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- læring og metodeudvikling på tværs

Discussion Paper

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South funding modalities – pros and cons in relation to capacity development of local CSOs for advocacy[1]

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List of abbreviations

AcT	Accountability in Tanzania
AGIR	Swedish civil society support mechanism (Mozambique)
CBO	Community based organization
CISU	Civil Society in Development (Denmark)
CS	Civil society
CSO	Civil society organization
DGF	Democratic Governance Facility
DFID	Department for International Development (UK)
INGO	International non-governmental organization
MASC	Civil Society Support Mechanism (Mozambique)
NGO	Non-governmental organization
OECD	Organization for Economic Cooperation and Development
STAR	Strengthening Transparency Accountability and Responsiveness (Ghana)
ZGF	Zambia Governance Foundation

1.   Background

The number of donor supported funding mechanisms established in the South has increased in recent years as a response to donor agencies' preference for decentralized and outsourced funding mechanisms as a way to reduce direct transaction costs and to establish effective and efficient civil society funding. In the Danish aid context, various recent initiatives also focus on effectiveness and efficiency in relation to different funding modalities for local civil society organizations' (CSO) engagement in advocacy in the South: The Danish development strategy "Right to a Better Life"[3], the (forthcoming) evaluation[4] of the Danish Civil Society Strategy, upgrading of a number of middle-sized Danish NGOs to frame agreement arrangements, and the outsourcing of the administration of program and project funding to minor Danish development organizations to Danish umbrella organizations (DH, DMRU) or support organization (CISU).

In the context of *Fagligt Forum*, discussions on identification of best options for support to and strengthening of local CSOs' active engagement in advocacy and policy dialogue has been raised. The triangular relationship between advocacy, organizational capacity and strategic services to members[5] is a basic analytical tool which addresses the core issue of strengthening local CSOs' capacity to engage actively in policy dialogue and hold government to account. With the increased preference for funding local CSOs through decentralized funding mechanisms, there is a need to focus on how Danish CSOs can best support Southern CSOs maintaining the focus on core values of Danish civil society partnership based development work aimed at enhanced advocacy capacity.

The CISU Working Paper on experience with funding mechanisms in the South 2009-2012[6] compiles information on civil society funding mechanisms operating in countries where Danish CSOs are actively engaged in support to civil society advocacy and rights activities. In December 2012, CISU organized a one-day seminar with participation from STAR (Strengthening Transparency Accountability and Responsiveness) in Ghana and Accountability in Tanzania (AcT).

The present Discussion Paper was commissioned by *Fagligt Fokus* through CISU. It presents a summary overview of different funding modalities for civil society advocacy in the South, a discussion of capacity building and contextual factors, and perspectives for future effective support to local CSOs' engagement in advocacy. Some of the pertinent issues related to civil society development, which arise from the present Discussion Paper will hopefully be carried further through the subsequent discussions and reflections: How can local civil society best be supported in the context of socio-economic and political globalization and the emerging global civil society? What is the new role of Northern CSOs in local-to-global advocacy? What will civil society look like in coming years? Can effectiveness of political change processes be measured? And what kind of capacity is needed to respond to the imperative of local-to-global advocacy and global agendas?

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[3] http://um.dk/en/danida-en/goals/strategy/
[4] Evaluation report is forthcoming, May 2013.
[5] *Udviklingstrekanten*, CISU Positionpapir nr.3.
[6] *CISUs erfaringer med civilsamfundsfonde i Syd 2009-2012*, CISU Arbejdspapir, 2012.

The paper is based on extensive hands-on experience from recent international civil society evaluations, capacity assessments of Northern and Southern CSOs, design of monitoring systems for civil society funding mechanisms and decades of civil society engagement. Opinions expressed in the paper are exclusively the responsibility of the author.

2. Pros and cons of different funding modalities South

This chapter describes the underlying theory of change for support to civil society and analyzes the advantages and disadvantages of different South funding modalities in relation to supporting local CSOs' advocacy work. Advantages and disadvantages are, however, not final concepts, as donors, intermediaries and CSOs have different views on what works and what does not.

The underlying theory of change

The international aid community has since the adoption of the Paris Declaration (2005) on aid effectiveness increasingly paid attention to the role of civil society through principles of ownership, alignment, harmonization, focus on results and mutual accountability. The Accra Agenda for Action (2008) emphasized inclusive partnership and the importance of capacity development and recognized civil society as an independent development actor. In Busan (2011), these principles were confirmed through emphasis on global partnerships, involving countries and organizations to play an active role in ensuring accountability for implementation at the political level.[7]

Bilateral donors and international development agencies have specific strategies and modalities for supporting local civil society to assume its independent role in development, and most donors emphasize the need for supporting spaces to enable civil society to be involved in policy dialogue and political advocacy at country level and globally.[8] A common denominator for donor agencies is the basic assumption that democracy provides the best conditions for poverty reduction (eradication) and a just distribution of wealth in society. The underlying theory of change for supporting local CSOs is therefore based on the conviction that a strong civil society is a prerequisite for democratic governance, which again is the best political environment for poverty reduction (eradication). It is within this logic that Western and Northern donors have emphasized the importance of supporting the growth of an independent, strong and critical civil society, capable of holding governments and other power-holders accountable to plans and legislation.

