



# Support Models for CSOs at Country Level

Guatemala Country Report




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**Project:** Support Models for CSOs at Country Level  
**Client:** Norad, on behalf of Nordic+ Donor Agencies  
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## **Foreword to the country reports**

This report on country level support modalities to civil society is one of a total of six similar studies conducted in Bangladesh, Ethiopia, Guatemala, Tanzania, Zambia and Zimbabwe between April and July 2007.

The study was carried out by Scanteam, a Norwegian consulting company, on behalf of a donor group consisting of Canada, Finland, Ireland, Sweden, the UK and Norway. The findings were later elaborated and merged into a synthesis report, describing general trends and challenges in current direct support to Civil Society Organisations in the South, through various modalities. The synthesis report is published together with the country studies.

Specific views and arguments in this report are attributed to Scanteam and not to the donors.

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## Acronyms and Abbreviations

ASC	Civil Society Assembly
CBO	Community Based Organization
CIDA	Canadian International Development Agency
CNEM	Mayan Education Council
COPMAGUA	Coordination of Mayan Organizations
CS	Civil Society
CSO	Civil Society Organization
M&E	Monitoring and Evaluation
NGO	Non-governmental Organisation
Norad	Norway's Development Cooperation Agency
Sida	Sweden's International Development Agency
SEGEPLAN	<i>Secretaria General de Planificación</i> (National Planning Unit)
TSE	<i>Tribunal Supremo Electoral</i> (National Electoral Tribunal)
UNDP	United Nations Development Programme



## 1 Background and Introduction

Norad, Norway's Development Cooperation Agency, contracted Scanteam on behalf of "Nordic+" donors Canada, Finland, Ireland, Norway, Sweden and the UK, to review the experiences in six countries of different models for supporting civil society.

The *purpose* is to contribute to the development of a strategic policy framework for Nordic+ support to a vibrant, pluralistic and democratic civil society. The *aim* is to identify and analyze different support models, while the *objectives* are to (i) review possibilities for improving direct support to NGOs/CSOs through country level support models; (ii) shed light on constraints and possibilities of different types of support models, and (iii) increase outreach to a wider range of civil society organisations and reduce transaction costs.

This Country Study Report on Guatemala is thus one of the six separate studies that will form the empirical foundations for the overall report.

### 1.1 Study Coverage and Methodology

The methodology applied for the study is described in detail in the overall Synthesis Report for this study. There the final summary of quantitative trends in the selection of support models and some of the key features will also be presented.

Some of the main issues concerning the data collection are the following:

- Methodology used in the field studies include: in-depth interviews with key donor personell and CSOs. Those with first hand knowledge of the support models in question were prioritised. For this reason, few government representatives have been interviewed. Questionnaires were sent out by email, and a follow-up survey was distributed after the drafting of the country reports. In addition there have been meetings for debriefing at the end of the field work as well as seminars and focus group discussions held. Emerging findings were presented and commented on at the final debrief and comments included in the country report. The study team (minus national consultants) has conducted three internal workshops during the study to discuss methodology and findings.
- An important part of this study is to review and further develop terminology and categorization of support to civil society. The data collection instruments have been simplified and adapted as the study progressed. Comprehensive questionnaires and Conversation guides were developed prior to the field work, based on a desk study of key documents. The existing categories of support models were not sufficiently clear. Terminology has been further developed during the course of this study. Based on lessons learned in the field and the need for simplification and reduction in scope, a final matrix with a few key features linked to civil society support models was sent out to the Nordic + embassies in the six countries. The response from the embassies to the quantitative part of the data collection has been low for all countries involved.
- This study only looked at support models at country level and does not include funding of NGOs/CSOs from the donor head offices. Nor did it cover funding which is channelled through international NGOs (INGOs), unless the Embassy used an INGO locally as an intermediary channel.

- Furthermore, the study did not attempt to measure the effectiveness of the CSOs in relation to the chosen support model – that is, it did not look at results at community or target group level. The assessment of the quality and impact of the respective support models relied on information from CSO staff and donors.
- Finally, the CSO perspectives included in the study is limited to the organisations receiving support from Nordic+ countries, since the main focus is on experiences with the different support models. The scope of the study did not allow for a comprehensive analysis of the CSO community at large and the views of those not receiving Nordic+ funding.
- The donor perspective on support models is dominant in all country studies as per the Terms of Reference and early meetings with the Nordic+ donor group in Oslo. There are a number of other studies dealing thoroughly with the CSO perspective on civil society ↔ donor relations in general<sup>1</sup>, but the team agrees with comments made to the draft reports that the study would have benefited from a more thorough analysis of the CSO perspectives on the different support models<sup>2</sup>.

## 1.2 Data Collection

In addition to specific document review, individual or group interviews/ conversations were conducted. Most of the interviews with Nordic+ countries, key donors, UN or government agencies were held with one or two officials of the embassies or agencies chosen. The conversations with CSOs were with one or more representatives of the organization. In one instance, a workshop was organized for a selected group of CSOs belonging to the same supported programme (PASOC-UNDP). Conversation guides prepared by the overall team were adapted to the Guatemalan context, and the Conversation guide for CSOs translated into Spanish. A conversation guide for government agencies was created in Spanish.

## 1.3 Acknowledgements and Disclaimer

The CSO Country Study of Guatemala was implemented between 7-30 May in Guatemala City and some provinces outside of the capital. Guatemala was chosen as the only Latin American country to explore the questions of study, particularly the financial models used by Nordic+ countries to support CSOs. The Embassy of Norway was the focal donor, and the staff was very helpful with the preparations and arranging meetings with Embassies of Nordic+ countries, other key donors, CSOs and UN Agencies. The debriefing meeting was also held at the Norwegian Embassy.

The team met with all Nordic+ countries/Embassies except Ireland, which does not have an Embassy or cooperation agency office in Guatemala. One constraint in trying to prepare an agenda of meetings was that the month of May was extremely busy for all concerned and

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<sup>1</sup> See synthesis report for further discussion and references.

<sup>2</sup> CSOs interviewed were asked about their views on support models, but in general their responses were of a more general character than directly linked to the comparative strengths and weaknesses of the different models.

therefore the scheduling of meetings was slow. Also, the reception of filled out CSO matrices for database was extremely slow in coming, but in the end most of them were received.

On the positive side, the field work was divided into two non consecutive weeks which allow for time to accommodate the important meetings missing. The national consultant used the middle week to visit and interview CSO counterparts or participants in programmes/ projects supported by the Nordic+ countries.

We would like to thank all of those officials from the Nordic+ countries, key donors, CSOs, government and UN agencies who willingly gave us their time to collect valuable data related to the questions of the study. All were gracious in giving us more time than they actually had available, and made the effort to give us the hard data requested about programmes, financing modalities and CSOs supported.

This country report and findings are the sole responsibility of the consultants, and do not necessarily reflect the views of the embassies, cooperation agencies, CSOs, government officials or other informants met. We have taken the time to correct factual errors but some may remain.

## 2 Civil Society in the National Context

Guatemalan Civil Society (CS) has a long and complicated process of consolidation. Today's CS is the product of an interplay of historical factors such as the Civil War (1960 to 1996) and the political configuration that resulted after the peace accords were signed. Today civil society is vibrant and complex. There are nearly 2,500 legally established Non-governmental Organisations (NGOs), 23,200 organized Community-based Organisations (CBOs), 76 civil foundations, civil organizations attached to churches, seven academic research institutes, etc<sup>3</sup>. They work in an array of topics and sectors in which, often, there is no clear presence of the Guatemalan State.

### 2.1 The political context

Civil Society in Guatemala developed in opposition to the State. The long repressive years of military dictatorships (1954-1985) forced citizens to organize clandestinely. With the return to democracy in 1985, the political environment started to change. But it was not till the end of the Civil War, in December 1996, that some Civil Society Organisations (CSOs) came out of hiding. Former guerrilla fighters returned home, joined – or created – NGOs in order to continue the political battle.

Two historical events brought about today's CS configuration. On the one hand, the Civil Society Assembly (ASC) played a pivotal role in order to restore constitutional order after President Serrano called for a "self-coup" in 1993. Different organizations, mostly from urban areas, joined in a unified front in order to challenge President Serrano. Then, after the Peace Accords were signed, indigenous organizations, many of them coming from the unified guerrilla front URNG, formed the Coordination of Mayan Organizations (COPMAGUA). Both the ASC and COPMAGUA dissolved soon after they were institutionalized. This was due to internal polarization among its members. This polarization survives till today.

