

ESDO-Contribution Policy for Donor Funded Projects

Revised on 1st July 2025



Eco-Social Development Organization (ESDO)

Head Office

Collegepara (Gobindanagar)
Thakurgaon-5100
Bangladesh



1.0 Overview of ESDO- Eco-Social Development Organization (ESDO)

1.1 Historical Background of ESDO

A group of young social workforce of Thakurgaon District initiated ESDO primarily in order to support the 1988 flood victims. Afterwards, the close association and involvement with the community, especially with the disadvantaged section of the society, inspired them to feel and realize that a planned and organized effort is imperative to change the fate of landless and the poorest people in general and the women in particular. Out of the urge and their heartfelt realization, ESDO emerged as a Social Institution of Bangladesh.

1.2 Vision

ESDO seeks an equitable society free from all discrimination.

1.3 Mission

Reduction in income poverty and human poverty of the people in ESDO's working area through undertaking massive income generation activities, literacy program, nutrition and health program, human rights and good governance program giving proper importance to environmental protection and regeneration. ESDO firmly believes and is actively involved in promoting human rights, dignity and gender equality through people's social, economic, political and human capacity building. Women in general and children are the core and central focus of its activities. Strengthening the organizational capacity carries importance to ensure quality of its services. Extending its services to the ultra-poor is its main manifesto.

1.4 Year of Establishment- 3rd April 1988

1.5 Legal Status

- NGO Affairs Bureau: Reg.No: 694/93 (Renewed-2028), Date: 15/03/1993
- Department of Social Service: Reg.No: DSS/440/88, Date: 14/11/1988
- Registered with the BETB, Registration No: 12121
- Micro-credit Regulatory Authority: Reg.No: MRA-0000204, 25/03/2008
- National Board of Revenue: TIN: 597328140198
- National Board of Revenue: Value Added Tax Registration Certificate, BIN: 000885483-1003
- Potential Applicant Data On-Line Registration (PADOR): BD-2008-EVA-0712824261
- Data Universal Numbering System (D-U-N-S) & Number: 731578014, N-CAGE Code: SVH85

1.6 Management

A General Body governs ESDO. The General Body elects the Executive Committee (EC). EC provides policy guidelines. The Executive Director guides the team members/ staff in order to complete the day-to-day activities of the organization.

Dr. Md. Shahid Uz Zaman
Executive Director
ESDO, Thakurgaon

MD. SHAFIQL ISLAM
Chairman
Executive Committee
ESDO

1.7 Present Structure

General Body: 21 members
Executive Committee (EC): 07 members

1.8 Head Office Address

Head Office Address	Dhaka Office
Collegepara, Thakurgaon-5100, Bangladesh Post: Thakurgaon, Upazila: Thakurgaon Sadar District: Thakurgaon, Bangladesh Phone: +88-0561-52149, Fax: +88-0561-61599 Mobile: +88-01714-063360 E-mail: esdobangladesh@hotmail.com Web: www.esdo.net.bd	ESDO House, Plot # 748, Road # 08, Baitul Aman Housing Society, Adabar Dhaka-1207, Bangladesh Phone: +88-02-8154857 Mobile: +88-01713-149259 E-mail: esdobangladesh@hotmail.com Web: www.esdo.net.bd

1.9 Purpose

This policy establishes the framework under which ESDO will contribute to donor-funded projects. It ensures that organizational contributions are capped at a maximum of 10% of the total project cost, in line with donor requirements and ESDO's financial sustainability strategy.

1.10 2. Policy Statement

- ESDO will provide a maximum of 10% contribution (cash, in-kind, or institutional support) to any donor-funded project.
- No donor-funded project will be implemented unless the contribution requirement is clearly defined, documented, and approved by ESDO management.
- Contributions will be mobilized from institutional resources, community participation, or partnerships, without jeopardizing ESDO's financial stability.

1.11 Objective of Contribution Policy for Donor Funded Projects

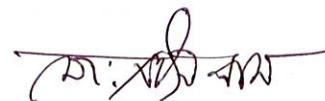
The objective of the Contribution Policy for Donor Funded Projects of ESDO involves the following key objectives:

Ensuring Financial Accountability and Transparency

- To ensure proper recording, reporting, and auditing of all financial transactions.
- To provide clear and accurate financial information to stakeholders (e.g., donors, beneficiaries, and regulatory bodies).



