

**CCIC LEADERSHIP FORUM
AND NATIONAL CONSULTATION
JANUARY 17-18, 2008**

**CANADIAN INTERNATIONAL COOPERATION
CSOs AND AID EFFECTIVENESS**

SUMMARY REPORT

CCIC GRATEFULLY ACKNOWLEDGES THE FINANCIAL SUPPORT PROVIDED FOR THE 2008 LEADERSHIP FORUM BY THE CANADIAN PARTNERSHIPS PROGRAM OF THE INTERNATIONAL DEVELOPMENT RESEARCH CENTRE (IDRC).

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JANUARY 17-18, 2008
CANADIAN INTERNATIONAL COOPERATION CSOs AND AID EFFECTIVENESS
SUMMARY REPORT**

1.0 INTRODUCTION

The Canadian Council for International Co-operation (CCIC) hosts an annual Leadership Forum for members of the Council to come together to share ideas, best practices and reflections on key issues facing the sector as a whole. The context of the *Paris Declaration on Aid Effectiveness* has created momentum for civil society to reflect and respond to the aid effectiveness agenda. It was deemed appropriate and timely, therefore, that the 2008 Leadership Forum focus on this agenda. Participants came together to examine and propose ways forward on aid effectiveness issues within the Canadian context.

The Leadership Forum was also a “national consultation” for the Advisory Group on Civil Society and Aid Effectiveness. Participation expanded beyond the CCIC membership to include other umbrella organizations working in international cooperation. The first day (January 17) included only civil society organizations (CSOs); over 70 participants were present. The second day (January 18) broadened the dialogue to include representatives of the Canadian International Development Agency (CIDA), for a total participation of over 80 people. The Forum combined panel presentations, working groups and reports back to plenary. (The final agenda and registered participant list are available in Annexes 1 and 2 respectively)

2.0 BACKGROUND

CCIC and CIDA are members of the Advisory Group on Civil Society and Aid Effectiveness, which is housed at the OECD Development Assistance Committee (DAC) and chaired by CIDA. The Advisory Group was mandated by the Working Party on Aid Effectiveness, also housed at the DAC, as a multi-stakeholder group made up of donors, governments, Northern CSOs and Southern CSOs. Its mandate is to advise on the inclusion of issues related to the theme of civil society and aid effectiveness at the High-Level Forum on Aid Effectiveness, which is reviewing progress in the implementation of the Paris Declaration. The High-Level Forum will take place in Accra, Ghana in September 2008.

The Advisory Group’s work has been largely nourished by a series of consultations with CSOs: six regional CSO consultations, numerous national CSO consultations and an International Forum in early February 2008 involving equal numbers of CSOs from North and South, donors and recipient country governments. As a contribution to the International Forum and the work of the Advisory Group, CCIC and CIDA agreed that this year’s Leadership Forum would be an opportunity for a Canadian national dialogue to explore the changing roles and relationships of CSOs and other development actors as a key dimension of the international community’s review of aid effectiveness.

3.0 THE AID EFFECTIVENESS AGENDA AND CIVIL SOCIETY

As the Paris Declaration was developed, consultations with civil society actors were limited or absent, and the Declaration was written from the perspectives of donors and governments. Furthermore, its principles focused primarily on the “plumbing” of the delivery of aid. The Paris Declaration principles of local ownership and partnership, alignment, donor coordination and harmonization, managing for results and mutual accountability are embedded in a particular worldview. In this view, development is solely the responsibility of national government, subject to rational planning and implementation processes that can be managed for desired results.

However, while recognizing the important role of states in providing services, being accountable to the public and acting as guarantors of citizenship and human rights, it must be acknowledged that development and poverty eradication come about through interactions between non-linear and diverse factors beyond recipient states. Civil society organizations, as expressions of people’s democratic initiatives, are key actors in their own right in these areas. This role, along with diverse civil society voices, must be recognized and strengthened if development cooperation is to contribute to reducing poverty and inequality.

4.0 Focus

The purpose of CCIC’s Leadership Forum/National Consultation was to explore how Canadian civil society organizations are being affected by changes in the aid regime, and to contribute ideas and experience about CSO roles in development and the evolving relationships between Northern and Southern CSOs.¹ The Forum looked at three dimensions of change affecting the CSO community:

- ❑ Change in funding: What opportunities and challenges are created by new funding modalities, current and under consideration?
- ❑ Change in relationships: Are Canadian CSOs working differently with Southern CSO counterparts, with each other, with government, or with business, and what is best practice in this area?
- ❑ Change in results or development impact (contribution to poverty eradication): Are there changes in the ways in which Canadian CSOs are conceptualizing our roles and work that have potential for increased impact?

¹ The specific objectives of the 2008 Leadership Forum/Canadian National Consultation were:

- To assist Canadian CSOs to learn from leading edge concepts and practice.
- To examine and propose ways forward on the aid effectiveness issues and challenges facing CIDA and its civil society partners.
- To contribute Canadian perspectives to the Advisory Group International Forum on Civil Society and Aid Effectiveness, for its input into the September 2008 Accra High-Level Forum on Aid Effectiveness.

5.0 OUTCOMES OF DAY 1 – CSO PERSPECTIVES

The first day of the Forum heard an update on the work of the Advisory Group and on some of the broader lessons being drawn from this work. The keynote speaker addressed some of the key issues of changing CSO roles, relationships, and organizational profile, using the change process of ACORD as an example.

ACORD is a pan-African social justice and development organization with 400 staff. It has been working on change processes linked to ownership with African civil society for the last seven years. ACORD had been based in the United Kingdom as a coalition of Northern CSOs. The process of change that ACORD has been undergoing followed a strong ideological desire not to follow a predetermined model. The foundation of its change plan was the activism of people within the organization who had a good understanding of its history and context. The goal was to challenge the way aid has been delivered in Africa and to assert that aid does not constitute development. Development is about giving people the confidence to be the source of change. The way that ACORD went about its transformation was through changes in the organizational governance structure, increased and better collaboration and networking, increased strategic funding in an attempt to make programming more coherent, and connections with the financial sector and banks abroad. The presentation emphasized that the learning curve was steep and the changes were fluid, based on commitment to social transformation.

This emphasis on examples of change continued with the first panel, in which four members of the CSO community spoke about significant changes they have undertaken. UNITERRA spoke about the renovation of its volunteer-sending program, enabled by the joining of two separate programs run by CECI and WUSC. Project Counselling Service (PCS) was created two decades ago as a consortium of Northern CSOs undertaking joint programming through local staff in Latin America, and is in the process of becoming an independent Southern CSO. In the last year, the Association of Canadian Community Colleges (ACCC) has shifted its programming model entirely, seizing the opportunity presented by a new five-year submission for CIDA funding. Finally, the Foundation for Civil Society in Tanzania was presented as an example of an emerging trend of donor fostered/supported Southern foundations capable of strengthening and funding local civil society. Background documents on the cases of PCS and the Foundation for Civil Society in Tanzania were developed by CCIC to inform the cases (available in Annexes 3 and 4 respectively).

