BRIDGING THE GAP BETWEEN DONOR COMMUNITY AND LOCAL ORGANIZATIONS IN MYANMAR

Local Resource Centre

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List of Acronyms

CSO – Civil Society Organization, the non-state public sphere, in this study, civil society organizations include LNGOs, FBOs, and INGOs

FBO – Faith-Based Organization

IGO – Inter-Governmental Organizations

INGO – International Non-Governmental Organization

LNGO – Local Non-Governmental Organization

ODA – Official Donor Assistance or Overseas Development Assistance, bi-lateral and multi-lateral

UN – United Nations

Executive Summary

Having faced long years of political and economic repression in Myanmar, the role of civil society will be crucial in coming years as the current government implements a reform agenda, Western nations roll back sanctions and international donor assistance increases. Civil society has the potential to promote good governance and people-centered development through broad citizen participation. Without reflecting on the impacts of donor policy to date, Overseas Development Assistance (ODA) may fail to achieve common development goals.

Local civil society actors collectively identified their concern over the impacts of donor policy and conditions on the development of an active, diverse and connected civil society in Myanmar. The Local Resource Centre consequently undertook this study designed to determine the scope of the funding arrangements of local civil society actors based in Myanmar and to analyze the impacts of donor policies and conditions on local civil society organizations their operating environment. Lessons from this study on donor policy and conditions can be used to promote effective relationships between local civil society organizations and donors and to develop strategies that encourage long-term change through support to Myanmar-based institutions and groups.

The research team conducted 22 in-depth interviews with donors, INGO and local CSO representatives. Interviews explored the ways in which local civil society organizations experienced various funding and programmatic arrangements as well as the views of INGO and donor representatives on the current system of aid in the country and its effects on donor-civil society interaction.

Researchers found that most civil society organizations do not receive direct financial support from Official Development Assistance. Donors, INGOs and local organizations have constructed a complex series of funding and programmatic arrangements in order to meet the needs the constrained operating environment in Myanmar. Though, this has allowed funding to reach local civil society, these arrangements have in many cases proven administratively burdensome and the source of conflict. As Official Development Assistance in the country increases, a continuation such programmatic and funding arrangements could undermine the development of an active, authentic civil society, diminishing the prospect of strong civic participation and stable democratic institutions in the long-term.

The study found the following impacts of these complex funding and programming arrangements on CSOs: contractual conflicts, poor staff relations between INGO and local organization staff, comprises in CSO Autonomy, pressure on civil society organizations by donors and INGO's to collaborate and build networks and, in several cases, INGOs acted as gatekeepers to the source donor relationship. Specific experiences of individual CSOs illuminate the potential to harm the long-term development of an active local civil society. The arrangements, in many cases, push responsibility down to the CSO/INGO and CSO/CSO interaction level; yet, in many cases do not move decision-making authority to the same level, resulting in conflict.

Donor agency and INGO policy and procedures impact local civil society actors' experience of funding and programmatic relationships. Interviews evidence the impacts of particular financial procedures and policies on local civil society. As funds are granted and sub-granted, layered accounting resulted in local organizations bearing a level of financial management beyond that typical for the amount of funding received. These requirements are further hampered by what is generally understood to be a lack of access to "core funding" as donors and INGOs offer "project-only" support, limiting local organizations ability to build organizational infrastructure, especially human resource capacity. Reimbursable grants and partial funding pressure to scale-up destabilized local organizations at times leading to short-term crises.

Study respondents shared reactions to the current donor conditions and funding context. These shared reactions can be grounds for further movement as those interested in the development of civil society push to shift relations to better foster the formation of an enabling environment for active civic participation. Respondents largely agreed that local civil society organizations are not effectively using the "space" available to them for negotiation and influence. Though local and international organizations question the capacity of local civil society to manage funds and programmes, the tension rests in the definition of capacity and when this definition evolves there is greater collaboration between local and international actors. Across the spectrum, respondents agree that Myanmar's civil society is committed to improve conditions for the people of the nation, though there remains a level if mistrust between locals and internationals, as individual and also as organizations.

Recommendations

Recommendations to Donors

- Prioritize donor coordination
- Go to the field
- “Right-size” the aid distribution
- Hold INGOs accountable to models of good partnership in their work with local CSOs

Recommendations to INGOs

- Adopt and adhere to models of good partnerships
- Establish clear grievance mechanism for both local CSO sub-grantees and beneficiaries
- Proper staff training and orientation
- Advocate for smart and flexible direct funding to local CSOs

Recommendations to Local CSOs

- Develop better understanding of aid and aid architecture
- Develop creative plans for capacity development
- Build consensus amongst local groups

Recommendation to all actors

- Establish a monitoring instrument designed to improve the quality of ODA in Myanmar

I. Background of the Study

The Local Resource Centre (LRC) works to catalyze change through support to civil society networks and organizations around Myanmar with the following three objectives:

1. Ensuring local organizations and networks have access to up-to-date information about humanitarian and development assistance, programs and procedures;
2. Promotion of Accountability and Learning;
3. Expanding an evidence base through research and enquiry to better support the development of civil society organizations and advocate for change.

On January 17, 2012, the LRC brought together a group of 22 local civil society organizations at their offices in Yangon, Myanmar. The civil society organizations (CSOs) represented at the meeting identified three potential research topics of interested. In partnership with the Burnet Institute, The LRC received support from the European Union to carry forward these civil society identified research tasks. This study is one the identified tasks. Its purpose it to advance LRC's vision of an accountable and empowered civil society that is respectful of diversity and promotes civic responsibility.

The objectives of the study are:

a. To determine the scope of funding arrangements of various organizations including multi-lateral organizations and bi-lateral organizations, INGOs and local CSOs.

b. To analyze the impact of donor policy and conditions on the development of local civil society organizations.

In order to achieve these objectives, a small team of researchers conducted semi-structured interviews with local CSOs, INGOs and representatives from ODA offices in Yangon.

