

Accessing European Commission Funding under the
9th European Development Fund;

The Case of the NANGOF Trust

"Opening up new opportunities for Civil Society Engagement"

November 2007

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List of Abbreviations

ACP	African, Caribbean and Pacific
CPA	Cotonou Partnership Agreement
CSO	Civil Society Organisation
DLO	Direct Labour Operation
EC	European Commission
EDF	European Development Fund
EU	European Union
NANGOF	Namibia Non-Governmental Organisations' Forum
NANGOF Trust	The successor body to the Namibia NGOs Forum
NAO	National Authorising Officer
NDP2	Second National Development Plan
NGO	Non-Governmental Organisation
NNF	Namibia Nature Foundation
NPC	National Planning Commission
NSA	Non State Actor
VIA	Voices Influence and Access Project

1. Introduction

In June 2000, the European Union (EU) and the African, Caribbean and Pacific (ACP) nations signed the Cotonou Partnership Agreement (CPA). The CPA was, at that time, accepted as the beginning of one of the most comprehensive development co-operation and trade agreements between Europe and its former colonies. For most African countries it was not only the most important agreement with Europe but also had potential to contribute to the campaign against poverty at national and regional levels and make a real difference to the lives of the most disadvantaged people.

The agreement was premised on three pillars - trade, political dialogue and development cooperation. As part of the CPA in general, and the pillar of development cooperation in particular, non-state actors (NSAs) were seen as important role players in the belief that growth and development is stronger once all parties to the development programme are fully engaged in its planning and implementation; and that strong democratic processes, involving all parts of society, lead to stronger growth and development. Thus the CPA envisages support for capacity building for NSAs in priority areas identified through the programming process between the European Commission (EC) and the ACP country concerned. This clearly provides a new and important opportunity for NSAs and networks to participate in planning, implementation and assessment of national development strategies and programmes.

However, a Voices, Influence and Access Project (VIA) commissioned desk study of April 2003 aimed at establishing the status of the EU-ACP cooperation under the auspices of the CPA in Angola, Mozambique, Namibia, Zambia and Zimbabwe found that state actors were still playing the major role and civil society participation was slow in taking root. Particularly apparent was the fact that it has been difficult to involve NSAs in policy formulation.

One reason for this is that it is still unclear how civil society will have the resources and capacity to play its full role. The standard route for funding for civil society has been through project funding¹, which has emphasised the service role of civil society. In the process, the governance, accountability, partnership and advocacy issues that are fundamental parts of the CPA have been neglected and have not received adequate, practical financial support. This report describes how, in Namibia, the EC and its Namibian partners have found a way of resolving this gap, defining a route by which civil society in other countries can also be given the support that it needs enabling it to fulfil its role in the CPA.

To achieve this, the Government of Namibia, the NANGOF Trust and the European Commission have created a partnership that is dedicated to the capacity building of civil society in general and the NANGOF Trust in particular.² The value of the Agreement is €1.6m over a three year period, with three parties to the Agreement - the National Planning Commission (NPC) on behalf of the Namibian Government (as the National Authorising Officer (NAO)), the NANGOF Trust and the EC.

The relevance of this to civil society networks in other countries is that a civil society organisation can negotiate a programme agreement, which supports the core costs³ of the organisation similar to EC support of governments under the CPA. To achieve this,

¹ Funding restricted to specific service programmes and outputs agreed with a donor

² In EC technical terms, the programme is a private indirect decentralised operation through programme estimates. The Contracting Authority [the EC] delegates its powers to implement and administer the programme estimates to the Contractor [the NANGOF Trust] through a service contract.

³ Organisation costs, including overheads, that are not linked directly to a specific service programme

the Government of Namibia, through the NPC, has committed itself to a strong governance agenda (leading to a significant increase in the size of the available European Development Fund (EDF) as between the 9th and 10th Funds). The Government has also been willing to work with civil society as evidenced by a formal Civic Organisations Partnership Policy and the direct support that it has offered towards particular capacity building programmes for civil society, including this financing agreement for the NANGOF Trust. For its part, the NANGOF Trust has redefined its role and made extensive changes in its working method, discovering a new role and format through which it can be an effective umbrella body for civil society in Namibia.

Finally, the EC has found a route through its own procedures to achieve this result. How all this happened and the decisions and changes that each party had to make are the subject of this report.

The report has been produced on behalf of One World Action. It draws heavily on the documentation that was generated during a long, and sometimes difficult, process. It has been written by one of the people who were closely involved in the process from the civil society side. Where opinions are expressed, they are wholly those of the VIA Project.

2. Namibia Country Context

Namibia has an average per capita income of US\$2,975. Despite an improvement in the Gini coefficient from 0.707 in 1993/94 to 0.6 in 2003/4, it still has one of the highest rates of inequality in the world, with parts of society having standards of living equal to those found in Europe and other parts of society experiencing levels of poverty to be found in the more impoverished parts of Southern Africa. Classed as a middle-income country, about two thirds of the population – mostly black – are considered poor. This is, perhaps, the most critical challenge that Namibia faces.

In response, Namibia continues to show a strong commitment to poverty reduction and providing opportunities to its citizens. This is reflected in the high level of social sector spending and expansion of health and education services since Independence. Progress in the social sectors is however being eroded, among others, by the high incidence of HIV/AIDS (19.8% prevalence in pregnant women as per the Sentinel Survey 2006) which is having a major impact on poverty and the quality of life.

Since independence, the Namibian economy has shown considerable stability, however, growth since the mid-1990s has been modest, with real GDP growth averaging around 3.4% annually between 1997 and 2003. Growing unemployment, in particular among young people, adds to growing discontent about poverty and the persistence of inequality. Cheap manufactured imports from South Africa and Asia and environmental and labour force limitations limit possibilities for job creation outside the civil service, farming, the growing tourism sector and the capital-intensive mining sector.

