

# **Civil Society Policy and Practice in Donor Agencies**

**An overview report commissioned by DFID**

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## Executive summary

This paper provides a brief overview of civil society policy and practice amongst a variety of multilateral and bilateral donors. Recent developments in the overseas development assistance landscape have important implications for how donors approach civil society policy and practice. The paper begins by sketching out some **background** factors such as the push for donor harmonisation and alignment, as articulated in the Paris Declaration (2005) and Accra Agenda for Action (2008). The paper then gives a **basic overview** of our findings, with reference to key policy documents and additional information gathered from telephone interviews. Donors discussed are: the African Development Bank, the Asian Development Bank, the EC, UNDP, UNICEF, the World Bank, CIDA, Danida, DFID, Irish Aid, MFA Netherlands, Norad, Sida and USAID.

In terms of policy, it is clear that all donors have moved on from their initial tendency to equate civil society with NGOs, and take a much more inclusive understanding of the term. The notable change in bilateral policy is the articulation from many that the objective of their civil society policy is to support the development of strong civil societies in the south as an end in itself. Multilaterals tend not to have the same emphasis on strengthening southern civil society for its own sake, though this comes into some of their strategies, notably the EC and UNDP. In general, multilateral civil society policy is focused on allowing civil society to have a greater agenda-setting role, through emphasising the need for consultation and participation of civil society in programmes at country level, and the creation of opportunities for global level civil society groups to engage with the multilaterals about their own policies.

In terms of practice, multilaterals have some limited funds for civil society work at centralised level, but most is distributed via country offices in a variety of forms: dedicated grant-making funds, envelopes in support to governments, and project based funding. Given multilaterals' decentralised ways of working across various country offices and departments, many have no clear organisational picture of funding for civil society.

Bilaterals' practice has been dominated by their long standing relationships with their home-country development actors as the main intermediaries for funds to southern civil society. With a new focus on the objective of strengthening southern civil society, bilateral donors are perhaps seeing a reduced role for their home-country INGOs, or at least wanting to see the added value of channelling funds through them. Some will maintain current arrangements of core and programme funding to home-country INGOs, but want greater demonstration from these actors of good strategies for supporting southern partners. Some donors speak of preference for funding consortia of CSOs, including those led by organisations headquartered in the south. It is worth noting that the practical implication of these changes for several donors will be fewer organisations funded. Multi-donor funding mechanisms at country level are being explored to strengthen direct support to southern civil society, as is an increase in small funds such as 'embassy funds' available for in-country initiatives.

Having given this overview of policy and practice, the paper then identifies **emerging developments** across the various donors' approaches to civil society. Given the new focus on southern civil society many donors are looking for more in-country contextual analysis and many mention the importance of conducting mapping exercises, in order to better understand the social and political landscape of recipient countries and make more informed partner choices.

The emphasis on southern civil society combined with the desire to fulfil the Paris Declaration principles of harmonisation and alignment are leading to a rising interest in establishing in-country multi-donor funding mechanisms. There is a sense that this is an area that needs more thought and assessment. Although these funds can provide direct support

to southern organisations, and allow donor harmonisation and targeting, they may also favour the funding of fewer, larger organisations and thus be detrimental to sector-wide civil society strengthening and supporting a diverse range of CSOs.

The involvement of civil society in policy dialogue and political advocacy has been a growth area, and most donors seek to support spaces to enable civil society to be involved in such discourse, both at country level and globally. Donors are aware that sometimes their work in this area is ad hoc, partly given the sensitive nature of this work. The EC has been the most focused on the development of mechanisms and procedures to ensure this role for civil society, having introduced in 2002 the requirement that all EC Delegations include civil society in policy formulation and monitoring of implementation. The learning from this experience needs to be documented and shared.

The fact that a great deal of donors' work with civil society cuts across various issue areas and is conducted by departments other than the 'civil society' department needs to be recognised. Much of the work associated with the development of strong and vibrant civil societies, such as development of enabling environments and education around citizenship and the rule of law, is done through other programmes and other departments and is thus not easy to capture.

Measuring the impact of work with civil society is an area that all donors struggle with. Some clearly feel that the nature of civil society work is not amenable to the tangible, measurable indicators required by a results-driven agenda. Even when there is agreement on the need for measuring development outcomes, this may be difficult given the multitude of interventions which are not easily aggregated into overall indicators of efficiency and effectiveness. Some, such as Norad, look for outcomes in an area of work where they have funded some activities, and are satisfied in reporting a contribution to this outcome, rather than focusing on the need to track the results of specific Norwegian funding. Multilateral donors have less developed reporting systems than bilaterals, in part because of their decentralised structures.

The paper then turns to examine some of the **issues arising** from these new developments. There may be tensions between the priorities of the aid effectiveness agenda and the desire to foster and support a diverse and vibrant civil society in the south. The policy goal of diversity is not operationalised in practice through mechanisms which can ensure greater outreach and accessibility. Donors are thus beginning to realise that they need to examine the forms of support they use to work with civil society, for instance, the implications of the increasing use of in-country multi-donor funds for the strength and diversity of civil society as a whole should be further scrutinised. Similarly, the strengths and weaknesses of the use of different types of intermediaries to fund and engage with southern civil society needs to be better understood.

Finally the paper ends by making some brief suggestions about **areas for further study**.

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# 1. Introduction

This short document provides a brief overview of Civil Society Policy and Practice in Donor Agencies. DFID requested that the study include a variety of multilateral and bilateral donors, in order to provide a quick reference point concerning the changing approaches to work with civil society, and the changing levels of importance accorded to this work amongst the different donors. This paper was originally written to provide DFID senior management with an understanding of the types of changes taking place as part of DFID's civil society portfolio review.

The report begins by an outline of our methods, and then sketches the key background factors to take into account when considering civil society policy and practice. Our findings are then presented. A basic overview of donors' policy statements and funding mechanisms is given, and a broad-brush comparison of bilateral and multilateral donors is made. We then move on to describe the most prominent emerging developments across the various donors' approaches to civil society. We analyse some of these developments in light of other studies and draw out some issues arising. Finally, we suggest areas for further study.

## 1.1. Methods

In order to gain an in depth insight into donor policy and practice, data was collected through both background literature and interviews. An extensive review of the policy documents concerning civil society of fourteen multilateral and bilateral donors was carried out. Donors reviewed were: the African Development Bank, the Asian Development Bank, the EC, UNDP, UNICEF, the World Bank, CIDA, Danida, DFID, Irish Aid, MFA Netherlands, Norad, Sida and USAID<sup>1</sup>. In addition to this, telephone interviews were carried out with representatives from three multilaterals; the World Bank, UNDP, UNICEF; and five bilaterals; CIDA Danida, DFID, Norad and Sida. An email exchange was undertaken with a representative from the EC. After having collected this data we tabulated some of the main findings to gain a comparative overview, and analysed this in the light of other studies and general background literature on the topic.

## 1.2. Background: recent contextual developments

### 1.2.1. Donor approaches, aid effectiveness and the Paris Declaration

Current aid strategies are influenced by a number of premises. Foremost are those related to the 2005 Paris Declaration, whose principles are: National ownership; Alignment; Donor harmonisation; Managing for results; and Mutual accountability.

Increasingly, donor approaches are driven by the need to support the development of nationally owned policies rather than impose externally defined policies on recipient governments. The current stated preference by donors is for provision of development assistance through General Budget Support, where feasible, and for more focused versions of this, such as Sector Support, where more appropriate.

At the same time, donors desire to be more strategic and focused on results. The MDGs articulate clear results and most major donors have signed up to supporting certain countries

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<sup>1</sup> When we refer to 'donors' in the rest of this study, we are referring to those particular actors listed here, who were chosen for investigation on the basis of guidance from the TOR, as well as pragmatic factors given the short timeframe available for this study.

in their pursuit of these goals. The Paris Declaration establishes the notion of shared accountability, and both donors and recipient governments are now required to work together towards development which is guided by the principle of national ownership. Signatory donors have signed up to working in partnership with recipient government and, increasingly, to use recipient governments' budgets, systems and procedures for channelling aid flows. Recipient governments are required to develop policies, either at sectoral/programme level or for general poverty reduction, and to focus on achievement of results. The principles of harmonisation and alignment are related to this, in that donors elect to, where possible, harmonise their processes and align with country policies and procedures.

This emphasis on 'aid effectiveness' has implications for the role of civil society in the development process. Civil society is now seen to have an important role in helping build country ownership of aid policies by being engaged in discussions and dialogue about those policies, and also an important role in holding governments to account and ensuring that policy commitments are met. The focus on local development and ownership of policies has increased expectations around the responsibilities of governments to deliver 'development' to its population, but there has been realisation that national ownership should mean more than state ownership, and civil society has a key role to play in ensuring this. This is in addition to the roles that many civil society groups play in the implementation of service delivery activities.

The September 2008 Accra Agenda for Action reaffirms the commitments of the Paris Declaration, comments on progress, and requires signatories to renew efforts to meet targets.<sup>2</sup> It has four clauses which relate to civil society: it talks of the need for participation of civil society in national policy formulation, of the need for creating an enabling environment for civil society<sup>3</sup>, of the need for effectiveness (focus on results) and speaks of the need to respect the autonomy of civil society.

### 1.2.2. Civil society processes relating to the Paris Declaration

As a result of the fact that the push to harmonise through the Paris Declaration principles was a donor-led process, some NGOs, especially larger INGOs, have felt the need to both develop their own statements on expected standards in the sector and to observe and monitor the effects of the 'aid effectiveness' agenda on aid delivery. The following two processes emerged from the participation of civil society at the Accra High Level Forum<sup>4</sup>:

- **The Open Forum on Aid Effectiveness** was launched in June 2008, and is a civil society organisation (CSO) led multi-stakeholder process aiming to promote CSO development effectiveness. This will include the development of common principles for action, including principles of downward accountability and working in partnership. A

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<sup>2</sup> The Agenda for Action states: Donors recollect and reaffirm their Paris Declaration commitment to provide 66% of aid as programme-based approaches. In addition, donors will aim to channel 50% or more of government-to-government assistance through country fiduciary systems, including by increasing the percentage of assistance provided through programme based approaches. *Accra Agenda for Action. Final communiqué. September 2008.*

<sup>3</sup> This commitment relates both to the enabling environment provided by governments at country level and to the enabling environment provided by donors through models of support conducive to aid effectiveness. See paragraph 20 of the Accra Agenda for Action

<sup>4</sup> As part of the preparation for the High Level Forum on Aid Effectiveness in Accra, some NGOs had established an International Civil Society Steering Group, which – together with a local Ghanaian NGO – organised the parallel Civil Society Forum at Accra. Post Accra, two civil society processes have been set up: the original steering group became the Better Aid Coordinating Group, and a new grouping emerged during the consultation processes linked to Accra which was launched as the The Open Forum on Aid Effectiveness.

group of twenty-five CSOs, including networks, from all around the world acts as the governing body. A process of national and regional level consultations is underway, assisted by a 'consortium of supporting organisations'<sup>5</sup>, which will feed into a global assembly in 2010, which aims to build consensus on a CSO development effectiveness framework, and another in 2011 will take stock of the process and prepare for the 2011 High Forum.

- **The Better Aid Platform** is a complementary process to the Open Forum. It focuses on monitoring and influencing the implementation of the Accra Agenda for Action, and gives specific attention to democratic ownership and to broadening the agenda of the debate around development effectiveness.

### 1.2.3. Rise of harmonised funding mechanisms for southern CSOs

Recent years have seen the increase in harmonised, or multi-donor, mechanisms for funding locally contracted and granted projects and programmes in the south. These mechanisms can broadly be described as '**pooled funds**'. Pooled funds are a common basket of funds kept separate from the ordinary workings of a government budget, and many of these are available for funding CSOs. Pooled funding can be disbursed in various ways, for instance via local funds, umbrella funds, multi-donor trust funds, funds for sector programmes, and sometimes provision of funding for core costs or project funding of specific actors.

