

NGO Development Cooperation Guidelines



Introduction

The work carried out by NGOs forms a significant element of Finland's overall development policy. The work by organizations has a long history in development cooperation as well as a promising future.

The aim of this policy decision is to examine the role of the work carried out by organizations within Finnish development policy, to set out and harmonize the forms of aid and to highlight the principles to be followed in the dialogue between the Ministry for Foreign Affairs and the organizations. The policy decision is a kind of road map for dialogue. At the same time, external readers will hopefully gain an all-round picture of the work undertaken by organizations within the field.

Each organization seeks by itself and finds its own mission and way of operating - the Ministry's role is to enable and support participation by civil society. The organizations are independent actors, but they too are located underneath more extensive umbrellas. The UN's Millennium Develop-

ment Goals form the most global and comprehensive development policy umbrella for both the work of governments as well as organizations.

The preparation of the policy decision has been a process that has had various stages. There has been enthusiasm, pitfalls, fears, hopes, rumours, genuine reflection and the search for something new. Discussions have taken place and a consensus has been reached. The process has been useful for both the Ministry and the organizations. I wish to extend a heartfelt thank you to everyone who took part in the preparation process.

Completing the formulation of the text does not mean an end to the process. The preparation of the policy decision is at best one step on the road to improving the quality and effectiveness of development cooperation. An active approach to development must therefore continue. It is the right and obligation of us all in order to achieve common objectives.

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Summary

The aim of the NGO policy is to support the quality and effectiveness of development policy work by Finnish NGOs. The Ministry for Foreign Affairs wishes to further the diversity, participation and professionalism of the work of the organizations through the policy and to develop and share skills.

NGOs play an important role in Finland's overall development policy. The development cooperation carried out by NGOs complements public bilateral, multilateral and the EU's development cooperation. The special added value of NGOs is their direct contact with the grass roots level.

Development cooperation aid for NGOs is divided into project support for small and medium-sized organizations and programme support for partnership organizations. These will continue to be the main forms of support in the future, as well. The preconditions for granting all the forms of support are the good reputation and reliability of the organization and the high quality of the development cooperation.

The operational scope of small organizations will be improved by updating and reducing the application and reporting process for projects. The Ministry for Foreign Affairs is starting preparations in dialogue with NGOs to outsource the administration of small projects. Organizations applying for support will be expected to have stronger capacity than before. Instead of one year, organizations must be registered in the Register of Associations for two years before being able to receive support. The new capacity criteria will be set so that



organizations receiving support must have a minimum of thirty members or in some other way be able to show a demonstrable ability to manage a development cooperation project. In order to ensure the operational scope for small organizations, a minimum of 30% of development cooperation aid will be channelled into project support for small and medium-sized organizations, if there is a sufficient number of projects fulfilling the criteria for granting aid.

The partnership agreement system is being developed. The selection criteria for organizations to be included in the agreement are being updated so that they are flexible in relation to the form of the organization and content of the aid but clear in relation to the quality and effectiveness of the aid. When selecting new partnership organizations and in evaluating old ones, consideration will



also be paid to the complementarity they bring to development policy in relation to Finland's overall development cooperation. Partnership agreements are valid until further notice and financing agreements are for a fixed term and renewed at a specified year. Partnership agreements can be continued if the organization fulfils the criteria set for the partnership and the continuation of the agreement is justified in terms of development policy.

Organizations are obligated to monitor the development in the quality of the aid, and its results and effectiveness in a systematic way. The procedures for managing quality and monitoring effectiveness together with other procedures developed in cooperation with partnership organizations will be actively disseminated for use by all organizations. Organizations will be encouraged to increase their multilateral cooperation and the organizations' established cooperation structures may be given partnership organization status.