While this is commonly agreed upon, the need to address a number of issues related to the decentralized support modality is also recognized: the need for improving CSO policies through a better understanding of the multi-dimensional and complex context[9], and the need for documenting effectiveness of decentralized funding mechanisms when it comes to results and impact.[10]

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[7] http://www.oecd.org/dac/effectiveness/busanpartnership.htm

[8] *Civil Society Policy and Practice in Donor Agencies. An overview report commissioned by DFID*, INTRAC, 2010.

[9] *Partnering with Civil Society. 12 Lessons from DAC Peer Reviews*, OECD, 2012; PD evaluation, Danida, November 2012.

[10] *Support Models for CSOs at Country Level*, Synthesis Report, NORAD Report 1/2008 Discussion.

A particular aspect of the increased focus on the importance of support to civil society is the post-Paris aid architecture, characterized by general and sector budget support, which at first marginalized civil society and later increasingly highlighted the need for support to civil society to act as watchdog and hold government and power-holders to account. Civil society plays an important role in building state ownership by engaging in critical policy discussion, as national ownership is not only state ownership, but involves other actors as well.[11]

Main funding models

Although commonly referred to as *decentralized CSO funding mechanisms*, there is a plethora of different variations, which reflect the diversity in terms of scope, objective and management set-up for the different funding models.

A NORAD study from 2008[12] provides a useful, albeit complex classification of the different support models, which describes the funding modalities in dichotomous categories. In addition to the *direct/indirect support, project/core funding and unilateral/joint support* identified by NORAD, an additional dimension can be added as joint mechanisms – and in rare cases also unilateral funding – may operate with either *direct awards or competitive funding*. In cases of direct award, the funding is granted based on assessment of the individual organization's application, whereas the competitive funding is based on a tender process, where applicants compete on an equal basis for funding within a specific envelope. Competitive funding through open tender processes is common procedure for most joint funding mechanisms. A specific challenge for these is to separate capacity building and on-going dialogue with the arm's length necessary for a grant authority.

	Direct support		Indirect support	
	Project funding	Core support	Project funding	Core support
Unilateral or joint support	Funding of specific project activities. Direct communication between donor staff and CSO.	Based on a Strategic Plan, non-earmarked funds for activities, capacity building, network activities etc. are transferred to the CSO.	Funding of CSO activities through an intermediary.	The donor provides core funding through an intermediary.
Direct award or competitive funding				

Based on the underlying wish to reduce transaction costs, adhere to Paris Declaration principles of harmonization and alignment, as well as to increase local ownership by supporting CSOs' own agendas as expressed not in isolated project activities, but in strategic plans, a gradual shift in donors' preferred funding modalities takes place. The development in CSO-funding tends to go from direct to indirect support through

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[11] This perspective is reinforced by the Accra Agenda for Action; *Civil Society Policy and Practice in Donor Agencies. An overview report commissioned by DFID*, INTRAC, 2010.
[12] *Support Models for CSOs at Country Level*, Synthesis Report, NORAD Report 1/2008 Discussion.

intermediaries, from project to core funding, from unilateral to joint funding, and from direct award to competitive funding.

Shifting balance in preferred CS support modality:
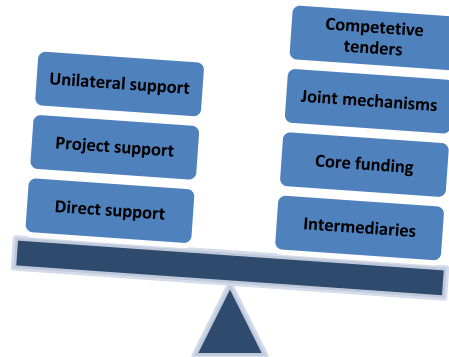
Direct or indirect support

Direct or indirect. In the case of direct support, the donor provides funds directly to the implementing CSO, i.e. the end-user. This implies a direct contact and communication between the donor staff and the CSO on plans, implementation and accomplishment. In case of indirect support, the funding is provided through an intermediary, and the donor has no direct contact to the end-user. The intermediary may be an INGO, a local umbrella-organization or network, or a private company.

Direct support from donor agencies is resource demanding and therefore tend to be on retreat, among other reasons because of the high level of transaction costs and general reduction of staff at donors' delegations. However, many donor delegations and embassies operate local grants, which are used as *seed money*, and although time consuming, these funds are often appreciated by the agencies, as they provide a flexibility to support emerging initiatives, and often on less bureaucracy-demanding terms. The possibility of testing out emerging initiatives is important, including funding that can be mobilized quickly to respond to seizing the right moment to raise issues in the public domain or influence decision makers. These opportunities are rarely predictable and therefore require flexibility and agility in administration. [13]

Local CSOs often see an advantage in working directly with the donor, as this is considered more prestigious and a comfort being closer to the moneybox. Interviews with CSOs in Mozambique during the evaluation of support to civil society engagement in policy dialogue revealed that smaller CSOs preferred the direct support from donor agencies, avoiding the subordination of e.g. locally administered funding mechanisms; presumable because the direct support modality was considered less biased.

