

Civil Society and Development: Challenges from European Governments?

A review of official aid policies in Europe and their implications for civil society

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Introduction

Recent changes in government in several European countries led to a revision of their official aid policies around civil society. This led to an INTRAC review of the new policies in these countries and others, focusing on the implications of the bilateral donors' approaches to civil society. This review has found that at one level the same positive statements about the nature, role and developmental value of civil society are still being made. At another level, however, there has been a greater emphasis on the frameworks and procedures that structure the relationships between donors, governments and civil society organisations (CSOs). An insistence on the details of funding implementation may lead to unintended negative consequences, such as an erosion of civil society autonomy and a reduction in the diversity of initiatives funded by bilateral donors. Having said this, those donors who focus closely on the roles of civil society in processes of democratisation emphasise the importance of civil society autonomy more than others. But overall there remains a need for bilateral donors to consider more seriously the nature of civil society, and how that may be in tension with the funding frameworks that currently dominate the implementation of policies. This briefing paper starts with an overview of the trends across the papers, then details our review of the official aid policies of Denmark, Sweden, the UK and the Netherlands; and concludes with a more detailed analysis of what implications emerge from the changes in policy.

Overview

Based on the overarching statements shared by the policies of the key bilateral donors reviewed we would expect civil society strengthening to be in good hands. Civil society is discussed across the papers as contributing to development through the dual roles of poverty reduction and enhancing democracy. Several of the policies see this as in line with their rights-based approaches, and there is a strong emphasis in many of the papers on the role of civil society in promoting good governance and state accountability in fragile states. There are positive statements of commitment to the independent nature of civil society.

However, more detailed review of the policies reveals several areas of concern. The principles of aid effectiveness outlined in the 2005 Paris Declaration are hailed by several of the papers as central, and specifically mentioned as a guide for the relationships between bilateral donors and their work with southern civil society. However, the impact of these results-driven and aid effectiveness frameworks upon civil society is not adequately thought through. There is a lack of consideration that frameworks which emphasise one view of 'effectiveness' may result in a loss of diversity and autonomy for civil society. Unquestioned application of Paris Declaration principles such as harmonisation may assume diverse CSOs are 'duplicating' one another and many CSOs may not be able to meet requirements for fitting into strategic plans and their accompanying

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reporting mechanisms. There are also some contradictions regarding whether official aid support will in reality enable civil society to play a 'political' role in fragile states. The desire for civil society to be an independent voice promoting state accountability is expressed in several reports, yet we see funding approaches emphasise working through a smaller number of their own national NGOs, with an increased role for embassies and, in the Dutch case in particular, working with local governments. Despite the headline commitment to civil society, there remains a lack of understanding of the nature of civil society and thus, what truly effective support for it might look like. Bilateral donors must think through the implications of wanting to support organisations that are diverse, member-driven and based around issues that citizens are genuinely passionate about, rather than leaving in place policy frameworks that create a mould for support that privileges larger NGOs to fill service provision gaps.

Country policy reviews

Denmark

'The Civil Society Strategy: Strategy for Danish Support to Civil Society in Developing Countries' from Danida, the Ministry of Foreign Affairs Denmark, appears to cover most of the areas the majority of CSOs would want to see. It emphasises the diversity and autonomy of civil society, although there are some ambiguities concerning its emphasis on the Paris Declaration as a guide for bilateral interaction with southern civil society.

This is encouraging due to the context in which the new policy was released in December 2008. A change of government in the previous year incorporated conservatives into a coalition and there was some concern at the time that this change would possibly inhibit the work of major Danish NGOs. For example, the hurried introduction of an obligation to demonstrate an increased proportion of 'own funding' barely gave Danish development NGOs time to start to raise their matching funds. There had also been a few outright critiques of Danish NGO work in Palestine and linked advocacy.² Here we comment only on the paper rather than broader government–NGO relations within Denmark, although it would seem that some of the earlier tensions have relaxed.

