

Partnering with Civil Society

12 Lessons from DAC Peer Reviews

civil society
the multitude of
associations around which
society voluntarily
organises itself



Partnering with Civil Society

12 Lessons from DAC Peer Reviews

The Organisation for Economic Co-operation and Development (OECD) is a unique forum where the governments of 34 democracies work together to address the economic, social and environmental challenges of globalisation. The OECD is also at the forefront of efforts to understand and to help governments respond to new developments and concerns, such as corporate governance, the information economy and the challenges of an ageing population. The Organisation provides a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies.

The OECD member countries are: Australia, Austria, Belgium, Canada, Chile, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Japan, Korea, Luxembourg, Mexico, the Netherlands, New Zealand, Norway, Poland, Portugal, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, the United Kingdom and the United States. The Commission of the European Union takes part in the work of the OECD.

In order to achieve its aims the OECD has set up a number of specialised committees. One of these is the Development Assistance Committee (DAC), whose members have agreed to secure an expansion of aggregate volume of resources made available to developing countries and to improve their effectiveness. To this end, members periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies.

The members of the Development Assistance Committee are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the European Union.

Corrigenda to OECD publications may be found on line at: www.oecd.org/publishing/corrigenda.

© OECD 2012

No reproduction, copy, transmission or translation of this publication may be made without written permission. Applications should be sent to OECD Publishing rights@oecd.org or by fax 33 1 45 24 99 30. Permission to photocopy a portion of this work should be addressed to the Centre français d'exploitation du droit de copie (CFC), 20, rue des Grands-Augustins, 75006 Paris, France, fax 33 1 46 34 67 19, contact@cfcopies.com or (for US only) to Copyright Clearance Center (CCC), 222 Rosewood Drive, Danvers, MA 01923, USA, fax 1 978 646 8600, info@copyright.com.

TABLE OF CONTENTS

Preface	5
Introduction	7
The Strategic Framework	9
Lesson 1: Have an evidence-based, overarching civil society policy	9
Lesson 2: Strengthen civil society in developing countries	13
Lesson 3: Promote and support public awareness-raising	17
Lesson 4: Choose partners to meet objectives	21
Lesson 5: Make policy dialogue meaningful	23
Delivering Effective Support	27
Lesson 6: Respect independence while giving direction	27
Lesson 7: Match funding mechanisms with the purpose	31
Lesson 8: Minimise transaction costs	35
Lesson 9: Build strong partnerships with humanitarian NGOs	37
Learning and Accountability	39
Lesson 10: Focus reporting on results and learning	39
Lesson 11: Increase transparency and accountability	43
Lesson 12: Commission evaluations for learning and accountability	45
References	51

DAC members value CSOs as partners when they have grass-roots knowledge of needs in developing countries, expertise in specific sectors, knowledge of public opinion and as advocates for human and civil rights, fighting poverty and environmental degradation, improving public governance and making international policies more development-friendly.

PREFACE

Peer reviews of DAC members are based on the dual principles of peer pressure and peer learning. The reviews are the only international process regularly to examine key bilateral development co-operation systems and offer constructive commentary for their reform. In doing so, peer reviews constitute a yardstick against which the DAC can measure the influence – or lack of it – of its good practice principles on development co-operation, both in the field and at headquarters.

The ultimate aims of DAC peer reviews are to:

1. Help improve the quality and quantity of development co-operation
2. Provide credible analyses based on common principles that can be used by both OECD countries and the wider international community
3. Enable DAC members to share experiences, identify good practices and improve co-ordination.

This booklet is about partnerships between DAC members and civil society organisations (CSOs) which can serve many purposes. These include, as reflected in the *Busan Partnership for Effective Development Co-operation* (2011), supporting the vital role that CSOs play in enabling people to claim their rights, in promoting rights-based approaches, in shaping development policies and partnerships and in overseeing their implementation, in providing services in areas that are complementary to those provided by states and in contributing to and raising public awareness about global development challenges and results. Partnerships related to humanitarian assistance are examined in more detail in an earlier publication in this series: “Towards Better Humanitarian Donorship: 12 Lessons from DAC Peer Reviews” (OECD, 2012a).

Despite the significant share of official development assistance (ODA) flowing to and through CSOs (16.2% of ODA of DAC member countries in 2010), there are few shared guidelines, benchmarks or documented good practices that DAC members can follow when partnering with civil society. At the same time, DAC peer reviews provide recommendations, evidence and examples of how different members work with CSOs, the challenges they face and good practice.

1. For the purposes of this booklet, « national » CSOs refer to CSOs in the DAC member country. CSOs in developing countries are designated as such.

This booklet outlines the 12 most important lessons and some good practice examples on how DAC members should partner with CSOs. The lessons emerge from DAC peer reviews, the study *How DAC members work with CSOs* (OECD, 2011) and a workshop on *What makes for good co-operation between DAC members and CSOs*, organised by the OECD in October 2011. Workshop participants included DAC members and representatives from northern and southern civil society. The lessons are grouped under the following headings: strategic framework; delivering effective support; and learning and accountability.

Elisabeth Cardoso Jordão and Ida Mc Donnell prepared this publication based on the study conducted by Jenny Hedman and Ida Mc Donnell and presentations at the 2011 workshop referred to above, with helpful comments by Michael Ward, Hans Lundgren, Megan Kennedy-Chouane, Jenny Hedman, Eduardo Gonzalez and Joanna Wisniewska. Helpful comments were provided by the members of an informal steering group composed of CSO experts from selected DAC members and from NGO umbrella organisations as well as members of the Informal Donor Group on Civil Society. Representatives of Australia, Canada, Denmark, Japan, Norway and Poland provided valuable oversight as members of the *12 Lessons* editorial board.

The *12 Lessons* series, covering a range of current issues and targeted at development policy professionals, has been developed under the direction and guidance of Karen Jorgensen, Head of the Review, Engagement and Evaluation Division of the OECD's Development Co-operation Directorate.

Civil society is the multitude of associations around which society voluntarily organises itself and which represent a wide range of interests and ties.

INTRODUCTION

By J. Brian Atwood, Chair of the Development Assistance Committee, OECD

Civil society is the multitude of associations around which society voluntarily organises itself and which represent a wide range of interests and ties. “CSOs can be defined to include all non-market and non-state organisations outside of the family in which people organise themselves to pursue shared interests in the public domain. Examples include community-based organisations and village associations, environmental groups, women’s rights groups, farmers’ associations, faith-based organisations, labour unions, co-operatives, professional associations, chambers of commerce, independent research institutes and the not-for-profit media” (OECD, 2009).

Participants in the 4th High Level Forum on Aid Effectiveness in Busan in 2011 (including all DAC members) agreed to:

- a. Implement fully their respective commitments to enable CSOs to exercise their roles as independent development actors, with a particular focus on an enabling environment, consistent with agreed international rights, that maximises the contributions of CSOs to development.
- b. Encourage CSOs to implement practices that strengthen their accountability and their contribution to development effectiveness, guided by the Istanbul Principles and the International Framework for CSO Development Effectiveness.

All DAC members work with civil society organisations and both are well placed to be partners for development. DAC members’ policies and practice in engaging with civil society are part-and-parcel of an enabling environment for civil society worldwide. CSOs and DAC members often share the same objectives of reducing poverty and inequality in developing countries and encouraging democratic processes, including strengthening civil society. DAC members value CSOs as partners when they have grass-roots knowledge of needs in developing countries, expertise in specific sectors, knowledge of public opinion and as advocates for human and civil rights, fighting poverty and environmental degradation, improving public governance and making international policies more development-friendly.