There are many divisions that prevent coordination among CSOs in the country. There is a clear division between organizations that promote economic rights (land, unions, restitution for victims of war, etc.) and those that defend civil and cultural rights (political participation, indigenous rights over their culture, access to justice, creation of a parallel legal system for indigenous communities, etc.). There is also a division between urban NGOs and rural CBOs that has prompted a debate over representation within the entire CSO community. Another division is evident over sensitive topics such as free trade agreements, mining, civil security, social auditing of public funds, the environment, gender, etc. What has resulted from the presence of these differences is a radical confrontation within Guatemalan CS.

The Guatemalan state has had an ambiguous relationship with organized CS. On the one hand, there are clear advances in providing participatory spaces for CSOs and CBOs, but

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<sup>3</sup> The usage concerning civil society bodies is that CBOs tend to be local and community anchored, while NGOs are larger, more formal organizations, usually with office holders and registered legal status. Both NGOs and CBOs are considered Civil Society Organisations (CSOs), as are other forms of professional or voluntary bodies that unite individuals or groups around common interests or objectives.

there is also evidence of greater control over CS activities. Many activists coming from CS organizations have accepted positions in government. In the last two administrations – Portillo (2000-2004) and Berger (2004-2008) - there has been a greater participation of CS activists in decision making positions. Sadly, this participation has not resulted in the institutionalization of a long-lasting relationship between Government and CS. Contrary to this, the gap between Government and CS has widened. During the Berger administration, fiscal control has been used in order to force alignment between CSOs and governmental policy. This happened especially during discussions on sensitive issues such as mining rights and free trade agreements.

Furthermore, the relationship between government and CS has been somewhat difficult due to the plurality of views that exist among CSOs. In the education sector, there are numerous CSOs that provide services in different geographic areas in the country. Many of these CSOs have drafted their own educational programs and have tried to convince the government to adopt their programs as national models. As one official from the Ministry of Education explained: "we usually get dozens of proposals for national programs coming from NGOs working in education that we do not know what to do with them. We smile and receive them, but we know that our policy will not adopt these proposals since they are all so different from each other. But the biggest problem is that we have no human capacity to review all of the proposals".

There have been spaces where CS and Government regularly meet. These spaces are discussion and negotiation fora, specialized commissions within specific sectors, conflict resolution bodies, etc. However, no clear policy has resulted from these spaces. Two clear processes have prompted greater cooperation between CS and government in the past three years: (i) natural disasters such as Hurricane Mitch and droughts; and (ii) the election process which results in the recruitment of candidates and personnel which often comes from organized CS. But these spaces remain limited and have not resulted in a institutionalized, long-lasting relationship between State and CSOs.

## 2.2 The legal framework

The legal framework regulating CSOs in Guatemala is quite progressive. The Guatemalan Constitution secures the rights of citizens to freely organize (Articles 33, 34, and 35). In January 2003, congress passed a law aimed at regulating NGOs (National Congress Decree 02-2003) which provided clear guidelines for establishing an NGO. One of the most important changes brought about by this piece of legislation was to change the registration procedures for NGOs from *Gobernación Departamental* (Provincial Government) to the Municipality. This new registration process at municipal level provided greater freedom for NGOs and greater coordination between NGOs and municipal governments.

The NGO law completed a series of actions carried out by congress aimed at structuring citizen participation in rural development. There are three laws which are relevant to the point in case: (i) the Municipal Code; (ii) the Decentralization law; and (iii) the Rural and Urban Development Councils Law. In all three pieces of legislation, the participation of both NGOs and specially CBOs is important. One of the important venues for CS participation in development can be found in the Rural and Urban Development Councils Law. Today, there are development councils which are created locally, at the municipal level, regionally, and

nationally. The local level development councils are formed exclusively by CBOs. NGOs participate within the Municipal, regional and national levels. Within each council, CBOs participate as stakeholders, while NGOs participate as advisors to CBOs and government officials.

This legal framework has some shortcomings, one of which relates to government fiscal oversight which is carried out by two bodies: the Treasury, and the National Accounting office. After each NGO or CBO is created, they must register with the Treasury. CSOs must comply with all requirements under the law regarding taxes. Most CSOs are exempt of paying taxes, but they cannot provide “for-income services”. They are not allowed to receive any form of revenue which can be considered income. The law does not provide for a way to achieve sustainability since CSOs must not generate income. Those CSOs that have tried to achieve sustainability are forced to create private enterprises which can generate income to the organization. These private enterprises associated to CSOs are not exempt of taxes and have to comply with all legal requirements for income generating enterprises. Moreover, the National Accounting Office monitors the use of public funds of those CSOs which receive money from the government. Many of the CSOs interviewed complained that the government “sends” agents of both the Treasury and the National Accounting Office when they openly criticize governmental policy. In this way, the government is trying to discipline CSOs who are opposed to a given governmental policy or decision.

## 2.3 CSOs' Participation in the National Development Process

Total aid to Guatemala in 2005 was USD 254 million. This total aid as proportion of GDP was 0.80%. The ten biggest donors in 2005 were Spain, United States, Japan, EU-Commission, Netherlands, Norway, Germany, Sweden, Canada, and the Global Fund (GFATM) (DAC: 2006).

Guatemalan NGOs remain mostly urban based. In the last decade, there has been an increase of rural based NGOs, but they remain marginal within the CSO community. Furthermore, since the signature of the Peace Accords, there has been a division between urban NGOs and rural CBOs. With a favourable legal environment for civil organization at local level, CBOs are increasingly becoming participants of their own communities' development. This has prompted a competition between CBOs and NGOs for service delivery and advocacy. What traditionally has been a near-clientelistic relationship between CBOs and NGOs is becoming a source of conflict, namely the issue of representation. NGOs traditionally have represented CBOs in decision making institutions, but now CBOs want direct representation. CBOs are thus challenging mature NGOs for representation before the State and international donors.

The geographic spread of CSOs in the country, both CBOs and NGOs, is good. Most CSOs that implement projects/programmes are in rural areas. Advocacy, while remaining an urban phenomena, positively affects rural populations. But it is important to mention that CSOs in general remain focused on project management. Most of CSOs' actions in the rural areas remain constrained to the duration of projects and programmes. This has created a negative environment for the appropriation of processes necessary for economic, social and cultural development, especially when interventions focus on rights-based approaches.

During the past four years, two events have impacted CSOs nationwide. The first was hurricane Stan, and the other was the electoral process. Both provided extraordinary financial resources for CSOs in the country, where for example the humanitarian assistance after Stan was largely channelled through CSOs.

It has therefore been argued that CSOs respond to donor and state policy. Informants refer to this trend as *“proyectitis”* (“projectism”) – the fact that CSOs follow donor policy and topics in order to get funding. This has caused CSOs to change their focus, to the extent that some have become engaged in activities outside their field of expertise.

While it is hard to pinpoint “strong trends” among CSOs development, it is possible to state that CSOs remain important in shaping, informing and influencing public policy. They remain the main source of services in areas where the State has weak or no presence. They also remain an important player in providing “alternative” views on development policy when topics are sensitive or too political.

### ***2.3.1 CSOs in Service Delivery***

CSOs remain primary service provider in localities where the State or local governments have weak or no presence. In the education sector, for example, CSOs continue to have an important role even though the sector has received increasing levels of international and public funding. Furthermore, the Ministry of Education in 1996 started implementing an educational decentralization process in which CSOs, especially CBOs, play an important role.

There are other sectors, such as justice and security, where CSOs are marginal as far as service delivery is concerned. Most of the initiatives for promoting indigenous legal systems, in which historically there had been important CSO participation, has now largely been abandoned during the first years of the current administration. Now the focus is on access to justice, but the role of CSOs is reduced and their participation is contingent on the political willingness of judges to accept their participation.

### ***2.3.2 CSOs' role in Advocacy***

Most of the work carried out by CSOs in the country is related to advocacy. CSOs remain the most important dissenting voice in Guatemala. In the past four years, there have been topics that have brought an increase in advocacy. Topics such as mining, free trade agreements, land tenure and access, corruption, indigenous bilingual education, indigenous rights, access to justice, civil security, public social auditing, etc., remain topics in which the main activity is advocacy.