The paper starts with a strong statement on the value of civil society as a balance to the private sector and the state, stressing the important role of civil society as part of the overarching Danish development policies, both in terms of providing a voice for the poor in poverty reduction and enhancing democracy by holding local governments to account. Specifically it says that the goal of Danish civil society support is the development of a 'strong, independent and diversified civil society in developing countries' (Danida 2008).

The paper argues for the importance of partnerships³ and encouraging the autonomy of southern partners. There are some useful pointers towards good practice in terms of relationships and partnerships between NGOs and between CSOs, the market and the state. 'Capacity building' is regarded as a key skill and contribution from the Danish NGOs and it is recognised that this should follow locally defined needs. Special mention is made of the role of civil society in fragile states, both in providing otherwise absent services, and supporting the process of building the state and democracy. The paper also argues for the strength of the role of local CSOs in advocacy. In this area Danish NGOs are again regarded as having a role in capacity building as well as promotion of a rights-based approach. Overall the paper reminds us that CSOs should not be reduced to merely 'sub-contractors of social services', nor should Danish NGOs simply be a channel of funding.

² MS Denmark had to cut staff dramatically in order to meet the obligation to increase the proportion of own funding with barely a few months warning. DanChurchAid (and lesser extent MS) faced criticism of their work in Palestine.

³ There is a section which in some contexts might be controversial where other forms of partnerships are promoted, including 'public–private partnerships' with commercial companies as well as NGOs and the state.

In terms of frameworks for implementation, there is some contradiction in the policy between the hailing of Paris Declaration principles as a guide for procedure alongside the recognition that many forms of CSO may not be able to manage these sorts of procedures. The principles behind the Paris Declaration are affirmed and the paper calls for civil society to be incorporated into discussions around the Paris Declaration, both at the levels of international policy, and in-country implementation and monitoring. It also suggests that some of the principles of Paris Declaration could be adapted as a guide for relationships between Danish NGOs and their southern partners. At a definitional level the paper clearly recognises that there is a great diversity in the forms and roles of different CSOs, and acknowledges that some forms of informal, local CSO may find it impossible to be able to manage the types of procedures common to most donor agencies. However, the policy does not take this to mean altering the Paris Declaration framework for implementation but argues that support to civil society, particularly of networks, may enable some CSOs to surpass this constraint. References to different modalities of support from the Danish government to civil society emphasise Danish NGOs as the primary means of support. Other nationalised channels of support are evident in the stress on the role of embassies to help create an enabling environment for local civil society, and the value of Danish CSOs and their domestic development education work.

Despite these ambiguities around implementation, further discussed in the analysis, overall in the Danish paper there is a clear understanding of what civil society is and what roles it can play. Particularly importantly, the paper seems to reinforce the need for an independent civil society. Whether implementation of the policy will be successful, especially in increasing political pressure on aid budgets in the coalition government, will be worth monitoring.

Sweden

The structure of official aid is slightly different in Sweden, where Government Offices make policy and SIDA administers it. The 2009 policy paper, '**Pluralism: Policy for Support to Civil Society in Developing Countries within Swedish Development Cooperation**' does not therefore set out plans for implementation. It does however reconfirm a belief in the value of civil society, citing an objective to work towards 'vibrant and pluralistic civil society' in line with a rights-based approach (Government Offices of Sweden 2009).

The paper takes a dual emphasis on poverty reduction and democratic rights throughout, discussing governance and democratisation alongside emphasising civil society as 'organisers of services'. This is explained not only as service provision but lobbying, organising self-help and developing new ideas. The role of official aid and international NGOs is seen as building the capacity of local civil society not replacing it. In summary, the policy argues that (Government Offices of Sweden 2009):

Civil society should:

- Participate in political processes
- Contribute to building the 'social capital' of trust and growth
- Play a role in conflict mitigation, through building societal trust and providing means for negotiation
- Hold local governments to account and build citizen awareness
- Assist in difficult circumstances with provision of basic services such as healthcare and education.