Civil Society seeks programmes that improve the coverage, quality of and access to basic social infrastructure and services and takes account of local needs and the specific needs of the most vulnerable and disadvantaged. The aim is to reduce the inequalities of access to general services. Thus it argues that economic growth needs to be closely linked to the achievement of the Millennium Development Goals. For example, Civil Society has been lobbying through the Basic Income Grant Coalition for a national income grant to provide a basic income for all. Civil society programmes of small business support are based upon clear evidence that encouragement of small businesses is a major tool in enabling the unemployed, marginalised and disadvantaged to gain access to economic activity; women in particular are able to gain a livelihood through running small businesses. In this context, civil society notes that the main source of strong performance during the Second National Development Plan (NDP2) came from the private sector and believes that an important feature of this, in relation to Social and Economic Justice, was the growth of small businesses. Policies that advance small businesses need to be encouraged.

In addition, Civil Society believes that accountability and transparency are essential components for both economic and social justice. Namibia needs a Freedom of Information Act. But even without this, all sections of society need to work to the highest standards of openness and integrity. The government, in particular, needs to lead by acting upon the highest standards of public accountability and needs to challenge corruption wherever it is found.

While Namibia is one of the few countries in Africa maintaining social safety nets for vulnerable groups such as senior citizens, orphans, and people infected and affected by HIV/AIDS, disabled people and war veterans, these social grants do not always reach those who are eligible due to a host of problems such as a lack of awareness, insufficient legal documents such as identity cards and social exclusion. Traditional support structures and safety nets are also under tremendous pressure primarily due to the AIDS epidemic, which erodes savings and coping strategies of communities and families. But overall for Namibia, the challenge remains to put the many good policies that exist into solid practice.

3. The Path Towards a Grant

3.1. Background and History to 2004

The three key players in the achievement of a capacity building programme for civil society have been the Government of Namibia through the NPC, the NANGOF Trust and the EU through the EC.

While the first national development plan did not mention the part that civil society could play in the national plan, NDP2 emphasises the importance of the private sector and civil society in achieving Namibia's social and economic transformation and the need for the Government to provide an enabling environment that allows all stakeholders to contribute to and benefit from economic development and diversification.

The objectives of NDP2 vis-à-vis civil society have been taken forward in the development of the Government's Civic Organisation Partnership Policy which was approved by Cabinet in December 2005. The overall goal of this policy is for the Government, in consultation with civil society, to create a 'Working Partnership'. The Policy recognises that despite the mention of the role of civil society in most Government policies and the promotion of cooperation, civil society participation in de facto policy implementation has been minimal due to the lack of a partnership framework and poor information sharing on development opportunities. The Policy aims to address this situation through the achievement of the following four objectives:

- To create a greater commitment for civic participation through the promotion and encouragement of active citizenship
- To enhance the environment for civic participation and partnership
- To bring the Government closer to the people and create partnership opportunities that benefit the Government, civic organisations and civil society
- To enhance the capacity of partners (Government and civic organisations) to enter into partnerships and jointly respond to development challenges and opportunities in an efficient, effective and sustainable fashion

The Namibia Non-Governmental Organisations' Forum (NANGOF) was seen as a key organisation in this programme. NANGOF was founded in April 1991, shortly after independence. It quickly established itself and became a household name with many development partners and Non-Governmental Organisations (NGOs). Throughout the 90s, funds for civil society activities were readily available from a wide range of international donors committed to building a strong independent nation. Core funding was readily available and NANGOF was able to access such funds for its umbrella work. When core funding as a method of funding declined in the later part of the 1990s, NANGOF had, like other civil society organisations, to seek project funding for its programmes. Because project funding is linked to specific programmes and outputs it is more suitable for service delivery activities. While clearly NANGOF has a role in offering services to members, there is always a risk that an umbrella organisation drifts into providing services for users "on the ground" since these are tangible and typically match donor interests. This is what happened, creating conflicts with members who felt that NANGOF was depriving them of funding opportunities. At the same time, NANGOF's own professional capacities did not match the demands it was facing from its stakeholders. The result was a funding crisis and significant debts, to the point when the staff team had to be dissolved to one member by 2003.

While the Namibian Government has been looking to strengthen links with civil society and NANGOF was seeking to re-establish itself, the EC, had been considering the complementary role of and potential for contributions by NSAs to development processes in general and ACP-EC cooperation in particular. NSAs are, in this context, defined broadly as the private sector, economic and social partners and civil society in all its forms.

Under the conditions laid down in the CPA, NSAs are expected to act as service providers and partners in dialogue in ACP-EC cooperation. To this end, NSAs are to be provided with financial resources and capacity support in critical areas to reinforce their abilities to actively play their role in the development process. Capacity development support can be particularly centred on efforts to improve the organisation and representation of NSAs, the establishment of consultation mechanisms, including channels of communication and dialogue, and the promotion of strategic alliances among NSAs.

