

External Evaluation

of the

Programme

Strengthening the Capacity of Strategic NGOs in Macedonia

2003-2006

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ABBREVIATIONS

ADI	- Association of Democratic Initiatives
CB	- Capacity building
CBP	- Capacity building programme
CCI	- Centre for Civic Initiatives
CIRA	- Centre for Institutional Development
CPM	- Civic Platform of Macedonia
CSOs	- Civil Society organisations
DEM	- Ecologists' Movement of Macedonia
EAR	- European Agency for Reconstruction
EET	- External Evaluation Team
EU	- European Union
FA	- Financial assistance
FoEI	- Friends of the Earth International
FOSIM	- Foundation Open Society Institute Macedonia
OCB	- Organisational capacity building
ICB	- Institutional Capacity Building
IHT	- In-house training
IOM	- Integrated Organisational Methodology
JNE	- MCIC Programme for Strengthening Non-Governmental Organisations in Macedonia (2000-2002)
JSN	- MCIC Programme for Strengthening of the Strategic NGOs in Macedonia (2003-2006)
MDF	- Management Development Foundation
MCIC	- Macedonian Centre for International Cooperation
NGOs	- Non-governmental organisations
OT	- Open training
SOZM	- National Council of Women of R. Macedonia
TA	- Technical assistance
TALDI	- Citizens' Association for Local Developing Initiative

Executive Summary

The programme Strengthening of the Strategic Citizens' Associations (JSN) has achieved its objectives to strengthen the organisational capacities of the seven most strategic CSOs in Macedonia. For the participating NGOs, these achievements include:

- enhanced credibility through improved and more visible financial and organisational audits;
- extensive scanning of the external environment through study visits to neighbouring countries, especially those recently joining the EU;
- restructuring of organisations, making them more responsive to the needs of the member associations and of individual members;
- greater attention to local resource mobilization;
- extensive capacity strengthening of the organisations' human resources.

The programme has contributed to the mainstreaming of organisational capacity building (OCB) as a donor strategy. OSCE, for example, has launched a new CB programme for its partners modelled upon some JSN methods, such as tailor made training and support based upon systematic needs assessment.

Impact on society has also been important, especially considering the campaigns of the issue based organisations (children and disability) and the lobbying of the country's largest women organization with parliament.

There is some evidence of developing capacities for partnership building in the sector but this tends to be instrumental and for purposes of joint funding applications. Capacities for cooperation between organisations remain weak, even between the strategic partners themselves. The programme was not used specifically to strengthen such skills although they were called into practice in the ground-breaking Civic Platform of Macedonia initiative.

The civil society sector is still unprepared for withdrawal of its donors. It remains fractured and although there is awareness of a looming crisis amongst some leaders, this is not broadly understood. Most organisations are focused narrowly on organisational survival and much less on strengthening the sector as a whole. The CSOs have minimal contact with other important civic actors such as Farmer Federations, the Association of Local Self-Government Units, Chambers of Commerce, professional associations, etc.

The organisational capacity building programme was relevant at the time; however, the focus now needs to be shifted to the societal level if the civic sector and its organisations will continue to make a significant contribution to Macedonia's second transition, towards the entry in European Union.

There are still many needs for OCB in Macedonia but new delivery methods need to be explored. Greater self-financing of training in particular is a necessary condition of the sustainability of existing CB services. A priority is leadership training to inspire leaders to generate a vision of cooperation within the sector as a necessary precondition for developing fruitful cooperation with the state at various levels and with the market.

1. Main Findings¹

MCIC is credited with good practice in all stages of programme management, especially for the rigorous selection procedures implemented fairly and acknowledged as transparent. The programme has delivered important CB achievements. The focus on capacities of individual organisations was relevant to the context of the time. This is no longer so clearly the case and the current context calls for a broader strategy to strengthen the civic sector.

- The environment for CSOs in Macedonia (especially funding) is currently disabling;
- the project has had positive impact on the OCB of strategic partners. capacities have increased in:
 - organisational performance (advocacy through parliamentary gender group), influencing debates (e.g. antidiscrimination law);
 - internal organisation (greater accountability; restructuring) and in
 - relationships (forming alliances and coalitions within the sector; CB of branches...);
- however, weaknesses remain in fundraising capacities, cross-sector cooperation and the collective leadership skills needed to confront the disabling environment;
- through study visits the programme has generated extensive contacts in Europe and beyond, for generation of new knowledge and experience especially in responding to the rapidly changing context for CS.
- but the programme has not fully exploited the potential for sharing the knowledge across the strategic organisations;
- the programme has demonstrated positive signs of cooperation among strategic NGOs for policy influence and developing joint programmes;
- the processes of programme design, selection of partners and implementation were innovative and transparent. Participating organisations appreciated the opportunity to set their own CB priorities and take responsibility for addressing them;
- some CB methods have proved disappointing (e.g. on-job learning) while new and promising methods have emerged (e.g. peer counselling for leadership training);
- Though a valuable CB resource, local consultancy is underutilized by all NGOs.

¹ Please refer to the Table in Annex 13 for summary of JSN achievements, challenges, opportunities and recommendations.

