

# **CIVIL SOCIETY AND AID EFFECTIVENESS**

## **CONCEPT PAPER**

**Final**

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Advisory Group on Civil Society and Aid Effectiveness

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## LIST OF ACRONYMS

AE	Aid Effectiveness
AG	Advisory Group on Civil Society and Aid Effectiveness
CCIC	Canadian Council for International Cooperation
CIDA	Canadian International Development Agency
CS	Civil Society
CSO	Civil Society Organization
DAC	Development Assistance Committee
HLF	3 <sup>rd</sup> High Level Forum on Aid Effectiveness scheduled for Accra in Sept. 2008
INGO	International Non-Governmental Organization
MDGs	Millennium Development Goals
N-CSO	Developed-country Based Civil Society Organization
NGO	Non-Governmental Organization
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
PBA	Program-Based Approach
PRSP	Poverty Reduction Strategy Paper
SC	HLF Steering Committee
WP-EFF	Working Party on Aid Effectiveness

## Executive Summary

1. This paper is intended to provide a common, though evolving, frame of reference to guide consultations sponsored by the Advisory Group on Civil Society and Aid Effectiveness (AG) in the pursuit of three outcomes:

- Better understanding and recognition of the roles of civil society organizations (CSOs) as development actors and as part of the international aid architecture, and engagement of CSOs in general discussions of aid effectiveness (**recognition and voice**)
- Improved understanding of the applicability and limitations of the Paris Declaration for addressing issues of aid effectiveness of importance to CSOs, including how CSOs can better contribute to aid effectiveness (**applying and enriching the international aid effectiveness agenda**)
- Improved understanding of good practice relating to civil society and aid effectiveness by CSOs themselves, by donors and by developing country governments (**lessons of good practice**).

2. The paper addresses each of these three outcomes in turn, in sections III, IV and V respectively. Section V explains the AG's decision to focus discussions of good practice around a number of different relationship sets. The Issues Paper, which complements this Concept Paper, proceeds to explore the issues and discussion questions associated with each of these relationship sets.

### Recognition and voice

3. Three general categories of normative roles are identified for civil society and CSOs. These include:

- Promoting citizen participation
- Providing effective delivery of development programs and operations
- The social empowerment of particular groups and the realization of human rights.

4. CSOs are also seen to be part of the international aid architecture in three ways:

- As donors
- As channels or recipients of official donor assistance
- By virtue of their role as watchdogs of the public good pushing for donor funds to be used in ways that maximize their impact on the poor.

5. The importance of civil society's involvement in development and as part of the aid architecture suggests that CSOs deserve a voice in discussions of aid effectiveness, and one of the roles of the AG will be to provide advice to the WP-EFF and to the HLF3 Steering Committee on how best to engage civil society in the dialogue on aid effectiveness.

### Applying and enriching the international aid effectiveness agenda

6. The AG takes the Paris Declaration and the aid effectiveness principles contained therein as a reference point upon which to build as required to meet the requirements of its specific

mandate. However, it notes that the Paris Declaration was designed to provide guidance to official donors and partner governments with emphasis on the needs of low income and relatively aid dependent countries.

7. In order to address aid effectiveness issues of importance to CSOs, the paper enquires into the role of civil society that is implied in the Paris Declaration and how that perspective could be enriched in order to reflect more fully the contributions of civil society to development and social change.

8. It then explores the aid effectiveness principles underpinning the Paris Declaration, asking how those principles could be applied to civil society and how the principles might have to be enriched to enhance their applicability. Four areas are covered:

- Local ownership, alignment and partnership
- Donor coordination and harmonization and program-based approaches
- Managing for results
- Mutual accountability.

9. In considering the application of these subject areas to civil society, the paper takes into account a number of considerations, including the following:

- An appreciation of the various roles of CSOs as development actors in their own right
- Explicit recognition of political considerations
- A broader understanding of the concept of partnerships to include partnerships involving CSOs
- More explicit allowance for a range of aid delivery models
- Recognition of institutional performance as a key dimension of aid effectiveness.

### **Towards lessons of good practice**

10. Section V, finally, takes a closer look at the various relationships involved when dealing with CSOs as part of the aid architecture. Five primary relationship sets are identified:

- Between CSOs and their primary constituents (the people they serve or represent)
- Between and among CSOs at country level and beyond
- Between Northern and Southern CSOs
- Between CSOs and developing-country governments
- Between donors and CSOs.

11. Although “relationships” are not all there is to aid effectiveness, these five relationship sets are put forward as an appropriate framework around which to focus discussions of good practice in the context of an international multistakeholder consultation and consensus-building process. Readers are invited to consult the Issues Paper that accompanies this Concept Paper for an analysis of the aid effectiveness issues surrounding each of these relationship sets, and a list of questions intended to guide discussions as part of the AG process.

## I. Introduction and Background

12. This Concept Paper is intended as a reference document of the Advisory Group on Civil Society and Aid Effectiveness (AG). Its role is both to define and help circumscribe the issue agenda on which AG-sponsored analyses and consultations are expected to shed light and to help lay the groundwork of a shared conceptual and analytical framework on aid effectiveness issues relating to the role of civil society in development in the run up to the Accra High Level Forum (HLF3) scheduled for Sept. 2008. The paper is meant to evolve over time as our understanding matures.