The CPA places the EU Delegations in co-operating countries at the centre of co-ordinating and ensuring participation of all actors and, in particular, NSAs. To this end, the EC in Namibia took responsibility in 2004 for developing the necessary understanding of the NSA sector and building the requisite capacity, using guidelines sent to EC Delegations in September 2003 on the implementation of the CPA provisions relating to NSAs. The EC's findings in relation to the NSA sector were clearly expressed in the EDF 9 Country Strategy and Indicative Programme which highlighted major constraints in effective cooperation between Government and development partners on one hand and civil society on the other:

1. Firstly, the capacity of civil society organisations to formulate and implement relevant and effective development initiatives was seen to be weak. From the EC perspective, a 2004 call for proposals from NSAs (which aimed to involve civil society actors in the development process as managed by the NPC) had exposed the poor capacity of local NGOs to formulate coherent proposals and raised concern over the capacity of civil society to manage projects as well as account for them to their constituencies. A 2003 monitoring mission of the EC Micro-projects Programme had also concluded that increased capacity among the implementing NGOs in areas such as needs-assessment, project design, implementation and management (including financial management) were essential for the success of the 9th EDF programme at large. Lessons learnt from that Programme had also emphasised the need for clearer linkages between established NGOs and grassroots community groups for interventions to feed into identified community needs.
2. The lack of information from Government and development partners on development opportunities both in terms of funding and training had been highlighted by NSAs as a major constraint to their effective participation in development.
3. Support by most of the country-based development partners, including European Union member states, had been directed towards the implementation of projects rather than for specific capacity interventions for the sector at large. While this had allowed the NGO sector to access funding and produced a situation where a large portion of the financial resources of NGOs comes from external funders, sufficient capacity development to build civil society was found not to have taken place.
4. If coordination and networking among CSOs on development issues were to increase, grassroots voices needed to be able to contribute more effectively to the EC's sector budget support programme in the education sector and other, future, sectors as they develop their coordination structures. A stronger civil society was seen as providing value added for future Namibia-EC Programmes.

It was for all these reasons that the EC initiated a capacity building programme for civil society in general and NANGOF in particular. By focusing on the identified capacity constraints in civil society organisations and strengthening the umbrella role of

NANGOF, the initiative envisaged opening up opportunities for increased participation and involvement of civil society in Government programming processes and project implementation as reliable and relevant partners.

3.2. The Negotiating Timeline

The first formal steps towards a grant for NANGOF and civil society capacity building were made by the EC when it invited NANGOF in November 2004 to submit a proposal for “capacity building of NGOs and CBOs in the field of poverty alleviation and employment generation”. However, at this stage, staffing at NANGOF was down to one person and the NEC had sought to adopt a “hands on” role. This “hands on” role failed to take into account the work pressures that already existed on senior members of civil society. So four months had lapsed before a submission was actually made.

However, once the initial submission was made in February 2005, the process of developing the submission was relatively quick with a steady dialogue with the EC leading to the arrival of an EC appointed consultant in Namibia in September 2005 as part of the review mechanism for the application.

First steps towards a Financing Agreement with NANGOF	
2004	
November	Invitation to NANGOF from EC to submit a proposal
2005	
February	First draft of proposal to EC, followed by discussions with EC
March	Second draft of proposal to EC submitted
April	Third draft of proposal to EC submitted
May	Indication that the proposal would not be determined until at least the end of the year
June	Terms of reference for EC feasibility study drafted and formally submitted to NANGOF
June	EC Identification Fiche signed – Project Approach
July	Terms of Reference for feasibility advertised
September	EC Consultant in Namibia to prepare EC feasibility study on “Capacity Building For Non State Actors Support Programme”
September	Consultation session with Member Organisations by EC Consultant to present findings and recommendations
September	Financing proposal drafted for development as part of the feasibility study
October	Mission Report received

As the table above shows, the programme towards a Financing Agreement was moving steadily and firmly, with the EC predicting funding by April 2006. However, in the event, nothing substantive was heard from the EC until July 2006.

The delay lay in the fact that the application format was the first of its kind within the EDF framework that focuses directly on capacity development and thus substantial reworking on the consultant's proposal was necessary. Traditionally funding for civil society has been project focused, rather than directed towards capacity development. This application was essentially directed towards core funding. It transpired that while the CPA foresaw a capacity building role in relation to civil society (in view of the broad role conceived for civil society as a partner in development), the funding framework that existed was more directed towards the role of service provider. The Namibian EC Delegation had to convince Brussels that the root of "Call for Proposals" would have been inappropriate as it would have led to a project approach. All consultations pointed towards a central role for NANGOF. While there are umbrella bodies for individual sectors in Namibia, NANGOF is widely recognised as the apex to the overall structure of civil society.

Because of the need to find a new approach, it was only in July 2006 that the EC was able to outline to the NPC and NANGOF a financing proposal under an externalised direct labour operations framework. At that stage, too, formal pre-conditions for NANGOF were outlined:

- NANGOF will provide audited accounts for the last four years, verifying the accuracy of its balances at the commencement of the project prior to the endorsement of their service contract with the NAO by the Head of Delegation. The audit had to demonstrate that any pre-existing liabilities had been resolved.
- NANGOF was to undergo a full system audit to the specification of the EC the latest: (i) within six months of project commencement or (ii) before the first replenishment of the account, whatever is the earlier. The audit must ensure that NANGOF has clear systems for managing cash flow, and for tracking and meeting its liabilities, particularly for direct and indirect taxation.
- Auditors will confirm the implementation of all recommendations, within 3 months of the relevant audit or the second replenishment, whatever is the earlier.
- NANGOF will have registered under the current legal framework, within 6 months of project commencement.
- In line with considerations of sustaining NANGOF after the end of this programme, the NANGOF secretariat will outsource non-core functions wherever possible, including some administrative and financial functions.

In the event, it took a year after that progress meeting to translate the outline of the financing proposal into a financing agreement that was acceptable to Brussels and a further 6 months for the formal approval to be translated into a signed agreement. These further delays arose from a host of issues that are more fully outlined in the following section "Lessons Learnt".

4. Lessons Learnt

The lessons learnt from this process focus mainly on NANGOF and the changes that it needed to implement to justify this new financing approach. Some of them were specific to the requirements of the Financing Agreement; others were more general to the changes needed to NANGOF to fulfil its umbrella role more effectively.

At the same time, the EC had to find new ways forward and the NPC had to demonstrate its own understandings for the whole position to be finalised.