Sweden will particularly:

- Support civil society in authoritarian states
- Support capacity development in civil society.

To achieve this, the paper argues for in-country 'actor analysis' to enable programming to meet its objectives, and emphasises the importance of CSOs representative character, legitimacy and financial independence. In regard to Paris Declaration principles, some 'harmonisation' is encouraged but not at the expense of weakening civil society or reducing CSOs key ability to act independently, thus programme and core based funding is recommended.

What is missing in the paper is the crucial element of how this will be implemented, as this relies on SIDA. One concern is that some of the decisions made by SIDA may not in reality come from this policy but may result from other quarters, including pressure from elements in the current government – including some unease about the work of faith-based groups; a desire for short-term results; and possibly a new ‘nationalism’, a stress on channelling support through their own country NGOs and embassies that is not unique to Sweden and is discussed further below.

The United Kingdom

New thinking in the UK stems from mention of civil society in the July 2009 DFID White Paper on International Aid, **‘Eliminating World Poverty: Building our Common Future’**.⁴ Whilst it does not spell out substantive new policies on civil society and only dedicates a few pages specifically to it, the overall themes of the paper capture a change in DFID that is relevant to understanding the UK’s position on civil society. The report considers ‘our common future’ through making links between the interests of the developed world and those of developing and transitional countries in relation to security, climate change and the global economy. This emphasis on interdependence is accompanied by increased interest in issues of conflict resolution and governance; particularly democratic processes, rights recognition, citizen voice and state accountability. Civil society is mentioned as having a key role across this more ‘holistic’ and ‘political’ approach, particularly in the major emphasis in the paper on increasing state accountability and legitimacy in fragile states.

The short section directly on civil society claims that the UK government will increase funding to civil society, highlighting expected increases for faith-based organisations, and opens the possibility for the first time of partnership agreements for a small number of developing country partners.⁵ The overall belief is clearly spelled out that “the work of governments alone will never be enough. For lasting change states must interact with voluntary groups, charities, faith and diaspora groups, trade unions, co-operatives and others. These organisations can and do often deliver basic services where states cannot or will not. They challenge governments to ensure that policies benefit ordinary people, including the poorest. And they can help citizens hold their states to account” (DFID 2009).

In terms of discussions on the Paris Declaration, the White Paper reaffirms commitments to it without relating these specifically to civil society, although perhaps by implication the Paris Declaration is less relevant to work in fragile states, where a large proportion of DFID funding is likely to be focussed within a few years. It is also in this area that the opposition party Green Paper is worth considering, as it is likely the Conservative Party will come to power within the next year. The Green Paper includes a similar emphasis on fragile states and governance but calls for aid conditionality on these issues, which is likely to be a key area of contention in coming years. The emphasis on reintroducing greater aid conditionality weakens the ‘consensus’ politics of the Paris Declaration – under the Green Paper DFID, on behalf of the UK government, would impose conditions rather than be as accepting of local government priorities, policies and procedures. The rest of the Green Paper, although strongly critical of DFID’s bureaucratisation, does not significantly diverge from the White Paper on civil society, partly due to its having a certain ‘private sector’ appeal.

The Netherlands

The most challenging new policy is the April 2009 **‘Policy Memorandum of the Netherlands on Civil Society Organisations: Cooperation, Customisation and Added Value’**. The paper starts with commitments to an autonomous independent civil society providing ‘voice’ and holding the state to account, and the idea of strengthening southern civil society in order to serve the aims of poverty reduction runs through the paper. However, there are several unconvincing or contradictory

⁴ There are other statements on civil society predating the white paper. For more details see www.dfid.gov.uk/About-DFID/Who-we-work-with1/Civil-society/

⁵ There is little information on this idea although some critics feel that this may be a way of consolidating DFID’s own NGOs, i.e. local funding mechanisms, or project offices set up to support NGOs. As these mechanisms are unlikely to be confirmed for another year clarification is unlikely in the short term.

elements of the paper that are a cause for concern. For example, there is a commitment that CSOs will follow local government development priorities as well as those of Dutch official aid, and there is also a strong commitment to increase direct funding through the embassies. However, experience tells us that promoting the accountability of the state to its citizens and 'the voice of the poor' does not always sit comfortably with a view of the state as the arbiter and holder of legitimacy in terms of development priorities.