The most important impact of CSO advocacy can be found in the education sector. Most of the advances in bilingual and decentralized education have been the product of the interplay of CSO advocacy and governmental political will.

### ***2.3.3 CSOs' role in Servicing the CSO community***

The role CSOs play servicing the CSO community remains low. Donors have preferred to use multilaterals as intermediaries to the CSO community, but this is rapidly changing. The continued criticism from international donors towards multilaterals – such as UNDP – has prompted the use of national CSOs as intermediaries. More importantly, most of the intermediation is conducted by professional NGOs. CBOs remain in the position of clients.

Donor officers often voice a mild distrust of national CSOs. This has prompted many members of the Nordic+ group to create their own funding schemes in which international NGOs, usually from the donor country, to replace the multilaterals. There are also cases such as FUNDAECO and *Kiej de los Bosques* that donors use to channel funding to CSOs.

Most of the services provided by CSOs in Guatemala are in two main categories: financial management; and CSO capacity building. Some middle sized CSOs are servicing others by channelling governmental or international funds. Capacity building has been implemented by providing legal or technical expertise and helping CSO leaders becoming aware of specific capacities that their respective organizations might be lacking.

#### ***2.3.4 CSOs and Promotion of Membership or Group Interest***

Promoting membership or group interest has been important for many CBOs, especially those working with indigenous communities or the environment. Indigenous CSO activity has centred on building a broad support base for their “ethnic driven” actions. This has been an important part of Nordic+ cooperation, since most of them have programmes that directly favour indigenous CSOs.

Environmental CSOs have been especially important regarding membership and group interests. With pressures coming from CBOs regarding their own development, environmental CSOs have changed their conservationist perspectives towards a more participatory, community-based management of natural resources. Hence, they have positioned themselves on the side of CBOs in order to promote environmental rights. Communal membership and group interest have been a central theme in environmental action for these CSOs.

#### ***2.3.5 Capacities of CSOs to Play their Development Roles***

CSOs in the country are becoming more complex, specialized and professional. They are improving their capacity to play important roles in development. But there are still weaknesses that undermine their ability to use these capacities. One of these is the dependence on donor funds to maintain their organization, through project implementation. Very few CSOs have achieved institutional sustainability. This lack of sustainability puts CSOs in a weak and dependent position.

Monitoring and evaluating (M&E) capacities have improved substantially, but remain inadequate. M&E capacities were considered important by all donors, but CSOs are seen to exaggerate achievements, which is possible due to a lack of systematic M&E procedures.

CSO influence, especially important in activism and advocacy, remains contingent upon the political willingness of the government to listen to CSO demands. This has been the case in the education sector, since a CSO can have great capacity, such as CNEM fighting for Maya bilingual education rights. But this capacity is limited if the CSO is not capable of persuading the government to accept the arguments in favour of a program of pertinent education for Maya children or does not have the capacity or leverage to engage government officials in genuine dialogue.



## 2.4 Challenges in strengthening CSOs and the State

International donors, especially Nordic+ members, are actively seeking to “build bridges” between CSOs and government. This has translated into specific actions such as the inclusion of governmental officials in decision making regarding selection of counterparts and topics (e.g. the case of PASOC programme). “Building bridges” between CSOs and Government is a central focus of the international donor community and, to some extent, of government agencies in charge of development cooperation (SEGEPLAN).

This, however, is not a central focus for CSOs themselves. Those CSOs interviewed see this action with suspicion. They believe that if the government becomes involved, they may lose their ability to provide alternative and independent views on development. CSOs working with human rights, in particular, expressed a lack of interest in coordinating actions with government. They see it as important to work parallel to the government in order to remain independent. They do believe that it is important to seek complementarity, but they do not see it as an end in itself. Rather, they argue, they seek to strengthen the State by evaluating its actions regarding human rights.

There are some CSOs, especially those working in education and the environment, that are willing – some are demanding – coordination with the government. They see that the only way to achieve sustainability is for the government to take responsibility of the projects and programs CSOs are funding and implementing. Hence, appropriation by government of CSOs development goals and activities is considered, by them, as the only way to strengthen the state and to achieve greater coherence between CSOs’ actions and national policy in these two sectors.

## 3 Support Models in Guatemala

The support models used by Nordic+ countries are presented below.

### 3.1 Canada

Canada has an Embassy as well as an office of the Canadian International Development Agency (CIDA). The Embassy and CIDA use an inclusive definition of Civil Society and Civil Society Organizations. CIDA has a bilateral program document for Guatemala covering the period 2002-2007. CIDA's program "has been centred on poverty reduction, primarily providing technical assistance to rural agricultural workers in the north and north-western departments of San Marcos, Huehuetenango and Alta Verapaz." The strategic focus, based on lessons learned and other donors' programming, is "on the most marginalized groups (rural poor, indigenous and women) supporting basic social services, agricultural development in rural areas and fostering respect for human rights, democratic development and good governance."

Under the Bilateral Programme, projects are selected through competitive tendering processes. A high value is placed on regional Central American experience of partners (Canadian CSOs) and their connections to national partners and their proven experience in development programming are used during selection of implementing agencies. The outputs of the bilateral programming are in the areas of Basic Human Needs, Rural Productive Sector Improvement, and Support to Democracy.

Through the Non-Bilateral Programmes, Canadian NGOs can take advantage of the Canadian Partnership Initiatives to support Guatemalan CSOs, cooperatives, unions, academic institutions, etc. The experience of Canadian CSOs is particularly relevant regarding indigenous issues, health and education and social systems.

According to Embassy staff, most of the support to civil society in Guatemala is channelled through the "Canadian Partnership Branch" aimed at NGOs, CBOs, academic institutions, think tanks, Canadian companies, etc. The use of NGO consortia is fairly common (e.g., CECI and SOCODEVI presented a joint proposal for a rural economic development project in Guatemala). The main modalities of CSO support in Guatemala are:

- Non bilateral Canadian funds through the Partnership Branch going to a Canadian NGO such as CECI and then from CECI to Guatemalan NGOs (intermediary modality using an international Canadian NGO);
- Bilateral Funds to a Canadian NGO through a bidding process and then from the INGO to Guatemalan partners, such as to SOCODEVI and local cooperatives in the Verapaz region. This is also an intermediary modality using Canadian NGO – the difference is the nature of the funds;
- Decentralized funds, e.g., Sweden and Canada as partners give funds to CUSO, a Canadian NGO, through a tendering process, in order to give support to FEG in Guatemala. Another example is the project SODEF for public policy development. This is an intermediary model using an international NGO and where the funds come from two partner donors supporting the same project.

Specific CIDA projects that support a variety of CSOs in Guatemala are: Entrepreneurial Development of Federations Project (PRODEF); the Women's Empowerment Program (EMPODEM); the Local Poverty Reduction and Social Development Support Fund Phase II (SODEF II); and the Canada Fund for Local Initiatives.

## 3.2 Finland

Finland uses only direct support for programme/project activities - mission funds cannot be used for core funding. It is important to note that Finland is in the process of changing the administration of its country program. In January 2008, Finland will be hiring one person to manage their Guatemalan projects/programmes from Nicaragua. Right now, their country strategy is being implemented by one Program Officer (hired locally) to manage their cooperation portfolio. Hence their cooperation modalities will change very soon.

The thematic focus for the direct support contracts are education; and indigenous peoples' socio-economic participation. Special attention is centred on providing support to indigenous youth, thus facilitating their participation in economic and political activities.

### Regional intermediaries

Finland currently has a number of contracts with regional CSOs. In Guatemala, Finland provide support to *Proyecto Cultural El Sitio* (herein *El Sitio*), which receives funding through an NGO based in Costa Rica. *El Sitio* implements the national component of CREO. CREO is a regional program which aims at using youth's creativity in order to promote understanding, social cohesion, promotion of creative conflict resolution practices, etc. The CREO program is currently being implemented in 20 rural communities around Guatemala.

### Other types of support models

Finland's cooperation is also implemented from Helsinki. Often, the mission in Nicaragua is unaware of such support. Recently, the Program Officer based in Guatemala has been asked to provide support to some of the home office counterparts. Hence, Helsinki is increasingly seeking to strengthen their relationship with missions abroad by informing and providing technical support to all counterparts.