- resources permitting, with some minor changes, the project could usefully be repeated with another group of strategic NGOs and/or CSOs
- however, the disabling environment for CS is the major future constraint to the further organisational development of NGOs. CB at the societal level is also necessary to address the root cause of organisational weakness;
- demand for core costs by NGOs (strategic and local) greatly exceeds potential supply; In their absence, a painful process of downsizing, restructuring, merging is to be expected;
- the environment will favour those networks and organisations accustomed to operate largely with voluntary staff; support organisations will face particular challenges;
- despite priority attention to fundraising training during the programme, organisations have been slow to address the deteriorating donor funding climate;
- the CS sector itself has not given due attention to the funding crisis. It has not taken a joint strategic approach to the problem of the funding gap between the departure of traditional donors and new mechanisms that could take their place;
- opportunities for local resource mobilization exist but will require substantial preparatory effort.

Main Recommendations

There are two main options for MCIC. The first is to amend the current programme in the light of the evaluation findings and repeat it with a different group of strategic NGOs or other CSOs. This would constitute a continuation of the CB themes of partnership, participation and transparency, with a possible adjustment of partnership to responsibility. The second option is to shift the focus from OCB to Institutional CB, or strengthening the sector as a whole. The evaluators recommend the second option in the current context, accompanied by priority attention to CB issues of leadership, cooperation and mutual accountability. As this second option may overstretch MCIC at the current stage of its lifecycle, there is a third “minimalist option”: capacity building at the individual level of leaders with a view to impacting at both organisational and sector levels.

Option One: a second phase of JSN

Programme design

- Make allowance for joint learning across participating organisations (events, seminars, etc.);
- Include provision for a mid term evaluation in order to identify learning and adapt to new context.

Tailor-made Training

- The majority of mid-level NGOs in Macedonia still need significant OCB. The development of tailor-made training based on joint assessments is important to continue and therefore support to in-house training and consultancy is desirable. It is important to devise long-term strategies to assure provision on a sustainable basis;

Training

- Continued access to OT for individual staff is desirable for all types of NGOs. However there needs to be better coordination between donors regarding the subsidising of training.
- Institutionalise peer counselling as a means of encouraging hesitant directors to reform sensitive areas of good practice, e.g. financial transparency.

NGO consultancy services:

- There is a need for mechanisms to stimulate demand (peer learning amongst consultants, ongoing training for consultants, accreditation of consultants); subsidize the costs of consultancy to the organisations.

Option Two: Institutional CB to address the underlying causes of organisational weakness

Programme design

- the programme should strengthen the sector's capacities to respond to the changing circumstances, especially decentralisation;
- build leadership skills, capacities for alliance building and negotiating cross-sectoral cooperation to the benefit of all NGOs.
- use the findings and recommendations of the CSI of Macedonia to develop a programme at the societal level and evaluate its impact by repeating the CSI at the end of the programme period;

Mutual Accountability

- follow up on the NGO Code of Conduct by developing, agreeing and negotiating standards of cooperation with other sectors (business, government at various levels...).
- engage strategically with non-traditional civic actors (Chambers of Commerce, Trade Unions, Association of Municipalities (ZELS), Federations of Farmers, etc.);

Financial assistance

- Provision of core costs and organisational methods is necessary but no longer sufficient as a CB strategy. In particular a different approach to sustainability is required;
- within the new programme give responsibility (and budget) to the participating organisations for specific activities to address the disabling environment for NGOs;
- The programme has generated extensive contacts in Europe and beyond about how the CS of other countries now in the EU have addressed the funding gap. This should now be internalized within Macedonia.
- The strategic NGOs are well placed to mediate the transfer of knowledge regarding the funding gap to Macedonian NGOs through conferences and seminars with invited key external contacts.
- local resource mobilization is a key in order to substitute the dependence to date on external resources.

Leadership Skills

- There is a continuing need for strengthening leadership skills to confront the difficult environment and manage change so that the organisations can continue to achieve their mission;
- the case for support of CS needs to be articulated at various levels: within Macedonia, with EU level platforms and within European CS. Leader representations skills are also essential for this.
- the leadership skills for creating and maintaining strategic alliances both within and beyond the sector are essential;
- Capacities for networking and building coalitions, e.g., local government associations, business associations, are essential for peer learning, advocacy and accountability.

Option Three: Focus on leaders in order to build capacity at the institutional & organisational levels

- Adapt methods for building leadership skills to the Macedonian context, for example
- Coaching, management development and mentoring skills, to facilitate rather than direct the process of change.

1. Purpose of the Evaluation

The purpose of the evaluation is to estimate the programme's contribution towards development of effective civil society in the country through strengthening of the capacities of the selected strategic NGOs, and to give recommendations for the future activities of MCIC in the field of the strengthening the civil society through organisational capacity building.

2. Methodology

This methodology is based on the TOR provided by MCIC. There were two phases planned. In the first phase of evaluation, local consultants repeated the organisational assessments made with the participating NGOs in 2003. These reports, which indicated the capacities still in need of strengthening, were then made available to the external evaluation team (EET). The main method of analysis by the local consultants was the Integrated Organisational Model with which local consultants are familiar. It replaced the McKinsey Grid used in the original organisational assessments.

In preparation for the 2nd (external) phase of evaluation, the EET produced a short questionnaire (see Annex 8) that focused mainly on the capacities gained by the participating organisations and their perceptions of the implementing process. The results informed semi-structured interviews with key personnel of the participating NGOs, including President or Programme Manager of as well as staff, volunteers and activists .

MCIC staff also available for semi structured interview included the Director, the Coordinator of the Civil Society Department, the Programme Managers and former staff.

