



# How DAC members work with civil society organisations

AN OVERVIEW 2011





# HOW DAC MEMBERS WORK WITH CIVIL SOCIETY ORGANISATIONS: AN OVERVIEW



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## Acronyms

<b>AAA</b>	Accra Agenda for Action
<b>ACFID</b>	Australian Council for International Development
<b>ACODEV</b>	Fédération des associations de coopération au développement
<b>ADA</b>	Austrian Development Agency
<b>AECID</b>	Agencia Española de Cooperación Internacional para el Desarrollo
<b>AFD</b>	Agence française de développement
<b>ALOP</b>	Asociación Latinoamericana de Organizaciones de Promoción
<b>AusAID</b>	Australian Agency for International Development
<b>BMZ</b>	Federal Ministry for Economic Co-operation and Development, Germany
<b>CCIC</b>	Canadian Council for International Co-operation
<b>CIDA</b>	Canadian International Development Agency
<b>CRS</b>	Creditor Reporting System
<b>CSO</b>	Civil society organisation
<b>DAC</b>	Development Assistance Committee
<b>DCD</b>	Development Co-operation Directorate
<b>DeRec</b>	DAC Evaluation Resource Centre
<b>DFID</b>	Department for International Development, United Kingdom
<b>Dochas</b>	Irish association of non-governmental development organisations
<b>ECDPM</b>	European Centre for Development Policy Management
<b>EDF</b>	European Development Fund
<b>EU</b>	European Union
<b>FFO</b>	Federal Foreign Office, Germany
<b>INGO</b>	International non-governmental organisation
<b>INTRAC</b>	International NGO Training and Research Centre
<b>JANIC</b>	Japan NGO Center for International Co-operation
<b>KOICA</b>	Korea International Co-operation Agency
<b>NGO</b>	Non-governmental organisation
<b>Norad</b>	Norwegian Agency for Development Co-operation
<b>ODA</b>	Official development assistance
<b>PPA</b>	Programme partnership agreements
<b>Sida</b>	Swedish International Development Co-operation Agency
<b>USAID</b>	United States Agency for International Development

## Acknowledgements

The authors, Jenny Hedman and Ida Mc Donnell, are grateful for the input and advice provided by members of the informal external steering group for the study: Anna Clancy (AusAID), Eve Derriennic (Co-ordination Sud), Camilla Lindstrom (Sida), Masaaki Ohashi (JANIC), Marc Purcell (ACFID), Brian Tomlinson (CCIC) and Jacqueline Wood (CIDA). However, the analysis and conclusions are the sole responsibility of the OECD Development Co-operation Directorate (DCD). The authors are equally grateful for statistical assistance by Yasmin Ahmad, Olivier Bouret and Aimée Nichols, research assistance by Maria Zandt, and guidance from Michael Ward and Karen Jorgensen of OECD DCD.

## Summary

Civil society organisations (CSOs), a broad group that includes non-governmental organisations (NGOs), are recipients and channels of significant levels of official development assistance (ODA). They are important actors in development. In 2009, DAC members channelled at least 13% of total ODA to or through NGOs. In the same year, NGOs themselves raised at least USD 22 billion according to OECD data.

The *Accra Agenda for Action* (AAA), agreed at the Third High Level Forum on Aid Effectiveness held in Accra 2–4 September 2008, broke new ground in recognising the importance of civil society in development. By adopting the AAA, donors and developing countries committed to deepen engagement with CSOs. However, there is no comprehensive, comparative evidence base on how donor governments work with CSOs in development co-operation. To fill that gap, this study examines how DAC members work with CSOs and NGOs – why they think it is important to work with CSOs, the ways they provide funds and the challenges they encounter.

Although DAC members have traditionally used the term NGO, more are now using the term CSO. The DAC statistical reporting directive, however, uses the term NGO, defined as any non-profit entity without significant government-controlled participation or representation.

DAC members see CSOs as essential development partners in delivering services, stimulating public debate, encouraging democratic processes and accountability, and strengthening civil society. The proximity to beneficiaries and the ability to respond rapidly to humanitarian crises are important comparative advantages of CSOs.

DAC member policies and strategies for working with CSOs vary widely in their nature and focus. Most have some sort of policy or strategy. Nearly half the DAC members surveyed for this study have a strategy or policy for working with NGOs to provide humanitarian assistance.

All DAC members work with and allocate ODA to NGOs. In some cases they allocate ODA to NGOs to support the development activities of the NGOs themselves. In other cases DAC donors channel funds *through* NGOs to implement specific programmes and projects. DAC members have several ways of providing funds to NGOs. These include project and programme support, partnership or framework agreements, and national, international and local calls for proposals.

According to DAC statistics, in 2009 members (excluding the European Union institutions) allocated USD 15.5 billion to and *through* NGOs. Members provided around five times more aid to NGOs based in their countries (national NGOs) than to international NGOs and local NGOs in developing countries. Just over two-fifths of DAC members allocated more than 20% of their bilateral funding to or through NGOs and just less than a fifth allocated 3% or less. Earmarked funding is more common than core support. Most bilateral ODA channelled through NGOs was for food aid, followed by disaster prevention.

Both DAC members and CSOs identify challenges in working together. DAC members see the high transaction costs of dealing with many small organisations and duplication of activities between donors and CSOs as the main challenges. CSOs see the lack of clear policies, the conditions for funding and lack of meaningful dialogue as the main challenges in their work with donors.

The study of how DAC members work with CSOs and NGOs suggests areas where DAC members, partner governments and CSOs can take action to improve the efficiency and effectiveness of their collaboration.

#### Action points for DAC members

- Agree on what they mean by CSO and NGO and when the terms should be used.
- Make aid allocations to and through NGOs more transparent through better reporting to the OECD.
- Develop transparent, forward looking and results-oriented policies and strategies for working with

CSOs. Be clear about the overall objectives, principles and conditions for working with CSOs. Do this in consultation with CSOs.

