

## **Aid withdrawal, partnership and CSO sustainability in a time of global economic change**

### **Workshop conclusions and moving forward**

**Rachel Hayman, December 2012**

Why are there so many NGOs withdrawing aid from partners in developing countries? And why is there so little information available to support NGOs and their partners who are going through this process? This workshop began a process of interrogating these issues, as part of a longer programme to fill in the gaps. INTRAC hopes to encourage more NGOs to join in the conversation, to share their experiences and lessons in order to support the sustainability of civil society globally.

#### **1. Introduction**

Representatives from 22 European NGOs and NGO networks, along with consultants and academics came together in Oxford on 27 November 2012 to discuss the issue of aid withdrawal, partnership and the sustainability of civil society organisations (CSOs).<sup>1</sup>

Against a backdrop of economic recession in some parts of the world, economic growth in others, and major changes in the roles and activities of civil society actors,<sup>2</sup> many NGOs are withdrawing from long-standing relationships in a range of countries. Withdrawal raises practical challenges for NGOs – how best to plan and execute an aid withdrawal strategy, what lessons can be learned from others about good and poor practice, how can partners best be supported through the transition – and more profound questioning about the principles of partnership upon which relationships have been based and whether partnership is feasible after aid withdrawal.

The objective of the workshop was to share experiences and explore how best to support agencies going through this process (both ‘funder’ NGOs and ‘recipient’ partners). It addressed three key issues, concentrating on the perspective of international NGOs:

- Establishing a picture of aid withdrawal by NGOs
- Debating the sustainability of local civil society organisations beyond aid
- Exploring the future of partnership after aid withdrawal

#### **2. Setting out the issues**

The backdrop to aid withdrawal and CSO sustainability debates is a rapidly changing international development environment. For example, the UK, having reconfirmed its commitment to India in May 2012, suddenly announced in November that there would be no more programme aid provided to India after 2015. Instead the UK would continue to support

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<sup>1</sup> The Background Note in Annex 1 explains the rationale for the workshop.

<sup>2</sup> INTRAC has been involved in an initiative called [Civil Society at a Crossroads](#) over the past year. Numerous case studies, analyses and materials are available on the changing dynamics of civil society across the globe.

India through technical assistance in areas of expertise, with a strong focus on the private sector. In a recent series of workshops in India, it emerged that CSOs that have long relied on external partners for support appeared completely unprepared for funding cutbacks which have been happening as donors have withdrawn from the country, pulling larger NGOs with them. As the deadline for the Millennium Development Goals approaches, the beginnings of a new development paradigm are emerging. There are signs of a move away from poverty by donors towards security, private sector and trade, climate change, and emergencies. The national, not international, arena is increasingly viewed as the locus for change.

All of this has major implications for civil society. Too often NGOs have allowed themselves to be led by the donors: when donors leave a country, the NGOs tend to follow. They have further been caught up in short-term time frames; but to develop sustainability of civil society in some countries is going to take decades. And amongst some public NGOs are beginning to lose credibility. Public support seems stronger for NGOs to deliver services, not to alter power dynamics. Change is happening fast, and international development NGOs need to seriously consider how they are to remain relevant actors within global civil society.

#### **Trócaire's experience of aid withdrawal**

By 2015 Trócaire will have reduced the number of countries it works in from 27 to 17, scaling up its work in the remaining countries. This was triggered by a more restrictive fundraising environment but also caused by a need to consolidate and deepen investment in order to increase programme quality. A systematic approach was designed to inform the decision-making process, including weighing up where there is the greatest need and where Trócaire can have the greatest impact.

Guidelines were in place for the phase out process, including supporting partners to access funding from other sources and capacity building. Trócaire found it easier to find support from other INGOs for its partners, but it had less success in helping partners to secure local level funding. It is concerned that certain partners (smaller ones and those involved in human rights and governance work) in some countries were left vulnerable.

While partners themselves did not expect Trócaire to stay forever, staff may have had this expectation, raising questions that perhaps it is on the INGO side that the mind-set needs to change.

In light of this background, questions of particular interest were: how can we get honest feedback from partners about what support works and what does not so that we can better support the sustainability of partners? What will the impacts be on the general health of civil society, in particular in relation to closing space for work on the politics of poverty and injustice? Do we have an inflated sense of our own influence and importance, when CSOs are often likely to change partners regularly depending on their needs? What should the role of INGOs be in the new context and how can they stay relevant? How can INGOs learn from experiences of withdrawal to then be better partners in the countries where they are staying? How can we better embed the idea of withdrawal into our working strategies and our mind-set to avoid a false narrative of 'long-term commitment means forever'? Are we masking the politics of withdrawal behind strategic or even scientific rationales? Would a short-term perspective be better for focusing attention on 'life after aid'; but how do we reconcile this with the reality that building sustainable capacity is not a short-term process?

### 3. Mapping aid withdrawal

Prior to the workshop, INTRAC had begun gathering data on countries/regions NGOs were withdrawing from. In the workshop participants shared basic information on where they were withdrawing or had withdrawn in the past/coming 5 years, why, how (e.g. phased over a particular time period, with capacity building), and whether any form of relationship continued after withdrawal. Participants also added notes on particular countries where they were starting up new



activities, which provided another angle to the picture. Note that the focus was on development activities, not humanitarian work.

<b>The picture of aid exit and entry (from 18 NGOs)</b>				
<u>Withdrawal:</u>	Colombia	Laos	South Africa	Bangladesh
Afghanistan	Dominican Republic	Lesotho	South	Great Lakes (Africa)
Angola	DR Congo	Liberia	Caucasus	Laos
Argentina	Ecuador	Mauritania	South Pacific	Libya
Balkans	El Salvador	Mexico	Sri Lanka	Middle East
Bangladesh	Eritrea	Nepal	Sudan	Myanmar
Bhutan	Guatemala	Nicaragua	Tanzania	Niger
Bolivia	Haiti	Pakistan	Timor Leste	Rwanda
Brazil	Honduras	Papua New Guinea	Uganda	Syria
Burundi	India	Peru	Vietnam	Tajikistan
Cambodia	Indonesia	Philippines	Zambia	Uganda
Cameroon	Kenya	Russia		Yemen
Caribbean	Kyrgyzstan	Rwanda	<u>Entry:</u>	Zimbabwe
Chile			Afghanistan	

The basic reasons for withdrawal were often interlinked: funding cuts, strategic changes in direction, consolidation of activities, partner progress, difficulties in operating, and limited impact. Different methods have been adopted for making choices about where to withdraw, such as reviewing where activities are spread thinly or where the aid is no longer needed. A next stage in the research is to analyse the data more deeply, to include further information from other NGOs, and to carry out case studies on particular agencies. This will allow us to get much deeper into the complexity of the interlinked reasons behind withdrawal, such as why agencies withdraw from one place but not from another, and how they go about it.

However, some preliminary reflections that emerged from this session included:

- The picture is more complex than anticipated, raising more questions than it resolved.
- There are clear clusters of withdrawal in countries where we might have expected withdrawal, such as India, the Philippines, South Africa, Brazil and Angola (emerging economies); there were other clusters that cannot be explained by improved economic status alone, such as Cambodia and Rwanda. And others where operating contexts, especially high costs, are affecting NGOs, such as Angola and the DRC.
- We expected more concentration than emerged.
- Concentrating on withdrawal from *countries* often masked nuances where only particular partnerships were ending, but where NGOs were strengthening collaboration with other partners in the same country.
- NGOs often explore possibilities with others from within their networks about taking over projects or partners.

A central point of discussion was the extent to which funding difficulties for NGOs was the core reason for aid withdrawal. For some participants, funding squeezes had been quite profound. Nevertheless, disentangling the push and pull factors behind aid withdrawal is far from straightforward. In many ways, the financial climate was considered to have been a catalyst for reviewing priorities, activities and relationships. In theory this should lead to well thought-through decisions on which programmes or projects to reduce and where to consolidate resources; in practice, the decision-making process may be less than ideal.