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[13] *Support to Civil Society Engagement in Policy Dialogue*, joint evaluation synthesis report, Danida, November 2012.

The **indirect support** through *intermediary agents*, which transfers the transaction costs to the intermediary – without necessarily reducing them – is increasingly becoming a preferred modality by back-donors. Donors in many cases prefer working with their homeland NGOs as intermediaries, albeit they may not always be the best agents to strengthen local civil society.[14] When operating through an intermediary – be it an INGO, a local umbrella organization or network, or a private company - it is important that intermediaries have credibility and legitimacy in relation to both donors and benefitting CSOs.

A study from Zambia[15] highlights the importance of choosing the right intermediary and looks at the advantages and disadvantages of INGOs, national CSOs and non-CSOs as intermediary agents for administration of CS-funding. National CSOs are seen as having a high level of legitimacy, based on the assumption that they cater for strong ownership, close dialogue, mutual accountability and alignment to end recipients, but also INGOs are rated rather high in terms of legitimacy as their close relationship to back-donors is seen as a guarantee for best coordination. Again, the preference depends who is asked, as national CSOs indicate INGOs as the most legitimate, whereas donors and INGOs prefer national CSOs.

However, experience from a national HIV/AIDS network (umbrella organization) in Mozambique, entrusted with the responsibility for administering a multi-donor fund for minor CSOs demonstrates that the legitimacy may easily turn out to be problematic. The umbrella organization did have the legitimacy through a broad membership, but did not have the necessary capacity and also faced problems in terms of an ambiguous role vis-à-vis its member organizations.

Legitimacy challenged by capacity and ambiguous role:[16]

A national umbrella organization for CSOs and CBOs working with HIV/AIDS issues was entrusted the responsibility of administering funds from a broad group of donors in 2009-10, when the previous funding arrangement through the national AIDS council was interrupted. The umbrella organization assumed the responsibility of administering the grant administration, which involved calls for and evaluation of proposals, as well as follow-up on grantees' fund administration. First of all, the umbrella organization did not have any previous experience in fund administration at this scale and did not capitalize on others' experience and ended up facing serious problems. Second, the umbrella organization which core mandate was to defend the member organizations' interest in a national context, all of a sudden faced an uncomfortable ambiguous role vis-à-vis its members.

Non-CS agents are often contracted to administer CS funding mechanisms. These are private consultancy or audit companies, which run the funding mechanisms as projects on a time limited based and with an overhead fee. According to the Zambia-study, these are in general rated lowest among the different types of intermediaries, accused of having little knowledge of civil society and its specific challenges.

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[14] *Support Models for CSOs at Country Level*, Synthesis Report, NORAD Report 1/2008 Discussion.
[15] Karin Fällman: *Implementation of the Nordic+ conclusions on civil society support: The case of Zambia*, 2012.
[16] Based on interviews carried out with health sector CSOs in Mozambique, January 2011.

There is a number of well-documented experiences of CS support funds administered by private companies[17], which demonstrate that intermediaries with a commercial background can also successfully implement CS funding mechanisms, if they can set up specific program management units, hire qualified staff with civil society background and capitalize on the best practice experience from CS partnership programs.

Initial skepticism against joint funding mechanism:

The Civil Society Support Mechanism (MASC) financed by DFID and Irish Aid in Mozambique was initiated in 2007 and implemented by a private consultancy company. The first years of implementation were characterized by a high degree of skepticism towards the initiative for various reasons – being implemented by a private company, demanding relatively high capacity from applicants and being a new initiative. Consequently, other donors were reluctant to support the initiative, even in cases where negotiations on possible co-funding had gone quite far; and INGOs who in some cases had had their applications rejected were not thrilled by the competition on local CSOs' attention. MASC was established with a competent management team and operated with relative political independence, allowing for becoming an independent civil society player on the national scene. Combined with an effort on documentation of results and skillful communication, MASC succeeded in turning the initial skepticism to positive attention and has gained legitimacy. Other donors - USAID and Danida – have shown renewed interest, and INGOs increasingly tap into MASC's experience on grant management, monitoring and capacity building.

Project or core funding

Project or core funding. Project funding is given for specific activities and often based on project proposals and followed through a logframe-approach with focus on activity implementation and outputs. Project funding requires that the benefitting CSO has technical implementation capacity and solid accounting routines. Core funding is based on a Strategic Plan and not earmarked to specific activities. It requires strategic leadership and solid organizational capacity.

Project funding is provided for the implementation of specific activities according to concrete plans. This may often freeze CSOs in static activity areas or divert their focus and activities to correspond to donor priorities.[18] Project funding leaves little economic flexibility for the CSO to invest resources in areas like organizational development, knowledge management or identification of advocacy issues. Lessons learned on CS-support stress that support to CSOs must respect the role of CSOs as independent actors and avoid donor conditionality. Therefore, the funding modality must take into account the diversity of CSO roles, capacities, constituencies and approaches and respect their agendas.[19]

CSOs have during several years underlined the need for **core funding** to allow them independence in terms of setting strategic priorities. The trend towards more core support tallies with this CSO preference and conclusions from recent evaluations, documenting that local CSOs by far prefer core funding to project funding.

