	X	-
6	11e CAC	X	-	-
7	12e AOG	X	-	-
8	19e CEEBCO	-	X	-
9	21e CNCA	X	-	-
10	24e CLMK	-	X	-
11	26e CLMC	-	-	-
12	28e CUMCC	X	-	-
13	30e CPCO	-	-	In progress
14	34e CADAF	X	-	-
15	37e CADC	-	X	-
16	38e CFCGNK	-	X	-
17	40e ECSC	X	-	-
18	41e CEBIE	-	X	-
19	45e STOCK	X	-	-
20	52e CELCO	X	-	-
21	55e CEBCE	-	X	-

Comments on Table 11: 30e CPCO: The process is in progress. The delegation has just settled in the South-Kivu. They are still in the

installation phase of the operational rules of the church and those relating to the patrimony. Eleven out of 21 communities (52.38%) of the Community assets managers declare that they have the influence on the assets of their communities. Eight out of 21 (38.10%) refuse that they do not have influence on the Community assets. One out of 21 (4.76%), their installation is in progress. One out of 21 (4.76%) did not provide any information.

14.3.5 Use of the Church Assets

Question 10: Within your community (church), the assets are used as:

a. Administrative offices (AO)
b. Hiring by third people (buildings, land, vehicles, etc.)
c. Accommodation and transport of the leaders (AT)
d. Lucrative activities (GAI)
e. Worships
f. Other affectation, if yes, which one?

Table 12: Use of the Community assets

N°	The community	AO	Hiring	A and T.	GAI	Worship	Others
1	3e CBCA	X	X	X	X	X	-
2	4e CFMC	X	-	-	-	X	-
3	5e CELPA	X	X	X	-	X	-
4	7e CGCO	-	X	-	X	X	-
5	8e CEPAC	X	X	X	X	X	X
6	11e CAC	X	X	X	X	X	-
7	12e AOG	X	X	-	X	X	-
8	19e CEEBCO	X	X	-	-	X	-
9	21e CNCA	X	-	X	-	X	-

10	24e CLMK	X	-	-	-	X	-
11	2e CLMC	-	-	-	-	-	-
12	28e CUMCC	X	-	X	X	X	-
13	30e CPCO	X	X	-	-	X	-
14	34e CA-DAF	X	-	X		X	-
15	37e CADC	X	-	-	X	X	-
16	38e CFCGNK	X	-	-		X	-
17	40e ECSC	X	-	-	X	X	-
18	41e CEBIE	X	-	-	-	X	X
19	45e STOCK	-	-	-	-	X	-
20	52e CEL-CO	X	-	-	X	X	-
21	55e CE-BCE	X	-	-	X	X	X

Comments on Table 12: 34e CADAF specify that it has the possibility of using automobile cartage for the transport of their leaders. 45e CEBIE and 55e CEBCE mention the schools. 18 of the 21 communities, i.e. 85.72%, declare that their assets (buildings) are used like administrative buildings. Two communities, i.e. 9.52% do not use their assets (building) like administrative buildings, whereas one community, i.e. 4.76%, did not give any information. Twenty communities out of 21, i.e. 95.24%, declare that they use the assets (building) for the worship. And a community out of 21, i.e. 4.76%, did not provide any information. Only 8 communities out of 21, i.e. 38.10%, have the possibility of hiring the Community assets.

Seven communities out of 21, i.e. 33.33%, have assets for the accommodation and the transport of their leaders. Ten communities out of

21, i.e. 47.62% use their assets for the lucrative activities (GAI). We suppose that when these assets are used like houses of hiring, they belong to the heading "hiring". 8e CEPAC mentioned that the assets are used for other finalities such as the primary and secondary schools, the medical structures, the various projects (vehicles), etc.

14.3.6 Principal Difficulties in the Management of Finances and Assets

Question 11: Which are the principal difficulties which you have in your work as manager of finances and assets of the community?

Table 13: Principal difficulties of the managers of finances and assets

N°	Community	Principal difficulties of the managers of finances and assets
1	3e CBCA	Lack of considerable funds to ensure the training of the provincial managers to train them in accountancy. Miss of revaluation of the fixed assets of the goods acquired in various projects. Systems of depreciation and provisions adapted to the institutions due to the deficits coming from the latter.
2	4e CFMC	Few resources.
3	5e CELPA	
4	7e CGCO	Manager is only one label and the Head manages all alone.
5	8e CEPAC	Excessive Autonomy of the local churches (they do not respect any more the lawful texts) To increase the autonomy of the departments and services of the community. Miss of texts leading the management of the assets None popularization of Handbook of the administrative and financial procedures of the Community (MAPAF) Lining of function causes confusion in attributions of

		the tasks.
6	11e CAC	Some parishes do not contribute Dependence on external incomes
7	12e AOG	Inaccuracy and irregularity of the pastors in their reports Some pastors do not give their tithe Inaccessibility of other areas due to the insecurity
8	19e CEEBCO	Excessive poverty of the Christians Miss preparation of all the community for the situation of finances. Lack of regular training None respect of the decisions taken.
9	21e CNCA	Irregularity due to the negligence of some donators of contribution Committed expenditures are higher than the incomes Delay in the transfer of the funds
10	24 e CLMK	Lack a suitable training None respect of attributions of the organic structures Lack of lawful texts
11	26e CLMC	
12	28e CUMCC	Financial and patrimonial insufficiency Centralization of the management
13	30e CPCO	None respect of the financial structure by the local churches on the various levels of the community. Miss of accountancy rules in the churches
14	34e CADAF	Lack Handbook of procedure None respect of the financial structure by the local churches on the various levels of the community. Lack of land titles for many grounds Lack of missionaries to support the social activity
15	37e CADC	Self-financing of the members who do not have a

		financial possibility. No financial donors, no missionaries Great number of Community patrimony without certificate Titles kept locally
16	38e CFCGNK	Payment of rent Lack of visit of the hierarchy since 1983 at the time of the establishment of the community in the South-Kivu. Lack of partners to help them.
17	40e ECSC	Insolvency of certain tenants Late payment of the rents Renewal of the certificates of the houses
18	41e CEBIE	The community is very young in the East of Congo Incomes are poor Not respect of the payments by the local churches.
19	45e CEP	None respect of the payments The churches pay badly
20	52e CELCO	The grounds are not valorised The incomes are very weak
21	55e CEBCE	Irregularity in the payments Weak receipts not allowing to carry out the budget

Comments on Table 13: The principal difficulties presented can be gathered in the areas hereafter:

A) Area of finance

- Lack a considerable funds to ensure the training of the provincial managers to empower them of accountancy
- Few resources
- Certain parishes do not contribute
- Dependence on the external income
- Inaccuracy and irregularity of the pastors in the reports

- Some pastors do not give their tithes
- Excessive poverty of the Christians
- Lack of preparation of all the community for the situation of finances
- Irregularity due to the negligence of some contribution donators
- Committed expenditures are higher than the incomes
- Delay in the transfer of the funds
- Financial and patrimonial insufficiency
- None respect of the financial structure by the local churches at various levels of the community (2 times).
- Lack of missionaries to support the social activities
- Self-financing of the members who do not have a financial possibility
- No financial donors, no missionaries
- Payment of rent
- Lack of partners to help them
- Insolvency of certain tenants
- Late payment of the rents
- Poor, weak income which does not allow to carry out the budget
- Lack of respect of the payments by the local churches
- The churches pay badly
- Irregularity in the payments.