At the end of the field work a workshop was organized attended by all participating organisations in JSN wherein the preliminary findings and draft recommendations were presented (see Annex 9).

The EET, in the drafting of the Report, focused on the main evaluation criteria: relevance and legitimacy, effectiveness, efficiency and impact, as outlined in the ToR (see annex 1).

3. Context

Macedonia was accepted as a formal candidate for accession to the EU in November 2005 but a date has not been set for the start of formal negotiations. This leaves the country's civil society in an uncertain position. External donors are on the way out before new arrangements for guaranteeing third sector existence, expression and engagement can be put in place. A period of painful adjustment appears to be inevitable in the near future, with the disappearance, merger or "hibernation" of many of the country's 6.000 organisations – even of the 30 or so agenda-setting organisations. The survival of an independent civic sector is also in some doubt, given the current EU policies of focusing aid upon governments at the expense of civil society. It looks very much as though dependence on external donors will now transform itself into dependence upon central and local government as these become purchasers of the services of NGOs as and when it suits them. The current context has therefore created for Macedonian civil society a period of transition in which it has very little bargaining power.

In these circumstances, the key challenge for Macedonian Civil Society is to strengthen its negotiating position as much as possible, so that it can assure itself of sufficient resources of the type that will allow it to pursue its dual role of watchdog and co-operator with the other sectors. This will mean resisting the natural tendency for individual organisations to place their own survival over the sector's collective interests and instead acting in greater strength together. Fortunately there is already some history of joint civic action, in for example the Civic Platform of Macedonia (CPM). There is also extensive information generated within the sector. Much of this has emerged through the assessment of the sector using the CIVICUS Civil Society Index methodology, which in 2005 provided civil society with a self-generated set of strategic priorities.

Recent positive developments also include the development of a Government Strategy for Cooperation with NGOs, which sets the stage for a more transparent distribution of the budget that the state sets aside for NGOs. This process has had the positive effect of exposing officials to the good practice developed in other countries in the region that have already joined the EU, such as Hungary and others that have already adopted this type of legislation but are also candidates, such as Croatia.

In the Macedonian context, decentralisation is likely to be the most important contextual factor in the development of NGOs in the near future. The Municipalities generally lack the necessary administrative and developmental skills to meet the expectations of their citizens, whether these are for affordable utilities, employment, education or respect for diversity – all key issues in Macedonia. They depend to a great degree on their NGO collaborators to engage with the community in a participatory manner and develop effective strategies. Their standards of transparency in financial and other management leave much to be desired however and for this reason prefer to engage with “tame” NGOs that will not challenge malpractice.

It is therefore imperative that the agenda setting NGOs prepare for the transition period by negotiating standards with such bodies as the Association of Municipalities in order to help assure fair play in the treatment of NGOs when their main donors are municipalities. Similarly, there is a need for NGOs to engage with other civic actors such as the Chambers of Commerce, in order to set the standards for corporate social responsibility, sponsorship and cooperation with NGOs. These and other standard-setting exercises will not be easy, nor will they be quick and cheap. However they are crucial contributions to good governance in a country which is all too often best known as one which features low in a well known international transparency index.²

² Macedonia is 105/160 in the global corruption perception index of 2006 along with Bolivia, Iran, Malawi, Uganda and Libya.

Box 1 MCIC Response to the Context during JSN years 2003-2006

- i. Despite a political climate that is “relatively disabling” for the development of civil society, the programme has successfully identified the country’s most strategic non-governmental organisations and further developed their capacities.
- ii. This has contributed to strengthening the credibility of NGOs and has provided the sector with a degree of stability during a period of rapid change.
- iii. The focus on capacities of individual organisations was relevant to the context of the time. This is no longer so clearly the case and the current context calls for a broader strategy to strengthen the civic sector.
- iv. Capacity building at all levels is threatened however by the departure of donors and less interest in civil society of those that remain.
- v. There is some potential for local resource mobilisation. Progress has been slow however in developing transparent procedures for the public funding of NGOs and incentives for charitable donations.
- vi. The civic sector anticipates a “funding gap” of approximately 2-4 years between the departure of donors and the onset of pre-accession funds from the EU. The implications for many NGOs are serious.

4. Programme management

5.1. Programme Design

JSN is the result of a careful programme design process based on the evaluations of four NGO strengthening programmes since the late 1990s as well as inputs of other MCIC initiatives which were designed to separate the function of donor and capacity builder and move from “one size fits all” training towards tailor-made training.

The programme applied the important lesson learnt that MCIC should separate its control functions (as donor) from its support functions (as capacity builder). In effect, it gave free scope for the participating organisations to select their own consultant and advisory support. MCIC “untied” CB from its own service provision. This was a unique approach in any NGO strengthening approach in Macedonia and even in the region, and was much appreciated by the participating NGOs. Although MCIC “lost” business in the sense that its consultants and trainers remained largely outside the delivery process, it gained prestige and credibility for this ethical approach to capacity building and its commitment to good practice.

The design included a good range of CB methods for the participating organisations – both technical and financial assistance. These ranged from the organisational to the individual, and

covered the CB of leaders, mid-level, paid staff and volunteers. The design was much appreciated by the participating organisations, having never experienced such trust in their own judgement of their needs. This was an empowering experience for them.