- Strike a balance between respecting CSO autonomy and steering CSOs to deliver development co-operation objectives. When the objectives for donor-CSO partnerships and funding are clear, the balance will be easier to strike.
- Identify good practices for encouraging an enabling environment for civil society in developing countries and working with developing country civil society.
- Collaborate with CSOs to identify achievable objectives, indicators for measuring achievements and realistic outcomes for ODA channelled through CSOs.
- Make sure reports respond to the need to be fully accountable to donor governments.
- Simplify and harmonise contracting, funding and reporting requirements to reduce transaction costs. Consider accepting and using CSO systems for monitoring and reporting.

#### Action points for donors and partner governments

- Engage systematically in meaningful dialogue with CSOs when preparing development policy and strategies. Tap into their knowledge of beneficiary needs and expertise in development co-operation and humanitarian assistance.

#### Action points for CSOs

- Collaborate with donors to identify achievable objectives, indicators for measuring achievements and realistic outcomes for ODA channelled through CSOs.
- Make sure reports respond to the need to be fully accountable to donor governments and beneficiaries.
- Support DAC member efforts to harmonise donor systems and processes by harmonising CSO systems and processes.
- Make the aid they manage and how they spend it more transparent by establishing an international database for CSO financing for development.

## About this study

The *Accra Agenda for Action (AAA)*, agreed at the Third High Level Forum on Aid Effectiveness held in Accra 2–4 September 2008, broke new ground in recognising the importance of civil society in development.<sup>1</sup> The AAA encouraged donors and partner countries to provide an enabling environment (policies and guidelines) and to adopt approaches (processes and procedures) that maximise the contributions of civil society organisations (CSOs) to development. By adopting the AAA donors and developing countries committed to deepen engagement with CSOs.

However, up to now there has been no comprehensive, comparative evidence base on how donor governments work with CSOs in development co-operation. The DAC has not produced guidelines or benchmarks for working with CSOs.

### A comprehensive overview

This study, *How DAC members work with civil society organisations: An overview*, is the first of its kind.<sup>2</sup> It is an edited version of “DCD/DAC(2010)42/FINAL, How DAC Members Work with Civil Society Organisations: An Overview”, an output of the *Learning through Peer Reviews Action Plan 2009–2010* (DCD-DAC, 2008). The study examines how DAC members work with CSOs and NGOs (Box 1), ranging from why they think it is important to work with CSOs, challenges they encounter, mechanisms for providing funds to CSOs, to reporting and accountability. It provides a baseline for analysing CSO issues in OECD-DAC peer reviews. It was, however, beyond the scope of this study to investigate the implementation of the aid effectiveness principles of ownership, alignment, harmonisation, managing for results and mutual accountability when working with civil society, as outlined in the *Paris Declaration on Aid Effectiveness*. Future work could look at this issue.

### Box 1. How the terms CSO and NGO are used in this study

The terms non-governmental organisation (NGO) and civil society organisation (CSO) are both used in this study.

NGO is used where information is derived from DAC statistics. NGO is also used when discussing certain responses from a survey of 24 OECD-DAC member states and NGO platforms in seven DAC member states in March–April 2010 on how DAC members work with CSOs. NGO is used in these cases because both DAC statistics and the survey specifically use the term NGO.

The term CSO is used for broad discussions and analysis covering civil society groups which contribute to development – ranging from global networks such as the Open Forum<sup>3</sup> to international organisations such as Action Aid International, to development NGOs with headquarters in donor countries, and to bodies based in donor and developing countries such as trade unions, community-based and faith-based organisations.

<sup>1</sup> A multi-stakeholder donor-civil society-partner government task team on CSO Development Effectiveness and Enabling Environment was established following the Third High Level Forum on Aid Effectiveness (2008).

<sup>2</sup> This study covers all DAC members. There are other less comprehensive studies, for example those by the United Kingdom’s Department for International Development (Griffin, J. and Judge, R., 2010), Sida (Karlstedt, C., 2010), the University of Antwerp (Nijs, L. and Renard, R., 2009), Norad (2007) and Dublin University (2007).

<sup>3</sup> The Open Forum is an initiative led by an international group of 25 civil society organisations, and is co-ordinating a global process of consultations involving civil society organisations around the world. The aim of these consultations is to offer a platform for CSOs to discuss and agree on their own principles of development effectiveness, and on minimum standards for the enabling environment in which to do their work. See: <http://www.cso-effectiveness.org/>.

## Sources of information

The study drew on several sources of information:

- DAC statistical data;
- DAC peer reviews;
- Survey of 24 OECD-DAC member states and NGO platforms in seven DAC member states March–April 2010;
- DAC member policy and strategy documents on civil society;
- Advisory Group on Civil Society and Aid Effectiveness analyses; and
- Literature on civil society in development contexts.

The study compiled and analysed DAC data on the flows of official development assistance (ODA) to and through NGOs. DAC peer reviews address various aspects of donor-civil society relations including consultation on development policy, support to civil society efforts to raise public awareness of development issues within the donor country, how donors manage their co-operation with CSOs as well as the role and contribution of CSOs to making aid more effective. The study drew lessons and experiences from these peer reviews. The survey solicited information from OECD-DAC member states and NGO umbrella bodies to fill in gaps.<sup>4</sup>

## Where next?

The OECD will build on this study and a workshop to derive policy lessons for working with CSOs.

<sup>4</sup> The DAC Secretariat received 26 responses to the survey on how DAC members work with CSOs from the 24 DAC members. Twenty-two DAC members submitted replies from one agency or ministry. Germany and France submitted replies from two agencies or ministries. Annex A summarises the responses of each respondent to a selection of survey questions. Seven responses were received from representative NGOs in member countries: ACFID (Australia), a joint response from 11.11.11 and ACODEV (Belgium), CCIC (Canada), Co-ordination Sud (France), Dochas (Ireland), JANIC (Japan) and Forum Syd (Sweden). Some of these NGOs also co-ordinated inputs from other groups. Generalisations based on the responses of these NGOs cannot be assumed to reflect the views of civil society groups in all DAC countries.