1.1. Myanmar's Transition: A Critical Moment to Pursue Effective Aid

1.1.1. Myanmar's Current Operating Environment

Myanmar is currently in the early stages of what observers and analysts expect to be an extended period of significant political and economic reform. Within the past few months, the European Union, Australia, the US and other donor nations have increased their development assistance commitments to the country and relaxed or suspended sanctions on broad economic engagement. Additionally, the World Bank and IMF have completed a series of missions and achieved agreements for their future support to the country's financial and administrative reform.

At this critical juncture, while humanitarian and development needs are salient, Myanmar's civil society leaders have voiced concern that rapid increases in aid could work against long-term benefits of the people unless carefully managed with a focus on the development of civic participation and democratic institutions. Many local leaders are fearful that lessons learned in other nations in transition will be overlooked as donor countries seek to gain the consent of the government and quickly put in to use their allocated funds. This study explores the experiences of civil society and donors in the country, pointing out the risks of certain donors practices to the development of stable democratic institutions and, in turn suggesting some alternative ways of working.

Myanmar's unique historical and political context makes the development of sound principles of engagement in the country a challenge for incoming and enduring donor countries. Political incoherence in which elected officials do not represent their constituents means that ownership of development inputs cannot be achieved by working exclusively with the government. In Currie's recent report, "Burma in the Balance, "the author urges international donors to be cautious and "attuned to the multiple political factors that are shaping Burma's apparent transition.[1]" At the same time, though the President has announced intended changes in relevant law and policy, little has been enacted.

[1] Currie, 2012. (p. 45)

Donors are additionally challenged by what seems to be a growing disillusionment with foreign assistance. On April 26, 2012, this cartoon, drawn by a well-known political cartoonist was published on a popular news site. The image spread quickly through the domestic development community on Facebook. Colleagues and friends made claims including, "what a bloody truth." Few who posted the cartoon disagreed with its ostensible message that much is lost through the many middle persons, corruption or greed that intended beneficiaries continue to suffer.

Donor agencies and countries will need to negotiate this composite terrain carefully in order to effect sustainable change in Myanmar. Lessons from this study on donor policy and conditions can be used to promote effective relationships between local civil society organizations and donors and to develop strategies that encourage long-term change through support to Myanmar-based institutions and groups.

1.1.2. Donor Conditions and their Impacts on Civil Society

In Myanmar donor policies and conditions reflect the global trend of tightening financial control, increasing impact accountability and increasing project-only funding[2]. These conditions coupled with the operational context over the recent years in Myanmar have brought about a complex structure of funding and programmatic relationships. Many donors have demonstrated flexibility by allowing collaboration and sub-granting in order to create opportunities for both non-registered and nascent local organizations to access funds. However, if these complex arrangements persist into the coming years of expected growth in ODA, there is a clear risk of disenfranchisement of local civil society.

As with other countries of the Global South, most local NGOs and CSOs in Myanmar depend on financial support from donor agencies for their survival. In their study, Elbers and Arts found that donor conditions placed on CSOs result in a loss of 'authenticity,' whereby the qualities that made LNGO's different from INGOs in the first place, namely their connections with local communities, was deteriorating. The need to fulfill upwards accountability requirements degraded downwards accountability, as local NGO focused on paper-based impacts as opposed to real impacts.

In Myanmar to meet donor conditions and access funding a variety of partnerships and other implementing arrangements have taken shape. First, we look at the complexity of funding and program relationships amongst the organizations included in the study. Secondly, we explore how local organizations experience the funding and these relationships. We come from the viewpoint that donor conditions could potentially do more to promote the development of an enabling environment for civic participation. The current system needs to shift in order to create an environment that enables an active, informed, connected and influential civil society is to be realized.

The great risk of the continuation of this complex structure is that the functions of civil society diminish as local organizations become dis-embedded from their constituents to focus upwards on the agendas and conditions of ODAs, INGO's and multi-donor funds. At the same time, it is clear these complex arrangements are not deterministic. Local organizations have opportunities to negotiate and work closely with donors and INGOs to come to mutually acceptable terms. Some local organizations represented in the study report having applied lessons from past negative experiences with donors to engage in more equitable ways with current funding and program partners. They reported using more bargaining power to get flexible or reasonable terms and conditions demonstrating the possibility for shifts in specific arrangements and the system as a whole.

[2] Elbers and Arts, 2011.

II. Approach and Methodology of the Study

The purpose of this research is not to question the relevance of civil society to the creation and enhancement of democratic and just society, but rather to explore the manner that donor assistance influences the shape and ways of working of domestic civil society organizations.

The study takes a systems-approach, exploring how funds move from ODA to the beneficiary level. This approach allows us to consider the various stages in fund disbursement and the manner in which policy affects those funding arrangements and consequently, the activities of CSO's. We consider the experiences of local CSO's in working with donors and partners, namely, the consequences of donor conditions on the autonomy and sense of ownership. We attempt to understand the consequences of donor conditions by indentifying a series of common outcomes at the LNGO-level.

For this study, we draw from interviews with representatives of LNGOs, CSOs, INGOS, ODA agencies and other key informants that were conducted in March and April of 2012. Though a full catalogue of domestic organizations is not available, based on network knowledge we selected a variety in terms of size, history and primary intervention strategies to capture diversity of experiences of with donor assistance. ODA and INGO respondents were selected based on differential experience in the country. Two key informants were also interviewed who have informed views into the relationships between donors and local organizations.

The research team conducted semi-structured interviews allowing us to capture unique perspectives and experiences in a systematic manner. This also allowed for sensitivities of the issues to be expressed by interviewees. Respondents from local organizations were generally those who handle donor and INGO partnerships and from INGO's, those tasked with handling funding relationships and ODA representatives were those who play a direct role in decision-making.

Interviews lasted one to three hours and were all conducted face-to-face. Depending on the circumstances and place of the interview, notes were taken or recordings were made, transcribed and translated into English. Confidentiality was promised to ensure validity.

