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Impact of Aid Reduction on Local Civil Society in Conflict-Affected States

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Impact of Aid Reduction on Local Civil Society in Conflict-Affected States

**Proceedings of a Workshop at the US Institute of Peace
Washington, DC 2-3 November 2015**

Workshop Sponsors:
US Institute of Peace
Kennesaw State University
CIFAL-Atlanta
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This document represents a summary of the proceedings of the multi-stakeholder workshop “Impact of Aid Reduction on Local Civil Society in States in Transition,” held at the US Institute of Peace in Washington, DC, November 2-3, 2015 and cosponsored by USIP, Kennesaw State University, CIFAL-Atlanta, and the US Army Peacekeeping and Stability Operations Institute.

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Executive Summary

Local civil society plays a key role in security and stability, democracy promotion, emergency aid, and development. Often a robust local civil society is essential to enabling the success of the peacebuilding and reconstruction efforts of other actors, including the national government and international donors.

Sustainable local civil society is a civil society that can continue to contribute to peacebuilding, development, and good governance, as well as fulfill its traditional function of social capital creation, without continuous international support. Building sustainable civil society (as well as sustainable peacebuilding and development strategies) requires planning for decreases in aid funding, as well as eventual donor withdrawal.

The challenges of aid reduction are heavily influenced by donor entry and related aid increases, often following the declaration of peace or a reduction in violence. Donor entry can distort local civil society as donors favor Western-style NGOs over traditional organizations or seek to remodel local civil society in ways that match donor interests or sensitivities. Frequently donor funding overwhelms existing absorptive capacity, leading to the sudden appearance of new local organizations created specifically to tap donor funds. These processes tend to alienate CSOs from local communities and traditional leaders and exacerbate rural-urban tensions. Where donors use local CSOs to address the needs of marginalized populations or minority groups, CSOs may also become entangled in inter-group tensions.

Building sustainable civil society requires action during both the period of aid increase and the period of aid decrease. Donors and local civil society must begin planning for aid reduction from the start of donor intervention.

During the period of aid increase, donors must be careful to monitor their own effects on local civil society in order to avoid overwhelming local absorptive capacity and minimize distortions to local civil society. While this may slow the pace of aid impact, it may yield more sustainable peacebuilding and development. Key steps include centralizing donor coordination, mapping local civil society, inviting civil society participation in the development of donor plans and objectives, and matching donor objectives to the most appropriate local CSOs (as opposed to the accessible or easiest to work with). Setting long-term objectives for local partners can also help minimize donor micromanagement and avoid short-term 'flavor of the month' variations in donor focus.

To plan for aid reduction, CSOs must develop the capacity to write grants, build cross-sector collaborations, develop social enterprises, and tap indigenous resources for fundraising (e.g., by creating local foundations). Local CSOs must be willing to say 'no' to donor requests where necessary, so as to preserve local credibility. CSOs should also seek to divide their capacity among projects for multiple donors, which will cushion the impacts of eventual aid reduction since, in most cases, all donors do not reduce funding simultaneously. Donors can encourage and support these steps. Donors must also prepare the legal environment to support and protect CSOs.

Once aid reduction is planned, donors or the international NGOs or contractors implementing donor plans must communicate the timeline for aid reduction as early and clearly as possible to local CSOs. Notification a year or more in advance provides opportunities to complete capacity-building work and helps avoid the collapse of local CSOs that can occur when CSOs without core funding suddenly lose their only revenue stream. Donors can also facilitate coordination among CSOs and between CSOs and government or CSOs and commercial actors, as part of donor transition planning. Lastly, donors should

engage in long-term evaluation, revisiting conflict-affected countries five or more years after aid peaks to assess the sustainability of their initial aid efforts and contribute to institutional learning.

1. Overview and Objectives of the Workshop

Local civil society plays a key role in security and stability, democracy promotion, emergency aid, and development. Often a robust local civil society is essential to enabling the success of the peacebuilding and reconstruction efforts of other actors, including the national government and international donors.

The health and functioning of local civil society is heavily influenced by international aid donors. Donors may strengthen local civil society through funding and political support, yet donor funding and pressure can also undermine its sustainability and grassroots connections.

What is unclear is how these impacts are affected by aid reduction and donor withdrawal: whether positive gains persist and whether negative trends are reversed. Abrupt or unpredictable drawdowns in donor funds may harm local civil society and have significant negative spillover effects on peacebuilding efforts and development efforts. Conversely, reduced donor funding may revitalize civil society's grassroots connections as donor influence decreases and organizations cultivate grassroots funding and volunteer support.

To address this research need, the US Institute of Peace (USIP), Kennesaw State University (KSU), the Peacekeeping and Stability Operations Institute (PKSOI), and CIFAL-Atlanta convened a multi-stakeholder workshop on November 2-3, 2015 addressing the impacts of aid reduction on civil society in conflict and post-conflict states. Participants included representatives from bilateral and multilateral donors, the security sector, international nongovernmental organizations (NGOs), and civil society organizations (CSOs) from conflict-affected states.