Discussion touched briefly upon whether pressures from government donors or the donating public for demonstrable results might be behind withdrawal from partnerships or contexts where operating contexts make achievement of results difficult.

#### **Examples from different agencies**

Broederlijk Delen (BD) phased out from seven countries over 2009-11. This was primarily because the Belgian government criticised BD for being too thinly spread. BD consequently phased out of parts of Asia where it had the smallest presence and where partnerships were fairly recent; out of South Africa because it was experiencing growth; out of Cameroon in order to concentrate more on East Africa; and out of Honduras because it was a small project with minimal impact. In retrospect this process was good, as it meant BD was better prepared for more recent funding cuts caused by economic problems in Belgium.

The British Council reviews its partnerships on a continuous basis. There is currently a focus on fewer more strategic partnerships, seeking to address both horizontal and vertical linkages. These changes have been driven by a different delivery model, with more resources focused on regional hubs and a reduction of infrastructure costs in country offices. Behind this lies funding cuts as well as a change in strategy. A different approach was taken when designing a programme for Afghanistan which has exit built in from the outset through transfer to a local institution once capacity has been built.

Withdrawal from particular partnerships by Save the Children Denmark is linked to the merger of country chapters into Save the Children International. For example, Save International remained in Angola long after programme support from Save Denmark was withdrawn.

#### 4. Civil society sustainability

One of the biggest questions about ending support to a local partner is the impact upon the organisation and its activities. But the issue goes broader than that; it is also about how aid withdrawal affects the fabric of civil society as a whole. In a presentation on the South African experience, Nomvula Dlamini from the **Community Development Resource Association (CDRA)**,<sup>3</sup> highlighted how there has been a lot of retrenchment in NGOs in South Africa but this has not affected all types of organisation. The larger NGOs which were drawn into service delivery have been widely affected by reductions in funding from external donors and government. The social movements which were largely funded through solidarity networks are also facing huge challenges. However, the middle section of civil society – the smaller, unaided, informal agencies at community level which were never dependent on external funding are not finding themselves under the same pressure. The realisation that external funding is coming to an end has been slow to dawn amongst many NGOs.

The roles of civil society are therefore changing, with inequality now being the major issue that needs to be addressed; the democracy that was so hard won also needs to be defended. Organisations now need to look inward for support – to business corporations, meaningful partnership with governments, corporate philanthropy, individual giving, and social enterprise models. But they also need to revert back to what civil society used to be about, which is voluntarism. The South African experience is that when people care enough about a cause, they will give time and resources.

##### **Life after exit: lessons from Kvinna till Kvinna<sup>4</sup>**

Kvinna till Kvinna withdrew from Croatia in 2006 after 13 years. It approached withdrawal as representing success, i.e. that the women's groups Kvinna till Kvinna sought to help were strong enough to stand alone. As our speaker said: "if women's groups were never strong enough for us to leave, then we would have failed." Kvinna till Kvinna reviewed their withdrawal after two years. Several lessons emerged. For example, partners struggled in the first year, partly because they had not sufficiently grasped what withdrawal would mean. More discussion and communication was required on both sides. A question arose about whether the withdrawing partner should take responsibility for finding new donors for partners, or whether the responsibility is rather to ensure that partners have the competencies to access new resources. Kvinna till Kvinna came to accept that not all former partners would continue to exist, especially as the context changed. Organisations that knew what they wanted and had the strongest capacity were the most sustainable. The downsides of withdrawal were that the regional networks weakened, as it was hard to fund cross-national activities; activities became more localised and inward looking. Women's groups also became quieter in their watchdog role as they were more dependent on national funds.

Another viewpoint comes from emerging discussions amongst development-oriented NGOs within Denmark, as we heard from Erik Vithner from **CISU**. Here, NGOs have been less hit by funding cuts from government than in other European countries. Support for civil society remains high. However, increasing resources are being channelled directly to southern organisations, including through intermediaries in-country. This opens up the potential for

<sup>3</sup> All presentations from the day can be found in Annex 2

<sup>4</sup> See full presentation notes and ['Making Achievements Last: Learning from Exit Experiences'](#) (2011)

broader capacity building of civil society across a country and region, especially in contexts where externally-funded civil society activity is complex, such as Ethiopia. Too often northern NGOs focus on building capacity of their partners alone and do not address this wider picture. Nevertheless, such 'south funding' also raises a challenge for northern NGOs, notably around their future roles as their partners become able to access new resources directly. What is the added value of external relationships which are not only focused on financial resources?

## 5. Partnership after aid withdrawal

The session on partnership after aid withdrawal sought to challenge participants' thinking about how they can better align their aid withdrawal strategies with their own principles and values; about criteria that can be applied to withdrawal in practice which also reflect these values; and about how NGOs can be more accountable vis-à-vis their withdrawal strategies. Reflecting on these issues in the process of withdrawal offers the opportunity to test the validity of principles and values.<sup>5</sup> We also need to remember that not all relationships are partnerships and so withdrawal practices need to reflect the basis of the relationship.

Three key issues were explored in more depth through group discussions: good partnership practice in aid withdrawal; partnerships beyond aid; and sustainability beyond aid.

Key points raised about **good partnership practice in aid withdrawal** were:

- There needs to be a proper phase-out period, founded on good communication and dialogue. NGOs need to be willing to be held accountable for their withdrawal practices. Good withdrawal is also about being a decent funder.
- NGOs should review the organisational mandate and why a particular relationship was started, in order to consider when and how it might be ended. Exit may never be ideal, especially when a programme is begun on the basis of being in a country for 10-15 years or much longer. NGOs also have to be willing to let partners go.
- Aid withdrawal strategies should focus on providing skills for partners to resource themselves, capacity building for sustainability rather than for delivery of projects and programmes. Moreover, NGOs have to recognise the vested interests of national staff within the aid withdrawal process.
- One group explained that they had a strategic fund for partners which could be accessed even after they had formally left the country.

In regards to **partnership beyond aid**:

- Potential roles that INGOs could fulfil include: acting as mentors, facilitators and brokers within networks; providing an external perspective; providing space to bring people together from different countries; exchanging expertise and human skills.
- It may be that the ideal of partnership is more feasible after aid, especially where partners see mutual value in maintaining relationships, e.g. within a cross-national campaign. Narrow, thematic, issues-based partnerships may work better as the issues create mutual affinities between organisations wherever they are. This may be a better basis for partnerships than values.

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<sup>5</sup> See full presentation from Willem Elbers in Annex 2

- There is a wider question here of the legitimacy of northern-based INGOs beyond a funder role. In relation to this, INGOs need to perhaps focus more on issues back home that affect development elsewhere.
- We need to recall that people form the basis for relationships, not organisations.
- Partnership beyond aid should not be seen as a negative issue, but as an opportunity for NGOs to reinvent themselves. At the same time, NGOs should accept that having no partnership or relationship beyond aid is fine; reinvention should not be forced.

Finally, on the issue of **sustainability**:

- We need to consider what we are seeking to sustain: the organisations themselves or the change objectives? Are we considering financial sustainability or professional sustainability or something else?
- The starting point is important in terms of thinking about sustainability, and particularly in managing expectations: what was the initial idea behind the partnership? What did it aim to achieve? And therefore, what should be sustained?
- Sustainability is also concern for northern NGOs.
- Reinventing voluntarism within development NGOs may be a sustainability strategy, although this is often not compatible with development funding approaches.
- The most sustainable way forward may sometimes be termination.

An overarching question that emerged in this session was whether NGOs select partners to work on *their* programmes, or whether they select partners who have their own identity beyond such work, i.e. partners who have legitimacy and credibility within their own contexts and a life beyond their donors. Participants were also concerned about the decline in cross-national networks amongst southern-based organisations that seemed to be in part a consequence of aid withdrawal.