Data was coded using an iterative process to develop appropriate thematic codes. Then, based on codes, we were able to trace patterns as well as unique experiences. From data, we could pull out certain examples to illustrate the manner in which various organizations experience donor conditions.

Study Respondents:

- International Organizations: 3 ODAs, 3 INGOS
- Local Organizations: 14 Local CSO - 11 registered and 3 non-registered with 2012 operating budgets between $100,000 and $ 6 million.
- Other key informants: 2 independent observers

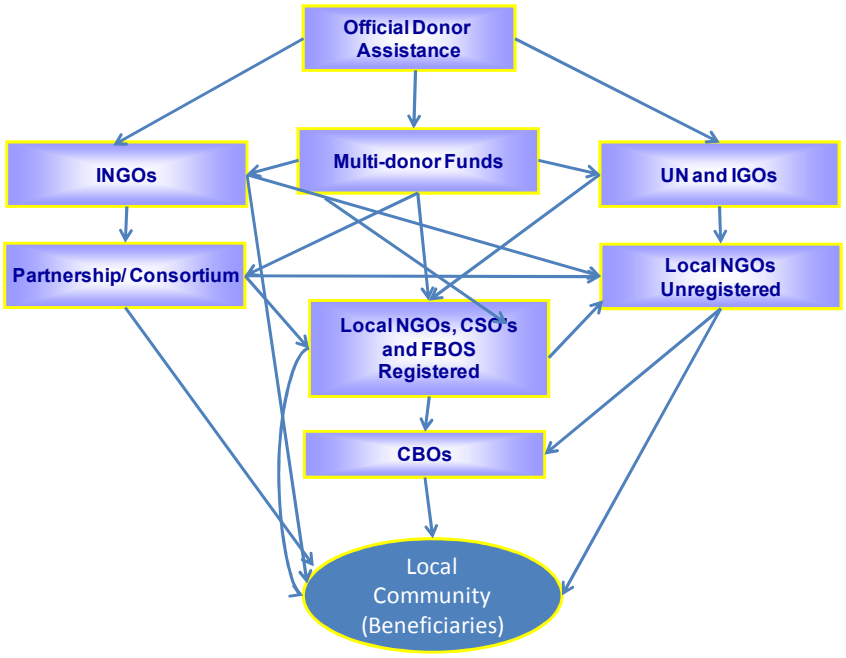
III. Main Findings: Consequences of Donor Conditions in Myanmar

3.1. Complex Funding and Program Relationships

When conducting interviews with local civil society organizations, we asked for a list of donors or sources of funding. We found that most local organizations do not access funding directly from ODA agencies, but rather through various other types of arrangements[3]. LNGOs and CSOs commonly view INGO partners as 'donors.' In addition to ODA 'sub' and even 'sub-sub-sub' grant arrangements, local CSOs also received financial support through activities and services offered by local donors and private donors and foundations. Such funding streams are outside of the scope of this study, though, for some small organizations are a very important source of funding.

Diagram one represents the possible combinations of funding streams sourced at ODA according to those reported by all respondents in the study.

Diagram One: Map of all the various funding arrangements



In addition to over-arching commitments to invest in local organization globally, donors and INGOs reported several practical reasons particular to Myanmar's recent operating context that make support to CSOs just good sense. One ODA organization did not have a specific mandate to support local organizations, though the representative certainly felt that support to LNGO's is important even if through an INGO.

The operating conditions in Myanmar and foreign government aid policy and positions on the nation have directly contributed to the creation of these complex funding and programmatic arrangements.

Local organizations lack legal status. For ODA agencies, grantees must function as a legal entity. The execution of a binding contract between donor and grantee hinges on the both parties existing as legal entities and therefore able to commit to fulfilling contract obligations. In Myanmar, local CSOs have struggled to secure legal status. According to the 1988 Organization of Association Law local groups have the right to form and be acknowledged. Accordingly, such a group must register under the Ministry of Home Affairs. In a March 2011 parliamentary session, MHA reported there to be only 218 organizations registered under this

[3] At the time of the study, we were unable to independently verify grant amounts and grant relationships and therefore have chosen not to quantify these funding relationships.

law.[4] In early 2012, several local organizations that had been undertaking the registration process for several years finally gained full, recognized status. Without legal status, local organizations cannot open foreign currency accounts in the organization's name, further limiting access to donor support, which would need to be moved directly through above-ground financial institutions.

Because most groups lack legal status in Myanmar, donors and INGOs have developed partnerships and sponsorships so that legal entities are the contracting agencies. Then, those with more flexible policies and practices, namely INGOs, sub-grant to the local unregistered organization.

Donors lack of knowledge of local organizations. For years, particularly before Cyclone Nargis, donors lacked knowledge of civil society in Myanmar[5]. To a degree, it was understood that in the context of authoritarian rule, civil society did not exist. The groundswell of support by local youth groups, faith-based organizations and other CSOs for the victims of Cyclone Nargis in 2008, exposed the extent of local groups participating in development work and activism. Despite the exposure, for donors, reaching local civil society and grasping the extent of it takes time and will. Lack of knowledge and understanding of the extent of civil society actors has contributed to support to UN and INGOs, generally larger, easy-to-access organizations.

Perceived lack of capacity or past bad experiences funding local organizations. In this study, some donors, INGOs and CSOs questioned the capacity of many local civil society groups to manage large grants and programmes. One ODA respondent described a past negative experience with a direct grant to a local organization. This experience influenced the ODA agency's funding practices. They seek to minimize risk and therefore grant to organizations with a proven track-record of handling sizeable grant funds and programming. Additionally, some local organizations lack internal policies that conform to donor standards, which, in the study, was considered an issue of capacity development. Consequently, even as donors commit to support local organizations, INGOs and UN become the direct contracting agencies.

Lack of INGO access to certain geographical areas. INGO legal status in Myanmar generally comes through the acquisition of an MoU with a related government ministry. Historically, these MoUs cover certain programming sectors and geographic areas, usually at the township level. This means that INGOs are geographically quite restricted, whereas local organizations are able to reach most areas of the country. This has lead to partnerships that allow INGOs to expand programming beyond the geographic areas included in their MoUs and local CSOs to grow.