Workshop Objectives

The goal of the workshop was to empower donors and local civil society to better manage aid reduction, taking into account the current and predicted scope of aid reduction and donor exit, challenges and opportunities, and strategies for maximizing positive impacts. This was accomplished by facilitating dialogue across sectors and institutions, gathering data based on participant experiences, identifying problems, and developing potential solutions. The specific objectives of the workshop were:

1. Identify empirically the broad trends in aid reduction.
2. Conceptualize what constitutes 'success' for civil society sustainability during aid reduction.
3. Develop frameworks to measure success, taking into account the need to both maximize the benefits of reduction for local civil society and minimize the negative consequences.
4. Create guiding principles for policy generation.
5. Identify aid reduction management strategies with the potential for scalability and for transferability between countries/sectors and develop new strategies based on workshop data.
6. Garner commitments for future monitoring of ongoing or anticipated drawdowns.

Agenda for the Workshop

The workshop was held on 2-3 November 2015. After the opening plenary framing the problem, participants were divided into working groups featuring a cross-section of donor, security sector, international NGO, and local civil society representatives. Facilitators guided each working group discussion using standard questions across both groups. In the first day, group members shared their organizations' experiences with aid reduction and worked to arrive at a common conceptualization of

successful local civil society sustainability during transition. The day ended with a plenary session in which groups reported out their discussions.

In the second day, participants built on the first day's reporting out. Working groups began to develop frameworks to measure success, create guiding principles for policy generation, and identify strategies for managing aid reduction. Ideas were exchanged between groups in a final reporting out, which was complemented by a discussion among the principals of next steps.

2. Framing the Problem (Opening Plenary)

The opening plenary outlined general patterns in aid reduction, the challenges aid reduction poses for local civil society, and some of the potential benefits of well-managed aid reduction. The plenary featured three perspectives: an academic overview of donor impacts on civil society, a bilateral donor perspective, and a CSO account from Afghanistan.

Donor Impacts on Local Civil Society

Civil society refers to the nonprofit, nongovernmental sphere of association and interaction. While US and European audiences are most familiar with professional nonprofits or nongovernmental organizations, a broad range of civil society organizations exist in conflict-affected states. These include women's associations, faith groups, savings collectives, and farmers' cooperatives.

Local civil society plays a key role in development, democracy, and social stability. Civil society also plays a key role in social capital creation. Through interactions within civil society, individuals become connected with each other in ways that enhance their civic impulses and economic prospects. CSOs, as formally organized groups within civil society, facilitate mutual support, as through cooperatives and savings collectives, and can act as a key channel of service delivery, distributing goods or providing services on behalf of international donors or the national government. CSOs also play a key role in democracy promotion, acting as representatives of group interests and monitoring government behavior. In general, a robust civil society is a key source of community resiliency.

International donors who engage with local civil society include bilateral and multilateral donors, technical agencies, and private funders (e.g., Gates, Soros). International NGOs with their own sources of funding (such as organizations running child sponsorship programs) can also act as donors. Donors frequently employ local CSOs as implementing partners. This happens most often in service delivery, but also in democracy promotion, advocacy, and peacebuilding projects.

Donor arrival in a country, or a sharp increase in donor funding, has well-recognized impacts on local civil society. Donor support tends to increase local CSO capacity by funding the hiring of new staff and the expansion of operations. Donor demands (e.g., financial reporting requirements) and deliberate capacity building efforts increase CSOs' technical expertise. Funding for computers, offices, vehicles, and the like increases the physical plant of local CSOs. Significantly, donors also often provide political support, pressuring or encouraging the national government to recognize and engage with civil society, promoting legislation to legalize or deregulate CSOs, and promoting human rights and civil liberties that can protect certain CSO activities (such as political advocacy).

These benefits, however, are accompanied by well-recognized threats. Donor funding encourages the professionalization of civil society, particularly the establishment of Western-style NGOs. Donors also tend to favor CSOs with well-educated staff in easily accessible urban areas, thus favoring upper-class, typically male-led, urban organizations over others. The lure of donor funding, complemented by the pressure to implement projects in line with donor expectations, can lead CSOs to pursue donor agendas rather than locally developed agendas. The overall result is that donor support can make CSOs more effective but also weaken their grassroots connections and accountability.

Yet all of these phenomena, both good and bad, are tied to donor arrival and presence. What happens to local civil society when donors reduce funding and, in some cases, leave? Do positive gains persist?

Are the negative trends reversed? Do local governments or private donors step in to fill shortfalls in funding, or do CSOs shrink or close as donors depart? How does civil society adapt?