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[17] For example: MASC implemented by COWI in Mozambique; AcT implemented by KPMG in Tanzania; ZGF implemented by Grontmijn until end of 2011.
[18] *Mid-term review of AGIR Programme*, SIDA, 2013.
[19] *Partnering with Civil Society. 12 Lessons from DAC Peer Reviews*, OECD, 2012.

Core funding is considered "good donorship" and tends to ensure better ownership, more strategic dialogue, comprehensive programming and greater flexibility, and it seems appropriate for advocacy CSOs.[20]

There is also an inbuilt risk that CSOs with strong organizational capacity are favored and that a class of "elite" organizations emerges. When ambitious goals are set for funding requirements, it may easily disfavor the smaller organizations,[21] hence the need for differentiated funding modalities. Many CS funding mechanisms operate with a kind of "nursery funds", provided to emerging and less resourceful CSOs, which will allow them to grow in terms of capacity and eventually become eligible to more flexible core funding.[22] The Zambia Governance Fund (ZGF) operates a system of "graduation" where CSOs with sufficient capacity obtain a frame agreement, and it is a basic principle that each organization is supported in its own capacity. This also involves a close dialogue between ZGF and the CSO during the grant application process, aiming at identifying gaps and refining the proposal.[23] MASC in Mozambique has similar arrangements with differentiated grant mechanisms.

Unilateral and joint funding mechanism

Unilateral or joint. The unilateral support is provided by a single donor and is based on own policies and strategies, whereas the joint support is given by two or more donors based on a common understanding of objectives and implementation requirements.

Unilateral funding, where a single donor agency is providing funding directly to a local CSO is becoming rare exactly for the reasons of cost efficiency discussed above. Donors seek joint funding arrangements for cost-saving, as well as harmonization and alignment efforts. However, unilateral funding has, the advantages of maintaining a close dialogue and gradually establish a relationship based on performance and trust, which is rarely seen in competitive arrangements.

A particular model of unilateral funding is when an *intermediary*, typically an INGO, administers funds on behalf of a back-donor for the implementation of partnership programs based on the INGO's own strategic priorities. In this set-up, the INGO is an intermediary to the back-donor, sees itself as partner to the local CSOs, and is considered a donor by the supported CSOs. Various evaluations have documented this ambiguous role of INGOs, often with the aim of identifying the added value of the INGOs as partners.[24] Local CSOs are often very satisfied with this arrangement, as the close relationship with the INGO allows for flexibility and tailor-made support, albeit often within a narrow strategic frame provided by the INGO.

A good example of such an arrangement was the Ibis-administered Civil Society Governance Fund in Ghana, where CBOs and minor CSOs were supported based on the principles of Ibis' partnership approach. [25]

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[20] *Support Models for CSOs at Country Level*, Synthesis Report, NORAD Report 1/2008 Discussion.

[21] *CISUs erfaringer med civilsamfundsfonde I Syd 2009-2012*, CISU Arbejdspapir, 2012; *Citizens' Voice and Accountability evaluation*, DFID, 2008; *Evaluation of support to Civil Society engagement in Policy Dialogue*, Danida, 2012.

[22] For example the Swedish-funded AGIR program in Mozambique.

[23] Information from external ZGF consultant, March 2013.

[24] *DCA Partnership Approach – any added value?*, final evaluation report, DanChurchAid/COWI, June 2009

[25] Interviews with Ibis partner organizations in Ghana, August 2010; *Thematic Evaluation of Support by Danish NGOs to Civil Society*. Ghana Country Report, NCG, October 2009.

Unilateral support may also be provided through bilateral governance programs operated by a programme management unit administered either by the donor or by a private sector intermediary. Focus is specifically on promoting good governance and support to CSOs is a key component.[26]

Joint funding mechanisms break away from the close and symbiotic relationships which have characterized much of the INGO implemented partnership programs. This is especially the case when funds are granted based on competitive tenders. However, most joint funding mechanisms seek to capitalize on the positive experience from the partnership approach and apply a process approach and provide training based on CSO-defined needs. Successful funding mechanisms may threaten the INGOs in terms of added value through a close partnership relation – and thus force the INGOs to define their added value in other terms than hitherto.

Streamlining funding opportunities in joint mechanisms may, however, reduce the range and kind of activities for which CSOs can access funds, as well as reduce the diversity of organizations with access to funds. This concern was raised by CSOs in Ghana prior to the merging of various support modalities into one overall funding mechanism in 2010. Minor CSOs were afraid they would lose out to more "professional" CSOs and at the same time that funding opportunities would be reduced by donors putting all eggs in one basket. There is also a tendency towards more formal contractual arrangements, which may cause bureaucratic delays and costs, albeit on the positive side clearer rights, obligation and aspirations are a result.[27]

The right to initiative

No matter the modality, there are many examples of funds earmarked for specific activity areas - HIV/AIDS, women, environment, climate change just to mention a few of the most prominent. Local CSOs become opportunity driven rather than driven by strategic choices made on basis of identified problems. This further nurses a tendency of local CSOs being more of employment generation mechanisms than organizations with a vision and mission for changing conditions in the immediate environment.