After this panel, three working groups considered these cases, as well as the experience brought by participants. The groups explored more deeply what Canadian CSOs are learning about change, and related this experience to the Paris Declaration principles and commitments. Each working group addressed one of three dimensions of change:

1. Working Group 1 explored changes in funding by asking what opportunities and challenges are created by new funding modalities, current and under consideration.
2. Working Group 2 explored changes in relationships by asking if Canadian CSOs are working differently with Southern CSO counterparts, with each other, with government, or with business, and what is best practice in this area.

3. Working Group 3 explored changes in results or development impact (contribution to poverty eradication) by asking if there are changes in the way we are conceptualizing our roles and work as CSOs that have potential for increased impact.

A summary was prepared to draw out some major themes from the working group presentations. A clear common thread was the notion of “change for development effectiveness” (not only aid effectiveness) in its various and complex dimensions. Reflections addressed issues within the Canadian CSO community, including relationships with Southern counterparts, while simultaneously identifying issues of common interest against the background of the Paris Declaration.

5.1 Changing Funding Relationships

In Working Group 1, funding models were explored. A key conclusion was the need to replace the term model with “relationship” in order to promote a less static and restrictive notion. Such relationships should reflect development conceived and implemented in ways that make a difference to people, as suggested by the concept of “citizen agency”. Reflecting on the example of the Foundation for Civil Society in Tanzania, there was recognition that while not a panacea, this alternative can have advantages such as ownership, independence, coherence and long-term perspective, while also seeing successes in fighting corruption. A number of speakers expressed the view that the Paris Declaration promotes the notion that “big is beautiful” through approaches like Sector Wide Approaches (SWAs), national development programs, budget support, etc. However, civil society is concerned that such an approach may overlook small initiatives, and that either mechanisms are not in place or there is no political will to ensure responsiveness and diversity of voices and views. The current focus on “results” in funding relationships should not be reduced to a focus on short-term results over long-term transformative perspectives. Along these lines, it is crucial that the aid modalities provide access to long-term core funding for civil society groups.

This working group expressed agreement with current critiques that the Paris Declaration focuses on relationships between governments without paying attention to the critical roles of civil society, including CSO roles within the notion of Southern ownership. There must be recognition that Southern CSOs may be marginalized because of political dynamics, and that critics must also be validated. Space needs to be made for dissent and alternative voices to be heard and taken into account.

5.2 Changing North-South Relationships

Working Group 2 looked at principles of better relationships, encompassing North-South as well as North-North relationships. Principles of better relationships include sharing common cause in order to privilege development impact rather than individual or institutional interest and visibility. However, organizational visibility is needed to garner public support; this tension needs to be addressed. The CCIC Code of Ethics, including the Partnership Principles, was identified as a useful tool, though there are still challenges in operationalizing the principles and applying them to practice.

This working group further discussed the value of dialogue and diversity, mutual respect and learning as building blocks for relationships that enhance citizen/people's agency. Building robust institutions and creating space for knowledge-sharing is fundamental. Relationships must be developed with the aim of addressing issues of equity, rights and social justice. Looking inward, power dynamics, differences in size and institutional self-interest need to be acknowledged as challenges in relationships.

5.3 Development Impact

While addressing the Paris Declaration principles, Working Group 3 aspired to build on an expanded understanding of local ownership, one that includes a notion of democratic ownership. The notion of democratic ownership includes good governance, people's engagement in the definition of development priorities, social dialogue and participation. With respect to the principle relating to accountability, the question of "accountability to whom?" was asked. Primary accountability is toward citizens and so this concept in the Paris Declaration needs to be expanded beyond mutual accountability between donors and governments. The notion of results must then be amplified and expanded to include social change results. Acknowledging that there are tensions but also synergies between service/program delivery, accompaniment for social transformation and rights-based approaches, there is a need to listen to Southern partners to get this balance right.

This working group also looked at development impact in Canada as public engagement. Three recent examples of processes that brought together a range of voices, sectors and groups working on broad joint messaging for policy recommendations and actions were identified. Those processes are the *Etats généraux de développement* in Quebec, the *Make Poverty History Campaign* and the new *CCIC 10-Point Agenda*. The challenge now is to make sustainable use of these tools and processes to engage and mobilize the Canadian public and our various constituencies and to keep the public engaged in the medium and long term. There needs to be more exploration of what elements create an engaged constituency in Canada.

6.0 OUTCOMES OF DAY 2 – CSO AND CIDA PERSPECTIVES

On the second day, participation broadened to include representatives from CIDA. The objective of the day was to give an overview of the key issues, challenges and opportunities that are emerging in the implementation of the Paris Declaration and in the preparations for the Third High-Level Forum in Accra in 2008, including the important work of the Advisory Group.

Key focus areas were selected based on an assessment of where collective progress could be made. The first panel looked at evaluation and the measurement of change, considering issues of what is measured and what counts. The second panel focused on changing relationships between CSOs and donors, from the perspective of renewed engagement with civil society as well as from the perspective of changing funding relationships. Lastly, participants were given the opportunity to break into small affinity groups, discuss the key issues they had identified over the course of the day and summarize their recommendations. The chairs for the day then listened to those recommendations, reflected on their implications and reported back to the group.

6.1 Panel 1: Evaluation and the Measurement of Change

Both donors and CSOs want to measure results, in order to improve programming and learn, but there is a sense that current performance measurement frameworks are inadequate to the task. Two panellists spoke to new ways of looking at results. The first panellist outlined the work of the International Development Research Centre (IDRC) on outcome mapping, which the Centre developed to better report on its own results. The second panellist looked at the changing evaluation landscape, with an emphasis on constituency/client-led feedback. Can we make progress toward effective accountability mechanisms that are relevant to the roles and principles that guide CSO aid effectiveness and the interests of government for measurable and reportable results? The moderator of this panel, from CIDA, introduced and facilitated the discussion, emphasizing the importance and the challenges associated with measuring development results and the links that CIDA is making with risk management.

Outcome mapping is a tool developed by IDRC together with researchers from West Africa, India and Latin America, responding to challenges in measuring the impact of research. The process is fundamentally about behaviour change, based on a systems theory of bringing about social change and innovation. The focus on behaviour change was a conscious recognition that development is done by and for people, that those people should be a part of evaluation and part of holding power and control in that process. The process involves the identification of “boundary partners” that have a capacity to influence each other, and the use of progress markers as non-linear, fluid tools for assessment. The basic principles underlying the use of the tools are flexibility, complementarity, participation and evaluation. More information on outcome mapping can be found at: <http://www.outcomemapping.ca/>.