A critical design issue for MCIC at a time of financial uncertainty was JSN's relatively low human resources implication for its own staff. As the donor, MCIC was responsible for the concept, design, management, monitoring and evaluation – but not of implementation. A second critical design issue was the interlocking nature of this initiative with the other key MCIC capacity building initiative: the Civil Platform of Macedonia (CPM), which gave leaders access to additional learning through the practice of common position building and inter NGO negotiations for policy setting.

In contrast with the easy to manage JSN, the CPM has proved to be very labour intensive for MCIC. The CPM and the JSN are complementary and the logical next step in the design of a CB programme for Macedonia lies in their merger. However the resource implications provide a major disincentive for MCIC, which resents having to “carry” the other organisations – especially at a time of reductions in budget and staff.

5.2. Selection Process

MCIC adopted an open tender approach with wide advertising of the criteria for short listing of candidates. Criteria were specific and precise and this limited the number of applications to 64 candidates, thereby reducing the workload for short listing. MCIC appointed an external panel of three experts to assess the applications and agree a short list of 15 organisations. MCIC management then invited 12 of these organisations to prepare organisational assessments and capacity building plans. The EET met two of the external evaluators. Both were satisfied with the process and with hindsight acknowledged that their shortlist had indeed identified the most strategic NGOs in the country. One panellist who is responsible for the Civil Society Department at the Open Society Foundation (FOSIM), was so impressed with the process that she used the model in her own work.

Organisational Assessment

As part of its commitment to achieving a tailor made approach for CB, MCIC supplied consultants using a standard assessment methodology consisting of the McKinsey Capacity Assessment Grid. This was to be filled in by the staff and followed up by facilitated sessions around the strengths and weaknesses of the organisations. This was another innovation by MCIC as none of the organisations had previously experienced a participatory joint assessment. There was a requirement for proven financial stability over the previous three years and acceptable ratio administration to programme costs.

Capacity Building Plans

With the support of the consultant, nine organisations prepared CB Plans, detailing their objectives and activities in a log frame format. The framework of the CBP contained two instruments, technical assistance and financial assistance. It consisted of four general areas: organisational support (core costs), financial transparency capacity building of human

resources and information. The capacity building for human resources covered the following methods: study visits, on-the-job training, in-house training, open training and consultancy.

Participating Organisations

The CB Plan completed the qualifying requirements. As a result, seven of the organisations were selected as participants in the programme. The selected organisations fell into three main categories:

- membership organisations primarily run by volunteers with weak organisational structure but high impact in society (DEM, SOZM);
- professional support organisations with already significantly developed capacities (ADI, OXO, CCI);
- issue based activists' organisations also with high impact and also with a tendency to weak internal organization (Megjashi, Polio Plus).

Box 2

Profile of participating organisations

1. Membership based organisations

The National Council of Women of R. Macedonia (SOZM) is an established Macedonian CSO that has worked in the area of advancement of the women's status and capacity-building of the women's organisations and individuals. The SOZM is the leading grass-root women's network in Macedonia and consists of 81 independent women's organisations. The SOZM implements programmes for institutional and organisational strengthening of the member organisations and has very close cooperation with civil society sector. The SOZM is NGO focal point in the Gender Task Force of Parliament, as well as member within the International Council of Women which has consultative status in the ECOSOC/UN.

The Ecologists' Movement of Macedonia - DEM is a non-governmental, non-profit and apolitical national association. It has 30 local environmental NGOs as full-members and 16 other organisations and institutions as associated members. It was established in 1990 to coordinate the work of the existing local groups. It is member of the Friends of the Earth - International (FoEI) and International Union for Conservation of Nature. Also, DEM has a good cooperation and communication with many NGOs in neighbouring countries.

2. Issue based organisations

Polio Plus – Movement against Disability is a multi-ethnic Macedonian disability NGO that focuses strategically on achieving legislative and policy change through self-advocacy and awareness-raising of disability rights. It re-connects people with disabilities to their basic fundamental rights of freedom and equal opportunities, thereby enabling them to become active participants in society. It raises awareness of disability rights within the wider population and galvanizes them to work as one with people with disabilities in order to remove discrimination and marginalisation.

The First Children's Embassy in the World - Megjashi is non-profit organization devoted to protection of children rights. Megjashi strengthens the NGO movement for protection of children's rights in the Republic of Macedonia, by developing the voluntary approach. Megjashi is a member of numerous domestic and international networks including the Human Rights House, Civic Platform of Macedonia, Defence for Children International, Macedonian National Coalition of NGO's to Protect the Children's Rights etc.

3. Support organisations

Centre for Civic Initiative (CCI) is an NGO working in the area of institutional development of the NGO sector. CCI is profiled as a leader NGO in southwest Macedonia, where it is based, and beyond. For 6 years, CCI has been the strategic partner of FOSIM at the NGO Support Centre in Prilep. CCI has implemented a number of projects which involve institutional development of NGOs including education in NGO work. For its work, CCI has been awarded an important prize for contribution to the civil society development by the Municipality of Prilep in 2004.

Association for Democratic Initiatives (ADI) Gostivar is an international, multiethnic, non-governmental organization with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. ADI implements human rights and civil society projects that promote democracy and support peace and stability in Macedonia and Southeast Europe. Its activities focus on advocacy, education and public participation with the assistance of a national, regional and international network of volunteers and partner organisations. ADI is a member of number of networks including Balkan Human Rights Network (BHRN), Board of Directors of the South East European Refugee Assistance Network (SEE-RAN) etc.