Support for NGO communication projects and development education will be developed so as to enable organizations to undertake multi-year cooperation projects. Organizations will be granted support for disseminating information on development cooperation and developing countries in

Finland. Organizations receiving support for disseminating information also include NGOs that do not have any project activities. The dissemination of information directly related to development cooperation projects will be separated from administrative costs as part of the project's operational costs. Travel support for preparatory work for projects and conference travel support will continue in the previous way.

The aim is to strengthen the activities of the Service Centre for Development Cooperation, Kepa, as a cooperation body, trainer and project advisor for organizations and to encourage it to develop its operations to be more goal-oriented. At the same time, Kepa is considered to be an important partner in development policy activities. The aim of the aid granted to Kepa is to promote development cooperation by NGOs and to further the quality, effectiveness and reliability of other development policy activities.

The Ministry for Foreign Affairs will continue to support the activities of the EU association for development cooperation organizations, Kehys ry, and to pay national contributions for projects that have received aid from the EU Commission.

The Ministry for Foreign Affairs supports and highly appreciates voluntary work. Costs for developing voluntary work can be included in the budgets of projects. The level of funding for projects that must be provided by the organization itself will remain at the current 15%.

The Ministry for Foreign Affairs will continue to develop interaction and dialogue with organizations on a regular basis.

The content of the reforms that will be included in the policy will be specified at the implementation stage and in conjunction with the updating of the development co-operation manual for NGOs. The reforms will be implemented in dialogue with the NGOs and by listening to them.

1.

NGOs in Finland's development policy



The commitment to the objectives and values of the UN's Millennium Declaration guides Finland's development policy. These include safeguarding rights enshrined in human rights agreements at the individual level, the principle of sustainable development, respecting the decision-making power and responsibility of people in developing countries and partnerships for development. Development policy means coherent activities in all those areas of international cooperation and national policy that have an impact on the posi-

tion of developing countries and reducing poverty. The work to achieve development policy goals is carried out in close cooperation with civil society both in Finland and in developing countries.

Through partnership with and between NGOs the aim is to achieve the Millennium Development Goals and to strengthen civil society in developing countries and the opportunities for local people to have an impact. Finnish organizations have their own partners in developing countries, most



commonly NGOs with whom cooperation is carried out. Partners in developing countries have many roles in the development of society. They promote social equality, and undertake education for international understanding and activate people to work to improve their own situation. Finnish organizations support their partners and their capacity. In this way, partnership strengthens civil society in developing countries.

Development cooperation by NGOs has an important role in Finnish society. It promotes direct interaction with developing countries, increases awareness of the state and needs of developing countries and strengthens support for development cooperation. NGOs enable many people to gain personal experience of developing countries as well as the opportunity to be involved with development cooperation. The Ministry for Foreign Affairs also considers the organizations to be important partners in terms of dialogue and influence.

Finnish civil society implements development policy in many different ways through its projects and campaigns. The work of organizations is based

on a voluntary spirit and an ability to take the initiative. NGOs operate as experts, opinion leaders, disseminators of information and project implementers.

The work carried out by organizations is part of Finland's development policy and a significant addition to public bilateral, multilateral and European Union development cooperation. The particular strength of the work undertaken by organizations is their closeness to and presence at the grass roots level. Finland's development cooperation as a whole is complemented regionally, thematically and in terms of content through the work of the organizations. This is particularly important in a situation where the focus of public development cooperation is shifting to sector and programme aid.

Projects receiving discretionary government grants must be in line with Finnish development policy goals and the UN's Millennium Development Goals. Within this framework, organizations choose their own partners, way of working, country and beneficiaries for their projects in line with objectives that are of priority to the organization.

This policy deals with the relationship between the Ministry for Foreign Affairs and Finnish NGOs and in particular government support granted for development cooperation by Finnish NGOs. The aim of the policy is to outline activities relating to development cooperation aid into a more integrated entity and to update and harmonize practices.

Supporting international NGOs and the civil society in developing countries with appropriations for local cooperation has been specified separately. The role of NGOs as channels for aid has also been taken into account in the Ministry for Foreign Affairs' policy on humanitarian aid and in guidelines concerning cooperation in neighbouring regions.