4.1. Lessons for NANGOF as a Civil Society Umbrella Body

4.1.1. Operational level

NANGOF members had been dissatisfied in the late 1990s and early 2000s with the level at which NANGOF was operating. Thus in 2003 a full-scale review of the role of NANGOF was undertaken through a meeting of senior Directors from Civil Society. The conclusion of the review was that NANGOF should concentrate on:

- **Information Provision** - a source of information (using mediums of e-mail, Internet, Information bank, resource centre, database of information on the sector).
- **Networking** - the meeting point of collective common interest, with forums for discussions of topical issues within the civil society sector and alliances with other representative and networking bodies.
- **Advocacy and Lobbying** - the National Assembly and National Council, performing a watchdog role, participating in broad strategic planning of the sector and lobbying government for financial resources.
- **Representation** – the broader interests of civil society must become visible.
- **Self-Regulation** – NANGOF should perform a self-regulating role in terms of “code of ethics” observance by its members and the broader sector as well as assessing the impact of the sector.
- **Membership and Services** – NANGOF should enlarge its membership base, give or facilitate tangible services to members and influence the enabling environment, including conditions of service for civil society employees and the mobilisation of funding.
- **Liaison/Mediation** - between civil society and government, private sector and donors, as well as offering strategic guidance on development priorities to donors and government.

This agenda was incorporated into a 3 year planning framework that NANGOF adopted, with the plan being reviewed and rolled forward annually.

The lesson learnt is that NANGOF had to determine an appropriate operational level for an umbrella body.

4.1.2. *Restoring Confidence in NANGOF*

A major question during the evaluation of the financing application was the question of why a grant should be negotiated with NANGOF rather than be awarded through a call for proposals. The EC needed to be sure that NANGOF was the overall umbrella body for civil society and that a negotiated agreement was an appropriate and defensible course of action.

The process to redefine the operational level of NANGOF pointed the way towards satisfying this issue. But the work of NANGOF during the negotiation phase was also aimed at demonstrating that lessons learned were, indeed, being applied. Accordingly, the NANGOF programme from 2004-7, albeit constrained by a lack of resources, was specifically aimed towards restoring confidence. A number of conferences were held on subjects central to the overall agenda of civil society, including a conference on the role of volunteers and a conference on poverty. A major issue relating to the status of volunteers within the context of Namibian Labour Laws arose from the volunteer conference and NANGOF was able to partner with a partner agency (Voluntary Service Overseas) to carry this issue forward. A similar overarching issue for civil society was the issue of training and capacity building and NANGOF was able to join with several agencies (Nara and the NGO Training Institute, the Namibia Network of AIDS Service Organisations, the Institute of Development Management, the Namibia Training Authority and the Bristol Meyers Squib Foundation) to commence development of a national, accredited qualification in NGO Management.

Above all, NANGOF focussed on an information role, building a database of contacts, developing a website and establishing an electronic newsletter on current matters of interest for Namibian civil society – to the point where both the newsletter and the website are actively used. This information role has a high profile and is relatively inexpensive⁴. Finally, it started to clarify a civil society position on focussed issues through a series of newsletter; so far these have been produced on Training and Capacity Building within the sector and the Millennium Development Goals, with another newsletter on funding in the pipeline.

The lesson learnt is that NANGOF needed to commence operations at the appropriate level for an umbrella body.

4.1.3. *A Broad Constituency*

NANGOF is a membership organisation and welcomes into membership NGOs, CBOs and the welfare activities of Faith Based Organisations. Thus it may be noted that the NANGOF constituency is essentially that of the NGO sector. This may be contrasted with the wider view of civil society that pertains in the CPA, which incorporates the private sector and the Trade Unions in the compass of civil society.

NANGOF is a membership organisation because of the need for accountability. Making it accountable to its members through a general meeting and through election of the Board is one of the strongest ways of achieving accountability and the number of organisations in paid membership is one measure of the support it commands.

While membership is important for accountability, NANGOF also developed the view that the gathering and distribution of information is central to its role. So it has sought to maximise the number of organisations, agencies and individuals interested in civil society matters with which it has contact so that it can obtain and distribute relevant information quickly and widely. Any organisation engaged in or with civil society can therefore become part of the information network, whether or not it is a member. So, by the time of the financing agreement, the NANGOF database contained information for nearly 300 NGOs and its electronic

⁴ NANGOF received sponsored technical assistance from a Skillshare International Development Worker from 2005 to 2007

newsletter is circulated to over 700 individuals. The lesson learnt is that NANGOF needs to have an inclusive approach to its role as an umbrella body.

4.1.4. A Stronger Legal Framework for NANGOF

A surprising discovery during the recovery period was the fact that NANGOF had never been registered as a formal legal entity and had depended on the informal legal status of a voluntary association.

Finding the right legal framework took some time. On the one hand, the Namibian legal system offers the format of a Section 23 Company (Not for Gain). However, it was felt that there may be times when NANGOF will hold funds in trust for civil society activities and that this should be explicitly recognised in its legal structure. But a Trust appeared to be in conflict with the wish to give members a strong say in the overall governance of NANGOF, since the Trustees have an overriding duty of care to the Trust.

The solution was to form a trust that is controlled by its members through a mechanism of the members electing the trustees every two years. Trustees serve on the Trust with full powers and responsibilities of Trustees but at each AGM the Trustees meet with members and allow members voting rights, including the election of the Trustees. Mechanisms were also devised to ensure that the Board of Trustees are senior members of civil society, may not stand for more than two consecutive two year terms and are representative of the NANGOF Sector Interest Groups - Environment, Education, Gender, Health, Human Rights and Democracy, Social and Economic Justice, Training and Capacity Building and Urban and Rural Development.