## Chapter 1

# CIVIL SOCIETY ORGANISATIONS

Civil society organisations (CSOs) have two significant roles in development, as change agents, and as donors of aid, channels for aid and recipients of aid. As change agents and development actors CSOs are fundamental to the vibrancy of democratic rule and good governance (Open Forum, 2010a). They draw attention to issues that might otherwise be ignored.

CSOs vary in structure, governance, formality, and in the scale and scope of their operations and revenue. The term ‘civil society organisation’ covers many more types of groups than the term ‘non-governmental organisation’ might suggest (Anheier and Themudo, 2002). According to Bond, the United Kingdom organisation for non-governmental bodies working in international development, “Sometimes [NGOs] have been treated as synonymous [with CSOs], and the funding of development NGOs has been rephrased as support for civil society (Bond, 1997). However, development NGOs form only one group of organisations within civil society.”

### CSOs as development actors

According to CSOs, their distinct characteristics as development actors are that they are voluntary, diverse, non-partisan, autonomous and non-violent, and that they work and collaborate for change (Open Forum, 2010a). CSOs stress that they are development actors in their own right and are not agents of donors or governments (Open Forum, 2010b).

‘[CSOs] work and collaborate for change’

According to the Advisory Group (Box 2), CSOs derive their legitimacy from the values that inform their actions and institutional philosophy, the results they deliver, their expertise and experience, the governance and accountability mechanisms that they have in place, and the transparency of their operations (OECD, 2009).

### Box 2. Advisory Group on Civil Society and Aid Effectiveness definition of CSOs

The definition of CSOs agreed by the Advisory Group on Civil Society and Aid Effectiveness is:

“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. They cover a wide range of organisations that include membership-based CSOs, cause-based CSOs and service-oriented CSOs. 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.”

### CSO as donors of aid

DAC data show that aid raised by NGOs from non-public sources amounted to USD 22 billion in 2009, equivalent to 18% of the amount of official aid in the same year. However, DAC data come from reports from OECD governments, not from NGOs themselves. This means that DAC data probably do not include all the funds raised by NGOs for development and humanitarian purposes from private sources.

Worthington and Pipa (2010) estimated that private philanthropic aid from fourteen developed countries totalled USD 49 billion in 2008.<sup>5</sup> Moreover, just a few international organisations accounted for nearly half of this. The nine largest members of InterAction, the NGO platform in the United States, accounted for 47% of all revenue compared to 1.2% for the 63 smallest. Thirty-four InterAction members manage budgets of over USD 100 million a year. The largest global international NGO, World Vision International, has 46 000 staff and a USD 2.57 billion global budget, 80% of which comes from private sources (ibid.).

‘...private philanthropic aid from fourteen developed countries totalled USD 49 billion in 2008.’

#### CSOs as channels of aid and recipients of aid

As well as raising funds from private sources, CSOs tap into public sources of funding. These include official development assistance (ODA) funds provided by DAC members. All DAC members work with and allocate ODA to CSOs and NGOs. In some cases DAC members allocate aid funds *to* CSOs to support the development activities of the CSOs themselves – also called core funding. In other cases they channel funds *through* CSOs to implement specific programmes and projects usually in the form of earmarked funding. This means CSOs both receive and channel ODA. As recipients of ODA they receive support for their development activities. As channels of ODA they act as intermediaries between official donors and other CSOs, including those based in developing countries (OECD, 2009).

Nevertheless, although CSOs receive and channel ODA, they raise significant amounts of aid funds themselves and are independent actors in their own right. This means that they formulate their own priorities, plans, strategies and approaches. These may not align with government (or donor) priorities and plans (Worthington and Pipa, 2010).

‘The challenge that donors and developing countries face is to find ways to work with CSOs that recognise their status as actors in their own right even when they receive aid and act as channels for aid.’

Thus, the challenge that donors and developing countries face is to find ways to work with CSOs that recognise their status as actors in their own right even when they receive official development assistance and act as channels for ODA. Ongoing international processes such as the Task Team on Civil Society Development Effectiveness and Enabling Environment<sup>6</sup> are addressing this challenge as follow-up to the AAA (Box 3).

<sup>5</sup> Foundations are included in this calculation. According to the authors, USD 49 billion represents a lower bound since it counts ‘identified flows’ only.

<sup>6</sup> The Task Team on Civil Society Development Effectiveness and Enabling Environment includes developing country governments, donors, the CSO platforms the Open Forum and Better Aid’s Co-ordination Group as well as the OECD Development Assistance Committee (DAC). The main objectives of the Task Team are to contribute in the promotion of an enabling environment for civil society organisations and in the discussion of CSO development effectiveness.

### Box 3. CSOs and the development effectiveness agenda

#### *Accra Agenda for Action 2008*

Paragraph 20 of the *Accra Agenda for Action* (AAA) states that developing and donor countries will “deepen our engagement with CSOs as independent development actors in their own right whose efforts complement those of governments and the private sector. [We] share an interest in ensuring that CSO contributions to development reach their full potential.”

In the AAA, donors and developing countries:

- Invited CSOs to reflect on how they can apply the *Paris Declaration on Aid Effectiveness* from a CSO perspective;
- Welcomed the CSOs’ proposal to engage with them in a CSO-led multistakeholder process to promote CSO development effectiveness. As part of that process, [we] they will seek to:
  - Improve co-ordination of CSO efforts with government programmes;
  - Enhance CSO accountability for results; and
  - Improve information on CSO activities;
- Committed to work with CSOs to provide an enabling environment that maximises their contributions to development.