These questions are crucial to understanding the future of civil society in post-conflict and developing country contexts. 'Post-conflict' is a difficult term to define, because many 'post-conflict' countries (such as Afghanistan or post-US invasion Iraq) continue to experience violence. Yet preliminary data shows that among countries that sustain peace or a reduced level of conflict for at least 15 years, 44% see a pattern of aid inflow followed by aid reduction. Typically countries experience a sizable and sharp increase in donor funding within 5 years of the drop in violence and a corresponding decrease within 10 years of the increase. Following the decrease, funding plateaus at a new, lower level, although not one as low as during the high-violence time period.¹

Understanding the impact of this pattern is crucial given the role that local civil society plays in peacebuilding and community resiliency, reconstruction and development, and democratic transitions. It is particularly important given that donor entry is predicated on a reduction in violence, not the achieving of peace, and that donors that enter into a country when there is still ongoing violence may begin to reduce aid before peace is achieved.

Civil Society Perspective – Afghanistan

Donor arrival following the conflict generated high aid dependency for the country. Aid is a key source of revenue for the government. CSOs tend to see aid as a business and organizations may compete for money. In the speaker's view, the New Deal has empowered the Afghan government to exercise more influence over how aid money is spent, but this increased government control has also increased corruption. Civil society is likewise perceived by the general population to be profiting from aid money. A law on NGOs passed in 2005 to address corruption in the sector and rectify public perceptions lacked teeth and was ineffective.

During the period of increasing funding, there was a huge increase in the number of local NGOs with approximately 8,000 organizations now registered. However, very few organizations are active. Donor funding is currently pooled, but local organizations have great difficulty accessing these funds. Of the 54 NGOs currently able to access CHF funds, only 12 are local organizations. Much of this is due to continuing low capacity among local organizations. The speaker's umbrella organization had mapped 135 organizations, but had only identified 24 which, with help, might be capable of achieving access to CHF funding. It is important, therefore, to consider what sort of capacity donor funds actually build and how enduring that capacity is.

Bilateral Donor Perspective

Much of the recent discussion on civil society has focused on the closing space; aid reduction is a topic also in need of consideration. It is good to recognize too that this issue transcends post-conflict states and affects aid recipient states generally. It is mostly a question of magnitude. Post-conflict states may receive more money, leading to a greater impact both from donor entry and aid reduction or donor withdrawal.

While donors appreciate negative consequences of withdrawal, they still follow policies that magnify those negative consequences. In the area of service delivery, donors use NGOs to provide basic services that the host country is unable or unwilling to deliver or has delegated to the local NGOs sector. Donors

¹ Illustrations of this pattern can be found in accompanying slide deck.

provide service delivery grants to international NGOs with expectation they will work with the local government. However, donors need to build the capacity of local organizations so that local NGOs are no longer dependent on partnerships with international NGOs.

In the advocacy arena, donor support has grown in the past 30 years under the democracy promotion rubric. Expansion has coincided with backlash among host countries that seek to restrict such activities. The closing space discussion has focused on these issues. Supporting advocacy can also be difficult if genuinely local advocacy organizations support causes that are not aligned with donor interests.

Why do donors withdraw from a country? There are several distinct categories of withdrawal:

1. Victory declared. The country or a sector within it graduates (no longer needs assistance). USAID, for instance, has had 25-50 countries graduate, including South Korea, Taiwan, Israel, Costa Rica, Chile, the Czech Republic, and Poland. Donor exit does not mean that local CSOs continue without any external support, but the original donors expect them to cultivate other sources of income.
2. Impossible to operate. The security situation or political repression makes donor presence untenable. The international community has sought ways around this, but objective realities on ground can provide impetus for donor departure, or donors can be pushed out by the national government. The Obama administration has sought to address this via its Stand with Civil Society initiative; donors also address this by seeking to prevent such exclusions and by offering local civil society continued support where possible.
3. Sharp reduction in overall funds directed at the country. Afghanistan and Iraq, for instance, have seen tremendous drops in aid levels across the board, going well beyond donor support for local civil society. CSOs will feel pain of such reductions, particularly the many organizations that have grown up specifically in response to the surge in donor funds that came in immediate aftermath of conflict.
4. Tension between local government and civil society over building capacity for basic service provision. Host countries push for donor money for services to be given directly to the national government, rather than civil society. Donors recognize the utility of CSOs but are interested in building host country government capacity.

Donors can address these challenges by building sustainability into their activities from the start of their involvement in a country and encouraging locally owned and led development. USAID, for instance, has developed 'Local Systems: A Framework for Sustainable Development.' Donors must also emphasize the role of local CSOs in achieving governance and human rights goals by supporting CSOs doing advocacy and government monitoring. Thus donors must consider the legal, regulatory, and political environments within a country, as well as the economic environment, when considering country graduation or exiting specific sectors.

