The politics of civil society building: European private aid agencies and democratic
transitions in Central America
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Citation for published version (APA):
transitions in Central America

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The Netherlands. You will be contacted as soon as possible.
With hindsight it should be admitted that the central goal of this study was rather ambitious: to find out how and to what extent European private aid agencies have contributed to democratisation in Central America. A series of conceptual and methodological obstacles had to be overcome before being able to address the central research question. One obstacle was to define the character of democratic transition in countries where democracy still had to be constructed. It proved to be helpful to identify successive transition stages in which the changing balance between the state and civil society was analysed, particularly by looking at the legitimacy of 'political society' as an indicator for the quality of democracy. Another obstacle was how to incorporate the international context – in Schmitter’s words 'a notoriously difficult variable to pin down' – into the analysis. From the vantage point of a global civil society in which transnational actors operate with the purpose of contributing to domestic civil society building, private aid agencies were identified as key transnational players with the capacity to foster democratic transition in the South. By channelling (often governmental) funding via intermediaries to grassroots organisations, complex ‘aid chains’ were created; in this way private aid agencies had the potential to contribute to domestic civil society building ‘from below’. The problem was, however, how to assess the results of these interventions. This methodological obstacle was confronted by proposing a framework in which the assessment of private aid performance was made contingent upon context and aid chain variables.

The second part of this book examined how private aid agencies contributed to democratic transitions in Central America and how effective this was, given the variety of constraints put upon them by context and aid chain variables. Democratic transitions in Honduras, El Salvador and Guatemala were examined as key settings in which European private aid agencies actively intervened with policies promoting civil society building. The case studies illustrated how difficult it is to attribute the achievements of local intermediary alliances to particular private aid interventions. Although the analytical framework presented in the first part of this book proved to be a useful tool, the practice of civil society building appears to be far more diverse and complex than was initially suggested. Moreover, Central America’s democratic transitions took place under circumstances that cannot easily be found in other countries or regions that have recently experienced similar transitions with strong external interference such as South Africa, Haiti or Palestine. This makes general conclusions about private aid performance premature. Nevertheless, external interventions in, for example, El Salvador and
Guatemala generated important lessons that have been widely applied to other regions, particularly regarding the peacekeeping role of the United Nations. Some important achievements (and failures) of private aid-supported processes of civil society building in Central America can probably also have a wider application. These final pages will try to assemble these findings into several key points that have shaped private aid agencies’ performance in their attempts to contribute to civil society building.

Beginning in the late 1980s, private aid agencies gradually acknowledged the weakness of micro approaches aimed at empowering marginalised sectors, which often turned out to have little impact on a wider national context. By ignoring the highly significant role of political society in the process of social change, private aid agencies in the past often were unable to address the power balance between the state and civil society. Although not explicitly focusing on the role of political society, intervention strategies in the 1990s have indeed devoted more attention to the need of forging alliances in civil society, increasing the coordination among local counterparts and giving more priority to policy advocacy initiatives. In that sense, a step forward has been made in private aid strategies’ contribution to furthering democratisation beyond just supporting individual organisations in civil society. However, the main components of a coherent civil society building strategy – such as aiming at macro impact, alliance building, autonomy, downward accountability and sustainability – are only incidentally applied by private aid agencies. These elements are sometimes incorporated into short-term poverty alleviation strategies, despite growing evidence that these strategies only generate limited results. The potential of civil society building interventions has been underutilised due to the use of a pluralist approach which emphasises the organisational dimension of civil society. Civil society building is therefore often reduced to merely trying to increase the ‘density’ of civil society, and in many cases even limited to supporting local development NGOs. A key problem has been the absence of a clear definition of civil society which embraces its ‘diversity’ and ‘equitability’ and incorporates these into a theory of social change.

‘Strengthening civil society’ as an intervention strategy started to enter donor discourse in the early 1990s, spurred by the political transformations in Eastern Europe and the end of the Cold War. It was in particular the ‘organisational dimension’ of civil society building that became a popular tool for market-oriented development strategies. However, civil society building had been practised long before the end of the Cold War, not only by private but also by official aid agencies, as the experience of Central America has demonstrated. The US government combined counter-insurgency programmes with initiatives to transform local civil societies by supporting newly created private sector NGOs to facilitate the privatisation of state functions, and by efforts to make governments more efficient.
Most (progressive) European private aid agencies, on the other hand, pursued policies that were aimed at improving the organisational capacity of marginalised sectors with the purpose of strengthening the opposition against authoritarian regimes and US-led militarisation. Support to these ‘popular sectors’ took many forms – emergency assistance, defending human rights or improving policy advocacy – and was generally based on an ‘inclusive’ concept of civil society, although rarely phrased in these terms. The return to peace and the acceleration of democratic transitions in Central America contributed to a shift of private agency priorities, away from unconditional support to these popular sectors, thereby terminating what some Central Americans had perceived as ‘solidarity aid’.