The lesson learnt is that NANGOF needs a strong legal framework that is adequately accountable to its members.

4.1.5. Financial Guarantee

A standard EC requirement for externalised direct labour operations, which formed the core of the financing agreement is that the beneficiary (NANGOF) secures a guarantee against the payment of grants. The EC pays agreed amounts in advance – a form of loan - and beneficiary accounts for these amounts over the agreed time frame and provides proof that the funds have been used for the agreed purpose. Until the EC has agreed the actual proofs of expenditure the EC wishes to be able to recover amounts that have been advanced – if necessary from a third party.

The requirement for a guarantee was a challenge for NANGOF, since it had used up its assets (including its building) during the recovery phase. Initially it was thought that a financial institution – bank or insurance company – would be prepared to offer a guarantee to NANGOF directly for a fee, with the fee being part of the overall EC funding. However, it turned out that no Namibian institution was prepared to offer such a guarantee without a 100% security backing. Moreover, it transpired that this requirement for 100% security was not directed to the fact that NANGOF might be a high risk because of its history; it was a standard requirement.

Fortunately, a member of NANGOF, the Namibia Nature Foundation (NNF), came forward with the offer of a guarantee. While the NNF was established in 1987 with the mission to promote sustainable development, to conserve biological diversity and natural ecosystems and to foster the wise and ethical use of natural resources for the benefit of all Namibians, its objectives include that of administering and managing funds for partners, donors, the private sector, government and communities. However, even a well

established and financially secure body such as the NNF still had to offer its bank full 100% security for the funds to be advanced⁵. The whole process of securing a financial guarantee resulted in significant delays in the approval of the financing agreement.

The lesson learnt is that the guarantee requirements are onerous in so far as that, in Namibia, they require 100% security backing.

4.1.6. A Stronger Accounting Framework for NANGOF

NANGOF and EC agreed during the funding negotiations that NANGOF should not build a large organisation on the basis of the EC funds. Activities to be undertaken under the financing agreement should be outsourced where appropriate, leaving NANGOF to concentrate on its coordination role. As previously noted, pre-conditions were also initially set by the EC to ensure that the financial baseline of NANGOF was sufficiently adequate both in material and process terms.

In the event, NANGOF had been working towards a much stronger financial framework as part of its recovery strategy and was able to provide evidence of this to the EC during the negotiations. As a result, the pre-conditions were dropped from the final financing agreement. To further sustain its position, NANGOF also decided that it should outsource its accounting functions to the body offering its guarantee, the NNF.

The lesson learnt is that financial accountability is an absolute and there need to be strong processes in place to deliver this.

4.1.7. Dealing with the European Commission

Although the planned results of the grant have not materially changed throughout the negotiations, what is clearly different between the original key results statement and the final set is the language. The EC processes are complex as is the supporting documentation. Learning this to the point where NANGOF staff are able to communicate effectively with EC staff without major reworking of material has been a challenge. This is not to say that assistance has not been readily forthcoming from the EC. EC staff has been prepared to rework NANGOF-prepared material to get it into the right format. The EC has offered training courses which have been attended by NANGOF staff to better understand procedures and processes. And part of the intervention of the EC appointed consultant to review the application was directed towards ensuring that the application fully met EC requirements.

The lesson learnt from this is that NANGOF has had to invest considerable time and energy in learning EC language.

4.2. Lessons for the National Planning Commission

4.2.1. Government–Civil Society Relationships

As previously noted, the first National Development Plan did not explicitly refer to the role of civil society as a national development partner. NDP2 sought to rectify this, explicitly through the creation of a national Civic Society Partnership Policy.

⁵ One difficulty initially encountered with EC funding rules was that the guarantee was vested in a third party and not in NANGOF. This was finally resolved by the fact that NNF is a member of NANGOF and thus a beneficiary of the Financing Agreement

There are many reasons why civil society and the Government are not working as closely together as they might. Different ministries approach the concept of an enabling environment in different ways, with few ministries wholly committed to diversification in service delivery. Doubt is often thrown on the capacity of civil society and there is a clear need for civil society to be more proactive in presenting its successes and achievements.

There are also structural issues. The fact that nearly two thirds of the total membership of the National Assembly is incorporated into government as Ministers or Deputy Ministers means that there is little opposition within Parliament itself. Civil society, when raising social, economic or community issues, is sometimes said to be acting outside its remit – particularly when it is directly critical of the Government. In a nation where universal democratic structures have only been in existence for 17 years, this can be a challenge in itself; but, in the context of Southern Africa as a whole where independent views can be harshly treated, the issue is particularly sensitive. Even at the time of the conclusion of the financing agreement there were calls for greater control of civil society and the media. As it is, the Government has signalled in its Partnership Policy that it believes that there should be a clearer framework for civil society and a registration system; what that means in practice has yet to be defined.

Notwithstanding these tensions, a clear outcome of the negotiations in respect of the 9th and 10th EDFs is that the Government does embrace a broad view of development with a strong governance agenda and an active partnership with all national stakeholders and the EC is prepared to support this with significantly increased funding.

The lesson learnt is that a broad approach to the development agenda, with strong attention to governance, accountability and democracy can lead to greater development assistance from the EC.

4.2.2. *Funding Mechanisms for Civil Society*

At a very practical level there are institutional problems that sometimes prevent a closer working relationship. In the specific instance of EC funds being channelled to civil society through the NPC as the NAO, the experience has been patchy.