These mechanisms can be both financing instruments and funding agencies, responding to local needs largely through grant funding<sup>6</sup> and often encouraging applications from partnerships of local organisations (including local authorities). They can provide a means for targeting resources at disadvantaged groups and communities and are increasingly replacing the 'small projects' budget of many donors which were previously going to NGOs. There seems no expectation that donors involved in managing pooled funds will favour applications from their own national INGOs, although the procedures involved may preclude smaller local CSOs with limited capacity from benefiting and thus benefit established INGO development actors. The management of local funds may be put out to tender: some funds have been managed and implemented by large INGOs, others by local branches of large, northern, private firms. Such mechanisms may be seen as particularly important in 'failed' or fragile states. We discuss some of these issues in more detail in 'Issues Arising'. The background literature also has useful findings on the advantages and disadvantages of such funding mechanisms in different contexts (Scanteam 2007, Tembo et al, 2007).

### 1.2.4. The rise of 'global civil society'

The past twenty years has seen the rise of, and increasing acceptance of a role for, so called 'global civil society': transnational civil society structures or alliances which exist to consult, advocate or campaign at regional and international levels. The variety of organisational forms which constitute this new phenomenon is large, evolving and shifting. Analysis of global civil society is also still developing, alongside debates about global governance. Several authors argue that the end of the cold war and the intensification of globalisation have enabled increasing possibilities for the development of the global rule of law, international justice and enhanced forms of citizen involvement. Thus the concept of civil society is no longer confined to the borders of the territorial state and 'global civil society', whilst appearing an oxymoron to

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<sup>5</sup> There are to be 10 regional level workshops which will wrap-up country level consultations in specific regions, and 7 thematic consultations to deepen understanding on certain issues and specific actors. At country level, there will be workshops with national CSOs on principles, guidelines and mechanisms for CSO development effectiveness and enabling conditions. The consortium of supporting organisations is made up of 5 regional CSOs and 1 international CSO and aims to ensure regional discussions feed upwards to the global level, and vice versa.

<sup>6</sup> Often with conditions, such as a co-financing element

the purists, has now found acceptance as a term which describes the current burgeoning of cross-border partnerships and international networks of civil society groups, who lobby and campaign in the international arena (Kaldor 2003, Scholte 2007).

Jan Aarte Scholte (2007) sees the need for global civil society to take on the role of watchdog for, or legitimiser of, the multitude of global mechanisms that now exist to regulate, organise, and co-ordinate at global levels. Such forms of global governance might be: formal inter-governmental agencies like the UN bodies; transgovernmental networks working on things like administrative law; regional arrangements like Mercosur, ASEAN; global regulatory frameworks such as United Cities; private regulatory mechanisms run by business consortia or consortia of civil society such as the Forestry Stewardship Council; and 'hybrid arrangements' combining public and private elements like the Global Funds for HIV/AIDS, TB, & Malaria (Scholte 2007). In this context 'civil associations can provide platforms, advance public education, fuel debate, increase transparency, promote accountability and enhance the democratic legitimacy of the rules that govern global relations. Positive interventions from adequately resourced and suitably participatory and accountable civil society groups can infuse global governance with greater democracy' (Scholte 2007).

Many donors, especially the multilaterals, are choosing to engage with particular elements of global civil society. Bilaterals recognise the involvement of northern based NGOs in networks and platforms at the global level to be important and are prepared to support this level of activity, and some are seeking to ensure that southern civil society groups become more actively involved at the global level.

## 2. Findings

### 2.1. Basic overview

Please refer to the tables presented in the Annexes:

- **Annex 1:** A summary of donors' current civil society **policies** and their thinking about future directions, classified according to multilateral and bilateral donors
- **Annex 2:** A summary of the donors' civil society **funding mechanisms**, classified by multilateral and bilateral donors.

#### 2.1.1. Current policies and future directions (see Annex 1)

For the multilaterals, civil society policy seems to be focused on the need for consultation and participation of civil society in their programmes at country level, and the creation of opportunities for global level civil society groups to engage with and lobby the multilaterals about their own policies. There is an acknowledgement of the diverse roles civil society can play beyond service delivery, and future directions are being shaped by the fact that multilaterals have moved towards allowing civil society to have a greater agenda-setting role in relation to their policy and practice. The World Bank emphasises dialogue at different levels, and has various mechanisms at the global level in particular which facilitate this. UNICEF and the African Development Bank are both developing good practice guidelines on partnerships with civil society groups. UNDP has developed a new strategy focused on strengthening civil society and civic engagement which encourages country offices to develop their own civil society strategies appropriate to their local contexts. The EC, classified in this paper as a multilateral, requires its Delegations to consult with civil society groups in the development of country strategies, and is developing detailed guidelines and

instructions about how to do this effectively, as well as currently developing mandatory guidelines on the involvement of CSOs in sector programmes.<sup>7</sup>

Of the bilaterals, the notable change is the articulation from many that the objective of their civil society policy is to support the development of strong civil societies in the south as an end in itself. All bilaterals have historical relationships with their own home-country development NGOs and other actors, and the bilaterals have to marry the need to continue some level of support for these groups with the desire to focus the strategy more on development of southern civil society. Most bilaterals also highlight the role for CSOs at a global level, in policy development and human rights. They try to ensure civil society work has an added value of being engaged with policy advocacy beyond service delivery, and take a strong focus on capacity building. These trends are most explicit in the Nordic+ donors' policy statements. Whilst Ireland and the UK do not state that they aim to support southern civil society as an end in itself, they articulate a strong emphasis on supporting southern civil society. Many of these trends are not reflected in Canadian development assistance, partly due to the lack of a CIDA-specific policy on civil society support.

### **2.1.2. Donors' civil society funding mechanisms** (see Annex 2)

Multilaterals have some limited funds for civil society work at centralised level, but most is distributed via country offices. UNDP currently has centralised funds which are applied for by country offices. The World Bank has a number of dedicated grant-making funds for civil society initiatives in specific issue areas, which are channelled through country offices, as well as varying envelopes under funds channelled through recipient governments. Given multilaterals' decentralised ways of working, many may not know the exact volume of funds channelled to CSOs via country offices. It also seems that a great deal of work with CSOs is conducted by departments other than the 'civil society' department. For instance, much of the World Bank funding for civil society is channelled through the Social Development department, which funds work linked to the 'demand side of governance'. The greater part of EC funding to civil society is through its geographic funding instruments. Its thematic funding, such as the new Non State Actors and Local Authorities fund (NSAs & LAs), is available for civil society work outside of the country strategies but is a smaller volume of funds. The regional development banks primarily fund civil society through project based loans.

Bilaterals have long standing relationships with their domestic development actors. Mechanisms for funding these have evolved over the last 10–15 years to concentrate more on larger core funding or programmatic grants<sup>8</sup> as a means to encourage more strategic thinking and to reduce donors own transaction costs (Pratt & Warren, 2006). The newly emerging focus on a strategy to support southern civil society has implications for funding northern NGOs. At one extreme, the Netherlands is indicating that it may be offering fewer grants to Dutch NGOs and will be actively seeking applications from (large) consortia and partnerships for longer periods. It is expected that a total of 30 larger, quality-focused grants to CSOs and consortia of CSOs will be offered. Ireland recently conducted a mid term review of its Multi Annual Programme Scheme which suggested a renewed focus monitoring progress and looking at accountability in terms of the use of public resources. It is widely expected that, in future, there will be fewer, more focussed, long term funding agreements under the MAPS framework. While Norad, Sida and Danida have a strong focus on strengthening southern civil society, they are maintaining current arrangements of 'framework' funding (3-5 year core and programme funding) to home-country INGOs. However, they are focusing more on providing funding for partners who have good strategies for giving priority to southern partners, at the strategic and funding levels. Multi-donor funding

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<sup>7</sup> Practical Guidelines for EC Delegations on the Involvement of NSAs in Programmes, with especial focus on Sector Approaches – work in progress. This will articulate how civil society groups can be involved in the Seven Key Areas of Assessment with specific reference to Sector Support.

<sup>8</sup> With the exception of CIDA

mechanisms at country level are mentioned by Nordic+ donors in particular, who are exploring an increase in these mechanisms in order to strengthen their direct support to southern civil society, alongside an emphasis on the use of small funds, such as 'embassy funds', expressed by the Netherlands, Ireland and Denmark. DFID' framework agreements which provide unrestricted funding to NGOs, were initially limited to UK based INGOs, but are now available for CSOs worldwide.<sup>9</sup> The 2009 White Paper (DFID 2009) specified plans to include 'up to ten high performing CSOs rooted in the developing world to help drive global action on priorities such as security and justice, social inclusion and fair trade.' In addition, DFID has developed specific centrally managed funding mechanisms which are primarily available for southern based CSOs.<sup>10</sup>

### **2.1.3. Comparison of multilaterals and bilaterals**

On the one hand we can see that, at the level of principle, the multilaterals seem to have a developed understanding of the need to engage with a broadly defined civil society beyond NGOs, and particularly have a strong focus on partnership and consultation with civil society. However, one major contrast to the bilaterals is that, with the exception of the EC and UNDP, they do not generally take the approach of strengthening civil society for its own sake. Where certain bilaterals such as Danida strongly express that they aim to support the diversity of civil society as an end in itself, engagement with southern civil society amongst some multilaterals seems to be subsumed to the overarching organisational strategies and goals. Multilateral donors are also aware of the fact that their primary engagement with recipient governments may be a hurdle to any sudden shift in emphasis towards civil society strengthening for its own sake. However, UNDP sees itself as acting as a facilitator in encouraging national governments to engage with its local civil society.

At the level of practice, it is difficult to make a straightforward comparison of multilaterals and bilaterals because of the different organisational models which lead to different dynamics of engagement. Most importantly, donors engage with civil society through different intermediaries. Naturally, bilateral donors acknowledge the fact that the relationship with their own domestic NGOs will continue. The nature of these relationships and the related funding mechanisms has changed over the years, (Nijs & Renard 2009, Pratt & Warren 2006), and current changes relate to: the requirement for Northern NGOs to focus more on the need to work in real partnership with their southern civil society counterparts (Norad, Denmark, Sida); to the desire to reduce fragmentation and duplication of work by different NGOs (Danida, Irish Aid); and to the desire to reduce further the transaction costs of the donors themselves. The Dutch are in the process of defining new funding mechanisms for their development NGOs and other actors. It seems likely that they will: be reducing overall funding for northern NGOs; want to reduce the number of grants made to such a variety of organisations; and will be encouraging larger strategic applications from coalitions and consortia. They state that 'the added value offered by Dutch CSOs is likely to change and require redefinition' (GoN, 2007).

Unlike the bilaterals, which have traditionally worked with civil society through Northern NGOs, the majority of the multilateral donors' work takes place through country offices, which are often quite decentralised and autonomous. Multilaterals have centralised 'anchor' or advisory teams, but they are generally not in any sort of coordinating or overview role in relation to the work in different departments which engage with civil society. Instead they may work on the level of steering overall policy, and engaging with civil society at the global level on behalf of their agency. For instance, at the World Bank the Civil Society Team

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<sup>9</sup> There are currently 2 non-UK based CSOs in receipt of PPA funds.

<sup>10</sup> For instance, the Governance and Transparency Fund was established in 2007 as a one-off funding mechanism for southern based organisations, to help citizens hold their governments to account. A Disability Rights Fund was set up in 2008, jointly with Tides Foundation, for direct funding to southern based DPOs.

engages with CSOs at the global level and gives institutional guidance to the 100 plus civil society focal points around the world, but the major part of World Bank work with CSOs in the south is dispersed through other departments like the Social Development Department.