Despite the obvious advantages of partnerships between DAC members and CSOs, working together can be challenging. DAC members face challenges in navigating and understanding the complex world of civil society and in balancing respect for the independence of CSOs with the conditions they attach to funding. To increase effectiveness and gain efficiency, the administrative costs linked to complicated funding requirements need to be reduced and synergies found. CSOs have problems with donor conditionality and inflexibility as well as lack of clear policies and opportunities for meaningful dialogue. Moreover, policy dialogue and co-operation between DAC members and CSOs, and CSOs' role as independent watchdogs, can be compromised by relationships that focus narrowly on funding for development projects and programmes. At the same time, CSOs acknowledge that they also need to be more predictable, transparent, driven by results and accountable. The Istanbul Principles for CSO Development Effectiveness are a welcome contribution by CSOs and their implementation should be monitored.

These 12 lessons are based on evidence and experience, and identify common ground for dialogue and action while respecting the distinctive objectives and roles of official donors and CSOs. They focus on how DAC members and CSOs can create stronger, balanced partnerships to reach common development goals.



J. Brian Atwood
Chair of the Development Assistance Committee, OECD

THE STRATEGIC FRAMEWORK

Lesson 1: Have an evidence-based, overarching civil society policy

WHAT: The civil society policies and/or strategies of DAC member countries should provide an overall framework for support to strengthening civil society in developing countries which is based on analysis of the civil society sector and an understanding of how civil society organisations (CSOs) contribute to development. The policy should spell out key terms, objectives, goals and principles as well as different co-operation modalities for supporting civil society and CSOs. The policy can then be translated into operational guidelines.

WHY: Several factors contribute to predictable, relevant and effective support and partnerships. They include: having a clear and transparent medium-to-long-term policy that is broadly owned by CSOs; explaining the purpose of supporting civil society and for working with CSOs; and setting out priorities and objectives which are operational and results-oriented. By designing the policy in dialogue with CSOs, DAC members help to foster understanding and ownership, identify common goals and opportunities for partnerships, and ensure matching expectations. However, DAC members need better civil society policies (see Box).

How to improve DAC members' CSO policies

DAC members need to analyse and understand the multidimensional, complex and evolving concept(s), nature and realities of civil society and civil society organisations and decide 'why' they should prioritise partnering with civil society organisations and work out the type of development that DAC members and CSOs can promote and achieve together.

In particular, improvements can be made with policies that are:

- unclear and confused about the 'roles' of civil society, CSOs and NGOs in development;
- applied inconsistently across development co-operation;
- outdated or old fashioned compared to other development co-operation policies;

- driven by the existence of a budget-line for CSOs/NGOs rather than by strategic development objectives;
- disconnected from the reality of aid allocations to CSOs. A high share of ODA going to DAC members' domestic and international NGOs is earmarked;
- based on weak policy assumptions and a lack of evidence about the role and contribution of CSOs to specific objectives, for example, strengthening civil society in developing countries or working with the most marginalised poor people.

Source: Inputs made at the OECD Development Co-operation Directorate workshop on ***What makes for good co-operation between DAC members and CSOs?*** held at OECD Headquarters, 3 October, 2011.

HOW: There is no template for a civil society policy: civil society across DAC member countries and in developing countries is diverse and DAC members work with their own political and legal constraints. At the same time, all DAC members work with CSOs and most have some sort of civil society policy or strategy (OECD, 2011). Policies can be strengthened by having high-level ownership (*e.g.* ministerial, senior management) within the administration and in civil society; being evidence-based and by clarifying the objectives which will guide planning, implementation and evaluation. They should outline the principles that will underpin partnerships and present the range of possible partnerships and the eligibility criteria. Specifically:

- Support for strengthening civil society should be included in the DAC members' overarching strategic vision for development co-operation to ensure political attention and support, to point to linkages with geographic and thematic priorities such as fragile states, democratisation and governance, and promoting gender equality and women's empowerment. Civil society support should be complementary to the work of DAC members in developing countries.
- Donors should continuously test their assumptions about the work of CSOs in developing countries, especially when defining the purpose of the partnership with CSOs. This will help ensure that policies and priorities reflect reality.
- DAC members should design their civil society policy in close consultation with CSOs from inception to review. Umbrella bodies of CSOs can play an important role in facilitating consultations.

- DAC members should review whether their regulatory and legal frameworks affecting civil society are 'enabling' and consider including objectives for updating these frameworks.
- The civil society policy should set out measurable objectives including for implementing the commitments made on civil society in the Busan 4th High-Level Forum on Aid Effectiveness (para 22). These are: recognising CSOs as development actors in their own right, promoting an enabling environment (including effective donor support), and encouraging CSOs to implement practices that strengthen their accountability and contribution to development effectiveness.
- The civil society policy should be made public to increase transparency and understanding. Publishing the policy in official languages of partner countries will also make it more accessible.
- Make provisions for regular review of progress and for adapting the policy to evolving global and country contexts. Do this in consultation with CSOs.

Box 1. DAC member experiences*

Denmark's *Civil Society Strategy* (MFA Denmark, 2008) is a model for other donors.

The long-term overarching objective of the strategy, which flows from Denmark's strategy for development, is to contribute to the development of a strong, independent and diversified civil society in developing countries. The strategy sets nine strategic goals for achieving the long-term objective, which range from promoting a vibrant and open debate nationally and internationally, to a focus on rights, and results. Significantly, the strategy includes an analytical chapter on challenges facing civil society. Other chapters cover the types of organisations and the different roles that civil society performs; operational principles for Danish support; a review of different forms of co-operation modalities/mechanisms to provide support; popular foundation and information activities by CSOs; and a chapter on how the strategy will be implemented.

(Box continued on next page)

Denmark's *General Principles Governing Support to Development Activities Implemented by Danish Civil Society Organisations* (MFA Denmark, 2011) describes the overall principles for fulfilling the objectives of The Civil Society Strategy (MFA Denmark, 2008) and making links with the thematic priorities of Denmark's new strategy for Development Co-operation. In 2010, the Danish MFA also published a review of progress with implementing the strategy based on qualitative reporting by Danish organisations on a number of the strategy's goals.

Sweden's *Policy for support of civil society in developing countries within Swedish development co-operation* (MFA Sweden, 2009) is another good practice example. The policy sets out goals for supporting civil society that are related to the different roles of CSOs and to the sectors of poverty reduction, political processes, trust, and capacity development and situations that CSOs work in. The policy also identifies forms of support and a division of labour and responsibilities.

Australia's aid policy statement (AusAID, 2012a) commits AusAID to set out how Australia will work more effectively with CSOs to increase the impact of aid for the world's poorest people. AusAID's *Civil Society Engagement Framework* (AusAID, 2012b) defines the role of civil society in the development process, presents the types of organisations with which it will work, guiding principles, supporting mechanisms and planned changes to AusAID's engagement with CSOs. The evaluation of AusAID's engagement with civil society in developing countries *Working Beyond Government* (AusAID, 2012c) provided evidence and lessons which are reflected in the framework.

*The majority of examples on *DAC member experiences* for this and subsequent lesson are taken from *OECD DAC peer reviews of members' development co-operation*, the 2011 Overview study of *How DAC members work with civil society organisations* (OECD, 2011), input at the OECD 2011 workshop *What makes for good co-operation between DAC members and CSOs*, and suggestions from DAC members and observers.

Lesson 2: Strengthen civil society in developing countries

WHAT: DAC members should seek to strengthen civil society in developing countries by promoting an enabling environment - understood as the political, financial, legal and policy context that affects how CSOs carry out their work. Donors need to identify how they can best achieve this objective, being sensitive to country contexts.

Civil society organisations in many developing countries are becoming empowered, organised and experienced. DAC members should build partnerships with these

CSOs and ensure that the way they fund them is also 'enabling' and can help strengthen the democratic structures of CSOs, for example by being long-term, results-oriented and supporting core institutional support. At the same time, DAC members should have incentives for national and international CSOs to build the capacity of civil society in developing countries. This type of support also needs constant monitoring and tracking to ensure results are achieved.

WHY: Strengthening civil society in developing countries can empower citizens to participate in development and to taking-up democratic ownership - a pillar of effective development. Most DAC members work to strengthen civil society in developing countries through, for example, governance, democracy and state building programmes. At the same time, CSOs claim that DAC members could do more to support an enabling environment for civil society in light of evidence that civil society around the world is facing increasingly restrictive environments and shrinking political space (OECD, 2011, International Centre for Not-for-Profit Law and World Movement for Democracy, 2012, and Actalliance, 2011).

