



DEVELOPMENT CO-OPERATION TIPS TOOLS INSIGHTS PRACTICES

In practice

ICELAND'S STRATEGIC PARTNERSHIPS STRENGTHEN CIVIL SOCIETY CAPACITY

Key messages

Framework agreements with four Icelandic organisations have strengthened Iceland's strategic partnerships with civil society organisations (CSOs) and built their institutional and financial capacities. These new framework agreements with Iceland's key partner CSOs are an important shift towards more stable partnerships and co-operation based on mutual trust, accountability and continuous dialogue.

Keywords

[Civil society](#) | [Institutional arrangement](#) | [Risk management](#)

Key partner

[Iceland](#)

Challenge

Civil society organisations (CSOs) play a key role in achieving sustainable development. Iceland's [development co-operation policy 2019-2023](#) aims to support CSOs in "promoting an independent, powerful and diverse civil society that fights poverty in all its forms in developing countries". Iceland's CSOs are an important partner for delivering the country's development co-operation and humanitarian assistance, and they actively involve local organisations in partner countries. However, due to the relatively small size of Icelandic CSOs, capacity building is needed to help them strengthen their internal controls and address certain risks related to managing official development assistance (ODA).

A 2021 [evaluation of Iceland's CSOs strategy](#) and the OECD-DAC [2017 peer review](#) of Iceland's development co-operation both recommended establishing framework agreements in order to strengthen the partnership between the Ministry of Foreign Affairs (MFA) and CSOs. Iceland's 2022 [CSO co-operation strategy](#) reflects this and underlines the importance of good and transparent partnerships with capable and active CSOs, clear and accessible rules on grants and procedures, and focuses on accountability and monitoring.

Approach

Based on these recommendations, Iceland set up a process for developing framework agreements for both humanitarian assistance and development co-operation with Icelandic CSOs. The process for developing these agreements involved:

- **A requirement for interested CSOs to undertake an audit and due diligence study** by an independent external consultancy company, assessing three primary factors:
 - CSOs' institutional capacity, including management, organisation and human resources
 - CSOs' management of funds, standards and controls
 - the expected role of the MFA in managing co-operation with CSOs and the framework agreements.
- **Targeted recommendations for all participating CSOs**, which improved their institutional and financial management. The conclusions of the study were used to assess the feasibility of establishing a framework agreement with each CSO; each CSO received a final report, with a summary report going to the MFA.
- **Training for CSOs in internal controls**, delivered by the external consultancy company. The training focused on how to set up an effective control system and included good practices for addressing the most common challenges.

Results

Although relatively new, these framework agreements are already generating some visible benefits.

- **Multi-year (2022-2024) framework agreements are now in place with four Icelandic CSOs**, creating a stronger partnership between the MFA and CSOs.
- **The internal financial management and control of CSOs has been strengthened.** Regardless of whether the exercise resulted in a framework agreement being awarded, all participating CSOs recognised the benefits and usefulness of this initiative, which enabled them to identify areas for further improvement in strengthening their internal financial management and control.
- **Greater predictability.** Thanks to the three-year agreement, CSOs know their annual financial allocations in advance and can hire professionals to support programme implementation and longer-term planning.

Lessons learnt

- **Framework agreements with key partner CSOs are important for more stable partnerships** and co-operation based on mutual trust and accountability.
- **Conducting financial and due diligence audits** as part of the application process makes it possible to increase strategic co-operation with CSOs.
- **Unearmarked funds give CSOs flexibility** in meeting specific needs and priorities, including responding to humanitarian crises – within the confines of Iceland's development co-operation objectives and the Sustainable Development Goals.

Further information

MFA (2022), *Civil Society Organisation Co-operation Strategy*, www.government.is/library/01-Ministries/Ministry-for-Foreign-Affairs/Int.-Dev.-Coop/Publications/EN - Civil Society Organization Cooperation Strategy.pdf.

MFA (2019), *Iceland Development Co-operation Policy 2019-2023*, www.government.is/library/01-Ministries/Ministry-for-Foreign-Affairs/Int.-Dev.-Coop/Publications/Parliamentary Resolution on Iceland%e2%80%99s policy for international development cooperation.pdf.

NIRAS (2021), *Evaluation of the Icelandic CSO Strategy*, www.government.is/lisalib/getfile.aspx?itemid=2f01b29b-7feb-11eb-8131-005056bc8c60.

OECD resources

OECD (2023), *OECD Development Co-operation Peer Reviews: Iceland 2023*, OECD Development Co-operation Peer Reviews, OECD Publishing, Paris, <https://doi.org/10.1787/a1552817-en>.

OECD (2022), *DAC Recommendation on Enabling Civil Society in Development Co-operation and Humanitarian Assistance*, <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-5021>.

OECD (2020), *Development Assistance Committee Members and Civil Society*, The Development Dimension, <https://doi.org/10.1787/51eb6df1-en>.

OECD, *Civil society engagement in development co-operation*, <https://www.oecd.org/dac/civil-society-engagem-ent-in-development-co-operation.htm>.

OECD, "Civil society partnerships", *Development Co-operation Fundamentals* (forthcoming).

To learn more about Iceland's development co-operation see:

OECD, "Iceland", in *Development Co-operation Profiles*, <https://doi.org/10.1787/fd3d1d29-en>.

See more *In Practice* examples from Iceland here: <https://www.oecd.org/development-cooperation-learning?tag-key+partner=iceland#search>.

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