13. The AG is a multistakeholder group consisting of 12 members, including three members each from developing country partner governments, donors, and civil society organizations (CSOs) from developed and developing countries. The AG was established by the Working Party on Aid Effectiveness (WP-EFF) and is intended to function at least until the HLF3.<sup>1</sup>

14. That CSOs play an important role in development has long been recognized, but CSOs have not, to date, been significant players in the international discussions on aid effectiveness. Although a number of umbrella CSO organizations were present at the Paris High Level Forum in March 2005, they were not an integral part of the process, and the role of civil society as part of the international aid architecture is barely acknowledged in the Paris Declaration.<sup>2</sup>

15. The creation of the AG was intended as a way to help bring CSOs into the process, most notably as part of the dialogue that will take place from now until the Accra Forum, which could provide opportunities for CSO engagement. In addition to promoting an enhanced role for CSOs in discussions of aid effectiveness, the AG seeks to promote improved understanding of aid effectiveness issues relating to the roles of civil society in development, including what constitutes good practice by CSOs themselves, by donors and by host-country governments. The AG hopes to use the Accra meeting as a launching pad for bringing this improved understanding forward.

16. The AG takes the Paris Declaration and the aid effectiveness principles contained therein as a reference point upon which to build as required to meet the requirements of its specific mandate.

17. At its second meeting on March 5-6, 2007, the AG identified the principal elements of a consultative process leading up to the Accra Forum. Preparation of this Concept Paper was the first step in that process. The AG has also prepared an Issues Paper intended to further stimulate and guide the discussions by focusing on a limited number of core “relationship sets” and raising questions for discussion about the quality of these relationships.

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<sup>1</sup> See the AG’s official terms of reference for details on the rationale behind the creation of the AG. Annex A, below, reproduces the AG’s mandate as included in the terms of reference.

<sup>2</sup> See section IV B below.

18. The consultations themselves will include five multistakeholder regional consultations (two in Asia, two in Africa, and one in Latin America) and two CSO-only consultations in Brussels and Johannesburg, in October and November 2007. These will be followed by an international conference scheduled for February 2008 in Ottawa. The AG encourages stakeholders to organize national-level CSO and multi-stakeholder consultations that will feed into the process at the regional and international levels, while benefiting from that process, to enrich the dialogue, at country level. Further information on the AG's work plan is available in the AG's *Work Plan and Milestones – Living Document* at <http://web.acdi-cida.gc.ca/cs>.

19. The aim of these consultations is to improve understanding of aid effectiveness relating specifically to the roles of civil society in development, including what constitutes good practice. The AG will produce a synthesis report of its deliberations and consultations and provide advice and recommendations on how to incorporate aid effectiveness issues relating to the role of civil society and development in the Accra HLF and beyond.

## II. Defining and Framing the Agenda – an Outcomes Perspective

20. The mandate of the AG is potentially very broad, and involves consultations with a wide range of stakeholders. For these consultations to be effective requires a fairly clear understanding of the types of outcomes being pursued. The principal outcomes desired by the AG stakeholder groups can be reduced to three:

- Better understanding and recognition of the roles of CSOs as development actors and as part of the international aid architecture, and engagement of CSOs in general discussions of aid effectiveness (**recognition and voice**)
- Improved understanding of the applicability and limitations of the Paris Declaration for addressing issues of aid effectiveness of importance to CSOs, including how CSOs can better contribute to aid effectiveness (**applying and enriching the international aid effectiveness agenda**)
- Improved understanding of good practice relating to civil society and aid effectiveness by CSOs themselves, by donors and by developing country governments (**lessons of good practice**).

21. Sections III, IV and V below offer some elaboration on each of these agendas, respectively, and provide some conceptual guidance intended to facilitate the dialogue. Section V explains the AG's decision to focus discussions of good practice around a number of different relationship sets. The Issues Paper proceeds to explore the issues and discussion questions associated with each of these relationship sets.

## III. Recognition and Voice

22. One of the objectives of the AG consultative process will be to achieve more explicit consensus about the different roles that civil society and CSOs play in development as development actors in their own right and as part of the international aid architecture. This goes

beyond merely identifying these different roles. It is also about securing or consolidating a consensus on the legitimacy and importance of these roles.

## **A. Civil society and development**

### ***Definition***

23. The concept of civil society encompasses a wide range of organizations. In a broad sense, it includes all non-market and non-state organizations and structures in which people organize to pursue shared objectives and ideals. In the development field, there is a tendency to think primarily in terms of non-governmental organizations (NGOs) whose missions are explicitly and uniquely developmental in character. However, civil society also includes farmers' associations, professional associations, community-based organizations, environmental groups, independent research institutes, universities, faith-based organizations, labour unions, and the not-for-profit media, as well as other groups that do not engage in development work. This broad definition is widely accepted in the world of development practitioners.

24. However this definition, in and of itself, does not tell us anything about the roles that civil society is thought to play in development. To speak of "roles" requires the identification of a normative framework or frameworks regarding the positive roles that civil society is thought to play. Three such frameworks may be identified from the literature and from common usage.

### ***Civil society and citizen participation***

25. The predominant normative framework from the literature is to approach the idea of civil society as the third leg of a three-legged stool, complementing the private sector and the state as pillars of any organized and well-functioning society. Civil society from this perspective is the social space in which citizens organize themselves on a voluntary basis to promote shared values and objectives. From this perspective, civil society is usually seen as essential to the proper functioning of a democratic society and to the growth of social capital.

26. A related view is one that views civil society as one of five pillars of democracy, along with the executive, the legislature, the judiciary and the independent media. This view provides a good-governance perspective on the role of civil society.

### ***Civil society and development programs***

27. People who work with development CSOs or NGOs on a day-to-day basis often have a different, more operational perspective. From this perspective, civil society consists of a constellation of CSOs that are actively engaged in development programs and operations. The value of each CSO depends on the particular values that it brings to the task, and the effectiveness of its operations. From this perspective, civil society is not an abstract construct that is good or bad, but a collection of actors among which some discrimination is possible on the basis of their values and perceived effectiveness. The richness of civil society provides opportunities for donors, governments, citizens, and other CSOs to identify partners with whom to engage in the pursuit of development objectives and the public good. This view provides a more discriminating and operational perspective on the role of civil society.