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Ensuring Efficient Resource Allocation

- To optimize the use of financial resources to achieve the organization's mission.
- To ensure that funds are allocated effectively for programs, services, and operational needs.

Ensuring the Sustainability of the Organization

- To manage finances to ensure long-term operational sustainability.
- To create a balance between income (funding, donations, grants) and expenses to avoid liquidity issues, overdrafts, or insolvency.

Ensuring Budgeting and Financial Planning

- To develop comprehensive budgets aligned with the organization's strategic goals.
- To monitor actual performance against the budget to manage resources and make informed decisions.

Ensuring Internal Controls and Risk Management

- To implement internal financial controls to safeguard the organization's assets.
- To identify financial risks and create risk management strategies to prevent fraud, mismanagement, or financial losses.

Ensuring Compliance with Laws and Regulations

- To adhere to the legal and regulatory requirements specific to non-profit organizations or the NGO sector.
- To ensure compliance with tax regulations, donor requirements, and financial reporting standards.

Ensuring Going Concern

- To address the going concern problems and ensure that ESDO can continue its operations effectively.
- To develop strategies to address negative capital funds and manage cash flow problems like large bank overdrafts.



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1.12. Types of Contributions Eligible Under the 10% Rule

1. Institutional Contributions by ESDO
 - Staff time (administration, finance, HR, M&E).
 - Use of office premises, utilities, vehicles, and ICT facilities.
 - Technical expertise and advisory support.
2. Community Contributions (counted within 10% if allowed by donor)
 - Voluntary labor, land use, construction materials.
 - Local knowledge and participation in project implementation.
3. In-kind Contributions
 - Furniture, equipment, and other material resources provided by ESDO or partners.

1.13. Types of Contributions Eligible Under the 10% Rule

- Cash: Recorded at actual financial outlay.
- Staff Time: Valued at actual salary costs plus benefits.
- Facilities/Equipment: Valued at depreciation or rental equivalent.
- Community Labor/Materials: Valued at local market rates or government wage standards.

1.14. Implementation Mechanism

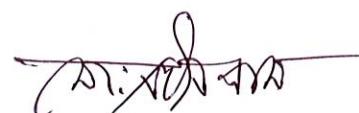
1. At the project design stage, ESDO's Finance Department calculates the 10% contribution requirement based on the total project budget.
2. The contribution package (cash/in-kind/community) is defined in the Project Proposal.
3. Contributions are tracked in a Contribution Register maintained by Finance & M&E.
4. Executive Director approves all contribution commitments.
5. Contributions are reported quarterly to the donor and annually in ESDO's audited financial statements.

1.16. Monitoring & Control

- Finance & M&E Units ensure that total ESDO contribution never exceeds 10% of total project cost.
- Independent audit will certify contribution values.
- Any exceptions require Board approval.



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1.17. Illustrative Example

Total Project Budget: BDT 10,000,000

Donor Contribution (90%): BDT 9,000,000

ESDO Contribution (10% maximum): BDT 1,000,000

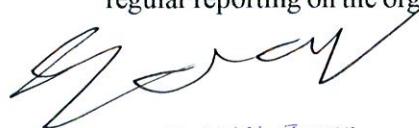
Contribution Source	Type	Valuation (BDT)	% of Total Project
ESDO Institutional	Staff Time, Office, Transport	600,000	6%
Community Members	Labor, Materials	250,000	2.5%
Local Govt/Partners	In-kind Support	150,000	1.5%
Total Contribution		1,000,000	10%

Key Roles and Responsibilities of ESDO' Management

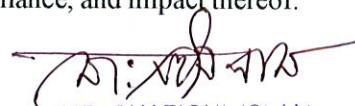
2.1 Executive Committee of ESDO

The Executive Committee (EC) of ESDO holds fundamental responsibilities that ensure the organization operates effectively, ethically, and in alignment with its mission. Their key responsibilities include:

- The Executive Committee (EC) of ESDO is responsible for setting the overall direction and strategy of the entity. This includes defining the mission, vision, and long-term goals, and ensuring that the organization's activities are aligned with these objectives.
- The EC has a fiduciary duty to oversee the financial health of the organization. This includes approving budgets, monitoring financial performance, ensuring proper use of funds, and safeguarding the organization's assets. They must also ensure that accurate financial records are maintained and that the organization complies with all relevant financial regulations and reporting requirements.
- The EC is tasked with establishing and maintaining effective governance structures, policies, and practices. This includes ensuring compliance with legal requirements, ethical standards, and the entity's internal policies. They must also oversee the implementation of effective internal controls and risk management processes within the organization.
- The EC is responsible for selecting, supporting, and evaluating the executive leadership of the entity, such as the Executive Director. They must ensure that the leadership team is capable of executing the organization's strategy and managing day-to-day operations effectively.
- The EC must ensure that the entity operates with transparency and is accountable to its stakeholders, including donors, beneficiaries, employees, and the public. This includes regular reporting on the organization's activities, financial performance, and impact thereof.



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- Members of the EC often act as ambassadors for ESDO, representing its interests to external stakeholders, including government agencies, donors, and the broader community. They may also be involved in advocacy efforts related to the entity's mission.
- The EC will be responsible for ensuring that there is a succession plan in place for key leadership roles within the organization, to maintain continuity and stability in the event of leadership changes.

2.2 Responsibility of Executive Director of ESDO for Financial Management and Management Stewardship Responsibilities

The Executive Director (ED) of ESDO holds significant responsibility for both financial management and overall management stewardship within the organization. These responsibilities are essential for ensuring the effective and sustainable operation of the organization. The key responsibilities of the ED *inter alia* include:

Financial Management Responsibilities

- The ED is responsible for overseeing the development of the organization's annual budget and long-term financial plans. This includes setting financial priorities, allocating resources effectively, and ensuring that the budget aligns with the organization's strategic goals.
- The ED must ensure accurate and timely financial reporting, providing the EC and stakeholders with clear and transparent information about the organization's financial health. This includes monitoring financial performance against the budget, managing cash flow, and ensuring that financial records are maintained in compliance with relevant accounting standards and regulations.
- The ED is tasked with leading efforts to secure funding and resources necessary for the organization's operations and growth. This involves cultivating relationships with donors, grant writing, and exploring new revenue streams while ensuring that funds are used appropriately and in line with donor expectations.
- The ED is responsible for implementing and maintaining robust internal controls to prevent fraud, mismanagement, and financial inefficiencies. The ED shall also assess and manage financial risks, ensuring that the organization is protected from potential financial threats of any kind.
- The ED must ensure that the organization complies with all financial regulations, legal requirements, and ethical standards. This includes overseeing external audits and responding to audit findings, as well as ensuring that financial policies and procedures are followed consistently across the organization.

Management Stewardship Responsibilities

- The ED provides overall leadership and direction for the organization, ensuring that the mission, vision, and values of ESDO are reflected in all aspects of its operations. The ED is also responsible for translating the organization's strategic goals into actionable plans and mobilizing staff to achieve them.
- The ED oversees the recruitment, development, and management of staff, ensuring that the organization has the right talent and capacity to meet its objectives. This includes fostering a positive organizational culture, supporting staff development, and ensuring that human resources policies are adhered to.
- The ED is responsible for the day-to-day management of the organization's operations, ensuring that programs and activities are implemented effectively and efficiently. This

includes managing resources, overseeing project delivery, and ensuring that the organization's impact is maximized.

- The ED acts as the primary spokesperson for the organization, representing ESDO to external stakeholders, including donors, partners, government agencies, and the community. The ED is responsible for building and maintaining these relationships and ensuring that the organization's activities are well communicated to its stakeholders.
- The ED is accountable to the EC and must ensure that the organization operates in accordance with its policies, by-laws, and governance structures. This includes regularly reporting to the EC, implementing EC's decisions, and ensuring that the organization's governance practices are robust and transparent.