OXO is an NGO which supports the process of European integration by facilitating reforms in the public administration and the judiciary through provision of expertise in media and change management. OXO organises public promotional campaigns of non-commercial character favouring democratic reform in the parliament, ministries and local self-governing bodies.

Coordination and monitoring

The programme was coordinated by the CS Department at MCIC and a full time manager was appointed to support the organisations as required. Reports were collected at 6 monthly intervals for forwarding annually to the back donor. With the exception of one coordination meeting regarding financial audits, there was no substantive as opposed to managerial or administrative involvement. This was regarded as good practice by the participants who found the backstopping well informed, timely and flexible. However, some participants would have welcomed more opportunities for cross-learning among the organisations but did not initiate this themselves. This is a clear indication that strategic NGOs in Macedonia still look to MCIC as the natural facilitator of joint learning amongst NGOs.

5.6 Evaluation

The programme ran from December 2003 until December 2006. In November and December 2006 MCIC commissioned seven evaluations by local consultants aimed at assessing the achievements against anticipated results. The evaluations used IOM methodology, a tool that is familiar to many of the best local consultants, thanks to MCIC's long association with MDF, Netherlands. The methodology applied a second assessment grid of 96 questions similar if not identical to those found in the McKinsey grid. The result was a second snapshot of organisational capacity rather than an evaluation of the original CB Plan. However, it was generally encouraging that the identified capacity needs at the end of 2006 were different from those identified in 2003, indicating that the organisations have moved on. Please refer to

the table in Annex 12 which indicates the capacity needs identified at each stage of the JSN process.

Given that donors in Macedonia are increasingly using such methodologies for their own NGO strengthening programmes, there is a need for consultants to learn from their evaluation and assessment procedures and ensure that their methods are streamlined and adapted to the individual organisations' circumstances. Regular and structured exchanges between consultants to discuss their practice would be beneficial.

An external evaluation was held in January 2007 with the generally positive results contained in this report. Some participating organisations commented that a mid-term evaluation would have been helpful for adjusting the programme to the rapidly changing context. This should be borne in mind if MCIC plans a further JSN programme.

6. Programme Results

6.1. Technical Assistance

Over the three year training of one sort or another was provided to 382 individuals. SOZM (Women), DEM (Environment) and Medgashi (children) accounted for 75% of all the training undertaken. Together with Polio Plus (Disability) they also used most of their training allocation on content. The support organisations on the other hand, used much less content training but featured stronger in the organisational and managed training. See annex 5 for details.

6.1.1. Consultancy

The CB Plans made least use of this method of CB. Only OXO and DEM used consultancy in the framework of the programme. Both organisations were hesitant to go to the open market for consultancy for reasons of questionable expertise ("everybody is an expert in everything"). OXO had undertaken a very careful selection process before identifying the consultant for its strategic planning process. It outsourced the research and selection process to a former employee. In the end, it was satisfied with the experience.

DEM also used a former activist-member for its restructuring process and for developing new procedures. Familiarity with the consultant was crucial in both cases. Outside the JSN process, the participating organisations made more use of consultancies but invariably engaged international consultants through their own networks, for example CCI engaged TALDI from Bosnia to facilitate the renewal of the strategic plan.

These cases demonstrate the lack of trust in local consultancy.

Recommendation. There is a need for mechanisms to stimulate demand (peer learning amongst consultants, ongoing training for consultants, accreditation of consultants); subsidize the costs of consultancy to the organisations.

6.1.2. Training

Open Training was not available to JSN organisations during the programme. There were limited opportunities amongst private providers of training and the second major NGO provider of training (CIRA) began to supply OT only in 2006, the last year of the programme.

MCIC's decision to exclude JSN organisations was made in order to avoid them competing for *subsidised* places with smaller NGOs. The staff of JSN organisations had also participated extensively in earlier OT organised by MCIC.

SOZM, which is a major user of MCIC OT, got round the problem by encouraging its branches to apply directly for OT courses. Its headquarters' staff who would have had to pay the full price of MCIC training, and who were providing the regions with training, were however left without significant support. It is still not entirely clear if this affected the quality of the training that they provided. It is probable.

The experience shows that even when they have a budget for CB, NGOs like SOZM prefer not to use local providers. They would rather spend their budget on international training and find a local provider that is willing to go on subsidising Open Training courses.

Recommendation. Continued access to OT for individual staff is desirable for all types of NGOs. However there needs to be better coordination between donors regarding the subsidising of training.

6.1.3. In-house training

IHT was used more extensively than OT. Most organisations invited CB providers to deliver training within their organisations. MCIC was rarely used but featured as a provider on two occasions to the same organization, CCI from Prilep, for financial reporting and archiving. OXO used a private sector provider for archiving, financial reporting and budgeting. SOZM used their own volunteer trainers of trainer, previously trained by MCIC. At the historic training which decided to launch the country's first successful citizens' initiative, Polio Plus organized its own training session in Strumica using Macedonian and Croatian facilitators.

The major use of in-house training was for financial management, followed by annual audits, which themselves had a CB effect in that it made staff aware of the internal good practice that was expected of a strategic organization.