## ***Civil society and social empowerment***

28. Yet another approach focuses on civil society from a human rights perspective, seeing civil society as a mechanism for the social empowerment of particular classes of society, such as the poor and dispossessed, women, ethnic groups, or other groups.

29. These three perspectives are different but complementary, emphasizing three general categories of normative roles for civil society and CSOs:

- As a necessary component of a healthy society, of an accountable and effective governance system, and of a healthy democracy
- As organizations providing effective delivery of development programs and operations
- As mechanisms for social empowerment of particular groups and the realization of human rights.

30. What is required is an awareness of these sometimes competing perspectives, a conceptual framework that is broad enough to encompass all three, and greater understanding of the implications of each for aid effectiveness.

## **B. Civil society as part of the international aid architecture**

31. Civil society organizations are also a part of the international aid architecture in various capacities as donors, as channels or recipients of official donor assistance, and by virtue of their role as watchdogs of the public good. Recognizing this role, and understanding how it manifests itself, is important both in legitimizing the place of civil society organizations at the table on aid effectiveness, and for understanding how to divide up issues of good practice.

32. As donors, developed-country based (or Northern) civil society organizations (N-CSOs) mobilize billions of dollars in voluntary contributions in cash and in kind for development purposes. The latest estimates of the OECD-DAC (the Development Assistance Committee of the Organization of Economic Cooperation and Development) put the amount of such contributions at approximately \$14.7B US in 2005, equal to about 14% of all Official Development Assistance (ODA) or 18% of ODA exclusive of debt cancellations (OECD-DAC Statistics on Line, 2006: Table 1). This amount is most likely underestimated by a considerable factor.<sup>3</sup> More detailed data from the Hudson Institute's Index of Global Philanthropy, CSO show that CSO contributions from the US alone amounted to \$26.2B US in 2005, almost as much as official ODA from the US at \$27.6B US.<sup>4</sup>

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<sup>3</sup> These are country estimates made by donors in their report to the DAC, which are often educated guesses (e.g. Canada) and for some countries are not even reported to the DAC (e.g. France, Norway, Spain and the US). Furthermore, reporting is for "private voluntary organizations" rather than the full range of CSOs.

<sup>4</sup> "The Index of Global Philanthropy," 2007, p. 14. The figure of \$26.2B US provided here is the sum of the amounts shown for Private and Voluntary Organizations (16.2), Universities and Colleges (4.6) and Religious Organizations (5.4). It excludes contributions from Corporations (5.1) Foundations (2.2) and Individual Remittances (61.7). For present purposes, Foundations are considered to be part of private giving, and thus not part of civil society.

33. CSOs also act as channels or recipients of official donor assistance, receiving funds from official donors for use in their development programs or for redistribution to other CSOs. The share of donor funds to CSOs varies considerably from donor to donor. In 2004, flows to and through CSOs from the DAC's top 15 CSO funders ranged between 6 to 34% of their bilateral ODA, totalling approximately \$4.6 B US, although this amount, too, is underestimated.<sup>5</sup>

34. Finally, CSOs play an important role as advocates and watchdogs of both governments and donors. In this capacity, CSOs can promote aid effectiveness even where the funds do not flow through CSOs themselves, by pushing for donor funds to be used in ways that maximize their impact on the poor.

## C. Voice

35. The objective of securing a greater voice for civil society in general discussions of aid effectiveness is closely related to the above discussion, since it is the place of civil society in a democratic society and its role as part of the international aid architecture that justify CSOs' claim to a seat at the table in discussions of aid effectiveness at both the international and country levels.

36. CSOs aspire to engage in the international dialogue on aid effectiveness in the context of the OECD-DAC and the HLF3 planned for Accra. The umbrella CSO *Reality of Aid* has in fact engaged with the OECD-DAC on aid effectiveness and other aid issues for many years. More recently, consultations have been organized between a number of umbrella CSOs, the OECD-DAC, and the Working Party on Aid Effectiveness.

37. CSOs engaged in these various discussions have acknowledging the importance of efforts to improve aid effectiveness to produce development results for poor people, but have pointed to gaps in the Paris Declaration as a document addressing some issues of central interest to them.<sup>6</sup>

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<sup>5</sup> Compiled from DAC statistical data Table 1, line items 015, 076, 077, 421. These figures under-represent DAC members' flows to CSOs as direct funding to local CSOs is often not included, nor are flows through other institutions such as multilaterals. In addition, some donors, such as the U.S., do not report their flows to and through CSOs.

<sup>6</sup> See the meeting notes of the March 2007 dialogue between CSOs and the Working Party on Aid Effectiveness. Among the issues raised were the following:

- The absence of a clear linkage between effective aid delivery mechanisms as emphasized in the Declaration and impact on the priorities of those living in poverty
- Lack of sufficient attention to meaningful stakeholder participation in the development of national poverty strategies
- Gender blindness in the aid effectiveness agenda
- Donor imposition of policy conditionalities despite the emphasis on local ownership
- The need for stronger targets on aid untying
- The need for attention to the democratic governance and accountability of the major aid institutions.

38. The AG is charged with advising the WP-EFF on future consultations of this sort by considering how best to ensure the effective participation of CSOs in the aid effectiveness discussions, and how to ensure that the agenda itself allows enough space for important issues of concern to CSOs to be addressed. Recent discussions involving CSOs and the DAC in Paris indicate that there is considerable interest in engaging in this sort of dialogue.

39. A second way that CSOs can intervene in the policy dialogue on aid effectiveness is at the country level, where multi-stakeholder processes of policy dialogue are increasingly present as part of budget support operations or sector-wide approaches. CSOs could also play an important monitoring role as part of mutual accountability processes to be developed in implementing the Paris Declaration.