Large scale humanitarian emergencies – natural disasters and armed conflict. Related to the lack of geographic access, recent large-scale emergencies have led to increased support to local organizations. In emergency areas unable to be directly served by INGOs, local CSOs can reach beneficiary and affected groups. This has promoted local groups as humanitarian service providers, engaging in partnership with UN and INGOs.

Humanitarian sanctions that restrict direct support to government. Several international governments had sanctioned economic activities in Myanmar from the late 1990's until 2012.[6] These sanctions have influenced the sum and strategy of ODA. Largely, it has meant that support cannot go to government officials or ministries as it would under normal diplomatic relationships. For example, Global Fund money must be closely monitored to ensure that, "the Government of Myanmar did not benefit from, or take credit for, action conducted with Global Fund funding."[7]This then created pressure to reach humanitarian and development impact goals in the absence of government institutional support. In the absence of government partners, INGOs, but particularly the UN turned to local organizations to carry out sector-based projects.

Though designed in part to provide opportunities for local CSOs, the complex funding arrangements can undermine local ownership, weaken project impacts and inhibit the development of a strong, active, representative civil society.

[4] For details see, Zobrist, Brooke, "Civil Society Update: A Time to Re-position." People in Need, June 2012. And, Caillaud, Romain and Carine Jacquet, "Civil Society in Myanmar, in 'An ASEAN Community for All: Exploring the Scope for Civil Society Engagement," Friedrich Ebert Stiftung, edited by Terrence Chong and Stephanie Elies, November 2011.
[5] See Kramer, Tom, "Civil Society Gaining Ground: Opportunities for Change and Development in Burma," Transnational Institute and Burma Center Netherlands. November 2011.
[6] The impact of sanctions on foreign development assistance is a hotly debated issue. See the following for in-depth perspectives: http://www.crisisgroup.org/~/media/Files/asia/south-east-asia/burma-myanmar/ 161_burma _ myanmar after ...
[7] As quoted in Brown 2008.

3.2. Impacts of these complex funding and programming arrangements on CSOs

3.2.1. Contractual Conflicts: Policy or personality?

CSOs viewed strong relationships with donors and INGOs as a matter of personality as opposed to policy. Largely, personalities and interpersonal communication style were seen as the determinants of successful funding partnerships. CSO's described positive relationships with donors as being largely a factor of the personality of the focal person. They described supportive representatives as "good," "flexible," "understanding," and being "like a friend and not a donor."

In this way, local organizations felt that through strong relationships with those of flexible personality, they can find ways to get work around donor policy. As such donor conditions were not the obstruction but rather, according to one LNGO leader, "dependent on the maturity of every individual involved." CSOs blamed conflicts on personality issues and became frustrated with INGO and donor staff changes. With staff changes, positive relationships become threatened when "The new person just doesn't understand the nature of the project."

One CSO's Experience:
An LNGO in collaboration with an INGO and a few other LNGOs applied for and was awarded support from a mutli-donor fund. Once the project up and running, the LNGO continued to prepare reports for the contracting INGO. This LNGO representative understood, based on a verbal agreement, this collaboration would continue for the long-term. Eventually the INGO failed to officially inform the LNGO that they would no longer be partnering with them for continuation of the project funding. The LNGO leaders wonders, "Why did they treat us like that? They have good policies and procedures but the problem is with the people who practice these policies and procedures. We had to stop our project in 18 villages with little advance notice."

In this case the local CSO did not lodge a formal complaint or attempt to access any formal complaint mechanism, but rather viewed this as an interpersonal problem and not related to donor policy, though officially terminating a partnership with adequate notice would be considered a good standard practice and integrated into the terms of a funding contract. Despite the "excellent policies and procedures" of the partner INGO, the terms of the partnership were not clear to the LNGO.

Risk to the development of an active civil society:
When CSOs see interpersonal relationships as the key to successfully courting donors and maintain strong communications, policies that disenable the development of civil society can be obscured. Policies and procedures are not recognized as the source of problems and anger and mistrust can then be mis-directed leading to lateral conflict and tension. As opposed to seeing funding arrangements as exclusively related to personality, local CSOs could explore donor policies and can work together to influence to ensure their fundamental promotion of an active, connected and diverse civil society.

3.2.2. Poor Staff relations – CSO and INGO

Though Myanmar's historical context has created a highly fragmented society, the complex funding arrangements have exacerbated discord. The INGO, usually the direct recipient of the funding is perceived by CSO's to be in a position of power over the LNGO/CSO sub-recipient. CSO representatives described conflicts amongst their staff and the Myanmar staff of INGOs. Conflicts revolved around attitude, relative abilities and skills as well as relative compensation packages.

CSO representatives viewed their own local staff as committed and involved with the work based on charitable values and kind hearts. In comparison, INGO staff are seen by CSOs as interested in financial gain and undemanding work conditions. Humorously, one LNGO leaders commented, "[INGO staff], when they come to the field, they would like to eat only lobster curry. They don't want to walk in the mud. They want to go any place anytime they wish. In the delta, we have to synchronize our trips with the ever-changing tide." He points out the perceived attitude of the INGO staff and the general lack of understanding they showed for the specifics of the local conditions.

CSO leaders are frustrated by the difference in salary and working conditions between local and international NGOs. CSO leaders described their commitment to developing the capacity of local staff by sending them to upgrade their skills and giving them space and time to learn. And, in time, they expect that their staff persons will move on to work in INGOs. One local representative explained, "INGOs can give a good salary and good benefits and there are more opportunities for their staff. But, as local NGO's we are limited. So, staff move to INGOs and we lose face." This individual sees this phenomenon as a threat to the public respect for the

status of LNGOs. Another CSOs leader simply stated, “Sometimes, I feel that I engaged in HR training designed to improve the quality of INGOs in Myanmar.”