Furthermore, some of the guidelines for implementing funding could also undermine the independence and autonomy of those obtaining such funds, through attempts to force the growth of coalitions, set country priorities, and reduce numbers of NGOs working in host countries. An attempt to apply Paris Declaration principles of complementarity and harmonisation to support from the foreign ministry to civil society aims to reduce inefficiency and duplication. This will reduce the number of organisations supported by the government from around 200 down to 30, and move away from the emphasis on 'thematic funding' to country-based programming. It will be very difficult for the larger 'co-funding' agencies to cope with these changes, especially measures such as insisting that 60% of total government grant funding should be spent in Dutch government priority countries –this is a major constraint on the freedom of Dutch NGOs to use 'institutional funding' as they see fit. This pressure is compounded by the assumption that there will be a fall in GNP which will lead to less real spending on official aid.⁶

At one level there is a positive logic in reducing duplication and the paper gives the example of over 20 Dutch CSOs working in Tanzania, but this seems to assume they are all doing similar things. Thus the paper displays a major shortcoming in its underlying analysis of civil society. Unlike government to government funding where a range of different official donors may fund the same or similar programmes, (the inefficiency the Paris Declaration seeks to reduce), civil society is not homogenous and CSOs have diverse and distinct remits. The Dutch policy thus risks promoting an approach that results in large 'department store' NGOs which are limited to pro-poor service activity, rather than supporting a plurality of CSOs which are part of developing a vibrant civic space.

There is an emphasis on Dutch NGOs having to show their 'value added', but it should also be important to tie this principle to that of showing the nature of partnership with local partners and how they help improve their capacity. There is a welcomed commitment to improved monitoring and evaluation, especially as it aims to improve learning and not just accountability to donors. Less convincing is the idea of new umbrella body to draw up good practice and guidelines (see INTRAC's critique of some of these ideas in Pratt and Myrman 2009).

Overall, as with other government policies there seems to be a lack of understanding in the Dutch paper that the frameworks for funding can profoundly affect the impact of the funding by driving it into certain modes which may not have the intended effects. Some elements, such as the emphasis on engaging with local groups, improved evaluation, and better learning and contextual analysis, are welcome aims. However, it is less clear that trying to carry over some of the principles of the Paris Declaration to directly guide work with southern civil society is really likely to achieve the goals set out in the paper. We should be concerned that certain types of longer term institutional support may be cut because they don't fit such strategies, although they may make sense and be crucial in their own context. This is particularly worrying in the curtailment of the number of countries funded, which may reduce support for the poor in middle income countries and reinforce 'donor darlings'. The previous policy in the Netherlands weakened the capacity of NGOs to provide strategic funding to specific countries through emphasising themes; the new policy could lead to a lurch back again to country emphasis. It is not clear how Dutch NGOs will interpret this but from the outside it would appear to be likely to lead to considerable changes.

⁶ Exact levels of aid are still to be set but could be in the region of a drop from €500 million to €400 million for civil society groups.

Analysis: What are the implications of these new policies?

1. Tensions between the nature of civil society and 'aid effectiveness' frameworks

Several of the policies talk about trying to bring civil society funding in line with the Paris Declaration. Danida, DFID and the Swedish Government emphasise effectiveness alongside arguing that civil society should retain its autonomy and independence in order to fulfil its role in holding the state to account and delivering support to excluded groups. Whilst the Dutch policy has some of these caveats, it implies that Dutch NGOs should fund in-country in accord with local government priorities. This sits uneasily with strengthening the heterogeneity of civil society and its ability for independent voice. These are precisely what make civil society distinct from existing aid interventions. Promoting aid effectiveness, though well intentioned, may have some doubtful effects and risks constraining the diversity of civil society and reducing the flexibility of funding.