The second presentation looked at a method developed by Keystone in the U.K. for measurement of development impact. Keystone’s tools have been developed based on the notion that there is very little development data available in the public domain and little data about our work as social change agents. Although it is important to find a means of measuring, there is also recognition that measurement of social change is not a simple transaction like a purchase in a market. Current thinking favours a pluralistic model in which qualitative, quantitative, perceptual and empirical data can be assembled into a comprehensible whole that still honours the complexity of social change and “development as freedom”. The development of performance data and comparative data requires demand from the institutions that do development work and from constituency/client-led mechanisms. By engaging with constituents in a structured way, organizations can avoid the rigidities of mechanistic planning and measurement models in favour of simple, direct feedback from the ordinary people who experience the organization every day (which Keystone refers to as “constituency voice”). Constituency voice mechanisms are already in use by online donor giving markets or business models adapted for social purposes. Fundamentally, the conclusions drawn were that the development community needs to get better at communicating the complexity of social change in simple ways for both results and validity. To do so, constituency/client-led mechanisms may be the way forward. More information can be found at www.keystoneaccountability.org.

6.2 Panel 2: Changing Funding Relationships and Changing Relationships

A final panel looked at the other two areas of focus: changes in policies affecting relationships between CSOs and donors and the implications for funding relationships. The Nordic + group of donors (including CIDA) have undertaken a study of funding mechanisms for country-based support of civil society, in order to ascertain trends and assess best practice. (Country-based support is support for civil society in the South that is provided at the recipient country level, rather than through Northern channels such as the headquarters of Northern CSOs). The findings and conclusions of this study were presented. There was also an opportunity for a panellist from CIDA to present a paper on the most recent thinking within the Agency about the rationale for a CIDA policy on civil society as a basis for the understanding of its programmatic support to CSOs. (It is important to note that this paper does not reflect CIDA positions, but has been prepared as a discussion paper.)

The specific objectives of the Nordic + study were to review possibilities for improving direct support to Southern CSOs through country-level support mechanisms; shed light on the constraints and possibilities of different types of support models; and look at ways to increase outreach to a wider range of CSOs, reduce transaction costs and improve efficiency. 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. Trends were identified toward program/core, indirect and joint support models. Recommendations included: increases to country-based support for civil society in the South; increases in program/core support, joint support and indirect support/use of intermediaries; utilization of existing aid effectiveness principles; operationalization of the diversity principle; and conducting risk analysis and risk management. A background document on the Nordic + study was developed by CCIC to inform the presentation (available in Annex 5).

The second presentation focused on the renewed interest and momentum in working with civil society that has been generated within CIDA as a favourable response to the CIDA-led Advisory Group process. This renewed interest was characterized by three tracks at CIDA relating to partnership renewal (since 2005), the Advisory Group process, and a discussion paper on policy issues in CIDA's relationships with civil society in development. The policy issues identified in the discussion paper include the rationale for such a policy, the development of a shared understanding, the establishment of basic principles and the identification of policy guidance. The discussion paper has been drafted out of recognition that Canadian engagement with civil society is essential because it helps to generate results and impact. Its general directions are on partnership programming through Canadian CSOs, in-country direct support partnership programming, and the strengthening of civil society. Feedback on questions identified in the paper (on how CIDA can encourage Canadian CSOs to work together, on responsive funds, on country and sector concentrations, on accountability and results-based programming) was encouraged, as were CSO views on where policy guidance is most needed. A copy of the discussion paper was distributed.

6.3 Proposals and Reflections

Participants were given the opportunity to regroup by affinity groups and summarize their thoughts on what they heard. The results of their discussions were posted on cardstock and then summarized by the co-chairs of the meeting. The reflections were divided into three categories: 1) proposals for CSOs/CCIC, 2) proposals for the Paris Declaration process and 3) proposals for CIDA.

Reflections from the groups can be summarized as follows:

6.3.1 Proposals for CSOs/CCIC

Monitoring and evaluating development impact:

- Promote reflection and debate within the CSO community, with donors and Southern partners, regarding ways to change the processes in place for monitoring results, keeping in mind the complexity and non-linearity of development.

Canadian CSO roles:

- Promote reflection and debate internally, within the Canadian CSO community, to identify the range of roles that we play and clarify assumptions about “service delivery” organizations vs. “rights-based approaches” to development. More generally, strengthen the voice of the Canadian CSO community politically, recognizing power imbalances between CSOs and donors while working towards partnership. CSOs should strengthen their engagement on issues of reform of multilateral institutions. Participants involved on agri-food issues, for example, suggested involvement in reviews of multilateral food and agriculture institutions.

6.3.2 Proposals for Paris Declaration Processes

- Promote accountability, not solely for CSOs but for multilaterals, donors and Southern governments, while creating and supporting space for civil society analysis, input and critique into multilateral governance, roles and programs as a means of improving aid effectiveness.
- Recommend that the definition of “country ownership” be deepened to mean “democratic ownership”, where citizens have the space to engage, challenge, and dialogue with their governments such that their voices are represented.
- Recommend that the Paris Declaration should measure results in terms of development impact and engage civil society, both Northern and Southern, in determining indicators, evaluation methodologies, questions, responses, etc.
- Analyze AGRA (Alliance for a Green Revolution for Africa) based on its “aid effectiveness” and include reflections and critiques on this process as a case study at the High-Level Forum in Ghana.
- Recognize that a stronger civil society is a legitimate development result and an end in itself.

- ❑ Recognize that coherence in all public policy areas (migration, trade, investment, etc.) to support aid objectives in ending global poverty is a key to aid effectiveness.

6.3.3 Proposals for CIDA

Monitoring/evaluation of impact and accountability:

- ❑ Facilitate a dialogue or forum exploring alternative methodologies to evaluation and reflection on the reduction of transaction costs with CSOs.
- ❑ Strengthen transparency and accountability for the use of aid funds in all aid channels in relation both to aid effectiveness goals and to the development goal of reducing poverty.

Funding approaches to strengthening CSOs:

- ❑ Re-affirm the value of authentically responsive programming and core support while recognizing the diversity of civil society.
- ❑ Promote balanced funding approaches whereby, in addition to bilateral direct budget support, CSOs are also supported to promote capacity and citizen/people's agency.
- ❑ Promote a responsive program that enables CSOs in Canada to support work outside of the countries of focus and concentration defined by CIDA, while strengthening CSOs as a legitimate development result and an end in itself.

CIDA's policy on CSOs and partnerships with Canadian CSOs:

- ❑ Reiterate the importance of public engagement in the development process (and maintain support for this in the policy discussion paper on civil society).
- ❑ Promote Canadian CSO involvement to play engagement and monitoring "watch dog" roles as part of transparent and democratic policy processes.