## **6. Conclusions, Next Steps and Recommendations**

The workshop began with many questions and ended with many more. Behind this workshop lay a concern that a large number of organisations are facing up to aid withdrawal at the current time, be it from the giver or receiver perspective. The environment in which INGOs operate - both within and outside the development cooperation sector - is changing rapidly. This has major consequences for INGOs roles, relations and added value. INGOs can respond re-active and pro-active to these changes. Obviously, the latter is a better option.

Publicly-available guidelines, literature and information on experiences and good practice are limited; and analyses of what this means in a broader context do not exist. This workshop provided a starting point to sharing issues and lessons. However we see this as the beginning of a longer-term process. This workshop was oriented towards European NGOs, and consequently was skewed towards one side of the picture. INTRAC aims to carry out in-depth research in the coming years on the partner side, including experiences of aid withdrawal, options for sustainability, interest in partnership with international NGOs beyond aid, and what relationships look like without funding. New questions that emerged from this workshop to complement existing ones in this regard include: to what extent do partners consider INGOs should be responsible for helping them find new resources? Are

there sectors or types of partnership that are being negatively affected more than others, e.g. human rights or environment?

### Next Steps

1. **Interrogating and expanding the map:** INTRAC will do more in-depth analysis of the emerging picture about withdrawal and entry, building on the basic information provided by NGOs thus far. We will seek to engage more NGOs in this process, asking them to add their examples and experiences. We are hoping to establish an interactive map on our website that allows NGOs to access this information – depending on the willingness of NGOs to have this information made public – and to add their virtual post-it notes.
2. **Gathering strategies and guidelines:** INTRAC will ask NGOs to provide copies of their guidelines and strategies for aid withdrawal in order to examine what material exists, how these can be shared, and the gaps that need addressing.
3. **Case studies:** based on the information we have, INTRAC proposes to work with several NGOs to prepare some deeper case studies of INGO experiences. A framework will be designed to guide this process, and NGOs will be encouraged to carry out their own case studies using an Action Research approach.
4. **Partnership issues:** we hope to write up into a briefing paper the specific reflections on partnership that have emerged in this workshop and in other recent work carried out by INTRAC and Willem Elbers. This will include bringing together what already exists in the literature on forms of partnership beyond funding.
5. **The partner perspective:** INTRAC has applied for funding to carry out in-depth comparative analyses of partner experiences in four countries (Brazil, Cambodia, Ghana and Kazakhstan) over the coming two years. We hope to complement these examples with experiences from elsewhere, using Action Research if appropriate.
6. **Linking this in with broader work:** the focus of our attention in this work is on funding-based relationships between civil society organisations. This complements the ongoing work INTRAC is involved in on Civil Society at a Crossroads, on accountability, and on new types of funding for civil society, e.g. from private foundations.

### Recommendations

We encourage all NGOs – INGOs and partners alike - affected by these questions **to get involved** in this learning and research process. By sharing experiences and learning from others, we hope to provide mutual support in coping with the changes affecting many organisations, and to prevent duplication of effort in designing aid withdrawal strategies.

To hear more about this work, or to participate, please contact INTRAC's Research Team ([research@intrac.org](mailto:research@intrac.org)).

# Annex 1: Aid withdrawal, partnership and CSO sustainability in a time of global economic change

## Background paper

Rachel Hayman, November 2012

### 1. Introduction

Exit strategies, and how to plan and execute withdrawal from an aid-based partnership, are not new topics of debate. But the anecdotal evidence points towards a new wave of aid withdrawals, raising major questions about the sustainability of civil society organisations (CSOs) in developing countries and about partnership principles which underpin the values of many international NGOs.

This paper provides a background to INTRAC's workshop on 27 November 2012. This workshop is one activity in a programme of work exploring aid withdrawal, partnership and CSO sustainability. This programme links broadly to INTRAC's work on civil society at a crossroads, accountability, and private donors.<sup>6</sup>

While this workshop focuses on the international NGO side of the equation, a further area of work will examine the experience from the other side, namely looking at partner experiences of withdrawal and pathways towards sustainability.

### 2. An emerging picture

Preliminary enquiries among several NGOs with whom INTRAC works closely revealed an intriguing picture; eight international NGOs listed 21 countries which they had already withdrawn from in the last five years or were planning to withdraw from in the coming years. There were: Angola, Bangladesh, Brazil, Cameroon, Cambodia, DRC, East Timor, Ecuador, Eritrea, Honduras, India, Kenya, Laos, Nepal, Peru, Philippines, Rwanda, South Africa, Sri Lanka, Tanzania, and Uganda. The picture gets more interesting when we consider which countries are seeing withdrawal by several NGOs: Angola, Bangladesh, Brazil, Cambodia, India, Honduras, Laos, Nepal, Philippines, and South Africa. Some of these are obvious – emerging economies where aid needs should be diminishing, or politically challenging environments for NGOs. Others raise more questions, such as Bangladesh, Cambodia, Laos and Nepal; all low-income countries with considerable development challenges.

The list only covers eight NGOs, and gives us the beginnings of a very interesting story. So how do we begin to interpret what's going on? Over time, international NGOs have constantly changed where and how they work, shifting in response to development needs, strategic priorities, and funding opportunities. However, we seem to be experiencing an increase in these withdrawals at the present time. There are multiple and intertwined catalysts for this. Firstly, economic problems in OECD countries are leading to funding cuts from governments for international development. This has considerable knock-on effects for those international NGOs which receive a high proportion of their funding from governments, leading to tough choices being made about programme sizes and staffing. Secondly,

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<sup>6</sup> For more information on INTRAC's work on these topics, see: [www.intrac.org](http://www.intrac.org)

economic growth in middle and lower middle income countries is reducing the need for general aid to these countries; some donors are consequently phasing aid out to these countries or changing the types of activities that they will fund. Thirdly, pressure is mounting in many European countries for demonstrable evidence of the impact of aid; this is leading some NGOs to re-evaluate who they work with where and how, under the pressure of this results-based policy agenda.

These dynamics are part of the broader context of a new era in international aid, where traditional lines between developed and developing countries are increasingly blurred. New actors are challenging the status quo of development relations, with the rise of new donors, an emphasis on more south-south cooperation or direct funding of local organisations in developing countries, and the increasing presence of private funders. New global challenges are also focusing aid in different areas and activities, such as climate change, agricultural production and the private sector.

Moreover, globally we see that civil society is undergoing major changes. The findings emerging from the 'Civil Society at a Crossroads' project demonstrate new forms of civic energy and associational life emerging in very different countries, challenging the status quo of relationships between civil society organisations in the global north and global south.

#### **'What we leave behind': lessons from Lesotho, Cameroon and the Philippines**

In 2007 and 2009 Helvetas conducted After Departure Visits to Cameroon, Lesotho and the Philippines, countries where it had phased out long-term development programmes, to explore what happened to partners. Interviews and workshops were conducted with former partners and stakeholders. In all three countries, former partners mentioned that they still benefitted from past projects supported by Helvetas, that they continued to appreciate the capacity building and financial support they had received, and the approach to development that Helvetas brought. Tangible results could be seen from many of the projects. However, all partners also highlighted gaps that they felt the absence of Helvetas had left. These included no replacement for capacity building by another body, and loss of the valued physical presence of a supportive organisation to discuss issues. Spaces for learning and exchange (Exchange Platforms) that Helvetas facilitated had not continued in the absence of support. In Lesotho and the Philippines financial assistance was found from other donors for similar work; this was not the case in Cameroon where the financial gaps created problems.

Helvetas was able to take away from this experience the value placed on partnerships characterised by dialogue and mutual respect and trust. But it does raise questions about how this can be maintained once the financial assistance and the programme are ended.

