

Diakonia Annual Progress Report 2017

Sub Agreement with Civsam 2016-2020



In the Karen village Khunn Mae Tuan in Thailand, our partner organizations work to help ethnic minorities obtain legal status in the country.
Photo: Sean Dalton.

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Introduction

The present report is the second annual progress report of the 2016-2020 agreement between Sida-Civsam and Diakonia. In line with the Civsam instructions, its main focus is on deviations and internal processes. An update on processes concerning the Sida-Diakonia dialogue questions has been included in chapter 2.1 and questions on development effectiveness has been answered in Annex 7.

1. Deviations

1.1. Programmatic deviations

The programs are well on track with few major deviations for 2017. The notable exception is Egypt, where Diakonia only supported one partner in 2017. The major reason for that only one program was affected is that the societal changes, e.g. shrinking space, were factored in during the program development, and most risks have been identified and managed. Here follows the factors/risks that have in some ways influenced the programs in 2017.

Shrinking space is the most important factor that influences the implementation of Diakonia's CIVSAM funded programs. Several countries including Kenya, Zimbabwe, Colombia, Cambodia, Palestine, Honduras and Egypt are experiencing a significant closure of democratic space, which influences our work. In Egypt, it is difficult for Diakonia to carry out any activities, as our office registration application was rejected last year and only one partner, CEOSS, got government approval to carry out the Diakonia funded project.

The other CIVSAM countries have not been so severely affected by shrinking space; and most work has been carried out as planned. However several legislative/policy changes have limited partner activities or placed extra restrictions and bureaucratic burdens. The target rights holders and partners fear reprisals for undertaking activities in some contexts. In Cambodia, the situation was particularly acute, with a raft of legislation introduced during the past few years that overregulates civil society with severe penalties for non-compliance. Political tensions in some geographical areas made it difficult to carry out some activities, for example in Kenya and Zimbabwe. In Colombia and Honduras human rights defenders are under threat. While the operating space is reduced our partners have been finding new spaces to carry out activities.

Armed conflict, violence and insecurity The violent conflict in Myanmar's Rakhine State led to an escalation of the ongoing humanitarian crisis on the Myanmar-Bangladesh border with hundreds of thousands of refugees fleeing into Bangladesh from Myanmar. Despite the official political efforts to find long-term solutions for the conflict in Rakhine, the border and political tensions further intensified. Hundreds of thousands of refugees fleeing into Bangladesh from Myanmar led to increased border and political tensions. One partner had to cancel the work in this area. Diakonia are working with the refugees through our partners UTSA, using our own funds and ACT support. In addition the security situation in Mali delayed and/or slowed activities in some areas. This was not a new occurrence and the country office had identified this as a risk. DRC had to manage an increasingly hostile environment affecting particularly their democracy and human rights work. Colombia reports that the no vote at the plebiscite for the Peace Agreement resulted in several partners refocusing their human rights work to mobilise support for the peace agreement and to counteract a relapse to armed conflict between the Government and FARC.

Attitudes towards Gender Equality Gender equality work remained a challenge in many of the countries where we work. The ability to run activities was sometimes curtailed due to cultural/traditional norms that discriminate against women's full and free participation in society. In Myanmar institutionalised discrimination in the legal system stopped women survivors of GBV from accessing justice, causing many women to simply drop their cases.

1.2 Phasing in and out of partners

In total 7 partners were phased in and 2 partners were phased out (see Annex 4 Global summary of partners phased in and out 2017). Phase in; 4 in Africa, 3 in Asia and 1 in the Middle East. The reasons for Diakonia to choose to phase in were mainly to find complementing actors that bring in new perspectives. The two phase out of partners, in Burkina and Palestine, were due to organizational problems and mismanagement.