While these reflections do not necessarily reflect the views of all organizations, nor the full range of reflections on the issues, they were documented and shared by participants at the Leadership Forum. After these reflections, some highlights were summarized by the chairs.

There were several proposals that recommended that social change indicators be central considerations in creating systems and tools that measure development impact.

Democratic ownership and support for civil society and citizens' organizations was an emerging theme. It was suggested that opening up the concept of ownership in the Paris Declaration beyond country-level local ownership would facilitate the creation of space for CSO input and critique around improving aid effectiveness. Including the idea of democratic ownership in these principles is vital, as it is this notion that has the most potential for transformative change of processes that need to underpin aid delivery and social transformation.

With regard to the Paris Declaration, it was suggested that we approach the issue from a wider perspective, looking at the issues raised about aid and aid effectiveness through the lens of development beyond aid. The important point was raised that what is effective aid should not be confused with what is effective development. Working on making aid more effective should be guided by a broad concern for effective development.

Another key reflection called for not setting up a false dichotomy between rights organizations and service delivery organizations, as sometimes the capacity to advocate comes from organizations that work in service delivery that have an understanding of context and a natural authority that creates upward links of legitimacy.

A reflection was also made about governance, emphasizing the importance of recognizing civil society as an intrinsic part of governance. Governance encompasses the civic space between citizens and government, public discourse, participatory discourse and national institutions.

The ideas reflected upon and discussed during the Leadership Forum need to be further explored and clarified in the context of their transformative value. There needs to be clarification of notions such as democratic ownership, how we connect with citizens, and how we measure progress in a way that is direct and compelling. Many of these have transformative potential.

Note: Power Point presentations that were made during the Leadership Forum may be made available upon request.

Annex 1: Leadership Forum Agenda

Annex 2: Registered Participant List

Annex 3: Project Counselling Services (PCS) Case Study

Annex 4: The Foundation for Civil Society, Tanzania Case Study

Annex 5: The Nordic + Study Summary

ANNEX 1
LEADERSHIP FORUM AGENDA



**CCIC
LEADERSHIP
FORUM 2008**

**CANADIAN
CONSULTATION
CIVIL SOCIETY ORGANIZATIONS (CSOS)
AND AID EFFECTIVENESS**

CCIC LEADERSHIP FORUM 2008

10:00 - 10:30	Health Break
10:30 - 12:00	<p>Panel - What is Measured is What Counts: Toward New Frameworks for Assessing Impact</p> <p>Panelists: • <i>David Bombright</i>, Keystone, U.K. • <i>Sarah Earl</i>, Senior Program Officer, IDRC Moderator: <i>Marc-André Prédère</i>, Director, Results and Risk Management, CIDA</p> <p>Discussion at roundtables on most pertinent points and implications for CSOs and CIDA</p>
12:00 - 1:30	Lunch
1:30 - 2:45	<p>Panel - Relationships and Funding</p> <p>Panelists: • <i>Réal Lavergne</i>, Senior Policy Research Analyst, CIDA Recent Discussions at CIDA on Civil Society and Development • <i>Jan-Peter Holtebakk</i>, Norad, Norway The Nordic Plus Study Moderator: <i>Karen Takacs</i>, Board of Directors, CCIC</p> <p>Discussion</p>
2:45 - 3:00	Health Break
3:00 - 4:00	Affinity groups to discuss presentations and comment on implications for CSOs, for CIDA, and for the Paris Declaration process. (Key points on cards)
4:00 - 5:00	<p>Implications from the Affinity Groups, Concluding Remarks and Next Steps <i>Stephen Wallace</i>, CIDA <i>Gerry Barr</i>, CCIC</p>
5:00	Forum Ends



Holiday Inn, Plaza la Chaudière
Gatineau-Hull, Quebec - January 17-18, 2008

CCIC LEADERSHIP FORUM 2008

EVERY YEAR, CCIC HOSTS A LEADERSHIP FORUM (LF) FOR CHIEF EXECUTIVES AND BOARD CHAIRS OF ITS MEMBERS TO DISCUSS STRATEGIC ISSUES OF RELEVANCE FOR THE SECTOR. IN 2008, CCIC HAS DECIDED TO HINK

THE LF WITH A CANADIAN CONSULTATION (CC) IN THE LEAD UP TO THE FEBRUARY INTERNATIONAL FORUM ON CIVIL SOCIETY AND AID EFFECTIVENESS. THE INTERNATIONAL FORUM IS BEING HOSTED BY THE ADVISORY GROUP ON CIVIL SOCIETY AND AID EFFECTIVENESS.

WHICH IS LOCATED AT THE DAC, IN PARIS, AND ON WHICH CCIC SITS AS A CSO MEMBER. COLLEAGUES FROM THE CANADIAN VOLUNTARY SECTOR WITH IMPORTANT DEVELOPMENT COOPERATION PROGRAMS ARE ALSO INVITED TO THE LF/CC.

THE OBJECTIVES OF THE LF/CC ARE:

- TO ASSIST CANADIAN CSOs TO LEARN FROM LEADING EDGE CONCEPTS AND PRACTICE.
- TO EXAMINE AND PROPOSE WAYS FORWARD ON THE AID EFFECTIVENESS ISSUES AND CHALLENGES FACING CIDA AND ITS CIVIL SOCIETY PARTNERS.
- TO CONTRIBUTE CANADIAN PERSPECTIVES TO THE INTERNATIONAL FORUM ON CIVIL SOCIETY AND AID EFFECTIVENESS FOR ITS INPUT TO THE ACCDA HIGH LEVEL FORUM ON AID EFFECTIVENESS PLANNED FOR SEPTEMBER 2008.

PROPOSED OUTCOMES OF THE LF/CC ARE:

- INCREASED UNDERSTANDING OF CHANGES IN THE AID REGIME FLOWING FROM THE PARIS DECLARATION ON AID EFFECTIVENESS, AND THEIR IMPLICATIONS FOR CIDA AND FOR CCIC MEMBERS.
- IDENTIFICATION OF ISSUES OF COMMON INTEREST TO CCIC MEMBERS AND CIDA IN RELATION TO AID EFFECTIVENESS.
 - ACCESS TO TOOLS AND INNOVATIVE PRACTICES FOR CHANGE.
 - CANADIAN INPUT TO THE INTERNATIONAL PROCESS ON AID EFFECTIVENESS.