*Source: HELVETAS Swiss Intercooperation 'What We Leave Behind: Findings from the After Departure Visits in Lesotho, Cameroon and the Philippines.'*

## **Responding to change in India**

India is now a lower-middle-income country, experiencing considerable economic growth and profound social change. With increased government capacity, donors are decreasing their aid for social services or pulling out. In response to the changing environment, a number of international NGOs have withdrawn or are withdrawing from India – sometimes driven by changing priorities of their upwards donors, sometimes due to changing needs and conditions on the ground. Several international NGOs have ‘indianized’, setting up local chapters in India.

The roles of local CSOs in India are shifting too. Many are working closely with government to deliver services, assuming a sub-contractual role; many are also tackling new areas, such as defending constitutional rights and pushing for greater accountability. Relationships with the state are caught between close collaboration and antagonism.

At the same time, CSOs are experiencing profound challenges around sustainability, especially those that have depended greatly on external sources of funding, and particularly smaller NGOs which cannot compete for government contracts or draw on influential, international networks. Some organisations are restructuring in response.

Sustainability strategies supported by withdrawing donors appear to have focused mostly on internal capacity building, rather than consolidating alternative sources of funding. Such sources are growing, but slowly. These include: family and corporate philanthropy; Corporate Social Responsibility resources (although often CSR resources are very short-term and materially focused); tapping into support from a growing middle class; and social enterprise models.

*Sources: Dubochet (2011, 2012); PRIA (2012)*

### **3. Aid exit: a regular bone of contention**

Debates about when to plan for exit and how to do it continually occur in international development. One aspect of the debate is around the practicality of planning for exit at the beginning of a project. This is the ideal scenario in a funding-based relationship, enabling transparent processes and avoiding the development of dependency. There would be a clear rationale for beginning a partnership and a clear path towards the end of the relationship. However, this is very hard to achieve in reality, as the needs of projects evolve over time and as mitigating circumstances upset the linear process set out at the beginning. Development tends to not follow the plan. A much more cynical line of debate is that NGOs rarely plan for exit because it would undermine their own self-perpetuating interests. The cynical perspective is strongly prevalent but tends to be unhelpful as it often fails to capture the complex inter-relationships that make up development activities. Even where phase-out, hand-over, exit – however you want to term it – is built in from the outset the process will never be straightforward or non-contentious as there are myriad interests at stake, including those of local staff. Literature and guidelines on exit for NGOs are not as prolific as might be anticipated, but there are some useful materials available (see References).

Our interest goes beyond exit strategies themselves and best practice models in how to plan and execute aid withdrawal. Our interest is more in understanding the pressures on both international NGOs and their partners because of current contextual factors which we believe are leading to major changes in the inter-relationships between CSOs globally. Where in the past we might have anticipated that local organisations would turn to alternative donors for support, we are curious about whether different models are emerging – or not – for CSO sustainability because of new dynamics within the aid system. In this context, are previous lessons and existing models useful? What new forms of inter-relationships between CSOs across the world are emerging? Fundamentally, are we witnessing an old story or a new story?

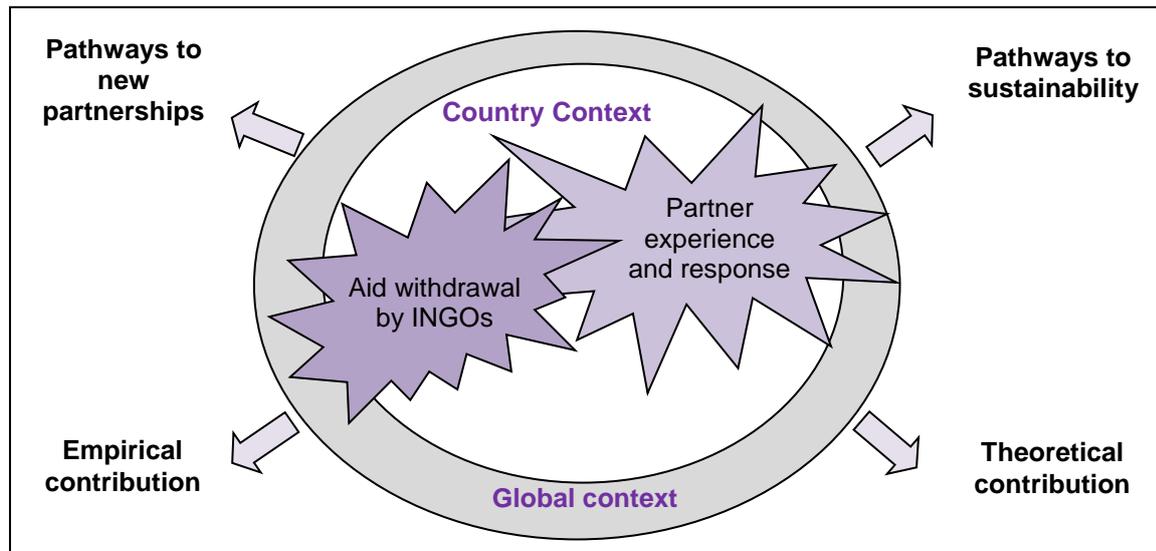


Figure 1: Research framework

#### 4. Unpacking the questions

This issue appears to be affecting a huge range of organisations at the present time on both sides, and others have gone through processes of aid withdrawal in the recent past. We have identified two key areas that merit reflection (see figure 1), under an over-arching question of:

In a period of major global social, political and economic change, what is the impact of the withdrawal of aid by international NGOs on the sustainability of local NGOs, and what are the implications for relationships between international and local CSOs?

On the one hand there is the **process of aid withdrawal by the international NGO**, primarily what is going on within the international NGO that frames the end of the formal relationship with a given partner. On the other hand there is the **partner experience** of withdrawal, the implications for the sustainability of that organisation, and how it responds. These two key areas are represented in this spiky way as the lines of enquiry, and possible directions and options go off in many different directions. There is a close interconnection between these two key areas of enquiry, although we will approach these as separate sub-topics using different approaches and methodologies. The two key areas are framed by inter-connecting layers of context which affect both partners: the local/country context and the regional/global context being the most important.

INTRAC has developed a programme of work, partly funded through the NGO Research Programme, to address this topic. Through research projects and sharing experiences and approaches, including in the November workshop, we aim to tackle the following questions:

### **Key Questions**

1. Process of aid withdrawal (INGO experience):
  - Why: what has driven the decision to withdraw?
  - Where: which countries, regions, areas within a country, types of partnership?
  - How: what was the process of aid withdrawal? Was it quick or phased? What was the involvement of partners in the process? What strategies and mechanisms were developed and used?
  - What are the implications and internal debates in relation to issues such as partnerships, legitimacy and accountability?
  - What sort of relationships continued (if any) after aid exit?
2. Local partner experience of aid withdrawal:
  - What are the responses and reactions?
  - How prepared were partners for aid withdrawal? What are partner perspectives on this? How involved were they in decision-making process, strategies and mechanisms?
  - What were the implications for the organisation, structures, staffing, downwards partners, sustainability of activities, finances, accountability?
  - What strategies for sustainability were employed? What alternative funders/funding models were found?
  - What sort of relationships do partners look for after aid exit?
3. The bigger picture:
  - What are the broader implications, the aggregate picture within countries and globally?
  - What are the implications for international civil society relationships?
  - What lessons are there for organisational development, for aid effectiveness, for civil society strengthening?

## **5. Our objectives**

This research topic cuts across many current challenges facing CSOs. It came up in debates at the CIVICUS World Assembly around new forms of financing for civil society. It has come up in discussions with private philanthropic foundations about how they work with international NGOs and local CSOs. It has both practical and philosophical implications, merging with questions around partnership principles, as well as the accountability, legitimacy and credibility of civil society in development. There are gaps in our knowledge and understanding that need to be filled, and together we can begin to address these.

