



diakonia

MÄNNISKOR SOM FÖRÄNDRAR VÄRLDEN

Civsam report 2015

FINAL REPORT FOR A ONE YEAR CONTRIBUTION

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Introduction

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The present report is a final report of the agreement concluded between Sida and Diakonia for the bridging year 2015. This report is structured according to Sida's instructions for "final narrative report for one year contributions" reports dated 2014-04-25. Therefore, the main focus of the report is on deviations and internal processes.

1. Deviations

2015 was characterized by political instability, violent conflicts and decreasing levels of development aid, and an increasingly shrinking space for civil society to act within. Despite this there were no major deviations from original plans due to external or internal factors in Diakonias interventions during 2015. Neither did emergency situations due to natural disasters have any major impact on Diakonia's programmes.

1.1 Externally driven

The reports from the countries offices show the clear trend of increased efforts by governments to roll back the gains in democratization and open political space that were made during the past decade.

With a few exceptions (Burkina Faso, Sri Lanka) the general situation was characterized by a *shrinking space for civil society*. Organizations working with human rights, democracy and governance are held in suspicion. Activities of NGOs and CSOs are closely monitored with threats of political interference, infiltration and co-optation by ruling parties, private enterprises or security agents. Repressive legislative measures, restricting the freedom of speech, association and assembly have been introduced in a number of countries. As a consequence quite a few of Diakonias's partners have experienced tight government control over their activities.

The international development sector has not been exempted and is under heavy criticism by conservative sectors in several countries. There are various examples of defamation against foreign embassies or international NGOs (including Diakonia) in countries like Guatemala and Bolivia.

The *security* situation in several countries continued to deteriorate during 2015. In Mali the government declared a state of emergency from July until December.

Increased administrative requirements. States have increased the requirement for the registration of NGOs and their administration. This situation has forced partners to devote a significant amount of time responding to supervision demands and registration renewal procedures. In certain cases some organizations have been forced to either close or continue working without registration. As an example, in Egypt the authorities' approval of new projects is highly unpredictable. Usually this results in either a rejection of the project or delays in obtaining required security clearance, which causes delays in the implementation of the annual plans. In 2015 five of Diakonia's partner organizations got the approval after several months, and one partner failed to get the approval.

Decreased Funding. To this you have to add that the pulling out of international donors is becoming a serious problem, especially in Latin America and some Asian countries like Sri Lanka. This situation makes it increasingly complex to raise funds. Diakonia's program in Sri Lanka has undergone significant internal changes due to both the democratic opening the country had undergone but also to the lack of funding possibilities from previous back-donors. As a consequence the country programme has been scaled down and the administration staff was cut by 50%.

Back donors have also increased their administrative requirements, complicating the work even more. In Latin America the remaining cooperation demands very high standards for national

NGOs performances and coordination with state institutions and private enterprises in project's implementations.

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1.2. Internally driven

Corruption and mismanagement. All irregularities in partners' management of Diakonia funds are closely monitored by the country and regional offices and documented through Diakonia's incident report system. During 2015 Diakonia reported a total of 3 cases of corruption and mismanagement of funds, related to projects funded by Civsam.

A problem related to mismanagement by partners is that Sida doesn't accept financial risk-sharing. The tendency during the last years has been of an increased demand of reimbursements, which is becoming an increasingly heavy financial burden for Diakonia to assume. This in turn may jeopardize Diakonia's possibility to engage with weak partners or partners working in difficult environments.

Partners' capacity to work with results. Strengthening partner's capacity is at the core of Diakonia's activities. Despite of this not all partners succeed in achieving minimum standards and during 2015 seven partners were phased out due to organisational and administrative weaknesses or non-compliance. Phasing out of partners is done in a responsible and planned manner in line with Diakonia's guiding principles of Good Donor- and Partnership. Another factor that has affected partner's capacity is their high staff turnover and the difficulties to recruit qualified staff because they cannot meet the salary demands on the job market.

1.3 Overall assessment of risk management

Diakonia and its partners organizations have been able to minimise the effects of external factors on its activities thanks to its active presence at the local level. Having country offices with local staff allows the organisation to follow closely the development of events in the programme countries and adjust the planned activities to new conditions in a flexible way.

Africa. With the exception of Lake Victoria Rights Programme (LVRP), Zimbabwe and Burkina Faso all the other offices were able to carry out their activities as planned. In Mali the regular updating of the contingency plan helped the office to adapt to the changing realities and the interventions were reviewed and adjusted to address the immediate needs in the context. These included, focusing on restoration of justice, rehabilitation of victims of the attacks, and awareness creation for the rights holders to cooperate for peace. Participation in the ACT Alliance¹ Forum in Mali but also in most other countries provided a good source of up-to-date information and possibility to both contribute to and take advantage of their contingency plans.