From available evidence, multilaterals are strongly encouraging participation and engagement with different actors, at both a central level and in country offices. The EC has the most specific activities outlined for work with civil society which include significant focus on capacity building for civic engagement. Whilst the UNDP survey of 102 UNDP country offices in 2008 showed that the organisation engages 'heavily in downstream initiatives with NGOs, especially in the area of programme delivery', the new UNDP strategy for strengthening civil society and civic engagement aims to promote more 'upstream' efforts to support civil participation in national policy processes through dialogue and advocacy and through increased networking and expanding the space for government civil society interactions. UNICEF similarly have clear strategy goals to move 'upstream'.

However, a major finding from discussions with the multilaterals is that decentralised ways of working compound the problem of insufficient organisational level data on work with civil society. For instance, the existence of multiple trusts for work under different issue areas and multiple departments who work through country offices, mean that the Civil Society Team at the World Bank has no overview of how much work is really being done with civil society across the organisation. UNICEF also has no comprehensive knowledge of the work being done through its country offices with civil society.

Thus it is hard for this study, with its limited scope, to assess how much these strategy goals have made an impact on the actual funded activities with civil society. Evaluations from EC (EC 2008) and UNDP (UNDP 2009a) state that in both cases there was a high volume of partnership work and arrangements, but that these tended to be short term and not strategic. UNDP felt that consultations with civil society groups tended to be conducted in a rather ad hoc manner, and although the EC has more detailed experience of consultations with civil society at country level, there is the feeling that Delegations have not yet managed to identify mechanisms for ensuring proper representation and inclusivity.

Bilaterals generally have a clearer overview than multilaterals of the amounts and proportions of funding going through different direct channels to civil society, for example through northern NGOs (see Annex 2). However, these figures do not include funding going to civil society through other mechanisms like Budget Support or Sector Support Programmes. We also did not come across any comprehensive data on how funding is being spent in local contexts. The EC has estimates of the total funds going to civil society from the EDF, that is, geographic programmes in ACP countries, and thematic funds, but not other programmes.

## **2.2. Emerging developments**

### **2.2.1. More inclusive understanding of civil society**

Almost all donors have an inclusive understanding of the term 'civil society' compared to 10 or 15 years ago, when the term in the aid world seemed to be equated with NGOs. All donors now acknowledge that the term includes other associational forms, including trade unions, 'traditional' associational groups, and faith based groups. Most think in terms of the third sector and specify that it is only non profit making associations that constitute civil society. The EC has preferred to use the term Non State Actors (NSAs), which includes the private

sector<sup>11</sup>, although more recent policy statements it also talks about the important role for civil society.

### **2.2.2. Focus on southern civil society**

There is greater focus on engaging with southern civil society from all donors, and several bilateral donors are now stating an express purpose to strengthen southern civil society rather than just use northern NGOs and their partners to deliver development outcomes. Thus the Netherlands states that its overall strategic aim is to 'help build a strong and diverse civil society tailored to the local situation. In this connection, strengthening the capacity of local CSOs is an aim in and of itself' (MFA Netherlands 2007). Denmark wants to 'contribute to the development of a strong, independent and diversified civil society in developing countries' (Danida 2008). Norad aims to 'enable southern civil society actors to take the lead in partnerships between Norwegian actors and themselves' (Norad 2009) and Sweden's overarching objective is 'a vibrant and pluralistic civil society in developing countries that, using a rights-based approach, contributes effectively to reducing poverty in all its dimensions' (Government of Sweden 2009). In addition, one of Norad's channels of funding is: 'support to INGOs and networks that work globally or regionally within Norad priority areas', which will provide some core funding based on strategy, and preference will be given to actors with a 'southern base', either by being headquartered in the south or where southern actors provide a significant role in development of the strategy. The UK and Ireland are a little less explicit than these donors but still have a strong focus on southern civil society. The objective of DFID's Civil Society Challenge Fund, which requires a UK based partner, is to 'improve the capacity of Southern civil society to engage in local and national decision-making processes; improve linkages through global advocacy; or provide innovative service delivery or service delivery in a difficult environment.' Ireland has, as one of its policy objectives, to 'support an enabling environment for civil society to organise and engage with government and its own broader constituencies', this objective relating to both the north and south (Irish Aid 2008).

The multilateral donors, which do not have national ties with northern NGOs (with the exception of the EC) have always focused on working through country offices in the south, and are now moving towards greater emphasis on an agenda setting role for southern civil society. One of the earliest donors to insist on the need to include southern civil society groups in policy development is the European Commission (EC), which has been committed to including a specific role for NSAs in policy development in the Africa, Caribbean, Pacific (ACP) countries since the introduction of the Cotonou agreement in 2000<sup>12</sup>. It has since extended this requirement to all regions<sup>13</sup> and is the furthest in attempting to mainstream the involvement of civil society in development of policy.

UNDP has a long history of working with southern CSOs, and is now moving to work in a more strategic way with them, promoting civic engagement, citizen action for participatory democracy and development and strengthening civic engagement for multilateralism. UNICEF is also rethinking longstanding relationships with civil society, and attempting to move from subcontracting for service delivery towards emphasising capacity building for policy advocacy. The development banks (World Bank, the African Development Bank and the Asian Development Bank) all have policies and mechanisms for engaging with southern civil society groups at country level, sometimes in relation to policy development, but more frequently in relation to participation in service delivery of particular bank funded projects and

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<sup>11</sup> In practice the private sector has not been involved much in the EC's NSA consultations

<sup>12</sup> Signed in Cotonou, Benin, 2000

<sup>13</sup> EC 2002, outlined the principle, applicable to all geographic instruments, of the participation of civil society in the five main stages of the development process (preparation of the national development policy; preparation of the EC response strategy; policy dialogue on sectors of intervention; implementation of programmes and monitoring and evaluation).

programmes. One caveat to all this is that the rise of 'global civil society' means all donors may forge links with northern CSOs for the purposes of engagement in global dialogue, and for multilaterals this can be a strong part of both rhetoric and practice which may possibly detract from efforts to push reforms from the central to country levels.

### **2.2.3. Greater focus on contextualised understanding**

Donors see that this increased focus on supporting and strengthening southern civil society requires a more contextually nuanced understanding of the social and political landscape of recipient countries. The Dutch recognise that CSOs have extensive network in partner countries, but state that 'to increase their effectiveness, [it is] essential that CSOs conduct thorough country level contextual analysis'. They have divided their target countries into three groups: 'Accelerated achievement of MDGs'; 'Security and Development' (fragile states) and 'Broad based relationship' (soon to achieve middle-income status) and suggest that the emphasis of work with CSOs will be different in each context. In the first group, work with civil society will mostly be focussed on service delivery through partnerships, in the second they will focus perhaps more direct intervention, and in the third focus on working with civil society on issues such as human rights, inclusion, environment and so forth. Sida mention both in policy and in interview data the need for civil society mapping, referring to the Civicus Civil Society Index as an appropriate tool to use for this.

The EC is requiring its Delegations to conduct mapping exercises in order to understand better the CSO landscape. The 2009 evaluation of the 9<sup>th</sup> EDF (EC funding for the ACP countries) which examined support to 40 civil society support programmes, states that it is important to look at the civil society sector 'from a systems perspective' rather than the classical project approach – i.e. to think about how the different actors relate to each other rather than considering each NSA independently. UNICEF is encouraging country offices to map context in order to understand how UNICEF can play a more complementary role to its partners, and develop their partnerships with those who are engaged in social and political mobilisation. UNDP's new strategy also will encourage country offices to develop their own civil society strategies to identify how to work with different actors, including CSOs and political actors, to ensure growth of democratic space. It is currently working on supporting civil society-led assessments of the state of civil society and its role in governance and development in the countries it works in. UNDP sees such assessments as providing an impetus among civil society stakeholders to enhance linkages and networks and provide a shared understanding of, and dialogue on, the state of civil society among a broad range of stakeholders.<sup>14</sup>

This focus on contextual understanding places an emphasis on a more informed choice of partners. The Dutch, whose approach may have significant repercussions for Dutch INGOs, state that partner choice should depend on the substance of the programmes, the expertise available and which partner will make the most valuable contribution. The 2009 Policy Memorandum states that partners could be: 'a bank, a multi-national, a small or medium sized enterprise, a client organisation, a government institution, the military, a hospital, a university or research institute' and that greater attention needs to be paid to the private sector. It also suggests that it will be useful to cooperate with the increasing number of networking organisations, and that as 'equality between partners is now a more realistic prospect...there should be a systematic shift within northern CSOs to allow partners and other representatives of society in the south to have more say and more responsibility' (GoN 2009). A core focus for Ireland, explicit in guidelines following the finalisation of the Irish Aid Civil Society Policy in 2008, is to encourage their funded Irish NGOs to collaborate with and strengthen southern organisations. In interview, Norad stated that funding applications will need to demonstrate better political analysis in particular, and applicants will need to

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<sup>14</sup> This work is still in an initial inception phase.

demonstrate the comparative advantage of their selected partner organisations. They also wanted to see selection of partners which would be able to engage in policy dialogue and other such 'democratic spaces'.

#### **2.2.4. Increased interest in harmonised southern based funding**

We find a renewed interest in establishing southern based funding mechanisms which will enable southern CSOs to access funds directly. As noted in the 'background' section, in recent years, as part of the harmonised approach resulting from the Paris Declaration, there has been an increase in-country multi-donor funding mechanisms. There is a wide variety of such funding mechanisms with various implications, and we return to this in the section on 'Issues Arising'. Some donors have more experience than others in contributing to such funds already. Others, particularly the Nordic+ donors, are expressing increased interest in using such funds: Norad identifies, as one of its key three funding channels for CSOs, a new 'direct support to southern CSOs through national distribution mechanisms', although this channel has yet to be operationalised. DFID, through its devolved Country Offices, has had a substantial role in establishing around fourteen local 'intermediary Challenge Funds' in different countries, which provide funds to local CSOs according to the objectives of the fund. Some of these funds are pooled - in that other donors also contribute - whilst others may be entirely funded by DFID.<sup>15</sup>

In addition to these mechanisms, some donors are talking of the need to increase their own direct funding of southern CSOs, through their embassy channels (Denmark, Ireland Netherlands) available to local initiatives. There is a sense that this is an emerging area that needs more thought and assessment. In interview, the informant from CIDA expressed some of the concerns present in the background literature, that although these funds can support harmonisation and targeting, they may favour the funding of fewer, larger organisations and thus be detrimental to sector-wide civil society strengthening and diverse CSOs. However, the experience of other bilaterals' use of small funds such as 'embassy funds' is that these are generally targeted at a wide range of local, often very small, CSOs.<sup>16</sup>

In an internal document (Giffen & Watson, 2007); the EC has included case studies which highlight areas of good practice in the establishment of mechanisms, under other projects, for supporting civil society groups. This includes the establishment of 'capacity building funds' as part of other programmes. For instance, the Department of Justice and Constitutional Development in South Africa sought sector support for a Civil Society Partnership Programme which would be a component of the broader 'Access to Justice and Promotion of Constitutional Rights' programme. This would provide direct support to CSOs to enable them to deliver: improved access to justice for the vulnerable and marginalised; greater awareness of human rights; restorative justice projects; involvement in policy dialogue and support for the marginalised in achieving their constitutional rights.