In short, donors acknowledge the impact of withdrawal on democracy, human rights, and governance sectors as well as service delivery and welcome strategies to manage those impacts. Withdrawal is part of a complex series of tradeoffs and priority setting by donors. It is difficult to decide at times whether

to focus aid on countries near the point of graduating, where more assistance can carry them into graduation, or to focus on the most fragile/poor states where results are more challenging to achieve. Likewise, donors must decide whether to focus on areas where there is government support or engage even when a government is antagonistic. Donors must also ask 'How is success measured?' and 'Are organizations ready to be graduated or not?' and decide which metrics are useful. Lastly, donors seek to understand what is required for civil society sustainability: how much emphasis should be on capacity building for CSOs and core support versus providing the services that societies expect.

3. Participant Accounts of Aid Reduction (Working Group 1)

The initial working group was designed as an opportunity for participants to share their experiences and to use these to identify common patterns in the drivers and effects of aid reduction and identify the challenges and opportunities it represents.

Aid Increases Set the Stage

Participants shared experiences for Afghanistan, Croatia, Iraq, Liberia, and South Sudan. Significantly, all participants agreed that the impacts of aid reduction are largely determined by the conditions of aid increase. Donor entry can ‘warp’ the local civil society environment in significant ways. Donors often confuse professional NGOs and local civil society, using the former as a proxy for the latter, or may seek to remodel local civil society in ways that match donor interests or sensitivities. For example, in Afghanistan, donors sought to adapt the traditional village shura by making positions elected. The result of such interventions is a new system in which the participants’ power is sustained by donor money.² Donor funding may encourage the ‘NGO-ization’ of local civil society and local CSOs may struggle to manage the rapid growth in their organizations caused by the influx of donor money or donor pressure to scale up services. Similarly, inconsistent priorities among donors (which some participants referred to as a ‘flavor of the month’ mentality) can lead to rapid shifts in mission among local CSOs chasing donor funding. Donor funding may overwhelm local absorptive capacity and new CSOs, some with a profit-seeking mindset, may spring up with little grassroots connection.

Overall, the result is to empower CSOs that may not be as authentic (i.e., locally rooted) as they claim to be. CSO agenda may be largely dictated by donor priorities. There may also be increasing levels of corruption among CSOs.

A number of tensions result from these trends:

- CSOs vs. communities. Local communities may lose trust in CSOs because of the perception that CSOs represent donor interests or because of corruption or lack of transparency among local CSOs.
- Donor-favored CSOs vs. traditional leaders. As donors support CSOs that already match or are willing to adapt to donor ideals, tensions result between the donor-supported organizations and sidelined traditional community leaders. Participants provided examples from both Afghanistan and Croatia.
- Rural vs. urban. Donor money can create tensions within civil society. Donor funds tend to favor urban CSOs over rural ones, often exacerbating existing rural-urban tensions.
- Citizens vs. citizens. Donors may use local CSOs to address the needs of groups that donors perceive to be underserved or most at risk. However, this can lead to a perception among the general population that donors are unfairly privileging these groups. In Croatia, for instance, donors developed programs to serve certain minority groups, with the expectation that the government would develop parallel programs for the general population. When the government’s programs were not successfully implemented, it led to the perception among the

² While this was the general consensus of the group, a few participants argued that local civil society is sometimes in need of reform and referring to donor-driven changes as ‘warping’ was thus unnecessarily pejorative.

general population that the minorities were receiving better benefits than the rest of the citizenry.

In addition, participants observed that donors and international NGOs tend to assume that they are supporting an agreed peace. In practice, however, donor money may be covering over unresolved tensions. If these tensions remain unresolved when donor funding declines, these tensions will flare up again.

What Prompts Aid Reduction?

While donors sometimes leave because their mission is accomplished, aid reduction usually occurs under challenging circumstances. Participants observed that aid reduction seemed to occur most often as a result of donor fatigue or the perception that the intervention had led to failure or waste; a lack of political will among donor governments or shifting donor priorities; renewed violence; or following the withdrawal of international security forces (resulting in a less secure environment for donors and international NGOs). International NGOs may also depart when they perceive a lack of authentic local partners (creating an ironic situation in which donor presence may sow the seeds of donor departure). Aid reduction can also occur as a country shifts from humanitarian assistance to receiving development assistance; the volume of humanitarian funding or level of donor presence may not be matched by the entry of development donors.

The timing of aid reduction depends in part on the factors prompting it. The consequences of shifting donor priorities or donor fatigue can be recognized sometimes years in advance, providing a lengthy period during which local partners can potentially be notified of and prepared to deal with reduction. Renewed violence, in contrast, can lead to the rapid exit of many donor staff and some international NGOs, although this depends on the donors and the international NGOs involved. (Humanitarian NGOs, for instance, may be more likely to stay in a situation of renewed violence than development NGOs.)

How Is Reduction Communicated?

In situations where advance notice is possible, the actual length of notice given to local counterparts depends on the donor. In Croatia, for instance, one bilateral agency gave years of advance notice while another bilateral agency gave just months. Donors may be disincentivized to give advance notice. Local CSOs anticipating the end of their funding may try to capture maximum resources in a 'get it while you can' mentality. Corruption may increase and less attention may be paid to effective program implementation.