Asia. In Bangladesh, due to the overall heightened security risk because of political violence, travel advice of the Country Office was updated to reduce risks and strengthening office security. In Cambodia extensive efforts were undertaken to build trust and a cooperative atmosphere through dialogue and interaction with authorities, especially at the local level where partner organisations were more exposed. Partners also tried to handle pressure by sharing the risk with others - through networking and cooperation and through building collective strength. National and international advocacy networks were nurtured and activated to create awareness and pressure in situations where human rights defenders or civil society space was at risk.

Latin America. Diakonia has provided an adequate response to the anticipated risks through monitoring and joint analysis as well as resource mobilization with partners. In the case of Colombia, where criminalization and persecution are linked with the armed conflict, the most successful mitigation measure have been strengthening organizational peace proposals, as well as proposals on pacific conflict resolution, and intercultural dialogue and knowledge sharing.

¹ Diakonia is a member of Action of Churches Together (ACT Alliance) a global organization with Forums in most countries globally.

Middle East. To ensure the continuity and the ongoing function of the Country Offices in the region a security plan that was developed in 2013 is being upgraded every year to better mitigate risks. This security plan includes an evacuation plan that was circulated and tested by all staff. In addition, work from home policy is still an option in case of emergency

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1.4 Phasing in and out of partners

The country offices have reported a total of 9 new partners that were phased in and 24 were phased out of the programmes during 2015. While there were few changes in Latin America and the Middle East, there was a higher turnover in Africa and Asia. The main reasons for phasing out partners were reorientation of programs like LVRP and Sri Lanka (14), weakness of partners (7) and lack of funding (3).

See Annex 4 – List of partners phased in and out during 2015

1.5 Financial deviations

According to the agreement with Civsam Diakonia comments upon budget deviation are to be made at programme level. Generally the programme budgets were well managed and there was only one overall budget deviation above 10%. The Africa Regional Office had an over expenditure of 16% which was mainly due to a shortfall in budgeted income from various indirect grants that did not materialize (Embassy contracts severely delayed or cancelled). Losses in the currency exchange also affected the balance.

During 2015 Diakonia contributed with further 3.2 million SEK to the CivSam frame budget. As a consequence it might look like as if several of the programmes have overspent their budget. Partners have reported in total 1 697 107 SEK as funds that have not been used. Since Diakonia already has repaid 1 578 405 SEK, the organization will further repay 118.702 SEK.

2. Internal processes

2.1 The Organizational Development Plan (ODP)

2015 was a busy year for Diakonia with the elaboration of the CIVSAM final report 2012-2014, the Civsam application for 2016 – 2020 and producing new regional and country strategies as well as programs and Organizational Development Plans (ODPs) for the coming period. The global ODP will guide the internal interventions towards a coherent development of activity areas of highest priority. The four global ODP objectives are: 1. Clear roles and responsibilities; 2. Relevant and focused programs; 3. Financial sustainability and 4. Good donor and partnership. The new plans are based on evaluations and learnings from the previous period.

In 2015, several personnel changes that also have influence on the organization's development, took place. There have been shifts of Regional Managers in Middle East, Latin America and Asia. Also the Deputy Regional Managers have been appointed or renewed in Latin America, Asia and Africa. At the Head Office a new Head of Policy and Advocacy was recruited and took office in August.

2.1 Clear roles and responsibilities

The *decentralization and delegation process* from RO to CO continued during 2015. Currently all country offices in Asia and Latin America regions have received model 1 delegation. In Africa region 3 out of 10 country offices have model 1 delegation. In the Middle East, 1 country office and 2 large programs have model 1 delegation and 2 programs and 1 country office have model 2 delegation.

In 2015, Head Office elaborated “Guidelines for *value based management and leadership* in a faith based organization” and trainings on leadership and management skills have taken place in the region.

In 2015, the *human resource* system StaffIt was further improved. Human resource officers, with responsibility to work with the data and information in the system, were appointed in all regional offices. A human resource policy and a work environment policy were produced and approved by the Board in 2015.

2.2 Relevant and focused programs

The updated guidelines for *planning, monitoring and evaluation (PME)* were rolled out in March 2015. The updated guidelines and procedures are important to ensure that the entire organization works in a similar way with PME throughout the new strategy period. The requirements are also reflected in FixIt, the IT based system for program, grant and project management.

An external evaluation of Diakonia's *strategy for change/rights based approach* was undertaken in 2015 and will be an important starting point for the continued work to develop a Theory of Change in the coming period. Quality assurance and accountability compliance will continue to have high priority in the coming period, especially in the beginning of 2016 when the new strategy period starts.

All six *thematic intervention areas* have been further developed in line with the global strategy during 2015. The *Social and economic justice (SEJ)* working group, led by the SEJ advisor at HO, elaborated a new program for innovative work on social and economic justice to enhance synergies at the global level.