Thursday, January 17 2008

Salon des Nations

CEOs and Board Chairs from CCIC and other key Canadian CSOs

- 8:00 - 8:30 Registration, Coffee, Networking
- 8:30 - 9:00 Welcome and Overview
Jean-Pierre Massé, Chair, Board of Directors, CCIC
Gerry Barr, President-CEO, CCIC
- 9:00 - 9:30 Introductions of participants at tables
- 9:30 - 10:15 Opening Speaker
Osaitan Ngunjiri
Executive Director, Agency for Cooperation and Research in Development (ACORD)
- 10:15 - 10:45 Health Break

10:45 - 12:30 Panel - What's Changing, Why and How?

Panelists:

Paul Davidson, Unitera
Paul Brennan, ACCC
Aina Egejuna Marin, Project Counseling Services (PCS) - Latin America
Rakesh Rajani, Foundation for Civil Society - Tanzania (on video)

Moderator: *Barbara Wood*, Board of Directors, CCIC

Lunch

12:30 - 1:30

Working Groups

Strengths and challenges of changes discussed in the panel and from members' experience.

1:30 - 3:45

• **Funding Models for Strengthening Civil Society**

Facilitator: *Mary Carbery*, Kairós

• **Principles for Better Relationships**

Facilitator: *Molly Kane*, Board of Directors, CCIC

• **Development Impact**

Facilitator: *Michel Chaurrette*, CECI

Health Break

3:45 - 4:00

Plenary

Discussion to share the outcomes of the afternoon's work and prepare the input for Day 2

Moderator: *Gerry Barr*, CCIC

4:00 - 5:00

Session ends

5:00

Friday, January 18 2008

Salon des Nations

Day 1 participants plus CIDA representatives

Participants:

- 8:30 - 10:00 Opening Presentations
Why Are We Working on Aid Effectiveness and What Can We Achieve?
Stephen Wallace, Chair, Advisory Group on Civil Society and Aid Effectiveness, CIDA
Gerry Barr, President-CEO, CCIC
- Findings and proposals from Day 1**
Anna Nitostawska, Board of Directors, CCIC

ANNEX 2
CCIC LEADERSHIP FORUM AND NATIONAL CONSULTATION
JANUARY 17-18, 2008
PARTICIPANTS LIST

Aga Khan Foundation Canada
Abid Mallick

Michael Stephens
Brian Tomlinson

AQOCI
Maria-Luisa Monreal

Canadian Federation of Municipalities
Micheline Caron
Tim Kehoe
Richard Smith

**Association of Canadian
Community Colleges**
Paul Brennan

Canadian Feed the Children
Marianne Chilco
Jim Dahl

**Atlantic Council for International
Cooperation**
Jessica Dubelaar

Canadian Foodgrains Bank
Jim Cornelius

**British Columbia Council for
International Cooperation**
Shams Alibhai

**Canadian International
Development Agency**

Canadian Auto Workers Union
Annie Labaj

Dr. Mushtaq Ahmed
Abebech Assefa
Diane Briand

**Canadian Baptist Ministries /
The Sharing Way**
Rupen Das
Brian Malcolm

Melanie Boyd
Lilian Chatterjee
Denise Conway
Marc-André Frédette
Mario Gonzales

Canadian Bar Association
Robin Sully

Carla Hogan Rufelds
Réal Lavergne
Dr. Jean-Charles Le Vallée

Canadian Blood Services
Pauline Port

Simeon McKay
Jennifer Myles

Canadian Co-operative Association
John Julian

Susan Perverzoff
Frantz Pierre-Jerome
Rémi Turmel
Stephen Wallace
Jacqueline Wood

**Canadian Council for
International Co-operation**
Gerry Barr
Anne Buchanan
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Pat Mooney

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ANNEX 3
CASE STUDY
PROJECT COUNSELLING SERVICE
PREPARED BY BRIAN MURPHY

In late 1979, four organizations – Danish Refugee Council, Norwegian Refugee Council, University Assistance Fund (Holland) and Inter Pares (Canada) – came together in an international consortium to work to create a new international organization based in Latin America, *Consejería en Proyectos* / Project Counselling Service (PCS). After close to thirty years evolution of the original consortium model of governance, an intensive review carried out in response to emerging dilemmas has very recently led to the re-incorporation of PCS as an autonomous regional NGO with its own independent Board of Directors. This case study focuses on the original founding of PCS as a consortium and the long and productive era that followed, which made possible the transition recently completed. This long experience of NGO collaboration, begun almost three decades ago, brings with it insights that perhaps are relevant today as we reflect upon CSO relationships, funding mechanisms, and more effective ways to achieve our goals.

ANTECEDENTS

The four founding organizations had been collaborating for some years in a humanitarian and political effort to assist in resettlement of exiles and refugees from the anti-apartheid struggles in Southern Africa. Beginning in 1978, with encouragement from key Latin American actors, they began a tentative, low-profile outreach in South America to determine whether there was a similar role to play in relation to exiles and refugees from the repressive military regimes in the *Cone Sur*. During the period of this outreach the flow of displaced people began to increase dramatically in Central America as result of the growing civil conflicts and murderous military repression, especially in Guatemala and El Salvador, which saw a massive influx of exiles and refugees into Mexico, Belize, Honduras, Costa Rica, Panama and Nicaragua. A decision was taken to explore the possibility of creating an organization within the region that could relate to these events in an innovative and open-ended fashion using both humanitarian and development-oriented strategies based in the struggles and aspirations of Latin Americans themselves.

RATIONALE

The conflicts in the region were understood to be political and structural. Those affected would require profound and intensive long-term accompaniment and support to promote durable solutions based in justice, human rights and authentic democratic participation. Traditional humanitarian efforts responded in the short-term with material assistance to some of the most exposed and visible “victims” under very limited, and *limiting*, circumstances (e.g. temporary “camp-like” settlements in border regions, urban refuge centres). The effect of such measures was debilitating for the populations involved, reducing within a very short time their political agency and their capacity to sustain themselves and the viability of their communities.

At the same time, the resources – and mandates – of the northern NGOs engaged in this process were also very limited. The impact of any of them working alone in a traditional manner was minimal and temporary, and the potential to create an alternative in isolation was negligible. So they decided to work together, pooling their scant resources to develop another response, and create the capacity to sustain this response over the long term. They hoped to achieve together what none of them could achieve alone.