#### **2.2.5. Civil society involvement in policy dialogue**

All donors use the language of the need to consult with civil society organisations both in the north and south. There is a multitude of examples of civil society involvement in PRSP design and monitoring, in development of country strategies for individual donors, of monitoring the delivery of specific programmes and the spending of specific budgets. The African and Asian Development Banks talk of involving civil society in discussions about

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<sup>15</sup> The term 'Challenge Fund' implies an annual funding round based on a competitive tendering process in response to a call for proposals. Examples of such funds are: PACS (Poorest Areas Civil Society Programme) in India; RAVI (Rights and Voice and Initiative) programme in Ghana; the Foundation for Civil Society in Tanzania; see [www.dfid.gov.uk/Working-with-DFID/Funding-opportunities](http://www.dfid.gov.uk/Working-with-DFID/Funding-opportunities)

<sup>16</sup> Examples include the use of Dutch Embassy funds, and certain of the British FCO funds available to British Embassies for particular policy objectives, including work with CSOs.

policy and projects, both at global and country levels; although it is difficult to evaluate what the processes look like at country level. UNDP encourages its country offices to involve civil society in discussions, and sees itself as a 'facilitator' to encourage national governments to engage with civil society groups. The European Consensus on Development (2006), states: 'civil society...play[s] a vital role as promoters of democracy, social justice and human rights. The EU will enhance its support for building capacity of non-state actors in order to strengthen their voice in the development process and to advance political, social and economic dialogue.'

However, this inclusion of civil society 'voice' can be ad hoc and perhaps even tokenistic. Some donors are moving beyond the rhetoric of mere involvement of, or consultation with CSOs. The EC is the only donor which has a mandatory requirement that its in-country Delegations involve civil society in development and ongoing monitoring of EC funded programmes. This requirement has been in place for nearly 10 years for the ACP countries, and the EC is accumulating learning from actual mechanisms used.

Bilaterals and the EC are also putting serious thought into how the strengthening of southern civil society in a more holistic way, and engagement of actors who can be involved in shaping policy in their own national contexts, can contribute to the democratisation process – as opposed to providing support to individual groups for individual consultation exercises. Norad in particular made the strongest statements about looking to support local partners which are able to engage politically, depending on the local context, along the lines of the 'drivers of change' approach (interview data). It seems that multilaterals put more emphasis on civil society's role for lobbying and advocacy at the global level, and this seems due to the fact that their close relationships with recipient governments lead to a more restrained approach to policy engagement in available space at country level (UNICEF interview). There is certainly also a sense from bilateral donors that this is a sensitive area which requires a delicate balance between accountability to recipient governments and to civil society.

#### **2.2.6. Related and cross-cutting work**

Multilaterals are more likely to engage with **global civil society** groups. Both the Asian (ADB) and African Development Banks (AfDB) hold global level consultations with civil society groups and the ADB holds regular 'lobby days' for civil society groups to present their views to the Bank on areas of work that the Bank is funding. The AfDB is in the process of establishing a civil society advocacy network which will be invited to make its priorities known to the Bank. It also has funded NGOs to undertake studies on the impact of AfDB projects in each African sub-region. The World Bank is in regular communication with civil society groups at the international level, and prides itself in having developed constructive relationships with international civil society groups, through hosting events such as roundtables, workshops and debates. It feels that whereas in the past such groups have been very critical of the World Bank as a whole, now the Bank has a much more dialogue based and issue oriented relationship with them.

The EC is working on a new initiative called the 'Quadrilogue', a structured dialogue on the involvement of civil society and local authorities in EC cooperation. This began in March 2010 and involves four types of actors. Representatives will be invited from: the EC headquarters and 30 to 35 of its Delegations; the European Parliament; representatives from Member States Ministries and National Development Programmes; and Civil Society Organisations and Local Authorities. Three working groups have been established to provide background information for the dialogue. These are: a group to examine the roles of CSOs and LAs in external cooperation; a group to examine the 'complementarity' and 'coherence' within the Accra Agenda for Action; and a group to examine EC aid delivery mechanisms.

Many bilateral donors mention engagement with the aid effectiveness agenda as part of their engagement with civil society at the global level. In addition, the Netherlands recognises that Dutch NGOs have experience and have made a name for themselves at other international fora, and that this needs to be supported (GoN 2009). Norad has identified that it is seeking to fund NGOs with southern partners who are able to be involved in transnational civil society work and engage in international policy debate, and feels that its work within the framework of international human rights instruments is one of its strengths.

It seems that work on **citizenship and civic education**, where it exists, is generally funded under programmes other than donors' civil society programmes. An exception is the EC's PASOC approach which is currently underway in several of the EC's francophone partnerships.<sup>17</sup> USAID's support for the education sector includes programmes and projects on civic education for both schools and adults and its work on legal reform and the rule of law supports work on citizenship. UNDP funds civic education work in several countries, under the Electoral Systems and Processes group of the Democratic Governance Department. Its Oslo Governance Centre produced a practical guidance note on civic education in 2004. UNDP is also partnering with Civicus to work through CSOs in identified countries to promote the use of the civil society index.

Facilitating an **enabling environment** is one of the key steps identified under UNDP's priority focus area of 'Investing in civil society and civic engagement' in its new Global Strategy. Its Oslo Governance Centre stated that the majority of correspondence from country offices to the Civil Society Division is related to this area of work, and country office staff are keen to know how, practically, to support national governments in their development of an environment which is conducive to and supportive of the development of the third sector. Other donors mentioned that they seek to address the enabling environment in their sectoral or thematic programme work, although it is difficult to find data on this. Specialised CSOs, such as the ICNL (International Centre for Not for Profit Law), may be funded by different donors to conduct work on the legal environment for civil society and public participation. UNDP and ICNL have worked together to produce a primer on the legal framework for CSOs.<sup>18</sup> The PASOC programmes of the EC can include a component relating to development of the legal and institutional support framework within a country.<sup>19</sup>

Bilateral donors, especially the Scandinavians, are conscious that they have a strong domestic constituency interested in development and overseas development assistance. Historically many donors have provided additional funding or training for small scale volunteer groups which provide a variety of support to southern based projects. Whilst most donors are looking at new strategic directions for their ODA, they often still feel an obligation to support these vibrant domestic groups. One such method of support is through recognising their role in **development education**. DFID has a separate funding stream for development education work. Sida mentioned that they still think this is a worthwhile area; despite their budget for this being cut 50% last year (interview data). The EC clearly sees one of the main roles of Northern (European) NGOs to be in this area. The new (2007) NSA & LA thematic funding instrument of the EC has, as one of its three focus areas, to 'raise public awareness of/change attitudes towards development issues in the EU (current and future members), to mobilise greater public support for action against poverty and a fairer

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<sup>17</sup> Programme d'Appui a la Societe Civile, PASOC, currently underway in Mauretania, Cameroon and Niger. The Mauretania programme has four components, one of which is the development of a culture of citizenship.

<sup>18</sup> 'The Role of Legal Reform in Supporting Civil Society: an Introductory Primer.' See bibliography for more details

<sup>19</sup> Eg, the Mauretania PASOC (see previous footnote) has a component relating to the enabling environment.

deal for developing countries'.<sup>20</sup> It is possible that this area of work will be increasingly important for northern NGOs, given the possible reduction of their role as development actors in the south, although it is currently an unpopular area to fund.

### 2.2.7. Monitoring impact

In terms of monitoring the impact and effectiveness of work with civil society, all donors expressed quite frankly in interview that this was a difficult area. The approach of the Paris Declaration is to focus on results at country level, for instance on the MDGs. This is particularly evident in the thinking of some bilateral donors. At the same time, there is a more nuanced approach emerging in many bilateral donors thinking, especially as relates to the task of measuring the impact of work through a variety of civil society organisations which may have very different objectives and approaches, and whose work is thus difficult to aggregate. CIDA has been leading a group of bilateral donors to begin to share more systematically their analysis and ideas on how to 'tell the big picture story' of civil society programming.

The Netherlands, Ireland and the UK seem to take their lead from the Paris Declaration approach and talk of the need to measure the results of civil society work in terms of its contribution to national development outcomes. The emphasis for Ireland is on both strengthened contextual analysis and a clear articulation of results, with a clear logic of intervention and capacity to track change where possible. The Dutch 2009 memorandum, talks of the need for greater emphasis on Northern CSOs' accountability to their southern partners and that of southern partners to their support bases, their target groups and the authorities. It states 'with so many parties involved, accountability for programmes cannot be properly exercised without clear-cut advance agreements on who is to be responsible for what.' DFID is currently very focused on the measurement of outputs and outcomes in response to reports, in 2006/7, from the UK's National Audit Office and the Public Accounts Committee. These noted the need for improved assessment of performance of the PPA NGOs and the need for more rigorous log frames for applications for the CS Challenge Fund. As a result, DFID has introduced a new log frame format which includes targets and baselines.<sup>21</sup> Whilst DFID recognises that smaller CSOs struggle with such procedures and requirements, they are conscious that, in dealing with tax payers' money, issues of value for money and efficiency have to be taken seriously.

Norad is explicit in stating that it will be more focused on the development outcomes at country level in the South, whilst simultaneously taking a looser approach to monitoring. Where there are outcomes in an area of work where Norad has funded some activities, it will be satisfied in reporting that they had some contribution to this outcome, rather than focusing on the need to track the results of specific Norwegian funding. Some other donors are more focused on trying to measure the outcomes of their own funding streams, but using qualitative approaches. Denmark is producing a methodology to be trialled for a year. This method, seemingly similar to some approaches used by INGOs, enables reporting on

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<sup>20</sup> The priorities under this objective for the period 2007 – 2010 are: increased public awareness on global interdependencies between the EU and developing countries and support for action against poverty and more equitable North-South relations; change in attitudes and improved public understanding of the issues and difficulties facing developing countries and their people; degree of integration of development issues into formal and non-formal education systems, ensuring inclusion of the development dimensions in global agendas such as democracy, active citizenship, intercultural understanding, etc.

<sup>21</sup> Historically the CSOs in receipt of funding through the PPA have been asked to report against high level strategic directives, without the need to track actual expenditure against outcomes, which is seen as appropriate for strategic unrestricted funding mechanisms. New directives are requiring these CSOs to include more quantitative measures in their reporting of high level objectives. The new log frames for CSCF have not been required retrospectively, but are likely to be used in new funding rounds.

outcomes at strategy level by using a series of qualitative indicators which CSOs can report against, which are then aggregated upwards. Danida's method has identified, alongside partners, a series of change indicators, and partners will be able to select those which best reflect the results of their work and report against those.

Multilateral donors have less developed reporting systems, in part because of their decentralised structures. UNICEF was explicit about the need to develop system wide monitoring tools which capture more than the programmatic output, and is currently aiming to produce some form of tool by 2012. The work that UNDP is doing to support country level assessments of civil society, led by civil society itself, may in future lead to the ability to assess the impact of ongoing work with civil society.

All those questioned about value for money stated that whilst they were constantly asking for demonstration of effective use of funds, that they did not employ any rigorous methodology for comparing alternative ways of delivering outputs and outcomes. Most made the observation that very few funded projects and programmes are directly comparable, even if the outcomes could be accurately quantified. Some donors stated that government auditors may welcome the introduction of such approaches, but they themselves, with a more nuanced understanding of the complexities of development, seemed reluctant to introduce this type of requirement.

### 3. Issues arising

#### 3.1. Diversity, harmonisation and alignment

The aid effectiveness debate focuses attention on the role and responsibilities of governments to deliver 'development' to its population, the achievement of MDGs, poverty reduction and the development of financial and management systems. This has implications for funding and support for the work done by NGOs and CSOs, and also makes implicit assumptions about the roles for CSOs in the development process. Whilst the focus of the Paris Declaration, and the Accra Agenda for Action, is on the relationship and mutual accountability between donors and recipient governments or states,<sup>22</sup> references to civil society seem to reflect a rather narrow interpretation of the roles for civil society actors, who are primarily seen as fulfilling one or more of the following functions:

- as contractors to implement government programmes;
- as 'watchdogs' to monitor the implementation of these programmes;
- as substitutes for the state in fragile states;
- as a way to broaden participation in national development planning.