Recent evaluations have also pointed to the risk of compromising CSOs' independence and own sphere when CSO funding is provided for specific targeted, often sector-related activities or with other conditionality attached. Harmonization of funding modalities and alignment of strategic priorities bears an in-build risk of diverting local CSOs' own priorities. CSOs are barred from the *right to initiative* on setting own agendas and priorities, as they are diverted by the need for adhering to strategic demands set by existing funding opportunities.

In Mozambique, various CSOs have called attention to the advert impact donor demands and strategic focus may have on the CSOs' freedom of choice in terms of activities. There is a tendency to overlap support around a small range of themes, leaving other key issues ignored. In general, local CSOs call for better dialogue between donors and CSOs in setting agendas based on locally identified priorities.[28]

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[26] For example the Danida good governance programs in Uganda and Nepal.
[27] *Support Models for CSOs at Country Level*, Synthesis Report, NORAD Report 1/2008 Discussion.
[28] *Support to Civil Society Engagement in Policy Dialogue*, joint evaluation synthesis report, Danida, November 2012.

The following two cases illustrate two situations: 1) where donor priorities change and project funding inhibits CSO to secure the long-term intervention required to obtain lasting impact, and 2) where donors insist on certain focus and CSO leadership is captured between the demands and interests of its member base and the requirements to be fulfilled to secure funding.

Donors' strategic priorities set the limits for dynamic intervention areas:[29]

In the period from 2000 to 2009, a group of Mozambican CSOs joined forces and advocated for the formulation and later adoption of a Law against Domestic Violence. The process was exceptional in the sense that the struggle lasted for almost a decade and involved capital-based academic organizations, women's organizations, local radios and other communication organizations, as well as locally based women's fora at provincial level. Broad means of communication and advocacy were adopted to call attention to the importance of the issue. The CSOs also lobbied with parliamentarians and politicians and finally the law was passed in the National Assembly on June 30th, 2009. After the adoption of the law, dissemination and application of the law was next step. One of the involved organizations which had received support from a donor agency during the campaigning for the law, wanted to undertake a study on the causes of domestic violence, early marriages being one of the focus areas. But this did not fit into the donor priority, and only after lengthy discussions and reformulation of the scope for the study was funding obtained. The organization had had to give in to the main focus on early marriage.

Donors insist on an advocacy focus, members are interested in farm input supply:[30]

A common feature of core funding to local CSOs is the formulation of a Strategic Plan. It is an integrated part of organizational capacity building and often a condition for further support to the organization's activities and eventually for receiving core support. During an interview with a local farmers' union in Northern Mozambique, the union's newly adopted Strategic Plan was discussed. The chairman expressed satisfaction with the plan, which clearly outlined the focus on access to information on rights and advocacy activities in defense of small holders' land rights. The Strategic Plan was well received by the numerous INGOs supporting the organization and had already led to extension of several contracts. The testimony of financial support was the binders with names of several INGOs lined up on the bookshelf in the small office – each INGO with its own set of accounting requirements. However, when asked how the Strategic Plan was anchored with the members, the chairman pulled a sad face and explained that they were actually not too happy, as the shift from providing farm input supply and advisory service on draught-resistant crops and new agricultural techniques to rights based advocacy was not the members' first choice. But all recognized that the donors would no longer support their service delivery activities, hence the need to adhere to donors' agenda-setting demands.

Diversity in access to funding

Civil society is per definition diverse, ranging from grass-grout groups at village level to urban-based capable research and advocacy organizations. Civil society includes a plethora of interest organizations, faith based organizations, labor unions, women and youth organizations to mention but a few. No wonder that the

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[29] Interview with women's organizations in Mozambique, November 2011.
[30] Interview with Farmers' Associations in Niassa Province, Mozambique, Septembe2012.

available funding modalities, which tend to streamline support and provide standard funding products do not always respond effectively to the diversity of CSOs.

Several evaluations have pointed to the need for a *diverse and flexible response* which evolves with the changing context to CSOs' funding needs in order to be effective and relevant for the CSOs.[31] An OECD compilation of lessons learned expresses this very clearly: *"Donors should have a mix of formal funding mechanisms which can be tailored to suit CSO partners, strengthen ownership and match policy objectives. Using an appropriate funding mechanism will contribute to more effective partnerships, maximize impact and value for money and give greater flexibility to adapt to changing situations and needs. Having a mix of funding mechanisms should allow a range of actors of different sizes, capabilities and interests to access funding which contributes to supporting a diverse civil society. The purpose of funding to or through CSOs should reflect the priorities set out in the civil society policy: this ensures clarity on both sides and a better match between mechanisms, tools and expected results."* [32]

A particular aspect on the importance of a diverse availability of funding to CSOs is related to *sustainability*. It is in general unrealistic to expect CSOs (or INGOs for that matter) to become financially sustainable from other sources of income. Financial sustainability is therefore linked closely to the capacity to raise additional funds (hence the capacity building focus on fundraising skills). Consequently, if all funds are pooled and centralized in only a few funding mechanisms at national level, it may become increasingly difficult for minor CSOs to diversify their funding base and thus obtain financial sustainability. Joint funding, where several different donor funds are pooled may reduce the local CSOs' diversification options and make them more vulnerable. [33]

3.   Capacity building for advocacy

Capacity building to strengthen and build local CSOs' advocacy capacity is at the center stage of CS-support. As stated in the beginning, the underlying theory of change is based on the assumption that a vibrant civil society is necessary to ensure democracy to develop. Civil society is often weak in terms of technical and analytical skills, resources and management and administrative knowledge.