PRINCIPLES

The PCS was conceived with several guiding principles:

- ❑ The consortium members determined to suppress their own individual organizational identity as northern NGOs, promoting instead the profile of PCS itself, as a Latin America-based international NGO.
- ❑ The organization was to be launched and based in Latin America rather than in the north (its Secretariat was originally in San José, Costa Rica, and is now in Lima) and staffed internationally, with predominantly Latin American staff.
- ❑ The Consortium members (“Sponsorship Group”), augmented by a “consultative group” of eminent Latin Americans, would form the governing body of PCS.
- ❑ The organization was to be “staff-led”, responding to the logic of events and processes in the region and the relationships with local counterpart that PCS developed over time, rather than the logic and priorities of the members of the consortium, or other potential donors.
- ❑ The organization would, as a rule, be “non-operational”. Rather than implement its own programs, it would promote and support the building of local capacity to respond to the needs and aspirations of those uprooted by conflict. It would prioritize assisting people to work together to secure sustainable livelihoods and participate as authentic protagonists in the political, economic and social processes taking place in their societies. Secondly it would focus on nurturing a support base among national and regional NGOs capable of assisting such people and their grassroots organizations in their development. This action would include supporting the creation of spaces – nationally and regionally – for discussion, debate, and the development of joint strategies for action on issues related to forced displacement and citizen participation.
- ❑ The consortium would support PCS institutionally and politically, and provide a degree of core funding for the organizational development and “project counselling” role carried out by staff.
- ❑ Consortium members also would contribute to a flexible “Discretionary Fund” to allow staff to provide, without prior approval, small “on-the-spot” seed grants (USD\$5000 maximum) to assist incipient organizations in fledgling economic activities and project development.
- ❑ Beyond this core support, PCS was expected to be *entrepreneurial* in raising funds (from other northern NGOs, from donor governments, and from multilateral institutions) to eventually sustain itself and the more large scale, longer-term activity of its counterparts as the conditions for project activity matured.

- ❑ As time went on and its reputation became established, PCS would increasingly garner funding support from external sources, not only for specific project funds but for its core “Project Counseling” activities and the Discretionary Fund as well, relying less and less on the original consortium members for these resources.

ELEMENTS IN SUCCESS

The need for innovation was experienced concretely by the main actors in the initiative. They had run up against the limits of their institutional capacity and structures, while confronted with ever-increasing needs and complexities on the ground. The desire to contribute to constructing an alternative form of international cooperation and action was shared and deeply held. The concept was good. The commitment was there to make something happen.

At the institutional level, this initiative developed in the early stages of the life of relatively young NGOs; they were in a dynamic and creative learning phase, rich in ideas and ideals, although relatively poor in resources. They had minimal institutional “ego”, and large aspirations. They had tiny international staff teams but also a minimum of bureaucracy or bureaucratic tradition to impede new ideas. Risk was taken for granted as part of the terrain of action.

Excellent people were involved, who knew and trusted each other from prior common actions. There was a deep reserve of mutual trust and confidence – a trust that was personal, as well as institutional (perhaps *more* personal than institutional, which is an area worth exploring). Many of the original actors, north and south, had collaborated in this terrain and their relationships were based in shared experience as well as common ideas and ideals.

MITIGATING FACTORS

Inherent from the beginning of the consortium were the sometimes divergent institutional dilemmas of the members as they impacted PCS itself, and these dilemmas remained an issue throughout the various stages of the life of PCS (see below). By and large the members were able to shield PCS and its staff and counterparts from these dilemmas for the better part of its first 20 years, until the late 1990s. This was achieved by two qualities incorporated at the outset:

- ❑ The first was a very loose governance structure, based on trust, flexibility and mutual support rather than rules, regulations and procedures. Indeed, the first formal *Memorandum of Understanding* among the consortium members was only negotiated and signed in 1986 when two new members – HEKS of Switzerland and DIA of Holland – joined the consortium.
- ❑ The second was a commitment to working by explicit consensus for all decisions affecting PCS or, by extension, any member of the consortium. The principle of consensus was applied both at the staff level and at the level of the governing structure. There was an absolute commitment to respect the interests and constraints of all parties as they themselves

perceived and declared them. While this may appear a conservative principle, in practice it was radical and empowering, leading to rigorous situational assessments, uncommon durability at a time of significant hazard and risk, and very credible accomplishments.

In spite of two decades of success insulating PCS, some dilemmas ultimately became increasingly difficult to contain. Inevitably, consortium member experienced internal and external pressures as their institutions evolved and developed in an increasingly competitive and market-driven political economy of international aid. Especially from the mid-1990s, the pressures experienced by the consortium members, and other NGO funders of PCS, made them very sensitive to the domestic political environment and the shifting policies of their national governments. Government donors increasingly conditioned funding to their own program priorities and modalities, and demanded clear institutional identity and accountability. There re-emerged a tension between prioritizing humanitarian intervention – including direct emergency responses for “victims” of civil strife and military repression – versus lower profile, sustained support for ongoing civil society organizing and political action in defense of human rights, promotion of peace, and demands for open democracy and government accountability. Humanitarian intervention brought with it an increasingly “operational” profile, with attendant demands for increased infrastructure and local representative offices, diffusing PCS resources and stretching its capacity to maintain internal coherence.

Under these tensions, the ambiguous relationship between PCS and the members of the consortium that sponsored it became increasingly problematic. Over the last five years an intensive process of analysis of these dilemmas and the options for renewal, in consultation with local actors, has led to the transition referred to at the beginning of this case study, through which PCS has emerged as a newly mandated, autonomous regional NGO with its own independent international Board of Directors drawn from eight countries in Latin America, as well as from Canada and Europe.

CAUTIONS

The creation and support of PCS through its various stages and challenges depended on institutional memory and personal bonds among the members of the consortium, the PCS staff, and the wider circle of donors and Latin American colleagues and counterparts. As NGOs grew and changed, with relentless staff turnover, institutional memory of the ideas and impetus behind PCS gradually diminished and in some cases institutional commitment to the original concept was transformed or lost. Under new pressures, and in radically changed institutional forms (some of the organizations were now huge and complex bureaucracies), the demands of the northern NGOs and the logic of PCS began to diverge. Some NGOs, under pressures of institutional identity, financial “accountability” and funder conditionalities, came to see PCS as an operational extension of their own organization rather than as an autonomous, self-governing entity; and staff as employees rather than colleagues. Not surprisingly, as PCS itself underwent its own staff changeover, new staff tended to internalize these perceptions themselves, and some came to look at the “agencies” merely as external funders, rather than as colleagues in a common enterprise.

In spite of these dynamics, which emerged only slowly over time, the principles and norms built into PCS have been strong enough to analyze these tensions and implement the change process that has led to a “renewed” and independent PCS, with assets and a tradition that will carry it into the future on a healthy political and financial base. Still, this tension does bear analysis in taking lessons from the experience of PCS. There was always an ambiguity built into the very founding of PCS: was it an international consortium of northern NGOs, or an autonomous Latin American regional NGO?

In fact, it was both, and this was both a strength and a weakness. For almost two decades the guiding principles, loose structure and strong bonds of trust were sufficient to sustain the autonomy and incredible accomplishments of PCS, ultimately recognized in its nomination for the 2005 Hilton Humanitarian Award by a group of eminent internationalists led by Nobel Peace Prize Laureate, Oscar Arias. These principles remain relevant to building other such innovative NGO collaborations. But in such cases, vigilance also is required to ensure institutional understanding and commitment at the very highest levels of participating organizations to ensure that in difficult times as well as good times, the political will and wisdom is on call to sustain the common effort.

