

SUPPORT MODELS FOR CSOs AT THE COUNTRY LEVEL
A SUMMARY OF A STUDY COMMISSIONED BY NORDIC+ DONOR COUNTRIES¹
(NORWAY, FINLAND, SWEDEN, IRELAND, CANADA AND THE UK)

1.0 INTRODUCTION

“Support Models for CSOs at the Country Level” is a study commissioned in 2007 by Norad (Norway) on behalf of the Nordic+ donors. The purpose of the study is to contribute to a deeper understanding of a strategic policy framework for donor support of a vibrant, pluralistic and democratic civil society in partner countries.²

Some of the issues it attempts to address are:

- ❑ How can a greater share of funding be channelled directly to Southern CSOs, while maintaining the advantages of North-South Partnerships?
- ❑ What is the right balance between responsive CSO funding and more strategic intervention by direct funding, core/program support and capacity development?
- ❑ What features should models of donor support have in order to ensure funding diversity and outreach?
- ❑ Which support models will best allow CSOs to strengthen their various accountabilities and development effectiveness?³

¹ This summary was prepared by CCIC as a background paper for the January 2008 Leadership Forum / National Consultation on CSOs and Aid Effectiveness. It has not been reviewed or endorsed by the donor organizations who participated in the study.

² The study commissioned six in-country case studies (Bangladesh, Ethiopia, Guatemala, Tanzania, Zambia and Zimbabwe) based on data provided by the participating donors. From these case studies a Synthesis Report was prepared. It is important to note that the focus of the study is on country-level support models (i.e. not donor resources channeled through CSOs in the donor country). While Nordic donors and the UK continue to support development through home-country CSOs in the donor country, they have also decentralized to their embassies in partner countries increasing amounts of aid resources. Canada has relatively smaller amounts of aid allocations for CSOs at the country embassy level. The analysis and conclusions of the study are based on an analysis of these country level contracts with local CSOs and therefore the trends identified may not apply yet to Canadian support for CSOs. Nevertheless, the analysis of the strengths and weaknesses of the overall matrix of support models at the country level are relevant to the broader CSO discussions occurring with CIDA on a policy framework and action plan for CIDA’s support to civil society.

³ *Civil Society Support Models*. Power Point Presentation. Ivar Evensmo, senior advisor, Civil Society Department, Norad. Lusaka, 17 October 2007. Slide 2.

2.0 OBJECTIVES AND METHODOLOGY

The specific objectives of this study, completed in September of 2007, were to:

- (i) Review possibilities for improving direct support to NGOs/CSOs through country level support models;
- (ii) Shed light on constraints and possibilities of different types of support models; and
- (iii) Increase outreach to a wider range of civil society organizations, reduce transaction costs and improve efficiency⁴.

These specific objectives are driven by the Nordic+ donors desire to improve their assistance to civil society, partly driven by the principles of the Paris Declaration on Aid Effectiveness, which this study assumes applies to all development actors.⁵ However, terms of reference for the study further identify a donor objective to improve development outcomes by supporting a “vibrant, pluralistic and democratic civil society”⁶. The study is oriented by these two dimensions as: Aid Effectiveness and Diversity.

3.0 SUPPORT FOR CIVIL SOCIETY

An important starting point for the study was to review the contextual issues in both donor and partner affecting donor-CSO relations. The national context includes: i) the regulatory framework (i.e. state-civil society legal framework); ii) the degree of aid dependency (both of the state and of the CSO community); and iii) the nature of the state (with specific reference to “fragile” or “post-conflict” circumstances). The donor context included emerging trends in aid architecture resulting from the commitments and implementation of the Paris Declaration (e.g. program based support), their desire to improve “efficiency” (e.g. less staff to manage increasing amounts of aid resources), and concerns over “good donorship” in what is a recognized asymmetrical relationship for international cooperation.

The findings, observations and trends identified by analyzing the national context and the donor trends are:

- ❑ State/CSO relations are characterized by largely out of date legislation; rules favour state control and insight rather than protection of civil rights and CSO roles; and CSOs are vulnerable to *ad hoc* state decisions and power. But there are now more cases of structured dialogue, some specified roles and rights for CSOs as watch dogs, examples of CSOs successfully challenging state policies and practices on behalf of constituencies;
- ❑ State aid dependency does not seem to be a factor in state/CSO relations;

⁴ *Support Models for CSOs at the Country Level: Synthesis Report*. Scanteam Analysts and Advisors. Oslo, September 2007. Page 1.