Participants made several distinctions regarding communication. Communication can be divided into general notice and specific notice. General notice involves informing local partners, even before a project begins, that funding will eventually decline and funding for specific projects may be eliminated. Reminding local partners of this may encourage long-term planning for an environment of reduced aid. More important, however, is specific notice, which involves informing local partners of the actual date (or approximate time period) of aid reduction. Specific notice, can take one of two forms: advance notice, which participants described as at least six months of notice, and short notice, which is less than six months.

Impacts of Short Notice

Most local CSOs lack core funding. All of their funding for staff, overhead costs, etc. come from their project budgets. As a result, financing is 'paycheck-to-paycheck;' current expenses are paid from current revenues. For such CSOs, aid reduction on short notice may lead the organization to collapse or

close up shop. The organizations are wholly dependent on donor funding and short notice deprives them of the chance to diversify their funding model.³ Without funds to pay for staff or operations, they must cease operating.

Impacts of Advance Notice

While advance notice can prompt local CSOs to seek to capture maximum resources, as noted above, most other impacts are positive. In general, advance notice facilitates local efforts to plan for and adapt to aid reduction. Donors giving advance notice often help local CSOs plan for aid reduction. (Limited follow-up has been done on the effectiveness of such donor efforts, but may be undertaken in the future.) Effective advance notice requires that international NGOs, who may receive notice of aid reductions from donors first, be transparent with their local partners or subcontractors.

How Are Local CSOs Preparing for or Adapting to Aid Reduction?

Participants suggested several adaptations. Some adaptations may be implemented during the period of aid increase; others are typically implemented after aid reduction has been announced or begun.

- **Diversifying funding.** This is typically done during the period of aid increase. Generally, not all donors reduce aid at the same time. Funding from multiple donors can protect against the sudden shock of short notice aid reduction by any one donor. Cultivating sources of funding other than international donors, particularly diaspora funding, is also useful. Similarly, organizations may cultivate local businesses or international corporations operating in the country as donors or as partners on projects. Significantly, for organizations to diversify their funding successfully, they must sometimes refuse to take too much money from any one donor, not allowing any one donor to employ all of the organization's capacity.
- **Self-financing and social enterprises.** Organizations facing declines in donor funding may look to develop alternative revenue streams by developing their own business activities.
- **Seek other donor funds.** While key donors may be leaving a country, often there are still grants for which local CSOs can apply, e.g., grants offered by private donors or foundations with interests in specific sectors (such as education or HIV/AIDS). Local CSOs can be trained to tap these funds. The challenge is that local CSOs may not understand the culture or interests of these donors very well and so struggle to make successful appeals. One innovative model is to partner international NGOs with local CSOs as mentors in the grant writing process. In Afghanistan this has shown some success.
- **Severance packages.** Donors may commit one year of funding toward continued operations to allow local partners to adapt and plan for transition.

Participants also noted that the host country national staff of departing international NGOs may create their own CSOs to carry on the original mission; in Croatia departing international NGOs passed on equipment and physical plant to these successor organizations, facilitating their start-up.

What Opportunities Accompany the Challenges of Aid Reduction?

³ As discussed below, one key strategy for mitigating the negative consequences of aid reduction is to encourage diversity of funding early.

Not all impacts of aid reduction are negative. Aid reduction can stimulate host country ownership over policies and services and prompt greater self-reliance. Several participants suggested that, in an ideal scenario, aid reduction would be timed to occur after local capacity has been developed but before aid dependency has set in (assuming that such a window occurs).

Specifically for civil society, aid reduction can foster creativity and innovation. As noted above, CSOs may create social enterprises or a broader network of funders. Local fundraising efforts, including the establishment of local foundations, can increase CSOs' connection to their host country or local community. More financially resilient CSOs will also have the agency and freedom to prioritize local interests over donor agendas.

Lastly, aid reduction can prompt cross-sectoral collaboration. Civil society can become more connected to the private sector via joint projects or corporate donations. Depending on local political conditions, civil society can also renew or expand its relationship with the government, particularly in the area of service delivery.

4. Civil Society Sustainability during Periods of Aid Reduction (Working Group 2 and Reporting Out)

In the second working group and subsequent reporting out and discussion, participants worked to establish a definition of ‘success’ that could guide donor and civil society decisions when planning for aid reduction and during the reduction period. Participants began by discussing success in terms of general peacebuilding and humanitarian goals. They then identified specific dimensions of civil society sustainability that would allow civil society to support those goals. Participants also noted that success must be conceptualized as a process – i.e., a set of procedures and principles designed to ensure positive outcomes in varying situations – rather than a static list of objectives that might be applied without regard to local context.

Success in Peacebuilding and Development

Participants agreed that in a conflict-affected state, the first and most important goal is to achieve a sustained peace. This requires addressing the root causes of violence. It is especially important that actors avoid temporarily ‘papering over’ tensions using donor money.