There may be a tension between the priorities of the aid effectiveness approach and the desire to foster and support a diverse and vibrant civil society as an end in itself. Both the Dutch and Irish talk of the need to reduce duplication of effort. The Dutch seek greater

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<sup>22</sup> The Paris Declaration is an agreement between donors and partner governments. However, it does recognise the role of civil society in three places:

- Commitment 14, in which partner countries commit to 'take the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector'
- In commitment 39 in which donors commit to 'align to the maximum extent possible behind central government led strategies or, if that is not possible donors should make maximum use of country, regional, sector or non-government systems'
- In commitment 48, in which partner countries commit to 'reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies.'

alignment between Northern NGOs, and would welcome a 'powerful Dutch Umbrella organisation'. The Irish state that avoiding duplication and enhancing the efficiency of aid is a priority, but this is within their broader objectives which attach value to diversity and autonomy. For instance, they note that there is some duplication of effort within organisations in Ireland, and the existence of gaps which need to be addressed. Additionally, if the principle of alignment is interpreted mechanistically and solely in relation to government-defined National Development Strategies, this may conflict with the goal of strengthening CSOs whose work may not 'fit' under these strategies, but whose activities and presence enhances the diversity of civil society and is necessary for building a democratic culture and for ensuring the inclusion of poor and marginalised population groups.

It is increasingly recognised that 'national ownership' of strategies need to be broader than 'government ownership', and CSOs are seen as crucial actors in bringing a broader notion of citizens' needs and rights to the table. However, mechanisms for representation of civil society are in their infancy, and have tended to favour NGO platform organisations, or give the coordination role to the larger NGOs which may give primacy to their own interests. There are interesting attempts to enable the inclusion of smaller CSOs, including those not involved in the mainstream delivery of development outcomes, which need to be documented, shared and promoted<sup>23</sup>. This is part of the good governance agenda, which is at the forefront of many donors' approaches.

Donors are beginning to realise that if they are to turn the rhetoric of strengthening a diverse southern civil society into reality, they need to examine the forms of support they use to work with civil society. Donors are beginning to explore this, for instance, DFID has sought to broaden the range of activities (or 'niches') funded by its PPA funding scheme. The most recent funding round broadened the range of organisations funded, to include the TUC, a media organisation, a think tank and an anti corruption organisation. However, the Nordic+ study points out that the policy goal of diversity is mostly still not operationalised in practice in regard to mechanisms that ensure greater outreach and accessibility across different types of organisations working in different geographical areas and on different issues (Scanteam 2007). Donor harmonisation and alignment may increase volatility in the development sector, in that it may lead to a great deal of concentrated activity around certain areas all at once as funding priorities from multiple donors and their national INGOs 'align'. Rather than nurturing CSOs at different levels with diverse agendas, including particular interest groups, harmonisation and alignment can reduce diversity and possibilities for risk and innovation. With this in mind, we turn to examine the implications of support mechanisms which aim to build southern civil society.

### **3.2. Funding mechanisms to build southern civil society**

The recent growth of southern based common funding mechanisms is of increasing interest to those donors who are moving towards the aim of supporting the development of southern civil society as an end in itself. However, it is not yet clear whether these funds are geared towards real support for local civil society, or which types of fund may be more appropriate for this aim. In-country multi-donor funds which are targeted at specific sectors or themes are advantageous in terms of targeted, direct funding and of course donor harmonisation, but there are also voices cautioning that if donors are interested in the strength and diversity of the sector as a whole, then there need to be a variety of mechanisms available to a variety of actors at different levels (Tembo et al, 2007, Scanteam, 2007, interview with CIDA).

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<sup>23</sup> Recent TORs for involvement of CSOs in the Human Rights and Democracy funding instrument of the EC requested that a section in the proposed handbook contain a 'best practices' guide including cooperation in difficult environments and cooperation with informal partners (ref. TOR Request for Offer No 2010/230783)

The Nordic+ study (Scanteam 2007) includes a useful analysis of the strengths and weaknesses of joint funding modalities which highlights the fact that advantages are mainly for donors and for strategic thinking. It also points out that, as has been shown elsewhere, there tends to be a concentration of effort on the procedures and mechanism associated with the smooth running of such funds (IDD & Associates 2006).

Strengths	Weaknesses	Opportunities
<ul style="list-style-type: none"> <li>• Conducive to harmonisation and coordination among donors and alignment with government when relevant</li> <li>• Reduced transaction cost once the agreement has been developed and established (high initial cost)</li> <li>• Improves mutual accountability since donors approve formal own roles and obligations</li> <li>• Requires a high degree of strategic thinking on the part of donors</li> <li>• Because of the greater volume of funds, there is potential for greater outreach (geographical coverage)</li> <li>• Has a higher impact on national decision making, also because of volume and agreement between donors</li> </ul>	<ul style="list-style-type: none"> <li>• It may reduce the number and scope of donor funding sources</li> <li>• It may focus more on donor concerns and objectives, and entail donors focusing a lot on internal discussions rather than on CSO dialogue – may easily lead to <i>efficiency</i> concerns</li> <li>• The inter-donor focus may lead to concentration on instrument and procedures rather than results and effectiveness issues</li> </ul>	<ul style="list-style-type: none"> <li>• Can bring more donors to the table for "best practice" approaches</li> <li>• Improve donor performance, "good donorship", through peer pressure by "best practice" donors on new donor entrants</li> </ul>

(Source: Scanteam 2007)

Some of these funds, by their nature, may often have heavy administrative procedures and thus favour the larger 'corporate' NGOs<sup>24</sup> which are geared up to the delivery of development outcomes. The background literature points out that such funds can tend to see CSOs as just contractors, and some critics caution that thus many of these new southern based, harmonised, pooled fund type mechanisms end up primarily funding for service delivery type activities, which deliver the development outcomes in line with national strategies, rather than enabling more innovative CSO activities. However, there are examples of specific funds which are focused more on accountability work, such as RAVI in Ghana, ENCISS in Sierra Leone, and the later modality of operation of the Foundation for Civil Society in Tanzania. Furthermore, some of these funds include a capacity building element; aimed to support smaller CSOs apply for funding. Understanding context, paying attention to the potential for dependency, and selecting the most important type of multi-donor funding modalities is essential (see Tembo et al 2007 pp18 for recommendations for different contexts). It is also important to note that transition to multi donor instruments and more harmonised ways of working can take significant costs in terms of time, financial and human resources (Tembo et al 2007, Scanteam 2007). Questions remain about whether these mechanisms strengthen the diversity and plurality of local civil society.

Many donors have retained or increased their core funding. Core support has long been the preference of CSOs as it is more flexible, thus supporting ownership and autonomy is better than short term project funding (GSDRC 2009 Scanteam 2007). However, critical questions need to be asked about how donors currently use core support. Core support usually

<sup>24</sup> By this we mean the category of NGOs that includes both the larger Northern based (but with increasingly independent southern offices) INGOs such as Plan and Care, and also newer large southern NGOs such as BRAC.

consists of larger amounts of money given to organisations with which donors have a history of trust, in practice strongly favouring Northern INGOs or at least professionalised, larger organisations, based in capital cities.

The Nordic+ study notes that the share of core funding for southern CSOs may be larger under joint agreements, but also points out that, for southern CSOs, particularly in relation to the issue of their ownership, the question of whether funding comes directly through an in-country multi-donor mechanism, or indirectly through intermediaries may be less important than the flexibility and conditions of the support (Scanteam 2007). Sweden is one donor who has explicitly thought about these issues and is consequently aiming to push the benefits of core funding down through the levels of partnership to the south and southern CSOs. It is now encouraging the Swedish INGOs core-funded by Sida to increase their long term (3-4 year) core funding to southern partners, alongside reduced administrative burdens. Swedish INGOs will have to show progress in this area (interview data).

Core funding is especially appropriate for advocacy CSOs, which particularly need to maintain a reputation of legitimacy and independence. A sense that advocacy agendas are being set by external agents can be particularly damaging for the ability of CSOs to advocate with integrity and to engage in domestic political processes on behalf of particular constituencies (Parks 2008). Since donors are paying more attention to funding southern CSOs able to engage in political processes, they need to approach funding mechanisms in this area with particular caution, as advocacy work could be very negatively affected by large swings of donor funding to specific 'political' areas. Strategies to mitigate this include trying to ensure diverse sources of funding and helping advocacy NGOs slowly build up domestic sources of funding. Bilaterals also need to balance desire for demonstrated impact with sensitivity to local organisations, in contexts where strong claims about political change and the results of advocacy could create a backlash (Parks 2008).

If donors are interested in support to southern civil society, not merely support through northern civil society, though those are not mutually exclusive, a range of support mechanisms that provide for the diversity of CSO agendas is required. Whilst core support and simplified reporting procedures are acknowledged as better to strengthen CSO longer term planning, independence and constituency accountability, there is no reason that this approach should become a new orthodoxy. Some work may be better targeted through project funding. If donors understand the civil society context in which they are working and use direct project support to purposefully fund more diverse groups, project funding can lead to benefits both in lowering risk for donors and providing support for groups otherwise marginal to other funding mechanisms, such as rural community based organisations. Several of the bilateral donors also talk of increasing the importance of small funds, such as embassy funds, which disburse funds directly to southern civil society. In some countries these are administered by the development arm of government, although it is noted that there should be an accompanying consideration of the capacity of embassies to engage with civil society (Scanteam 2007).

One positive example of thinking about funding civil society diversity in practice is the recent Evaluation of the EC's 9<sup>th</sup> EDF fund, which points out that, in some countries, efforts have been made to introduce more flexible procedures to enable smaller CSOs to access support.<sup>25</sup> It recommends that the eligibility criteria for accessing funds should not exclude emerging actors and a broad range of work, and that funding criteria should not be based on

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<sup>25</sup> 'In Niger, we attempted to resolve the question of eligibility as regards grassroots organisations that do not have ...statutes or official papers....The solution identified in Niger was that of demanding...a simple statement of existence written out by the Mayor. ....As concerns the bank account, it is satisfactory that two members of the organisation open a bank account in their name into which the funds from the grant can be paid.' EC 2009

top-down ideas of what these small actors need. 'In other words, it is necessary that the support programme or project is based on demand of these grassroots actors, and not the supply of capacity building formulas.' Another positive development within DFID is its Common Ground Initiative, jointly managed with Comic Relief. Whilst this fund is primarily for the development work of small and Diaspora groups, it has evolved into a very flexible mechanism, enabling groups to access different types of funding according to their needs<sup>26</sup>.

The EC sees its Thematic Instruments as a tool to enable funding of civil society activities outside of the geographic (national development) programmes. The NSA & LA<sup>27</sup> is the new instrument for providing support to small scale initiatives proposed and carried out by CSOs and/or local authorities from Europe and Partner Countries in the area of development. Calls for proposals can be issued from Brussels or locally. This is seen as an 'actor oriented programme' that supports the right of initiative of civil society, although calls for proposals may highlight thematic areas of work. The EIDHR<sup>28</sup> thematic fund is an instrument for funding a multiplicity of themes based on human rights issues, which allows for assistance independent from the consent of third country governments and other public authorities. The other thematic funds<sup>29</sup> may also be accessed by CSOs, although it is anticipated that the NSA&LA and EIDHR will be the main mechanisms.

### **3.3. Intermediaries funding and engaging with southern civil society**

An area that needs to be carefully considered is the role of different intermediaries and their implications as both mechanisms for disbursing funds and engaging with southern civil society. The Scanteam study (2007), which identifies ten types of intermediaries, points out that the use of intermediaries enables large donors to expand their outreach and management for results.