#### *Istanbul CSO Development Effectiveness Principles 2010*

The 2010 *Istanbul CSO Development Effectiveness Principles* and ongoing work on a *Framework for CSO Development Effectiveness* respond to AAA para 20(b) while also suggesting minimum standards with respect to donor policies and practices for working with CSOs (Open Forum, 2010a).<sup>7</sup>

Source: *Accra Agenda for Action* (OECD, 2008); Worthington and Pipa (2010), *Private Development Assistance: The Essential Role of INGOs and Foundations in a 21st Century Aid Architecture*, Brookings Institute, Washington DC; Open Forum; *A Draft Framework for CSO Development Effectiveness, Version 2*, Open Forum (2010a); *Istanbul CSO Development Effectiveness Principles*.

#### How DAC members refer to NGOs and CSOs

Although DAC members have traditionally used the term NGO, more are now using the term CSO. The DAC statistical reporting directive, however, uses the term NGO, defined as any non-profit entity in which people organise themselves at a local, national or international level to pursue shared objectives and ideals, without significant government-controlled participation or representation. This definition is similar to the definition of CSO developed by the Advisory Group (see Box 2).

‘...many DAC members... use the terms CSO and NGO interchangeably... some members favour one term over the other and some treat CSOs and NGOs differently.’

(DCD-DAC 2011)

DAC member reports on NGO expenditure thus include funds provided to foundations, co-operative societies, trade unions, *ad hoc* entities set up to collect funds for a specific purpose, NGO umbrella organisations and NGO networks. The development and welfare expenditure of religious bodies or private for-profit entities is also considered to be NGO expenditure, provided such expenditure does not have a primarily religious or commercial motive (DCD-DAC, 2010).

DAC members work with CSOs, including NGOs, in their own countries, internationally and in partner countries. DAC statistical reporting directives on channels of delivery (DCD-DAC, 2007) distinguish between delivery at national, international and local levels (Survey findings 1.1).

<sup>7</sup> The global CSO-led Open Forum on CSO Development Effectiveness agreed, in 2010, to the *Istanbul Principles on CSO Development Effectiveness* as a global framework for assessing and improving the development effectiveness of CSOs as actors in development. CSOs are proposing that these principles also guide donors in assessing the capacities of CSOs to be supported through core funding mechanisms. See the *Istanbul Principles* and the *Draft International Framework on CSO Development Effectiveness* at [www.cso-effectiveness.org](http://www.cso-effectiveness.org).

## Survey findings 1.1. Where DAC members work with CSOs and NGOs

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### *Nationally*

A national CSO/NGO for DAC reporting purposes is one based in the DAC member country, organised at the national level and operating either in the DAC member country or another developed (non-ODA-eligible) country.

- 24 DAC members work with CSOs (including NGOs) based in their own country.
- 21 DAC members work with national umbrella bodies for development NGOs.
- 18 DAC members work with other CSOs (foundations, co-operative societies, trade unions and research institutes) based in their own country.

### *Internationally*

An international NGO/CSO (INGO) is organised at the international level. Some INGOs may act as umbrella organisations with affiliates in several donor and/or recipient countries.

- 22 DAC members work with international NGO/CSOs.

### *Locally*

A developing country-based CSO/NGO is one organised at the national level, based and operating in a developing (ODA-eligible) country.

- 22 DAC members work with locally-based organisations.

### *In humanitarian crises*

- 22 DAC members work with organisations with a specific focus on humanitarian assistance.

Source: Responses to the survey on how DAC members work with CSOs (March-April 2010); DCD-DAC (2007), "DCD/DAC (2007)39/FINAL/CORR5, Reporting Directives for the Creditor Reporting System, Corrigendum on Channels of Delivery", OECD, Paris.

## Chapter 2

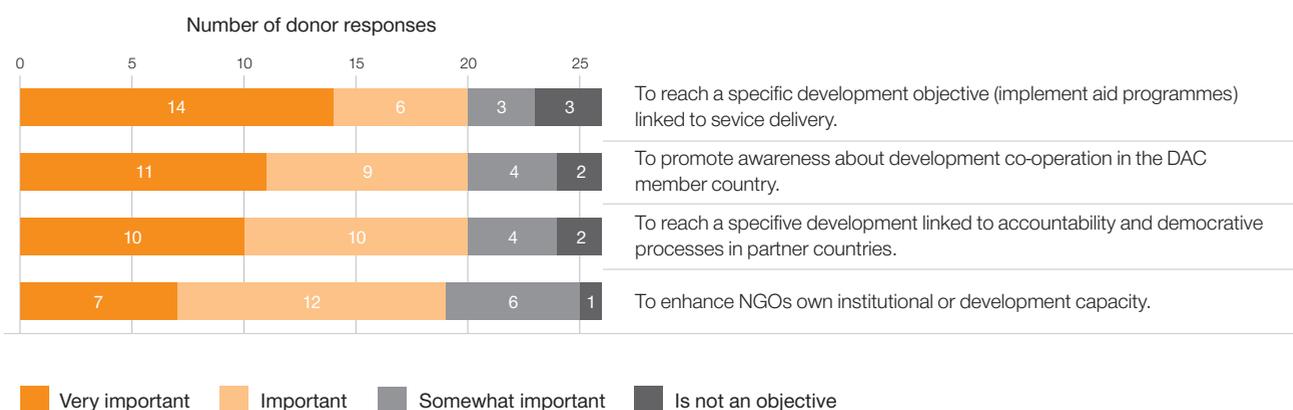
# WHY DAC MEMBERS WORK WITH CSOS

DAC members see CSOs as essential development partners.<sup>8</sup> Australia, for example, highlights the important role of NGOs in filling governance gaps and promoting policies that are not always met or supported by government strategies. Australia also stresses the cost-effectiveness of CSO development work (AusAID, 2008). Korea and Japan both note the importance of building partnerships with NGOs to achieve better aid (Korea, not dated, and Ministry of Foreign Affairs International Co-operation Bureau, Japan, 2007). DAC members consider CSOs as important partners in delivering services, stimulating public debate, encouraging democratic processes and accountability, and strengthening civil society (Figure 2.1).