B) Area of Accountancy

- Lack of revaluation of the fixed assets of the goods acquired in various projects.
- Systems of depreciation and provisions adapted to the institutions due to the deficits coming from the latter
- Lack of accountancy rules in the churches

C) Area of leadership

- The Manager is only a label and the Head alone manages all

- Excessive Autonomy of the local churches (they do not respect any more the lawful texts)
- To increase the autonomy of the departments and services of the community
- Lack of texts governing the management of the assets
- No popularization of Handbook of the procedures administrative and financial of the Community (MAPAF)
- Lining of function causes confusion in attributions of the tasks
- None respect of the decisions taken
- None respect of attributions of the organic structures
- Lack of lawful texts
- Centralization of the power
- Lack Handbook of procedure
- Lack of visit of the hierarchy since 1983 at the time of the establishment of the Community in the South-Kivu
- The community is very young in the East of Congo

D) Area of security

- Inaccessibility of other areas following the insecurity

E) Area of training of managers

- Lack of considerable funds to ensure the training of the provincial managers to empower them in accountancy.
- Lack of regular training
- Lack a suitable training

F) Area of assets

- Great number of Community patrimony without certificate
- Titles kept locally
- Renewal of the certificates of the houses
- The grounds are not emphasized
- The fields of finances, accountants, management (leadership), security, formative and assets are released from these difficulties

- From 53 spread out difficulties, those of the field of finances represent 52, 83%, that is to say 28 principal raised difficulties. The managerial field represent 24,53%, that is to say 13 principal spread out difficulties. The assets field is 7,55%, that is to say 4 principal quoted difficulties. The fields accountant and formative represent each one 5,66%, that is to say 3 principal raised difficulties. And finally, the sedentary field represent for 3,77%, that is to say two principal difficulties mentioned.
- A concern remains: What are explanations that the financial field prevails on this level whereas we are already in community assets management?

14.3.7 Sources of the Difficulties

Question 12: These difficulties come from:

a. Hierarchy of the community
b. Legal texts
c. Organic structures (district, station, area, delegation, etc.)
d. Others

Table 14: Sources of the difficulties

N°	Community	Community hierarchy	Texts lawful	Organic structures	Others
1	3e CBCA	-	-	-	-
2	4e CFMC	-	-	-	X
3	5e CELPA	X	X	X	-
4	7e CGCO	X	-	-	-
5	8e CEPAC	-	X	-	X
6	11e CAC	-	-	-	X
7	12e AOG	-	-	-	X
8	19e CEEBCO	X	X	X	X
9	21e CNCA	-	-	X	-

10	24e CLMK	-	-	X	-
11	26e CLMC	-	-	-	-
12	28e CUMCC	X	X	X	-
13	30e CPCO	-	-	-	X
14	34e CADAF	-	-	-	X
15	37e CADC	X	-	-	-
16	38e CFCGNK	X	-	-	-
17	40e ECSC	-	-	-	X
18	41e CEBIE	-	-	-	X
19	45e CEP	-	-	-	X
20	52e CELCO	-	-	-	X
21	55e CEBCE	-	-	-	X

Comments on Table 14: 4e CFMC add that the Christians count on the foreigners and missionaries. 8e CEPAC, in addition to the lawful texts, it adds the great dimension of the community and the poverty of the rural churches especially. 11e CAC add the multiplicity of wars and insecurity to the base. 19e CEEBCO adds that the lack of training and discipline on the matter are also the origins of these difficulties. 30e CPCO: the problem is elsewhere, on the level of the practices of people. 34e CADAF: the problem is elsewhere, on the level of the pastors who are not faithful and regular in the Community contributions. 45e CEP note the poverty of the Christians.

The simple majority of these managers, 12 out of 21, or 57.14% mention that these principal difficulties come besides; as it is specified above.

Only one community out of 21, i.e. 4.76% watch which these difficulties come at the same time from the Community hierarchy, the lawful texts, the organic and different structures. Two communities out of 21, i.e. 9.52% indicate that these difficulties come at the same time from the

Community hierarchy, the lawful texts, the organic structures. Two communities out of 21, i.e. 9.52% specify that these principal difficulties come exclusively from the organic structures. Three communities out of 21, i.e. 14.28% think that these difficulties come from the hierarchy of the community.

14.3.8 Trainings in Management of Church Finance and Assets

Question 13: Did you receive a specific training in management of church finance? Yes/No. If, Yes, for which duration? In management of church assets? Yes/ No. If, yes, for which duration?

Table 15: Training received in Management of Church Finance and assets

N°	Community	Training in Management of Ecclesiastical Finances			Training in Management of the Ecclesiastical Assets		
		Yes	No	Duration	Yes	No	Duration
1	3e CBCA	X	-	9 days	X	-	10 days
2	4e CFMC	-	X	-	-	X	-
3	5e CELPA	-	X	-	-	X	-
4	7e CGCO	-	X	-	-	X	-
5	8e CEPAC	X	-	3 years	-	X	-
6	11e CAC	X	-	2 years	X	-	1 year
7	12e AOG	-	X	-	-	X	-
8	19 e CEEBCO	-	X	-	-	X	-
9	21e CNCA	-	X	1 sem.	-	X	-
10	24e	-	X	-	-	X	-

	CLMK						
11	26e CLMC	-	-	-	-	-	-
12	28e CUMCC	-	X	-	-	X	-
13	30e CPCO	-	X	-	-	X	-
14	34e CA-DAF	-	X	-	-	X	-
15	37e CADC	-	X	-	-	X	-
16	38e CFCGNK	-	X	-	-	X	-
17	40e ECSC	-	X	-	-	X	-
18	41e CE-BIE	-	X	-	-	X	-
19	45e CEP	-	X	-	-	X	-
20	52e CEL-CO	-	X	-	-	X	-
21	55e CE-BCE	-	X	-	-	X	-

Comments on Table 15: Three Community managers only had already had a training in management of ecclesiastical finances, i.e. 14, 28% then 17 managers, i.e. 80.96% did not yet follow this training. A community did not provide information, that is to say 4.76%. Two Community managers only already followed training in management of the ecclesiastical assets, i.e. 9.52% whereas 18 managers, i.e. 85.72% did not have the formation yet. A community did not provide any information, that is to say 4.76%.

14.3.9 Area of Accompaniment

Question 14: In which way can the Church accompany you to allow you to manage effectively finances and assets of your community?

Table n° 17: Areas of accompaniment

N°	Communities	Field	Details
1	3e CBCA	Training in	Financial planning Finances and accountancy Financial analysis Audit and financial control Presentation of the financial statements Management of the patrimony
2	4e CFMC	Training in	Management of finances Supply Management Book and journalizing of the operations
3	5e CELPA	Training in	Financial and Administrative management
4	7e CGCO	Training in	Management of the goods of the Church Financial management and organization of the resources to fight against the poverty which the church knows now.
5	8e CEPAC	Continuous training	Insurances (of the ecclesiastical assets) Strategies of profitability of the ecclesiastical assets
6	11e CAC	Recycling	Ecclesiastical data processing of accountancy
7	12e AOG	Training	Management of the assets and ecclesiastical finances

8	19e CEEBCO	Biblical effective formation	Tithe and offerings Projects elaboration
9	21e CNCA	Specific formation and set of themes	Two aspects of accountancy: species and nature Establishment of the annual balance sheet
10	24e CLMK	Training	Management
11	26e CLMC		
12	28e CUMCC	Training and Seminars	Leadership Accounts Department OHADA Logistics Data processing English
13	30e CPCO	Training	Management of the assets and ecclesiastical finances Initiation to computer
14	34e CADAF	Training	Management of the assets and ecclesiastical finances
15	37e CADC	Training	Management of the assets and ecclesiastical finances
16	38e CFCGNK	4 parcels 1 hill or ground 1 vehicle or 2 motor bikes Adequate training 3 to 6 months	2 Bukavu, 1 Uvira and 1 Mwenga Breeding and culture Visit displacement and control Management of finances and assets ecclesiastical
17	40e ECSC	Training	Management of the assets and ecclesiastical finances
18	41e CEBIE	Effective and specific training	-
19	45e STOCK	Very effective	-

		seminars with the churches	
20	52e CELCO	Training	Management of the assets and finances connected with the church
21	55e CEBCE	Specific training	

Comments on Table 16: The field of accompaniment for all is the training (20 communities out of 21, i.e. 95.24%, except the only community which did not provide any information (4.76%). It is only 38e CFCGMK which mentioned the material field (parcel, hill or ground, vehicle or motor bikes). The orientations of the training are focused in the domain of finances, accountancy, Management, patrimony, computer, etc.