This chapter discusses the different aspects of capacity building, as found in most programs and analyses how to ensure that CSOs' own needs are reflected in capacity building programs. In other words – there is a need to make sure that capacity building goes beyond bookkeeping skills and addresses advocacy skills.

Steps to capacity

Capacity building goes hand in hand with support to CSOs and is recognized as a must – whether donors provide support to hinterland INGOs or to local CSOs or umbrella-organizations, capacity to manage the funds in a transparent and proper way is always a prime concern. No matter the level, capacity assessments are

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[31] *Support to Civil Society Engagement in Policy Dialogue*, joint evaluation synthesis report, Danida, November 2012; CSS evaluation, Danida 2013.

[32] *Partnering with Civil Society. 12 Lessons from DAC Peer Reviews*, OECD, 2012.

[33] *Civil Society Policy and Practice in Donor Agencies. An overview report commissioned by DFID*, INTRAC, 2010.; *Civil Society Strategy evaluation*, Danida 2013 (forth coming).

undertaken to produce organizational baseline studies prior to funding, and capacity building is continuous and an integrated part of implementation. Depending on the support modality, the capacity requirement may change.
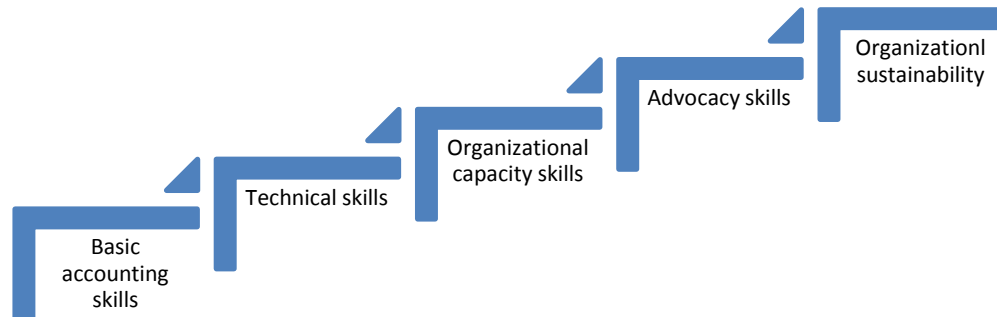
1. The first concern and minimum requirement is to ensure that **financial management and bookkeeping capacity** is in place to safeguard that mismanagement of funds does not take place. In case this capacity is not sufficiently solid, the donor usually provides on-going capacity building (and control) during implementation.
2. Second is the need for **technical skills** to implement the specific project activities. This may be in terms of agricultural knowledge, legal insight or capacity on health and nutrition and may also require a close follow-up and on-going capacity building to ensure that project activities are carried out efficiently and effectively. It may also address soft areas as planning, political analysis, advocacy and communication skills etc. depending on the specific project activities to be carried out.
3. Finally, when moving towards core support, the attention is shifted to the **organizational capacity** in terms of internal governance, membership, results based management and management set-up. The capacity to self-administration and adherence to commonly agreed strategic goals is pivotal, when considering the capacity for administration of core funding.

It is a fact that most of the initial capacity building provided to CSOs in general serves donors' interest – the main objective is to safeguard proper administration of funds and to secure monitoring and evaluation of results with the aim of documenting results to donor constituency. Misappropriation of funds due to insufficient management systems and low administrative capacity leads to interruption of funding and consequent non-compliance with plans and objectives. Capacity building in internal organizational skills is often seen as next step on the ladder leading to "graduation", i.e. the stage where the CSO is expected to have sufficient capacity to manage itself with no further need for support. [34] Whereas financial management skills and organizational democracy is about internal organizational change, strengthening advocacy skills is about achieving results in the external environment.

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[34] *Mid-term Review of AGIR Programme*, Final Report, SIDA, January 2013.

Capacity building steps:

Basic accounting skills → Technical skills → Organizational capacity skills → Advocacy skills → Organizationl sustainability

The aim of capacity building

The strategic aim with civil society support is often expressed as *promoting the existence of a vibrant and critical civil society capable to hold government and power holders accountable to plans and legislation*. The Danish development strategy for civil society has as its core area the support to civil society advocacy through partnerships with Danish NGOs. In line with this, most INGOs have developed extensive teaching material on advocacy as an approach to obtain durable change, which will influence the structural causes of poverty.

However, in spite of the strong focus on basic organizational capacity and although donor strategies are increasingly concerned with the ability of CSOs to go beyond the role of service providers and implementing agencies in e.g. agricultural extension, health and education sectors, there is still a long way before capacity building takes as point of departure the needs identified by the CSOs themselves – and not the strategic goals of the donors. One may even argue that the budget monitoring often undertaken by local CSOs is a donor-driven agenda.