In addition, participants agreed that success includes achieving a number of humanitarian, development, and governance goals. These must be defined in conversation with the local population. However, at a basic level, they include governance and human rights. In the area of development, achieving specific development metrics is a less important goal than developing durable systems and processes for development, such as functioning government services or government-civil society collaborations, so that improvement in development indicators will continue even after the peak of international funding.

Civil Society Sustainability

Insofar as civil society plays a key role in sustainable peace, good governance, and development, civil society sustainability is a key element in achieving the aforementioned goals. Participants identified four aspects of local civil society which most impact its ability to contribute to peacebuilding, governance, and development success.

- Local ownership. Not all CSOs contribute positively to post-conflict success. Rent-seeking, corruption, and prioritizing donor interests can all have negative effects. To contribute to success, local CSOs must be authentic, operating in a way that reflects community values. CSOs must also be transparent with local communities and develop governance structures that allow them to be locally accountable. Lastly, CSOs must have the independence and agency to resist inappropriate donor demands, including well-meaning donor plans that reflect a lack of adequate knowledge about local conditions or sensitivities. Local funding, diverse funding streams, and/or financial independence (as might be achieved through a successful social enterprise) play a key role in cultivating this independence.
- Civil society capacity. For participants, CSO capacity involved significant technical expertise. In many regards, technical expertise is more important than staffing or physical resources, because technical expertise is essential to using staff and resources well. CSOs must have the capacity to conduct research. They must understand how to gather and analyze data, even if in informal or ad hoc ways, to ensure that they correctly understand local needs. They must have the knowledge necessary to design appropriate solutions for the needs they identify. Lastly, they

must have the capacity, both in terms of expertise and resources, to implement these solutions effectively.

- Civil society-state relations. This is a two-way relationship. CSOs contribute to peacebuilding and good governance by committing to nonviolence and seeking to work in ways that do not deliberately undermine the authority of the state or promote challenges to it. The government must create an enabling legal environment. This means an environment in which CSOs can easily form and operate (e.g., without excessive regulation or taxation) and in which civil liberties (such as a freedom of association or freedom of speech) protect CSO activities. Ideally, the government should engage with CSOs in such a way as to signal the legitimacy of the civil society sector.
- Intra-civil society relations. A functional civil society sector must include CSOs that are willing to work alongside one another and collaborate where appropriate. The civil society space must also be inclusive and diverse, such that there is room for organizations representing or serving all needs or subpopulations within a society.

Success as a Process

Success cannot be defined in static terms. Ideally, the specific objectives that define success in a given county must be determined collaboratively through a conversation among donors, international NGOs, the local population, the local government, and local CSOs. Civil society sustainability is itself an important goal, but it exists in relationship with other development and peacebuilding goals. As noted above there are ways that civil society sustainability may be cultivated in a fashion that enhances broader peacebuilding, development, and governance objectives. Lastly, success must be measured continuously. Particularly with regards to civil society, it is not simply the achievement of a set of indicators; rather it is the creation of a healthy and growing community that continues to move toward greater local responsiveness, effectiveness, and openness.

5. Strategies and Solutions (Working Group 3 and Reporting Out)

The final working group and plenary identified a set of guiding principles for policy generation and developed a preliminary strategy for improving civil society sustainability in conflict-affected states. This latter strategy identified specific activities to be undertaken by donors, CSOs, and other stakeholders and arranged them sequentially to form a multistage process.

Guiding Principles

One key principle is to minimize the distortions in the civil society sector caused during the donor entry period. This requires that donors develop a detailed understanding of the local civil society sector before making significant disbursements of funds to local CSOs. Using their knowledge of the local sector, donors can scale funding in such a way as to avoid overwhelming local absorptive capacity (which can trigger the proliferation of new, profit-seeking organizations). In addition, donors must build on indigenous assets, values, and norms, developing their engagement with local civil society around existing civil society models, rather promoting Western-style NGO-ization. This can help ensure that local CSOs retain the support of volunteers and local communities. Asset-Based Community Development is an existing tool that can help facilitate this process. An inclusive planning process, in which donors incorporate input from a diverse group of local civil society representatives, as well as representatives from government and the commercial sector, can yield indigenously supported aid and development plans and also encourage cross-sector collaboration. Overall, donor focus should be on expanding knowledge and capacity within the sector in a sustainable way, rather than the rapid or high-volume disbursement of funds. This may result in slower disbursement of funds (or perhaps greater reliance on international NGOs or government staff in humanitarian emergencies in which aid must be disbursed rapidly) but will yield better long-term results via improved civil society sustainability.

A second principle is donor accountability. Donors must be transparent in their activities and share information with local counterparts, including local government and local civil society. This includes communicating plans for aid reduction or donor withdrawal as early as possible. This can include informing local counterparts about funding cycles and potential project end dates early in the project planning and implementation process and informing local counterparts whenever specific decisions to reduce aid have been made.