While many DAC members recognise that CSOs in developing countries can be capable development partners, their procedures and mechanisms for channelling funds to these organisations can be overly complex and demanding (OECD, 2011). DAC members need to set criteria for allocating resources to CSOs in developing countries that match policy priorities with money and which enable the organisations to achieve results.

HOW: As with all development objectives, there is no single model for donor support to strengthening civil society. DAC members need to be strategic, take the context into account and manage this support carefully: developing country governments may not always welcome donor

LESSON 2

support for civil society as demonstrated by legislation in some developing countries which, for example, prevents or set limits on the level of financial support that domestic organisations can receive from international donors (International Centre for Not-for-Profit Law and World Movement for Democracy, 2012). By developing and sharing good practice guidance for strengthening civil society and promoting enabling environments, DAC members would be better equipped to support civil society.

More specifically, when designing support to strengthen civil society in developing countries DAC members should:

- **Have a solid understanding** of the context and state of civil society in developing countries including in difficult or fragile situations and map CSOs to identify representative organisations with true local support. Do this jointly with other donors and agree on programmes to support enabling environments for civil society.
- **Dialogue and consult with civil society.** This is critical to understanding the context, needs and capacity (see Lesson 5) and to ensuring participation, transparency and accountability in civil society related policy processes. Ensure that civil society outside main cities and smaller CSOs are engaged in the dialogue, possibly through umbrella bodies and networks. Ensure embassies/development co-operation offices plan and organise regular dialogue with CSOs in developing countries.
- **Make the enabling environment, including legal frameworks, for a free, open and capable civil society an agenda item in policy dialogue with partner governments.** DAC members should also encourage partner governments and CSOs to participate in regular and meaningful dialogue, for example when developing a poverty reduction strategy, development plan or new legislation. DAC members can help strengthen the capacity of CSOs to participate effectively in policy processes lead by partner country governments.
- **Co-ordinate with other donors, harmonise procedures for providing support** and collaborate with international or regional bodies mandated to promote an enabling environment for civil society, such as the UN Special Rapporteur on Freedom of Peaceful Assembly and Association.

- **Apply good practices for building capacity** when strengthening civil society in developing countries including in fragile states (see OECD, 2012b and International Dialogue on Peacebuilding and Statebuilding, 2011).
- **Ensure that financing mechanisms and requirements enable CSOs to be effective development actors in line with commitments made in Busan** (see lesson 7 and 8). Most DAC members provide direct, earmarked support to civil society in partner countries. It is not yet common practice to provide core support aligned with CSOs' own systems and priorities. However, some DAC members have negotiated partnerships with CSOs which also include core funding for institutional capacity building (OECD, 2011). In their funding for national and international CSOs, DAC members should strive to increase the share of core funding to strengthen CSO ownership, and make capacity development of civil society in developing countries a key condition. DAC members and civil society partners need to agree appropriate means of tracking progress with regards to civil society capacity development. Moreover, donors should avoid putting international and developing country CSOs in competition for funding.

Box 2. DAC member experiences

Through its policy dialogue with partner governments, **Ireland** encourages respect for the basic rights necessary for civil society to flourish. These include freedom to associate, freedom to assemble and the right to free speech. Irish Aid also encourages partner governments to establish platforms for dialogue with civil society organisations in a transparent and systematic manner at national and local levels.

In the **United States of America**, USAID's global program on the *Enabling Legal and Policy Environment for Civil Society* seeks to establish legal and regulatory frameworks that protect and promote civil society and civic participation and consists of three

(Box continued on next page)

separate but interrelated project activities: 1) technical assistance to respond to legislation that either threatens the CSO enabling environment or presents opportunities for favourable legal reform; 2) monitoring CSO legal developments in order to provide technical assistance more effectively; 3) strengthening of local capacity through a research fellowship program and through small grants to indigenous CSOs.

The **UK and Germany** provide direct support to CSOs in developing countries through budget support. When doing so they also support dialogue between government, parliament, civil society and donors on the national budget process and the content of budget support agreements.

Finland, Germany, Luxembourg, the Netherlands and **Switzerland** created a basket fund called Common fund to support civil society for democratic governance in Nicaragua. Objectives are to strengthen the capacity of civil society in Nicaragua, increase the participation of civil society in national democratic processes, and harmonise donor support to civil society. Donors are learning from this experience and highlight the importance of having a clear strategy focused on sustainability and finding a good balance between capacity building (including coaching) and funding project activities.

Canada, CIDA has been supporting Guyanese NGOs since 1997, through a programme managed by CHF Partners in Rural Development, a Canadian NGO specialised in partnerships to strengthen the capacity of community organisations. The NGO's model is to build capacity by partnering with community-based organisations and supporting them to design, implement and monitor projects in collaboration with their communities. The project has targeted voluntary sector organisations in the rural and hinterland areas of Guyana, selecting organisations that could play a collaborative and complementary role to the Government of Guyana and other stakeholders in the implementation of Guyana's poverty reduction strategy.

Lesson 3: Promote and support public awareness- raising

WHAT: Partnering with and supporting CSOs to build public awareness and understanding of development issues in donor and developing countries should be a priority for DAC members. A citizenry that is informed and educated about global development issues is an important, empowering objective in itself and should be supported by governments. Most DAC members collaborate with and support awareness-raising activities by CSOs but need to do this more strategically and with greater predictability (OECD, 2011).

WHY: CSOs are choice partners for DAC members because they engage with the public as development actors in their own right and are often credible, independent voices for development action. CSOs and DAC members frequently share similar development goals but may have different comparative advantages, capacity, expertise and financial resources for public awareness-raising. There is scope for better pooling of these resources for greater public awareness. For example, membership-based CSOs may build awareness more efficiently and effectively with specific target groups than a donor agency, and official agencies may have the budget and capacity to facilitate a national awareness raising campaign involving a range of CSO actors. More joint work between DAC members and civil society can maximise the outcomes and outreach of awareness actions, and build bridges between different stakeholders in development co-operation.

HOW: DAC members should promote and support public awareness-raising about development by CSOs making it a strategic objective in their civil society and their communication and development education policies. DAC members and CSOs should be clear about the purpose of public-awareness raising, for example distinguish between communication to raise funds and activities to build critical awareness of development co-operation and the challenges faced by people living in developing countries.

The awareness-raising strategy should be backed by a dedicated budget to meet clearly defined results. Official donors should set out operational guidance and prepare it jointly with CSOs. They should choose civil society partners to meet objectives and to reach different target groups including parliamentarians and youth. Donors can also promote and assess the quality of information provided and learn from practice through evaluation.

LESSON 3

CSOs as well as media, communication and education professionals can provide useful input and share experiences with DAC members for other aspects of their awareness-raising and education strategies, for example on using communication tools such as social media effectively or identifying good practice. Some DAC members set-up sounding or advisory boards with a mix of professionals, often in a voluntary capacity, to get this input (e.g. Denmark, Ireland).

DAC members should seek to strengthen civil society in developing countries by promoting an enabling environment - understood as the political, financial, legal and policy context that affects how CSOs carry out their work.

Box 3. DAC member experiences

Norway launched the “Refleks” project that allows citizens to meet with public officials/ministers as well as non-governmental opinion makers. The objective is to have an upfront dialogue, including with sceptical civil society leaders, to discuss Norwegian policies, including development policies, and bring attention to evaluation findings.

In **Portugal**, the National Strategy for Development Education was designed in consultation with all national stakeholders, including civil society representatives. Each stakeholder must allocate some of their own resources to deliver the strategy. The strategy’s four specific aims are:

1. Building the capacity of Portuguese public bodies, CSOs and development education actors.
2. Promoting the advancement of development education in the formal education sector at all levels.
3. Promoting the advancement of development education in non-formal education settings.
4. Promoting awareness raising and political advocacy for government action for development.