Overall, across policies there seems to be a lack of understanding that the frameworks for funding can profoundly affect the impact of the funding by driving it into certain modes which may not have the intended effects. The actual implementation of the policies often has different effects to those intended. The cause of this lies in the modalities, procedures and frameworks used by donors. These increasingly stress short-term results, unrealistic goals in the time frame and a general level of formality beyond the reach of most civil society groups except large professional NGOs. Thus unsurprisingly most donors fund NGOs, and as a result complain that they don't seem to be able to interact with grassroots groups, social movements, or even trade unions, despite claiming 'civil society' as a priority.

Furthermore, social movements and other forms of CSO activity in times of difficulty tend to be driven by member needs and political pressures. These are not neatly compatible with donor focused plans, log frames and other mechanisms where activities are theoretically predetermined several years in advance. Thus many of the procedures used not only by official donors but also NGO donors are not user-friendly in a context of rapid change, repression, and where CSO activities are being driven and managed by member-elected representatives. Many potential aid recipients in civil society are not geared towards meeting the large numbers of corporate indicators pursued by larger aid agencies. One conclusion could be that large aid administrations (official or NGO) are not capable or designed to monitor work with civil society, especially social movements. There is a tension between results-driven frameworks used for fulfilling requirements for accountability to donors, with a key strength in the nature of civil society organisations – its primary accountability to its members. We should be concerned that certain types of support may be cut because, although they make sense in their own context, they don't fit the imperative placed on donors to "show results". These modalities, procedures and frameworks emphasising effectiveness are also driven by pressure on politicians in donor countries to defend aid to domestic constituents. Domestic political pressure on the aid budgets is likely to increase in face of the present recession.

One key underlying issue is that when official agencies and large NGOs consider working with civil society, they need to face up to questions about their own identities. Are they aid administrators, development agencies, or CSOs themselves? Are they part of global civil society attempting to support and develop other parts of this global civil society, or are they merely not-for-profit aid contractors filling service provision gaps?

2. How 'political' is civil society?

An interesting issue which arises across the new policies is the greater emphasis on 'the political' in development, and calls for more thorough and nuanced political and contextual analysis. This seems eminently sensible. However, we might expect that the more development work is contextualised with detailed analysis, the more it will then be at variance with simplistic ideas of harmonisation and standardised approaches at both organisation and sectoral policy levels. In the call for NGOs as well as donors to engage with a more serious analysis of the background in which they work, there is an implicit challenge to recognise the inherently political nature of much civil society work.

Overall the policies reviewed seem to try and promote both the role of civil society in improving governance as well as the direct delivery of services, and many make a special priority for civil society strengthening in fragile states. However, the 'political' roles of civil society are often not well defined by many donors. There is mention of 'voice' and promoting state accountability but little is elaborated in detail. One concern is that what is actually funded tends to be increasingly de-politicised. Confidential recent evaluations of in-country funds tend to show that fund managers are risk averse and that even funds dedicated to governance issues tend to end up supporting programmes which do not challenge local government or vested interests. There are concerns that contracting out grant management does not always achieve the more radical aims of such funds. It would take a more in-depth evaluation of implementation of these policies to judge the degree to which they are watered down in reality, but certainly most policies avoid discussing the possibilities of outright confrontation between the state and civil society, or the refusal of some states to entertain a civil society role in 'political' areas. Elsewhere INTRAC has discussed the shrinking space for civil society due to 'security' concerns leading to repressive actions from governments (Sen, 2007).⁷

3. The future: new nationalism or the 'golden handshake'?

Inherent in almost all of the civil society policies of bilateral donors is the assumption that there is a positive gain to funding through their own national NGOs. Indeed this is consciously argued in some policies because it is seen as strengthening the constituency for development in the donor country. Others have tried to argue for genuine people-to-people partnership but it is worth watching whether a 'new nationalism' starts to erode the position of those who regard solidarity or partnerships between similar social groups in developed and developing countries as a value worth upholding.