One CSO’s Experience:
While working together with an INGO to develop a funding proposal, a CSO leader noticed the difference in the proposed salary for the CSO staff and INGO staff related to the program. There was a significant difference despite the fact that the project was entirely conceived and would be implemented by the CSO. Because of the status of being non-registered and the relationship with the INGO and the potential donor, the two organizations proposed the project together. She found that, “In fact, INGO staff with limited knowledge or skill on the project issues would be receiving more than twice the salary the local CSO project-staff.” She saw this difference in salary as the cause of potential conflict as INGO staff may “look down” on CSO staff even though they are “the ones that actually do the work.”

Risk to the development of a strong civil society:
Though this study does not include a comprehensive salary analysis, the perception and the actual knowledge that at least some INGO staff are earning higher relative salaries contributes to misunderstanding and conflict between Myanmar nationals, which undermines the development of a connected, collaborative civil society. The reduction of CSOs to ‘training grounds’ for INGOs discredits their relevance to high impact service delivery and contributes to the loss of human resources at CSO level. Additionally, ongoing conflict limits the potential for shared learning, knowledge transfer and positive collaboration between local and international actors.

3.2.3. Comprises in CSO Autonomy

Many domestic organizations have secured arrangements with INGOs as a matter of survival. CSOs describe asymmetrical power arrangements in which the autonomy of their programs or organizational structures is compromised by such funding and operational arrangements.

One CSO representative said, “Sometimes it is difficult to tell who is implementing the project – INGO or the local organization. Our project literally becomes theirs.” Such compromises threaten the loss of the qualities that made the local civil society relevant for the work in the first place.

In one case, the INGO partner of a CSO insisted on sitting in on the job interviews for positions within the funded project. The CSO felt incredibly compromised. In some way then, the CSO was expected to line up applicants, call in the donor to influence the decisions, and then, the LNGO leaders were left to manage the person chosen in part by another agency. The LNGO representative believed, “In that case, [INGO] really only respected the interviewees who spoke English.”

Several CSOs described the value they place on operational autonomy. “They let us work our way. Yes, we have to do reporting in their format, but they do not get involved in the implementation part. This is good.” And, CSOs appreciate being clearly given credit for their successes and contributions. One leader explains, “We developed a proposal with an INGO and then when the INGO sent the final document to the donor, our organizational name was listed on the last page in small print, even though we are the ones who would handle the project.”

One CSO’s Experience:
In one case, the local organization representative was struggling to understand a comment made by an INGO. “After we started working with the INGO to develop the proposal, they told us that we could not get office expenses covered by the grant. Then, they offered us the possibility of sitting at their desks in their office. Though, I am sure that the INGO staff person was just trying to be nice and helpful, it really confused me. Are they just trying to completely take credit for this? We are doing all the implementing under their name and now they want us to sit in their office? I guess I am not sure that they understand the perspectives of local NGOs.”

Risk to the development of a strong civil society: Loss of CSOs autonomy limits opportunity for experiential learning. Though INGOs may have been meaning to be supportive, without the time and space to practice independently local learning can be lost. Furthermore, lack of operational autonomy threatens to dis-embed the local organization from the context as decisions are made out of connection with the constituents and beneficiaries.

3.2.4. Pressure to Collaborate and Build Networks

Local organizations in the study were involved in various types of collaborations including straight-forward fiscal sponsorships in the case of an unregistered organizations needing a 'legal entity' through which to receive donor funds to 'consortium-like' arrangements in which programs are jointly developed and executed, and sector/issue-based planning and advocacy networks. CSOs spent a great deal of time and energy in order to satisfy both perceived or expressed donor expectations for collaboration.

CSO respondents describe feeling pressure to work collaboratively and to join sector/issue-based networks despite their reluctance or lack of interest. One CSO leader explained, "People think that if you join one of these local CSO networks you will eventually get some kind of financial support from it. However, sometimes it just causes secondary problems and conflicts." This leader further detailed the necessary time commitment for participation in such networks and her questions as to who was really driving these networks, 'donors or local stakeholders?'.

An INGO representative was frustrated by what he/she called, "a seemingly universal pushback when donors push for the formation of collaborations even when it is clearly around shared goals and commitments."

Another CSO representative explained, "Because of the donor constraints regarding registration, we worked with an INGO partner. We have very little voice in the proposal development process. After that the donor created a 'small window, which is good. But, now we are back in the same position because the 'big window' is 10 times as much and so now we must apply under the a bigger organization in order to access such funds."

One CSO's Experience:
A donor facilitated a collaboration of several unregistered organizations with a registered LNGO to write a proposal together. They did so, and the contracting LNGO took full responsibility for reporting. Unregistered CSOs initially submitted reports to the contracting LNGO. And, as time passed, the LNGO stopped receiving these reports. Frustrated, they sought understanding and found that the unregistered CSO had been reporting directly to the donor. This meant that the LNGO was needlessly wasting time and also was really taking the risk without any control over reporting and management.

Risk to the development of a strong civil society: Pressure to collaborate can result in the development of in-authentic partnerships born, not out of shared interest or consensus, but external financial or programming pressure. For the long-term, fragmentation that already exists in Myanmar society can worsen further comprising the activity engagement of civil society.

3.2.5. INGO's Become Gatekeepers

CSOs often find it difficult if not impossible to access the donors when being supported through an INGO. Certainly there are exceptions, though respondents commonly noted this as a point of frustration.

This can mean that INGO staff and institutions shut out the important voice of local organizations in discussions with donors, including with relations to policy and sector-specific needs. As such, INGOs can shape the conversation. As INGO's and donors increasingly focus their support on government, though this is clearly needed, LNGO's fear that their low position in the structure means that they will be left behind, both in terms of funding and also with regards to voice.

This was mentioned with regards to information about funding opportunities. The INGOs reportedly "inform one another quietly by saying there is some meeting." In one case, the INGO pitched a local organization's project to a donor as its own, then creating a situation where the local group felt the only way to access the opportunity was then to go through that INGO, who had received donor's verbal interest in the project.