The **Austrian** Development Agency (ADA) carried out a campaign called “Ke Nako Africa - Africa now!”. ADA and African organisations in Austria decided to use the expected huge media interest around the 2010 football World Cup to foster a multi-faceted, positive image of the African continent. The campaign challenged the stereotype images related to Africa that persist among the Austrian public. One of the key ingredients to success was collaboration with a wide range of CSOs. The campaign was a joint initiative of ADA, the Vienna Institute for International Dialogue and Cooperation (VIDC), and the Africa Network Platform (AVP), a network of approximately 30 associations of Africans in Austria. Universities, sport clubs, cultural associations and youth organisations were also involved throughout the campaign.

*Partnering with and supporting
CSOs to build public awareness and
understanding of development issues in
donor and developing countries should
be a priority for DAC members.*

Lesson 4: Choose partners to meet objectives

WHAT: DAC member policies for supporting civil society place a stronger overall emphasis on strengthening civil society in developing countries while also recognising that civil society organisations are important partners for meeting an array of development objectives. Donors need to build partnerships with civil society that are consistent with, and enable them to achieve the objectives of the civil society policy. Choosing partners to meet objectives can be challenging for donors: DAC members may have to find

new civil society partners and build-up trust with them while long-standing partners may see their partnerships being transformed.

WHY: Civil society partners need to be selected on the basis of their capability to meet the objectives of the DAC member's policy because this improves the chances of achieving results. When donors choose partners to meet objectives they will be better placed to tailor the partnership mechanisms (see lesson 7) to the organisations they support, making efficiency gains.

DAC members often struggle to implement their civil society policies because they do not invest sufficiently (*e.g.* human resources, time, research) in finding the most relevant partners for implementing the policy or in maintaining information and relationships to ensure the right partnerships are supported as conditions change over time. Other challenges to expanding the scope of partnerships include regulatory and administrative requirements and aversion to risk, notably when providing financial support to new partners. Lack of trust is another important obstacle to successful partnerships. Additionally, DAC members fear negative, public reactions by CSOs in their countries when their perceived right to official support is being challenged by the civil society policy. As a result, DAC members often continue to work with the same partners and struggle to implement their civil society policy objectives thereby limiting their realisation.

HOW: Once DAC members have clear objectives for engaging with civil society they can identify the most appropriate partners to achieve those objectives. However, the task of choosing the most relevant civil society partners can be difficult. Since the range of CSOs that DAC members can engage with in development co-operation is similar, DAC members should: (i) conduct joint assessments of CSOs in developing countries and tap into the local knowledge of international CSOs; (ii) agree on common terminology regarding CSOs and development and build on existing definitions and knowledge of civil society to do this; and (iii) increase the transparency and comparability of support for civil society by using the common terminology when reporting on activities and aid statistics, including to the DAC.

The *form* of co-operation should follow *function*. Strategic objectives rather than donor funding mechanisms should drive and determine the choice of partners (see also lesson 7). For example, partnership arrangements will be different for a labour organisation, a think tank or an issue-based organisation for policy or advocacy work where the partnership may be less amenable to well-defined deliverables than the arrangements with a CSO delivering health services.

Box 4. DAC member experiences

Australia: The evaluation of AusAID's engagement with civil society in developing countries found that: "In the absence of strategies, donors typically seek out organisations with which they are familiar, such as service-delivery NGOs and, where these are not visible, create such organisations. While this may be an appropriate strategy for some purposes and some contexts, it can also reflect donors' lack of awareness of existing non-government actors in a country". (AusAID, 2012c)

USAID is engaged in a comprehensive reform effort, entitled USAID Forward, which is aimed at improving development effectiveness and improving how USAID does business. One of the reforms includes an objective focused on strengthening the capacity of civil society and the private sector. While the main emphasis of this reform is to work more directly with local CSOs and private sector companies through direct funding partnerships, a major component of the effort is focused on working with these partners to strengthen their organisational capacity as well as the capacity of civil society and the private sector more broadly.

Lesson 5: Make policy dialogue meaningful

WHAT: DAC members recognise the added value of dialogue and consultation with CSOs on development co-operation policies and approaches, on policy coherence for development and specific issues where CSOs specialise such as gender equality and women's empowerment, environment, climate change and human rights. Most donors hold consultations with civil society on the overall vision and policy for development and the civil society policy, guidelines and partnerships. However, DAC members need

to improve how they conduct dialogue and consultation with CSOs to make it more strategic, useful and meaningful.

WHY: Donors should tap into the knowledge, experience and expertise of CSOs in development when preparing policies with a view to making the policies more relevant and development-friendly, demand-driven and focused on results.

Furthermore, open and transparent dialogue with CSOs on civil society policies, partnerships and programmes fosters trust, improves accountability, helps identify common ground for collaboration and paves the way for achieving results. CSOs continue to call for more meaningful, strategic and timely dialogue. When consultations are ad hoc; are done at late stages of policy-making processes; and do not give CSOs time to prepare their input and positions (this often requires consultation among themselves), the consultation appears as a tick box exercise and undermines the donors credibility.

HOW: To make consultation meaningful, DAC members should become: (i) more strategic, reflecting on the different types and purposes of consultation; and (ii) organised by preparing and sharing transparent guidelines for consulting with civil society and applying them consistently. Consultations should be regular and announced in time for CSOs to prepare and enable a more qualitative, knowledge-sharing, results-oriented dialogue. Follow up, whether by providing feedback to CSOs or demonstrating the impact of CSOs' contribution is critical to making the process credible and to keeping up CSO interest in participating in consultations.

Other considerations include:

- Solicit input from CSOs when setting agendas for dialogue, especially when a particular issue may affect civil society directly.
- Determine how the CSOs participating in policy dialogue should be identified and be transparent about it. For example, should CSOs select their representatives or should they be hand-picked by donor agencies?
- Evaluate consultations and dialogue for their quality and meaningfulness.

*The form of co-operation
should follow function.
Strategic objectives rather than
donor funding mechanisms
should drive and determine the
choice of partners.*

Box 5. DAC member experiences

The **European Commission** launched a structured dialogue process in 2010, conceived as a consensus-building mechanism involving key stakeholders, including CSOs and local authorities. This participatory process covered policy level discussions as well as funding modalities, recognising the diversity of CSOs as actors for development in their own right. The dialogue reached a consensus on the most pertinent needs of CSOs and local authorities to be supported by the EU. Subsequent discussions focused on how best to adapt existing delivery mechanisms for effectively supporting CSOs and local authorities in their roles as development actors. The dialogue will continue in 2012 and will result in a communication by the Commission proposing ways to improve the policy dialogue and engagement with these stakeholders.

Luxembourg holds exchanges between the Ministry and CSOs every two months. Discussions cover topics such as policy coherence, strategic orientations, the follow-up of Paris, Accra and Busan commitments, calls for proposals and other funding modalities, or Luxembourg's sectoral policies. Once a year, CSOs are invited to participate in the regular inter-ministerial co-ordination meeting on development co-operation and make proposals for the agenda of that meeting. In addition, Luxembourg organises ad hoc consultations with civil society on issues such as the revision of the development co-operation law. CSOs are also active participants in a yearly seminar on development co-operation organised by the Ministry.

Australia holds three separate bi-annual policy dialogues: with the Australian international development NGO peak body, with eight key NGOs partners and with six NGO partners specialising in humanitarian and emergency response. Australia also has ad-hoc consultations with CSOs, including NGOs, on country and thematic programmes and policy development.

Finland's Ministry of Foreign Affairs organises NGO seminars twice a year attracting more than 300 members of civil society to discuss development policy and practice and to exchange views. The MFA consults increasingly with civil society when drafting policies and guidelines. For example, civil society, the private sector and other stakeholders were actively involved in preparing the new Finnish Development Policy Programme (2012). This open process was appreciated by stakeholders and it helped create ownership of the new development policy of Finland.