For example, the experience of a 2005 call for proposals was not good. A very high proportion of the proposals were considered too poor to be funded, emphasising, from the NPC's perspective, the urgent need for capacity building within civil society. However, considerable problems in accessing the funds were experienced by the organisations which submitted successful proposals. Delays were experienced in bringing the proposals to contract at which point the whole process seemed to come to a halt. The outcome was that those organisations that proceeded with their programmes on the basis of the signed contracts did not receive the contracted funds for over 18 months after the contracts had been signed and over 12 months after the contracts were expected to have finished. Those organisations which acted more cautiously and did not commit expenditure on their contracts before receiving the initial tranche of funds had their contracts cancelled.

Another attempt was made in 2006 to fund civil society organisations with a call for proposals for a participatory poverty reduction programme. From the outset, civil society organisations felt that too high a set of demands were being imposed on them (the call for proposals required that both a concept paper and a fully worked project proposal should be submitted as part of the initial application) and further problems have been encountered in bringing successful proposals to contract and funding.

What is not fully clear from both these troubled programmes is how much of the delays arise from the civil society side, from the NPC side or from the EC side. However, there are clear capacity issues within the NPC in relation to getting funds to civil society through the mechanism of a call for proposals; the will is there but the delivery is problematic.

The lesson learnt is that a strong funding mechanism for civil society in general is an important component of a strong civil society.

4.3. Lessons for the European Union

The EC was at the centre of this whole project, initiating it in the context of the CPA itself and the national policy framework which needed a strong NANGOF. The EC and the Government were looking for a more active partnership with civil society. The problem was that current funding methodologies were not geared to building the necessary capacity. Thus the 9 month delay in the funding preparations arose because the EC was trying to find the way forward. Being a first of its kind required new ways of using the procedures that existed.

Other difficulties were encountered in the approval process. The financing proposal needed to be supported with a host of other documents. Initially, these were advised; later they became mandatory. The quality support methodology (where peer reviewers evaluate the proposal) took six months. The local delegation was given a number of roles that were previously undertaken by Brussels during the process and these new roles had to be absorbed.

Given the clear thrust of the CPA towards a full role for civil society in the national development process, the lessons for the EC were partly procedural – how to use its funding processes to assist civil society towards playing that larger role. However, they were also fundamental in building a different funding route for civil society other than that of a “Call for Proposals”. In this respect, the successful definition of this other route in this financing agreement with NANGOF is seen as a “World First” and is recognised within the EC itself as a case study in itself.

The main lesson learnt is that programme funding to civil society is possible within existing EC funding structures. A second lesson is that continuous change in procedures emanating from Brussels imposes significant challenges on the ground and can lead to considerable delay.

5. Overall

5.1. Time Taken

At an early stage of the negotiations, a risk was identified that NANGOF capacities might become exhausted prior to the start of funding to such an extent that initial programme implementation is hampered. This did, indeed, become a major issue. The considerable delay between the original proposal and the completion of the financing agreement (a period of almost three years) was a real challenge. With hindsight NANGOF should have engaged in other fundraising rather than awaiting the grant. The reason why it did not do so was the (incorrect) judgement that the approval process might only take 18 months; the fact that other donors are still unsure as to whether NANGOF has actually turned the corner; and the fact that the EC programme represents a baseline from which other activities can grow and be funded – the EC programme is seen very much as the start of a new future.

The lesson learnt is that EC procedures are complex and cumbersome; expectations for speedy solutions are misplaced.

5.2. Project Funding Versus Core Funding

Another risk identified in the project appraisal was that funds to civil society will reduce, resulting in inadequate funding for the implementation of capacity gains. The major lesson of this whole process is that it is both possible and appropriate for civil society organisations to be funded on a core funding basis. In relation to programmes such as advocacy programmes, project funding and service contracts are not the most appropriate form of funding. The broader agenda of the CPA relating to the active engagement of civil society in broad development objectives will require longer term support even after a programme such as the one described. This point cannot be overstressed, even at the beginning of the planned programme. The CPA envisages a greater role for civil society as part of extending and improving governance overall within ACP partner countries. While civil society organisations can prosper, if they are competent, through service contracts, funding the advocacy agenda requires adequate resources to maintain the capacity that has been built.

The lesson learnt is that the EC should anticipate a continuing need to provide appropriate core funding if it is to succeed in its ambitions of having a strong civil society.

6. What the EC Funding Agreement Seeks to Achieve

The financing agreement is directed towards two overall results.

6.1. Greater and More Effective Contribution of Civil Society to Key Development Planning and Implementation

This result of greater and more effective contribution of civil society to key development planning and implementation is aimed at the whole of civil society. The interventions are aimed at all CSOs (over 300 CSOs incorporating over 20,000 volunteers) and will be achieved through:

- Improved capacity within civil society organisations (CSOs) for project needs assessment, planning, design, management and monitoring & evaluation
- Improved organisational management skills of CSOs
- Improved governance within CSOs
- More access to financial and other resources for CSOs
- Stronger networks between civil society organisations
- Strengthened engagement of CSOs in national development processes

Specific activities to support these intended results will include:

- A baseline study to fully establish the current role and activities of civil society organisations. At present there is a varying degree of knowledge of what civil society is achieving and the baseline study will give a much better picture.
- Build capacity within civil society by identifying and prioritising training needs within different types of CSOs; designing and commissioning a pilot programme; and identifying resources and providers for an expanded programme. A baseline study will ensure that there will be measures available to demonstrate the success, or otherwise, of the programme.
- Strengthened governance within civil society. While a NANGOF Code of Ethics is now in place along with a Code of Practice for the use of Volunteers, these tools need to be made functional through appropriate mechanisms. Additionally, the capacity building programme will have a strong theme of governance.
- Improved funding for civil society. A recent review of funding flows to civil society concludes that, while the funding environment is difficult, the larger organisations are succeeding in securing funds for their work but that the smaller agency is less successful. Intermediary delivery mechanisms are required. Agencies exist that work at the grassroots or with minority groups; the mechanisms to get funds to them need to be strengthened. Much needs to be done to strengthen the civil society voice and mechanisms in relation to funding.
- Stronger networks between civil society organisations (intra- and intersectoral cooperation, intra- and interregional cooperation, and cooperation within the Southern Africa region).