The case studies demonstrate how national contexts overwhelmingly have determined the outcome of aid interventions. They also suggest however that private aid agencies can contribute to tipping the balance between the state and civil society at critical moments. Private aid support can make a difference, particularly in early transition stages, by supporting broad alliances in civil society that are capable of performing an intermediary role in political society, especially when political parties are weak or delegitimised. Flexible and adequate support from private aid agencies can stimulate these alliances at a time when democratic transitions are stagnating, as was shown by the Salvadorean CPDN and members of the Guatemalan Civil Society Assembly (ASC). By giving them access to transnational political space where their national demands were boosted by the addition of an international dimension, private aid agencies furthermore showed that they had the capacity to contribute to building transnational alliances. Even at a Central American level several regional networks (such as ASOCODE and ICIC) emerged in this ‘global civil society’ which had been actively stimulated by European private aid support.

The case studies also reveal that the choice of the moment of intervention for ‘tipping the balance’ toward democratic transition often was accidental, rather than a deliberate strategy. Few private aid agencies systematically analysed the local political and economic context prior to intervention, as their ‘intelligence’ efforts generally focused on analysing the reliability and the quality of potential project partners. The vast majority of European private agencies worked with ‘proxies’ rather than having their own local infrastructure to monitor the use of aid resources in the aid chain. Several agencies even preferred not to have a local field office in the region, in order to keep distance and to avoid interference with policies of their partners in the aid chain. Other private aid agencies that did maintain this presence were sometimes criticised by their recipients for not giving enough technical support or paying too little attention to their needs. This passive attitude of private aid agencies often contrasted with their constant concern for the submission of financial reports and their demands for showing tangible results. Systematic monitoring was however exceptional and the majority of evaluations reviewed for the present case studies were of a poor quality, executed to control recipient organisations and certainly not meant for ‘learning’. In the cases of CODEH and
FUNDASESE, for example, donor agencies were not familiar with each others' evaluation reports. This lack of coordination among private aid agencies created friction between donors and recipients and negatively affected the performance of private aid interventions, as was shown in several cases.

Better coordination among agencies — even if this is organised by recipients, as ASOCODE demonstrated — and more careful monitoring of aid chain dynamics and national contexts can contribute to improving private aid performance. Poor timing in particular can have a detrimental impact on the effectiveness of private aid interventions. The case studies show that funding often was increased after counterparts achieved particular results, in a period in which they actually least needed this increase in income. This is probably the product of a certain logic inherent to aid allocation policies, generally prioritising well-performing partner organisations over weak performers. The consequences of this can be devastating for longer term organisational sustainability if internal accountability systems are weak. Due to 'overfunding' of organisations in civil society whose leadership was not held accountable by its members, private aid sometimes contributed to further weakening this internal accountability. Consequently, rather than building stronger organisations, private aid agencies have also unconsciously contributed to weakening organisations that played a key role in civil society building. This happened for example in the case of ASOCODE, where 'inverted' aid flows contributed to weakening the accountability of the Regional Commission, leading to serious internal tensions that negatively affected the driving power of this regional alliance of peasant organisations at the regional level. Therefore, collecting member contributions and encouraging partner organisations to secure alternative sources of local income can be a way to improve downward accountability, although this is not what donor agencies generally advance.

The tensions described here are caused by several contradictions that seem to be fundamental to private aid interventions aimed at civil society building, which illustrates what I have called the 'paradox of private foreign aid'. One contradiction is that under conditions of surplus and competition 'successful' grantees cannot become autonomous. Many private aid agencies require that their partners become self-supporting and financially sustainable in the long run, which is considered to be the key to the autonomy and empowerment of civil society actors. However, the more successfully a partner organisation achieves its goals, the more a donor agency is inclined to continue (or even to increase) its support, as 'successful partners' are the exception rather than the rule. Stopping or scaling down support to these well-performing organisations can be risky, as tough conditions generally create serious frictions between donors and recipients. Moreover, other private aid agencies can possibly take advantage of this situation by enjoying the benefits of long-term investments by the departing private aid agency. As a result, efforts to make
organisations in civil society self-supporting and financially independent are often contrary to private aid agency interests.