40. As development actors, CSOs share an interest in aid effectiveness for keeping development efforts on track, for drawing attention to outcome and impact level results, and for drawing lessons of good practice from accumulated experience. The shared pursuit of aid effectiveness provides a legitimate entry point for dialogue among all development cooperation actors, including CSOs.

41. The rest of this paper is focused on aid effectiveness as it relates to the role of civil society in development and as part of the international aid architecture, as this corresponds to the substantive part of the AG's agenda. This is not meant to preclude stakeholders involved in AG-sponsored consultations from addressing other aid effectiveness issues as well.

## **IV. Applying and enriching the International Aid Effectiveness Agenda**

42. This section addresses the second outcome envisaged by the AG: improved understanding of the applicability and limitations of the Paris Declaration for addressing issues of aid effectiveness of importance to CSOs. What follows is an attempt at providing such an understanding for discussion and further elaboration and refinement as part of the upcoming consultation process.

43. The material is organized in two parts. The first part considers the Paris Declaration, as a basic point of reference. The second part begins by considering how civil society is covered in the Paris Declaration. The paper considers the view of civil society that is implied in the Paris Declaration to be an "instrumental" one and argues for a perspective allowing greater room for CSOs as agents of social change. It goes on to address the various Paris principles of aid effectiveness from a civil society perspective.

### **A. The Paris Declaration as a reference point**

44. This section enquires into the implications, opportunities, and limitations of the Paris Declaration principles as a point of reference for civil society and aid effectiveness at country level.

45. The concept of aid effectiveness has acquired growing importance in international discussions. Aid effectiveness means the extent to which aid resources succeed in producing sustainable development results for poor people. The emphasis is on results at the outcome and impact levels as opposed to output-level results from individual projects. The hypothesis is that results from individual projects do not necessarily translate into outcomes and impacts at a higher level.

46. This concept is important for three reasons:

- It draws attention to the big picture, to ensure that the ultimate objectives of the aid system as a whole are being met.
- It can help to ensure that the international aid system remains true to its primary purpose in the face of competing interests of a political or bureaucratic nature, institutional imperatives, foreign policy goals, or commercial objectives.
- It provides a framework for enquiring into broad lessons of good practice and establishing a consensus on how aid could be improved.

47. This search for lessons of good practice has led to the establishment of aid effectiveness “principles,” as found in the Paris Declaration, that incorporate shared lessons of experience based on empirical evidence and research. However, the Paris Declaration goes beyond that, establishing an aid effectiveness “agenda” that goes beyond principles and includes specific commitments intended to promote enhanced aid effectiveness, based on international negotiations and dialogue.

48. Organizations like the OECD-DAC have endeavoured for years to draw systematic lessons learned from development cooperation efforts. This has been complemented by the considerable work of the World Bank, academics, bilateral donors, and multilateral organizations, which has accelerated in recent years. This work has led to a vast literature and to a growing official consensus<sup>7</sup> among these actors regarding the elements of success. Increasingly, it is possible to speak in official circles of an “international aid effectiveness agenda.”

49. This international agenda has evolved over time, and will continue to evolve. Its principal manifestation at this time is the Paris Declaration of March 2005. As the latest major international statement on aid effectiveness, the Paris Declaration represents a landmark achievement that brings together a number of key principles and commitments in a coherent way. It also includes a framework for mutual accountability, and identifies a number of indicators for tracking progress.

50. The central thrust of discussions in the Accra HLF will be the implementation of the Paris Declaration, and it is thus important that the AG consider how its own work will contribute to this implementation process and how the aid effectiveness principles embedded in the Paris Declaration might apply to CSOs.

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<sup>7</sup> We emphasize here the official character of the consensus, because the Paris Declaration was drawn up with very limited CSO involvement.

51. Principles such as the need to respect and promote local ownership, to align with Southern-driven priorities, to make use of local systems, to harmonize donor efforts, to focus on results and to hold partners mutually accountable, are clearly relevant to a wide range of development actors and activities, including CSOs. However, the application of those principles by CSOs may require interpretation in terms that CSOs find more applicable.

52. For example, civil society organizations have raised questions about the identification of a country's poverty reduction strategy as the sole reference point for alignment to partner country priorities. CSOs often ask how democratically owned those strategies are, and whether priorities lying outside of those strategies cannot also be locally-owned.

53. While the Paris agenda contains a number of relevant and important entry-points for discussions on civil society and aid effectiveness, it is worth recalling that the Paris agenda was negotiated with a particular problem in mind. Quite clearly, the focus of the Declaration is to provide guidance to official donors and partner governments – in particular those of low-income and relatively aid-dependent countries. Aid effectiveness is associated, in this context, with:

- The successful scaling up of country-level poverty reduction efforts,
- More harmonized aid efforts aligned around country priorities,
- Success in strengthening the institutional apparatus of partner governments, and
- Policy space for partner government to direct resources towards those efforts.

54. Although general in intent, the choice and interpretation of principles upon which to focus attention was thus clearly inspired by a particular agenda. This raises questions of what an aid effectiveness agenda designed to address issues of civil society and aid effectiveness might look like and how it might differ from the Paris Declaration. One of the issues to be addressed by the AG consultations on civil society and aid effectiveness is thus the international aid effectiveness agenda itself, and how it may need to be enriched in order to address issues of aid effectiveness pertaining to the role of CSOs in development and as part of the international aid architecture.

55. In what follows, the paper considers various aspects of the international aid effectiveness agenda from a civil society perspective.