14.3.10 Integral Aspects in the Accompaniment:

Question 15: What are the aspects that this accompaniment should integrate?

a. Training. If, yes, in what?
b. Institutional reinforcement
c. Development of the financial and assets management tools (handbook of procedure, plan strategic, various cards, etc.)
d. Other aspects of accompaniment which you need.

Table 17: Integral aspects in the accompaniment

N°	Community	Training	Institutional reinforcement	Development of the financial and assets management tools	Others
1	3e CBCA	X	-	X	-
2	4e CFMC	X	X	X	Monitoring and

					control of finances, Audit and Inventory
3	5e CELPA	X	-	-	-
4	7e CGCO	X	X	X	-
5	8e CE-PAC	X	X	X	-
6	11e CAC	X	X	X	-
7	12e AOG	X	X		-
8	19e CEEBCO	X	X	X	Visits, evalua-tion, correc-tion
9	21e CNCA	X	X	X	To set up a stand-ard mod-el. Ecclesi-astical library in finances, account-ancy and assets
10	24e CLMK	X	X	-	

11	26e CLMC	-	-	-	-
12	28e CUMCC	X	X	X	-
13	30e CPCO	X	X	X	-
14	34e CA-DAF	X	X	X	Methods and strategies to have the donors. How to initiate a lucrative activity
15	37e CADC	X		X	
16	38e CFCGNK	X	X	X	How to increase financial resources in Community management and the churches
17	40e ECSC	X		X	-
18	41e CEBIE	X	-	-	Training of em-

					power-ment
19	45e STOCK	X	-	-	-
20	52e CELCO	X	X	X	Technics of mobi-lization of the resources in the parish-es/the Commu-nities. How to work out a budget for a parish or a com-munity
21	55e CEBCE	X		X	

Comments on Table 17: In addition to the formation, which was recommended by all the managers, 20 out of 21, i.e. 95.24%, only one did not provide data, 4.76%. Thirteen managers out of 21, i.e. 61.90% think that the institutional reinforcement is also significant as the field of accompaniment. Fifteen out of 21 managers, i.e. 71.42%, find that the development of the financial management tools and assets part of the integral aspects in the accompaniment.

Other evoked fields: monitoring and control of finances, audit and inventory, visits, evaluation, correction, To set up a standard model,

ecclesiastical Library in finances, accountancy and assets, Methods and strategies to have the financial donors, How to initiate a lucrative activity, How to increase the financial resources in Community management and the churches, Training of empowerment, mobilization of the resources in the parishes/the Communities, how to work out a budget for a parish or a community. All these fields turn towards finances and finances belong to the patrimony.

15

CASE STUDY 2: ALL AFRICA CONFERENCE OF CHURCHES ASSET DEVELOPMENT 2000-2025

Bright Mawudor

15.1 Why Asset Development of AACC?

The All Africa Conference of Churches AACC is the Regional Ecumenical Organisation for the whole continent of Africa. It represents 174 national churches and regional councils with over 120 million members. Its Head Office in Nairobi/Kenya implements joint programmes. Founded in 1958 and celebrating its 50th anniversary in 2008 in Kampala/Uganda, it depended for the first forty years to a great extent on donations from Christian development services abroad. As they decrease and new strategies of sustainability had to be developed, the question of asset development got more attention. Reasons for asset development of AACC therefore have been:

- Provide future funds towards replacing buildings, vehicles, equipment etc. in future;
- Fixed Assets Replacement – as donor funds dry up;
- Maximise/optimize the value of assets;

- ensure sustainability of social services/ diaconal programmes of the Church;
- Make up for decreasing financial support by international partners;
- Provide long-term benefits for Church workers in the form of pensions;
- Long term investment of endowment funds given to the Church.

The goal is to finance by 2020 the core costs of the Head Office from income from own assets!

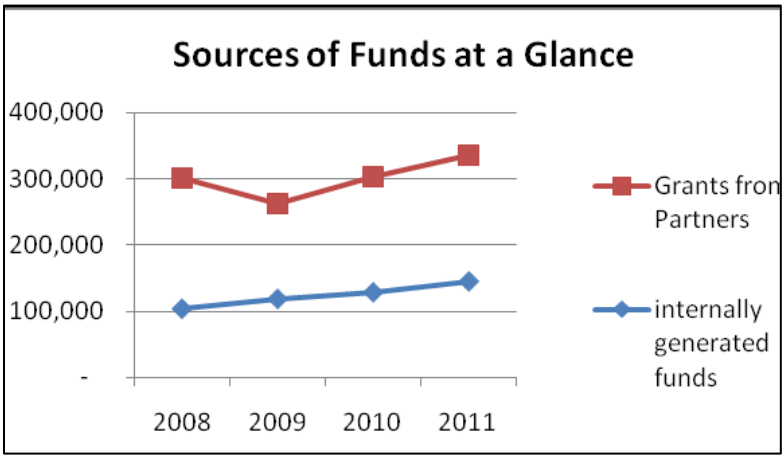
15.2 Steps of AACC for Successful Property Development

15.2.1 The Strategic Plan 2008-2020 and its Success

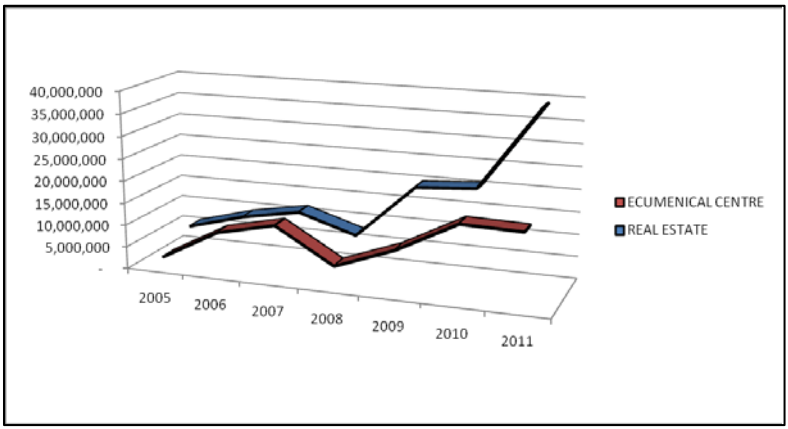
AACC with a committee under leadership of the author developed a strategic plan 2008-2020[106], now extended to 2025. One key goal in the strategy is to increase income from own assets (internally generated) in order to become less dependent from grants from abroad: "In terms of sources of funding, both the grants from partners and the internally generated funding has been on an upward trend. The Development plan is targeted to significantly reduce the disparity between the two sources. The growth of the internally generated funds especially the Strategic Business Unit has been gradual and consistent, hence dependable."[107]

[106] AACC, *Property Development strategy/Plan 2008-2020*, Nairobi 2012.

[107] Ibid. All further quotes and graphs in chapter 15.2.1 from same source.