Brian Murphy
Ottawa, December 2007

ANNEX 4
CASE STUDY
THE FOUNDATION FOR CIVIL SOCIETY (TANZANIA):
THE CREATION OF A NATIONAL “LOCAL FUND” FOR CIVIL SOCIETY²

1.0 BACKGROUND

The Foundation for Civil Society, Tanzania (hereafter the Foundation) was created at a time of growing donor interest in Local Funds (see Local Funds below) as new mechanisms for improving development programming and poverty reduction. The Foundation, which was initiated in 2000, was originally a program of the UK Department for International Development (DfID), and was known as the Civil Society Programme (CSP). The CSP was a competitive grant-making mechanism for CSOs with three operational agents (all managed directly by DfID): 1) CARE Tanzania managed and oversaw the grant-making process; 2) TRACE (a Tanzanian training organization) was responsible for capacity building; and 3) Fatma Aloo evaluated grantees and developed linkages among organizations.³

In 2002, the Foundation became a registered non-profit Tanzanian company and started full operations in 2003. It was registered as a non-profit company, rather than a Trust, NGO or Share Company, as this was identified as the more rigorous form of incorporation with greater levels of accountability.

2.0 LOCAL FUNDS FOR CSO SUPPORT

While there are different definitions of Local Funds by donors, the general trend is to see them as funding mechanisms which are targeted and based on the perceived needs and the benefit of poor and vulnerable groups. They are expected to be more flexible, with the capacity to overcome inefficiencies in the bureaucracies of recipient governments. They have gained in popularity among donors as they seek to reduce their transaction costs and improve aid efficiency. Many Local Funds are competitive grant making mechanisms that support Civil Society Organizations (CSOs) in various ways. Local Funds have been seen as compatible with and complementary to growing trends towards aid delivery by Program Based Approaches (PBAs), which generally work with recipient governments, using their own agencies and systems. See Appendix 1 for some common features of local funds.

² This overview of the Foundation for Civil Society has been drawn from two documents written for CARE International by Katie Wiseman: *Letting the Baby Grow: Lessons in Establishing a National Local Fund for Civil Society*, 2004 and *Building Governance and Civil Society: Learning and Innovation from Local Funds*, 2006. It has been produced by CCIC as a background paper for the 2008 Leadership Forum / National Dialogue on civil society and aid effectiveness. CCIC is fully responsible for its content, and has not verified the summary with the authors of these papers.

³ CARE has ceased to have a role in the Foundation, although TRACE and Fatma Aloo continue in their roles.

3.0 OVERVIEW OF THE FOUNDATION

At its inception, the Foundation was funded by four bilateral agencies (DfID, the Swiss Agency for Development and Cooperation (SDC), Royal Netherlands Embassy and Irish Aid) and governed under Tanzanian law by an independent Board appointed by the Foundation's Council⁴. Regardless of the amount of donor contributions, each donor had to be a member of the Council to appoint the Board of Directors and to assume legal liability for the company. Despite the fact that the Board and Council was made up almost entirely by donor agencies⁵, this framework reduces donor influence relative to the amount of funds they are contributing and it allows for "donor coordination" and "harmonization". Despite these advantages to donors, the structure risks giving priority to donor interests and needs over the original purpose of the Foundation, i.e. grants in support of local CSOs.

The Foundation's overall objective has been to act as a support mechanism for CSOs in Tanzania, and consequently enhance their capacity to engage in poverty reduction efforts, guided by the Tanzanian Government poverty reduction policies. To accomplish this objective, the Foundation is seeking to build the capacity of both CSOs and their networks for three purposes:

- ❑ To enable vulnerable populations to participate in the development process;
- ❑ To hold the government and private sector to account; and
- ❑ To participate in policy dialogue on poverty reduction.

In the year 2003, the Foundation managed 123 projects (some of which carried over from the CSP), 71 of which were completed and closed. It dispersed close to US\$1.5 million under two grant schemes: the medium grants, not exceeding T.sh 35 million per year aimed at newer, smaller CSOs and the rolling grants, not exceeding 5 million aimed at more experienced CSOs.

⁴ The Council is made up of the funding agencies, as well as more recent funders, CIDA and Norad.

⁵ In 2003, only 2 of the 8 Board of Directors were from non-donor agencies.

ACTIVITIES OF THE FOUNDATION

The Foundation funds organizations to carry out activities in any of the following areas:

1. Policy

Recognizing that the role of civil society organizations is key to allowing the voices of the people to be heard in the policy process, it funds projects that enable civil society to be involved in developing policy, sharing and popularizing policy, and monitoring and implementation of policy.

2. Governance

Recognizing that CSOs are vital to ensuring that public institutions function in a transparent manner and that people are aware of their rights, it funds projects that raise awareness of the rights of people and the responsibilities of government, strengthen cooperation between organizations working on rights issues at local and national level and increase access to justice for poor people.

3. Safety Nets

Recognizing that community-based organizations (CBOs) play an important part in providing the most vulnerable members of society with mechanisms through which their concerns can be voiced and that CBOs also play a vital role in protecting the most vulnerable from risk, it funds projects that broaden the scope of the vulnerable to take part in development through membership in civil society organizations as well as activities that reduce vulnerability and promote community responsibility.

4. Advocacy Strengthening

Recognizing that links amongst CSOs need to be strengthened in order for effective advocacy to take place while individual organizations need to develop their skills to be able to advocate effectively, it funds activities that create linkages and learning between organizations, strengthen consortia and networks, and develop skills and understanding in policy and governance.

Source: Adapted from Wiseman (2004)

4.0 SOME ISSUES RAISED ABOUT THE FOUNDATION⁶

4.1 Control

One issue was the balance, ownership and diversity of the organizations/individuals that made up the Board of Directors and the Foundation Council and hence held decision making power. As mentioned above, the original make-up of the Board and Council was almost entirely donor representatives and the functions of these two bodies overlapped. It was perceived by some interviewees that donors should only serve on the Council and not the Board as the Council was never intended to serve as an active management body, but rather a formal oversight function to appoint the Board which oversees policy and steers direction. Both the Board and Council didn't have broader representation from the private sector, civil society or government. One critique stated that the Foundation "was almost like creating an institution to assist what the donors want to do" (Wiseman, 2004, 12).