## **B. Applying and Enriching the Paris Declaration**

### ***Appreciating the roles of civil society in development and change***

56. By virtue of its character as an agreement between donors and partner governments, the Paris Declaration does not include commitments by CSOs themselves. However, the Paris Declaration recognizes the roles of non-state actors, including CSOs, in three places:

- In 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.”

57. The intent to engage CSOs in the ways identified above deserves to be monitored to determine the extent to which that intent is being realised. One way that the AG can help contribute to the implementation of the Paris Declaration is thus to identify examples of good practice and assess the effectiveness of participatory processes under commitments 14, 39, and 48.

58. However, the roles identified for CSOs in the Paris Declaration are quite limited: CSOs can help to enrich participatory processes under government leadership or they may serve as alternative vehicles for official donors to align around host-country priorities in fragile states. This is consistent with the view of civil society as one of the pillars of a democratic state, and with the particularly important role that CSOs are thought to play in conflict-affected or undemocratic states. However, the perception of civil society in the Paris Declaration is an instrumentalist one in which the role of CSOs is to help governments and donors to improve their own performance. This perspective fails to recognize CSOs as development actors in their own right whose objectives and activities are not necessarily defined in terms of their relationship with government, and whose role is often to play a challenge function with respect to government.

59. A remarkable feature of the Paris Declaration is the implication of national consensus on a country’s needs and priorities. The sense that one gets is that local ownership is defined by the existence of a single poverty reduction strategy owned by the central government, and that this is the only legitimate expression of country needs. Only in limited ways is there any sense of political debate or of the roles that donors themselves play in shaping these poverty reduction strategies. There is no recognition that CSOs might legitimately represent alternative points of view, or that debate over alternatives might itself be worth supporting.

60. Indeed, the opposite is true, to the extent that the concentration of efforts behind government programs under the Paris Declaration might deprive independent actors of support and thus limit the articulation and expression of alternative points of view.

61. Improved governance and government accountability are both acknowledged in the Paris Declaration, but there is little to suggest how these objectives might be achieved, beyond the call for participation in commitments 14 and 48, and the establishment of results-oriented frameworks.

62. Recognizing the political character of development processes is fundamental, because CSOs often perceive their own role largely in political terms, seeing themselves as actors whose role it is to help to mobilize citizens claim their economic and social rights. CSOs thus see development and change as political processes in which competing agendas jostle for position, in which they play a wide range of roles aimed at social empowerment of the poor and other disadvantaged groups. From this perspective, change is most likely to address the needs of the poor when there exists a diversified and vibrant civil society capable of promoting the priorities

of the poor, good governance, domestic accountability gender equality, and respect for human rights.

63. Situating civil society within the international aid effectiveness agenda will thus require better understanding and recognition of the different roles played by civil society, and of the political arena in which those roles are played. As noted earlier, clearer understanding and explicit recognition of these realities is one of the outcomes being pursued by the AG.

64. Taking this richer perspective on civil society for granted, the following sub-sections consider various dimensions and principles of the Paris agenda from a civil society perspective.

### ***Local ownership, alignment and partnership***

65. A first issue for CSOs is how local ownership and alignment are interpreted. In the Paris Declaration, these concepts tend to be identified with government design and leadership of a poverty reduction strategy and alignment around government priorities and systems. However, CSOs are likely to interpret local ownership and alignment in ways that allow for a multiplicity of expressions.

66. For instance, CSOs from Northern countries often work with host-country CSOs and are likely to understand local ownership and alignment in terms of the priorities identified by their Southern CSO partners. Within a country, CSOs may be directly involved in supporting development at the community level, and may think of local ownership and alignment in terms of participatory approaches and mechanisms to ensure that local priorities and processes are respected.

67. From a civil society perspective, which emphasizes a plurality of views and recognizes power imbalances, there can be no single expression of local ownership and alignment around government plans, priorities, and systems. Indeed, the approach of donors, governments, and CSOs to development cooperation may sometimes be in tension.

68. Recognition of CSOs as development actors in their own right will also require some enlargement of the concept of partnership. The concept of partnership is a fundamental one to understanding the way that CSOs operate as development actors. Yet the tendency in the donor community has been to think of aid effectiveness in terms of enhanced partnerships between donors and recipient governments, while relationships with non-state actors are conceived primarily as buyer-supplier relationships.

69. CSOs do often act as service providers on a contractual basis, in competition or in collaboration with private sector suppliers. This is illustrative of the overlap that exists in the areas of activity covered by government, the private sector and civil society. However, CSOs exist with the aim of pursuing certain values and objectives, and the relationships that they establish with donors, governments, the private sector, and other CSOs in the pursuit of those values and objectives are better described as partnerships, than as service provision. This involves working together on the basis of shared values, objectives and responsibilities.

70. Addressing aid effectiveness issues from a civil society perspective will thus require some understanding of the sorts of partnerships that are involved, of what constitutes an effective partnership, and of the conditions required for such partnerships to thrive. For instance, partnerships between donors or government and CSOs raise questions about accountability to beneficiaries. Partnerships involving Northern and Southern CSO raise important issues rooted in the power of control over resources and knowledge. This raises questions for Northern CSOs about the extent to which priorities are supply-led, and about the true extent of host-partner leadership in CSO-to-CSO collaboration. This has led some Northern CSOs to respond by reforming their practices and developing codes of conduct around the way that they partner with Southern CSOs.

71. There are questions also about what should or should not count as tied aid, which is one of the aid effectiveness issues identified in the Paris Declaration. Donors channel a fair proportion of their aid through Northern NGOs, and formally, this counts as tied aid (although services are excluded from OECD-DAC tying statistics). However, partnerships with donor-country-based CSOs need not necessarily involve the tying of aid beyond the original partnership agreement, and are not intended to procure commercial advantage. It therefore seems inappropriate to tar such relationships with the same brush as tying for commercial reasons.