The objectives of this work are to:

- support organisations (both the ‘exiters’ and the ‘exitees’) by updating existing lessons about good and poor practice, and by teasing out new ones that reflect the current global environment and the different circumstances under which withdrawal is happening. We anticipate this will lead to practical outputs such as guidance on

‘pathways to sustainability’ for local partners, and ‘pathways to new partnerships’ which endure beyond the end of aid for the mutual benefit of CSOs globally.

- build up a body of new knowledge about what is happening in the sector regarding aid withdrawal to bring it to the attention of practitioners, policy-makers and researchers. By documenting current and recent experiences of aid withdrawal, we will provide a major contribution to debates about the changing aid environment. This will lead to a range of empirical and theoretical outputs, as depicted in figure 1.

## 6. Questions for reflection

As we take this programme of work forward over the coming months, we encourage civil society organisations to join us in reflecting on the following questions:

- How does the picture that we are painting here resonate with your own experiences, as an international NGO or the partner of an international NGO?
- What issues do you think are the most pertinent amongst our areas of enquiry?
- Is there anything that we’ve missed that should be included?
- Do you have resources, case studies or materials to share with other organisations on this topic, and what could we do to facilitate that?
- What outputs would be most useful to you?

## 7. More information and getting involved

If you are interested in hearing more about this work, or in participating in some way, please contact INTRAC’s Research Team ([research@intrac.org](mailto:research@intrac.org)).

## 8. References and resources

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## Annex 2: Aid withdrawal, partnership and CSO sustainability in a time of global economic change

### Presentations

#### 1. Rachel Hayman, INTRAC, on understanding aid withdrawal

**Aid withdrawal,  
partnership and CSO  
sustainability in a time of  
global economic change**

27<sup>th</sup> November 2012  
Rachel Hayman

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**INTRAC**  
International NGO Training and Research Centre

**Why are we here?**

- Background to the workshop
- From exit strategies to partner sustainability and partnership reflections
- To enable NGOs to be proactive not reactive

➔ Programme of work on aid withdrawal

## Our lines of enquiry



**INTRAC**  
International NGO Training and Research Centre

## The emerging picture



## What we want to achieve

- Overall Objectives:
  - To support exiters and exitees by building up the picture, facilitating debate, sharing lessons
  - Empirical and theoretical contributions
  - Practical lessons and outputs
- Objectives for Today:
  - Space for shared reflection and learning
  - Delving into the international side of the story
  - Building up and testing the picture and questions
  - Plans for moving forward

**INTRAC**  
International NGO Training and Research Centre

## Overview of the day

- Session 1: setting the scene
- Session 2: mapping the world!
  - How does this picture resonate with your experiences of aid withdrawal?
- Session 3: reflections on sustainability
  - What lessons can we share on supporting partners to becoming sustainable
- Session 4: partnership beyond aid
  - How does this test our notions of partnership
  - What future models for partnership can we foresee

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# **trócaire**

## **Aid Withdrawal, Partnership and CSO Sustainability**

**27<sup>th</sup> November 2012**

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**Working for a just world.**

[trocaire.org](http://trocaire.org)

# Introduction

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- Official development agency of the Catholic Church in Ireland, established in 1973.
- Approach: work in partnership with local NGOs and CBOs, on development and humanitarian work, underpinned by social justice and rights agenda.
- Currently present in 27 countries but reducing to 17 countries by 2014/15.
- Average annual budget: €52 – 55m (before emergencies). 2011/2012 income of €67m.

# Why? Rationale for change

---

## Internal drivers:

- Pressure on staff to deliver on increasing demands: programme management, research initiatives, advocacy, supporter management...
- Internal quality standards: Governance & Finance, Accountability (HAP), Safeguarding Programme Participants ...

## External drivers:

- Economic crisis: public income stabilised, but fundraising environment extremely challenging.
- Need to increase access to Institutional Funding and have structures and systems in place to allow that.

# How? Decision- making on countries

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- Created composite weighted indices:
- **Greatest need:** using existing poverty, gender equality, vulnerability to disaster and human rights indices;
- Greatest potential for Trocaire to have **greatest impact:** internal documentation; donor funding environment; operating environment; opportunity to influence policy environment.
- Internal consultation and sharing of analysis with all staff.
- Final management decision-making by consensus, involving overseas and HQ-based managers (Jan 2012).

# Where? Which countries

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## Phase out of 10 countries (March 2013 – July 2015)

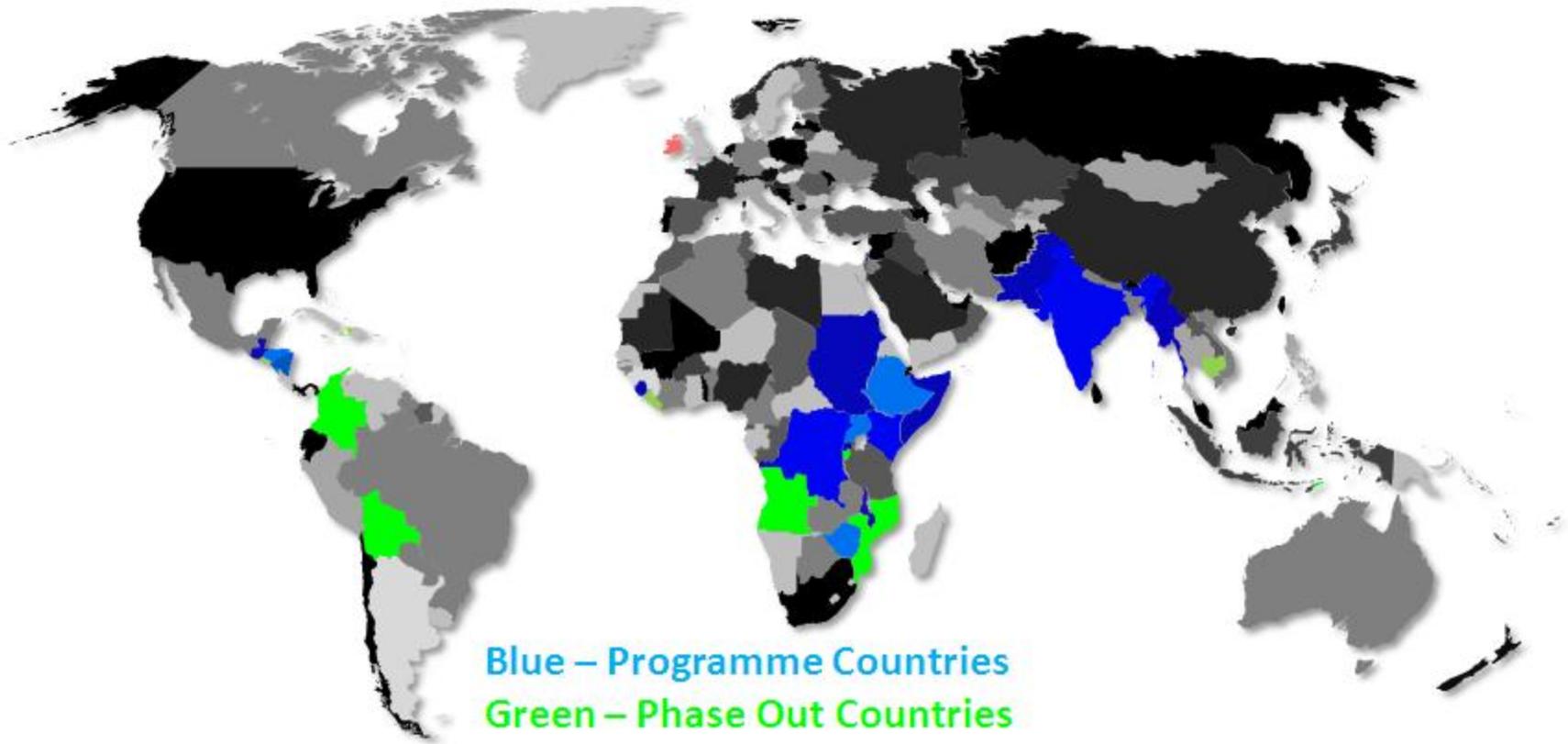
- **Africa:** Angola, Mozambique, Burundi, Liberia,
- **Latin America:** Colombia, Bolivia, El Salvador, Haiti
- **Asia:** Cambodia, Timor Leste

## Scale up in remaining 17 under new country model

- **Africa:** Zimbabwe, Malawi, Kenya, Uganda, Ethiopia, Sudan, Somalia, Rwanda, DRC, Sierra Leone,
- **Latin America:** Honduras, Nicaragua, Guatemala,
- **Asia:** Myanmar, India, Pakistan, Palestine.