Donors should tap into the knowledge, experience and expertise of CSOs in development when preparing policies with a view to making the policies more relevant and development-friendly, demand-driven and focused on results.

DELIVERING EFFECTIVE SUPPORT

Lesson 6: Respect independence while giving direction

WHAT: DAC members need to strike a balance between the conditions they attach to funding for CSOs and respecting the role of CSOs as independent development actors. DAC members and CSOs have their own mandates, policies and objectives for development co-operation. Conditions are attached to donor funding and CSOs often perceive their relationship with DAC members as a one-way street where donors try to exert influence and impose conditions for their funding. According to CSOs, heavy donor conditionality is a major challenge to partnerships

because it can hamper their independence and partnerships between CSOs themselves (OECD, 2011).

WHY: In the *Busan Partnership for Effective Development Co-operation* (2011) DAC members agreed to implement commitments to enable CSOs to exercise their roles as independent development actors, with a particular focus on an enabling environment, consistent with agreed international rights, that maximises the contributions of CSOs to development. Civil society should be independent to pursue priorities which may not be aligned with their respective governments' and/or donors' preferences. At the same time, CSOs need to continue their work on increasing the effectiveness of the sector such as by monitoring the implementation of the *Istanbul Principles* (Open Forum, 2010).

Donors should focus on having effective results-oriented partnerships with CSOs that are built on trust, foster synergies, promote effective division of labour and recognise respective comparative advantages for meeting development objectives. The respective roles between international and CSOs in developing countries need to be considered. By choosing partners with the capacity to meet objectives (lesson 4) and moving beyond a simple funding relationship that treats CSOs as aid channels, DAC members and CSOs will be better placed to have balanced, mutually reinforcing partnerships in the spirit of Busan.

HOW: In their policies, strategies and procedures DAC members should explicitly recognise that CSOs are development actors in their own right and can play different functions. Donors should have clear objectives for their funding which will, in turn, help determine the most appropriate

LESSON 6

funding mechanism and the conditions that will be attached. These objectives can include support to CSO-defined objectives when these are demand-driven and locally-owned. Being balanced, transparent and accountable about conditions is critical to an effective partnership.

DAC members should also consider the following:

- Have a mix of funding modalities (see Lesson 7) that take into account the diversity of CSO roles, capacities, constituencies and approaches and which enable donors to finance, when it is a priority, development activities initiated by CSOs.
- When funding a CSO, clarify beforehand whether the organisation is expected to align with partner country government development priorities or fill gaps in these priorities.
- Design incentives for CSOs to improve their effectiveness, transparency, value for money and accountability to their stakeholders.

Box 6. DAC member experiences

In **Switzerland**, the Swiss Agency for Development Cooperation (SDC) has created a department for institutional partnerships that has a multi-stakeholder approach and deals with different types of actors that can play a role in development (NGOs, other CSOs, private sector, decentralised partners). Swiss NGOs enter into partnership agreements with SDC on the basis of a two-tier system of institutional qualification criteria (organisation, governance, and strategy, management and professionalism), and programme relevancy criteria (strategic coherence, programmatic substance, contextualisation, networking, knowledge management). The idea is to go beyond 'traditional' donor-NGO funding policy to 'partnership' policy where NGOs are partners for development. Funding is not the main focus of the partnership: a NGO which qualifies under the institutional criteria does not automatically qualify for programme funding. Financial contributions are the result of negotiations.

Australia's partnership agreement with its national platform for development NGOs explicitly respects the independence of CSOs, including their right to comment on government policy and advocate for policy change and to work in countries and sectors of their choice.

In **Japan** the JICA (Japan International Cooperation Agency) Partnership Program is a technical co-operation program with the objective to contribute to the social and economic development of developing countries at the grass-roots level in collaboration with partners in Japan, such as NGOs, universities, local governments and public interest corporations. The objective is to use the knowledge and experience of various partners in Japan for international cooperation activities and to strengthen collaboration between communities of both developed and developing countries. The program is based on the proposals submitted by the partners in Japan but the approval of the recipient government is necessary prior to implementation of the program or individual projects.

DAC members need to strike a balance between the conditions they attach to funding for CSOs and respecting the role of CSOs as independent development actors.

Lesson 7: Match funding mechanisms with the purpose

WHAT: DAC members provide funds to CSOs in several ways, the most common being project and programme support, calls for proposals, and partnership/framework agreements (usually multi-annual funding arrangement). Peer reviews and CSOs identify several challenges related to funding mechanisms that impact on effectiveness. Challenges include unpredictable finance, lack of funds for management and programme oversight, one-off project funding, unclear guidelines and inconsistent processes, and complex and overly detailed requirements. It is important to have a diversity of funding approaches which evolve with

context, with the purpose of support and partner capacity. Donor support models also need to be flexible given the broad range of objectives they pursue as well as organisations with which they partner.

WHY: Donors should have a mix of formal funding mechanisms which can be tailored to suit CSO partners, strengthen ownership and match policy objectives. Using an appropriate funding mechanism will contribute to more effective partnerships, maximise impact and value for money and give greater flexibility to adapt to changing situations and needs. Having a mix of funding mechanisms should allow a range of actors of different sizes, capabilities and interests to access funding which contributes to supporting a diverse civil society. The purpose of funding to or through CSOs should reflect the priorities set out in the civil society policy (see lesson 1): this ensures clarity on both sides and a better match between mechanisms, tools and expected results.

HOW: DAC member funding mechanisms should have transparent rules, regulations and procedures and provide clear instructions to applicants as well as criteria for decision making. DAC members should design instruments for funding that provide incentives for CSOs in donor countries to meaningfully partner with organisations in developing countries and be responsive to their needs and priorities. They should also consider providing information or training sessions for CSOs on funding procedures.

Donors should consider the effectiveness of their funding mechanisms in relation to the objectives they want to achieve as well as the capacity of CSOs. For example:

- **Multi-annual mechanisms** give predictability and facilitate planning, leaving more time for programme implementation, knowledge gathering and sharing, and policy dialogue. Multi-year agreements contribute to strengthening civil society, may give greater financial stability as well as job security for staff. They can also reduce the administrative burden for DAC members and CSOs. Ideally, DAC members should expect international CSO partners to transfer the flexibility and predictability of multi-annual funding to the organisations they support in developing countries.
- **Core funding** can be a good way to provide funds when CSOs have the strategic, organisational and professional capacity to manage resources effectively. Core funding strengthens CSO ownership and gives flexibility to CSOs to manage and prioritise funding. It also reduces the administrative burden for CSOs and DAC members. When providing core funding donors can get a better overview of a CSO partner's financial and programme management capacity. In determining whether and how to provide core funding, DAC members should define clear eligibility criteria and assess the strategic, organisational and professional capacity of CSOs. They should take into account CSO-defined effectiveness standards such as the Istanbul Principles for CSO Development Effectiveness as well as other relevant CSO capacity standards.
- **Earmarked funding** can be an appropriate mechanism for supporting development objectives in specific geographical regions or sectors. DAC members use project and programme funding to support CSOs which have specific comparative advantages in a sector or close links with beneficiary communities but which may not qualify for core funding. Earmarked funding can contribute to strengthening CSO capacity (learning by doing). When supporting innovative and pilot projects DAC members should focus on the strategic impact of the projects, ensure that reporting and monitoring requirements are adapted to the inherent risk of such projects and learn from experiences. In 2010, 90% of official development assistance channelled to CSOs was reported to the DAC as aid through CSOs, understood to be earmarked funding. However, these statistics do not necessarily reflect the reality of some DAC members' funding for CSOs (*e.g.* Denmark, the Netherlands, Sweden) which is reported to the DAC as aid *through* CSOs. In Sweden, for example, funding is allocated within the framework of partnership agreements and the CSOs are not considered to be acting on behalf of the official sector. There is scope

for DAC members to review the DAC Statistical Reporting Directives to ensure that their reporting is aligned. Better reporting will improve transparency and the comparability of data.