Lastly, donors must seek to enhance the capacities and minimize the vulnerabilities of the state as a whole. This means analyzing and addressing root causes of local conflict. This may mean prioritizing long-term peacebuilding efforts over short-term, but less sustainable, development 'wins.'

From Principles to Process

Specific steps can be taken at each step of the aid process, from donor entry to post-aid reduction, to ensure sustainable peacebuilding and sustainable civil society. The participants outlined an 11-step process to facilitate long-term success. Significantly, the process involves revisiting key decisions, especially initial decisions by donors, as donor knowledge of local conditions improves and as donors develop a more complete network of local counterparts. Some participants expressed concern that this outline placed too great an emphasis on donors, entrenching donor authority rather than empowering local stakeholders. The majority of participants, however, felt that designing a process that recognized donor power was realistic, given the authority that foreign donors have in many conflict-affected settings.

- **Step 1: Establish intentions and objectives.** As donors prepare to enter a state or expand their aid footprint, donors must establish clear goals, objectives, and purposes for their intervention. Ideally, donors will set these goals via a temporary, ad hoc coordinating body that involves both local CSOs and government agencies. (The Global Fund model provides a possible template.) It is important, however, that this coordinating body not become entrenched or permanent, because donor knowledge of local civil society is limited at this early stage and it is unlikely that civil society fully or accurately represented. Any objectives determined, whether solely by donors or by a multi-stakeholder body, should be transparent and public.
- **Step 2: Identify central coordinator as lead agent.** Donor should identify a central coordinator. Ideally this would be an individual agreed upon by all coordinating donors. A central committee is also possible, but participants agreed that a single individual (with an appropriate staff) could respond more rapidly and decisively to changing situations. Moreover, having donors select a single individual would increase the transparency and accountability of the aid entry process. It would always be clear who was responsible for decisions and there would be clear a single source for the majority of the information on the aid process and agenda. The coordinator would set implementation strategy and elicit donor buy-in. The coordinator would also control the flow of aid, limiting or channeling it to avoid overwhelming local absorptive capacity in any given sector or region, or in the state as a whole.
- **Step 3: Mapping local civil society.** Donors, international NGOs, local CSOs, the host country government and beneficiaries should be involved in an initial effort to map of local civil society, and these stakeholders should then collectively evaluate mapping outcomes. The mapping serves several purposes. First, donors must know the full spectrum of local civil society in order to know whether they are consulting with a representative cross-section of civil society and fostering an inclusive civil society environment. Second, donors must understand the original condition and characteristics of local civil society in order to identify any changes or distortions caused by donor entry. Third, mapping local civil society will enable donors, INGOs, and possibly the host country government to identify the best potential partners for given projects (rather than relying on the most accessible or best connected CSOs, such as those in the capital city). The mapping process can also include access mapping, especially for humanitarian work in countries in which ongoing tensions or hostilities make certain areas inaccessible for international NGOs, donors, or government agents.
- **Step 4: Review of intentions and objectives.** Once civil society is mapped, it can be consulted in a balanced way. The goal at this stage is to revisit the objectives set in Step 1 by inviting a more complete pool of representatives from local civil society, acting as representatives of a cross-section of beneficiaries, to evaluate them. In particular, this evaluation is an opportunity to ask whether the Step 1 objectives will address the root causes of the conflict and build a sustainable civil society. This reengagement with local civil society around donor objectives is also an occasion to communicate and emphasize the eventual reduction of aid. Participants can thus consider whether donor plans for peacebuilding and civil society engagement are sustainable in light of the time-limited nature of donor aid. Step 1 objectives should be revised as necessary in light of the feedback received.
- **Step 5: Assignment of roles/objectives.** Once donors, INGOs, and the government have revised the Step 1 objectives and mapped the universe of potential local partners, specific projects and objectives can be matched to local partners. Again, the goal here is to avoid the tendency to heap

projects onto the most access or professionalized CSOs and instead select CSOs whose expertise or local credibility will support a given goal. This is also an opportunity to distribute aid, using the central coordinating mechanism developed in Step 2, in such a way as to avoid overwhelming the absorptive capacity of any organization or sector and to connect local CSOs with multiple projects or donors so as to cultivate the diversity of funding that supports civil society sustainability.