1.3 Financial deviations

The overall level of expenditure is high. The only deviation higher than 10% was the under expenditure of the Regional Office budget in Latin America (85% execution). The explanation was that both the Regional Manager (RM) and the Deputy Regional Manager (DRM) ended their contracts during the year. The gap (August-September for RM and October-December for DRM) led to lower execution of the Regional Office budget. The share of funding to partners had a minimal increase, 61% in 2017 compared with 60% 2016. In addition to that 6% of the expenditures were used for capacity building with partners (same percentage as 2016). (Dialogue question)

2. Internal processes

To meet organizational challenges Diakonia has developed an Organizational Development Plan (ODP) covering 2016-2020. The ODP is the basis for planning and implementation of activities linked from head office to regional office and country offices to ensure that the organizational development takes place throughout the organization. It covers four different areas: 1. Clear Roles and Responsibilities. 2. Relevant and focused programmes 3. Financial Sustainability 4. Good Partnerships and Relationships. Below is a list of major development in relation to the ODP. The Sida-Diakonia dialogue questions are included in the first four points.

2.1 Organizational Development

Update and follow-up of Audit guidelines (dialogue question) Most regions have worked with PME-processes to strengthen finance and administrative monitoring where audit follow-up is an important part. In the 2017 audit report all reviewed audit reports samples were unqualified and the management letters presented within the sample test reports on improvement areas in internal control. Civsam presented the updated general conditions in October 2017 and Diakonia will make adjustments of the audit guidelines during 2018.

Mainstreaming Conflict (dialogue question), Gender and Environment in strategies, programmes and projects. The tools for all mainstreaming areas were updated and simplified. For example a new gender mainstreaming toolbox was developed by the global gender working group, and this tool will guide the programmatic work from now on. A conclusion from last year was that even if mainstreaming was identified as a key issue in many programs and in the ODP's it had not yet been sufficiently prioritized. Therefore the "How we work workshops" 2017 were used as a way to ensure analysis and mainstreaming of environment and conflict of all Diakonia programs and strategies. For conflict it was concluded that most Diakonia offices now record actors and issues and dynamics of conflicts are included in their context analyses. The offices also list a number of adaptation they have identified as strategic in relation to Diakonia's impact on conflict and vice versa. Some offices employ key concepts from the Do No Harm framework, such as *Connectors* and *Dividers* to elaborate strategic responses to programmatic and/or operational challenges in contexts characterized by on-going conflict or conflict risks. Head office intends to continuously support countries to put this analysis into practice.

CIVSAM result framework (dialogue question). Diakonia yearly follows up on the CIVSAM results framework. This analysis is then summarized per region and used as an input to a global internal analysis. For the 2017 the instructions were updated extensively, and efforts were made to

improve on the quality of the reporting on all levels. Improvements can be seen comparing the 2016 with the 2017 report.

Incidents and complaints (dialogue question) Two incidents report concerning Diakonia CIVSAM partners where reported through the Diakonia incident reporting system in 2017. Of those one case had to do with late reporting, and has been finalized. The other case concerns wrongful reporting, and will be finalized during 2018. Both cases were discovered during Diakonia's own monitoring. During 2017 Diakonia also closed 7 cases from the years 2015 – 2016. Out of those, 4 cases where due to late reporting or shortcomings in the partner reporting. The management of financial risks continues to be a priority within the organization. The country offices applies mitigating strategies such as introducing partners to the Diakonia code of conduct, accountability framework, procurement guidelines, anti-corruption guidelines, improve its monitoring, and by reducing the number of partners managed by one program officer.

Organizational structure and leadership In 2017 two important events occurred related to the organizational structure and leadership. Firstly a new Secretary General and HR manager where appointed. Secondly an external evaluation of the decentralization was carried out. The external evaluation analyzed how the decentralization has influenced Diakonia. The overall conclusion was that the objectives set up when decentralization began more than 10 years ago have been largely achieved, but there are also various challenges to attend. A management response was sent out to all staff by the end of the year. The response points out the following areas for further analysis: a) Management: There is a need to clarify management and leadership in the organization to increase efficiency and transparency in decision making and improve the capacity to plan and prioritize. b) Organizational structure: Analyze whether the organization's structure and working methods at HO are adequate or not to support a decentralized organization including the organization of financial compliance functions and resource mobilization c) Advocacy and dialogue: Analyze if our advocacy is rooted in perspectives and priorities by rights holder, the distinction between advocacy and dialogue and where in the organization this work is done.