Where donor funding is through budget support, it may be the national government which acts as the intermediary: this has implications in terms of cooption and reduction of the role of subcontractors for service delivery. Most of the pooled funds are managed by third parties, although again many are administered in such a way as to treat CSOs as primarily subcontractors. INGOs can act as intermediaries in two ways: bilateral donors may continue to channel funds through them to southern partners; in addition, some of the new pooled funds mechanisms are managed in-country by well established INGOs.

The strengths and weaknesses of various intermediaries for funding of civil society– such as INGOs, umbrella organisations, UN country offices, regional associations, private organisations, and government are assessed in the Scanteam study, but deserve further scrutiny. For instance, where local offices of INGOs are themselves applying for funding from locally based pooled funding mechanisms, they may be 'crowding out' local civil society rather than strengthening the capacity, autonomy and diversity of local civil society (Pratt 2006, Pratt 2008, GSDRC 2009, Scanteam 2007). Or umbrella organisations may potentially have better knowledge and accountability towards local CSOs, but funding through them may also create new imbalances within local civil society. To address such problems, the EC

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<sup>26</sup> This fund provides different packages according to needs –an organisation can apply for funding for the research phase in order to gather information needed to make a full application for funds. In addition, organisations in receipt of grants can apply for top-up funding to help with organisational capacity building assistance.

<sup>27</sup> The Non State Actors and Local Authorities Instrument

<sup>28</sup> The European Instrument for Democracy and Human Rights Instrument

<sup>29</sup> The other thematic instruments are: Environment and sustainable management of natural resources including energy; Food Security; Migration and Asylum; Investing in People; EU Food Facility; Instrument for Stability; Nuclear Safety Instrument.

in Bangladesh promotes CSOs working in consortia but does not support CSOs giving grants to other CSOs.

One example of categorisation of intermediaries for the management of in-country funding mechanisms for the support to CSOs and NSAs is found in the EC's evaluation of the 9<sup>th</sup> EDF:

Indirect centralised management (private company)	2%
Indirect centralised management through an NGO	2.5%
Pool fund/Joint management with another donor or international organisation	7.5%
Externalised direct labour operations	65%
Externalised labour operations through NGO (use of grant)	5%
Direct labour operations	15%

Source: EC 2009

Tembo et al (2007) point out that the choice of intermediaries has, to date, been based on criteria such as: policy, credibility with state, management capacity, and capacity building support. They suggest that donors look more closely at accountability and legitimacy when selecting intermediaries. Some intermediaries will take fewer risks, for instance in funding innovative projects, since they themselves will be assessed on efficiency criteria, such as the number of grants managed, and whether efficient management systems in place. Such donor oriented accountability in intermediaries may hamper the potential to engage effectively with southern civil society.

As noted above, the increasing desire for donors and governments to consult with civil society groups has led, for pragmatic reasons, to the desire to see the creation of national platform organisations. However, there is disquiet that some national platforms may not be truly representative of their membership, and that some may not actively seek members from the whole range of civil society. The recent evaluation of the EC's 9<sup>th</sup> EDF points out that in some cases the platform organisations were not truly representative of the civil society sector, and the rush to provide funding to platform organisations to perform specific functions may have been premature.<sup>30</sup> It points out that, unfortunately, this learning from the 9<sup>th</sup> EDF has not been taken into account in planning the 10<sup>th</sup> EDF, where similar mistakes are being made. The evaluators state that this state of affairs 'brings the opinion that these platforms are 'made in the EU'; ergo representing an alien intrusion into their dynamics' (sic). Careful selection of intermediaries with a track record of working with groups that represent the diverse parts of civil society such as faith based organisations, social movements, and media, is important if donors wish to gain the benefits of engagement and funding for these parts of civil society (Tembo et al 2007).

### 3.4. Monitoring impact

It is generally agreed in both literature and in interview data that evaluation of civil society work is extremely difficult and problematic for those wanting to draw hard and fast conclusions about what is or is not effective. In the background literature there is no consensus on civil society's overall performance compared to the public or private sectors – even for NGOs doing service delivery – let alone more diverse organisations involved in governance, improvement of human rights and other less easily measurable issues (GSDRC 2009). There is some, though patchy, evidence in the background literature that faith based

<sup>30</sup> The Evaluation reports that often large core grants have been given to umbrella groups and platforms, e.g. for monitoring the implementation of the Cotonou agreement, and that this may have been a mistaken use of funds if the platforms are not regarded as truly representative of the sector. EC 2009

organisations and traditional, community based voluntary organisations can be more effective than public services in terms of quality, coverage, equity and in some instances cost effectiveness, in the health and education sectors (GSDRC, 2009). There is also some consensus that growth of individual CSOs undermines the 'added values' of flexibility and independence which may make them more effective in long term, sustainable poverty reduction and reaching the poorest (GSDRC 2009).

There is no infrastructure to calculate return on investment in terms of aid to civil society. The difficulty in monetising non-financial costs and benefits, the lack of common measures and language, lack of quality data, and the cost of measurement all prevent calculations of the value of this type of intervention. This is an area of emerging debate, and various methodologies which this study does not have the scope to cover are outlined in the GSDRC Helpdesk Research Report on Methodologies for Measuring the Value of Civil Society (2009), which also highlights the 'UN Nonprofit Handbook', and 'Comparative Non-profit Sector Project', at the John Hopkins Center for Civil Society, which are attempting to improve the basic information available in this area.

Any comprehensive comparative view of multilaterals and bilaterals impact is also lacking, but studies from MFA Norway (2006, cited in GSDRC Helpdesk Research Report; Performance of CSOs) and on accountability (2008 Global Accountability Report, cited in *ibid*), suggest that on the one hand multilaterals are operationally poorer performers, and bilaterals' relationships with NGOs gives them greater flexibility and partnership. But on the other hand, bilaterals multiple relationships can also lead to a lack of coordination, and financial inefficiency. This study certainly shows that there is a lack of data from the multilaterals on monitoring their impact and that the various methodologies and debates which bilaterals are currently dealing with in this area merit further study.

## **4. Donor policy and practice and areas for further study**

In the background literature there are several areas of good practice in relation to civil society. Given this study's limited scope we cannot comprehensively conclude in detail how much donors have or have not taken this on board, but we can provide some broad-brush insights in this area.

Most multilateral and bilateral donors' policies recognise civil society as being diverse and much broader than NGOs, and recognise the importance of broad based dialogue and participation of civil society in their work. This is supported by awareness of the need for capacity building and a need for stronger contextual understanding of civil society, including civil society mapping. Bilaterals have taken this on board in particular, and of the multilaterals, UNDP, UNICEF and the EC give strong attention to these good practices.

In operationalising these principles further attention needs to be paid to considering the question of marrying the donors' emphasis on the role of a diverse and politically engaged civil society to mechanisms of good practice. There is also need for more carefully thought out channels for capacity development in the areas of policy dialogue and budget analysis in order for civil society to fulfil its role in oversight and holding government to account (GSDRC 2009). Whilst there is widespread and strong commitment to dialogue this has not necessarily been as comprehensively and strategically supported as it could be (Scanteam 2007). For the multilaterals and their emphasis on policy consultation, there is limited data available on how far this goes beyond ad hoc consultations at the country level, and dialogue mechanisms at the global level, although EC practice at country level is generating useful examples of different ways of engagement.

Likewise, with the bilaterals' desire to support southern civil society and their political engagement, there is limited evidence of good practice in supporting networks and associations which strengthen feedback loops between governments and civil society. Closely related to this issue of 'space' for southern civil society is that there is the need for a critical review of the role of northern NGOs as intermediary agents in the future, despite the fact that support for home-country INGOs may be currently politically non-negotiable for bilaterals. The increasing use, and interest, on behalf of many donors in the in-country funding mechanisms such as pooled funds, also needs to be better understood – which types of fund work best in different contexts and for different purposes.

One of the headlines from the background literature is that the choice of support modality matters. It has a sector wide impact on civil society and an institutional impact on CSOs, the way they work and accountability to their constituents (GSDRC 2009, Pratt & Warren 2006, Pratt 2008). Who gains and who loses within the local context with the use of different funding mechanisms? Donors need to take a more careful understanding of the effects of different modalities of funding in different contexts, but this is challenging as there is limited data on assessing implementation and impact of funding civil society (GSDRC 2009). Even the Nordic+ study (Scanteam 2007) which covers the perceived strengths, weaknesses, risk and opportunities of different support modalities cannot rigorously assess the impact and outcomes of them. It is also noted that if further study in this area is undertaken an understanding of sources of funding for civil society beyond donor mechanisms – such as through Diaspora groups, should be sought to further inform donors' work and make it effective and complementary (GSDRC 2009).

Evidence suggests that funding diverse groups such as media groups, FBOs, CBOs, and those in the 'grey areas' of public-private-civil society is good practice, in terms of drivers of change, downward accountability to membership and constituents, political access, pro-poor growth, civic engagement, and networks which allow donors to scale up and exit more smoothly (Tembo et al 2007). However, what has been ascertained is that there is no particular one funding mechanism that provides a simple solution for effectively supporting diverse civil society groups, and all sorts of funding mechanisms have serious and varied limitations for truly supporting this diverse civil society. Both core funding and multi-donor mechanisms which emphasise harmonisation and alignment can limit access and outreach, or over-institutionalise CSOs to the detriment of their added value as having member-driven interests and autonomy<sup>31</sup>.

Ultimately, there is a need for a variety of funding mechanisms which reach CSOs of different sizes, strengths and interests. There may be a role for differentiated grant making targeting groups with marginal members and different capacities, and there is a need for experimental funding to nurture coalitions. Whilst this is an area which needs substantially more insight, and will understandably take significant time and resources to address, donors can at the least in the current context: emphasise transparency by producing clear and accessible information in each country context about support modalities, levels of funding, and access points to funding; simplify procedures; provide support for weaker CSO players to participate;

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<sup>31</sup> Relevant here may be a voice from civil society recommending 'Proposed Principles for "Good Donorship" from Tanzania' – '1. Adopting a changed mindset with ambition to enhance ownership and align to the systems and procedures of the CSOs and not vice versa; 2. Encourage diversity of funding strategies; 3. Mainstream civil society support; 4. Apply a rights-based approach; 5. Prioritize strategic partnerships for direct funding; 6. Engage in long-term commitment; 7. Move towards core funding; 8. Recognize the strategic plan, budget and a joint report as the main steering documents; 9. Support institutional capacity building; 10. Encourage innovation, result orientation and learning; 11. Take care of the relations; 12. Make support through INGOs visible; and 13. Respect the roles of different actors.' (Acumenta 2007 in Scanteam 2007, 19)

and push the benefits of core funding down through INGO intermediaries to their southern partners.

Based on this concluding overview of donor's civil society policy and practice, we suggest that the following areas could provide relevant further research:

- A comparative examination of the effectiveness of different funding mechanisms for CSOs:
  - via northern INGOs as intermediaries to southern partners
  - via umbrella groups to fund smaller CSOs
  - via southern based funding mechanisms such as pooled funds
  - via small funds, such as embassy funds.
- An exploration of the effects of different actors as managers for southern based funds, such as INGOs, private sector consultancy firms, southern based umbrella groups, ministries.
- An examination of the alternative models of support for CSOs most appropriate in different contextual situations.
- An examination of how donors' aims to support diversity could be better operationalised through various funding mechanisms, including an exploration of good practice, and the use of less established, innovative funding mechanisms.
- An examination of different 'created spaces' for civil society through the strengths and weaknesses of different models for consultation.