## 3.3 Norway

Norway's country strategy allows different CSO support modalities. Norway does not have a framework agreement with the Guatemalan Government, hence their support must be channelled through CSOs or multilateral organizations. According to the updated data matrix on CSO related support, Norwegian Development Cooperation expenditures for 2006 were NOK 20.5+ million. The total number of projects in support of CSO regardless of modality were twenty.

### Unilateral Direct support

Most of Norway's cooperation with CSOs follows a unilateral direct modality. A total of 19 contracts follow this modality, 16 direct-project and 3 direct-core support.. Most of the projects are part of the Norwegian Indigenous Programme for Guatemala. The thematic

areas for this programme are (a) Indigenous Rights over Land; (b) Bilingual Education; (c) Indigenous Women; and (d) Socio-Political Indigenous Participation.

The direct modality is used to support key CSOs. OKMA is one example. They are one of the most respected Maya research institutions in the area of Mayan languages. Since 1992, OKMA has been providing the necessary academic backing for communal linguistic research. Norwegian project and core support has aided OKMA to strengthen its own capacity in order to work for the revitalization of indigenous languages.

The unilateral direct modality, as implemented by Norway, allows for greater non-financial support. Since most of Norway's counterparts work on controversial issues regarding indigenous rights and conflict resolution, it is pertinent for Norway to remain in close touch. Political and technical support remains important in this modality. Furthermore, Norway's country strategy allows for institutional support (core funding) to a few CSO in order to strengthen key institutions. Direct support, although it demands greater input from the Embassy's staff, allows for greater control of investment, specially when core funding levels are considerable.

The total 2006 expenditures for direct support (project and core) for 19 projects was NOK 10.5+ million.

### Joint Support through intermediary – UN Agency

Norway supports the Civil Society Programme (PASOC) which is managed by UNDP-Guatemala. This type of support is favoured due to the complexity of topics Norway wishes to focus on. Embassy staff does not have the capacity to manage such an array of topics, number of counterparts, and geographic spread. Hence, cooperation through intermediaries (in this case UNDP) is necessary.

This joint intermediary support model allows for the technical assistance needed in order for participating CSO to effectively implement their proposed projects. Furthermore, it allows for harmonization among donors. Since the creation of PASOC, Norway was joined by Sweden and Denmark. Sweden left PASOC two years ago and created other funds in order to continue with their CSO support. Today, Norway and Denmark remain as co-funders of PASOC. It is important to note that this modality also allows for the participation of the Guatemalan Government. As of three years ago, the Guatemalan Government, represented by SEGEPLAN, participates in the selection of counterparts and in monitoring and evaluation activities within PASOC.

As of 2007, the PASOC programme is in its second phase (PASOC II) and is supporting a total of 39 CSOs showing a diversity of organizational development, objectives and located across several provinces of the country.

The contribution of Norwegian Development Cooperation to this Joint-Intermediary-Project for 2006 was NOK 10 million.

### Joint Fund

Norway participates as a silent partner in the support to a civil electoral observation programme known as *Mirador Electoral*. Norway has not committed funds to the *Mirador* since Norway provides direct support to the National Electoral Tribunal, TSE (*Tribunal*

*Supremo Electoral*) via the Organization of American States, so it participates within the donor consortium who manages the technical assistance to the TSE and the civilian observation. The *Mirador* is being implemented by four respected CSOs: (a) Acción Ciudadana; (b) FLACSO; (c) INCEP; and (d) DOSES. Sweden is the lead donor managing both components. Canada and The Netherlands also participate as silent donors.

It is important to note that although the majority of projects that Norwegian Development Cooperation supports towards civil society are of the direct modality, the success of PASOC as a “joint-intermediary-project” shows that it is possible to reach many CSO through one programme run by a capable intermediary—UNDP. The advantages of the joint-intermediary modality are: (i) The transaction costs and use of staff are sensibly reduced for the Norwegian Embassy; (ii) the technical coordination/ assistance and monitoring and evaluation activities are the responsibility of the intermediary; (iii) the probability to reach a wider spectrum of CSO across the country is much greater; (iv) the selection of proposals is done by the board of the programme which may include governmental presence; (iv) one large expenditure is concentrated in one project that reaches many organizations and beneficiaries. The disadvantage is that the Embassy’s programme officer in charge of the project has relatively distant communication with the supported organizations.

In spite of a majority of projects being of the unilateral direct modality, the tendency in the future will be to use the joint-intermediary or similar intermediary modalities, particularly if the Norwegian Embassy reduces its diplomatic and local staff in charge of development cooperation.

### 3.4 Sweden

The Swedish Embassy/Sida has been supporting Guatemala for many years, particularly the implementation of the Peace Accords since 1996. Sweden focuses its efforts in three areas: (i) Strengthening of the State, Rule of Law and Democracy; (ii) Participation and rights of women and indigenous peoples; and (iii) Support to economic structural changes. The first strategic area includes the themes justice sector and police, institutionalizing peace and demilitarization, civil society, local development and political participation. In the second area, the principles of CEDAW and ILO's 1969 Convention are transversal themes of Swedish cooperation. Capacity building and institutional strengthening are key issues. The third area focuses on elimination of inequalities and exclusion by supporting projects such as sound statistics, national cadastre, and micro credit program.

Although Civil Society plays a fundamental role in development, Sweden has decided to work more with the State and not only with CSOs and UN agencies. The reason is the fact that several key state institutions are weak and not capable of establishing a balanced dialogue with CS. It is recognized, however, that civil society is key in the dialogue with the State, but that there is a lack of commitment to a constructive dialogue on both sides. Credibility is a key theme in this interaction.

Swedish Development Cooperation will be approximately GTQ 175-200 million for 2007. In 2006 the overall Swedish contribution through Sida amounted to GTQ 258 million. Sweden was the 8<sup>th</sup> biggest donor to Guatemala in 2005 with USD 15 million.

The Swedish Embassy/Sida has the following types of support to CSOs in Guatemala:

- Unilateral Direct Support-Project, e.g., the support given to CIRMA or FLACSO;
- Unilateral Indirect support through Swedish international NGOs, e.g., Diakonia, Forum Syd;
- Pooling funds or Basket Fund with other donors to support a specific programme (such as PASOC) or a specific organization;
- Consortia of funders (donors in basic basket) and non funders in support of both government agencies and NGOs (e.g., Mirador Electoral programme where both the TSE and NGOs are supported);
- Micro credit *fideicomiso* (Trust Fund for Local Development of Guatemala- FDLG);
- The *Fondo Indígena* (Indigenous Fund) is a fund created by the Swedish Embassy with a board of renown indigenous Guatemalans. The board, with the assistance of CATIE, a private firm that manages the administrative unit, select initiatives from civil society to support. There have been two rounds of requests for project proposal handled by the Fund. With considerable investment from the Embassy the Fund has been able to identify and initiate several projects which are yet to be evaluated.

Sweden provides both core and programme funding to various organizations. The core funding is geared towards institutional capacity development and the programme funding for CSO activities and travels and exchange activities between Sweden and Guatemala. There is an emphasis on capacity building and institutional capacity development. The non-financial support is mainly for *ad hoc* seminars and studies. Political support is also given to the local counterparts when needed and appropriate.

The criteria for support to CSOs in Guatemala is based on general Swedish cooperation guidelines; the Embassy's strategy for Guatemala (which in turn is based on national priorities and Sida's policy); national dialogue (Swedish NGOs with national NGOs, political parties, etc); and inter-donor agreements (such as Sweden and Canada supporting FEG or Sweden and Norway supporting PROPAZ)

Working through Swedish NGOs as intermediaries is a model with weaknesses, but in general the strong commitment towards the same policies and agreement and uniformity around common values is the greatest strength of working through them. The theme of project appropriation and institutional capacity is very important for Sweden. The learning process and dissemination regarding good practice working with CSOs is still weak and needs to be more systematic.

A model that has become increasingly relevant is the type of fund such as the *Fondo Indígena*. Because of its structure, this type of programme can ensure national appropriation and may facilitate efficient administration of funds through a private firm serving as intermediary.