# Countries where we work

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Working for a just world.

**Trócaire**

# How? Partner Support

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- Partnership Policy & Phase out Guidelines in place
- First: communications with partners and stakeholders
- Second: analyse needs with partners, looking at what will most help to secure their sustainability and effectiveness into the future
- Third: develop plans and continue to monitor progress in relation to:
  - (1) Ability to access funding from other sources (INGOs and donors);
  - (2) Capacity Building in areas of Governance, Finance, Strategic Planning & Advocacy.

# How? Some lessons learnt to date (1)

---

- Some partners/sectors struggle more than others, e.g. Governance & Human Rights, Networks. Impact on Civil Society?
- Impact on partners in countries where others are withdrawing, e.g. Angola. Two programmes closed in 2009 – only 2/7 partners survive. Impact on Civil Society?
- Weaker or nascent organisations and those in remoter areas struggle most.
- We have made little or no progress in relation to local fundraising. Look at social enterprise models (e.g. CRS - Savings and Loans groups)?

# How? Some lessons learnt to date (2)

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- Our internal policy addressed exit strategy in principle, but this is not incorporated into PCM systems and budgeting approaches. Dependency can go unchecked.

# Re Questions for Reflection

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- Most pertinent **practical** issues: get partners' honest feedback on what support works and what doesn't; look at how INGOs can support models for sustainability.
- Most pertinent **strategic** issues: impact on civil society in relation to closing down of civil society space, allied to reduction in funding for work which engages with the politics of poverty and injustice.
- Policy convergence North and South? Political and economic environment allows civil society to deliver services but not to shift power dynamics.
- Role of INGOs in new context? How to stay relevant?

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# Trócaire

Trócaire is the overseas  
development agency of the  
Catholic Church in Ireland.

**Working for a just world.**



Kvinna till Kvinna

**Aid withdrawal, partnership and CSO sustainability in a time of global economic change  
27<sup>th</sup> of November 2012  
Eva Zillén, Kvinna till Kvinna**

The Kvinna till Kvinna Foundation has discussed withdrawal during quite a few years now. As someone has said – “Almost anything is easier to get into than out of”. I would like to take this opportunity to share some of our thoughts.

Kvinna till Kvinna works with long term support to women organisations in conflict and post conflict regions. We have offices in the regions we work in and have close cooperation with our partner organisations. This has its advantages – and disadvantages.

Through the ongoing discussion and close relationship we do get to know each other and can therefore support each other. But – to be close can also develop dependency. That our partner organisations rely on us being there for them. (Montenegro example – one of our partner organisations answered on the question what they wanted from us after a phase out “to find us new partners”)

During 2010-2011 when we wrote “Making achievement last” we interviewed our partners to get to know how we could be better at exit strategies. We could see that we really should have an exit strategy clear already from the time we started to work in an area. And to have an ongoing discussion on our different roles and responsibilities. A positive outcome of interviewing partners in regions we did not have a phase out plan for yet was that it started the discussion. Made it clear that we will leave one day.

If we take Croatia as an example:

We had been working with organisations since 1993 and we discussed when would be the right time to leave. As we say we want to support a women’s movement the added value of Kvinna till Kvinna should not be that big after more than 10-15 years.

We closed our office there in December 2006 with a big party. We wanted to celebrate that we were not needed there anymore!

Two and a half years later we went to Croatia to ask our partners what they thought was good about the phase out and what we could have done much better. One thing was clear: the organisations with a clear focus are the ones that survived and thrived.

Good:

- We had a close contact with our partners throughout the process, they knew what was going on, and they knew about our decisions
- We made strategic choices when it came to funding. We had appr the same amount of funds the last couple of years but tried to look at who we thought was essential to strengthen in the last phase. So some got less and some got more – and we were open with this too. (Gradual phase out and institutional support strong until the end)
- In Croatia there were alternatives for funding – we introduced partner organisations to some funds and there was the National Foundation there.
- Because Kvinna till Kvinna gave institutional support for so many years it created strong organisations that could build up their capacity and be stable.

Not as good:

- That we supported our partner organisations in finding alternative financial sources. We should rather have strengthened their capacity to look for funding themselves, and supported them with letters of recommendations.

- Should have been more clear much earlier – why are we phasing out? What are our goals with our work in Croatia? Why do we think we do not longer have any added value?
- Contact with the partners after we left!!!! A contact that should be part of our organisational memory rather than with a few persons. They talked a lot about feeling left alone after we had gone and that they had not anticipated the loss of a partner for discussion. They also felt excluded from the regional networks.
- One problem with relying on national funds: as the women's organisations felt that they would not get funds if they were outspoken against the government they had become quieter in their watchdog role. This opens up the discussion about national funds in not fully developed democracies.

The partner organisations in Croatia told us that they thought that we should have been more open with our goals with our work in Croatia!

Lessons learned:

- Sustainability – we realised that just because an organisation is not there anymore does not necessarily mean that it is a failure on our behalf. We look at sustainability now from: Individual level, organisational level and women's movement level.
- Transparency and dialogue with the partners is essential – and it needs to be repeated many times.
- Flexibility and strategic choices
- Better plan with cooperation after the phase out
- It was really important to include partners from areas we did not have a phase out plan for in the work with Making achievements last

What we have done:

- More work together with partner (including in regional meetings and activities)
- ISW as a concept in the phase out process
- We have meetings around programme planning where we test our goals with our partners to see if they work. Part of making our work sustainable.

Networking:

Something we believe in and we see that it has its different pros in different phases..

Establishing phase (Liberia – to connect with other conflict regions – also to show us as funders and partners)

Consolidation phase: (Part of Middle East – The focus on exchange and network here is on introducing new thoughts, and pushing in new directions to work against stagnation)

Phase out phase: Balkan and South Caucasus – Focus is to use the expertise that our partners from these regions. And also to strengthen networks so that they can survive even if we leave as well as to give new ideas to the partners.

One of the really big questions is the next sessions focus – how to better cooperate after phase out.

This is a hard one, if we plan too much we will not make it – but without a plan not much will happen at all.

# Aid withdrawal, partnership and CSO sustainability in a time of global economic change



Nomvula Dlamini

The withdrawal of development funding presents challenges for civil society formations in South Africa and this presentation seeks to highlight some of these challenges as well as alternative strategies they are using to sustain themselves

Community Development  
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++27 21 4623918

11/27/2012

## **1. Introduction**

South Africa is categorised as a middle income country and emerging economy. There is an expectation that middle income countries should generate their own resources and revenue and ensure their social spending takes care of the health, education and social welfare needs of the people. Since the introduction of democracy in 1994, the economy has grown – between 1996 and 2000, with the introduction of the Growth Employment and Redistribution (GEAR) economic policy, 6% growth was realised and during this period about 400 000 jobs were produced. Though not at the same level, growth was realised up till 2007 but has since slumped with the advent of global economic recession in 2008. The economy remains resource intensive – this is unsustainable and attempts to turn this around are slow.