- **Calls for proposals** made at donor headquarters is a common approach, which is used differently by donors. DAC members can make calls for proposals effective and efficient by targeting specific objectives and organisations that can deliver; having clear guidelines and publishing them; giving sufficient time to CSOs to prepare and submit proposals; and allowing for joint proposals by CSOs. Calls for proposals can incur high transaction costs for donors in terms of processing the project proposals, decision making and responding to candidates. DAC members' calls for proposals should be structured in a way that encourages CSOs to collaborate, partner with each other (particularly with CSOs in partner countries) and create synergies.
- **Co-financing mechanisms** whereby CSOs raise part of the budget for the project or programme from private sources is a popular mechanism for DAC members and CSOs. The share of the budget which is financed by CSOs' own budgets varies between countries. Co-financing helps ensure CSO independence, indicates ownership, encourages CSOs to diversify their sources of finance and help avoid subsidy dependence while also leveraging ODA.
- **Pooled funding and supporting local civil society through umbrella organisations in developing countries** allows donors to continue supporting grass-roots civil society in a more harmonised way. This can help to reduce transaction costs and the administrative burden of identifying and managing small grants to many CSOs. Pooled funding can be in the form of multi-donor basket funds supporting multiple CSOs, or multiple donors pooling support to one CSO.

Box 7. DAC member experiences

Australian development NGOs that receive core support through **AusAID** must adhere to a robust code of conduct managed by the national NGO platform, the Australian Council for International Development (ACFID).

Denmark requires Danish NGOs to have mandates and programme objectives that are relevant to its objectives.

The Netherlands has issued specific calls for proposals around gender equality issues. The MDG3 Fund for gender equality (2008-2011) is succeeded by FLOW (Funding leadership and opportunities for women), a programme that started in 2012 with a budget of EUR 80.5 million.

Sweden funded nine Ethiopian organisations which in turn provided grants to 150 community-based CSOs. This approach enabled Sweden to support hundreds of programmes and projects that reached underserved groups while directly managing only nine agreements.

Lesson 8: Minimise transaction costs

WHAT: DAC members and CSOs incur transaction costs notably in relation to the administrative, reporting and accounting burden of their co-operation. Most DAC members have different, complex and detailed sets of procedures and requirements for the CSOs they fund, including for proposals, reporting and auditing. Applying and processing these various procedures consumes a great amount of time and resources for both DAC members and CSOs. To optimise this time reporting and accounting should remain focused on achieving development results.

WHY: Reducing transaction costs for DAC members and CSOs would free up valuable resources for programme implementation, knowledge gathering and sharing, seeking synergies and policy dialogue. With a stronger emphasis on programme quality, development results, and value for money partnerships will be more effective. Donors should develop more strategic, standardised and streamlined approaches to working with CSOs so they fit the purpose of co-operation and the nature of the partnerships. While there are advantages for CSOs in having access to diverse sources of donor financing, and donors and CSOs gain from direct and regular contact (*e.g.* the ideas, experience and grass-roots knowledge gained through contact), donors should strive to harmonise their support to international CSOs and CSOs in developing countries to reduce the burden of responding to multiple donor requirements.

HOW: DAC members should develop, in consultation with CSOs, strategic, clear, flexible, and harmonised approaches for funding and reporting systems. Donors need to assess the requirements of their various procedures to make them more strategic, streamlined and flexible.

Good practices for reducing transaction costs include:

- Streamline requirements and provide multi-year programme or core funding for strategic partners with a good track-record.
- Provide funding with a programmatic perspective rather than for isolated small projects that have high transaction costs. Identify alternative mechanisms to direct funding for smaller CSOs which may not qualify for programme funding, for example, creating and outsourcing the management of a small-grants mechanism.
- Adapt reporting requirements to the size of grants and risk level associated with the particular CSO partner or project/programme.

- Harmonise contracting, funding and reporting requirements with other donors, especially for CSOs that partner with several DAC members and in pooled funding arrangements.
- Assess CSOs' accountability systems and capacity as a whole, taking into consideration the Istanbul Principles for CSO Development Effectiveness. Consider using the systems of CSOs which have demonstrated, well-established capacity by accepting funding applications prepared in CSOs' own format and accepting and using CSOs' systems for monitoring and reporting. Require CSOs to complete regular financial audits (internally or externally) and use these instead of requesting donor-specific ones.
- Urge national and international CSOs to follow this good practice with their CSO partners, especially in developing countries.

Box 8. DAC member experiences

The **joint donor** fund for support to the international processes on civil society and aid and development effectiveness is an example of pooled funding that helps reduce transaction costs for CSOs. Since 2009 a number of donors harmonise funding at the headquarters level to support the Better Aid Platform and the Open Forum on Development Effectiveness and Enabling Environment. The donors, co-ordinated by **Austria, Sweden** and the **United Kingdom**, have put in place a common Memorandum of Understanding.

Eleven donors (**Austria, Belgium, Canada, Denmark, Finland, Germany, Ireland, the Netherlands, Norway, Sweden, the United Kingdom, and the United States**) jointly launched an initiative directed at harmonising their conditions and requirements for CSO funding in the framework of multi-year agreements, with a view to lessen the administrative burden on CSOs, in particular in the partner countries. So far the donor requirements have been mapped in relation to the programme management cycle, legal issues and financial administration and control. In a second phase some of those donors prioritised which conditions and requirements to harmonise based on potential positive impact for CSOs and on feasibility for donors. Currently, a Code of Practice to be agreed upon is being developed by a smaller group of donors, and the next step will be to elaborate this Code into operational statements that can be harmonised among donors.

Lesson 9: Build strong partnerships with humanitarian NGOs

WHAT: DAC members agree that effective humanitarian action must be based on strong, equal and principled partnerships with NGOs, and most now recognise and support the interdependence of the humanitarian and development communities. The Good Humanitarian Donorship (GHD) Principles call on DAC members – who are all GHD members – to *support and promote* the roles of the various members of the humanitarian community (GHD Principle 10), to *strive to achieve predictability and flexibility in funding* (GHD Principle 12), to work towards *reducing earmarking and introducing longer-term funding arrangements* (GHD Principle 13) and to contribute to

the various appeals and support the common humanitarian action plans developed by the humanitarian community (GHD Principle 14).

DAC members now need to streamline procedures, align funding streams and reduce the administration burden for NGO partners. In addition, the benefits of multi-annual funding partnerships are uncontested, particularly their capacity to deliver flexible and holistic responses in protracted crises, and yet few members are taking up this option for funding NGOs. Most DAC members are also wary of entering into direct partnerships with NGOs and other local organisations in affected countries, although many do encourage their international partners to work in close co-operation with local organisations.

WHY: DAC member staff cut-backs, coupled with a shift away from technical specialists and declining budget resources, reinforce the need to move towards a more strategic approach to humanitarian partnerships. Many DAC members are increasingly choosing to rely on their partners to design, deliver, monitor and inform their humanitarian programming, a move that supports humanitarian principles such as neutrality and independence (GHD Principle 1) and affirms the primary position of civilian organisations in implementing humanitarian action (GHD Principle 19). NGO partners need the flexibility and space to do this properly.

HOW: Many DAC members, including Australia, Canada, the European Community Humanitarian Office (ECHO), Luxembourg, Norway, Germany and New Zealand, hold substantive dialogues with their major humanitarian NGO partners on at least an annual basis, to provide input to planning processes and determine funding envelopes. Sweden, Luxembourg, Spain, Norway, Australia and Denmark are increasingly using multi-annual partnership agreements, allowing all parties to reduce their administrative burden and shifting the focus from individual projects towards shared strategic goals – although most of these are for multilateral partners, not NGOs.

Support for building partner capacity can be useful to strengthen the quality of the response. ECHO has funds available for strengthening the capacity of its NGO partners, and Portugal funds the training of NGO staff on humanitarian issues and evolving humanitarian issues, through the Portuguese NGO platform. Canada has established the Policy Action Group for Emergency Response (PAGER), which provides a space for Canadian NGOs, the Canadian Red Cross and the Canadian government to enhance humanitarian policy and operational dialogue.