The performance 2005-2011 from income from real estate assets of AACC and from its ecumenical centre shows impressive growth:

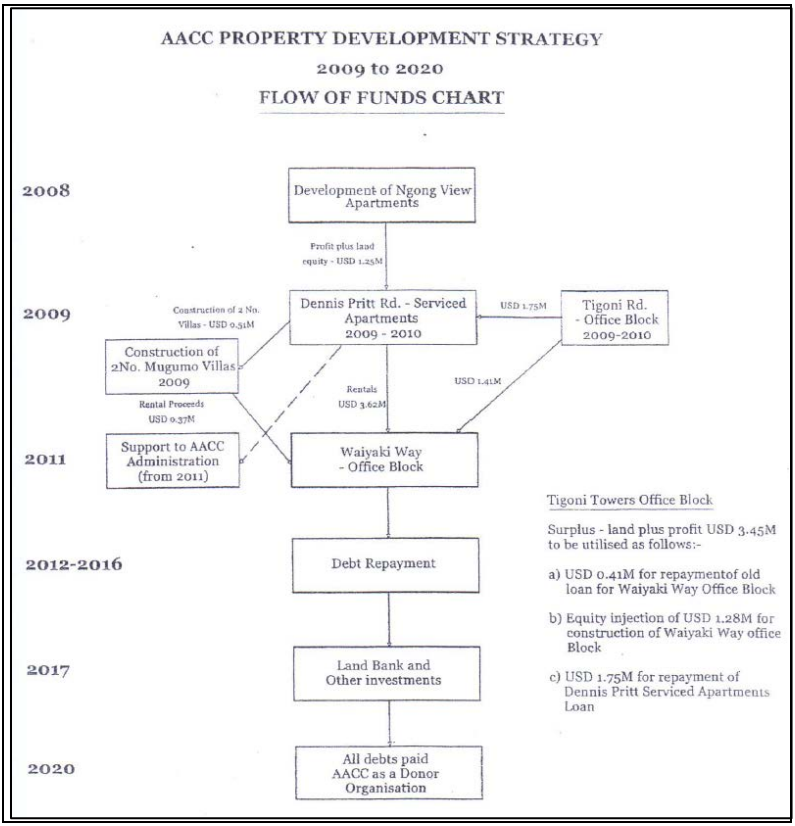


"The historical performance above depicts a positive trend for the Strategic Business Unit. Except for the year 2008 that dipped due to the negative effects of the post-election violence, both the gross income and the net surplus from the Unit have been growing gradually. This supports our focus on the Plan as a way towards financial independence."

15.5.2 The AACC Asset Development Strategy Included Six Projects:

1. *Expansion of the Desmond Tutu Conference Centre 2010-2012*. "The estimated project cost is Kshs.147.4M and construction period is 10 months commencing in the year 2011. The construction cost will be financed by taking a debt of Kshs.120M from Oikocredit and the balance of Kshs. 27.4M will be pre-financed by the Contractor."
2. *Development of 3 No Mugumo Villas 2013* with a construction period of one year.
3. *Development of Serviced Apartments on Tigoni Road 2013-14* with 60 apartments. "The estimated project cost is Kshs.386.8M and construction period is 15 months commencing in the year 2014. The construction cost will be financed by taking a debt of Kshs.150M and equity injection of Kshs. 90M from the property development fund."
4. *Development of Serviced Apartments on Dennis Pritt Road 2015-2016* with 40 apartments and a construction period of 15 months.
5. *Development of Office complex on Waiyaki Way 2017-19*. "This project comprises of the development of 100,000sq. ft of office space for rent. The estimated project cost is Kshs. 630.8M and the construction period is 3 years."
6. *Use part of the Property Development Fund to buy land in Addis Ababa*, Ethiopia for future development into an office complex for rental.

The *key steps* of the strategy 2009-2020 are shown in the graph below.



AACC successful real estate development in Nairobi/Kenya

15.2.2 Establishing a Legal Entity for Faith-based Economic Ventures

AACC established a separate entity to manage the real estate and other business ventures of the Church. But the entity must be structured in a way that it is responsible to the Church leadership.

Advantages for establishing a separate legal entity for economic activities are:

- Protection of the assets of members of the congregation/Church organization or of an unincorporated association;

- Easy to secure funds to finance economic ventures;
- Easy to bring together various stakeholders or religious groups for a common project;

Steps for establishing a legal entity for faith-based economic ventures: Generally, an Attorney or Lawyer will assist, but the following four basic steps are required, among others:

- Select a corporate Name (Limited by Guarantee).
- Prepare and sign a Certificate of Incorporation with the help of a lawyer.
- Obtain required approvals and waivers from appropriate government departments.
- Hold an initial organizational meeting of the Board of Directors.

Remember that capital is the soul of the business – so protect it. Ensure Financial Regulations & Policies are in place. Specifically, do pay attention to availability of the following:

- Human Resource Management
- Procurement Manual
- Vehicle Replacement manual
- Setting up of Audit Committee; Tender Board
- Annual Inventory of assets.
- Regular maintenance is key.
- Develop a Master Plan (short-term and long-term) for development.

15.2.3 Some Key Processes Involved in Property Development

A need to analyse the nature of the property market in country, region or globally (e.g. Kenyan market conducive).

Identify all the stakeholders involved in the property development process (professionals such as the legal experts, architects, financiers, engineers, management).

Need to understand the legal framework and statutory framework for property development (e.g. Obtaining of proper authority such as environment assessment NEMA (in Kenya).

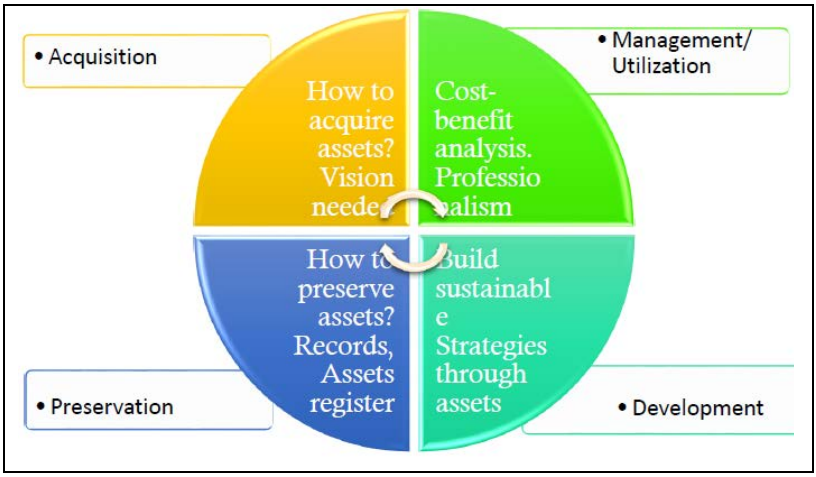
15.2.4 Membership of the Property Development Committee

Your property team will most likely include some or all of the professionals: Attorney, Tender or Mortgage broker, Investors, Contractor, Accountant, Architects, Estate Planner, Surveyor, Structural Engineer etc. Kindly note that it takes a team to be successful in the property business.

15.2.5 The Results of AACC Involvement are now Visible

AACC benefitted a lot by conducting an organizational diagnosis. This was done within the framework of a clear and comprehensive governance accountability, structure and legal framework. The Organization had to ensure effective Financial Accountability was in place and accompanied by a leadership style and supportive organizational values and culture. We carried out a social audit of the organization and the results were presented at the WCC General Assembly in 2015.[108]

[108] Following Graph from Bright Mawudor.



The process included review of Policy Manuals or new ones introduced. These included Financial Regulations & Policies; Human Resource Management; Procurement Manual; Vehicle Replacement manual; Setting up of Audit Committee; Tender Board; Launch AACC Foundation

The launch of vision 2020 property development strategy included **e**stablishment of Strategic Business Unit within the framework of Vision 2016 – Real Estate Development Strategy. We had to address questions like where we are now. We had to find the right team, evaluate the market, find a great property, assign a valuation establish a property plan, develop a budget, manage the property/ Investment Development Company

15.3 Key Learnings by AACC in Property Management

15.3.1 Learning from Challenges in Property Management

- Many of our leaders still don't know what properties they own. Some churches have remained inward looking only caring for what they know.

- There are lamentations in a number of churches on properties taken away from them.
- Plans for acquisition of Assets remain haphazard and unstructured.
- Some of our churches got money, put up wonderful structures and are now waiting for more money to operate.
- Some churches have tried their best and are generating money from use of their investment assets.
- The problem is that for Church-Related Organisations CROs who are beginning to make good money, their pattern of expenditure has started climbing contrary to original values of simplicity and cost savings.
- It will not be easy to sustain such investment as there is the temptation to eat into the seed money.
- There is a growing rush by some CRO's to invest in shares without due diligence process and they lose out.
- Some CROs make impulsive decisions to engage in investing in stock markets or money markets before they are educated.
- Churches are not ready to sell assets even where it is clear that they can better invest proceeds from sale.
- Some church land that was donated by families are in dispute as the older generation pass on.
- There is stealing of church property.
- No Fixed Assets Register is maintained.
- Getting surprises that leases have expired and not renewed.
- Valuation of Assets remain grossly inadequate and leave the church vulnerable to losses in the event of fire, theft etc.