In spite of the economic growth that was realised between 1996 and 2007, a growing gap between the wealthy and the poor. South Africa has remained one of the countries with the highest gap between rich and poor in the world similar to countries such as Brazil, Argentina and others. In the last few years the country has experienced growing unemployment, no sector, even the social one, has been spared from shedding jobs. What we see is that with the growing unemployment many households have increasingly become dependent and reliant on social security – due to this many households are pushed into high, unsustainable levels of debt which further aggravates their situations.

The poor quality education at school level is serious and we have a public health system that cannot meet the demand and sustain quality. The country has a bloated public service that is not very effective. Infrastructure is inadequate and poorly maintained. In the next fiscal cycle infrastructure development has been prioritised and huge resources have been committed to address this challenge. The spatial divides hobble inclusive development we have a society that remains divided along racial lines but increasingly along class and socio-economic lines. The country experiences very high corruption levels and although it is being exposed, addressing corruptions is proving challenging.

When the democratic dispensation was introduced, it catapulted South Africa into a world that was globalising. Together, democracy and globalisation have transformed South African society. Civil society formations have not been spared this transformation; the changes that have happened in the context have called into sharp focus the identity, roles and sustainability of civil society formations.

Over the last few years South Africans have participated in a diagnostic exercise conducted by the National Planning Commission (NPC) located in the Presidency. The NPC was tasked with the responsibility of a longer-term vision and plan for addressing the triple-pronged problems of inequality, unemployment and poverty. The diagnostic exercise informed the development of a National Development Plan (NDP) which articulates a comprehensive vision and plan for 2030 that aims to eliminate poverty, reduce inequality, grow an inclusive economy, enhance the capacity of the state and promote partnership is premised on active citizenry (citizens becoming active and direct participants in their own development), effective government and strong leadership.

Further, the NDP also emphasises: the role of civil society formations in promoting development and community cohesion, their role in the delivery of social services and transformation of the economy through changing the patterns of control/ownership and the need to form strategic coalitions/partnerships. The NDP clearly recognises the role and contribution of civil society formations in shaping the future of South Africa.

At the same time, we see a democracy where the one-party dominance of the ANC is taking root and it holds potential to undermine our democracy. This is concerning and is not good for the country. Looking at recent events in the country, we witness a situation where state and party are becoming conflated. We see how the centralised, top-down one-party dominance is starting to interfere with fruitful interaction with the state – it is undermining the space for engagement which is important for democracy.

This one-party dominance makes it equally difficult for civil society formations to interact and engage with the state; often political processes take precedence in a way that undermines sensible engagement around matters of developmental importance. In some instances those who raise issues are accused of seeking to protect and preserve the interests of minority groupings.

## **2. What roles for civil society formations in the current context?**

It is important to recognise that there are different civil society formations – these include the formal, organised formations as well as the informal, less organised ones. The plural character of civil society formations needs to be acknowledged, recognised and valued and when looking for

contributions of civil society formations, it is important that the contributions across the spectrum be given consideration.

It is therefore helpful to distinguish between the 3 blocks which include the formal formations such as Non-Governmental Organisations (NGOs), survivalist agencies which are informal and exist in marginalised, poor communities and social movements (Habib, 2008). In our democratic environment, these blocks play different roles, are resourced differently and relate differently to the state. There is a tendency, however, in talking of the sustainability of civil society formations, to focus on the formal block which includes mainly but not only of NGOs.

Historically, civil society formations have played a significant role in campaigning against apartheid – active organisation and mobilisation of people around specific causes was an integral part of the work of civil society formations – formal and informal. With the introduction of democracy, many civil society formations moved on to make a contribution towards constitutional reforms in a democratic South Africa – their contribution to the policy development process was significant. After the transition to democracy, many of the formal, organised civil society formations continued to work on service delivery and capacity development.

As a consequence, many NGOs remain involved in the service delivery programmes of government. In a context where government lacks the capacity to deliver services effectively, NGOs that have much deeper insight into the issues, struggles and aspirations of communities do a better job than government. In addition, they also have refined approaches and processes of engaging with communities.

For some NGOs working alongside and cooperating/collaborating with government feels right; many of these organisations continue to be contracted by government to deliver services and development capacities of community-based structures, organisations and groups. In some instances this way of working closely with government can divert NGOs from their own social purposes – instead of pursuing a particular social purpose, they become implementing agencies for government programmes.

However, as government has failed to fulfil the aspirations and needs of many South Africans, civil society formations are becoming involved in a renewed wave of advocacy campaigns against the resurgence of unaccountable power by the state – we are witnessing a renewed wave of

advocacy pushing for human and constitutional rights and greater accountability.

The one-party dominance of the ANC is resulting in a concentration of unaccountable power. What is worse is that we are witnessing an abuse of such power. This renewed energy against unaccountable power is not only taking the form of organised campaigns by the more formal, organised formations; it is also taking the form of service delivery protests by communities. Civil society organisations therefore have to see a role for themselves in terms of holding government and business accountable. Coupled with this, there has to be accountability to the poor, excluded and marginalised. In a democracy like South Africa, the issue of accountability has to be addressed and civil society formations have to be in the lead.

Community protests have become commonplace in South Africa; they are an expression of the anger and frustration of ordinary people at the non-delivery of services by government. We are witnessing the voice of civil society formations growing stronger in calling for accountability. This voice comes from all 3 blocks within civil society formations – the formal organisations/institutions, the informal agencies within communities as well as the social movements.

The challenge facing civil society formations in the current context is to re-define and clarify their roles within a changed context. Given the unaccountable power and actions of government, there is need for civil society formations to find their authentic voice and to call for greater accountability on the part of government and business. This is proving challenging in a context where civil society formations are experiencing shifts in funding and resource flows away from them.

In similar vein, the effectiveness and accountability of civil society formations is also something that needs to be raised. While accountability to donor agencies seems to be primary, the accountability towards our constituencies is often weak or non-existent. The emotional attachment of formal organisations towards their constituencies is weak – this raises questions about the legitimacy of civil society formations. In a context of democracy and inequality, accountability should address issues of poverty, exclusion and growing marginalisation of people.

In a context of shifting funding conditions, there is an even bigger need in South Africa to place the issue of sustainability of civil society formations firmly on the agenda - there is need to engage both government and

business on this matter. However, even on this matter, the collective voice of civil society formations does not come out – often, there the messages that civil society formations would like to articulate are not clear.

### **3. Sustainability challenges of civil society formations**

Historically NGOs and social movements have been funded through solidarity relationships by international NGOs, private foundations and by individual philanthropists. Essentially this was to support the struggles for liberation, justice and democracy. The more survivalist informal community-based structures in marginalised communities have not relied on external funding, neither have they relied on funding from inside the country. The resources needed are provided by the people in communities.

What has been positive about the direct funding NGOs and other formal civil society formations received from external donor funding is that it has given them the autonomy, flexibility and independence to pursue their own programmes – this allowed for the actions of civil society to be independent and not subject to the agendas of others. While some civil society formations have been able to access funding from bilateral arrangements through government, this source of funding has been less flexible and has seen the independent actions of civil society formations undermined.

In the face of reductions in external funding, it is the NGOs and social movements that face a bigger challenge – particularly those that are not service delivery oriented. The NGOs that are advocacy oriented and those engaged in transformative processes have been the biggest casualties of the withdrawal of development funding. It is the sustainability of mainly these civil society formations that are under threat. Somehow, some of the smaller NGOs that are more service oriented are able to support themselves through contract work with government. So NGOs find themselves in a space that is not desirable; with external sources of funding coming to an end and little promise of adequate funding resources from inside South Africa to sustain their work leaves them with few options.