2. From a trickle to a torrent



Support from the Ministry for Foreign Affairs for development cooperation by NGOs began in 1974. To begin with just over ten organizations received support. The organizations' development cooperation was highly independent because the organizations had managed to initiate development aid without support. Some missionary organizations had been engaged in activities in developing countries for dozens of years.

Organizations involved in development cooperation and the One-percent Movement founded an umbrella organization for themselves in 1985, the Service Centre for Development Cooperation (Kepa), to support development cooperation projects in developing countries and the dissemination of information on developing countries in Finland. At the request of the Ministry for For-

eign Affairs, Kepa also managed the Finnish volunteer service for well over ten years.

General development trends have included the strong growth in the number of organizations and projects and the creation of cooperation bodies of organizations. A significant part of development cooperation by organizations is based on relatively small projects with budgets under EUR 50,000 per year. International NGOs and Finnish organizations have engaged in closer cooperation. Mutual cooperation between organizations in the EU Member States has strengthened at the same time as development cooperation aid granted for organizations by the EU Commission has increased and diversified.

In 1993, the first so-called framework agreements were introduced for project support from the Ministry for Foreign Affairs for organizations that had a large number of projects. Agreements were signed with seven organizations between 1993-2001. The aim was to rationalize and save on work by combining the organizations' numerous projects to be dealt with in one agreement.

Starting in 2003, the so-called partnership agreement model was adopted whereby the projects of each organization are dealt with in one partnership programme. A characteristic of the programme is that it deals with activities at different levels and in different sectors and the programme as an entity is goal-directed.

Alongside the partnership agreement procedure, support for projects of small and medium-sized organizations has continued. The handbook for project support, guidelines and application and reporting forms have been updated. The administrative procedure for projects has remained the same although the number of projects has increased 40-fold and likewise the amount of information required for applications and reports has increased.

In 1998, the first financing agreements were signed with special foundations. The foundations channel development cooperation aid directly into projects implemented and planned entirely by organizations in developing countries. Since 2004, the Finnish Disabled People's International Development Association, FIDIDA, has worked in cooperation with the Ministry for Foreign Affairs to improve the quality of projects for the disabled implemented by NGOs.

As the number of projects and programmes has increased, the importance and proportion of paid work has grown. It is difficult to manage the increasing number of development cooperation projects solely with voluntary work. The expertise required in the projects has made it necessary to strengthen offices in Finland. Employees that have worked in developing countries for organizations have increased Finnish expertise.

The cooperation between the state, the private sector and organizations is expected to open up new possibilities. Over the last few years, companies in both Finland and in developing countries have increased their amount of support for development cooperation. Local fund-raising will become important in developing countries that are becoming wealthy.

The forms of development cooperation assistance have been built up and developed piece by piece over the years. The breadth of organizations within the scope of support and the diversity of project activity has increased and the area as a whole contains a vast array of actors, operating models and financing bases. Fund-raising by organizations and their financing base have expanded, for example, through support from the EU Commission and funds for the public good from betting and slot machines. Regulation concerning Finnish government aid has been reformed. Now there is a need to examine development cooperation assistance for organizations as a whole and to develop the different forms of support in an equal and coherent manner.

3.

Reforms to development cooperation aid for organizations



Development cooperation assistance for NGOs is divided into project support for small and medium-sized organizations and programme support for partnership organizations. These will continue to be the main forms of support in the future, as well. In addition, the Ministry for Foreign Affairs supports certain foundations and organizations as well as cooperation bodies of organizations.

Projects receiving discretionary government grants must be in line with Finnish development policy goals and the UN's Millennium Development Goals. The preconditions for granting all the forms of support are the good reputation and reliability of the organization and the high quality of the development cooperation they undertake. Organizations must have the ability to mon-

itor and assess the quality and results of the aid. Government support cannot be used for spreading an ideology or for religious work.