Another model being used is "Delegated Cooperation" in a Joint Fund. Several donors delegate the role of "lead donor" to one of the donors who is responsible for maintaining a close relationship with the national CSO supported. The other contributing donor-partners have the role of "silent partners". The advantage of this model, according to the Embassy, is that it is efficient, facilitates communication and the results are of higher quality, and also reduces the transactions costs of "silent partners". One disadvantage for the "silent partners"

is that they have much less access to the details of the project, in addition to the risk of working with a Guatemalan intermediary. The capacity of the chosen national intermediary is key to the success of the programme/ project. One example of "delegated cooperation" is the support given to PROPAZ and from PROPAZ to other CSOs.

Donor harmonization towards civil society and CSOs is not ideal and the harmonization and alignment with national priorities is relatively weak. The Netherlands with the support of Sweden and in cooperation with other donors is planning to initiate a study on power relations or "agents of change". This is in order to strengthen donors' joint analysis, among others of civil society, and to promote better harmonization.

### 3.5 United Kingdom

The UK has global guidelines for development cooperation from London. In addition, the Embassy has its own objectives and priorities as well as a guide for presenting project proposals which the CSOs in Guatemala must use in order to be considered as candidates for project funding. Counterparts are identified through the project proposals and the internal knowledge of them as well as the shared knowledge of other Embassies/ cooperation agencies.

The Embassy of the United Kingdom in Guatemala manages a very small budget for mission administered funds—an average of GBP 35,000 per year. There is a tendency to reduce even further the funds for the mission in Guatemala. If necessary, the Embassy can request additional funds directly from London or through DFID Managua. The priorities are: conflict prevention, human rights (children's rights and gender issues); the environment. As far as types of activities, the UK focuses on health services, environmental management, human rights (gender and children's rights) and good governance and anti-corruption. The emphasis is clearly on Advocacy.

The main funding modality of the UK, given the small budget, is that of direct programme support to selected CSOs through the project proposal presentation and selection process. The UK does not give funds for institutional development (core funding). Also, it does not support activities related to travels or exchange. London wants the support geared towards pilot projects that can be sustained. The non-financial support is mainly for lobbying, bilateral and through the UE, especially about human rights issues. The lobbying and support depends on demand by CSOs. The tendency is to increase the non-financial support.

There has been a decrease of funds for development cooperation in general due to the change of strategic priorities of the home office and the UK government. There are projects that DFID London administers directly supporting CS through international intermediaries such as Plan International with a project in the Verapaces region. The Embassy does not have the details of that project. DFID-Managua does not have specific projects in support of or through CSOs in Guatemala.

## 3.6 Other Key Donors

In addition to Nordic+ countries, the team held meetings with other key donors with presence in Guatemala: Spain, USA, Japan and Denmark. A description of the CSO support modalities used by each is found below.

### 3.6.1 Spain

Spain was the biggest donor to Guatemala in 2005 with an estimated USD 39 million (DAC: 2006). The Spanish Development Cooperation (AECI) is one source of funds for development in Guatemala; in addition, the Autonomous Communities of Spain, Spanish municipalities and even Ministries fund projects in the country through their own mechanisms. There are three lines of cooperation: direct cooperation with Government; cooperation through multilateral organizations (UN); and NGOs.

Spain has four types of development cooperation with Guatemala:

- AECI or Autonomous Government or Spanish Municipalities provide funds to 23 Spanish NGOs that in turn fund (a) a Ministry or governmental agency; (b) Guatemalan Foundations; or (c) Guatemalan NGOs as counterparts. This constitutes 99% of the Spanish CSO support;
- Requests for Proposals from Civil Society – direct support to CSO with worthy projects in line with the objectives of AECI – makes up only one percent of CSO aid;
- AECI – Bilateral resources which is founded on a Basic Framework Agreement between Spain and Guatemala provides support to governmental agencies such as ministries and municipalities. This is based on a four-year plan of cooperation;
- Through Multilateral Organizations (UN system – UNDP, WFP, FAO, etc).

Only the first two modalities are relevant as far as CSO support is concerned. The first one is the intermediary modality through Spanish NGOs, and the second is the direct support to CSO through request for proposals, but where the first takes virtually all the funds.

### 3.6.2 United States

The USA is the second biggest donor to Guatemala with USD 38 million in 2005. Most of the development cooperation funds are managed by USAID. All USAID assistance is through grants. USAID does not transfer funds to the Government. USAID works through contractors, non profit and for profit, and grantees. USAID does not work directly with local NGOs or civil society. According to the USAID representative, the advantage of working through contractors is that the agency can reach more NGOs this way. Another reason is that USAID procedures and forms would be too complicated for the local NGOs to follow whereas contractors have been using them for years.

The types of support provided are (i) through contractor/ grantee (intermediary) to sub-recipients; (ii) through the UN System such as the UNDP and the Health Extension Programme; (iii) direct relationship, such as for food security (commodities) through national and international NGOs; and (iv) public-private sector alliances – leveraging money with private sector firms, for example by mobilizing matching funds for projects. No modality is considered more important than another as they are part of the available



"menu", and where the specifics of the programme determine the modality chosen. USAID does not have a specific CSO programme anymore. To engage in a joint (basket fund) modality is difficult for USAID because of US Government/Congress legal requirements. Harmonization is always a challenge because of accountability issues/ procedures of the USAID that are determined by laws passed by the US Congress.

### **3.6.3 Japan**

Japanese Development Cooperation in Guatemala has three objectives: (i) improvement of the standard of living of rural populations; (ii) sustainable economic development; and (iii) strengthening of democracy. The emphasis is on the first objective, which has three dimensions: increase in agricultural production, health and education. It is funded through three means: loans, grants, and technical assistance.

Support modalities for cooperation with civil society is mainly financial through the Assistance for Community Projects. This is direct support from the Embassy based on proposals presented by CSOs. There is a budget ceiling for each project of USD 86,000. In the last three years, 50 projects have been approved annually through this modality, for a total of about 150 projects. Focus has been on the Northwest and Northeast regions of the country. In 2007, 32 projects were approved for USD 86,000 each, for a total of about USD 2.75 million.

In general, Japan pays a lot of attention to monitoring and evaluation (M&E), and has even stronger M&E requirements now than before. They follow up the projects closely two years after they have finished. The counterpart organizations feel the pressure to implement and deliver. On the other hand, the tendency of project financing is to decrease.

### **3.6.4 Denmark**

Denmark has an Embassy in Nicaragua that covers Guatemala, with a representation of Danida in Guatemala. The overall objective of Danish assistance in Central America, including Guatemala, is to combat poverty in the region. The areas of commitment are "support to consolidate democracy and promote human rights; natural resource management on an environmentally sustainable basis; support for popular anchorage of the regional integration process."

Denmark is trying to work more with civil society through multi-donor funds. They don't fund small projects. The change was influenced by an evaluation of 2004 that recommended to focus more on regional efforts, and the Paris Declaration. Denmark has a Human Rights regional programme (PRODECA) in existence since 1992.

Danish funds are focused on activities and capacity building and primarily work within the themes of human rights and democracy consolidation. They have bilateral agreements with PDH (Ombudsman of Human Rights), Soros Foundation, FLACSO. The tendency is to use indirect modalities more, with pooling of funds. The model they pursue is one of coordination with other donors, with harmonized mechanisms for M&E. Danida leads the process of harmonization.

Danish Cooperation participates in some joint-intermediary projects together with other like-minded donors in Honduras and Guatemala. Although they see the positive aspects of joint projects/funding, they also see that the challenge of joint projects is to ensure

sustainability of projects. The lesson learned is that it is necessary to identify and strengthen civil society organizations that can serve as facilitators of post-project activities, and that can ensure the continuity of results/ benefits of a project.

### 3.7 Nordic+ views on CSOs and CSOs views on Nordic+

Overall, the views of Nordic+ donors on CSOs are positive. Clearly, there is apprehension regarding some aspects of CSO environment that does not conform with donor wishes. One important issue is the current polarization within the CSO community. This means it is not easy to have a coordinated effort within important sectors of development. Another issue is the weak relations between government and CSOs. This has resulted in the truncation of important processes considered important for a rights based approach to cooperation (e.g. the weak relationship in the justice sector, especially between government and indigenous CSOs). Furthermore, there is also evidence that some CSOs have an ambiguous relation with Political Parties and Government institutions. Since most of the recruitment of public officers is done within the ranks of CSOs, they remain dependent on governmental “tacit” approval.