Box 9. DAC member experiences

Although modest in absolute terms, **Luxembourg's** humanitarian expenditure is held in particularly high regard by NGO partners. Key features include:

- Overall earmarking is minimal.
- Luxembourg has annual partnership agreements with four prominent NGOs, allowing it to develop a more strategic relationship with these partners.
- NGOs benefit from substantive bilateral dialogue with Luxembourg early in the calendar year which provides the surety of a funding envelope within agreed parameters.
- Luxembourg has moved to establish standardised proposal and reporting formats with NGOs.
- Strong communication and information flows with partners ensure that Luxembourg is able to monitor developments in real time and provide prompt advice on programming adjustments.

In **Poland**, NGOs participated actively in the preparation of the humanitarian assistance chapter in the Development Cooperation Program for 2012-2015, through a special meeting organised by the Ministry of Foreign Affairs and further exchanges by internet. Also, the Development Cooperation Act enables NGOs to be granted ministerial funds with a new procedure that accelerates and facilitates the allocation of funds, and reduces the administrative burden both for the MFA and for NGOs. In addition, Polish NGOs are consulted before the meetings of EU Council Working Party of Humanitarian Aid and Food Aid (COHAFA).

LEARNING AND ACCOUNTABILITY

Lesson 10: Focus reporting on results and learning

WHAT: Increasing parliamentary and public pressure for governments to demonstrate the results of their development co-operation has caused DAC members to increase their accountability and reporting requirements on all aspects of their development co-operation, including partnerships with CSOs. At the same time, as development actors, CSOs share the responsibility to demonstrate results, particularly to their own constituencies.

Care needs to be taken to ensure that the reporting required from CSOs by DAC members focuses on development results (rather than inputs) and learning. While CSOs feel burdened by donor reporting requirements, it is often the case that donors do not have the time to read and process all the detailed reports they request from CSOs. Monitoring requirements should mirror the rationale of the partnership and the development objectives to be achieved. Systems and mechanisms for sharing and applying learning are also necessary.

WHY: The end goal of DAC members' development co-operation commitments is to achieve sustainable development results, and reporting requested from CSOs as part of partnership arrangements should focus on these. Reporting must meet the DAC member's accountability needs while also being relevant, useful and not too burdensome for CSOs (see Lesson 8). Reporting must also be relevant to the type of partnership or funding agreement being used (contract for service, project or programme, framework agreement, core funding). CSOs have other accountability requirements: to their beneficiaries, their governing boards, their members. They may have little ownership of the donor's process, especially when monitoring and reporting is limited to financial compliance or short-term deliverables and is not integrated into management systems. Reporting should be seen as an opportunity for learning that can feed into strategic decision-making on programme design and implementation, rather than simply a compliance tool.

HOW: In order to focus reports on results and learning, DAC member CSO strategies and programmes must have clearly defined and measurable objectives (see Lesson 1). The format for reporting by CSOs should be directly related to objectives and allow the CSO to make explicit, in the most effective and efficient way, what the activities implemented have achieved and the link to the desired results. DAC members should have reasonable expectations about the timeframe needed to achieve development results and they should look for quality, relevant information that meets accountability and learning needs.

Specifically, DAC members can focus reporting on results and learning better by:

- Setting an overall goal and identify with CSOs the objectives, indicators for assessing achievements and realistic outcomes. Planning for results over several years should not hamper CSO flexibility to adapt to changing contexts in developing countries.
- Getting CSOs to give critical assessments on risks to achieving objectives and short-term difficulties without losing sight of effectiveness and long-term impact. Unrealistic expectations of results can put CSOs under pressure to invent artificial results, focus on delivering outputs that are easily measurable, and hide challenges, especially if they risk seeing funding cut-off. Such an approach also distracts from learning objectives.
- Using CSOs' own results indicators and request CSOs to complete results-frameworks when reporting their activities.
- Using results reporting to facilitate learning between DAC members and CSOs. Reports can produce useful information for programme design and management when there are systems and tools for sharing and applying the learning.

DAC members agree that effective humanitarian action must be based on strong, equal and principled partnerships with NGOs, and most now recognise and support the interdependence of the humanitarian and development communities.

Box 10. DAC member experiences

The **Swiss** Agency for Development Cooperation (SDC) has no fixed reporting format for its partnership with Swiss NGOs. The NGO submits annual reports in their own chosen format, but the reports need to be analytical, contextualised and provide relevant information on progress (including difficulties and challenges faced).

The funding of the **Better Aid/Reality of Aid Country Outreach/Open Forum** was achieved through a jointly donor/CSO managed pooled fund at the global level. Among other things, this allowed for an agreement on streamlined reporting with one single document to all donors and feedback on the reports coordinated by the donors in the management group to enable one response to comments. This enables collective learning within the donor/CSO management group and the appropriate adjustments.

Ireland, Irish Aid strengthens CSO capacity by funding programme quality costs with the aim of promoting the managing for development results approach among partner CSOs. Programme quality costs include strengthening organisational monitoring and evaluation systems, and increasing the capacity of organisations to better manage the Irish Aid Programme grant.

Germany has supported the project “NGO Ideas” where eight African, 22 Asian and 14 German NGOs identified and developed jointly genuine concepts and tools for NGOs on outcome and impact assessment and monitoring and evaluation.

www.ngo-ideas.net/home/

DAC members, CSOs, and other key stakeholders should be concerned about value for money and must be accountable for results, including to the beneficiaries of programmes, their donors and members.

Lesson 11: Increase transparency and accountability

WHAT: Transparency and openness are important at all stages of the partnerships between DAC members and CSOs. DAC members, CSOs, and other key stakeholders should be concerned about value for money and must be accountable for results, including to the beneficiaries of programmes, their donors and members. DAC members' decision making processes on aid allocations and accountability requirements need to become more transparent, and some CSOs need to upgrade their capacity to manage grants in a transparent and efficient way. The DAC has refined its reporting categories, which

will allow DAC members to report on their CSO financing in a more transparent way. Initiatives like the International Aid Transparency Initiative (IATI) also provide opportunities for CSOs to provide more information on their financing.

WHY: Public confidence in government spending on development co-operation can wane if funding is perceived as being opaque or badly managed. Accountability is not a one way street: both DAC members and CSOs must become more transparent about the money they spend on development and humanitarian assistance. To enhance accountability there should be transparency about policies, budget allocations, recipients, conditions, progress and results.

HOW: DAC members can make their work with CSOs more transparent in several ways, including:

More transparent activity level and financial reporting:

- Improve reporting to the DAC, following guidelines on the use of the channel codes and on project/programme descriptions in the DAC's statistical reporting system. This would make for more comprehensive information on aid channelled to and through CSOs with headquarters in donor countries, international CSOs and CSOs in developing countries. Together, statistical reporters and managers of CSO portfolios in DAC member aid agencies/ministries should review how to improve reporting to the DAC on official CSO financing and activities.
- Contribute to the work of the DAC Working Party on Statistics on improving the directives on reporting on ODA to and through CSOs.

LESSON 11

- Encourage CSO partners to make the aid they manage and how they spend it more transparent by making it publicly available and working with international initiatives such as IATI to improve comparability.

Partnering with organisations capable of being transparent and accountable:

- Work with CSOs that have a clear and strong monitoring and evaluation policy and capacity of their own.
- Assess CSOs overall accountability systems and capacity, including, but not solely, financial management aspects.
- Help strengthen the capacity of developing country CSOs to be more transparent and accountable through capacity development programmes.
- Include anti-corruption or anti-money laundering clauses in contracts or agreements with CSOs. Adopt a differentiated risk-based approach that requests more accountability from high-risk organisations (for example new organisations).