2.3 Roles and Responsibilities of Head of Accounts and Finance of ESDO

The Head of Accounts and Finance of ESDO plays a pivotal role in ensuring the financial stability, integrity, and sustainability of the organization. The Head of Accounts and Finance's responsibilities for accounting and financial management encompass a wide range of functions that are critical to the effective operation and governance of ESDO. The fundamental responsibilities include:

Accounting Responsibilities

- The Head of Accounts and Finance is responsible for maintaining accurate and complete financial records for ESDO. This includes overseeing the recording of all financial transactions, ensuring that they are properly classified and documented in accordance with relevant accounting standards and organizational policies.
- The Head of Accounts and Finance shall ensure the timely preparation of accurate financial statements in accordance with International Financial Reporting Framework, and other reports as required. These reports provide the EC, the management, and the stakeholders with a clear view of the organization's financial position and performance.
- The Head of Accounts and Finance shall coordinate and oversee both internal and external audits to ensure that ESDO's financial practices comply with regulatory requirements, international accounting standards, and donor agreements. He will also be responsible for addressing audit findings and implementing recommendations to improve financial processes.
- The Head of Accounts and Finance shall develop and enforce strong internal controls to safeguard the organization's assets and prevent financial mismanagement, fraud, or errors. This includes implementing procedures for authorization, review, and reconciliation of financial transactions.

Financial Management Responsibilities

- The Head of Accounts and Finance shall lead the annual budgeting process, working closely with the Executive Director and department heads to develop a realistic and strategic budget. He shall monitor actual performance against the budget throughout the year and provide variance analyses to guide financial decision-making for the management of ESDO.
- The Head of Accounts and Finance will be responsible for managing the organization's cash flow to ensure that ESDO has sufficient liquidity to meet its operational needs and financial obligations. This includes forecasting cash flow, managing working capital, and optimizing the organization's investment strategies.
- The Head of Accounts and Finance will play a key role in developing and implementing the financial strategy of ESDO. This includes assessing financial risks and opportunities, advising the ED and the EC on financial decisions, and ensuring that the organization remains financially viable in the long term.

- The Head of Accounts and Finance shall ensure that financial resources are allocated efficiently and in line with the organization's strategic priorities. This includes reviewing and approving expenditures, managing grants and donations, and ensuring that funds are used effectively and in accordance with donor restrictions.
- The Head of Accounts and Finance shall ensure compliance with all financial regulations, tax laws, and reporting requirements. This includes filing necessary reports with government agencies, donors, and other stakeholders, and ensuring that ESDO adheres to all legal and regulatory standards.
- The Head of Accounts and Finance will act as a key advisor to the ED and the EC on all financial matters. He will provide insights and recommendations on financial policy, investment opportunities, cost management, and long-term financial planning.
- The Head of Accounts and Finance will be responsible for building the financial management capacity of staff within the organization. This includes providing training and guidance to ensure that employees understand and comply with financial policies and procedures properly to attain the ESDO's objectives.

Collaboration and Communication

- The Head of Accounts and Finance will work closely with other departments to ensure that financial considerations are integrated into all aspects of the organization's operations. This includes collaborating on program budgeting, grant management, and financial reporting.
- The Head of Accounts and Finance will be responsible for communicating the financial status and needs of the organization to various stakeholders, including the EC, donors, auditors, and regulatory bodies. He must ensure transparency and build confidence in the organization's financial management.

2.4 Roles and Responsibility of Accounts and Department

- The Accounts and Finance Department of ESDO plays a pivotal role in managing the financial operations and sustainability of an organization. Its primary responsibility is to ensure accurate and timely recording of financial transactions, maintaining the integrity of the financial records. This includes the preparation of financial statements such as income statements, balance sheets, and cash flow reports, which provide management and stakeholders with a clear picture of the organization's financial health. The department is also tasked with developing and overseeing budgets, ensuring that resources are allocated efficiently and expenditures are kept within approved limits. Through careful monitoring of financial performance, the department can identify potential risks and provide recommendations to improve the organization's financial position.
- Another critical function of the Accounts and Finance Department is managing cash flow and liquidity. This involves monitoring the organization's cash balances, ensuring there is sufficient liquidity to meet operational needs while also maximizing the return on surplus funds. The department also manages accounts payable and receivable, ensuring that vendors are paid on time and that revenues from donors or customers are collected promptly. Additionally, payroll management falls under its purview, ensuring that employee salaries and benefits are processed accurately and in a timely manner, along with managing related tax deductions.
- The department is also responsible for ensuring compliance with financial regulations and tax laws. This includes filing tax returns, managing VAT obligations, and ensuring adherence to local and international financial reporting standards. It plays a key role during internal and external audits, collaborating with auditors to ensure transparency and accountability in financial reporting. Implementing and maintaining strong internal controls is another core function, designed to prevent fraud, safeguard assets, and ensure the integrity of financial data.