PME and quality assurance. Quality assurance of projects and the compliance with the PME-handbook and FixIT routines improved in all regions during 2017. One indicator confirming this is that the number of stopped payments has decreased. There are however differences in the level of implementation between chapters in the PME-handbook. For examples; Diakonia's capacity for risk analysis and management needs to be strengthened, which will be done during 2018. Coordination within ACT resulted in the development of some common PME tools (checklist for proposals, agreement template and reporting guidelines) for joint ACT programmes and projects. Asia region and some other countries has improved their capacity to do monitoring, using the new monitoring guidelines.

Diakonia's Environmental Policy and Global Implementation plan guides the organizations environment work. A working group at HO is coordinating the environmental work, but it has been difficult to advance, as Diakonia has not been able to prioritize this. Head Office however managed to define a new system for collecting data from staff on flights CO2 emissions.

Financial sustainability/Resource mobilization Head office has started to update the global resource mobilization policy in 2017; this is expected to be ready in 2018. A policy/guideline for cost recovery is also planned for 2018. All regions continued to work actively with resource mobilization and new grants were secured. However, despite previous success with EU-funding, the last two years have been tough, where 47 applications only resulted in 6 contracts. Therefore an assessment is planned on how to improve the outcome of EU-applications.

The Annual report. For the second year Diakonia elaborates an Annual report, consisting of an external and an internal version. A sustainability report was included in the External report. The Internal report focuses on Organizational Development, Cost Effectiveness, Relevance of our strategies and Development Effectiveness etc.

Diakonia's IT-systems The use of *FixIT* (the project handling system) has improved in all regions and the need to get support has decreased. The use of *VoiceIT* (the intranet) varies between regions, which affects both internal communication and document management. The finance staff in the regions and the controllers at HO has increased their capacity to use and administrate *PayIT* (the accounting system).

The humanitarian and disaster risk reduction work. In 2017, the focus has been to increase Diakonia's financial resource base for humanitarian responses and build the capacity of our own staff to respond to a humanitarian crisis. During the year Diakonia has participated and was the lead in various ACT Appeals, for example in Somalia. Diakonia continue to build a strategic partnership with the Church of Sweden. Diakonia applied for the ECHO Framework Partnership Agreement early 2018.

Accountability Diakonia has been certified according to the humanitarian Accountability Partnership (HAP) standard. As HAP has developed into the Core Humanitarian Standard (CHS) Diakonia undertook an organizational self-assessment between August and November 2017 to transit to the new standard. In general Diakonia is in a good position to integrate the CHS Commitments into its current accountability working practices and performed well against the CHS. Diakonia also carried out CHS and Accountability related trainings for partner organizations, e.g. in Lebanon. A child safeguarding policy was elaborated and approved by the Board and a roll-out plan is being implemented from 2018.

Learning Institutional learning is still not fully embedded into our ways of working, as identified during the CHS evaluation (see above). The learning perspective will be strengthened when the PME-handbook is reworked in 2018. Diakonia also continue to work with e-learning through its membership in the ActLearn Platform. One challenge for the coming period is to roll-out the e-learning initiative to the regions. Another institutional learning opportunity arises from the global programs. The CIVSAM funded Global SIP program is in implementation phase, and is hub for learnings related to Social and Economic justice. The newly initiated International Humanitarian Law program can potentially facilitate learnings related to IHL.