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## Annex 1a - Summary of multilateral donors' current and future civil society policy

	Policy Documents and Summary of Policy Position	Best Practice and Future Strategic Directions
<b>Africa Dev Bank</b>	<ul style="list-style-type: none"> <li>• <b>Cooperation with civil society organizations Policy and Guidelines, Oct 1999</b></li> </ul> <p>Aims to contribute to the growth of civil society by promoting and facilitating 3 way dialogue between Regional Member Countries (RMCs), CSOs and the Bank at national and regional levels. Collaboration with CSOs in the development of country strategy papers, especially in the poverty reduction, agricultural development and women in development sectors. CSO roles in Bank supported projects.</p>	<ul style="list-style-type: none"> <li>• <b>New Principles for CSO Partnerships in process of development</b></li> </ul> <p>2009 Annual Meeting in Dakar invited CSOs to create an advocacy network to make their priorities known to the Bank. New AfDB principles for CSO partnerships to be developed following ADB Civil Society Organisations Forum, Tunisia, Feb 2010.</p>
<b>Asian Dev Bank</b>	<ul style="list-style-type: none"> <li>• <b>ADB Strategy 2008–2020 (Strategy 2020)</b></li> <li>• <b>ADB Cooperation with civil society. Annual report 2008</b></li> </ul> <p>ADB commits to engage in partnerships with a more diverse group of institutions. Partners are becoming more central to planning, financing, and implementing ADB operations. to improve development results.</p>	<p>At country level: ADB continues to work to involve CSOs in development of country partnership strategy.</p> <p>At global level ADB consults with CS on specific policy areas, and invites CSOs to Lobbying Days where they are given the opportunity to present issues to ADB.</p>
<b>EC</b>	<ul style="list-style-type: none"> <li>• <b>Communication of Participation of NSAs in EC development policy, Nov 2002</b></li> <li>• <b>Article 24.2 of the Development Co-operation Instrument: Regulation (EC) No 1905/2006 of the European Parliament and of the Council of 18 December 2006</b></li> <li>• <b>NSA &amp; LA 2007-10 Strategy Paper</b></li> </ul> <p>The EC uses the term Non-State Actors, (NSAs), which includes the private sector. Aims to:</p> <ul style="list-style-type: none"> <li>• Promote an inclusive and empowered civil society in developing countries;</li> <li>• Raise public awareness and support for development issues in the EU;</li> <li>• Strengthen coordination between networks of non state actors and local authorities in EU countries.</li> </ul>	<p>EC Delegations are required to involve NSAs in policy dialogue, since 2002 for the ACP countries, and since 2007 for other groups of countries. Currently focusing on the details for civil society involvement in Sector Programmes. It is currently involved in developing training for Delegations on the need for CS mapping at country level.</p> <p>At the global level, beginning of Quadrilogue in 2010 – structured dialogue between EC (commission &amp; EC Delegations), European Parliament, Member States and CSOs and LAs on the involvement of civil society and local authorities in EC cooperation.</p>
<b>UNDP</b>	<ul style="list-style-type: none"> <li>• <b>UNDP and Civil Society Organizations: A Policy of Engagement 2001.</b></li> <li>• <b>UNDP Strategic Plan 2008 –11</b></li> <li>• <b>Voice and Accountability for Human Development: A UNDP Strategy to strengthen civil society and civic engagement. July 2009</b></li> </ul> <p>UNDP focuses on;</p> <ul style="list-style-type: none"> <li>• investing in civil society and civic engagement</li> <li>• promoting citizen action for participatory democracy and development</li> <li>• strengthening civil engagement for multilateralism and human development</li> </ul> <p>Encourages UNDP country offices to develop civil society strategies; about 20% country offices had them in 2009</p>	<p>UNDP trying to become more outward looking organisation that is better equipped to engage with plurality of constituencies and partner with civil society.</p> <ul style="list-style-type: none"> <li>• UNDP is partnering with Civicus and supporting local civil society groups to promote the civil society index and generate knowledge about civil society.</li> <li>• UNDP will administer the new UN-Indigenous Peoples Partnership Mechanism: grants component for local groups; support capacity development of governments; youth leadership programme</li> <li>• UNDP to convene Platform HD2010: Civic Engagement for MDGs and Multilateralism</li> </ul>
<b>UNICEF</b>	<ul style="list-style-type: none"> <li>• <b>Strategic Framework for Partnerships and Collaborative Relationships ( March</b></li> </ul>	<p>Unicef will continue to diversify from service delivery. Encouraged by</p>

	<p><b>2009)</b></p> <ul style="list-style-type: none"> <li>• <b>Programme Cooperation Agreements (PCA) and Small Scale Funding Agreements (SSFA) with Civil Society Organisations (CSOs): Summary of changes effective January 2010 (Dec 2009)</b></li> </ul> <p>UNICEF has always worked with partners, but is now 'moving upstream' from an emphasis on civil society as subcontracted for service provision, to increase partners' role in agenda setting. Country offices are being encouraged to diversify partnership to engage more in social and political mobilisation, and to map context.</p>	<p>e.g.s of the two ends of the service-delivery and advocacy spectrum informing one another, such as Brazil and Mozambique programmes, which include multi-sectoral collaboration between civil society, government, and private sector; this system strengthening and multi-sectoral approach may become important in future. More systematic approach needed across UNICEF in terms partnerships, information systems and M&amp;E tools. More resources for capacity development needed.</p>
<b>World Bank</b>	<ul style="list-style-type: none"> <li>• <b>Issues and Options for Improving Engagement Between the World Bank and CSOs (2005)</b></li> <li>• <b>World Bank-Civil Society Engagement Review of Fiscal Years 2007 to 2009 (2009)</b></li> </ul> <p>Bank trying to engage with a 'wider and more complex spectrum' of organisations, despite ultimate accountability towards governments. Engagement with civil society through; facilitation via governments, dialogue/consultation, partnership. Bank now has a more issue oriented, dialogue-based relationship with civil society.</p>	<p>Pleased with improved dialogue, engagement and participation of civil society in Bank work e.g. CSOs consulting and implementation on new access to information policy which presumes disclosure, and substantive and frank roundtables on food and financial crises. In future, promoting improved relations between different actors at country level is the significant area. Need for a more comprehensive approach and better monitoring.</p>

## Annex 1b - Summary of bilateral donors' current and future civil society policy

	<b>Policy Documents and Summary of Policy Position</b>	<b>Best Practice and Future Strategic Directions</b>
<b>Canada</b>	<ul style="list-style-type: none"> <li>• <b>Advisory Group on Civil Society and Aid Effectiveness: Synthesis of Recommendations and Findings (Aug 2008)</b> is taken in effect as CIDA's civil society policy framework in the light of a policy gap in this area. Endorsed by the Canadian government in <b>The Canadian Statement in Accra</b>.</li> </ul> <p>CIDA supports civil society across the spectrum from service delivery to policy dialogue, and are exploring options to develop a policy document on civil society in the future.</p>	<ul style="list-style-type: none"> <li>• <b>'Aid Effectiveness and Civil society: Exploration and Experience of good practice'</b> – reference document for the advisory group</li> </ul> <p>Pooled funds and foundations can support coordination, PD principles, and targeted funding – but should not cut off funds to the detriment of the wider sector. Funding needs to provide for different organisations at different capacities.</p>
<b>Denmark</b>	<ul style="list-style-type: none"> <li>• <b>Strategy for Danish Support to Civil Society in Developing countries (Dec 2008)</b></li> </ul> <p>Overall aim of contributing to a '<i>strong, independent and diversified civil society in developing countries</i>', by; promoting policy debate and dialogue; strengthening civil society's diversity and representative nature; enabling environment; CS's inclusion in PD; focus on capacity building, advocacy, human rights; cooperation between CSOs and international actors in fragile states; collaboration with other stakeholders e.g. on CSR; strengthened results orientation of CS activities.</p>	<p>Pleased with the close dialogue between Danida and the CSOs they fund, this makes implementing policy a lot easier. Testing a new M&amp;E model this year – trying to tell the story of what is working or not in terms of strategy through aggregating qualitative results. In future there is a need to think about the added value in channelling through northern NGOs, other options are more direct funding to Southern CSOs and more networks between Southern and Northern CSOs.</p>
<b>Ireland</b>	<ul style="list-style-type: none"> <li>• <b>Irish Aid Civil Society Policy (April 2008)</b> aims to:</li> </ul>	<p>Building relevant and appropriate structures with Irish Civil Society</p>

	<ul style="list-style-type: none"> <li>support an enabling environment for civil society to organise and engage with government and its own broader constituencies</li> <li>support the role of civil society: in promoting participation and good governance; ensuring pro poor service delivery and pro poor growth; globally &amp; nationally, to build constituency for development, human rights and social justice.</li> <li>Partnership with southern organisations – developing countries driving own development</li> </ul>	<p>Ensure adherence to quality standards and development effectiveness</p> <p>Ensuring that partners can track and measure their own effectiveness, based on robust analysis and evidence</p> <p>Building an incentive structure via funding and other means to support Ireland's civil society policy objectives</p>
<b>Netherlands</b>	<ul style="list-style-type: none"> <li><b>Our common concern: investing in development in a changing world</b> - Policy note Dutch Development Cooperation 2007 – 11</li> </ul>	<ul style="list-style-type: none"> <li><b>Dutch Policy Memorandum on CSOs: cooperation, customisation &amp; added value</b> Overarching aim of new MSF grant framework - strengthen civil society in South</li> </ul>
<b>Norway</b>	<ul style="list-style-type: none"> <li><b>Principles for Norad's Support to Civil Society in the South (May 2009)</b></li> </ul> <p>Inclusive view of civil society, Norway sees civil society as the 'fifth estate' – (government, legislative, political parties, press) and thus crucial player among equals. An increased focus on strengthening civil society actors in south, and an increased political focus in terms of to achieve development democracy and redistribution of power.</p>	<p>Pleased with work to push a pro poor agenda using the framework of human rights instruments. In future; continued focus on southern civil society and political engagement, including anti corruption activities; support for strengthening global and international arenas and networks; promoting Diaspora participation in development; a strengthened focus on collecting results - challenging CSOs to be better at presenting.</p>
<b>Sweden</b>	<ul style="list-style-type: none"> <li><b>'Pluralism: Policy for support to civil society in developing countries within Swedish development cooperation' (2009)</b></li> </ul> <p>The objective is: <i>a vibrant and pluralistic civil society in developing countries that, using a rights-based approach, contributes effectively to reducing poverty in all its dimensions.</i> Sweden provides direct support to CSOs, capacity development, and indirect support for enabling environment. CSOs as collective voices and organisers of services should participate in political processes for strengthened democracy and human rights. Diverse, representative and financially independent civil society.</p>	<p>Sida will continue to move towards seeing civil society as intrinsically valuable, not instrumental. Will promote increased ownership of local partners, in line with aid effectiveness. Sida is encouraging Swedish CSOs to have longer (3-4 years), and more core or programme funded partnerships with civil society.</p> <p>Would like to explore the potential for harmonisation and cooperation with other actors, and funding grassroots diverse southern organisations in a manageable way – pooled funds?</p>
<b>DFID</b>	<p>DFID does not have an official policy on its work with Civil Society. Its current work is guided by the most recent White Paper '<b>Eliminating Poverty, Building our Common Future</b>' and the 2006 practice paper, '<b>Civil Society and Development. How DFID works in partnership with civil society to deliver the MDGs</b>'.</p>	<p>The White Paper spoke of doubling central support to CSOs to £300m by 2013, expanding partnership agreements to organisations based in the south, increasing funding to small scale innovative work, to faith based groups, trade unions and the private sector. DFID initiated a Review of its Civil Society work in late 2009 which has not yet been published.</p> <p>At present, it is unclear how the recent change in government will affect current and planned policies.</p>
<b>USA</b>	<p>USAID Democracy and Governance Department has strategy for work with civil society:</p> <ul style="list-style-type: none"> <li>strengthen the mediums through which citizens can freely organise and communicate with their governments and with each other –</li> <li>strengthen a democratic political culture</li> <li>mobilise constituencies for reform</li> </ul>	<p>Civil society work seen as part of building democracy and good governance. Much of the work is implemented through other programmes (sectoral, cross cutting). This work also includes support for the regulatory frameworks that provide an enabling environment, and supporting civic education programmes in both education sector and for adults. Department for State also issues calls for proposals, often on thematic basis through geographic bureaux.</p>