CSOs also shared their views on Nordic+ (and other) donors. Their view is positive, but there is some apprehension on specific interactions with donors. Those CSOs working within joint funding or intermediary channelled funding, expressed their frustration over the distance that exists between the donor and themselves. The distance does not provide the political leverage needed to foster a dialogue with government. This is especially frustrating for CSOs participating within the PASOC programme, since they are aware of UNDP’s political weakness in its relations with the national authorities. UNDP tends to be politically unreliable if the government wishes to exert pressure or influence over UNDP’s support to specific CSOs.

Also, they blame their lack of sustainability on the fact that most donors do not provide institutional support (core funding). They argue that having small projects promotes “survival” thinking rather than foster long sustainable processes. Negotiating new contracts on a yearly basis does not allow for the strategic thinking needed to create sustainable CSO policies. It also weakens their ability to negotiate with governmental institutions and to coordinate with other “like-minded” CSOs. Overall, CSOs would prefer direct contracts with a significant amount of core funding.

### 3.8 Emerging support modalities

#### 3.8.1 *Private enterprises as intermediaries*

Norway is supporting CBOs and NGOs through a private enterprise. Norway’s support to *Kiej de los Bosques* is an interesting case in itself, since through *Kiej* Norway has been able to support 40 CBOs in rural areas. Furthermore, the Guatemalan government has become interested in *Kiej’s* model and has adopted it as a national programme for rural development within SEGEPLAN’s rural development programme and SOSEP’s support to marginalized women. *Kiej de los Bosques*, due to its important role in national development programmes, has been able to influence legislation. Based on their experience with indigenous communities in Chimaltenango, they were able to convince the Ministry of Agriculture to

institutionalize a forestry programme which allowed for the reception of subsidies for indigenous communities which did not have land titles.

*Kiej de los Bosques* is a private firm whose primary objective is to open markets for indigenous communities (specially, but not exclusively, for women living in those communities). They provide services to communities in order to identify marketable goods within the community and to open markets for these goods. Also, *Kiej* provide support to larger private enterprises in order for them to buy products and to institutionalize social responsible programmes.

*Kiej de los Bosques* has an interesting cooperation scheme with CBOs. In 2003, when their relationship with Norway started, *Kiej de los Bosques* served as a “technical advisor” to one CBO called Sacalá (located in Chimaltenango). Politically, the project started to gain credibility within the private sector and key governmental institutions (e.g. the presidency, the Ministry of Agriculture, the National Forestry Programme, and SEGEPLAN). In 2004, *Kiej* applied for the continuation of Norwegian support but with a different scheme due to the fact that two CBOs wanted to join their programme: Aj Patnar Chortí, from Jocotán, Chiquimula, and Tejedoras from San Pedro la Laguna, Sololá.

*Kiej* created a “trust fund” in which the three mentioned CBOs joined as full partners. *Kiej* then became an equal partner with all participating CBOs and relegated itself to be a facilitator and technical advisor to the CBOs. *Kiej's* role was to open markets within the Guatemalan private sector for products created in the CBOs with their own indigenous knowledge. The model was such a success that it continued to be supported within the Norwegian Indigenous People Programme until 2006. In 2007, a new phase of the project started due to the inclusion of 40 new CBOs and the adoption of *Kiej's* model as the National Rural Development Programme coordinated by SEGEPLAN. Now, *Kiej* and the trust fund members provide support to the 40 new participated communities (all rural communities nationwide). In 2007, Norway signed a new direct support contract outside of the Norwegian Indigenous People Programme.

It is evident that *Kiej* achieved important results during these years. Its experience working with CBOs allowed to change legislation (e.g. the creation of an alternative Forestry Incentive Programme) and to share its model in order for it to be adopted as a national rural development programme. One of the most important achievements is the influence it exerted over the private sector and to bring in important industries that are now investing in rural CBOs. Although *Kiej's* achievement is considerable and evident, its effect remains unexplored and unevaluated. An evaluation should be conducted in order to document the full extent of its impact.

### **3.8.2 Trust fund for local Development: FDLG**

*Fideicomiso para el Desarrollo – Local de Guatemala* (FDLG) is a trust fund created by Sida. It aims at providing two things, (a) soft housing credit for poor families; and (b) micro credit to poor rural men and women. The FDLG functions as a “second level” financial broker, almost a bank. It allocates funds to “communal banks” and regional financial institutions in order for them to implement these two credit lines. FDLG has a board of directors made up by representatives from CSOs working in the housing and micro credit sectors. The board of directors also has governmental representation (one delegate from SEGEPLAN).

This trust fund, today, is considered to be the one of the most important schemes providing credit lines for housing and micro-credit. Its presence is so important that they were able to influence decision making in order to draft a national housing plan for poor people. Also, they have been able to influence the banking sector in order for them to participate in their housing and micro-credit programme.

Emerging intermediary modalities, using private enterprises or creating trust funds, should be followed up and evaluated. Their potential to be new models to reach and benefit the rural poor, combining the expertise of the private sector with the knowledge of CSO and CBO, should be closely monitored to assess strengths, weaknesses and risks. Rural communities are seldom reached effectively and with tangible results. These two examples showed that it is possible to reach the rural poor, involve and empower them, through a combination of private sector expertise and CSO/CBO knowledge of context and appropriate ways to work with rural communities, indigenous or non indigenous.

### 3.9 CSOs and donor relations

The relationship between donors and CSOs is stronger in the direct support model. Since the trend is to move away from direct support – due to reductions in staff at Embassy level or reduction of funding level—donors and CSO relations can become distant and misunderstood, as in the case of the PASOC programme where CSOs express that they barely know the programme officers in charge of the programme at Embassy level. The misunderstanding on the part of the CSO may stem from the fact that they do not completely understand how the structure of a Joint-Intermediary project functions. The reality is that since an intermediary –e.g. PASOC/UNDP – is the immediate contact responsible for anything related to the specific project supported, the communication with the Embassy officers is relatively unnecessary and to an extent unproductive. CSOs complain that they never see the donor representatives in meetings (perhaps only in ceremonial acts), whereas donors say that they simply do not have the time to get to know so many organizations under one umbrella programme (the case of PASOC with 39 CSOs in Phase II).

Nordic+ donors and close partners such as Denmark and the Netherlands clearly value the relationship with CSOs in Guatemala and their contribution to their programme implementation, but they increasingly see the need to balance the support to CSOs with support to certain branches of the State where weaknesses are identified. They clearly wish a closer collaboration between CSOs and the State in order to work towards common goals and strategies. The credibility of the State on the one hand, and the capacity and professionalism of the CSOs on the other are key issues to address in the future. Complementarity between State priorities and CSOs goals and expertise, and balance in capacity for dialogue and proposition, is the ideal outcome for donors, state agencies such as SEGEPLAN and most CSOs.

### 3.10 Findings and Conclusions

Regarding support modalities to CSOs in Guatemala, Nordic+ countries and other key donors are using direct support (core and/or programme funding), various indirect (intermediary) support modalities, and emerging Trust Fund modalities. The latter are

specifically aimed at improving the livelihoods of rural populations. Most still use direct support as the primary modality, but the trend is towards intermediary modalities that enhance coordination and harmonization among donors, and at the same time ensure effectiveness and strategic focus of programs and induce CSOs to collaborate rather than compete. Trust Funds emerge as an indirect modality that uses private enterprise and/or the traditional banking system to reach the poor in schemes to increase socio-economic development in poor rural areas or for micro credits for housing or small business development. Below is a table that visualizes the different support modalities in existence and Nordic+ donors who are using them.

**Table 3.1: CSO Support Modalities, Nordic+**

Direct		Indirect (intermediary)				Trust Fund
Core	Programme	INGO	National NGO/ Foundation; Regional CSO	Basket Fund (UN Agency)	Joint Fund (lead and silent partners)	Private Enterprise & Banking System
Norway Sweden	Finland Norway Sweden UK	Canada Sweden	Finland Sweden	Norway Sweden	Norway Sweden	Norway Finland Sweden

Most of the direct support still goes to CSO activities (projects) and advocacy, but increasingly funds are going towards intermediary modalities that focus on capacity building/ institutional development of CSOs or combining CSO activities with servicing the CSO community (PASOC programme). Strengthening state institutions in combined intermediary schemes such as joint funds (e.g., *Mirador Electoral* program where TSE and NGOs collaborate) is another way of bridging the gap between State and CSOs. The Trust Fund is perhaps the only modality that in addition to servicing the CSO community (particularly CBOs) is able to promote membership and interest groups (women's groups, cooperatives, etc.).