Gender Equality The implementation of the *gender action plan* moves forward and contributed to develop staff capacity to include a gender perspective in their work. In 2017, 22 of our country teams (many of them in collaboration with partners) undertook gendered context analysis based on a format developed by the Gender Working Group. In 2018, the material will be synthesized into a global analysis. A gender working area has been developed on VoiceIT, containing a wide-ranging compilation of gender statistics and a collection of key conventions, legal instruments and frameworks relating to gender justice.

Advocacy Diakonia remained an important actor in the Swedish development and aid debate in certain thematic areas. Diakonia has created a niche for itself in gender and climate, and is seen by decision makers as a resource of competence on this issue. One concrete result of Diakonia's advocacy is that the Gender Action Plan adopted at COP23 in November 2017 reflects many of Diakonia's proposals. Diakonia tries to ensure that tax related matters are based on the perspectives of people living in poverty. In addition visits from partners from Zimbabwe, Colombia, Honduras and Palestine and delegations for parliamentarians to Cambodia and Israel/Palestine resulted in trustful relationships. All these visits are used as an important base for advocacy.

Communication The strategic use of external communication and communication tools in all operations is progressing. One important area is the development of the new graphic manual, which is now being launched in all regions. For our internal communication there is now one full time staff and the focus during the year has been to identify priorities in an action plan.

2.2 Cost effectiveness

The cost effectiveness analysis was done at all levels of the organization. The focus was on 1) volume, number of grants, donor composition and level of execution, 2) results and costs for managing the programmes and 3) future measures. See Annex 6 Cost Effectiveness.

There was an increase of total expenses from 449 MSEK in 2016 to 499 MSEK in 2017 and there was also an increase in the number of grants. The main increase was due to new Embassy agreements in Africa and Latin America. The share of Sida funds vs total turnover was 77%. In 2016 this figure was 71%, and in 2015 77%.¹ Civsam funding of total turnover was 35%, the same level as in 2016. The share of Civsam funding compared with total turnover decreased in Africa, Latin America and MENA and increased in Asia. The diversity of grants demands time and resources for resource mobilization and grants management. Civsam and Embassy funding are important grants, bringing stability to the partners and programs. Short term project oriented grants (EU, Världens Barn, Swedish Post Code Lottery), works best when it is combined with long term funding. In general the level of execution is high. All countries face challenges in relation to gaps and changes in the funding portfolio. The challenge is to save time and resources maintaining trained staff to keep institutional knowledge. All offices struggle to find effective ways to handle this.

It remains difficult to obtain cost recovery for Diakonia costs. In some regions the cost recovery has improved. Operating costs should be shared between donors, but pressure to reduce overhead is high and Civsam sometimes carry a larger share of the Diakonia costs. Other factors that affect costs are the costs of living, costs for health, access to infrastructure, etc. Examples of offices with higher running costs are DRC, Mozambique and Somalia (undeveloped infrastructure, security, poor health insurance systems, etc) and Jerusalem (cost of living, the conflict, shrinking space). Further analysis on a reasonable number of partners and projects to be able to manage compliance and follow-up is being done. Tougher requirements on overhead and compliance lead tend to lead to cooperation with stronger partner organizations. Measures to improve monitoring of partners have been taken (better planning, joint monitoring trips between program and finance/administration staff, systematic follow-up etc). The workload for finance/administration staff has increased (both legal and donor requirements). In some countries finance/adm staff handles an unreasonable number of partners and projects.

3. Development Effectiveness

Diakonia yearly follows-up of aspects related to Development Effectiveness and the Enabling Environment. This allows Diakonia to analyze and improve on how to be a Good donor and a Good partner. The analysis on Development effectiveness for example states that Diakonia carries out partner meetings that are coordinated with other donors for 40% of the CIVSAM partners. The analysis on Enabling Environment for example points out that lack for financing is the most commonly reported factor related to shrinking democratic space. In Annex 7 the full analysis is provided, including the answers from each country.

¹ On the other hand, if compared for total expenditures, then the dependency on Sida funding comes to around 73% for 2015, 2016 and 2017 respectively.