CSOs may have the administrative skills to manage donor funds satisfactory, but the technical skills necessary to engage in policy dialogue and effective advocacy work may not be present. Attention to CSOs' need for advocacy targeted capacity-building is often underestimated or neglected by donors.[35]

Based on identified needs, CSOs own strategic plans and the specific political context, capacity building in advocacy must be tailor-made and include a broad selection of skills, e.g. analytical skills, political flair, different communication and networking skills, use of social media etc. some of which are difficult to acquire through short term training courses, especially if basic education is not solid.

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[35] *Support to Civil Society Engagement in Policy Dialogue*, joint evaluation synthesis report, Danida, November 2012.

The following case story illustrates that for instance basic notions of citizenship and knowledge about basic institutional roles in society is a prerequisite for undertaking advocacy activities.

Case story: Limited notion of citizenship as a barrier for advocacy

In a district in central Mozambique, a group of young people engaged in a community radio project, were keen to elaborate radio programs on citizens' rights in terms of land ownership, family law and legislation against domestic violence. They were struggling to get access to information on the legislation and almost gave up on the initiative, as they were not aware of where to find information. Little were they aware that this information is (in principle) available at the District Administration's office and that the legislation is a public good to which they are entitled access. The lack of basic notion of citizenship I was a barrier for their initiative to undertake advocacy for rights.

AcT in Tanzania has interesting experience with the linkage of capacity building, knowledge generation, learning and communication.[36] Also a recent evaluation of a Swedish funded civil society support program (AGIR) in Mozambique, underlines the importance of including skills-oriented capacity building in communication, advocacy and campaigning using innovative methods.[37] The strong focus on learning, knowledge management and communication shifts the focus *from outputs to change*, which is an important issue, when focusing on capacity building for advocacy.

Advocacy should be seen as an approach and not a project[38], and acquiring advocacy skills is not an end in itself, but a means to bring about change in society. AcT emphasizes that capacity building should be demand driven to ensure ownership. Demand does not necessarily rise on its own, but must be stimulated, e.g. through sharing of good practice and communication. It is also important that advocacy capacity is internalized by the organizations and do not remain immediate results, which will not necessarily lay the ground for the perpetual reproduction of a strong civil society able to hold the government responsible.[39]

4.   Future perspectives for civil society support

This final chapter perspectives the current civil society funding scenario by drawing lessons on good practice for consideration. It also raises a number of issues for further reflection and discussion related to the increasing importance of the global civil society and the new role for Northern CSOs, the distinction between civil society and CSOs, the need for capacity building for advocacy to target the un-conventional part of civil society, and finally, how to address the effectiveness and monitoring of capacity building.

Lessons on South funding and capacity building

With point of departure in the underlying theory of change - that a strong civil society is a precondition for democratic governance, which again is the most conducive political environment for poverty eradication – we have looked at different funding modalities established to support local CSOs in the South. There is clearly a

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[36] *Capacity Building, Knowledge Generation and Learning*, AcT n.d. www.accountability.or.tz
[37] *Mid-term review of AGIR Programme*, SIDA, 2013.
[38] *Thematic Evaluation of Support by Danish NGOs to Civil Society*. Ghana country report, NCG, October 2009.
[39] *Mid-term review of AGIR Programme*, SIDA, 2013.

trend during the post-Paris Declaration years – to go from direct to indirect support through intermediaries, from project to core funding, from unilateral to joint funding, and from direct award to competitive funding.

It is beyond the scope of this paper to establish which modality is better than the other, but we can deduct from the analysis that some practices are considered advantageous and conducive factors by the benefitting CSOs:

- **Right to initiative.** Core funding allows CSOs to define and implement activities of their own choice based on the specific knowledge of their socio-economic and political context. It avoids trapping CSOs in static and pre-defined donor agendas and provides better conditions for becoming active players in policy dialogue at all levels, while also having the room to respond to members' priorities.
- **Diverse funding opportunities**. Dependence on one or few donors corners CSOs in a delicate situation, where they have little influence on their own priorities and development. Diversification of funds helps counterbalance CSOs' unhealthy and symbiotic donor/INGO-dependency, while providing an opportunity for the CSOs to obtain a relative financial sustainability.
- **Flexibility.** Capability to respond to needs and acknowledge the specific contextual challenges faced by the local CSOs is important and requires agility in decision making and disbursement procedures. Flexibility is important when opportunities arise and fast disbursement is required to seize the political moment, where CSOs can make a different through their action. Important to notice, however, that flexibility in funding does not tally with donors' increased attention on financial accountability and results based management systems.
- **Legitimacy.** Fund managers - be they local umbrella organizations, INGOs or private companies - must have legitimacy and credibility in civil society as well as with power holders and donors. Legitimacy may be gained through accomplishments and demonstration of results, but also requires political flair and strong communication. Furthermore, fund managers must hold an unambiguous role vis-à-vis benefitting CSOs.

Issues for discussion

Based on these observations, a number of interesting – and hopefully provocative – issues are up for discussion:

The importance of linking to the global civil society

The rise of a global civil society, with national, regional and international networks and alliances, with capacity to consult, advocate and campaign at all levels is an interesting development. Many INGOs are becoming part of global networks and support to CSOs in the South becomes increasingly conditioned by the strategic framework set by their apex organizations. It becomes an interesting balance to strike – between global civil society networks and agendas and locally determined civil society strategies and support modalities based on specific socio-economic and political context. The increased globalization of the economy, as well as regional and international trans-border financial actions and investments call for a coherent and coordinated response from civil society. [40]

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[40] *Civil Society Policy and Practice in Donor Agencies. An overview report commissioned by DFID*, INTRAC, 2010.