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- In terms of strategic financial planning, the Accounts and Finance Department contributes by forecasting future financial performance and advising management on the financial feasibility of new projects and initiatives. It also plays an essential role in managing relationships with banks and financial institutions, overseeing loans, grants, and investment portfolios. Overall, the department acts as the financial backbone of the organization, ensuring that resources are managed responsibly to support its long-term sustainability and mission objectives.

Books of Account

ESDO maintained following books of accounts to comply with standard accepted accounting practice:

3.1 Cash Book

ESDO has double column Cash Book (Cash column and Bank column). All financial transactions are recorded in the Cash Book to circulate daily Cash and Bank balance.

- Cash Book entries are in ink specifying proper head of Accounts.
- Narrations are written for each transaction.
- Surprise Cash counting is done on regular basis.

3.2. General Ledger Book

General Ledger Book is the summary of cash Book and Journals which represents head wise financial information in order to prepare financial reports.

It contains all type of account heads. It is recorded from Cash Book and Journal vouchers on daily basis. It has following columns.

- Date of Transaction
- Description
- Cash Book Folio/ Journal Voucher No.
- Amount of Debit.
- Amount of Credit.
- Debit/ Credit Balance.

3.3. Advance Register

All information about advance are recorded here.



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3.4. Pay roll Register/ Statement

A register where the information of salary payment such as name of employee, Designation, Gross salary, Deductions and net salary payment etc. are recorded.

3.5. Stock Register

A register where item-wise stock information such as date, Previous Balance, receipt quantity, Receipt number/ Challan number, Dispatch number, total quantity, Dispatch quantity, Balance quantity, Remarks are recorded.

3.6. Vendor Register

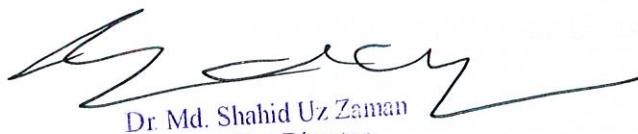
A Register all information about vendors are recorded. (such as name of vendor, address, date of purchase, purchase amount, cumulative purchase during the fiscal year, amount of tax deduction etc.)

3.7. Subsidiary Register

A register depending on nature of operation or expenditure. Such as Loan Ledger, Money Receipt Ledger, Electric bill payment etc.

3.8. Voucher

A separate document for accounting transactions where all receipts, payments and adjustments are maintained.



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Financial Reports

4.1 Financial Report to the Donors

Financial report should be prepared as per the requirement of the respective Donor agency. The amount of each installment of fund received and the total of funds received should be available in this report. All the expenditure from the general ledger should be shown with budget figure of each item. When all receipts and payments are totaled and cash in hand and cash at bank extracted, total expenditures and the balance shown in the Financial Report should agree with the general ledger and cash book/bank book.

The authorized official of the respective project should sign the Report and give it to the donor of the project. The report should be used as an internal document to monitor expenditures and balances of the budget, and must be produced to the Executive Committee during its meetings, if needed.

4.2 Contents of Financial Statements

- Statement of Financial Position
- Statement of Profit or Loss and Other Comprehensive Income (Income and Expenditure Account)
- Receipt and Payment Account
- Statement of Cash Flow
- Statement of Changes in Funds
- Notes to the Financial Statements
- Budget variance statement
- All supporting Documents about:
 - Fixed Assets
 - Accounts Receivable
 - Advance, Cash in Transit
 - Accounts Payable
 - Liabilities and all Unpaid Obligations
 - Others, as may be required.



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