A *gender* adviser was appointed in 2015 and an action plan was developed for Diakonia's gender equality work in the period 2016-2020. A newly formed global gender working group, consisting of 18 staff members in 12 countries, will be the core team in taking the action plan forward.

In 2015, *humanitarian contingency* plans were drawn up for countries that are engaged in humanitarian action. The plans are in line with new international guidelines and standards for humanitarian action. Staff underwent training to develop their capacity for humanitarian work. Diakonia developed guidelines for *disaster risk reduction* in order to further boost the organization's knowledge and practice in this area.

In 2015, Diakonia developed an *environmental policy* (approved by the Board in January 2016). The policy is in line with the results of the evaluation on Diakonia's work to integrate environment and climate carried out by Sida/CIVSAM in 2015.

2.3 Financial sustainability

All offices have continued to effectively develop skills and knowledge for *resource mobilization* and have prepared proposals for different donors and funding sources. Among Diakonia's funders are Swedish and other Embassies, the EU, the Nordic Development Fund, Radiohjälpen and the Swedish Postcode Lottery.

2.4 Good donorship and partnership

One of Diakonias objectives is to develop innovative strategies for cooperation and coordination with like-minded organizations. In 2015, Diakonia worked alongside partners within the ACT Alliance at different levels. Diakonia is a member of the ACT EU Board and is active in local ACT forums in many countries. A pilot project among the E8 ACT-members, the GOAT (Get Our Act Together) initiative, was initiated to increase cooperation in five of the countries/region of operation.

In January 2015, Diakonia entered into an agreement with one of its founding churches, the Uniting Church in Sweden; the intention is for the two organizations to extend their partnership in a number of areas. Discussions are also underway with the other founding church, the Swedish Alliance Mission, with the aim of putting a similar agreement in place.

The partnership with the *Church of Sweden*, who is also an ACT Alliance member, relating to humanitarian action was formalised through a partnership agreement and several joint initiatives were carried out during the year. SIDA 7 av (8)

2.5 Development effectiveness

Diakonia is following the Accountability Framework/CHS certification and the Istanbul Principles endorsed by global civil society in 2010. To monitor its performance in the field of development effectiveness Diakonia has developed a Development Effectiveness Matrix that has been used since 2012.

Despite donor commitments on *harmonization of requirements and alignment* to local partners' systems, the actual trend is the opposite. This creates unnecessary administrative burden for partners. Instead of reporting on their own strategic plans, partners have to report on donors' own results. Common advocacy work with other donors is being done in twelve countries and capacity building of partners is generally also coordinated and facilitates Diakonia's possibility to align to partners' systems. The decreasing funding for civil society implies smaller contributions and forces partners to accept whatever requirements donors present.

It is becoming increasingly more difficult for Diakonia to support *core funding*, since the financing sources accepting this modality are few. If partners lack an institutional strategic plan or are administratively weak this also presents obstacles. Core funding constituted 39% of the total funding as compared to 47% in 2014. Diakonia is striving for core funding but finds it difficult to apply in reality and this puts the Good Donor and Partnership principle under pressure which demands continuous discussions.

As shown in section 1.2 the global trend of *shrinking space* for civil society work continued during 2015.

2.6 Cost effectiveness

The analysis on cost effectiveness is made for the entire organization including all back donors. The focus of the analysis is on different types of costs and resources for managing the operations, and if they are reasonable in relation to expected results. Improved cost effectiveness is one of the main priorities in the Organizational Development Plan.

Diakonia continues to work hard with *resource mobilization and diversification* of funding. The total expenses increased from 456 MSEK in 2014 to 476 MSEK in 2015. The *Civsam grant* was almost the same in 2014 and 2015, 156,5 MSEK to 155 MSEK and the share of the total turnover decreased from 35% in 2014 to 34% in 2015.

The *level of execution* continues to be high in all regions and has improved significantly as a result of the decentralization process and it shows that there is a satisfactory level of planning and execution of the programmes as a result of close and active follow-up. The new accounting and the new programme and project systems have made it possible for all Diakonia offices to access updated accounting at any time. This facilitates a continuous follow-up of the budget execution of all programmes.

The *level of compliance* is also high. The new routines in the global IT-systems are slowly consolidating and the PME handbook was concluded and launched in March 2015. The implementation of the system for book-keeping and project and programme management has progressed and are used by all offices. The implementation of the new IT systems has required significant time and resources and is an ongoing process. The intranet and the human resources system are still not fully implemented at a global level.

Future measures. Fundraising will remain a top priority for all regions, including resource mobilization and donor relation. One of the main challenges is that many donors continue to increase their requirements in regards to control and results and at the same time they expect lower and lower overheads. This is a contradiction that needs to be highlighted and discussed.

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Annex 4 – List of partners phased in and out during 2015