Civil society in South is increasingly responding to the rise of a global civil society and although most of the civil society at local level is still characterized by traditional organizational structure, the need to establish vertical links with other types of organizations is important. Strong advocacy requires strong networks, which can provide support and information, ensure evidence and link local agendas to national and global agendas. In the present world , the local problems of small scale farmers in Northern Mozambique facing land grabbing and displacement when Brazilian, Chinese or Swedish investors are moving in, are caused by international agendas and call for local-to-global advocacy and not only local solutions.

When support to CSOs is increasingly provided through funding mechanisms with a predominantly technocratic approach, the political dimension of advocacy may easily be lost. The joint funding mechanisms can – no matter how efficient they operate – not provide the link to global civil society and global advocacy actions. Establishing strong South-North and South-South partnerships on common agendas are important. It seems evident that strong advocacy cannot build on donor led agendas, where national economic interests to an increasing degree are at play.

The new role for Northern CSOs

The terminology has changed over the last couple of years – we no longer talk about *NGOs*, but prefer the designation *CSO*, which describes the organizations as a positive phenomenon, not something "non". It also reflects the fact that the Northern CSOs play a role which is different from the development aid implementing non-governmental agencies they have been for decades. In line with the rise of the global civil society these organizations have a role to play in their own hemisphere, not isolated, but in close network and partnership with South CSOs and civil society at large. One may argue that the establishment of an increasing number of professionally managed civil society support mechanisms represents a competition to INGOs, who have formerly seen the partnership relation as their prime added value. This role is increasingly taken over by the funding mechanisms, responsible for the capacity building, on-going dialogue and hand-holding. Consequently, Northern CSOs need to strengthen focus on their contribution to link South CSOs to the global agendas, based on locally defined needs and problems.

Civil society is not = civil society organizations

Most of the efforts targeted the development of a vibrant and politically engaged civil society is targeted civil society organizations. The CSOs' are expected to engage actively and constructively in policy dialogue, budget and corruption monitoring, public commissions and auscultations etc. This is based on the assumption that the participation of civil society in invited political spaces is a formalized and cooperative process. [41] But civil society is more than formalized organizations and includes also movements and spontaneous reactions to injustice or ad hoc political agendas. Information technology and the rapid spread of telecommunication have opened new spaces for interaction – at local and global level. It is important to take into account this dimension of civil society when considering how to best support a democratic development.

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[41] For a discussion on the "accountability model", see *Civil society and accountability – should donors try to influence civil society efforts to strengthen accountability*, AcT / KPMG, March 2011.

Capacity building beyond bookkeeping

The illustration of the capacity building ladder starts at the bottom with building *internal* organizational skills (accounting, financial management, technical skills, and internal democracy) and gradually moving towards skills necessary for *external* interaction (advocacy skills including communication, knowledge management and analytical capacity). This capacity building logic is based on the assumption that all organizational development will necessarily follow more or less the same pattern – obtaining an organizational maturity reflected in internal democracy (annual general assembly, written minutes, and democratic elections). This may be the case for the vast majority of CSOs supported, but what to do with those organizations not fitting into the prototype? Those lead by a charismatic, but not democratically elected leader or the advocacy organizations providing vital evidence through research and led by a handful of academics with no constituency? Or the spontaneous rise of a cause-driven movement, which needs support and advocacy skills, but cannot wait 3-5 years before the support materializes? What kind of support modalities and capacity building is required to make sure that also these representatives of the vibrant civil society benefit from capacity building for advocacy?

Context knowledge and effectiveness

Context knowledge is important when designing any kind of development intervention, and support to civil society is no exception from this. Recent adoption of intervention logics and theories of change as a conceptual and analytical frame for development interventions highlights the importance of understanding the dynamics of the contextual setting and role of other actors and forces. This is, however, counter-balanced by recent years' reduction of budgets for especially donor agencies and embassies, which have diminished the opportunity for staff to obtain hands on knowledge and experience with the socio-economic and political context in which most local CSOs operate, i.e. outside the air-conditioned offices in the capital, as expressed during interviews with local CSOs in Mozambique.[42] At a low-practice level, this means that aid managers have little background to assess the priorities and strategies of local CSOs and therefore often have unrealistic expectations of immediate results and their scale.

Donors and their constituencies expect (quick) results; an expectation which has strong roots in project planning and logframe-thinking. The present day situation with a more volatile civil society, which needs to respond to changing local and global socio-economic agendas and conditions, calls for different effectiveness milestones. When undertaking capacity building for strengthened advocacy skills, then advocacy skills are an output, whereas the contribution to political processes through advocacy activities is the outcome. And the possible change brought about is the result. When measuring effectiveness of capacity building for advocacy, we therefore need to focus on the plausible contribution rather than seeking the directly attributable end-results. This is only possible with an in-depth context knowledge and long-term process perspectives.

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- ✓ Key documents – referred to in text
- • Additional documents – background knowledge

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