⁵ This assumption is not necessarily shared by CSOs who point out that the principles, while important, were developed by donors and governments alone and mainly apply to donor/government aid relationships.

⁶ *Ibid.* Page 8.

- ❑ CSO aid dependency appears important, however, and in particular the perceived strong dominance by donors on priority setting and funding. This makes CSOs vulnerable to shifts in donor priorities, and may push them to opportunistically seek funding where donors are making funds available, weakens longer-term planning and constituency accountability, and thus CSO credibility and legitimacy. Where donor dependency is strong, this probably represents the greatest challenge in donor/CSO relations;
- ❑ Fragile, post-conflict and authoritarian states represent particular challenges for donor/CSO relations. Experience points to the need for principled and long-term support, while donor behaviour typically has been based more on short-term financing. Donor principles for state support in fragile states should be applied also to CSO funding;
- ❑ The Paris Agenda on aid effectiveness when linked to MDG objectives makes CSOs concerned that donors are pushing them towards becoming substitutable project contractors rather than partners in societal development. A wider development agenda that captures the need for “pluralistic, vibrant, democratic civil society” is being called for;
- ❑ The Harmonisation/Coordination concerns of donors lead to a “flock mentality” that may increase volatility (all donors wanting to fund the same things at the same time) and reduce possibilities for innovation and taking risk, and diversity in civil society;
- ❑ CSOs have opposing views as to how closely they should work with the public sector, and on donor efforts to “build bridges”. Service delivery organisations are generally positive while advocacy/rights based groups are more sceptical;
- ❑ Donor efforts to cut costs are leading to new ways of doing business, more contracting of intermediary services but also more standardisation of planning and reporting instruments, which tends to push quality demands up but also leads to more predictability and hence longer-term gains to all parties. These changes are, however, driven by donor needs and not civil society demands;
- ❑ At the same time, donors see the need for improving the interaction with CSOs, which in Tanzania has led to commissioning a study on “good donorship” principles. These provide a clear set of “rules of thumb” based on CSO needs and perspective, which is a very useful contribution.⁷

4.0 SUPPORT MODELS

The strengths and weaknesses of donor support models at the country level were identified in the study by an analysis of donor/CSO agreements against three choices for donors: 1) project vs. program/core support, 2) direct vs. indirect support, and 3) unilateral vs. joint support. In reality, several funding support models examined were more complex; however, the study found these dichotomies useful when analyzing the alternative models and assessing the strengths, weaknesses and trends in CSO support.

⁷ *Support Models for CSOs at the Country Level: Synthesis Report.* Scanteam Analysts and Advisors. Oslo, September 2007. See the outlines of proposed principles for “Good Donorship” in Tanzania, page 19. The conclusion listed above can be found on pages 22-23.

4.1 Project vs. Program/Core Support

The findings identify one-third of agreements for programme funding, and this is higher in joint donor agreements. The *trend* is towards more core support, though there were significant differences among countries and across donors. The study suggested that project funding permits better targeting by donor; however, CSOs generally prefer core funding as it ensures better ownership and flexibility and is more appropriate for advocacy CSOs. However, programme funding may often favour strong and well organized CSOs that have established trust with donors. The result is likely better aid effectiveness but less diversity.

4.2 Direct vs. Indirect

The key donor support trend appeared to be the use of intermediary agents (indirect) rather than direct funding by the donor. The strengths identified for the indirect approach are the possibility of contract that define performance criteria that stress the importance of outreach, diversity, mutual accountability and managing for results. Use of intermediary agents increases the possibility for donor harmonisation. Transaction costs are passed onto the intermediary, which reduces the burden for both donors and country-level CSOs. However, weaknesses include a risk that the intermediary focuses on donor concerns rather than be accountable to CSOs. Furthermore, preference is often given to home country INGOs (the largest number of intermediaries in the contracts reviewed), which may not be the best agents for strengthening local civil society.

