

FACILITATING FINANCIAL SUSTAINABILITY

ACTION LEARNING BRIEF



ABOUT FFS

The Facilitating Financial Sustainability (FFS) program was launched in 2017 to develop and test ways that different actors (including donors, policymakers, intermediary organizations, and CSOs themselves) can work together to improve the factors that drive local organizations' financial sustainability in different development contexts. As part of the United States Agency for International Development (USAID) Local Works program, FFS uses a combination of research and on-the-ground testing of approaches to improve local organization financial sustainability to support the Local Works goal of enabling local communities to drive their own development. FFS is jointly implemented by three consortium organizations: LINC, Peace Direct, and Foundation Center.

RESEARCH

The FFS consortium has published a series of research reports that consider effective strategies and approaches for organizations interested in improving CSO sustainability. The reports are based on findings from qualitative analysis of in-depth interviews with CSOs and funders, as well as a first-of-its-kind quantitative analysis of thousands of grants supporting financial sustainability. Research documents can be found here: <http://sustainability.linclocal.org>

ACTION LEARNING

The action learning phase of the FFS project has taken insights from the research and put them into practice in Colombia, the Democratic Republic of Congo (DRC), and Uganda through "Action Learning Groups" (ALGs) – coalitions of local stakeholders interested in collectively identifying and implementing opportunities to improve the local conditions for CSO financial sustainability in their context. This learning brief contains initial findings from the first year of ALG activities.

“The activity has allowed us to increase our level and capacity of action.” - ALG member



Photo: Members of the DRC ALG plan for upcoming activities
Facilitating Financial Sustainability 2019

KEY ACTION LEARNING FINDINGS

1 A local facilitator who is knowledgeable about the CSO landscape is critical

Effective collective action hinges on having a facilitator who is from the community, knowledgeable about the CSO landscape, and committed to CSO financial sustainability.

2 Non-CSO stakeholders should be engaged, but strategically

Other actors will feel most valued if they are strategically engaged as opposed to passively participating in regular group meetings.

3 Favor small, geographically focused groups

Small groups that are from the same region are able to build trust and agree on a common agenda more easily than larger or more geographically diverse groups.

4 Financial disbursement mechanisms should be transparent and carefully considered

Practical considerations regarding activity financing are necessary, especially in countries in which implementing organizations do not have physical or fiscal in-country presence.

5 Additional time is required for group cohesion and capacity building prior to setting an agenda

To ensure the process is being driven by CSOs, implementers must plan sufficient time for the group to form and build trust among members prior to developing an agenda. The implementing partner should plan to provide capacity building upon request from the group.

1

A LOCAL FACILITATOR WHO IS KNOWLEDGEABLE ABOUT THE CSO LANDSCAPE IS CRITICAL

Successful collective action hinges on having an experienced facilitator to shepherd the process. The facilitator serves in two capacities. The first is as a facilitator for the overall ALG process and second is as a project manager providing on-the-ground management support. In addition to facilitation experience, an ideal facilitator should be local, have deep familiarity with the CSO landscape, be knowledgeable about the topic of CSO financial sustainability and have the respect of ALG members.

A facilitator who is knowledgeable about the CSO landscape is crucial for the member selection process as they can help identify strong candidates with the right motivations who are best suited to bring value to and receive value from the ALG.

The ALG facilitator needs to effectively communicate with members about what has been agreed and hold focal points accountable for deliverables and milestones that they set as a group. Our ALG facilitators have also benefited from engaging a coordinator who can support budget management and organizing workshops.

ALG members attribute much of their success to their facilitators. The facilitators have struck a delicate balance of providing strong leadership in a hands-off manner. This has resulted in ALG members taking ownership of the group's plans, activities, and results without becoming dependent on the facilitators to move work forward.

2

NON-CSO STAKEHOLDERS SHOULD BE ENGAGED, BUT STRATEGICALLY

Each ALG was initially composed of representatives from CSOs, as well as a few representatives from donors agencies and private sector organizations. However, all non-CSO representatives left their respective ALG after only a few months. The non-CSO members who left the ALGs expressed their willingness to support CSOs in their effort toward achieving financial sustainability, but stated that they do not want to be involved in planning meetings.