#### ***Donor coordination and harmonization and program-based approaches***

72. Coordination and harmonization issues are relevant to CSOs acting as donors or as channels for official aid, just as they are for official aid donors and host-country governments. Considerations include the following:

- Donor harmonization and coordination, to reduce transactions costs for local partners and to allow them to focus their attention on strategic concerns as opposed to the details of project management
- The adoption of a systems perspective and of more comprehensive approaches such as program-based approaches (PBAs).

73. The harmonization agenda that is part of the Paris Declaration opens up new opportunities for CSOs. For example, the increased emphasis on comprehensive approaches and systems-wide interventions opens up new opportunities to engage in policy dialogue on high-level issues that affect development.

74. There are opportunities also to scale up activities in partnerships with governments or other CSO partners. For example, CSOs can become involved in PBAs either as collaborating partners in government-led PBAs, or as part of CSO-led PBAs. To date, there are few documented cases of PBAs in support of NGO programs, but those cases we do know about – cases of NGOs such as BRAC and Proshika in Bangladesh or *Haki Elimu* in Tanzania whose programs have been funded on a PBA basis – appear to be examples of good practice that could be emulated elsewhere. There are some interesting cases also of CSOs collaborating effectively with governments involved in PBAs such as the work of *Progreso*, a locally-based NGO involved in pedagogical training of government hired teachers in Northern Mozambique. Finally, there are cases of joint efforts by CSOs to rationalize their work and to take a more systemic perspective.

Such cases deserve to be documented as examples of good practice that are in line with the Paris principles.

75. Project-based approaches to development have been much criticized due to the burden of transactions costs that they impose and the dispersal of efforts that they imply. Accordingly, the Paris Declaration calls for increased use of program-based approaches (PBAs), setting a target of 66% of all ODA to be provided in this form by 2010. As a way of operating, PBAs incorporate a number of aid effectiveness principles and can be applied quite flexibly to suit different circumstances and needs. The emphasis tends to be on comprehensive planning, and on the replication of standard models of service delivery at a large scale. Most PBAs are thus government-led in sectors such as education and health, where scaling up of service delivery is feasible.

76. However, not all activities are best pursued in a centralized, joined-up fashion. Attention to aid effectiveness issues of special concern to CSOs should include careful review of partnership and programming models in different areas of activity. Some activities, particularly those requiring creativity and adaptation to local circumstances, in which CSOs tend to be involved, are best implemented in ways that are decentralized, participatory, and iterative. Examples of such activities include community development, the delivery of education and health services at the patient or classroom level, advocacy work, capacity development at a decentralized level, technology transfer, agricultural extension services and any sort of research or innovative activity.

77. Such activities cannot readily be “programmed” according to set formulas. They require a different approach that encourages diversity, experimentation, and learning, and a particular type of relationship between service providers and beneficiaries. Good practice in such cases is based on elements such as the following:

- Delivery models that are more likely to rely on professionalism than on rules and procedures
- Decentralized, participatory approaches more than top-down planning
- The pursuit of simultaneous efforts on multiple fronts, as opposed to the scaling up of known formulas.

78. This sort of discrimination among categories of activities suggests that CSOs are likely to require a greater range of models of collaboration and cooperation than may be implied in some of the discussion of aid effectiveness to date. This is not to say that existing aid effectiveness principles are inapplicable in these areas of activity. However, they need to be applied with some discretion and enriched by a deeper understanding of the limits of the planner’s model of programming.

79. What may be needed are models of development that combine the advantages of opportunistic, situation-specific interventions with those of more comprehensive approaches. For example, decentralized and participatory approaches are likely to be more fruitful if they are based on strategic considerations of a systemic character, and initiatives of an innovative or pilot nature are more likely to be successfully scaled up later if they are undertaken with that possibility in mind from the start.

## ***Managing for results***

80. By calling for a results-based approach to resource management, the Paris Declaration raises another area of joint concern to all partners – that of defining and measuring results and learning from that how to improve performance and resource allocation.

81. Management for results raises numerous questions about what to measure, about the division of responsibilities, and about access to data. Although the collection of national statistics so important to results-based approaches at the sector or national levels is normally in the government domain, there are fundamental roles to be played by CSOs in:

- Promoting enhanced access to information
- Analysing and disaggregating information
- Collecting and disseminating more qualitative or sensitive types of information having to do with the quality of services, empowerment of the poor or the achievement of human rights
- Demonstrating their own performance, as well as that of other actors
- Acting as alternative and independent sources of information.

82. An issue that comes to the fore when more attention is paid to the multiplicity of development actors, including CSOs, is the relative performance of different actors in delivering results. It is common knowledge that different development actors, including donors, developing-country governments and CSOs, each have their own strengths and weaknesses and may be best placed to play certain roles in different contexts. How aid funds are allocated among different development actors thus becomes a key aid effectiveness consideration when managing for results.

83. The Paris Declaration explicitly addresses the issue of institutional performance in its Statement of Resolve, and proposes a number of measures intended to improve the performance of core government systems over time. However, it provides no guidance on the allocation of aid among actors with different capacities, including CSOs that may have proven their capacity to deliver results in the past or that demonstrate potential to do so in the future. No set of principles on civil society and aid effectiveness would be complete without some analysis of the allocation issues involved and their relationship to the question of relative institutional performance of different development actors, with due regard for the context and enabling environment in which they operate.

## ***Mutual accountability***

84. Closely related to the subject of managing for results is the call of the Paris Declaration for mutual accountability. The Declaration contains four commitments under this chapter. These are intended to ensure that partner governments are accountable to their own citizens (commitments 48 and 49) and that governments and donors hold each other accountable for the implementation of the Paris Declaration.