### Deliver services

Over half the DAC members surveyed identified reaching 'a specific development objective linked to service delivery' as a 'very important' reason for working with NGOs (Figure 2.1). Only Belgium, Denmark and the German Federal Foreign Office said that service delivery was 'not an objective' of their support to NGOs.<sup>9</sup> However, in the case of Belgium, while immediate service delivery to a local population by a Belgian NGO is generally 'not an objective', what is often intended is for a local NGO to deliver a service in partnership with a Belgian NGO. The Belgian NGO builds the capacity of the local NGO to do this.<sup>10</sup>

Figure 2.1. DAC member objectives in working with NGOs



Source: Response to survey on how donors work with civil society (March–April 2010).

<sup>8</sup> See list of references. This included a review of donors' NGO/CSO policies and strategies.

<sup>9</sup> Germany's FFO, whose answers apply to their support to humanitarian assistance, responded that all four objectives are either somewhat important or not an objective.

<sup>10</sup> The role of Belgian NGOs in building capacity is outlined in an agreement between the Minister for Development Co-operation and the Belgian NGOs, 4 May, 2009.

### Stimulate debate on development co-operation

In DAC member countries, national NGOs and other CSOs play an important role in stimulating public debate on development co-operation. They often educate youth and other sections of society on aid and development issues. NGOs and CSOs also advocate for more and better ODA, and hold governments to account on their development commitments. Most DAC peer reviews recommend active engagement with civil society to raise public awareness and secure political support for development. Just under half the DAC members surveyed considered the objective of working with NGOs to promote awareness about development co-operation ‘very important’ (Figure 2.1).

### Encourage democratic processes and accountability

Many DAC members work with partner country governments to strengthen civil society – to encourage democratic processes and accountability in developing countries, and to create an enabling environment for civil society in partner countries. Just over a quarter of DAC members surveyed think it is ‘very important’ to ‘enhance NGOs’ own capacity’ in order to strengthen civil society (Figure 2.1). The Advisory Group recommends that donors should consider the overall strengthening of civil society as an objective worth supporting (OECD, 2009).

Nineteen DAC members involve CSOs in discussions with partner country governments in order to enhance an enabling environment for civil society. These discussions tackle issues such as a free media, freedom of expression and association, and legislation affecting civil society. The Netherlands, for example, considers that a vibrant civil society

where CSOs promote good governance and democracy is a vital part of a functioning society in a globalising world (Ministry of Foreign Affairs, Netherlands, 2009). The Netherlands also notes that “[CSOs] are crucial to the development of a stable society”. Sweden supports CSOs to ensure “a vibrant and pluralistic civil society in developing countries” (Ministry for Foreign Affairs, Sweden, 2009). Denmark, Finland and Norway similarly highlight the importance of supporting local civil society in partner countries (Ministry of Foreign Affairs of Denmark, 2008, Norad, 2009 and Ministry for Foreign Affairs of Finland, 2010).

The NGOs that responded to the survey are not convinced that DAC members are active enough in this area. All except one said that DAC members could do more to support an enabling environment for civil society in partner countries (Survey findings 2.1).

### Survey findings 2.1. What DAC members could do to support an enabling environment for local NGOs/CSOs in partner countries

NGOs suggest that to support an enabling environment for local CSOs in partner countries DAC members could:

- Support CSOs under threat from political regimes that harden their stance towards free and vibrant civil societies, and
- Encourage partner governments to establish legal frameworks that enable a free and vibrant civil society.

Source: Responses to the survey on how DAC members work with civil society (March–April 2010).

## Foster an enabling environment for civil society

The survey questioned DAC members as to whether or not they engage in policy dialogue with partner country governments about enhancing the enabling environment for civil society in the country.<sup>11</sup> The majority encourage partner country governments to engage directly in policy dialogue with CSOs, for example by consulting with them when developing a poverty reduction strategy or development plan. This is welcome in terms of strengthening democratic ownership of policies in developing countries, greater transparency and accountability and ultimately aid effectiveness. For example, when Germany provides general budget support it also supports dialogue between government, parliament, civil society and donors on the national budget process and the content of budget support agreements.

At the same time, participation in policy dialogue is not an end in itself; it is the results it achieves that count. A forthcoming evaluation of donor support for civil society participation in policy dialogue should indicate how and when policy dialogue works best.<sup>12</sup> In terms of strengthening democratic ownership of policies in developing countries, greater transparency and accountability, and ultimately aid effectiveness, encouraging such policy dialogues is welcome.

## Valuable development partners

DAC members consider NGOs to be valuable partners in development co-operation as they have important comparative advantages (Figure 2.2). The proximity of NGOs to beneficiaries and the ability to respond rapidly in emergency situations are seen as important comparative advantages. NGOs, through their fundraising and awareness raising activities, also play an important role in education and advocacy in DAC member countries. DAC members place less emphasis on the comparative advantages of using NGOs to broaden the geographic or thematic focus of ODA, using NGOs to pilot initiatives and using NGO capacity to innovate.

## Donor-civil society consultation

CSOs work closely with the beneficiaries of aid and have extensive experience and expertise in development co-operation. It is positive, therefore, that the survey found that all DAC members consult with civil society on a range of issues, including on their development co-operation policies and development. For nearly three-quarters of the DAC member respondents to the survey, this ability to reach constituencies in partner countries and bring their perspectives to the table is a 'very important' comparative advantage of NGOs.

The survey found that all DAC members tap into these different perspectives by consulting with civil society (Survey findings 2.2). Consultations with CSOs mostly involve the headquarters of national CSOs in the DAC member country. Consultations with CSOs in partner countries are less common (see chapter 6, Challenges).

## Rapid response

Nearly two-thirds of the DAC member respondents to the survey consider that the ability of NGOs to act quickly to provide humanitarian assistance and to provide support in fragile states and situations are 'very important' comparative advantages.