15.3.2 Key Lessons

- Take stock of the land bank that you have and seek to work with reliable investors.

- For leasehold assets you could earn better returns by making creative use of existing land-operating leases.
- Get a Professional Committee in place and give them clear targets.
- For motor vehicles, keep proper log and accountability.
- For equipment, don't allow them to rot. Use them.
- To avoid possible fraud, undertake a confidence audit.
- The growing urbanization is providing opportunities for better returns on use of our land, vehicles etc.
- Get to your Board lay persons who are better informed on returns with less risks.
- Keep track of the leasehold period.

"Success Isn't an Accident"[109]

"Most of life is built on 'cause and effect' relationships:

…When the fire is hot, the water boils quickly.

…When the man is lazy, poverty overtakes him.

…When the sun goes down, so does the temperature.

For every reality, there is a 'causing' behaviour or a set of actions. Virtually nothing of value happens without an originating source.

One's comfort zone today may be 'acceptable' but inadequate for the future. Yesterday and today may have been OK, but tomorrow could be better because a decision can be made.

The joy of accomplishment is reserved for those who commit themselves to the right originating behaviours. History, yours, mine and theirs, proves that people invest themselves in efforts stimulated by what they believe to be an "attractive cause". Conversely, the "unattractive cause" is ignored. The attractive cause, birthed by the right originating source, and behaviour has a bright future.

No one will automatically line up to guarantee your future. But the line will grow steadily as you become the source of the inspiration for others to become part of your "cause".

Success isn't an accident!"

[109] Unknown author of this text.

16

GLOSSARY OF DEFINITIONS

William Otiende Ogara

16.1 Fixed Assets

Assets of a permanent nature required for the normal conduct of a business. For example, furniture, fixtures, land and buildings are all fixed assets. Every diocesan unit should have a complete inventory of all fixed assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Fixed Asset Register. A complete inventory should be taken at least every year for good internal control and for verifying account balances carried in the accounting records.

1.1 Fixed Assets/Inventory Register: The fixed assets/inventory register is a record of the commodities procured (or otherwise received) by the project. The register can be maintained in a bound book or on individual subsidiary cards. The register should provide a sufficient description of each item, including Date procured; Quantity; Value of asset; Invoice reference number; Physical location of the item; Serial number of the item; General condition of the item when received; Rate of depreciation of the asset and any additional information

1.2 Land: The records of each diocesan unit should reflect land owned, its location, its acquisition date and the cost (purchase price). If the purchase price is not available, appraised value may be used.

1.3 Buildings: A fixed asset account for buildings should reflect the location of each building and the cost value (being the purchase or construction cost) and the cost of improvements, if applicable. If a building is acquired by gift, the account should reflect its appraised value at the time of acquisition.

1.4 Improvements Other Than Buildings: A fixed asset account should reflect the acquisition value of permanent improvements, other than buildings, which have been added to the land. Examples of such improvements are fences, retaining walls, sidewalks, gutters, tunnels and bridges. The improvements should be valued at the purchase or construction cost.

1.5 Equipment: Tangible property of a permanent nature (other than land, buildings and improvements) should be inventoried. Examples include machinery, trucks, cars, furniture, computers, adding machines, calculators, bookkeeping machines, data processing equipment, desks, safes, cabinets, books, etc. The value of such items should be carried in the inventory at the purchase cost. The governing body should establish a capitalization policy that sets an amount as a threshold to be used in determining which equipment items will be recorded.

1.6 Construction Work In Progress: Where construction work has not been completed in the current reporting financial year, the cost of the project should be carried as "construction work in progress." When the project is completed, it will be placed on the inventory applicable to the assigned asset accounts.

16.2 Standards of Care

2.1 Prudence: The standard of prudence to be used by the Investment Committee or designee involved in the investment process shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio.

2.2 Ethics and conflicts of interest: The Investment Committee or designee involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program or that could impair their ability to make impartial decisions.

Employees and Investment officials shall disclose

- any material interests in financial institutions with which they conduct business;
- any personal financial institutions with which they conduct business, and
- any personal financial/investment positions that could be related to the performance of the investment portfolio.

Employees and officials shall subordinate their personal investment transactions to those of the Diocese particularly with regard to the timing of purchases and sales.

16.3 Internal Controls

3.1 Church units (e.g. a diocese, a province) should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

3.2 Prescribed Forms: Officials and employees are required to use Diocesan prescribed or approved forms in the manner prescribed.

3.3 Pre-Signing Documents: Cheques and receipts should be prepared timely and not signed in advance of the event or transaction

3.4 Receipt Issuance: Receipts shall be issued and recorded at the time of the transaction; for example, when cash or a cheque is received, a receipt is to be immediately prepared and given to the person making payment.

3.5 Records Retention: Supporting documentation such as receipts, cancelled cheques, invoices, bills, contracts, and other records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee.

3.6 Transaction Recording: All financial transactions pertaining to the diocesan unit should be recorded in the records of the diocesan unit.

3.7 Procedures: As part of the daily cash funding process the closing balance of the Cash and Bank will be reviewed to ensure it is maintained within liquidity requirements including safety buffer.

If the balance of Cash and Bank balances falls outside of the liquidity requirements the Finance Administrator will be notified.

The Finance Administrator will undertake a review of expected future cash flows including receipts and payments such as Salaries, to determine if a withdrawal from investment is required.

The Finance Administrator will document the above determination and take the necessary steps to undertake the investment or withdrawal if required.

17

ANNEXES

Annex 1 All Africa Conference of Churches AACC: Recommendations on Corruption, 2003

Recommendations on Corruption, adopted by the All Africa Conference of Churches (AACC) General Assembly, November 2003, Yaoundé, Cameroon

A. Recognising that the root cause of corruption lies in the abuse of power or privilege and therefore an unethical act leading to a moral crisis, the group proposes the following for approval by the Assembly:

AACC and the member churches make anti-corruption a top priority in their mission and activities between now and the next assembly.

AACC jointly with member churches, fellowships and NCCs develop a Code of Conduct against corruption based on the 1999 Code of Conduct of Cameroon.

Churches should share with the AACC information on their activities and action against corruption. AACC will synthesise, coordinate and disseminate this information.

Since charity begins at home AACC member churches take immediate action to declare all church-related institutions like schools, clinics, hospitals, offices etc. CORRUPTION- FREE ZONES.

AACC, fellowships, NCCs, churches conduct their business with such transparency as to demonstrate that church institutions are themselves corruption-free zones.

AACC General Committee promotes an annual anti-corruption week to be observed throughout Africa.

AACC and its members are encouraged to network with other civic society groups and governments committed to expose and end corruption.

AACC, fellowships, NCCs and the churches to monitor contractual arrangements of multilateral organisations.

AACC provides progress reports to meetings of the General Committee.

B. Recognising also that the debt burden is one of the causes for corruption it is proposed that:

Churches and civic institutions advocate for an open public discussion on the national budget before and after it is passed for approval.

Annex 2 All Africa Conference of Churches (AACC): Resolution on Stewardship, 2013

Resolution on Stewardship, Accountability, Transparency, Leadership and Governance[110]

The AACC, its member churches and Christian institutions are called to be good stewards of resources under their custody and are accountable to God and man. The AACC therefore: Remembering the call of God in Jesus Christ to be faithful disciples and good stewards of the entrusted charisma and natural, human, financial and organizational resources (Luke 12:42-48);

1. Recalling that the whole world, but especially the Christians, are held accountable to God (Romans 3: 19) for all their beliefs and actions and held accountable for their hope (1 Peter 3:15);
2. Considering that Christian leadership means servant leadership (Mark 10:45);
3. Recognizing that Christians are called children of light acting not in darkness, but in the light and in transparency (John 12:46); and
4. Remembering the 8th General Assembly's (Yaoundé 2003) "Recommendations on Corruption" which require among others that "AACC member churches take immediate action to declare all Church-related institutions like schools, clinics, hospitals, offices etc. corruption-free zones";
5. Recognizing also the manifold efforts of AACC and its member churches including undertaking the" Social Audit of the Secretariat of All Africa Conference of Churches" 2006 and providing training in leadership and Church management;

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[110] Source: AACC 10th General Assembly, Uganda 2013, *God of Life, lead Africa to Peace, Justice and Dignity*, Nairobi: AACC 2013, 107-108 (chapter 4.3.9.1. Resolutions).