85. As Commitment 48 implies (without naming CSOs specifically), CSOs have an important role to play in reinforcing the democratic process, in ensuring that donors and governments are held accountable to beneficiaries. An important topic for discussion as part of the AG

consultative process will be to identify the conditions that affect CSOs ability to play this role and the legitimacy that they bring to the table.

86. However, CSOs have complex accountability of their own to deal with. As emphasized in a recent paper on this subject,<sup>8</sup> CSOs are often accountable to numerous stakeholders. In the authors' words:

CSOs may owe accountability upward to donors who provide resources and to regulators responsible for their legal certification, downward to beneficiaries and clients who use their services or to members who expect representation, outward to allies and peers who cooperate in programs and projects, and inward to staff and volunteers who invest their talents and time in organizational activities.

87. Where aid relationships are involved, the power dynamics of the aid relationship itself is an obvious issue, with accountability relationships tending to flow upwards towards those providing funds more than vice versa, as might be the case in a truly mutual accountability relationship. CSOs involved in partner relationships are often aware of these dynamics and have adopted codes of conduct and methods of work in these partnerships that seek to reinforce accountability to beneficiaries. This raises questions about how well this approach is working and whether there are lessons from this on how to manage mutual accountability issues between donors and governments.

## **V. Towards Lessons of Good Practice**

88. Consider, finally, the third outcome envisaged by the AG: lessons of good practice relating to civil society and aid effectiveness by CSOs themselves, by donors and by developing country governments.

89. Of utmost importance in this regard is to delimit the areas of good practice upon which to focus attention. One of the risks when engaging in broad-ranging, multistakeholder consultations as envisaged by the AG is that the dialogue may lack direction and be excessively diffused, rather than pointing towards a common purpose in a focused way. It is thus essential to carefully define and delimit the subject matter. We do this by pointing to a series of relationships involving CSOs that are likely to condition the effectiveness of aid along the chain from the source of funding through to development results.

90. As noted earlier, aid effectiveness refers to the extent to which aid resources succeed in producing sustainable development results for poor people. It depends on many things, including:

- The choice of activities to be supported, including strategic choices about sectors and countries of concentration

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<sup>8</sup> L. David Brown and Jagadananda, "Civil Society Legitimacy and Accountability: Issues and Challenges." The Hauser Center for Nonprofit Organizations and CIVICIS, January, 2007. Page 7.

- How well interventions are adapted to local conditions and contexts, and other considerations having to do with the design of interventions and the approach to learning and adaptation in response to lessons learned.
- Appropriate attention to crosscutting considerations such as gender equality, human rights, and environmental sustainability.

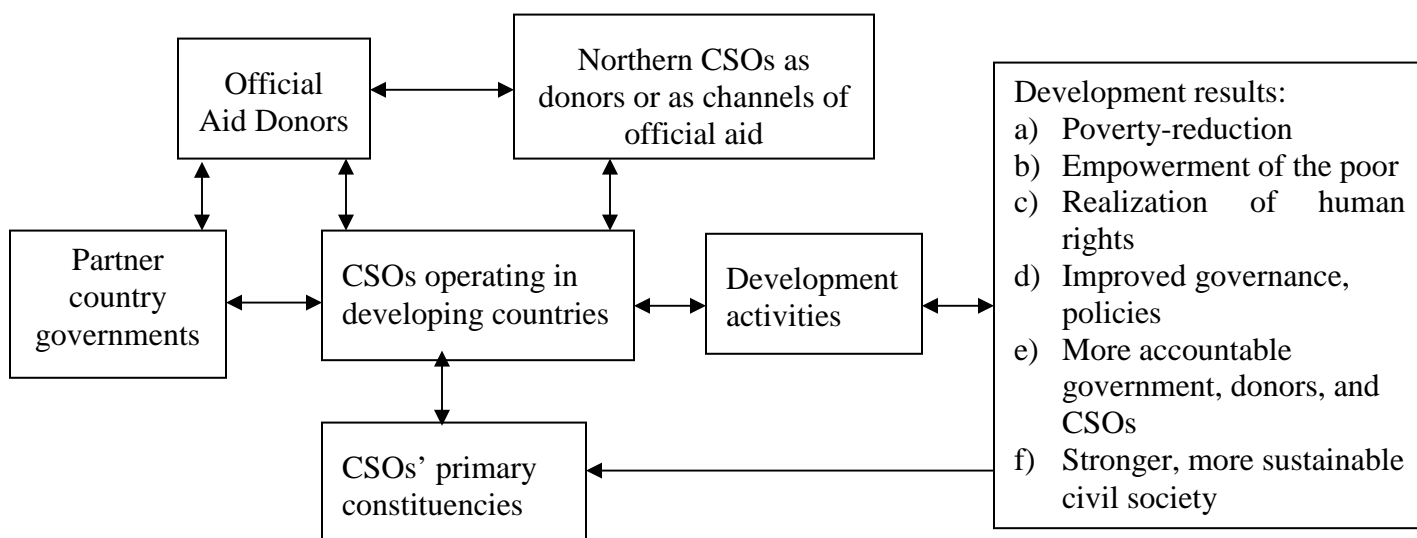
91. These and other issues having to do with the substance of aid investments and how they are designed, monitored, and evaluated greatly impact the effectiveness of aid in reducing poverty.

92. Underlying many of these factors, however, is the ability of different stakeholders to work together collaboratively and the quality of relationships among these stakeholders. It seems appropriate for an international multistakeholder process, such as the one we are engaged in, to focus on such relationships as the primary object of its deliberations.