With external funding starting to dry up, many of the larger, more national NGOs are left in a precarious position – over the last while many have closed down, rationalised staff and cut down on their services. A

recent survey conducted by GivenGain Foundation, GreaterGood South Africa and the South African Institute of Fundraising (Non-Profit Job Losses and Service Cuts – report 2012) revealed that the Non-Profit sector which employs a significant number of people has experienced a contraction of 17% of its permanent, contract and volunteer staff. This was mainly due to cuts in funding. Of the 695 organisations sampled, over 43% reported formally having retrenched staff.

Many formal civil society formations recognise the need to look inward and focus on accessing resources to support and sustain the work of civil society from inside South Africa. There is agreement between all actors that in South Africa the challenge is not one of resources but, rather, one of will. It is evident that the country needs to develop a sustainable mechanism for supporting civil society formations.

In 1997 the National Development Agency (NDA) was set up through an act of parliament for the sole purpose of supporting civil society formations contributing to poverty elimination. Over the years the NDA has been plagued by political appointments at the level of the board. This has undermined its mandate. Similarly, we have not seen civil society formations put up a fight for the NDA; we have gladly handed it over to government. It is amazing that the NDA is accountable to parliament and not to civil society – they report and account regularly to parliament.

In addition, although corporates contribute hugely to social development projects, the majority of the Corporate Social Investment is directed towards welfare projects mainly in education and health – there is not willingness to direct resources towards the more developmental and transformative processes that require longer-term engagement. In addition, there is no commitment to support advocacy and community mobilisation/organising work. The philanthropic contributions of business in most instances serve their narrow interests.

Recent pronouncements by government will see a revision of the Black Economic Empowerment codes for corporates that qualify for tax exemption through their corporate social investment programmes. The revised codes, if unopposed, will see this tax break disappear and result in corporates being less amenable to support civil society formations through their corporate social investment initiatives. In addition to this, government is preparing for an amendment of the Non-Profit Act – this will introduce a more stringent regulatory framework for Non-Profit Organisations instead of the self-regulation favoured by many NGOs through an independent code of conduct.

#### **4. Alternative strategies**

In the current context, it is easy for civil society formations to become despondent about their sustainability. Many have experienced a cut in funding support across the board – from external donors, government, individual giving, corporate philanthropy and from self-generated income.

While the smaller organisations are doing fine, it is the larger, formal NGOs that are experiencing the brunt of the funding cuts. The informal, community-based agencies are largely unaffected by these cuts – they have never relied on external sources of funding. Some NGOs are weathering the storm of the withdrawal of the development funding – there is need for research to look deeper and see what is enabling this.

So, what alternative strategies are we seeing?

- Many NGOs and other civil society formations are reverting back to building civil society organisations on the backbone of volunteerism and not purely on professional staff – during the apartheid years civil society was built on volunteerism, the activities of many organisations and formations were driven and advanced by volunteers.
- There are efforts to grow and consolidate corporate philanthropy. Although business corporations are already giving to corporate social investment (this is legislated but not enforced), legislating and monitoring could help the country realise increased resources for supporting civil society formations. In addition, part of the consolidation is to move away from own foundations (a growing trend among corporates) and work towards creating a multi-actor platform that can be independently governed. In attempts to grow corporate philanthropy, civil society organisations remain cautious of the agenda that drives this.
- Cultivating partnerships with the state that allow for different modes of engagement – this will allow for civil society formations to play various roles from contracted expert, being part of a team inside government to the outsider advocacy role – it is important such partnerships and relationships allow for civil society formations to move between roles of cooperating with the state when necessary and confronting the state when the situation requires it. There must be space for relationships with the state to allow for multiple and competing forms where necessary. However, in engaging with the state, it is important for civil society formations, in a democracy like ours to fight for the space to engage – civil

society formations have to drive these partnerships in a way that ensures their independence and autonomy. It is in the interest of government and civil society formations for this relationship to work, in South Africa government remains the biggest source of funding for welfare and service delivery organisations.

- We also see local civil society formations exploring how to leverage previous solidarity relationships with international CSOs – there remains an openness to explore different ways of working and collaborating around issues of common or shared concern. We see many exploring much deeper collaborations with international NGOs and this helps with realising greater cohesion in the development and social change sector.
- Though not widespread, some civil society organisations are exploring social enterprise models and establishing themselves into hybrid organisations – for many though, this is a new field.

As civil society formations we recognise that not all organisations are as efficient and effective as they should be – the withdrawal of development funding have forced some to become more proactive and strategic in their approach to sustainability.

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Centre for International Development Issues Nijmegen

# Aid withdrawal, from principles to practice

Dr. Willem Elbers, CIDIN

27-11-12

Radboud University Nijmegen





# Introduction

- Aid withdrawal may have undesirable consequences and should be done in the 'right' way
- Goal: identify criteria for evaluating aid withdrawal practices
- INGO-principles contain criteria to evaluate aid withdrawal practices and identify best practices
- Outline:
  1. North-South NGO relations informed by principles about development, civil society and partnership
  2. Aid withdrawal can clash with these ideas
  3. Guidelines for 'best aid withdrawal practices'
  4. Reflection upon future partnership





# Principles and practices

## Principles (goals, beliefs and values)




# Principles and practices

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*Development*

- Endogenous process
- Ownership required for effectiveness & sustainability



# Principles and practices

## Principles (goals, beliefs and values)

### *Development*

- Endogenous process
- Ownership required for effectiveness & sustainability

### *Civil society*

- Crucial for triggering local change
- Actors in their own right



# Principles and practices

## Principles (goals, beliefs and values)

### *Development*

- Endogenous process
- Ownership required for effectiveness & sustainability

### *Civil society*

- Crucial for triggering local change
- Actors in their own right

### *North-South relations*

- Relations have instrumental and intrinsic value
- Value-base relations ensures ownership



# Principles and practices

## Ideal practices




# Principles and practices

## Ideal practices

### *Roles*

- INGO provides pre-conditions for local organization
- Local organization responsible for work 'on the ground'

<i>Roles</i>	<ul style="list-style-type: none"><li>• INGO provides pre-conditions for local organization</li><li>• Local organization responsible for work 'on the ground'</li></ul>



# Principles and practices

## Ideal practices

### *Roles*

- INGO provides pre-conditions for local organization
- Local organization responsible for work 'on the ground'

### *Selection*

- Compatible value base
- Locally embedded and credible




# Principles and practices

## Ideal practices

### *Roles*

- INGO provides pre-conditions for local organization
- Local organization responsible for work 'on the ground'

### *Selection*

- Compatible value base
- Locally embedded and credible

### *Decision-making*

- Northern agency adopts 'hands off' approach



# Principles and practices

## Ideal practices

### *Roles*

- INGO provides pre-conditions for local organization
- Local organization responsible for work 'on the ground'

### *Selection*

- Compatible value base
- Locally embedded and credible

### *Decision-making*

- Northern agency adopts 'hands off' approach

### *Accountability*

- Accountability is two-way
- Accountability serves needs of both parties



# Evaluating aid withdrawal

- Relational practices emerge from goals, beliefs and values regarding development, civil society and North-South relations
- Aid withdrawal (a practice) must be consistent with principles
- Areas where aid withdrawal may clash with principles:
  1. Strength and autonomy of local organizations
  2. Local embeddedness and credibility of local organizations
  3. Intrinsic value partnership





# Best aid withdrawal practices

- Guidelines for aid withdrawal practices:
  1. Phase out period
  2. Support finding other funding sources
  3. Timely and open communication
  4. Dialogue about phase out strategy
  5. Open withdrawal policy
  6. Willingness to be held accountable for withdrawal practices





## Future of partnership

- Future partnership does not lie in funding
- INGOs need to rethink their added value
- Make implicit goals, beliefs, values and other considerations underlying current practices explicit
- Thank you for your attention, questions?