## DAC member policies and strategies for working with CSOs

DAC member policies and strategies for working with CSOs vary widely in their nature and focus. Most have some sort of policy or strategy (Survey findings 2.3).<sup>13</sup> At the time the survey for this study was conducted, the Agencia Española de Cooperación Internacional para el Desarrollo (AECID), the United States Agency for International Development (USAID) and the Agence française de développement (AFD)<sup>14</sup> were preparing policies and strategies. BMZ, the German Federal Ministry for Economic Co-operation and Development, did not have a strategy for working with CSOs, although it was planning to develop one.

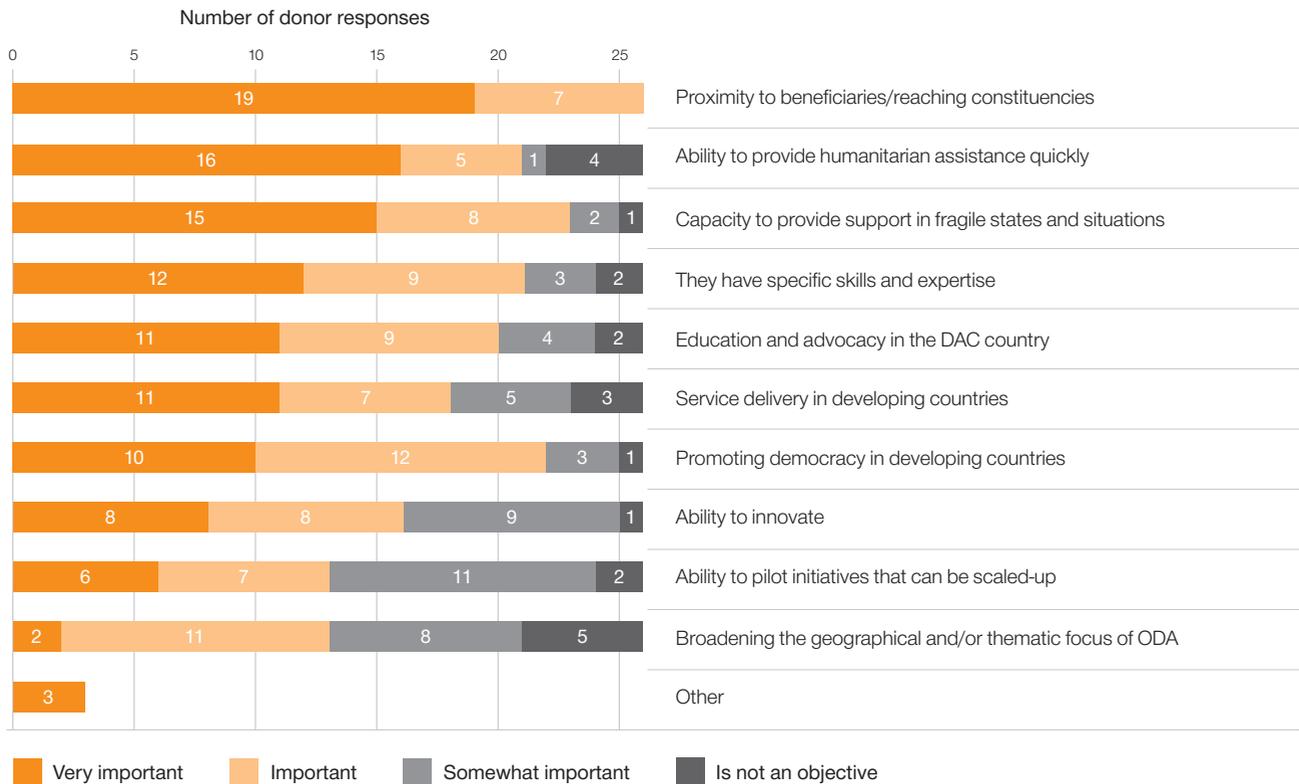
<sup>11</sup> This survey question referred to CSOs in the wider sense, not solely NGOs.

<sup>12</sup> Austria, Canada, Denmark, Finland and Sweden are undertaking (2011) a joint evaluation of civil society engagement in policy dialogue at the country level and the role donor support is playing in supporting CSOs in this role. Switzerland is an associated partner in this evaluation.

<sup>13</sup> What constitutes a policy and/or a strategy can be interpreted in different ways by different institutions and they often vary in nature and focus.

<sup>14</sup> France's Ministry of Foreign Affairs had a policy for CSOs but since transferring the CSO portfolio to the *Agence française de développement* in 2009 it is no longer responsible for managing CSO financing. Since 2009, co-operation with NGOs is part of the strategic direction provided by France's inter-ministerial committee for international co-operation and development (CICID). The 2010 framework document *Co-opération au développement : une vision française*, which was prepared in close consultation with CSOs, reaffirmed the importance of partnership with CSOs.

Figure 2.2. Why DAC members consider NGOs to be valuable development partners



Source: Response to survey on how donors work with civil society (March–April 2010).

## Survey findings 2.2. How DAC members tap into CSO perspectives and expertise

DAC members take advantage of the perspectives of civil society deriving from their closeness to beneficiaries and their expertise.

- 22 DAC members consult with civil society on overall aid and development policies.
- 21 DAC members consult with civil society on their civil society policy or strategy.
- 16 DAC members consult with civil society on country-level strategies and programmes.
- 11 DAC members consult with civil society on multilateral development policies.

The seven NGO respondents confirmed these findings.

Source: Responses to the survey on how DAC members work with civil society (March–April 2010).

### Humanitarian assistance

Nearly half of the DAC members surveyed have a strategy or policy for working with NGOs to provide humanitarian assistance. Half of these policies deal with both development and humanitarian action. Integrated policies such as these could prove useful in encouraging links between humanitarian and development assistance as recommended by the ninth Good Humanitarian Donorship principle.<sup>17</sup> However, integrated strategies could reduce the ability of CSOs to respond speedily to emergencies if the same funding procedures apply to humanitarian as to development assistance.