Though not planned, peer counselling became an important additional tool to help reluctant directors appreciate the need for extensive reform of their financial and administrative systems

Recommendation. Support to in-house training is desirable. It is important to devise long-term strategies to assure provision on a sustainable basis. Peer counselling, or coaching and mentoring, is a useful addition to capacity building methods, especially for leadership training. It is necessary to systematise its use and develop appropriate training materials for providers.

6.1.4. Study visits

This was the most extensively used of all of the CB methods, both by support and membership organisations. For ADI a particular focus was on new accession countries and the experience of the NGOs in surviving the departure of donors. For CCI, which is a member of no less than 12 networks, Hungary was an important focus for the same reasons. OXO also focused on the accession countries with its Director attending the prestigious Bled School of Management, Slovenia. High level contacts were made at a senior level by all these organisations. There is an important opportunity here to attract key contacts made during these visits to Macedonia for broader exchange of learning.

Polio Plus has already explored this in the disability field. Its campaign for the introduction of the anti-discrimination legislative took it to the UN ECOSOC where it made crucial contacts amongst prominent disability campaigners. It has already attracted return visits to Macedonia which have been able to influence and inform policy makers at a very high level. The expertise gained by Polio Plus has also made its staff in demand by Ministries and legislatures elsewhere in the Balkans (e.g. Belgrade, Sarajevo, Zagreb).

Exposure was also important to Megjashi in terms of broadening its range of contacts and learning new approaches to its work in protection of children's rights.

Recommendations

The study visits have generated extensive contacts in Europe and beyond about how the CS of other countries now in the EU have addressed the funding gap. This should now be internalized within Macedonia.

The strategic NGOs are well placed to mediate the transfer of knowledge regarding the funding gap to Macedonian NGOs through conferences and seminars with invited key external contacts.

6.1.5. On the job training

There is little evidence that on-the-job training has had a significant impact on the JSN organisations. Apart from Polio Plus which sent five volunteers, all the other organisations provided one person per year.

The selection process was crucial but time consuming as skill needs needed to be matched with mentors and sectors at MCIC where all the on-the-job training took place. Even so, many volunteers ended up undertaking admin type of assignments with little relevance to the needs of the organization. There were of course exceptions notably the support received by a DEM volunteer in managing applications for DEM's summer youth camps. Also, another positive example is OXO's finance coordinator who, after finishing three months of on-the-job-training with MCIC admin and finance department, successfully introduced new finance procedures within the organization.

Given the important role that they play, many organisations found it hard to spare volunteers for such a long period of time. After the first year this period was reduced from three months

to one at the request of the organisations. The main constraint however has been the retention of volunteers on return to their organisations. Out of 23 volunteers trained over three years only 5 are still in the organisations. One in DEM, one in SOZM, one in OXO and two in Polio Plus.

An unintended consequence of the training of volunteers in MCIC has been to match the volunteers' expectations when they returned with new skills and new requirements for conditions technology, etc. Most organisations were unable to meet these new needs owing to the very restricted financial circumstances. As a result most of the volunteers left after their internships at MCIC.

On the other hand advanced organisations like OXO, ADI and CCI were able to meet these expectations to some degree and used the experience to benchmark their organisations against the best NGO in the country. Even so, the retention rates at the support organisations were no better. Frequently the exposure to training had made the volunteer attractive to employers and they were able to get paid work in the private sector. One of CCI's volunteers for an example has found a job as a journalist.

All these constraints make the on-the-job learning a weak component of the CB methods, especially considering that it was a compulsory element.

Recommendation. It should be reconsidered and possibly replaced altogether with for example the more effective peer counselling for senior managers. Volunteers for on-the-job learning could be diverted to OT possibly with short exposure to benchmark organisations such as MCIC.

6.2. Transparency and information

Transparency was another method in the CB programme. Its logic was the demonstration of NGO's financial credibility in an environment where the trust in NGOs is very weak. The participating organisations were expected to carry out an annual audit with audit companies and publish the results in the newspapers alongside their annual report. One of the organisations already audited its accounts with a national auditor and saw no reason to publish the accounts in press, whereas the others came new to the practice of auditing.

During the first year of the programme it became apparent to MCIC that there were several remarks by the auditors which showed poor financial practice and some low commitment to engaging in the required level of change. MCIC also at this stage raised the required standards by demanding programme based accounts across the board. A meeting was convened to win over the leaders to these new obligations with fair success. However, peer counselling was required as we have seen above, to ensure implementation.

In the end, all organisations met the audit requirements and were reconciled to the programme accounting system. Annex 7 contains the details for each organisation. With hindsight all the leaders appreciate the financial reforms they have undertaken and pledge to continue the practice even though they would now have to use local auditors, for reasons of cost. All but OXO are also involved in the parallel MCIC programme, Transparency Together,

which campaigns for NGOs to publish their annual reports and accounts as a demonstration to the government and the private sector of good governance.

Information. The logic of including this method was for organisations to enhance the visibility through publications related to their achievements and brochures setting out the vision, mission and areas of intervention. This was most successful for those organisations which had recently undertaken strategic planning. The publication of reports was particularly relevant to those implementing large number of programmes. ADI, for example, has introduced a production team for reports and has very good publications as a result.

6.3. Financial Assistance

Financial Assistance (FA) consisted of salaries, office costs and technical equipment. All organisations benefited from allocation of such core costs.