4.3 Unilateral vs. Joint

The study identifies more than three-quarters of all agreements as unilateral funding by one donor, but it also points to the trend toward more joint funding, for cost-saving as well as harmonization and alignment. The joint modality, however, raises concerns among CSOs that streamlining of the financing may also limit the range and kind of activities and organisations that can access the funds. The complexity of agreement on contractual terms among several donors may cause bureaucratic delays and costs, but also can provide instruments that support longer-term mutual rights, obligations and aspirations.

The study suggests that more shared and strategic modalities appear to be the general trend. Challenges will include a systematization of these modalities, more and better structured dialogue, greater clarity on strategic objectives, and better management instruments that can support these.

5.0 CONCLUSIONS⁸

- ❑ Donors are less systematic regarding civil society than for other types of support and must clarify their objectives.
- ❑ Donor support to CSOs in "fragile", post-conflict and authoritarian states is particularly poor, whereby the lessons point to the need for longer term and more coherent support for civil society
- ❑ Several (not fully compatible) frameworks exist and should be used as points of departure, while seeking to systematise and agree on key principles.
- ❑ Donor and CSO views of each other diverge and there is a strong need for dialogue in arenas made for that purpose.
- ❑ Civil society is amorphous in any given context and will remain so, and therefore there is a need to lower donors' access costs for dialogue with CSOs.
- ❑ Support models must be country specific and local dialogues must be encouraged while the role of northern NGOs, as intermediary agents, must be reviewed with respect to local ownership and accountability.
- ❑ To ensure long-term vision, operational priorities must be shared, known, and predictably funded, which requires a mind-set change on the part of donors from "efficiency" to "effectiveness".
- ❑ Transaction costs of civil society support are likely to remain higher than direct bilateral aid and this must be recognized.

6.0 STUDY RECOMMENDATIONS TO NORDIC+ DONOR AGENCIES FOR FOLLOW-UP

Donors need to address the challenges in how to:

- ❑ Act on the Paris consensus around the need for national ownership, harmonisation, adaptation, mutual accountability and results in CSO support.
- ❑ Enhance local capacity to administer country-based support for civil society in the South.
- ❑ Enable new transaction models to administer greater volumes of development assistance at reduced costs.
- ❑ Broaden and extend the outreach of country-based support models for civil society in the South.

⁸ These conclusions and recommendations have been adapted from both Ivar Evensmo power point presentation, *Civil Society Support Models*. Lusaka, 17 October 2007, slides 9-12 and Scanteam's *Support Models for CSOs at the Country Level: Synthesis Report*, pages 59-60.

Criteria for the selection of support models:

- ❑ **Joint donor guidelines** for co-operation with civil society.
- ❑ **Clearer strategic goals for the support to civil society**, based on *substantial goals* for the development of civil society.
- ❑ **Operationalize the goals for support to civil society** with a focus on CSO diversity in a manner that CSOs find constructive.
- ❑ **Improve the dialogue**, through *more arenas for regular dialogue* between donors and civil society actors, on joint formulation of policy, goals and indicators for goal achievement.
- ❑ **Clearer separation** between support *for* civil society (focusing on diversity) and support *through* civil society (focusing on aid effectiveness).
- ❑ **Joint templates** for contracts, monitoring and assessing risk for conflicts of interest in connection with the selection of intermediaries.
- ❑ **Downward accountability** of CSOs to their constituencies and *democratic control* of intermediaries must be addressed explicitly since increasing donor funds entail more financial and performance reporting *upward* to funding agencies.

Proposed policies for implementation by Nordic+ donors in 2008 (presentation by Ivar Evensmo, Norad):

- ❑ **Increase country-based support for civil society in the South.** Selection of co-operation partners to be based on a distinction between service delivery, advocacy/policy-oriented work and capacity building.
- ❑ **Increase core/programme support, joint support and indirect support/use of intermediaries** while upholding requirements for *mutual accountability, results achievement* and *transparency*.
- ❑ **Utilize existing aid effectiveness principles.** The Paris Declaration, OECD/DAC's criteria for work in fragile states and situations, as well as principles of Good Donorship to be used as the basis for country-based discussions geared towards strengthening of relations and dialogue between back donors/embassies and civil society.
- ❑ **Operationalize the diversity principle** to achieve greater outreach and accessibility, in close dialogue with representatives of civil society.
- ❑ **Conduct risk analysis and risk management** as central components throughout all phases of country-based support for civil society in the South.