## Annex 2a - Summary of multilateral donors' civil society funding mechanisms

	Funding mechanisms
<b>African Dev Bank</b>	Although there is not explicit funding of CSOs, there is work with civil society through project loans, policy based loans, technical assistance. <b>Project based loans</b> are bulk of ADB funding: mandatory conditions of loans, around poverty targeting and inclusion, favour inclusion of CSOs in project design and some implementation. ADB can provide some funds for institutional support to CSOs, to enable them to develop capacities to fulfil roles at policy or project levels.
<b>Asian Dev Bank</b>	ADB's civil society anchors, based across the organization and region, support project-level collaboration with civil society through CSO participation in; ADB work with government of member countries to provide support for CSOs through loans; Country and regional technical assistance projects such as NGO Partnerships for Poverty Reduction; Co-financing projects, such Cooperation Fund for Fighting HIV/AIDS in Asia and the Pacific (with Government of Sweden), The Japan Fund for Poverty Reduction.
<b>EC</b>	Has two main channels: <ul style="list-style-type: none"> <li>• <b>Geographic programmes</b> are part of overall EC strategy for the country/ region and are governed by regional partnership approaches (IPA for pre-accession countries, ENPI for Neighbourhood countries, EDF for ACP countries etc). Figures indicate that 1.7% of 10<sup>th</sup> EDF will be devoted to NSA, but this is under estimate since the governance envelope will include some monies for NSAs. This is the main channel for NSAs in terms of volume.</li> <li>• <b>Thematic programmes</b> are usually global calls for funding under specific themes: the <i>NSA &amp; LA</i> theme was introduced in 2007 and is specifically for CSOs and Local Authorities (euros 220m p.a.). CSOs can also apply for funding under other thematic programmes, especially the EIDHR (euros 120 per annum which is 90% of the fund)</li> </ul>
<b>UNDP</b>	The new strategy is currently administered through existing mechanisms: <ul style="list-style-type: none"> <li>• <b>Central level</b> - managed in close collaboration with regional bureaux: <ul style="list-style-type: none"> <li>○ <b>Thematic Trust funds</b>- Such as HIV/Aids</li> <li>○ <b>Small grant facilities</b> - For community-based initiatives with upstream policy impact at the district, regional or national levels.</li> <li>○ <b>Partnership Facility</b> -Small grants for quick disbursement to UNDP country offices for innovative, highly leveraged partnership initiatives</li> </ul> </li> <li>• <b>Regional level and country levels:</b> small grants <b>available</b> for specific work.</li> </ul>
<b>Unicef</b>	Not 'funding CSOs' so much as 'transferring resources to CSOs for child focussed programming'. Vast majority of funds transferred through <b>country offices</b> as: <ul style="list-style-type: none"> <li>• <b>PCA</b> – Programme Cooperation Agreements, based on shared goals and budget between UNICEF and CSO(s). 'Complex' PCAs for longer, larger and more complex work grant &gt;\$100,000, 'light' PCAs for simpler, shorter collaborations grant &lt;\$100,000. Any time period may be agreed, UNICEF contributes to both indirect and direct costs.</li> <li>• <b>SSFA</b> - Small Scale Funding Agreements with local and grassroots organizations is now to be used for amounts up to US\$20,000. SSFAs may constitute up to 10% of the total annual UNICEF programme budget. Flexible, with highly simplified planning format and reporting requirements.</li> <li>• <b>Contracts</b> – financial engagement with CSOs as subcontractors to UNICEF still exists despite move towards more agenda setting in partnerships.</li> </ul>

<b>World Bank</b>	<p>Has a great many funding mechanisms, many of which are at experimental stage. Bank itself does not know and is currently unable to monitor all funding going to civil society.</p> <ul style="list-style-type: none"> <li>• <b>Specific funds</b>, ~\$30 million/year overall, managed by Washington DC, available for Country offices to apply for funds to grant to CSOs in country. 'Development Marketplace' is the largest of these – disbursing ~ \$10m/year. 'Civil Society Fund' gives around \$2.5m/year, ~\$30-50,00 per country office, ~\$5,000 per grant.</li> <li>• <b>Funds channelled through national governments to CSOs</b>, estimated between \$1b - \$2b/ year. Bank gives loans or soft loans/grants such as Social Funds, CDD, government might create units to disburse money.</li> <li>• <b>Trust Funds</b> set up within different departments for civil society work e.g. Trust Fund for Food Crisis, for Extractive Industry.</li> </ul>
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## Annex 2b - Summary of bilateral donors' civil society funding mechanisms

<b>Canada</b>	<p>Estimated 25% of CIDA's total budget goes through (mostly Canadian) CSOs, who all have requirements for local partners, via -</p> <ul style="list-style-type: none"> <li>• <b>Canadian Partnership Branch</b> (6-8% total ODA) – funding via Canadian CSOs working with Southern partners. More programme based than core funding. Various funds give small grants (requiring co-financing), for example for public engagement and development education, via not just NGOs.</li> <li>• <b>Geographic Programs</b> – country programmes which may not have particular mechanism for funding CS – but still do fund CSOs programmes when there is a strong synergy with country program's priorities, as well as funding CSOs on a sub-contracting basis for delivery of specific initiatives identified by the country program..</li> <li>• <b>Multilateral Programs Branch</b> – various envelopes in this that work with civil society e.g. humanitarian programming</li> <li>• A few <b>decentralised and locally managed funds</b> – either pooled or CIDA's.</li> </ul>
<b>Denmark</b>	<ul style="list-style-type: none"> <li>• <b>Framework agreements:</b> <i>Long term:</i> multi-annual agreements for 6 Danish NGOs, <i>Programme agreements</i>, 1 year thematic or geographic funding for Danish NGOs, <i>Individual projects</i>, &amp; <i>Alliance programmes</i></li> <li>• <b>Pooled funds:</b> for smaller Danish NGOs administered by 3<sup>rd</sup> party umbrella organisations e.g. funds for small, volunteer-based orgs such as youth or mission groups.</li> <li>• <b>Sector programme support:</b> capacity building for Southern government partners to include civil society in sector programmes e.g. health, education</li> <li>• <b>Direct funding of Southern CSOs:</b> through multi-donor funding mechanisms and embassy funds.</li> </ul>
<b>Ireland</b>	<ul style="list-style-type: none"> <li>• <b>Multi Annual Partnership (MAPS):</b> (mid-cycle review completed) 5 NGOs with 5 year agreements giving core and programme funds. Designed to enhance focus on outcomes.</li> <li>• <b>Civil Society Fund:</b> Seen to complement MAPS and provide rationalisation of multiple existing schemes. Integrated funding package with more holistic approach. Multi-annual project grants. Scheme also includes a block grant organisational funding arrangement with 22 organisations.</li> <li>• <b>In-Country Micro Projects scheme:</b> for non-focus countries</li> <li>• In addition Ireland funds CSOs in its focus countries through embassy level – through both direct support and engagement in joint donor mechanisms depending on the context. Other funding to CSOs goes through different section of Irish Aid such as Development Education, Emergency and Recovery, Gender and Health.</li> </ul>
<b>Netherlands</b>	<p>Currently reviewing policies and developing new framework which will provide fewer (30) grants for larger programmes; encouraging coalitions and consortia.</p> <ul style="list-style-type: none"> <li>• <b>MFS II: Framework agreements</b> will be for longer period – 2011 to end 2015, to coincide with target date for MDGs</li> <li>• <b>Standard grant</b> – for flexible funding to new global developments and political priorities – open for Dutch and international CSOs.</li> </ul>

	<ul style="list-style-type: none"> <li>• More focus on <b>Embassy funds for direct funding in the South, and support for local disbursement mechanisms (pooled funds etc)</b></li> </ul>
<b>Norway</b>	<ul style="list-style-type: none"> <li>• <b>Framework Agreements:</b> <i>core funding</i> for 3 – 5 years for 3 Norwegian NGOs; <i>programme funding</i> for 3-5 years to 29 Norwegian NGOs <i>project funding</i> to 70+ NGOs; all this is focused on delivery through southern partners</li> <li>• <b>Support to INGOs and networks that work globally or regionally within Norad priority areas:</b> Multi-year core support based on organisation's strategic plan. Preference to actors with a southern base, either in terms of HQ or significant influence of southern actors on strategy.</li> <li>• <b>Direct support to southern CSOs, through 'national distribution mechanisms'</b> such as funds and national umbrellas in the south. Not significantly operating as yet.</li> </ul>
<b>Sweden</b>	<p>33% of Sida's total budget goes through CSOs, via –</p> <ul style="list-style-type: none"> <li>• <b>Framework agreements</b> (25% of the 33%) with 15 Swedish NGOs, '3+1' funding agreements - 3 years approval with 4<sup>th</sup> year review. Encouraging Swedish NGOs to increase long term core and programme funding to local partners.</li> <li>• <b>Support to CSOs through country and thematic teams</b> (75% of the 33%), this can be through Swedish, international local CSOs, if fulfilling Swedish strategy.</li> <li>• <b>Multi donor pooled funds</b> at country level.</li> </ul>
<b>UK</b>	<ul style="list-style-type: none"> <li>• <b>Partnership Programme Arrangements.</b> £107m in 2010-11. Strategic level agreements with CSOs – provides unrestricted funding for a period of 5 years, currently 30 PPAs – varying from £75,000 - £28,000,000 pa. Established in 2000 when 10 PPAs granted to 10 UK based NGOs – last two funding rounds were open to CSOs world wide.</li> <li>• <b>Civil Society Challenge Fund</b> – around £14m pa. Project based funding up to £500,000 per project for up to 5 years - open to UK based organisations working in partnership with southern organisations. Objectives to improve the capacity of Southern based civil society to engage in local and national decision making processes, advocacy work, service delivery of innovative nature or in difficult environment</li> <li>• <b>Governance and Transparency Fund</b> – one off scheme in 2007 for CSOs worldwide – £130m provided for a period up to 7 years - funding 38 projects - to help citizens hold their governments to account through capacity building of support groups.</li> <li>• <b>Development Innovation Fund</b> – for small scale projects open to CSOs worldwide – currently on hold pending decision following change of government</li> <li>• <b>Common Ground Initiative</b> – support to small and Diaspora-led UK-based CSOs – DFID provides £18m over 3 years. Administered jointly with Comic Relief</li> <li>• <b>Disability Rights Fund</b> – Pooled fund set up with Tides Foundation - £2.7m for project funding for National Disabled Peoples' Organisations – 87 projects funded to date</li> <li>• The proposed <b>Global Development Engagement Fund</b> – for development education work in the north.</li> </ul>
<b>USA</b>	<p>Private &amp; Voluntary Cooperation office has global calls for proposals:</p> <ul style="list-style-type: none"> <li>• <b>Development grants program</b> (\$40m in 2009), small thematic competitive grants programme providing support for 'nascent US PVOs'</li> <li>• <b>Cooperative development program</b> (\$10 m in 2009), competitive grant programme which fund partnerships of US and host country cooperative organisations</li> </ul> <p>Other facilities:</p> <ul style="list-style-type: none"> <li>• <b>Small project assistance/Peace Corps</b> – competitive grants through local field offices of Peace Corps to support community development.</li> <li>• <b>Capable partners NGO strengthening Technical Assistance</b> – facility for USAID Missions etc. partners to apply for capacity assistance.</li> </ul>