6. Recalling the commitment of the 9th AACC General Assembly in Maputo 2008 to moral regeneration, human rights, stewardship and governance in Africa and in its churches;
7. Acknowledging the existing codes of conduct, guidelines and frameworks of member churches, ACT Alliance, EMW and others and welcoming new initiatives such as the African Centre for Accountability and Accreditation (AfCAA);

- AACC secretariat to offer in a participatory process leadership training on stewardship, accountability, transparency leadership and good governance for leaders of churches and church-related institutions;
- AACC secretariat to develop in a participatory process leadership codes of conduct and implement and monitor them;
- Theological institutions of member churches together with AACC to increase formation on Christian leadership and accountability in managing resources;
- AACC Secretariat and member churches to seek learning partnerships to learn from best practices of churches and church-related institutions;
- Member churches and NCCs to professionalize finance departments and strengthen regulations for expenses, procurements, separation of power and accountability;
- Member churches and NCCs to address political authorities and business leaders to overcome abuse to entrusted resources for personal benefit, to develop effective mechanisms for being a unified voice and to get involved in national good governance initiatives, e.g. in the African Peer Review Mechanism (APRM) in the respective countries;
- **AACC Secretariat to launch and implement an African Christian Assets Programme (ACAP) that will facilitate member churches to map, register, secure and manage**

Church-related assets of land, resources and real estates and to increase income from it [bold by the editor];

- Member churches and NCCs to decide on minimum standards for candidates for elections of positions in churches and Church-related institutions within the provisions of the churches, including a clause for fair campaigning and prohibiting candidates from buying votes;
- AACC to seek cooperation with partners (ecumenical, governmental, business and civil society) for sharing expertise, co-funding and implementing the action plan;
- Member churches and NCCs to submit every second year to AACC General
- Secretariat a progress report on the implementation of the action plan on
- stewardship, accountability, transparency, leadership and governance.

We, the delegates of the AACC 10th General Assembly, affirm that this is possible through the guidance of God's Spirit.

Annex 3: African Church Assets Program ACAP. Media Release of the Participants of the Workshop. AACC Conference Center, Nairobi/Kenya, 2-4 March 2016

1. Preamble[111]

We participants gathered here at All Africa Conference of Churches (AACC), Nairobi, Kenya, representing Churches and church-related organizations from 10 countries namely Cameroon, Democratic Republic Congo(DRC), Ghana, Kenya, Nigeria, Rwanda, Tanzania, Uganda, Zambia, Zimbabwe appreciate the importance of exercising proper stewardship over assets entrusted to us. We recognize that today, Churches and church-related institutions such as schools, hospitals, seminaries, universities and agencies own and manage large amount of assets (real estate, land, forests, water resources, works of art and financial investments) and that it is our God given responsibility to care for proper acquisition, use and disposal of these assets.

We gathered under the auspices and the support of the All Africa Conference of Churches, Bread for the World and Globethics.net Foundation which is a global network on ethics with three regional programmes in Africa (East Africa with an office in Nairobi, Kenya, Francophone Africa based in Cotonou, Benin and Southern Africa based in Pretoria, South Africa) and with over 20 National Contacts in the continent.

We appreciate the efforts of churches and church related organizations in improving assets management. We recognise that throughout history, many churches have continued with difficulties to depend on their own assets rather than external donations that have remained unsustainable. The last three decades of gradual decrease in funding from

[111] Media Release, also in African Church Assets Programme ACAP. Workshop Report, Nairobi/Geneva 2016, Geneva: Globethics.net, 2016, 57-60 (free download: www.globethics.net/reports).

donors have opened our eyes to new possibilities for becoming self-sustaining through creative use of Assets entrusted to us by God.

Today, we believe that the efficient, effective and ethical management of entrusted assets and resources is not only a moral duty, but also an economic imperative to guarantee the long-term sustainability of these services.

2. We are full of hope and express our concerns

We heard manifold success stories of participants and their institutions of improved and successful management of assets which led to an increase of income and sustainability.

2.1 We thank God for all faithful people and their courage as change agents and good stewards of assets which are God's property to care for.

2.2 We praise the practice good governance, leadership and accountability in the management of our assets and resources in religious institutions, especially aware of difficult circumstances on the African continent.

2.3 We remain deeply concerned at the growing debt portfolio in many of our countries. Indeed, debt is not life in dignity. The campaign for debt cancelation for two decades does not seem to have yielded any significant benefits to our communities

2.4 We are deeply concerned at how senseless wars and conflicts have destroyed the fabric of our society and led to destruction of some of our valuable assets

2.5 We have indeed been slow in making decisions concerning acquisition and use of assets and we have not been able to think about time in an ethical and theological manner

2.6 We are aware that we have not always exercised efficient and effective stewardship over use of assets entrusted to us.

2.7 We have often underinsured a number of our major assets against fire, theft and loss.

2.8 We remain concerned about the fact that many of our institutions still don't have asset registers of their properties to effectively control and monitor their use.

2.9 We are concerned that some are still holding onto assets even where it is clear that they could have been disposed of and proceeds from sale better invested

3. As we return to our churches, we commit ourselves to:

3.1 Recommending to our churches to consider developing a theological curriculum in our educational institutions that addresses effective stewardship over assets;

3.2 Sensitizing our communities about the importance of stewardship over resources entrusted to us by God;

3.3 Putting in place a robust management and leadership structure that cares for our resources

3.4 Caring for resources will include: taking stock of the land bank, providing budgetary provision for preventive maintenance, possible risk of litigation, registration of documents and seeking to work with reliable investors;

3.5 Ensuring that for leasehold assets we shall try to seek for better returns by making creative use of existing land-operating leases;

3.6 Establishing the culture of utilizing professionals to assist us manage our assets.

3.7 Ensuring that we verify the reasonableness of returns on investment of our assets by being in touch with likeminded organizations

3.8 Maintaining an Assets Register and that is regularly up dated. All assets will be tagged for proper identification;

3.9 Putting in place a basic insurance cover to assist many churches secure their assets against loss and theft.

We pray that God will give us the strength, will and energy to put into practice what we have learnt during these three days.

4. We ask our development partners

4.1 To stand with us in the process of implementing the commitments;

4.2 To support us in coordination between us, in expertise and identifying experts, in putting in place mechanisms of asset management;

4.3 To accompany us in the effective acquisition, use and management of assets in keeping with our core mission.

5. Coordination and next steps

5.1 We ask Globethics.net in collaboration with AACC to take the coordination role in strengthening the Assets Management

5.2 We ask Bread for the World (BfDW) and other Partners to support this process.

5.3 We plan to meet within one year and report back on our progress and discerning the way forward. Next meeting is planned for March 1 to 3, 2017 at AACC Conference Centre.

Annex 4:
African Church Assets Program ACAP II. Workshop Report, Nairobi 21-23 Sept 2017. Executive Summary

1. The ACAP II Workshop[112]: The ACAP II workshop, held from September 21 to 23, 2017, was attended by 26 participants drawn from 11 Countries of West Africa, Central, South and East Africa, representing 16 organisations. The workshop had one primary aim which was to work towards the improvement of our asset mapping process; enhancing our capacities, competencies and commitment in assets management and reinforcing our stewardship of the goods entrusted to our care.