Or is there behind some of the new policies a vision of a major reduction of aid in the coming decade? There are some signs in the new policies that some governments see an end in sight for traditional aid, possibly excepting a small and shrinking group of countries. The justification for many donors in their move to restrict their funding to a smaller group of countries (the poorest and those to whom they are traditionally linked) is due to both a positive belief in the successes of growth and aid leading to the emergence of more middle income countries, and a feeling that it is no longer politically necessary to bolster rogue states. A significant emblem of this thinking is Paul Collier's 'The Bottom Billion' book, which argues that an increasing proportion of the world's population is gaining 'middle income' status, leaving a smaller hardcore of poor peoples and nations. Some recent policies seem to aim everything towards 2015, possibly because some MDGs will be met in certain countries, and from thereon an even greater concentration of remaining aid is envisioned.

Linked to this possible trend of donor retraction from many parts of the world are debates about the perceived need of European NGOs, and what type of work they should carry out. Denmark and the Netherlands in particular stress the major role of NGOs as building the capacity of locals, the success of which would implicitly lead to withdrawal. Both make remarks against direct service delivery or operational work by Europeans themselves. However, outside of government-funded work, there has been a countervailing growth of the 'micro INGO' run by volunteers who appreciate the feeling of being involved with face-to-face communication rather than merely 'aid bureaucracy'. These might be individual church congregations supporting a school, nun, or clinic in Africa, a group of ex-volunteers supporting old friends, or people who drive supplies to conflict or emergency situations. Larger NGOs are not immune from some of these questions about their roles. They have in many cases been protected by their own successful fundraising which has produced 'unrestricted' funds, not deriving from governments or contracts, and taken for granted in the recent period of growth. As income becomes tighter, there will be a challenge to have a more thorough debate on how to use this money and what their priorities really are.

⁷ Equally a 'political' focus might also be caused by a desire by some donor governments to reorient aid programmes to security agendas.

There are sufficient warnings in the new policy documents to convince us that such shifts in the perceived roles of, and need for, NGOs as far as official agencies are concerned will lead to some downsizing of NGOs in developed and developing countries. However, new priorities are emerging which may mean the transformation of official aid, rather than its disappearance. Concerns over climate change, geo-political aspects of security, food and fuel security internationally may overwhelm the established focus on poverty and provide a very different profile for international aid. We may see innovation in approaches to assistance which go beyond the simple resource transfer which has dominated the past generation. The focus on 'common interests' characterised by debates on climate and security could lead to some very different stakeholders engaging in international cooperation, for example scientific communities and security services. The downsizing of official aid does not mean that civil society will also wither. Indeed evidence is that it may continue to grow as civil society is not only about the aided aspect of international cooperation. New movements, organisations and alliances may emerge to confront the challenges around climate, security, governance and local politics. Indeed heterogeneity and innovation may flourish as groups of citizens evolve their own organisations to meet their own demands, needs and interests.

Conclusion

The policies reviewed seek in their overall aims to support civil society in its diversity and its ability to better human lives through poverty alleviation and good governance. However, there are tensions between the laudable aims of the bilateral donors, and their implementation plans and procedures. These continue to rely on unquestioned and unproven approaches and frameworks of 'effectiveness', which risk constraining civil society's primary accountability to its members by emphasising certain procedures that focus on donor-driven results. Instead, civil society's diversity and independence should be the basis of thinking about what true effectiveness is, and how it can be properly supported and encouraged by bilateral donors. There may be hundreds of CSOs in one country with very different remits; from agricultural development, to support for disabilities, to specialised education groups, to research groups, to offers of micro credit, to campaigning for gay rights, to professional unions; the list is endless – and so it should be. The funding policies of the donors reviewed here are after all only a small contribution to the breadth of civil society.

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