Today, there are around five hundred projects within the scope of project support for development cooperation by NGOs in around eighty developing countries. In spring 2006, a report was commissioned on the preparation and administrative capacity for development cooperation projects of NGOs, and its recommendations have been taken into account in this policy document.

Project support will continue and the operational scope of small organizations will be improved

Project support started as the first form of development cooperation assistance. It is still the most important form of support when considering the large number of projects and organizations that fall within its scope.

The operational scope of organizations will be improved by reforming and reducing the application and reporting process for small projects. In connection with this, the criteria, guidelines and forms for project support will be updated in cooperation with organizations. In addition, preparations will also be started for outsourcing the administration of small projects. Outsourcing the administration will be implemented in dialogue with organizations. The process will make use of administrative experiences gained from other countries that undertake development cooperation and the organisations previous experiences with administrative trial schemes.

Organizations receiving project support must have sufficient resources and experience. In the future, development cooperation aid can be applied for by organizations or foundations that have been registered for a minimum of two years, instead of the current one year. According to the



law, an association may be founded for the common realization of a non-profit purpose or for the public good. An association can only engage in the earning of income that is specified in its constitution. An association must keep a list of members. The Board of Directors must have at least three members. Bodies and foundations can also be members of an association. The number of members is an important gauge of the association's activity and support base. An organization applying for support must have a minimum of 30 members or be able to demonstrate in other ways that it has sufficient resources and the ability to take care of project management. Support for



organizations with less than 30 members is only granted in exceptional instances, and only in the main if the organization's previous activities demonstrate that it possesses the capacity to take care of project management.

Organizations with only a few members and recently founded organizations are encouraged to implement projects in cooperation with other organizations. Organizations are encouraged to procure bookkeeping, auditing and other support services in cooperation. The procurement of bookkeeping and auditing services is accepted as costs included within the scope of government support.

According to the capacity report, small and medium-sized organizations have been concerned that the proportion of support received by partnership organizations is increasing faster than for others. They have more paid employees and more flexible, multi-year partnership agreements. Along with reducing project administration, the operational scope of small and medium-sized organizations will be ensured by channelling at least 30 per cent of future development cooperation assistance into project support with the requirement that there is a sufficient number of applications that fulfil the terms for granting support.

Quality and effectiveness will be emphasized in programme support for partnership organizations

The aim of the partnership agreement system is to improve the quality of development cooperation and to offer organizations the opportunity to implement their programmes independently. Over half of the appropriations have been channelled through the partnership model every year. According to the recommendations of the capacity report, the partnership organization model also needs to be improved.

The added value of partnership organizations is based on their strong competences and developed organization. The prerequisites for a partnership organization relationship have been good capacity, expertise in development cooperation, several years faultless experience of managing development cooperation projects and compatibility with the objectives of the Government's development policy programme. Organizations must have stable finances and strong self-financing and fund-raising operations. Other selection criteria include how well the organization is known, reliability and professionally managed financial administration that includes auditing. Partnership organizations must monitor, assess, evaluate and develop the effectiveness, impact and quality of their programme and

report on the progress of the programme to the Ministry. Partnership organizations must provide information on the projects that are part of the programme supported by the Ministry for Foreign Affairs on their Web sites and also in other information disseminated.

The selection of partnership organizations takes into account, for example, how they complement Finnish development cooperation as a whole. Partnership agreements are continued if their continuation is justified in terms of development policy. The fulfilment of the selection criteria for partnership organizations will be monitored regularly. The selection process will be clarified and the selection criteria updated so that they are flexible in relation to the form of the organization and content of the development cooperation programme, but clear in relation to the quality and effectiveness of the aid. The transparency of the selection procedure will be increased. The launch of the selection process will be announced publicly so that all interested organizations can register as applicants. Partnership agreements are agreements that are valid until further notice and can be terminated by the Ministry for Foreign Affairs if the organization does not fulfil the partnership criteria and agreement terms or the continuation of the agreement is not justified in terms of development policy. Financing agreements are for a fixed term and renewed at a specified year.