2. Link with ACAP I: The ACAP II initiative is a follow up to the ACAP I Conference held at AACC in March 2016, attended by 18 participants representing 16 different organisations and 10 different countries. ACAP I helped in raising required awareness; facilitating the formulation of a document that outlines common issues, recognizing the needs for assets registration and developing strategies and tools needed to strengthen capacities of the participants.

3. Centrality of Asset Management: Assets Management of the human and material resources of Churches in African countries has been identified as a key issue. It assists in preventing the promotion of all round financial sustainability and overall development of Churches and Church-related organisations in the spread of the Gospel and the improvement of livelihoods. It is widely recognised that the period of over dependence on donor institutions is over due to donor fatigue and current demographic and changing global challenges.

4. Role of AACC and Globethics.net: Following an initiative and inspiration of the All African Conference of Churches and the leading Ethics Foundation Globethics.net with its Headquarters in Geneva Swit-

[112] African Church Assets Programme ACAP II. Workshop Report, Nairobi 2017, Geneva: Globethics.net, 2018, 15-20 (free download: www.globethics.net/reports).

zerland, this meeting on African Church Assets Program (ACAP) has received the support of Bread for the World Germany and participation of the various Churches within the ecumenical family and Church related organisations.

5. Key Progress Marks: Shared stories from participants have exposed the honest efforts that are in place to ensure improved assets mapping. The Survey conducted in May 2017 has identified the key problems and prospects and has enabled this workshop to be process driven, interactive and practical. There is an urgent need for churches to lead by example in the transparent, accountable and sustainable management and stewardship of the goods entrusted to our care by our Churches and Church Related Organisations (CROs).

This workshop has strengthened participants' knowledge of best practices. It has made them resolve to work with a deliberate and intentional process of capacity development for our Institutions on Assets management and development entrusted to them by the community and God. What is key for success is a disciplined approach to solutions and make honest effort to learn from the successes of others in the manner in which we manage our assets.

6. Revisiting Strategic Strengths of Churches: Today, many Churches have assets in landed property, yet their real estate's development remains under-exploited. These include vast acres of land resource lying idle in strategic locations. Such opportunities that impact investment, especially if done with credible institutions, encourage joint ventures and Churches and therefore need viable business plans with, governments and investors and the private sector.

7. Key Action Points:

7.1 Regularization of Titles: Participants at this ACAP II Conference underscore the urgent need for legal titles and registration of Church properties; an inventory of temporal goods and the recognition within the national laws of our countries of the material assets. Requirements include financial payments; proof of ownership of property; documentations; investment models to utilise land in exchange for registration funds.

7.2 Put in Place Mechanisms for Safeguarding Ownership: In order to succeed, participants will have to address the danger that some of these properties may end up being registered in the name of private persons instead of the corporate and legal holders and resolve therefore to use strong mechanisms, policies and structures that would prevent individuals from registering properties in their names. There is need to address the cumbersome public sector methods found in registrations; the high costs involved to register titles, properties and lands;

7.3 Address Issues of Corruption: The fact that corruption is prevalent with the systems operated in some of our environments and therefore urgently require and request support from our partners locally and internationally to succeed. Explore strategic partnerships with credible investors for these projects and extend invitations for partnerships following due diligence process from around the globe.

7.4 Enhance Capacity of Member Churches: There is also the urgent need for capacity building of our personnel; access to knowledge through digital and other forms, curriculum development for training in theological schools and regular avenues for the sharing of experiences across ecumenical and regional boundaries.

7.5 Take Wise Advantage of Communication Facilities: As part of the process of promoting a supportive business culture within our Churches, it is encouraged to take wise advantage of the means of mod-

ern communication which offers several opportunities, digital platform and mobile payment applications which are convenient.

7.6 Promote Relevant Policies for Assets Acquisition and Use: In order to ensure a disciplined approach to assets use and development, the need to develop and implement relevant policies on acquisition, use, development and documentation of such properties is urgent. This will go a long way in discouraging possible fraudulent activities.

7.7 Develop and Publish Church Assets Handbook: It was identified that due to lack of policy guidelines, handbooks and resource materials, Church leaders do not have the required orientation that helps process of enabling them in assets management. This is an urgent piece to be handled and the publications tabled at the forthcoming AACC General Assembly.

7.8 Be Intentional about Curriculum Review: It was identified that working with some private Christian Universities would expose the youth and seminarians to think stewardship. Therefore, engaging them in the review of the curriculum of Theological Institutions to include Asset Management and routine refresher programmes would be an agenda going forward. Churches are being encouraged to explore opportunities for replicating online Training modules such as those promoted by the Globethics.net and the other like-programmes among ecumenical bodies. This process will encourage Churches to put in place a deliberate effort on teaching stewardship of Church Assets. As a basic minimum all Church leaders would be trained on stewardship of assets.

7.9 Put in Place Adequate Insurance Cover for Assets: It has been identified that many Church personnel lack adequate social and health safety nets/insurance covers (securities) which are fundamental in order to ensure human care and respect. To ensure sustained management of assets, social safety nets are important as they guarantee the dignity (and continuity in service by) of personnel and members. It is the practice

already in some countries to make social security compulsory by the State.

7.10 Be Intentional on Use of Auditors: Assets management recognises the role auditors play in assuring accountable and transparent reports for the Churches. It is therefore recommended that both internal and external auditors be appointed including the establishment of audit committees in line with best practices.

7.11 Promote Online Community of Practitioners: As part of our commitment to be and remain learning organisations, we seek to be part of the active online community of practitioners created by Globethics.net within African Church institutions that actively share lessons learnt with experiences that promote practical actions within their own institutions and beyond.

7.12 Widen Scope of Assets Management: Churches need to explore ethical entrepreneurships and social impact programs in the management of their assets. This must go beyond the simple profit motive. To this effect, the Workshop strongly recommends efforts that promote and help Churches build on social capital, ecumenical capital, ethical capital and economic capital and yet are sustainable.

8. Conclusion: This ACAP II has set the stage for churches to make great strides. Indeed, well managed Assets and resources serve to promote the spread of the Good News carried out by the Churches; they promote human dignity and the common good. Finally, they lead to accountability and the proper management of resources given to our care as demanded by the Gospel for stewardship.

Annex 5
Checklist Institutional Resources

My/our Institutional Resources: Discover God's entrusted Assets

Then take time to fill in honestly the following table. You answer them for yourself for improving your leadership competence and personality and for fulfilling your responsibility in your church/organisation. Go to a quiet place where you are not disturbed by others. Take at least two hours, especially for the column of possible measures to improve the availability and responsible use of these resources. Read after also Matth.. 25:14-30 on entrusted assets.

My name: .....

My institution and function in the institution: .....

.....

Resources	**Available**	**Partly available**	**Not (yet) available**	**Required to reach goals**	**Measures to undertake**
1 Human Resources *(manpower with competences/ skills, physical/mental health, duration of stay)* Senior/ middle management Other employees Board/Board Committees Volunteers/Interns Friends, relatives Others:					
2 Financial Resources Income (fees, interest, grants from partners and governments., investment income, income from services/training					

fees, retained earnings) Equity/reserves Insurances (sales/ commissions) Bank loans Guarantees Real Estate Others:					
3 Product/services Resources Diversity of products/ services (list them on separate sheet) Quantity of products/services (list quantity on separate sheet) Quality of products/services (list quality attributes on separate sheet) Others:					
4 Knowledge/ Information Resources Brain of human resources Access to databases (Internet, Intranet, in house/external training, partnerships) Experience of manpower Documentation/ manuals Risk management Competitor analysis Others:					

5 Innovation Resources Research/ Development (own and from others) Product/market development (new product, current market; new product, new market) Creativity Intercultural/inter organisational exchange Others:					
6 Organisational Resources Organisation name / brand Organisation values Strategy/business plan Location Infrastructure Legal structure Organisational structure Decision competences/ workflow/ business efficiency Staff loyalty Staff competency Information management system Others:					
7 Networking Resources Networking partners (clients, experts, other networks, lobby organisations) Strategic partners/investors Social partners/investors Technological networking facilities (internet, intranet, points of sale, mobile phone) Government relations Others:					