One CSO's Experience:
One CSO was contracted as the primary implementing agency for an INGO project. The project was conceived jointly by the INGO and CSO. However, the relationship with the donor was held exclusively in the hands of the INGO. After several years, though the project was meeting targets and running smoothly, the donor did not support a secondary round of funding. In this case, the CSO has indication of the reason behind the lack of continued financial support. Because the INGO has managed the relationship throughout, the CSO representative is reluctant to directly approach the donor to investigate. "For all we know, the INGO placed some blame on us for any problems in the project." The CSO felt it had no control and no opportunity o negotiate or even to understand the decision.

Risk to the development of a strong civil society: Local organizations' access to direct donor support remains limited. Should INGO gate-keep relationships with donors as ODA increases, local CSOs will be cut out of channels to access funding. This also functions to minimize opportunities for CSO's to contribute meaningfully to the setting priorities, determining needs and developing strategy.

3.3. Impacts of Specific Financial Procedures and Policies on CSOs

In addition to the relational and power implications of these complex funding and programming arrangements, specific financial policies and procedures of ODA agencies were difficult for local organizations to efficiently manage. In some cases, the administrative labour involved in managing such procedures was amplified by the terms of a necessary fiscal arrangement.

3.3.1. Layered Accounting Procedures and Requirements

In some cases, financial procedures of donors and then also INGO or UN are layered and can create strict, inflexible, demanding processes for CSO's. When partnerships, collaborations and other forms of sub-granting occur, the financial procedures and policies of the original grant can be passed onto sub grantees. In some cases, the financial policy of the principal grantees are tacked on to or used to amend the requirements placed by the source donor. This leads to a set of policies and procedures that is not consistent with the size of the sub-grant or the administrative capacity of the sub-grantee. The sub-grantees are then saddled with the stringent financial and accounting procedures of the initial, much larger grant.

This means, to a degree, more needs to be spent on financial management, yet, according to local organizations insufficient funding is available for building the infrastructure necessary to sustainably develop financial management teams. One local CSO leader stated, "In partnership with INGO we don't know whose policy we are following. Is it INGO policy or donor policy? It is confusing and takes away our ability to negotiate with donor."

When CSO sub-grantee needs to make budget adjustments to better achieve the project objectives or because conditions on the ground have changed, they will have to acquire approval through two agencies which can lead to a significant delay in the decision-making process. Though several INGO representatives clearly felt that organizationally, their role in funding flow helped local organizations meet the strict demands of donors, the CSO's expressed their dismay that the sub-granting relationship can be a disadvantage.

In reference to an INGO partner, one CSO representative claimed, "Their financial policies diminish our sense of ownership over the process. We have already established financial policies and procedures, but then, we automatically have to change and use theirs and so we can't stick to the ones we have developed as a group." The CSO had worked in a participatory manner to develop functional policies and procedures as a group. The immediate insistence on the use of granting INGO's policies undermined the organization's autonomy and added additional operational costs as new systems had to be established.

One local organization struggled to solve a problem with their INGO partner, which would then need to be approved by the source donor. The CSO representative explained, "In regards to a recent exchange rate loss, The INGO expat staff were not skilled and we could only get the 2nd payment when those people signed off. Also, they are not wrong, because they also have to sign off with the original donor. In reality it is not easy to be successful." In this case, the INGO staff may not have been adept at handling complex exchange rate issues, in turn delaying the second grant payment, causing problem for the local organization.

3.3.2. "Projectized" Funding

CSOs commonly reported limited access to what they refer to as 'core costs.' CSO leaders defined core costs as capital costs, monthly operating costs including office rent and electricity, human resources and fundraising. The lack of funds to cover ongoing, dedicated operations and administrative expenses inhibits organizational development. CSO's cannot afford to invest in and maintain systems, staff capacity and technical skills.

Lack of core funding undermines the development of skilled, local development agencies. One CSO respondent pointed out the discord, "[Donors] talk a lot about organizational development, but if we have to work with uncertainty we cannot develop our human resources."

When ODA does allow for reasonable overhead cost, these costs often go to the principal grantee organization and are not invested into the local CSOs sub-grantees. CSO leaders expressed concern that these funds are not actually going to the maintenance of the groups that are implementing the projects. One respondent urged donors to "put the pressure on lead agencies (INGOs) to share a certain percentage of the funds that they have received for management with their LNGO partners."

In at least one case, the CSO partner was retroactively given overhead costs at the end of the year when the INGO found that it did need the funds. Clearly the CSO appreciated this, though it added a level of uncertainty to future dealing with the INGOs and the development of their budgets. "Will we get those funds again? How can we budget?" asked the CSO representative.

This leaves the CSO without proper resources to maintain function office space and administrative staff or to keep on skilled staff in between project grant periods. Very practically, one CSO leader describes the difficulties of tight, projectized budgets. He said, "Funding ends at the end of the project, but there is still a lot of work to do. Reports must be prepared and sometimes followed up. Generally this period is not covered by the funding and I have to spend my time doing this. The reporting from the field and compilation of reports cannot happen in real time due to communications technology and transportation issues. Vouchers from the field cannot safely arrive to our office right away."

This has personal effects on local staff as well. One CSO leaders described his frustration, "Many of us are the breadwinners and if we can care for our families and have stability the programs will run more smoothly."

Additionally, CSOs reported lack of access to financial support for program research and innovative and different pilot programs. "We know the reality but we have no data. No one will fund us to collect the needed baselines and data."

3.3.3. Reimbursable Grants and Partial Funding

Several of the CSO respondents described negative experiences related to the demands of partial funding and reimbursable grants. They understand these as ODA's international standard policies, but expressed concern that in Myanmar, especially due to lack of core funding, these donor conditions are simply not manageable.