93. This follows the example of the Paris Declaration itself, which focused on the relationship between official donors and partner country governments. Indeed, if one considers each of the Paris Declaration principles mentioned above, one finds that they are all essentially about relationships, including considerations of ownership and leadership of the development process, affirmations about the primacy of partner country priorities, and the need for mutual accountability.

94. The following diagram illustrates the CSO aid effectiveness logic “chain” from inputs to results, with emphasis on CSOs as development actors at the country level. Taking an aid effectiveness perspective by drawing attention to results, the figure treats aid as an input that is converted into activities by CSOs, and finally, into development results.

**Figure 1: From Cooperation to Results: Civil Society and Aid Effectiveness**



95. In this figure, the aid relationship is considered to be that of official donors and developed-country based CSOs channelling resources to partners in developing countries, while engaging in

the exchange of knowledge and in policy dialogue. The arrows point to the primary relationships involved, and identify the nerve points where aid effectiveness issues arise. These arrows represent the flow of aid from donors to recipients, but also engagement in policy dialogue and knowledge sharing among the parties concerned. They are drawn bi-directionally to indicate that dialogue and learning are two-way processes and that aid effectiveness is likely to involve the need for adjustment on both sides of these relationships.

96. Official donors may contribute to CSO activities in three ways as shown by the arrows:

- Directly to developing-country-based CSOs
- Through Northern CSOs
- Through developing-country governments.

97. The diagram makes a distinction between Northern CSOs in their capacity as donors or as channels of official aid, and CSOs operating in developing countries. The latter includes both Southern CSOs whose origins, headquarters and operations are in aid recipient countries, and Northern CSOs with operations in those countries. The hypothesis is that relationships among actors are conditioned by their character alternatively as donors and channels, or as operational actors at the country level. For present purposes, Northern CSOs are considered to regroup all those whose origins and headquarters are in donor countries and whose operations span more than one country.

98. Also shown is the relationship between developing country governments and CSOs at the country level. Fundamental to this relationship is the legislative, regulatory, and fiscal framework in which national CSOs operate. This relationship also includes the way that government chooses to engage with CSOs in policy dialogue, the level of transparency with which information is shared, and the choice of CSO partners with which it chooses to engage. It may also include the provision of funding, which would be considered aid if it originates from the international donor community, but might also be national in origin.

99. The diagram also shows CSOs' primary constituents entering into relationships with CSOs operating in developing countries. An arrow is included to indicate that these primary constituents are also the intended beneficiaries of results shown at the right of the diagram.

100. Finally, are shown a number of results expected to derive from CSO activities. The results shown here cover a wide range, and include both immediate results for particular communities and intermediate results such as improved policies and a more democratic society.

101. Not shown in the diagram, to keep things simple, are CSO relationships with the private sector. These include domestic fundraising, and the special relationship that certain CSOs such as chambers of commerce may have with the private sector.

102. The arrows in this diagram represent the logical flow from aid to development results, and as such, potential points where aid effectiveness issues may arise. Most of these have to do with the quality of relationships among the stakeholders shown. Taking a "bottom-up" perspective, the AG has identified five relationship sets of particular interest, as follows:

- Relationships between CSOs and the people they serve or represent – their primary constituents
- Relationships between and among CSOs at country level and beyond
- Relationships between Northern and Southern CSOs
- Relationships between CSOs and developing-country governments
- Relationships between donors and CSOs.

103. These relationship sets and the issues that arise under each one are dealt with in the AG's "Issues Paper," which proposes a number of core questions for consideration by stakeholders.

## **VI. Summary and Next Steps**

104. To sum up, this Concept Paper is intended to provide a common, though evolving, frame of reference to guide and to some extent circumscribe AG-sponsored consultations in the pursuit of three outcomes:

- Greater recognition of the diversity of roles played by CSOs and of their importance
- An enriched understanding of aid effectiveness principles and considerations as they apply to the work of CSOs in development
- Improved understanding of what constitutes good practice by civil society itself (North and South), by official donors and by developing-country governments.

105. This paper should be read in conjunction with the AG's Issues Paper, which identifies issues associated with each of the five relationship sets identified above. Together, these two papers identify seven core topics, which discussants in AG-sponsored consultations are invited to discuss.

- The issue of recognition and voice, including the extent to which the various roles of CSOs – as development actors and as part of the international aid architecture – are currently recognized and the identification of areas requiring greater attention
- The extent to which the prevailing international aid effectiveness agenda is useful as a framework for addressing issue of aid effectiveness of importance to CSOs, and CSO aid effectiveness
- For each of the five relationship sets discussed above, identification of good practice principles for addressing the issues elaborated upon in the AG Issues Paper.

## **Annex A: Advisory Group Mandate**

The Terms of Reference of the Advisory Group establish its mandate as follows (paragraph 14).

The Advisory Group on Civil Society and Aid Effectiveness has been set up, and its terms of reference approved, by the Working Party on Aid Effectiveness (WP-EFF). It is intended to function until (and possibly beyond) the 3<sup>rd</sup> High Level Forum in Accra in 2008. The mandate of the group is:

- To look into the two overarching functions of civil society as development actors in the broad sense, and more specifically in terms of its role in promoting accountability and demand for results.
- To facilitate a multi-stakeholder process that aims to clarify:
  - The roles of civil society in relation to the Paris Declaration
  - CSO aspirations to deepen the wider national and international aid effectiveness agendas
  - Key considerations and principles that will be internationally recognized by all of the relevant parties.
- To advise the WP-EFF and the HLF Steering Committee on the inclusion of Civil Society and Aid Effectiveness along with other issues to deepen the aid effectiveness agenda in the Accra Forum, in a manner that builds on the Paris Declaration.
- To prepare proposals on civil society and aid effectiveness, in consultation with the Steering Committee, the WP-EFF and civil society organizations, for discussion as part of the Accra agenda.