Salaries

Most frequently the organisations chose to cover the salaries of the staff member in charge of the project. For example, ADI introduced three new positions at the same time, directors of administration, finance, and programmes. The JSN covered the cost of the Programme Director. Amongst the volunteer organisations SOZM was able to provide salary for the Project Manager and at level of support for three regional directors. For the issue based organisations like Polio Plus, which received their core salaries from other sources counted them as their participation. On the other hand, in DEM and Megjashi, MCIC covered the costs for those managing the process. OXO preferred to spend all its core costs for training than for salaries. CCI employed two persons.

The salaries made an important contribution to the organization and also strengthened the implementation of the capacity building programme, especially in those cases where the appointment was at the same time closely related to the project itself. ADI and DEM were examples of different organisations whose personnel paid under the project were directly engaged in managing the capacity building process.

Did the salaries create any dependency in the organisations? The answer is probably not. The two support organisations were expanding any way and had the spare capacities to make the posts permanent. The volunteer organisations are used to periods without salary which is not in it self the prime motivation factor. Annex 6 shows the income history of the seven JSN organisations (plus MCIC) during the programme. All had positive growth between 2000 and 2003. Now only two had grown, both of them associated with international NGOs. There is no clearer indication of the funding gap affecting Macedonia's voluntary sector.

Office costs

What difference did the support for the office rental make to the capacity of the organisations? It had a relatively small impact in the overall grant because most of the organisations owned their properties already or received them free of charge from sponsors. The other office costs (telephone, electricity) were mostly covered by the organisations themselves as their participation.

In technical terms we can conclude that the office costs for strategic organisations are not particularly vital; however, they did enable the organisations to count their fixed assets as their contribution in the budget.

Recommendations. Provision of core costs and organisational methods is necessary but no longer sufficient as a CB strategy. A different approach to sustainability is required. The new programme could more usefully give responsibility (and budget) to the participating organisations for specific activities to address the disabling environment for NGOs;

6.3.1. Technical equipment

In all cases technical equipment was either provided by the donor or, although less frequent, represented participation by the included organizations. In case of OXO, specialized hardware was provided (two desktop computers), whereas the restoration and equipment of the offices of Polio Plus was also covered with the programme. In another case, SOZM participated in the budget by providing technical assistance (computers) for the regional offices. Megasi received computers, LCD projector, graphoscope. CCI received funds for a photocopying machine, digital camera and a multi-media card. ADI made use of funds in JSN for procurement of ISDN, a digital telephone service.

7. Programme Outcomes and Impact

7.1. Relevance

In 2003 this programme was ahead of its time and fully relevant to the context. No similar approach to capacity building was known in Macedonia, possibly even in the region. Its distinctive features of guided self-assessment, ownership of the CB inputs and distancing of the donor from provision of OCB were and still are exemplary. They uniquely demonstrate good practice. In this respect, the relevance is beyond doubt.

The change of context makes the programme less relevant today. A major three year civil society strengthening USAID programme with a budget of \$ 5 million adopted a similar approach in 2006 (without however untying capacity building provision from financial inputs). This programme covers 13 other strategic NGOs. Arguably, the intensive strengthening of 20 strategic NGOs is sufficient for Macedonia's relatively small population and voluntary sector.

The key task now is to encourage these capacitated organisations to work effectively together in strengthening the sector so that individual organisations can achieve their missions in a truly enabling environment. In this respect, more favourable laws, better relations among the three sectors of society, better standards to regulate these relationships and so on are all more relevant today. If organised civil society does not set these initiatives in motion, they will not happen.

7.2. Effectiveness

Predictably, the support organisations used the JSN most profitably because they had a clear idea of how to use it. Their own experience as capacity builders of other organisations made them appreciate the opportunity that was offered. JSN core costs allowed them to take time

out of their every day activities in order to address fundamental internal issues such as structure, strategies, procedures, etc.

With the exception of DEM, which did little else than restructure, the membership organisations focused more on performance issues than on internal systems and structures. As a result their internal change was more limited, with fewer new procedures or strategies in place. However, their impact on society (which was the eventual goal of the programme) was higher.

There is a question as to whether the *publishing* of financial reports is effective in enhancing the credibility of organisations in Macedonia. The Law already stipulates that NGOs should submit their financial reports to the Government and therefore the suspicion is that the more stringent requirements impress donors more than they impress local stakeholders.

Recommendation. Given that the perception of corruption is so high amongst Macedonians, the demonstration of transparency by NGOs has a vital symbolic effect. It has great potential for positive transformation of social attitudes and the JSN organisations have an important role to play in making the NGO Code of Conduct a reality and negotiating transformative standards in other areas of public life.

7.3. Efficiency

JSN has proved to be a very efficient mechanism for OCB because most donor energy is inputted at the beginning (during the design and the NGO selection phases), and at the end (during evaluation). If the selection of NGOs is correct and if they are accountable and responsible there is very good likelihood that the funds will be used in an efficient manner. This appears to have been the case. Most of the organisational work fell to the participating organisations, which were highly motivated to use the available resources in the best possible way.

7.4. Impact

This evaluation has interpreted impact as the long term effects upon Macedonian society, which was the eventual goal of the project. As Table 1 indicates, three out of the four membership associations have brought about changes that will directly affect the lives of many Macedonians. Amongst these wider impacts are the higher representation of women in parliament achieved by SOZM; the formulation of anti-discrimination legislation by the citizen initiative and petition of Polio Plus; and the improvements in education stimulated by Medgiashi. Annex 2, developed by MCIC, details the achievements of each organisation within the programme.