The thematic focus of the financial and non financial support, mostly related to the implementation of the Peace Accords of 1996: Indigenous Peoples rights, democratic governance, socioeconomic participation, rural development, key social sectors, environment, civil society strengthening, women's rights, etc. The strategic focus is also based on either bilateral programming or home office guidelines for Central America or specifically for Guatemala. Whether a Nordic+ country has a bilateral agreement with the Government of Guatemala or is able to support state institutions directly also influences the thematic orientation, as seen in the table below:

**Table 3.2: Nordic+ Thematic Orientation/Strategic Focus**

Indigenous Peoples' rights	Women's rights/ participation	Poverty (rural dev., agri dev, basic services)	Social/ econ sectors (ed, health, agri, structural econ change)	Strengthen State/democ governance (HR, rule of law, etc)	Strengthen CS, conflict prevention, Advocacy, CD	Environment /Youth Participation
Norway Sweden	Sweden Canada	Canada Norway Finland Sweden	Canada Sweden Norway UK	Canada Norway Sweden UK	Norway UK	UK Finland

## 4 Analysis of Support Models in Guatemala

There is a range of funding modalities that Nordic+ donors and other key donors are using in Guatemala to support CSOs: (i) Direct: Core Funding (Sweden, Norway); (ii) Direct: Programme/Project; (iii) Intermediary (through international NGOs, UN Agencies, national CSOs, private companies); (iv) Basket fund modality (direct core/programme; donor consortium support to TSE + NGOs); (v) Other (direct CBOs; fideicomiso for micro credits; funds/ regional programs; home office funds/ initiatives).

### 4.1 Funding Modalities

An analysis of Strengths, Weaknesses and Risks of the CSO support modalities identified as perceived by Nordic+ countries, CSOs and government agencies is presented below.

#### 4.1.1 Unilateral Direct Support: core funding

Few donors are able or allowed to use direct core funding as a modality to support CSOs in Guatemala or other countries. Much has to do with the principles and 'development cooperation culture' of each country. Whereas for some, such as Sweden and Norway, this is something necessary and uncontroversial, for others like Finland and the UK they are even prohibited from using funds for this purpose.

Perhaps the greatest strength of this modality is to provide institutional support to a professional CSO that plays a key role in a given sector or area but which does not have the capacity to sustain itself financially. The disadvantages are that is based on trust and that is hard to measure how institutional support translates into better programmes or projects or higher social impact of activities:

**Table 4.1: Direct Support, Core Funding**

Strengths	Weaknesses	Risks
<ul style="list-style-type: none"> <li>• Provides greater chance for strategic thinking and planning</li> <li>• Flexibility for CSOs' project implementation</li> <li>• Possibility for long term relationships</li> <li>• Provides greater political leverage within key CS sectors</li> <li>• Minimizes transaction costs for donors and CSO</li> <li>• Allows for enhanced harmonization among donors.</li> </ul>	<ul style="list-style-type: none"> <li>• Hard to focus on a single intervention/ objective</li> <li>• Hard to monitor since results cannot be specified</li> <li>• Hard to measure results</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of strategic focus of project/ programme</li> <li>• Emphasis on excessive administrative expenditures (i.e., high salaries, superfluous employees, etc)</li> </ul>

#### 4.1.2 Unilateral Direct: programme/project activities

Direct programme/ project support for specific activities within a social, economic or political sector or sub-sector has been the most favoured form of support to CSOs. Donors are more inclined to give this kind of support because it is based on project proposals and on an agreement between the two parties. The strength is the ability to control and monitor results and to have close communication with counterparts as well as contribute to capacity building. The weaknesses are the high transaction costs to both parties, and the potential for

supporting individual projects that lack coherence (dispersion of objectives and funds) or that end up with or no impact on the lives of those who are supposed to be beneficiaries.

The tendency, with some exceptions, is to move away from this modality because most donors are either reducing their presence in the country, streamlining their cooperation portfolio, or becoming more strategically focused. Donors noted that their limited staff simply does not have the time to administer so many often uncoordinated projects. The search is for modalities that are less taxing on Embassy staff and at the same time effective in obtaining project or program results that can be verified.

**Table 4.2: Unilateral Direct Support, Project/Programme Funding**

Strengths	Weaknesses	Risks
<ul style="list-style-type: none"> <li>• Greater support from donors, esp. non financial</li> <li>• High accountability and monitoring (but where donor has capacity)</li> <li>• Greater chance for strategic investment</li> <li>• Greater chance for capacity building</li> <li>• Possibility of accumulation of lessons learnt</li> </ul>	<ul style="list-style-type: none"> <li>• High transaction costs on donors and also on small CSOs</li> <li>• Mostly short term relationships</li> <li>• Lack of coherence; diffusion of impact</li> <li>• Weak communication and alignment with government priorities/ policies</li> </ul>	<ul style="list-style-type: none"> <li>• Potential conflicts with Government on themes and choice of CS counterparts</li> </ul>

#### 4.1.3 Unilateral and Joint Indirect (intermediary) Support

This support modality is clearly on the increase in Guatemala. As donors struggle to comply with home demands for aid that is more effective, results-based and strategic, and as donors try to find ways to comply with the Paris Declaration, the intermediary modality, in all its variations, seems like a choice modality with many advantages, but not without disadvantages or risks. Five intermediary modalities were identified:

- Support to CSOs through International NGOs (INGO) – sub modality used by Canada, Norway, Sweden, Finland, Spain;
- Support to CSOs through United Nations Agencies (esp. UNDP, UNICEF, UNFPA, etc) – sub modality used by Norway, Sweden, Canada, Denmark (e.g., PASOC-UNDP, Peace Education/UNICEF);
- Support to CSOs through National NGOs or Foundations (e.g., FUNDAECO/Norway);
- Basket Fund modality, where two or more donors (where one is lead and the others ‘silent’) support a national CSO which in turn supports smaller CSOs and/or State institutions (e.g., Mirador Electoral, Civic Electoral Observation Programme: donors: Sweden (lead), Holland, Norway, Canada, USA (non funder); CSOs: 4 core (FLACSO, Accion Ciudadana, INCEP, DOSES). USA contracts NDI as technical advisor to CSOs. State participant: National Electoral Commission (TSE).
- Support to CBOs through a private company which runs a Trust Fund (*fideicomiso*) to support the establishment of small community enterprises (e.g., *Kiej de Los Bosques*, Swedish Trust Fund, FDLG. See analysis below)

**Table 4.3: Indirect Support through Intermediaries**

Strengths	Weaknesses	Risks
<ul style="list-style-type: none"> <li>• Greater technical assistance/ capacity building from intermediary</li> <li>• Greater coordination and interaction among participant CSOs</li> <li>• Greater outreach (urban based + rural based; etc)</li> <li>• Improved capacity for cross-thematic implementation (e.g. Gender)</li> </ul>	<ul style="list-style-type: none"> <li>• Prone to creating a bureaucracy</li> <li>• Very weak relationship with donors</li> <li>• Greater transaction costs for sub-recipients due to taxing procedures of intermediary</li> <li>• Tendency to choose larger or more professional CSOs</li> <li>• Prone to nepotism or 'clientelism' on the part of intermediary</li> <li>• In Basket Fund modality, coordination among donors is difficult due to varied cooperation guidelines and country strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Very distant relationship with donor/s</li> <li>• Over-empowering national CSOs functioning as intermediaries to other CSOs (creating other local economic and political powers)</li> <li>• Potential lack of control over investment (by donors), if M&amp;E mechanisms are weak</li> <li>• Potential conflict with local and central authorities if coordination, complementarity and alignment is not sought</li> </ul>

#### 4.1.4 Emerging Modality: Trust Funds (Intermediary)

Norway, Sweden and Finland use trust funds to support CSOs and CBOs in specific sectors. Using a trust fund increases transparency and accountability, but it can be costly due to the fact that not all Banks in Guatemala provide this specific service. Trust funds also tend to be dependent on financial sector's health. SIDA discovered this vulnerability when BANCAFE was declared bankrupt in October 2006. The FDLG had to stop all operations because funds were frozen by Government. Also, legally, the FDLG ceased to exist due to the fact that banks are the legal representatives of all trust funds. On the other hand, Trust fund modalities allows for greater levels of strategic thinking and participatory decision making. All participating members within the trust fund have equal rights during decision making activities; this provides greater empowerment for CBOs participating within it.