Box 11. DAC member experiences

In its “Civil Society Policy”, **Ireland** commits to encourage and support civil society organisations to engage proactively in assessing their capacity needs and in designing and implementing capacity development interventions. In order to receive multi-annual and programmatic funding, organisations are expected to have developed standards of accountability, appropriate management systems and a level of programme quality.

Lesson 12: Commission evaluations for learning and accountability

WHAT: All DAC members monitor and evaluate programmes and projects implemented on their behalf by CSOs and they do this in various ways – most often either by placing evaluation requirements on the CSO itself or by commissioning evaluations. DAC members need to move away from ‘automatic’ evaluations of their support to and through CSOs, particularly those that involve high transaction costs for donors and CSOs and tend to focus more on financial compliance than on learning about what works, why and in what context.

There is scope for DAC member dialogue and methodological work on specific approaches to evaluation of CSO-support, for example in the DAC Evaluation Network.

WHY: DAC members should commission evaluations in response to clearly identified learning or accountability needs. It is important for DAC members to have a flexible approach to evaluation that adapts the type of evaluation to needs, the setting and the programmes at hand. By taking this approach, evaluations will be more useful, including for learning. The evaluations of civil society programmes should also be tailored to suit the types of organisations, programme approach, activities and objectives identified.

HOW: In line with the DAC Quality Standards for Development Evaluation, the specific focus and approach should be selected based on what is best suited to meeting learning and accountability needs. DAC members should collaborate closely with CSOs in selecting evaluation topics and setting an evaluation agenda to identify needs that may be addressed through evaluation, refraining from routine evaluations.

DAC members usually specify evaluation requirements as part of funding agreements, sometimes requesting evaluations for all projects above a certain amount. Some donors have commissioned an evaluation of their overall support to CSOs, often in the context of a sector or thematic evaluation, or of a particular support mechanism. CSOs can be evaluated as organisations, or specific activities might be evaluated. CSOs can also work with DAC members in conducting evaluations to build the evidence base to inform policy decisions, programme management and learning. Some DAC members involve partner country governments in monitoring and evaluating CSO programmes and projects.

DAC members should ensure that evaluations do not represent an additional burden for CSOs and that there is real value-added for them to participate in these evaluations. Evaluations may include meta, thematic or sectoral evaluations that look at examining types of support, overall impact, testing assumptions about how change happens or contributing to general knowledge, rather than focusing on the evaluation of projects or the activities of single CSOs. The latter are often time consuming, expensive and may be more useful if commissioned or carried out by the CSO itself for use in management and programme design.

Specific options for consideration, include:

- Support capacity building of CSOs' evaluation systems, including creating incentives for institutional change, so that DAC members can place more reliance on these. This can include completing institutional evaluations for the largest CSOs and in collaboration with them.
- Involve CSOs in other evaluations of DAC members' bilateral and multilateral programmes, particularly in thematic areas where they are major actors.
- Engage in collaborative evaluations with other donors to promote mutual learning and reduce the administrative burden on CSOs, making better use of completed evaluations, including by other development actors, for instance those publicly available on the DAC Evaluation Resource Centre (DEReC).
- Evaluate the contribution of CSOs to development within a country in country evaluations, or their effectiveness in particular themes or sectors in sectoral evaluations or SWAPs, as a way of enhancing learning on a particular topic.
- Evaluate the DAC members' CSO policy or strategy, including in a specific sector and compare the effectiveness of CSO support with other types of assistance.
- Complete project/activity evaluations only when the benefits of this type of evaluation outweigh the costs.

Box 12. DAC member experiences

USAID's Civil Society Organization (CSO) Sustainability Index assesses the CSO sector in some 60 countries and territories - including Eurasia and Africa - based on seven indicators: advocacy, legal environment, financial viability, infrastructure, organisational capacity, public image, service provision. By using standard indicators and collecting data each year, the Index helps users track developments and identify impediments and trends in the sector over time in the 60 countries and territories while allowing for cross-country and cross-region comparison. In addition, USAID has started to establish "evidence summits". These are opportunities to get a wide range of development actors together (including CSOs and academia) to share evaluations findings on a particular topic, thereby contributing to building shared knowledge among agencies and practitioners.

Ireland conducted an evaluation of the Multi-Annual Programme Scheme (MAPS), a programme that aims at providing long-term, predictable and significant funding for five civil society partner agencies accounting for over 50% of Irish Aid's total civil society budget. The aim of the evaluation was to look at how MAPS has contributed to reducing poverty and vulnerability. It measured the development results that MAPS has achieved; the difference that MAPS funding has made to the organisational capabilities of each Partner; the difference that MAPS funding has made to the relationships between MAPS Partner Agencies and their 'southern' partners, including the extent to which 'southern' partner capacity has been developed; and the strength and quality of the strategic relationship between Irish Aid and the MAPS Partner Agencies.

France financially supports a network of CSOs and local public entities called F3E (Fonds pour la promotion des Etudes préalables, des Etudes transversales et des Evaluations). F3E provides support, methodological tools and training for CSOs on evaluation, impact assessments and capacity building for evaluation and learning.

Norway has recently tested out a new approach to document aggregated results of CSO activities, using contribution analysis. It established a civil society panel comprised of six members drawn from the North and from developing countries, each with extensive and direct understanding of CSO development work (academic or “hands-on”) and with knowledge and long term experience in monitoring and evaluating different CSO development activities. The panel was asked to provide an informed opinion and judgment about Norwegian CSOs performance in four countries, in particular their effects that went beyond the project level. This resulted in a public report: “Tracking Impact: An exploratory study of the wider effects of Norwegian civil society support to countries in the South” (March 2012).

REFERENCES

- Actalliance (2011), *Changing political spaces of Civil Society Organisations*, Actalliance, Geneva.
- AusAID (2012a), *Effective Aid Program for Australia. Making a real difference—Delivering real results*, Commonwealth of Australia 2012.
- AusAID (2012b), *AusAID Civil Society Framework: Working with civil society organisations to help people overcome poverty*, Commonwealth of Australia 2012.
- AusAID, Office of Development Effectiveness (2012c), *Working Beyond Government: Evaluation of AusAID's engagement with civil society in developing countries*, Commonwealth of Australia 2012.
- International Centre for Not-for-Profit Law (ICNL), World Movement for Democracy Secretariat (2012), *Defending Civil Society Report*, Second Edition, World Movement for Democracy/ICNL, Washington, DC.
- International Dialogue on Peacebuilding and Statebuilding (2011), *New Deal for Engagement in Fragile States*, available at: <http://www.oecd.org/international%20dialogue/49151944.pdf>
- Ministry of Foreign Affairs (MFA) Denmark (2008), *Strategy for Danish Support to Civil Society in Developing Countries*, Copenhagen.
- MFA Denmark (2011), *General Principles Governing Support to Development Activities Implemented by Danish Civil Society Organisations*, Copenhagen.
- MFA Sweden (2009), *Policy for Support to civil society in developing countries within Swedish Development Co-operation*, Stockholm.
- OECD DAC Peer Reviews, 2008-2012, available at: <http://www.oecd.org/dac/peerreviewsofdacmembers/>
- OECD (2009), *Civil Society and Aid Effectiveness. Findings, Recommendations and Good Practice*. Publication Series: Better Aid, OECD Publishing, Paris.
- OECD (2011), *How DAC members work with civil society organisations: An overview 2011*, OECD Publishing, Paris.
- OECD (2012a), *Towards Better Humanitarian Donorship: 12 Lessons from DAC Peer Reviews*, OECD, Paris.
- OECD (2012b), *Supporting Partners to Develop their Capacity: 12 Lessons from DAC Peer Reviews*, OECD, Paris.
- Open Forum for CSO Development Effectiveness (2010), *Istanbul Principles for CSO Development Effectiveness*, available at: <http://www.cso-effectiveness.org/IstanbulPrinciples>
- Open Forum for CSO Development Effectiveness (2010), *The International Framework for CSO Development Effectiveness*, available at: <http://www.cso-effectiveness.org/InternationalFramework>

*Civil society ...
the multitude of
associations around which society
voluntarily organises itself*