The Director of MCIC also sees JSN impact in Table 2 suggests that mainstreaming of innovative programmes such as OCB. MCIC's capacity to innovate and mainstream must be supported. This also ensures that MCIC itself will continue to push the boundaries of

innovative practice in CB rather than reproduce models that it has already put in the public realm.

7.5. Sustainability

The budgets of the strategic NGOs at their current levels are not sustainable and there is likely to be a dip before they level off under the effects of local resource mobilisation, boosted by pre-accession funds. This will however be a much harder funding environment which will affect support organisations and member associations differently, although both will find local self-government an important client. Support organisations can provide expertise while the membership associations can help develop innovative services in their particular fields.

The membership associations enjoy popular support and can expect to profit from donations as the local fundraising climate gradually improves. Meanwhile they will continue to depend upon voluntary labour. Their focus meanwhile should be upon strengthening their membership base.

The support organisations potentially face a more difficult situation. Some will move into the private sector. All will need to become leaner and more entrepreneurial. Without new sources of external funding for several more years they will find it difficult to maintain their independence.

MCIC has planned for the sustainability of JSN by mainstreaming its key activities through other programmes. The Table in Annex 9 shows these links, as does the text of Annex 3. For example, JSN's work on sound financial reporting is linked to MCIC's related Jointly for Transparency initiative. Similarly, JSN organisations also have the opportunity to further enhance their profile and image through taking part in the activities of the Civil Platform of Macedonia. Four of the human rights organisations have also allied themselves in a new Human Rights House initiative, which envisages shared office space and pooled services. The workshop report in Annex 11 describes how JSN organisations see their futures.

8. Recommendations for MCIC's future activities in OCB

There is of course great need for organisational capacity building of Macedonia's more than 5,000 registered NGOs. Good practice principles have emerged from the current programme and these include the development of tailor-made training, based on joint assessment. This approach has been adopted to some extent by operational agencies such as OSCE in developing capacity building strategies for their partners. Therefore, it is not unreasonable to assume that similar organisations, for example UNDP, World Bank, will adopt the practice in their own programmes for capacity building. This suggests that OCB is on the way to being mainstreamed.

MCIC should therefore position itself as a provider of capacity building services to similar programmes and respond to request for tailor-made training only when individual NGOs can

make a more significant contribution to the costs. This reflects MCIC's own shift away from being a donor;³

MCIC is regarded as the best provider of OT services and should continue to make these available; however, it should revise its charges for the services. Part of the process for CB of the organisations should be the willingness and ability to raise the resources necessary for the training and other CB services;

MCIC has successfully explored the new CB method of peer counselling-more often known as mentoring or coaching in Europe. It should systematize this method and include it within its range of CB methods.⁴

MCIC consultants also are amongst the most respected in the non-governmental field; however, as the programme demonstrated, use of local consultants for OCB is minimal. MCIC and its partner OCB providers should develop methods for stimulating the demand for in-depth organisational development. These would be very helpful to a range of organisations that struggle with complex organisational and relational issues.

Box 3. Organisational Capacity building needs of the key partners

For all participating organisations. Leadership skills covering the following:

- representation: putting the case for capacity building of civil society;
- coalition building: strengthening unity between organisations and within the sector;
- agenda setting: identifying key strategic issues for capacity strengthening;
- principles of cross-sector cooperation: clarity about the roles and relationships of the three sectors (state, market, civil society);
- change management: pursuing the organisations' mission while responding to context;
- governance: ensuring best use of the governing board for organisational growth.

For issue based organisations. Internal organization including:

- separation of governing and executive roles;
- clarity regarding organisational structure;
- strategic planning;
- systems and procedures for volunteers and permanent staff;
- local resource mobilization;
- relationships: platform building within the sector (strengthening capacities at the inter-organisational level)

For membership based organisations. (As for issue based organisations plus CB for strengthening member associations)

- training of trainers

³ MCIC's new strategy for 2007 onwards prioritizes capacity building, lobbying and advocacy, information and granting in that order

⁴ See Praxis Paper 14 "Coaching and Mentoring for Leadership Development in Civil Society" downloadable from the INTRAC publications' web site www.intrac.org

For support organisations. Relational capacities:

- capitalise on participation in networks, through exchange and transfer of knowledge (e.g. on topics such as fund raising, influencing policies, cross-sector relationships, etc.);

9. Conclusion

This OCB programme was innovative and risk-taking and very relevant at the time of its design. It formed part of a network of inter-linking programmes that together made up a successful strategy for strengthening civil society in Macedonia. This ground-breaking work has only just begun and represents the fruition of over a decade of development practice by MCIC and its partners. It is now threatened by the withdrawal of high quality external donors and their replacement by much less well-informed and sympathetic funding agencies.

This evaluation concludes that the logical follow-on to this OCB programme would be an Institutional CB programme with the potential to improve the environment for civil society over the difficult years ahead. The international shift away from civil society as a catalyst for development will make this difficult to achieve without a concerted effort by Macedonia's leading organisations. The case for a civil society role also has to be made more broadly, in the region and in Brussels as well as with local constituencies.

Leadership will be the most critical capacity to confront the challenge ahead and if resources are not available for continuing the institutional approach, then strengthening the adaptive capacities of leaders should be the default capacity building priority.