Organizations are encouraged to cooperate

Over the last few years, organizations have, to an increasing extent, established cooperation organizations and bodies. Organizational networking and the establishment of cooperation bodies is something that should be supported as a way to increase and expand capacity. The Ministry considers the strengthening of cooperation structures of organizations as a merit when considering granting support, and is willing to support single

projects and multifaceted projects implemented in cooperation, if they are meaningful in terms of development policy, complement the policy as a whole and avoid the duplication of efforts.

Mutual cooperation between partnership organizations has also strengthened over recent years. They share their knowledge, develop their programmes through mutual interaction, and plan and implement training events that they consider to be necessary. Developing the assessment of quality and effectiveness have been key cooperation themes. The results and tools of development work of partnership organizations should be disseminated more actively than before for small and medium-sized organizations to use, as well.

Travel support for project preparatory work and travel support for conferences will continue

Support will be granted for travel costs of individuals who plan and prepare projects. Preparing the project plan together with a local partner organization improves the quality of the project and the commitment of the partners to achieving joint objectives.

Travel support for conferences strengthens the weight and impact of the opinions of developing countries. Support is granted for conference travel for representatives of developing countries if the subject of the conference relates to the international development agenda.

Communication projects and development education will be increased

The Ministry for Foreign Affairs grants support for NGOs for the dissemination of information on development cooperation that takes place in Finland. Support is granted to organizations in Finland for highlighting questions relating to



developing countries and development cooperation, for which they would not otherwise have the financial resources. Organizations receiving support also include numerous small NGOs that do not have any project activities. Support for the dissemination of information is from the Ministry's point of view an essential means of activating discussion on development policy and of growing the support base in Finland for development cooperation and development policies.

Appropriations for development education will be increased in line with international and national recommendations. The name of the form of assistance will be changed to better correspond to the purpose of the support: support for NGO communication projects and development education. In addition to annual communication projects of organizations, the appropriations will support joint multi-year development education projects of two or more organizations. The

administration of the support will remain in the Development Policy Communications Unit.

The dissemination of information relating to projects of individual organizations will be incorporated into project support and will be handled by the Department for Development Policy. The dissemination of information directly related to development cooperation projects will be separated from administrative costs as part of the project's operational costs.

Cooperation organizations, special foundations and other government aid

The Service Centre for Development Cooperation, Kepa

The Service Centre for Development Cooperation and its over 270 member organizations bring their skills together and gain, through and together with Kepa, a common channel for influencing the sector.



Kepa follows development policy processes and tries to influence them by campaigning, networking and coordinating development policy campaigns by NGOs. Kepa disseminates information, provides training, provides project consultancy, takes initiatives, supports project implementation and cooperation of organizations, and strengthens NGOs in developing countries. The aim is to strengthen Kepa's position as a cooperation body of organizations and as an enhancer of the quality of development cooperation, and to encourage it to make its operations more target-oriented.

The Ministry for Foreign Affairs is Kepa's most important financier. The support from the Ministry for Foreign Affairs has covered around 95% of Kepa's annual expenditure. The basic motive for the support granted by the Ministry for Foreign Affairs is to improve the operational scope of development cooperation and other development policy work by organizations. The support from the Ministry is primarily aimed at operations that strengthen the operational scope, quality and effectiveness of the organization's development cooperation and at ensuring that aid reaches its destination. In those countries in which Kepa has an office, cooperation must be improved between Finland's diplomatic mission, Kepa and Finnish

organizations, especially to strengthen the local civil society.

The Ministry for Foreign Affairs encourages organizations to make use of Kepa's training and project consultancy services and encourages Kepa to act as an intermediary of information and experiences between organizations. Kepa's services must also be available for use by organizations that are not its members. Organizations are also encouraged to give feedback so Kepa can develop its services.