8 Communication Resources Communication technologies (internet, mobile phone etc.) Website of organisation Media access Conferences Mailings Communication skills of staff and board Others:					
9 Natural Resources Land Water Air Renewable energy Non-renewable energy Timber Others:					
10 Material Resources Office furniture Office equipment Vehicles Real estate Owned or rented land Power packs up Others:					
11 Spiritual Resources Spiritual commitment Credo, values Bible studies Worship, prayers, spiritual coaching/mentoring Others:					

12 Time Resources Punctuality Efficient time planning Time management/control Setting priorities Others:					
13 Reputation Resources Reputation of staff members Reputation of board members Reputation of the national organisation Reputation of the international organisation Reputation of product/service Received or given labels and awards Others:					
14 Others					

***Source**: Christoph Stückelberger: Responsible Leadership Handbook. For Boards and Staff. Globethics.net Praxis Series No 1, 2014. (Free download from: www.globethics.net/praxis-series).*

Annex 6
Checklist Evaluating Effectiveness of Asset Management

The purpose of this checklist is to evaluate the effectiveness, efficiency and completeness of the financial systems and procedures put in place by your Church/Church Related Organisation(CRO) in the management of your assets (especially properties: real estate, land). You will appreciate that without effective financial management and internal controls, your organisation is exposing itself to unnecessary risk. (Note: The checklist is not exhaustive).

Describe which parts/ levels of your church or church related organization are covered in your answers below (e.g. only national level, head office, or also provincial and local level).

		Yes	No	Comment
1 Structure/Governance				
101	Does your Organisation/Church have a written Mission Statement?			
102	Does the Mission Statement reflect a possible changing environment of the Church/CRO?			
103	Is there a clear organizational structure (include organizational chart)?			
104	Is there a separate supervisory board/board of trustees and executive board?			
105	Do supervisory and executive boards meet with a regular frequency?			
106	Is there a good separation of duties			

	and responsibilities?			
107	Do board, management and staff have clearly defined roles and are these well described?			
108	Is there a coherent system for recording justifying documents?			
109	Is there an authorization procedure for financial transactions?			
110	Is there an authorization procedure for purchases/investments (fixed assets)?			
111	Is there a Committee for procedures on fixed assets and is there a comprehensive understanding of what fixed assets comprise?			
112	Who has the final decision for fixed assets (planning, purchases, sales, investments)? Indicate under comments			
113	Is there both a local currency as well as a hard currency bank account?			
114	Is there a budgeting procedure with involvement of management and financial staff?			
115	Is there a management information system in place?			
116	Is there frequent internal and external financial reporting, including a budget variance analysis?			

117	Do the financial statements include a balance sheet, income/expenditure statement, cash flow statement?			
118	Are the annual financial statements consolidated, including all operations and projects, or only project-based?			
119	Does the Audit follow the International standards?			
120	What is the quality of the audit? (add a comment)			
121	Does auditor provide a separate management letter?			
2 Internal Controls				
201	Is a clear and administrative manual in place?			
202	Is there a and written procedure for: Grants/fund management Cash/bank reconciliations Purchases/procurement of assets Fixed assets Salaries/Administration			
3 Financial Function				
301	Is there a financial director or manager?			
302	Are all required positions filled?			
303	Is financial staff capable and professional?			

304	Does the staff have clearly defined job description and responsibilities?			
4 Financial Policy and Sustainability				
401	Is there an explicitly formulated financial strategy?			
402	Does financial strategy link well to mission, goals and activities of the Church/CRO?			
403	Is there a relation between budget/accounting and general PROGRAMME Monitoring and Evaluation?			
404	Do you have a policy on Funds diversification Generating own income Reserves, own funds, cost efficiency			
405	Is there a financial strategy/analysis in the annual financial statements?			
406	Is attention given to a good and transparent donor relationships and marketing?			
5 Procurement				
501	Do you have procurement policies and regulations manual?			
502	Do you have a tender board?			
503	Is there a limit as to how much Authorising Officers can approve?			

6 Fixed Asset Inventory, Registration and Accounting				
601	Do you have a Fixed Asset Register?			
602	Do you have a Fixed Asset Inventory? Add under comments the year when it was last done			
603	Are the land assets/titles legally registered? (If partially, mention partial under comments)			
604	If land assets are not or one partially legally registered, do you have plans to register what is not yet?			
605	Have there been in the past court cases on fixed assets?			
606	Are there at present court cases on fixed assets?			
607	Are mortgage records maintained and kept in a safe deposit box?			
608	Do mortgage records agree with financial records?			
609	Are Insurance records complete including an assessment of property values?			
610	Has a conscious decision been made about how fixed asset values should be shown in financial reports?			
611	What is the proportion of your proper-			

	ty income to your total income per annum?			
7 Future Plans and Needs				
701	In case a complete inventory of the fixed assets does not exist or is out-dated (more than 3 years old), do you have the plan to make a (new) inventory?			
702	Do you have an estimation of costs of a new inventory?			
703	Do you have a property development plan for real estates (maintenance and income generating)?			
704	If not, do you plan to develop one?			
705	Do you have a property development plan for land (maintenance and income generating)?			
706	If not, do you plan to develop one?			
707	Do you have a future investment plan?			
708	If not, do you plan to develop one?			
709	What are the a) most urgent, b) mid-term needs for the improvement of asset governance and management? Speed up with the inventory, pass the Estate Policy, Transport Policy and Procurement Policy.			

Other Comments:

……

……

Annex 7
Church Assets Management Action Plan CAMAP

Name Church/ Church-related Organisation: .....
.....
.....

Address: .....
.....
.....

Name Contact person and Email: .....
.....
.....

N°	Goals	Activities	Responsible Person(s)	Time Frame	Costs/ means	Comments
01						
02						
03						
04						
05						
06						
07						

Add List of Supporting Documents (if available)

Annnex 8:
Minimum Standards for Candidates for Church Elections

The Prophetic Forum for the Life and Witness of Churches (PFLWC) in South India, at its fourth workshop in Chennai, India, on 27-28 November 2009 under the theme 'Towards a Second Reformation of Churches in India', proposed 'Twelve minimum standards for candidates for election to the Church Synod'[113]*:*

1. Persons who do not have against them a history of well-documented charges of corruption, maladministration, receiving of bribes and gifts, favouritism and nepotism especially in respect of family members.
2. Those who do not follow a lavish lifestyle and who eschew undue publicity and discourage sycophancy.
3. Those who have a desire for reconciliation and peace-making and are willing to bring an end to long standing litigations through negotiations.
4. Those who are willing to take seriously charges of corruption irrespective of the status of the persons against whom the charges are made and initiate a genuine inquiry.
5. Those who will declare an immediate moratorium on sales and lease of CSI TA properties, pending a thorough investigation into the status of permission so far granted for such actions in relation to the conditions on which permission was granted.

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[113] Prophetic Forum for the Life and Witness of Churches (PFLWC), "Report and Recommendations of the Workshop on 'Towards a Second Reformation of Churches in India'", Chennai, 27-28 November 2009, 4-5. Also published in Christoph Stückelberger, *Corruption-Free Churches are Possible. Experiences, Values, Solutions.* Geneva: Globethics.net, 2010, 235-236. Free download www.globethics.net/publications, Focus Series no 2.

6. Those who will promote the autonomy of institutions of the churches and prevent commercialisation and exploitation of educational and health services of these institutions and their properties.
7. Those who will promote transparency and accountability in administration.
8. Those who are willing to set an example to others by declaring their assets and that of their immediate family members.
9. Those who will make their responsibility in the church as their first priority and reduce engagements which encroach upon their time.
10. Those who will not make unprincipled pacts and bargains with power mongers at the time of elections and in sum.
11. Those who aspire to be true servants of the servant Lord.
12. Those who refrain from victimising those who question them and criticise them with good intentions.

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