4.2 Accessibility

The application process and its procedures were created by staff carried over from the CSP donor steering group members in the set-up period of the Foundation in 2002. The rigidity of the application process and onerous procedures for grant dispersal limited the amount of grants dispersed as well as the nature of the organizations that received grants. The total number of grants being dispersed was too low, and often smaller CSOs with fewer resources and less capacity had been rejected. More flexibility was promoted by some staff and Board members that perceived these rejections as small issues of compliance. However, there was a Board split and others were concerned that more flexibility in the rules for grant approval might compromise the mechanisms that ensured transparency and avoided corruption. Furthermore, the geographical distribution of application was very uneven, with poor and rural regions underrepresented.

4.3 Capacity

Originally, there was no clear vision for how to build capacity beyond providing some broad grant management support. The capacity building component was executed by TRACE, although it was based on some pre-designed training packages on financial management, monitoring and evaluation, etc. After the Foundation gained independence, staff that had been there throughout its transformation worked with TRACE (the capacity building body) to review the past years, analyze success and failures to date and then together made suggestions for ongoing programs in capacity development.

⁶ This summary is largely based on the CARE International case study undertaken in 2004 mentioned in the introduction. The case study profiles some of the issues raised about the Foundation and the responses to those issues in the first years since the creation of the Foundation. There may have been further changes and responses since 2004 that are not detailed here. The information presented in that case study is based on interviews that were undertaken with a wide variety of stakeholders (staff, grantees, Board and Council member, CARE staff, donor specialists and independent consultants).

4.4 Impact

The evaluation of impact has been difficult, in part because it requires understanding specific learning processes of the grant recipients. Much of the monitoring has been undertaken for compliance to Foundation granting rules to ensure money was spent according to the grant stipulations and properly documented.

4.5 Scaling-Up

It was hoped that a formal financing commitment could be established with the Tanzanian Ministry of Finance to scale-up the scope of the Foundation. However, by 2004, there was minimal engagement with government or parliamentarians on these questions, nor has there been much engagement with the Vice President's office.

4.6 Long Term Financing

Another concern that deserves mention is the longer-term financing of the Foundation. The donors have established a ten year window for their funding of the Foundation. An endowment, the building of local philanthropic mechanisms as well as the encouragement of donations from private and public sources was seen to require further investigation.

5.0 SOME SOLUTIONS: "FINDING AN INDIGENOUS IDENTITY"

5.1 Control

Changes have occurred in the make-up of the Board and Council (from the beginning of the Foundation to the period of the study in 2004) with significant attempts at appointing new directors to the Board from more diverse backgrounds, changing the balance of donor to non-donor members on the Board, and a decision made that donors must choose between either Board *or* Council membership. Board/staff relations improved through more dialogue and this had an impact on the confidence of staff and their ability to work independently from Board day-to-day decision-making. Furthermore, "the fact that the Foundation was a registered Tanzanian civil society organization was a very important part of its identity and a source of pride" (Wiseman, 2004, 16) for its staff⁷. Staff who had spanned the Foundation's lifetime found that ownership and commitment increased over the period of their tenure. The steps taken, mentioned above, contributed to the Foundation moving in a more independent direction with more Tanzanian ownership.

⁷ The status of the Foundation remains one of a not for profit company. It is assumed that the terminology of "NGO" is used by the interviewees due to the perception of the status of the Foundation based on its nature.

5.2 Accessibility

Changes were made to the application process and certain criteria relaxed. In 2004, a scale system was in the process of being developed to draw up distinct sets of requirements for grant recipients depending on the level of funding being requested. In geographic terms, increasing the number of information points across the country where the Foundation's materials and information can be disseminated was planned. Information sessions and annual forums were also held.

5.3 Capacity

The Foundation improved its capacity building aspect of its work. While it originally provided some grant and fund management support, it shifted this capacity building to a broader support for grantees through relationship building that went beyond individual projects to promoting longer term partnership. The Foundation also encouraged smaller CSOs through coalition building, networking between CSOs and encouraging applications from consortia. It focused more directly on needs of its grantees: fundraising, advocacy, leadership, partnership, organizational sustainability, etc.

5.4 Impact

Impact assessment requires a "big picture" analysis of impact over time, ongoing learning processes and/or changes in organizational capacity. One attempt at improving the assessment of impact was an ongoing strategic planning process that begins to put in place critical thinking on how to bring together the various impacts of the Foundation coherently.

5.5 Scaling-Up

The Foundation had attempted to increase its relationships with government by building engagement through better communication. Some progress was evident, including a presentation made to Parliament on the Foundation's work as well as having a Minister open an annual CSO Stakeholder Forum.

6.0 LOOKING FORWARD

As one interviewee put it, "though the Foundation has many teething problems and will have many more problems in the future, it will either find a way of solving them or it will wither and die. The decision hopefully will be fully in the hands of the Tanzanian in 3 to 6 years" (Wiseman, 2004, 17). While the case of the Foundation may raise questions regarding local ownership, if it can enable CSOs (who *are* owned locally) to engage actively in poverty reduction efforts, albeit within the framework of government policies, and better be able to hold government and the private sector to account, it is a model worth further investigation.

SOURCES

Beall, J (2005) *Funding Local Governance: Small Grants for Democracy and Development*, Rugby UK: ITDG publishing

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LINKS RELATED TO THE FOUNDATION FOR CIVIL SOCIETY, TANZANIA

The Foundation website <http://www.thefoundation-tz.org>

Department for International Development <http://dfid.gov.uk>

APPENDIX 1 SOME GENERIC FEATURES OF LOCAL FUNDS

- Local Funds are a means by which relatively small resources are targeted directly towards disadvantaged groups or local communities, according to predetermined criteria.
- They are believed to be better targeted, distributed closer to where they are needed, with local people more able to decide what they need and to influence what they get.
- They are supposed to be demand-driven, operating in response to expressions of need and initiatives proposed by local actors themselves.
- They are supposed to stimulate partnerships for development. The process of eliciting funds should lead to increased participation. Partnerships will mobilize local resources, leading to greater cooperation among multiple local stakeholders.
- They offer grant funding as opposed to loans, although many require some level of co-financing.
- They are deemed to be swift and flexible.
- Management is devolved from donor agencies to other organizations which are responsible for oversight and day-to-day management.

Source: Wiseman (2006) adapted from Beall (2005).

ANNEX 5
SUPPORT MODELS FOR CSOs AT THE COUNTRY LEVEL
A SUMMARY OF A STUDY COMMISSIONED BY NORDIC+ DONOR COUNTRIES⁸
(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.⁹

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?¹⁰

⁸ 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.

⁹ 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.

¹⁰ *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 efficiency¹¹.

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.¹² 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”¹³. 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;

¹¹ *Support Models for CSOs at the Country Level: Synthesis Report*. Scanteam Analysts and Advisors. Oslo, September 2007. Page 1.

¹² 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.

¹³ *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.¹⁴

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.

¹⁴ *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 CONCLUSIONS¹⁵

- ❑ 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.

¹⁵ 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.