Kehys ry

The European Commission grants support for development cooperation by NGOs with development cooperation financing instruments from thematic and regional budget lines and especially from appropriations from common funding for NGOs. A significant amount of the Commission's humanitarian aid is also channelled through NGOs. Development cooperation aid received from the European Commission has become an important part of the development cooperation aid for organizations, and attention must also be paid to managing the EU affairs of organizations. EU cooperation provides Finnish organizations with new know-how and new partnerships.

Kehys ry was founded by organizations to provide guidance on EU matters, training, dissemination of information and lobbying and it has around 40 member organizations. The Ministry for Foreign Affairs will continue to support the activities of Kehys ry, and to encourage NGOs to apply for support for projects and the dissemination of information from the European Commission, and will continue to pay national contributions for projects receiving support from the Commission. The Ministry for Foreign Affairs will also support increased cooperation with organizations in the new Member States of the EU. Organizations

are also required to find funding themselves when receiving national contributions.

Special foundations, other government aid

The Ministry for Foreign Affairs and various special foundations founded by organizations have signed cooperation and financing agreements to support small projects implemented by organizations in developing countries. The foundations operate in sectors that are important in terms of development policy, such as improving the position of disabled people, raising environmental awareness and implementing human rights. The support channelled through the foundations is exceptional because the self-funding share as required by the Act on Discretionary Government Transfers is undertaken by the organizations in the developing countries that are receiving the support. This work is considered an important complement to Finnish development cooperation, and the agreement practice with the foundations will continue until further notice. The activities of the foundations will be assessed during 2007.

Voluntary work is at the heart of NGO activities

Voluntary work is the basic principle of activities carried out by NGOs. Paid work is supported from development cooperation funds if it is necessary in terms of achieving objectives.

The Ministry supports the operational scope for voluntary work and costs for developing voluntary work can in future be included in the budgets of projects.

The need to find self-funding is considered necessary in order to avoid development cooperation of organizations being totally dependent on government support. The self-funding element strengthens commitment and ownership. Over the years, the amount of self-funding required by the Min-



istry for Foreign Affairs for project support and programme support for partnership organizations has decreased, and on the last occasion in 2006 it was reduced from 20 per cent to 15 per cent. In line with the adopted practice over the course of history, a self-funding element has not previously been specified at all in some forms of support.

In this policy document, the amount of self-funding for programme support for partnership organizations and for project support will remain at the current 15% level. Of this, a maximum of one half can be voluntary work. In special circumstances, a self-funding level of approximately seven per cent will be approved for the programmes of some organizations and foundations in order to implement important special tasks in terms of the development policy programme. A certain amount of self funding will always be required and the amount will be specified, because according to the Act on Discretionary Government Transfers, support cannot cover the activities to be supported in their entirety.

4.

Dialogue between the Ministry and organizations will be strengthened



The joint working groups the organizations and the Ministry for Foreign Affairs established for the preparation of the NGO policy will continue their work and dialogue through regular meetings. Permanent thematic subjects include quality issues in development cooperation of organizations. The meetings at partnership forums will continue with partner organizations. Seminars that activate all NGOs will be held at least twice a year: in spring and in autumn. Encouragement will be given to use the upgraded Web site of the Ministry for Foreign Affairs and its development cooperation section as one of the tools for dialogue. The relevant departments and units of the Ministry for Foreign Affairs and if necessary other authorities and parties will take part in thematic discussions. The updated measures planned in

conjunction with the policy will be discussed in dialogue with organizations.

The role of Finnish diplomatic missions in monitoring development cooperation by NGOs and in providing feedback is of utmost importance. Statements will be requested from diplomatic missions and the Ministry's regional departments on NGO projects. Diplomatic missions will be encouraged to monitor the progress of development cooperation projects of Finnish organizations and to report on the results of the projects. The success of the diplomatic missions' task requires that they are informed regularly about development projects that have received support and that organizations also keep them up to date of the progress of their projects.

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