- **Step 6: Plan long-term evaluation and monitor donor spending.** One key observation from the workshop was that setting long-term objectives (e.g., 5years) minimizes donor micro-managing of local CSOs. Because longer windows of time involve more unknown variables, donors must allow local partners greater latitude to adapt their activities to changing conditions. Local CSOs use this latitude to better tailor work to local needs and sensibilities. Long-term goals also help avoid short-term 'flavor of the month' variations in donor focus. Evidence for Croatia indicates the effectiveness of this long-term evaluation strategy. Thus, as donors assign or award projects to local partners, donors should plan long-term evaluations. At the same time, donors should be transparent in their spending so that external actors, whether other donors, local civil society, or the host government, can monitor donor spending. This stage is also an opportune time to develop civil society-to-civil society coordinating mechanisms.
- **Step 7: Review impacts (periodic).** As aid disbursement continues, a local CSOs must regularly self-evaluate, making their own assessment of whether they are remaining locally rooted and accountable and whether they are preparing adequately for the eventual environment of decreased aid. Donors should also participate in periodic evaluation of the sustainability of local CSO partners. The evaluation process should consider:
 - Changes in local civil society capacity
 - Changes in the operating environment
 - Impacts of donor and government bureaucratic requirementsThe results of these evaluations should be factored into donors' ongoing operations, e.g., increasing the flow of aid to a sector or organization if capacity is increasing in a sustainable way.
- **Cycle back through Steps 4-7 as necessary.** The local operating environment and the local civil society will inevitably change over time, in part because of donor presence. Therefore stakeholders must periodically revisit their objectives, the assignment of roles, and long-term evaluation plans in light of the outcomes of the periodic reviews.
- **Step 8: Anticipate aid reduction, communicate timeline, and set (specific) expectations.** In most conflict-affected states, the aid environment will eventually shift from one of increasing or steady aid to one of declining aid. Once reduction dates or timelines are known to donors, donors or international NGO intermediaries must communicate these to civil society as early and clearly as possible. In so doing, donors should seek to be as transparent as possible about the aid reduction process (e.g., which projects will not be renewed; which sectors will see decreases; how money is being shifting from the civil society sector to government) and set clear expectations for local civil society regarding future donor engagement.
- **Step 9: Transition planning.** Once the timing of aid reduction is known, donors should set post-reduction mandates and complete sustainability-building efforts. Post-reduction mandates include expectations for civil society and government operations using whatever donor funds continue to be disbursed. (While aid reduction is common, aid rarely decreases to conflict levels; thus donors continue to have presence and influence.) These can include mandates for cross-sector

collaboration or continued service delivery to vulnerable populations. These mandates constitute an opportunity for donors to protect some of the outcomes of their intervention, but mandates must also be realistically scaled to reflect diminished levels of resources. Sustainability-building includes equipping local CSOs to write grants, build cross-sector collaborations, develop social enterprises, and tap indigenous resources for fundraising (e.g., by creating local foundations). It can also include preparing the legal environment to support and protect CSOs. While these processes should be ongoing during the aid increase period, donors may intensify these efforts during the transition period so as to complete them before aid reduction begins to affect local CSOs or decrease donor influence with local CSO partners or the local government.

- **Step 10: Facilitate coordination.** As aid decreases and some donors begin to withdraw from the state, arrangements must be made to carry on aid and peacebuilding activities without donors as the driving or coordinating force. Thus donors must facilitate coordination between CSOs, and also between CSOs and the government. This latter is particularly important given that donors often look to the government as the primary funder of social services as aid decreases. Involving the private sector in CSO collaborations with commercial actors is also a possibility.
- **Step 11: Execute long-term evaluations.** In order for the long-term goals set in Step 6 to form a credible incentive, donors must be committed to implement the long-term evaluations they have planned. These evaluations are also likely to provide more realistic data on civil society sustainability, as well as the sustainability of peacebuilding and development achievements, than evaluations undertaken during or immediately after peak levels of aid. The outcomes of long-term evaluations can inform broader institutional reflection among donors and facilitate improvements in future intervention strategies.

6. Next Steps

Participants agreed that considering the impacts of aid reduction was important to achieving durable peacebuilding and development and improving civil society sustainability. Continued research and experience-sharing on aid reduction therefore has the potential to benefit donors, local civil society, and others involved in or affected by aid implementation, including international NGOs, local government, and the security services, as well as beneficiary populations. To expand knowledge in this area, the principals involved in the workshop identified as series of follow-on activities:

1. **Distribution of Proceedings.** Proceedings will be distributed among participants and other interested stakeholders (including persons invited to the workshop who were unable to attend) for their reactions and feedback.
2. **White Paper on Aid Reduction.** Participant feedback will be incorporated into a white paper on aid reduction in conflict-affected states, laying out the challenges and opportunities presented by aid reduction in such locations and current best practices for managing aid reduction.
3. **Development of Community of Practice.** Few standard practices have yet emerged for managing aid reduction, so the field is in a state of continual de facto experimentation. Regular exchanges between stakeholders can help identify what works and what does not, and help disseminate new information among participants. This can be done through the creation of a community of practice or knowledge network, i.e., an electronic community and space for information exchange.
4. **Commission case studies and longitudinal research.** As the conversation among stakeholders identifies specific research needs, the principals will seek funding to commission case studies of organizations, sectors, or states affected by aid reduction or to undertake longitudinal research, tracking the impacts of aid entry and aid reduction in relevant states.