6.2. A Well-Run and Democratic NANGOF Trust Supporting an Accountable, Transparent and Representative Civil Society

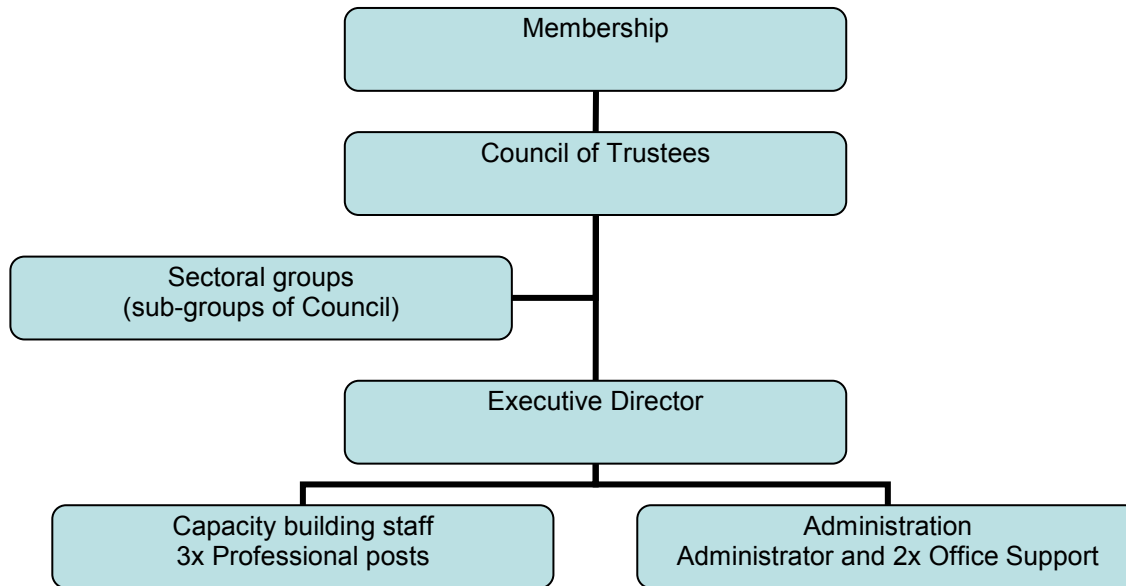
This result of a well-run and democratic NANGOF Trust supporting an accountable, transparent and representative civil society will be achieved through:

- Strong transparent accountability to the members of the NANGOF Trust and wider society, supported by competent planning, general and financial management.
- Strengthened capacity of the NANGOF Trust to assess service needs and aspirations of CSOs and advocate on their behalf on issues of common concern.
- Improved capacity of the NANGOF Trust to coordinate CSO actions to increase complementarity and synergies of their projects with each other and with GRN policy.
- Strengthened role of the NANGOF Trust as a clearing house for civil society information, including project information, networking, knowledge and advocacy.

In particular, NANGOF will:

- Ensure that its own governance and organisational systems are exemplary.
- Strengthen the work of the Sector Interest Groups so that there is a stronger civil society voice.
- Continue to develop information flows, building on the tools that have already been developed and welcomed in the last year.
- Develop core services to its members that enhance the operation and effectiveness of civil society, such as human resource and taxation issues.

The organisational structure to achieve this, as agreed as part of the financing agreement, is an Executive Director supported by three Programme Officers with a two person administrative support team. The current intentions are that each Programme Officer will take three of the civil society portfolios as defined by the Sector Interest Groups (with the “ninth” portfolio being information dissemination). Each Programme Officer will then be responsible for acting as a hub in the relevant portfolio between civil society organisations, the government, the private sector and the international community.



The particular route determined for the financing agreement was that of the EC's Direct Labour Operation (DLO). Two specific roles are defined in a DLO – an Imprest Administrator (responsible for the operations side of the DLO) and an Imprest Accounting Officer (responsible for the finance side of the DLO). These have clear roles defined within the financing agreement and are accountable for the proper use of the funds. The Imprest Administrator will be attached to the NANGOF Trust and the Imprest Accounting Officer will be part of the NNF, achieving a separation of interests in the financing agreement.

Also in financing agreement are funds for a full time Technical Advisor. This person will be a senior expert with responsibility for advising on the implementation of the whole financing agreement – an important technical resource as NANGOF further learns about the mechanisms of EC funding and focuses on its umbrella role.

7. Looking Forward

There has been a steady move in the funding arrangements for civil society organisations towards funding specific outputs and programmes. This has been largely driven by the demand for greater accountability for the use of funds and a service contract culture aimed at maximising efficiency and minimising the role of government. Thus government rhetoric has moved to that of enabler and many activities that governments used to undertake directly have been privatised – not only to private corporations but also to not-for-profit organisations. Moreover, there has been a view that the funding of advocacy activities ought to come from an organisation's own resources (membership fees, service fees, or private donations).

The NPC, the NANGOF Trust and the EC have created a partnership that is dedicated to the capacity building of the NANGOF Trust in particular and civil society in general through a programme agreement which supports the core costs of the organisation in much the same way as the EC supports governments in the CPA.

It is clear that the CPA looks for a stronger role from civil society. What has not been fully defined until now is how this will be funded. The standard route for funding for civil society has been through project funding, which has emphasised the service role of civil society. In the process, the governance, accountability, partnership and advocacy issues that are fundamental parts of the CPA have been neglected, or at least have not received adequate financial support. The financing agreement with the NANGOF Trust defines a route by which this neglect can be reversed.