Each ALG has decided to engage non-CSO stakeholders in different ways. The ALG in Uganda conducted targeted outreach to donors in order to inform the agenda for a cross-sector dialogue. The ALG in DRC conducted an advocacy training for members to support them in their outreach efforts to government and donors. The ALG in Colombia hired a taxation expert to conduct a training for CSOs to better explain new policies and their implications for CSOs operating in Colombia.

To be successful, ALGs still require input from and engagement with actors from government, the donor community and the private sector. It is worthwhile to invite these stakeholders to ALG meetings to specifically solicit their feedback on the ALG's priorities and planned activities. However, these stakeholders expect CSOs to take the lead in planning events and reaching out to them as needed.

3 FAVOR SMALL, GEOGRAPHICALLY FOCUSED GROUPS

Each of the ALGs vary in their size and geographic scope. The ALG in Uganda is national in scope and initially had 15 members. The ALG in the DRC is limited to Eastern Congo with 25 members split between North and South Kivu. A steering committee was set up to bridge ALG members from the two provinces. The ALG in Colombia is the most geographically limited, with 15 members, all from the Montes de Maria region.

Feedback from ALG members and facilitators suggests that a limited geographic scope enables members to more easily build a shared understanding of context and priorities. Additionally, limiting disparities in travel time and expense helps to avoid intragroup conflict over logistical considerations.

The steering committee structure has led to more complicated group dynamics in the DRC ALG. In the Uganda ALG the steering committee structure was abandoned as membership in the steering committee expanded and ended up comprising more than half of the group.

The Colombia ALG did not create a steering committee, and has the most cohesion among group members. This ALG has also avoided multiple potential causes of intragroup conflict.



4 FINANCIAL DISBURSEMENT MECHANISMS SHOULD BE TRANSPARENT AND CAREFULLY CONSIDERED

Practical considerations regarding activity financing are necessary, especially in countries in which implementing organizations do not have physical or fiscal in-country presence. The ALG facilitator or their organization is the best option for managing funds if feasible. The ALG facilitator is well-positioned to understand the financial needs of the group, to have the trust of the group, and regularly communicates between the ALG and the implementing partner. However, this arrangement is not always possible, or the facilitator may be unwilling to take on this responsibility.

An ALG member organization should not play the role of financial intermediary. This creates suspicion within the group that one member may be benefiting in some way, and undermines trust among group members.

ALG members should know who holds the group's funds, how those funds are managed, and should receive regular updates on both spending and funds remaining.

Implementers should also be prepared to address the issue of compensation for ALG members. This issue has come up in each of the ALGs. Collective action requires a significant time commitment and dedication from members. In addition to attending regular meetings, members spend a significant amount of time planning events, conducting research, and communicating with each other. Many ALG members feel that they should be financially compensated for this work.

5 ADDITIONAL TIME IS REQUIRED FOR GROUP COHESION AND CAPACITY BUILDING PRIOR TO SETTING AN AGENDA

Allowing ample time for startup activities results in CSO ownership of the agenda, a shared understanding of priorities, and stronger working relationships among group members.

Initial meetings should focus on bringing group members together around a shared understanding of the barriers to CSO financial sustainability in their own context. Time should also be devoted to building a shared vision of what the group hopes to achieve before diving into planning. This was difficult to achieve in 1-2 day meetings. An intensive workshop or retreat may be an even more effective model for launching a collective action group. A shared understanding and vision is critical to ensure that the process is being driven by the CSOs, and is not being driven by the facilitator or implementing partner.

Locally-led development is a new way of working for local actors as well as for donors and implementing partners. Changing this way of working takes time as it requires a re-framing of the traditional donor-beneficiary mindset among participants. ALG members were eager to take the lead in setting an agenda, but also requested support in terms of processes for doing so. Each of the ALGs requested additional support from the FFS consortium to develop workplans, budgets, and indicators. The implementing partner should plan to provide capacity building as requested by group members.



“I’m very satisfied with the meetings, training workshops and online discussions. This strengthens my technical and administrative capacities.”

- ALG member

FINAL THOUGHTS

- Collective action continues to be a promising modality for locally-led development. However, there are practical considerations that must be taken into account by both the donor and implementing partner.
- We believe that the findings from our experience are broadly applicable to collective action efforts, regardless of their area of focus.

Please contact Jenna White, Program Director at LINC with any questions.

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