## Survey findings 2.3. DAC member policies and strategies for working with CSOs

- 21 DAC members have some sort of policy or strategy for working with CSOs (including NGOs).
- 3 are preparing policies and strategies.
- Since the survey was conducted, Canada and Australia have begun to develop civil society policies and engagement frameworks.
- BMZ has objectives for providing support to NGOs but no formal strategy.<sup>15</sup>
- The German Federal Foreign Office has a strategy for working with CSOs to deliver humanitarian aid.
- 11 DAC members have policies for working with NGOs to provide humanitarian assistance.<sup>16</sup>

Source: Responses to the survey on how DAC members work with civil society (March–April 2010).

<sup>15</sup> Germany (BMZ) provided three objectives in its survey response: (i) creation and consolidation of democratic structures in partner countries based on the participation of all population groups, particularly women and men, on a basis of equal rights; (ii) promotion of autonomous, ecologically sustainable, and socially equitable development and; (iii) intensification of regional and international understanding and peaceful co-operation.

<sup>16</sup> They are Norway, Ireland, Austria, Denmark, Belgium, European Commission, New Zealand, Canada, Australia, the Netherlands and France. While Finland does not have an NGO-specific policy for humanitarian assistance, its humanitarian assistance guidelines cover assistance to NGOs.

<sup>17</sup> The principle states: "Provide humanitarian assistance in ways that are supportive of recovery and long-term development, striving to ensure support, where appropriate, to the maintenance and return of sustainable livelihoods and transitions from humanitarian relief to recovery and development activities. See: [www.goodhumanitariananddonorship.org/background.asp](http://www.goodhumanitariananddonorship.org/background.asp).

## Chapter 3

# DAC MEMBER DEVELOPMENT FINANCING FOR NGOS

The DAC collects data on two types of development financing related to NGOs:

- Development funds provided to NGOs and other private bodies, including contributions to finance the projects of these organisations (core support); and
- Development funds channelled *through* NGOs and other private bodies for these organisations to implement donor-initiated projects (earmarked funding).

According to DAC statistics, in 2009 members (excluding the EU institutions) allocated USD 15.5 billion or 13% of total aid disbursements *to* and *through* NGOs.<sup>18</sup>

‘...in 2009 members (excluding the EU institutions) allocated USD 15.5 billion or 13% of total aid disbursements *to* and *through* NGOs.’

The DAC requests members to indicate whether this official aid for NGOs is:

- National (*to* or *through* NGOs based in the DAC member country), or
- International (*to* or *through* international NGOs and local NGOs in developing countries).

According to DAC data, in 2009 members provided around five times more aid to NGOs based in their countries (national NGOs) than to international NGOs and local NGOs in developing countries. As data on aid for international NGOs and aid for local NGOs are in the same category for DAC statistical purposes, it is not possible to determine how much aid is channelled to local NGOs. However, some of the aid allocated to national NGOs is re-allocated by them to local organisations in partner countries. Responses to the survey indicate that twenty members also provide funding directly to local NGOs and allocate between 1% and 30% of their support for NGOs to local organisations.<sup>19</sup>

‘...in 2009 members provided around five times more aid to NGOs based in their countries (national NGOs) than to international NGOs and local NGOs in developing countries.’

Since most members seem to track aid allocations to and through local NGOs they are encouraged to report these data to the DAC. To get a more accurate picture of aid flows for NGOs in the future, in 2010 the DAC agreed to a new typology of aid for NGOs by adding, in particular a third category, ‘aid allocated directly to developing country-based NGOs’.

<sup>18</sup> Aid allocated by the EU institutions through NGOs in 2009 was USD 1.5 billion. The United States does not report an aggregate for aid for NGOs in the DAC statistical questionnaire. However, according to activity-based reporting to the DAC creditor reporting system, the United States allocated USD 6.2 billion through NGOs in 2009 (see Annex B, Table B.2).

<sup>19</sup> Out of 18 donors who responded to the question, six noted that aid figures for local organisations are already recorded in their statistical system, six that figures are an estimate because they are currently not – but could be – tracked, and six responded that aid figures for local organisations are an estimate because they cannot be tracked with the statistical system used by the donor institution.

## Box 4. Tied and untied aid

### Untied aid

Aid freely available to buy goods and services from all countries.

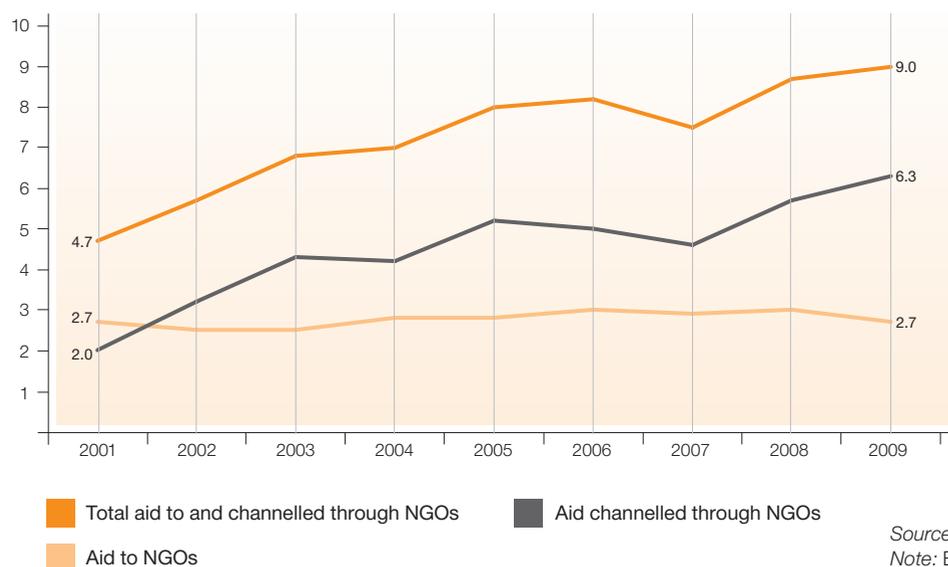
### Tied aid

Aid restricted to the procurement of goods and services from the donor country.