Another contradiction is that private aid aimed at civil society building is intended to make (membership) organisations strong and accountable, while dependency on foreign aid flows often reinforces hierarchy and weakens internal accountability. A common element in the four Central American case studies is the presence of charismatic leaders who played a pivotal role in the successful achievements of these organisations. In some cases these leaders displayed an authoritarian management style, which seems a paradox in itself for organisations that aim to increase the inclusiveness of civil society. But this is (at least in Latin America) in fact rather common for (successful) organisations without members to which they are accountable, such as many development NGOs. The provision of (private) aid tends to reinforce centralised and elitist leadership (‘caudillismo’), as contacts between donor and recipient are often based on mutual confidence and seldom made transparent to other primary stakeholders. Moreover, a lack of well-functioning internal accountability procedures could also lead to a (gradual) transmission of Northern values and priorities by donor agencies to these leaders. These donor-driven values are then artificially incorporated into the strategies of recipient organisations without being assimilated by its rank and file. Although not intended by donors, this could harm the legitimacy of leadership vis-à-vis their constituency, but also further damage their downward accountability. In this sense, it can be doubted whether private aid is an adequate instrument for improving the internal democracy of organisations and for contributing to civil society building ‘from below’.

A further contradiction is related to the discussion in Chapter 2 about the shifting balance from developmental toward institutional imperatives in periods of financial pressure, often creating considerable tension in the aid chain. Coordination among private aid agencies is necessary to improve the results of aid interventions (and to improve agency legitimacy), but competition with other private aid agencies (for ‘successful partners’ or private donations) is in periods of financial pressure even more necessary to guarantee institutional survival. This attitude generates short-term thinking, secrecy, bureaucracy, top-down planning, pressures for quantifiable outputs; in short, a whole range of mechanisms running contrary to how agencies actually claim they are working in practice. But even worse, this attitude also is reproduced downwards in the aid chain: these dynamics are reinforced in the process of civil society building, because local organisations do not have a choice to resist these, for they are dependent on resources and requirements coming ‘from above’. The paradoxical point is that these types of aid chain relationships can contribute to reinforcing inequality in civil society and are not really conducive to civil society building as long as aid resources are the (only) basis for these relationships.

Meanwhile, private aid agencies feel the pressure to show tangible results of their interventions, as they either ‘perform or perish’ in the charity market. But measur-
ing the impact of private aid interventions has proven to be difficult, if not impossible. Attempts can be made to assess how aid is handled throughout the aid chain and under which circumstances it is likely to produce successes, failures or unintended effects. Moreover, as it is already highly problematic to assess the impact of short-term private aid interventions, it is virtually impossible to attribute the outcome of civil society building to the efforts of private aid agencies. Outcome and impact of these longer term aid interventions are almost entirely diffused by the dynamics of the aid chain and by external influences. Organisational capacities, qualities of leadership, accountability systems and the complexity of aid chains are factors that cannot be controlled by private aid agencies, let alone the local and the international contexts that affect the outcome of these interventions. Private aid agencies therefore can only claim to contribute marginally to the longer term impact of civil society building interventions, as this is predominantly determined by context, organisational and aid chain factors.

Therefore, the question to what extent have private aid agencies contributed to democratic transitions in Central America can only be answered speculatively. But this conclusion should not at all be alarming: from a learning perspective it is generally more productive to examine how and why private aid agencies intervened and under which particular circumstances. This can also generate lessons about the circumstances in which it may be wiser not to intervene, or even in which it may be better to stop external aid support. Consequently, it is generally more useful to assess the quality of interventions than trying to measure the quantity of aid agency impact, which rarely generates reliable or satisfactory data. A combination of methods could be used to assess the quality of civil society building interventions, by making a detailed historical analysis of the balance between the state and civil society, by mapping key actors in civil society and their roles at critical moments during democratic transitions, by carefully examining aid chain dynamics from donor to final recipient (and vice versa) and by analysing the quality of partnership between donor and recipient. If these methods are part of a monitoring system with active participation of key stakeholders, it would be possible to use them as a learning tool and not simply as a method for donors to control the proper use of aid resources.