With regards to partial funding, one CSO representative explained, "Realistically, donors' interests do not overlap enough to find matching funding." Several CSOs described past experiences in which financial support was granted on the condition of securing a percentage of co-funding from another organization. CSOs spent time searching for donors and ultimately were unable to see the project through because they could not secure matching funds. In one case, though matching funds were eventually secured, by that time the committed source donor had undergone an internal policy change, which meant that the original funds committed were no longer available to the CSO. The project had been fully staged and the CSO was unable to implement the project.

An ODA representative expressed compassion and yet frustration with an LNGO grantee that had used the ODA funds for another donor's project against a reimbursable grant. As the donor has a "zero tolerance policy," the act set off a series of expensive and time-consuming inquiries. A consequence for this ODA representative is that his office is less motivated to push for support to local organizations.

3.3.4. Size and timeline: Rapid Scale-up or end of year spending

Several CSO representatives explained the de-stabilizing effects of requests for both rapid scale-up of projects and use of end of the year INGO surpluses.

One CSO leader described a case in which an INGO partner wanted us write a proposal immediately in order to assist them in putting to use funds that needed to be spent by the end of the grant period. The CSO did so, but without adequate time to consult the beneficiary community and even the organization's own field staff, the project did not adeptly meet the local needs. The staff became frustrated as they tried to quickly implement and report on the short-term project. The local CSO leader said, "I would not do that again in the future. It caused so much conflict and as an organization we got nothing from it and our beneficiaries gained very little. Many staff wanted to quit because of that project."

Similar effects, conflict and frustration were described when donors and INGOs encouraged or pressured local CSOs to scale-up to meet donor funding conditions. The lack of variability in the size of grants, for some

organizations, means that once they become very comfortable handling smaller amounts of funding, there is a lack of progressive grant sizes available to them necessitated either the development of collaborative arrangements or a rapid scale-up of programs.

3.4. Reactions to Donor Conditions and Funding Context: Bridging Differences

Study respondents shared reactions to the current donor conditions and funding context. These shared reactions can be grounds for further movement as those interested in the development of civil society push to shift relations to better foster the formation of an enabling environment for active civic participation.

3.4.1. "Space" for CSO's: Are they using it?

In the operational and regulatory context of Myanmar, many local and international actors and have disputed the extent of available 'space' for local organizations to maneuver. They have largely referred to working within government restrictions, but here, 'space' refers to the extent to which CSO can interact, negotiate and set agendas with reference to INGO and ODA programs and priorities.

Despite the restrictions and the complexities outlined above, representatives, both CSO and donor expressed their view that civil society has yet to fully inhabit the negotiating space made available to them by donors and INGOs. That is to say, CSOs are not engaging to the extent invited. CSO representatives expressed concern over fragmentation of local civil society and pointed to a lack of coordination as a critical weakness fully engaging in space currently available or working together to expand that space to advocate for an increasingly enabling operational environment. The lack of coordination and consensus amongst local CSOs was reported as the primary reason for not yet fully inhabiting available space.

At the same time, CSOs have proven that they can push back on donor conditions and priorities. One CSO respondent described his view, "We don't need to fulfill the donors' desires all the time. We must be able to advocate depending on the situation." And, an INGO representative had much the same feeling, stating, "Well, if LNGO's feel that they don't need INGO's then they must "keep up their voice." They need to continue to voice their qualifications to accept direct funding. That really is their own responsibility."

Though respondents acknowledged the possibility that there may indeed be a possibility for increasing bargaining power, negotiation and advocacy with INGOs and donors, some CSO representatives voiced their concern over possible risks to funding opportunities and effects that further comprised access to financial assistance would have on staff and particularly project beneficiaries.

3.4.2. Capacity: Do we/they have it?

The existence of adequate capacity within local CSOs was a point of contention across the spectrum of organizations interviewed. It is clear that there are many definitions and types of capacity to which organizations in Myanmar commonly refer. In the context of the complex funding and project arrangements in the country, 'capacity,' its existence or absence has been used as a bargaining chip for both local organizations and INGOs when attempting to acquisition funds.

A CSO representative advises donors to look carefully at INGO budget proposals that include a 'capacity building line.' "They [donors] should know better." The implication is that INGOs use budget lines and justification of "weak local capacity" to substantiate requests for funds to ensure their own organizational staff and sustainability are covered. Another CSO stated, on INGOs, "They generally think that LNGOs have no capacity….In practice they look down on us. LNGOs have weaknesses because of sanctions and information shortage. They should not take advantage of it." These comments sit in contrast to a comment by an ODA representative that expects layered funding to continue as "LNGOs just don't currently have the capacity to fulfill the requirements of our granting mechanisms." Of course, this individual is referring specifically to a certain set of skills and field of knowledge that may not be in line with the experience of some local organizations.

Several of the more experienced CSOs described their learning curve with regards to handling partnerships and collaborations. Though the early relationships may have failed, they learned from their experiences and were more careful when entering into a financial or programmatic relationship with an INGO. Their experiences support a more nuanced understanding of capacity as a process, one that may not be able to be captured in a logframe as a countable impact. One INGO representative said, "Capacity Building has become

a dirty word. Donors must realize that staffing and staff learning is a part of the project and that their learning and development is a part of the programme approach."

3.4.3. Xenophobia and mistrust: 'How?' Matters

Across the interviews, respondents felt discrimination in multiple forms. Local organization leaders expressed their sense that INGO and donors do not "trust" them and this contributes to their hesitance to openly converse on project setbacks and difficulties. This hesitance may be similarly perceived by INGO representatives as lack of trust and openness. In fact one respondent said of local NGOs when asked about what seems to be a growing conflict, "There is a blanket mistrust of foreigners here…There are assumptions made across the board."

For local CSO's discrimination was evidenced by the limited availability of significantly sized funding amounts. One CSO representative succinctly put it, "Discrimination against local people comes in the form of little budgets." Another person explained that, "Donors use demeaning defense mechanisms such as not responding to email and phone calls, and not reading documents or emails" that lead rifts between donors and local organizations.