**Table 4.4: Indirect Support through Trust Funds**

Strengths	Weaknesses	Risks
<ul style="list-style-type: none"> <li>• Trust funds allow greater levels of transparency and accountability for allocated funds.</li> <li>• It is flexible enough to allow for greater levels of strategic thinking.</li> <li>• It allows participating CBOs and private enterprises to enjoy equal rights and obligations (Kiej's case).</li> <li>• It promotes greater presence and recognition due to its link with the financial sector (Banks are brokers).</li> <li>• It seems that, for reasons yet unexplored, this modality provides greater influence over private and public sector's policy.</li> <li>• It allows – when funds are enough – for greater geographical coverage (the case of FDLG)</li> <li>• It influences decision making in the private and public sectors and also the development of pertinent legislation based on program success.</li> </ul>	<ul style="list-style-type: none"> <li>• It depends on the financial sector for administrative support.</li> <li>• The legal representative is always the Bank where the trust fund was created.</li> <li>• Can be costly.</li> <li>• It might require greater investment of time and human capacity in the part of the donor if required by the Bank (the case of SIDA and FDLG).</li> <li>• Efficiency can be lowered if Bank is uncooperative.</li> <li>• Decision-making can be slow if steering committee is too heterogeneous (the case of FDLG).</li> </ul>	<ul style="list-style-type: none"> <li>• Crisis on the financial sector (e.g. Bank's bankruptcy or governmental bank intervention) can be damaging to the whole program (the case of BANCAFE and FDLG).</li> </ul>



## 4.2 Donor relations and Harmonization

Nordic+ countries have tried to coordinate their cooperation to Guatemala in general and to CSOs in particular, but the general opinion is that, although some progress has been made, there is a lot of room for improvement in the harmonization of aid to CSOs. For the most part donor relations are cordial but they lack clear mechanisms to harmonize their support to civil society and CSOs in order to develop the bridges to work more closely with government agencies or ministries. Donors see a chasm between civil society and State, and also an imbalance in the capacity for dialogue and for serious discussion on development issues and commitment to poverty reduction. The general view is that a good number of CSOs have reached a stronger level of communication and understanding of the problems of the country than the State, and that some State agencies or ministries lack the capacity to engage in real dialogue with civil society in order to find complementarity of goals and actions instead of animosity and mistrust.

Although many obstacles remain, there is an emerging understanding that by using intermediary modalities, which include both CSOs and public institutions (when appropriate) in the same programme, the chances of reducing the gap between the two increase, and that by working toward common programme goals the trust missing is slowly built. The openness of key institutions such as SEGEPLAN to work more closely with CSOs is a positive signal that in the future it may be possible to find a strengthened State working hand in hand with committed and professional CSOs.

Some possible steps to strengthen Civil Society-State relations and donor harmonization and alignment may be:

- i. Initiate open but serious discussions among representatives of Donor community, State (ie, SEGEPLAN) and CSO community regarding coordination, harmonization and alignment;
- ii. Agree on short and long term development plans (SEGEPLAN takes initiative with consultation with CSO and donor community);
- iii. State actively participates – with representatives from SEGEPLAN or pertinent ministries – on the board of projects/ programmes with large investments from one or various donors, such as in the joint (basket fund) projects using an intermediary organization;
- iv. Joint sessions/ seminars are held annually or bi-annually to assess: (i) results/ impact of key projects vis-à-vis national development plans; (ii) support modalities to CSO that are effective in reaching the poorest populations of the country;

Pertinent information from joint work and results/ lessons learned of key projects are disseminated (via printed, audio-visual or digital media) to the general public.

## 4.3 Findings and Conclusions

One clear trend observed during the study in Guatemala is that donors are in search of modalities to better support civil society and CSOs through projects or programmes that are more effective in reaching the poor of the country. In this sense, the tendency is to move gradually away from direct support modalities that usually have high transactions costs,

lack strategic focus and have limited spread effects in terms of reducing poverty. Instead intermediary modalities are increasingly perceived to be more effective here and in other countries, with some donors also experimenting with new models of support that are successful in reaching their goals and in raising the living standard of entire communities, such as the trust funds.

The use of a private firm (Kiej de los Bosques) to be a bridge between the private sector and NGO/CBO representatives of rural communities is a promising intermediary (trust fund) modality with demonstrated success already. Developing alliances between the private sector and rural CBO to combat rural poverty and to create job opportunities for rural women and men is an encouraging signal that aid can be effective in raising people's standard of living. This type of initiative needs to be nurtured, monitored and evaluated to assess its sustainability in the long term.

One important element that is recognized by both donors and CSOs is the fact that relationships need to be nurtured and partnerships need to develop over time in order to achieve the desired results. Donors know that joining resources can have greater impact and even reduce costs and at the same time pursue strategic objectives in a given sector or thematic area, be it democratic governance, health, education, human rights, agriculture, gender, etc. CSOs understand that by sharing their knowledge, expertise and skills with other CSOs they also gain in areas where they may be weak. One interesting intra modality in the area of CSO institutional development is bartering knowledge or expertise among CSO. For lack of funds to pay for needed services, NGOs in Guatemala barter knowledge or expertise with other NGOs when the services are found of mutual benefit.

Another trend among donors may be to regionalize (Central America) their investment or programmes. They find that regional programmes have a potential wider impact and contribute to create partnerships and dialogue across countries, and to share best practice. Through a regional programme it is also easier to identify lessons learned in one country that can be adapted or applied in another. The reduction of personnel and Embassy presence may be another factor influencing this trend.

There is a tendency to increased coordination among donors, but most agree that harmonization and alignment still has a long way to go in Guatemala. Intermediary modalities, such as the joint modality using an intermediary (basket funds or delegated cooperation) are contributing to closer collaboration and sharing of information. Intermediary modalities where donors collaborate also contribute to thematic concentration in the support to CSOs or in the strengthening of the State.

Another clear trend is that donors seek to close the perceived capacity gap between State and CSOs. A good number of CSOs in Guatemala have matured and have become more professional, and are capable of high level discourse, dialogue and proposition. The State, on the other hand, is not stable; there is high turnover of officials every four years, corruption persists, and policies change with each new Administration. Some public institutions are obviously weak and in need of strengthening. The donor community wants to build bridges between CSOs and State in order to strengthen the latter, therefore donors may be willing to use intermediary modalities that contribute to that end. There is still mistrust going both ways, but progress is recognized towards future complementarity.

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- Aslaug Nygard, First Secretary, Norwegian Embassy
- Miriam Bolaños, programme officer, Norwegian Embassy
- Cecilia Rodríguez, programme officer, Norwegian Embassy
- Gustavo Cetina, programme officer, Norwegian Embassy

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The country reports constitute the basis for the synthesis report and its findings, conclusions and recommendations. Therefore, while each country report can be read separately, it could usefully be read in conjunction with the synthesis report and other relevant country reports.

**Support Models for CSOs at Country Level  
Synthesis Report**  
Norad Report 1/2008 Discussion

**Support Models for CSOs at Country Level  
Bangladesh Country Report**  
Norad Report 2/2008 Discussion

**Support Models for CSOs at Country Level  
Ethiopia Country Report**  
Norad Report 3/2008 Discussion

**Support Models for CSOs at Country Level  
Guatemala Country Report**  
Norad Report 4/2008 Discussion

**Support Models for CSOs at Country Level  
Tanzania Country Report**  
Norad Report 5/2008 Discussion

**Support Models for CSOs at Country Level  
Zambia Country Report**  
Norad Report 6/2008 Discussion

**Support Models for CSOs at Country Level  
Zimbabwe Country Report**  
Norad Report 7/2008 Discussion

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