To secure this result, the EC has had to define and clarify its procedures. This has taken considerable time and effort. For its part, the Government has also been willing to work with civil society as evidenced by the support that it has offered towards particular capacity building programmes for civil society, including this programme for the NANGOF Trust. Finally, NANGOF has redefined its role and has made a whole series of changes in its way of working. It believes that it has found the right level at which it should be working and has defined an appropriate strategy and plan, to be translated into reality by the EC funding.

The CPA sees partnership as central. But it is not clear yet whether there will be funding for this. In practice, the EC has shown itself ready to build capacity – in particular that of governments – and now it has defined a direct route for capacity building within civil society. Through this NSAs can take up the role that is defined for them in the CPA.

But what is not clear is whether the EC has the resources or intention to continue that support once the capacity building is deemed to have been completed. The non-service programmes and objectives described in the CPA need to be funded. Core funding is required for both capacity building and capacity maintenance. In the case of the NANGOF Trust a number of mechanisms are included in the programme that are directed towards building the capacity of civil society generally to access funding – directly through the creation of a the civil society trust fund that is aimed at attracting donors, government and the private sector and indirectly through training and development. But most donor interest (from whatever source) is focussed on service outcomes; core funding, particularly towards the issues of governance, accountability and advocacy is necessary if civil society is to play a full part in national development.

EDF 10 looks harder at governance and similar issues. This is itself a challenge for ACP countries, many of whom are being offered funding by countries such as China and Russia which do not attach great importance to these issues. Of the funding that will come from the EC, budget support operations, which route funding directly to a government's budget, will grow - a risk to civil society in

countries where governments prefer to use funds directly rather than passing a proportion on to civil society. It is essential, therefore, for the EC to follow through the success of the funding to NANGOF, not only by publicising the route so that other civil society actors across the ACP can make the most of the potential for capacity building but also by recognising that the capacity that will have been built needs to be maintained.

In Namibia, a step has been taken in that the Namibia-EC Country Strategy Paper and National Indicative Programme 2008-2013 earmarks €5 million for NSAs, the programming of which will depend to a large degree on the success of the programme that has now been negotiated for EDF9. But it is important that the EC as a whole ensures that resources are available to NSAs for governance, accountability, partnership and advocacy issues on a continuing basis if the overall objectives of the CPA are to be achieved.

Appendix:

Countdown Towards Civil Society Capacity Building Grant

Month	Activity
2003	
April	VIA Project commissions a desk study aimed at establishing the status of the EU-ACP cooperation under the auspices of the CPA
November	NANGOF Directors' Forum Planning Session articulates detailed problems with NANGOF and ways forward
2004	
July	NANGOF Code of Ethics published
November	Invitation to NANGOF from EC to submit a proposal
2005	
February	First draft of proposal to EC, followed by discussions with EC
March	Second draft of proposal to EC submitted
April	Third draft of proposal to EC submitted
May	Indication that the proposal would not be determined until at least the end of the year
June	Terms of reference for EC feasibility study drafted
June	EC Identification Fiche signed – Project Approach
July	NANGOF General Assembly elects new National Executive Committee
July	Appointment of part-time NANGOF Advisor, sponsored by Skillshare International
July	Terms of reference for feasibility advertised
July	Civic Organisations Partnership Policy completed
August	New National Executive Committee holds 1 day strategic planning workshop. Decision made to incorporate NANGOF
September	EC Consultant in Namibia to prepare EC feasibility study on Capacity Building For Non State Actors Support Programme
September	Consultation session with Member Organizations by EC Consultant to present findings and recommendations
September	Financing proposal drafted for development as part of the feasibility study
October	Mission Report received
December	Civic Organisations Partnership Policy approved by Cabinet
2006	
February	NANGOF Trends in Funding Workshop

Month	Activity
May	Revised Financing Proposal from EC
May	NANGOF E-mail news launched
June	Publication of the Civic Organisations Partnership Policy
July	National Coordinator resigns; Advisor asked to act
July	Meet with EC and NPC to discuss Financing Proposal under externalised labour operations framework with pre-conditions
September	New business plan prepared, incorporating the EC financing proposals
October	Consultation with members and launch of NANGOF Website
October	Offer of guarantee from Namibia Nature Foundation (NNF)
November	Decision to seek Trust status for NANGOF
November	2 delegates to EC funding structures training
December	NPC Consultation on Civic Organisation Partnership Policy
December	Consultation on Code of Conduct for CSOs using volunteers
December	EC publishes new Programme Estimate Guide
2007	
January	EC Consultation on Country Strategy Paper in preparation for 10 th EDF
January	First draft of Trust Deed received
January	Audits for 2002/3, 2003/4 and 2004/5 completed – part of meeting the pre-conditions
March	Call for Trustees for the NANGOF Trust
March	Meeting with EC, NPC and NANGOF to discuss progress
April	Service Agreement with NNF finalised
April	NANGOF Conference on Poverty
April	EC writes formally to NPC in relation to the status of the proposal
May	Founding Trustees sign Trust Deed
July	Brussels formally approves the Financing Proposal
July	NANGOF MDG “half-way stage” report
July	Executive Director’s post advertised
July	Audits for 2005/6 completed – part of meeting the pre-conditions
July	Guarantee issued - part of meeting the pre-conditions

Month	Activity
July	Skillshare International's development worker contract concludes
August	NANGOF submits the documentation covering all pre-conditions to the EC
August	EC Consultation on Country Strategy Paper and National Indicative Programme in preparation for 10 th EDF
October	Approved Financing Agreement received from Brussels
October	The NANGOF Trust appoints an Executive Director
November	The NPC and the EC sign the Financing Agreement
	The NPC and the NANGOF Trust sign the Financing Agreement