However, most CSO respondents felt mistrust or discrimination through social interactions and attitudes. Some of the discrimination felt is divided along the lines of being foreigner and local and sometimes a matter of working for a local or a foreign organization.

One person described, apparently referring to relationships between local and foreign development workers, "When we, local organizations, relate to the donors it is like we are nothing. But, we see the INGO and donors putting their arms around each other's shoulders. It is because the donors do not open the way to create this environment. Open the way for us to communicate with them openly. If we write to them, they might not reply to us." These sentiments carry over into direct programming relationships as, "Some people do not respect local people's suggest, thinking that local's suggestions are nothing."

Despite mistrust, listening and adjusting to people on the receiving end is a practice that builds trust in this context. For local CSOs, the ways in which donors and INGOs engaged in working relationships fostered trust and mutual commitment to shared goals. A representative from one ODA agency commented, that communication between local grantees and donors "lacks skills on both-sides." And, one INGO representative asserts her view that, "As LNGO experience INGOs as contractors, the relationship becomes sterile."

Putting the responsibility of building the relationships at least partially in the hands of local CSO staff, one LNGO representative suggested, "We need to change the attitudes of our staff and as well as the community. Donors have a lot of experience from working all over the world and they will make suggestions to us. Following an appropriate recommendation is not the same as obeying a command."

LNGO staff appreciate when the donor representatives visit the field site and "try hard to understand" what is really happening on the ground. LNGO representatives saw this as critical to building a relationship of trust and strong social capital.

3.4.4. Commitment and Compassion of Local Civil Society Actors

Across the respondent group, donors, INGO representatives and local CSOs agree the local civil society actors are demonstrably and deeply committed to relieving the suffering of Myanmar's poor and marginalized. Local CSOs acknowledge that their staff work because of their own commitment and not for personal gain. And, one INGO representative who has worked in other country's described the commitment of local civil society as "palpable and inspiring" compared with other settings. And, an ODA representative described "feeling overwhelmed by the compassion and commitment" of local civil society actors.

The sincerity and resilience of local civil society resonated through many of the research discussions. This shared sentiment can be brought into funding and programmatic partnerships to improve communications.

IV. Recommendations

Based on the data and analysis, The LRC makes the following recommendations to donors, INGOs and CSOs to better support the development of an environment that enables a participatory, connected and diverse civil society. Broadly, we recommend the initiation of a shift away from complex, layered funding and programmatic arrangements increasing direct assistance to local civil society groups, allowing them to stay connected with communities. A more inclusive aid architecture will ensure greater voice from all relevant parties.

4.1. Recommendations to Donors

Prioritize donor coordination: Despite the difficulties of securing commonly-agreed upon processes, strategies and values, make it a top priority. Donors that are established in the country can spearhead this work and be a focal point of coordination. Wherever possible use shared increase shared funding commitments, use similar reporting formats and hold equal requirements for financial management. Bring these together on a common website and digital format.

Go to the field: Many of the civil society organization interviewed asked donors to visit project sites more often. This will strengthen the relationship between donor representatives and local civil society actors and improve overall understanding of the reality of the constraints and give a chance to witness the impacts at the community level.

"Right-size" the aid distribution: A greater variety in grant size and allowable programming will create opportunity for direct support while providing the space for real change and impact. Local civil society organizations need access to different types of support and financial amounts to grow. Small and medium-sized flexible funds are needed to enable to development of local civil society.

Hold INGOs accountable to models of good partnership in their work with local CSOs: The inclusion of a "capacity building" budget line does not ensure that best practices are being followed. Better partnership practices are critical to the development of local organizations in Myanmar and donors that support programs that involve sub-grants to local CSOs should monitor relations and ensure that they are accessible to sub-contracted agencies as well as directly contracted ones.

4.2. Recommendations to INGOs

Adopt and adhere to models of good partnerships: In order to foster open and supportive relationships with CSOs sub-grantees, models of partnership should be clear and able to be reference by all involved. This will include a review and possible revision of policies on support to sub-grantees for administrative expenses, documentation and reimbursable expenses.

Establish clear grievance mechanism for both local CSO sub-grantees and beneficiaries: Local organizations need the protection and comfort provided by the existence of a straightforward and proven mechanism to handle complaints and grievances. The mechanism should be explained and integrated into funding contracts.

Proper staff training and orientation: Orientation and training must include improving staff's relational qualities that strengthen programs partnerships, increasing awareness of local civil society actors and agreements on standards of conduct when working in partnership.

Advocate for smart and flexible direct funding to local CSOs: Use your relationships with donors to advance civil society's access to funding as a means of developing the country for the long-term. In some cases there is no need to stand between local groups and international donors.

4.3. Recommendations to Local CSOs

Develop better understanding of aid and aid architecture: Study the history and functions of ODA. Use increased understanding to identify strategies to secure direct funding and more adeptly manage relationships.

Develop creative plans for capacity development: Staff and organizational learning will need to move 'beyond the training,' in order to foster real, sustainable gains. Articulate staff learning strategies that address real need and propose them to INGO and ODA funding partners.

Build consensus amongst local groups: Take the time and invest in the development of shared platform with regards to ODA and its impacts on civil society. The platform should be specific and concrete and used to promote civil society-centered donor and government interventions.

4.4. Recommendation to all actors

Establish a monitoring instrument designed to improve the quality of ODA in Myanmar: The monitoring unit will track incoming funding and donor commitments to the development of an active civil society. The instrument should connect with similar bodies in other post-transition or transitional nations in order to strengthen the voice of local recipients in appropriate forums.

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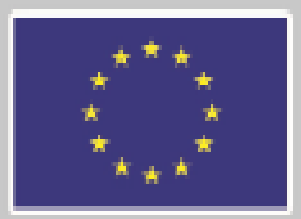

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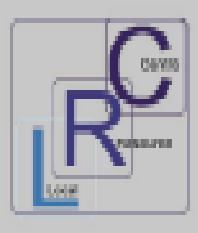

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