The present study has shown that the traditional list of comparative advantages of private aid agencies over official aid agencies needs to be updated in the post-Cold War period. Private aid agencies no longer have an edge because of their poverty reach, participatory approaches or their effectiveness, as official agencies appear to perform similarly or even better in these areas. Private aid agencies still have their strengths in using their capacity to react quickly to Southern demands, providing modest amounts of financial aid adapted to carefully identified needs at critical moments with a minimum of conditions attached to it, in close coordination with
other agencies and local actors, and combined with non-financial support such as technical assistance and the incorporation of partners into transnational policy advocacy networks. Official aid agencies are unable to provide this type of support: their bureaucratic procedures prevent them from reacting to sudden needs, they generally only provide large amounts of (financial) aid and they are rarely capable of (or willing to) coordinate their interventions with other donors. However, the tendency among the major (European) private aid agencies is generally not to utilise these comparative advantages. They increasingly prefer to channel larger sums of aid rather than smaller amounts, as the latter put constraints upon the goals of cost-effectiveness. As a result, they have become slower in responding to sudden needs (except for emergency operations) and feel no need to better coordinate their interventions with other donors, unless it provides opportunities for lowering overhead costs. Although understandable from a short-term perspective, this tendency implies that private aid agencies could be crowded out in the longer run by official aid agencies, with whom they have to compete for successful partners, as demonstrated in the Central American analysis.

Looking back at the experiences of the past decade in Central America, private aid agencies have exhibited two particular assets that made them into influential external actors during the regional crisis. One was their attitude of providing unconditional support to oppositional movements in their struggle against authoritarianism. This 'solidarity aid' was of critical importance, even if it only symbolically counterbalanced the massive flows of US military aid for counter-insurgency purposes. The key strength of this solidarity aid was its unconditional character, provided on a basis of 'tacit consensus', giving revolutionary movements the opportunity to strengthen their position at the negotiation table in the early 1990s. But the absence of accountability requirements also was a weakness of these aid flows, which came to an end in the post-Cold War period, coinciding with the emergence of a culture of tighter requirements and depoliticised criteria. The other asset of private foreign support was that it provided channels for policy advocacy at a transnational level, linking up national civil societies with global civil society. Private aid agencies have the potential and the resources to sustain the 'material dimension' of this global civil society, provided that they are an expression of those sectors in the 'global North' that are willing to contribute to social change in the 'global South'. It would mean that they have to make closer alliances with legitimate transnational networks that lack these resources, but who could become an important counterweight to the current 'globalisation from above'.

The majority of private aid agencies are no longer seen as one of the solutions to global poverty reduction, but are increasingly considered part of the problem itself. Their legitimacy was questioned during the 1990s, generating signs of an identity crisis about their new role and mission in the post-Cold War period. Their steady income growth stagnated and many agencies experienced considerable budget cuts, despite a temporary increase in income from public fund-raising for post-Cold War emergency relief. In addition, governmental co-funding schemes have come under
pressure as a result of shrinking official aid budgets. However, it could be questioned whether the level of agency income is the real problem. If it is true, as various impact studies have maintained, that the struggle against global poverty is only effective if its underlying causes are targeted by making civil society denser, more diverse and more equitable, then private aid agencies can only improve their performance record by maximising their impact in contributing to (inclusive) civil society building. The present study has shown examples of this being possible with modest aid resources combined with initiatives aimed at strengthening transnational alliances. The tendency of private aid agencies to maximise their income in order to secure their institutional survival therefore seems to be conflictive with achieving their developmental objectives.

It can be questioned whether the current tendency of decreasing income for private aid agencies really is so detrimental from the perspective of agency effectiveness. Or to put it more sharply, private aid agencies could even benefit from lower income levels, for it would force them to tackle a number of problems related to the 'private aid paradox' that remain unsolved as a result of choosing to maximise income and the fixation on short-term results: the problem of weak accountability toward their constituencies, sustainability of their interventions, poor coordination among donors, the lack of autonomy (for example from governments) and general poor performance. The future prospects for private aid agencies striving for social change possibly will depend on their capacity to reposition themselves within the donor aid community by focusing more on their political roles, rather than becoming mere providers of aid resources to sustain a global welfare system. In Central America, but also in other regions, they have acquired rich experience by providing key support that has indirectly contributed to important political transformations. In the years ahead, progressive private aid agencies will have to choose whether or not to use this experience in order to 'reinvent' solidarity, for example by performing an active role in forging transnational alliances and bridging the gap between Northern and Southern civil societies, a function that is currently being performed, unchallenged, by the transnational corporate sector.