



## **Mid-term Project Assessment Report:**

# **STRENGTHENING CIVIL SOCIETY ORGANIZATIONS' STRATEGIC DEVELOPMENT CAPACITY FOR SELF-SUSTAINABILITY**

### **Executive Summary**

#### **Project Objectives:**

The project objective is to contribute to the sustainability of civil society organizations (CSOs) to promote social enterprises. The specific objective is to replicate the model of the NESsT Venture Fund (Fondo Nido) in Argentina, Ecuador and Peru in order to develop business enterprise skills of civil society organizations.

#### **Project Effectiveness:**

Although the project is still being implemented, it has already shown itself to be highly effective. Activities, results and products to date have addressed the main problems detected in the contextual analysis, and have generated strategies that meet the needs of beneficiary organizations. The organizations have shown a strong commitment to the initiative and consider it a priority. The project has also promoted synergy and built alliances with different institutions in both the private and public sectors, and with organizations promoting international cooperation. In addition, the project has contributed to the implementation of MIF/IDB strategies and the strengthening of democracy in the areas where the project is being carried out.

The project developed processes in which beneficiary organizations assessed their capacity to become self-sustainable; identified weaknesses and opportunities; began the process of formalizing and organizing the activities they engage in; started using financial-business administration tools; and designed proposals to meet the challenge of developing self-sustainability. The beneficiaries have shown considerable interest in participating in the project and consider it a priority strategy for addressing the financial difficulties they face. The project also solidified IDB guidelines and policies in the region, contributing to the development and implementation of financing mechanisms that support initiatives

offering sustainable solutions to socio-economic problems affecting poor or marginalized groups. This intervention has helped achieve the objectives of the IDB/MIF Social Entrepreneurship Program. In addition, it has contributed to the development of Country Strategy guidelines that now recommend replication of Chile's innovative experiences throughout the region. Finally, this initiative is important as a strategy for strengthening democracy, as it promotes CSO self-financing, providing greater autonomy for individual organization's agendas and program priorities. The experiences and successes of these organizations also enrich the public policy debates, as these organizations are able to share technical and professional expertise accumulated throughout the projects.

### **Project effectiveness, results and impact:**

**Project results have significantly surpassed expectations, confirming the effectiveness of the strategy.** During 2007-2008, 150 CSOs engaged in 52 different activities. Eighty-two organizations took part in workshops to strengthen their capacity for developing social enterprises. These workshops included 46 high-profile professional experts from the finance and business sectors, 27 support organizations and 26 potential donor organizations. In addition, 14 publications on studies of a sample of self-financing experiences and the legal framework of CSOs in the region were written and published. These publications were presented and distributed in promotional activities for the project, reaching more than 1,000 people.

As a result of participating in the program, CSOs incorporated entrepreneurial concepts and administrative tools into their organizational practices, improving organizational and management capacities. CSO leadership also developed skills to better influence public policy. As part of the program, CSOs designed proposals for social enterprises consistent with their missions and designed to increase the organization's social impact. At this stage of the intervention, interim effects have been achieved increasing the capacity and sustainability of CSOs involved in this project.

### **Project sustainability:**

The project is sustainable due to the commitments made by various groups involved in its implementation. Even at an early stage in the process, stakeholders have observed positive results and significant benefits. Thus, stakeholders have offered varying levels of support, and there is significant possibility for formal agreements to be made between project coordinators and several institutions and potential donors. Factors ensuring sustainability of progress made by participating organizations, include:

- a) The commitment of the participating CSOs in promoting and sustaining the project.
- b) Ownership of the NESsT Venture Fund methodology by the beneficiary organizations, which guarantees the usefulness of the products generated by this process over the long term.
- c) The willingness of members of the Business Advisory Network to continue providing support through mentoring and advising the participating organizations.
- d) Development of alliances with multiple support organizations and potential donors.

### **Conclusions about project performance:**

The project performed very well, successfully addressing the main problems faced by the beneficiaries and promoting alliance-building with different institutions. Moreover, the project has been important to the implementation of the MIF/IDB strategies for strengthening democracy in the areas of intervention. In addition, products and results surpassed expectations as participating CSOs began using administrative tools that increased their organizational and management capacity. The project also achieved good results in terms of efficient use of allocated resources, which were quite minimal when compared to the effects of the intervention and the value of the products and results generated. Finally, the intervention is sustainable, due to the commitment made by various groups involved. However, some possible financial and institutional limitations were detected which could impede alliance-building and slow down progress achieved to date. These limitations should be taken into account as the project continues.

### **Main Recommendations:**

**1. Encourage IDB to participate more actively in the institutional strengthening of the project:**

It is recommended that the IDB participate more actively in positioning the project within the institution. That participation could be crucial for generating greater trust and support among support organizations and potential donors. Also, IDB personnel could participate in and provide technical assistance during initial conversations and negotiations to help with the process of gaining support agreements with certain institutions. NESsT personnel should continue to lead those processes, while IDB personnel could become involved at key moments, such as when the talks are getting started and when terms of agreement are to be negotiated.

The IDB should embrace the project as one of the initiatives of its regional platform for exchanging experiences. This process should be facilitated by the bank. Once it is proven that the bank's role strengthens a CSO's capacity for self-sustainability, the process can be replicated throughout the region. In sum, the IDB should take a more active leadership role and take advantage of the opportunities this project provides to increase its influence on the third sector in the region.

**2. Heighten communication and institutional positioning of the project:**

It is recommended that project positioning be strengthened in terms of public opinion, increasing the visibility of its impact and the importance of its contributions. To do this, promotion and dissemination of project activities and achievements should be encouraged. The country assessment and legal guide should be used to develop more frequent work sessions with CSOs in order to identify common problems and promote the development of shared strategies to broaden the influence of this sector on public policy. These activities can raise awareness of the project in the third sector, while at the same time increasing public awareness and improving public opinion.

**3. Strengthen capacities to guarantee financial sustainability of the intervention:**

Based on NESsT's experience in Europe and the IDB's technical expertise, it is recommended that a pilot project of the Revolving Fund be launched now in order to provide financial support to CSOs that have participated in the training processes. The following criteria are suggested to get the pilot project started:

- a. The first year could be spent on designing and formalizing the fund model and operating mechanisms. The model could then be implemented and validated through a pilot project lasting two years. Thus, within three years, there would be a systematic proposal that would provide financial support to the trained organizations and ensure the financial sustainability of CSO entrepreneurial training activities.
- b. The Fund should rely on strong leadership from the IDB, in order to communicate a stable institutional image and guarantee technical assistance and supervision by IDB officers with expertise in that area.

#### **4. Reinforce the Business Advisory Network.**

To reinforce the work of the BAN, the following actions are recommended:

- a. Reinforce activities that expand membership and strengthen the advisors' relationship with the project. Toward that end, more frequent and systematic meetings and CSO visits should be planned with the BAN members. This will guarantee greater knowledge of the experience, further reinforcing the importance of their support.
- b. BAN membership should be increased and broadened in order to avoid putting even greater demands on those members who are already participating. In addition, because the advisors are important support links to diverse institutions, broadening membership will also strengthen the project's institutional positioning.