The 2001 DAC recommendation on untying ODA to least developed countries and heavily indebted poor countries treats grants providing core support to development NGOs or their programmes as untied aid. Untied aid removes legal and regulatory barriers to open competition for aid-funded procurement. The DAC considers earmarked funding – aid channelled *through* national organisations – to be tied aid unless an organisation wins the funds through open international competition.

Between 2001 and 2009 official development assistance *to* and channelled *through* NGOs increased (Figure 3.1). In 2009, aid channelled through NGOs was significantly more (USD 6.3 billion in constant 2008 dollars<sup>20</sup>) than aid allocated to them (USD 2.7 billion in constant 2008 dollars) (Figure 3.1).<sup>21</sup> With the amount of core support relatively stable between 2001 and 2009, the increase was therefore mainly in earmarked funding, demonstrating that donors continue to work with NGOs as partners or contractors for implementing donor projects and programmes. However, all DAC members may not report core support and earmarked funding to NGOs in the same way (see Annex B, DAC statistical explanations). From 2011, with the implementation of the new typology of aid, reporting should be more consistent. In addition, there is scope for DAC members to make better use of the channel codes in the DAC's statistical reporting system to provide more comprehensive reporting on aid provided for NGOs.

Figure 3.1. ODA provided *to* and channelled *through* NGOs by DAC members, 2001–2009, USD billion (2008 constant prices)



Source: DAC statistics.

Note: Excluding the United States which does not report an aggregate for core and earmarked aid for NGOs in the DAC statistical questionnaire.

<sup>20</sup> This includes aid allocated through NGOs by the EU institutions.

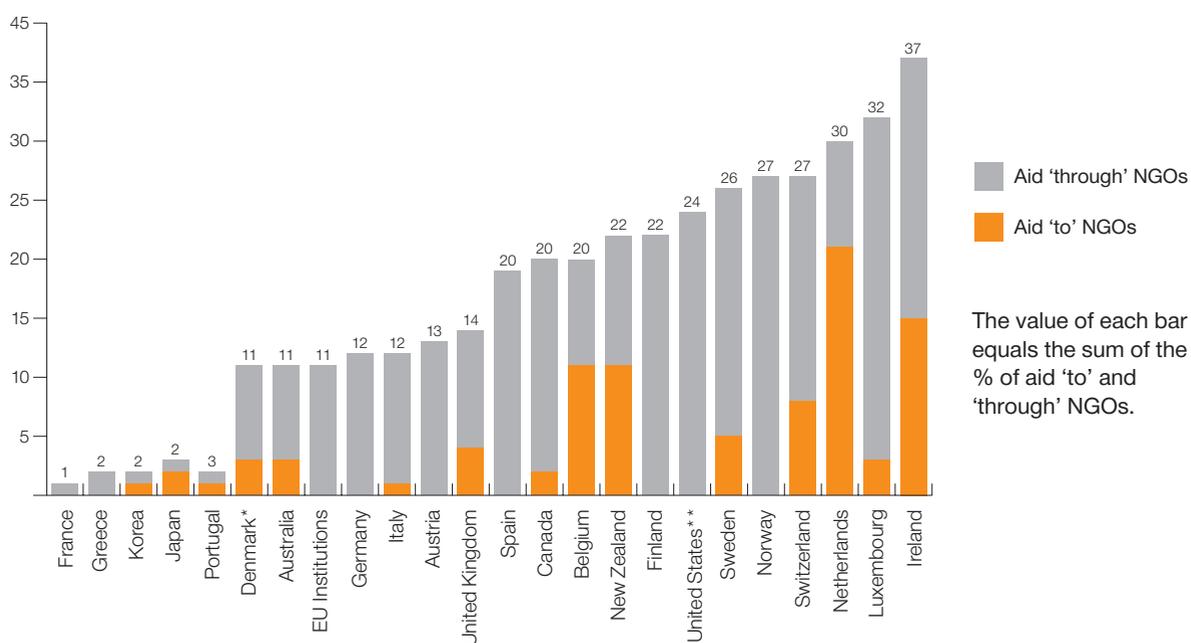
<sup>21</sup> Germany, Norway and the United States do not provide any core aid to NGOs. The United States is not included in this figure because it does not report an aggregate for aid for NGOs in the DAC statistical questionnaire. However, according to activity-based reporting to the DAC creditor reporting system, the United States allocated USD 6.2 billion through NGOs in 2009 (see Annex B, Table B.2).

## NGO share of bilateral aid

Support provided to and through NGOs as a share of total bilateral aid differs widely between members (Figure 3.2). In 2009, the share of bilateral support to or through NGOs ranged from 1% (France<sup>22</sup>) to 37% (Ireland) reflecting the importance different members place on working with civil society to deliver aid. Just over two-fifths of DAC members allocated more than 20% of their bilateral funding and just less than a fifth allocated 3% or less to or through NGOs in 2009.

As noted above, members prefer allocating earmarked funding to providing core support (see also Annex B, Tables B.2 and B.3). However, yearly fluctuations in the percentage share of aid to and *through* NGOs do not necessarily correspond to a decrease in aid to these organisations but may reflect changes in the volume of total aid and the level of reporting.

Figure 3.2. Percentage of bilateral ODA allocated to and through NGOs by DAC member, 2009



Source: Development Assistance Committee (DAC) Creditor Reporting System (CRS).

Note: This table uses the CRS database on donors' reporting aid to and through NGOs. The 'to' NGO aid flows are based on the bi/multi field which indicates '3' or purpose codes starting with 920. The 'through' NGO aid flows are based on the bi/multi field which indicates '1', channel codes starting with 20 but excluding the purpose code starting with 920.

\* Denotes where 25% or more of channel codes are blank/not completed.

\*\* Data for the United States on ODA through NGOs are incomplete.

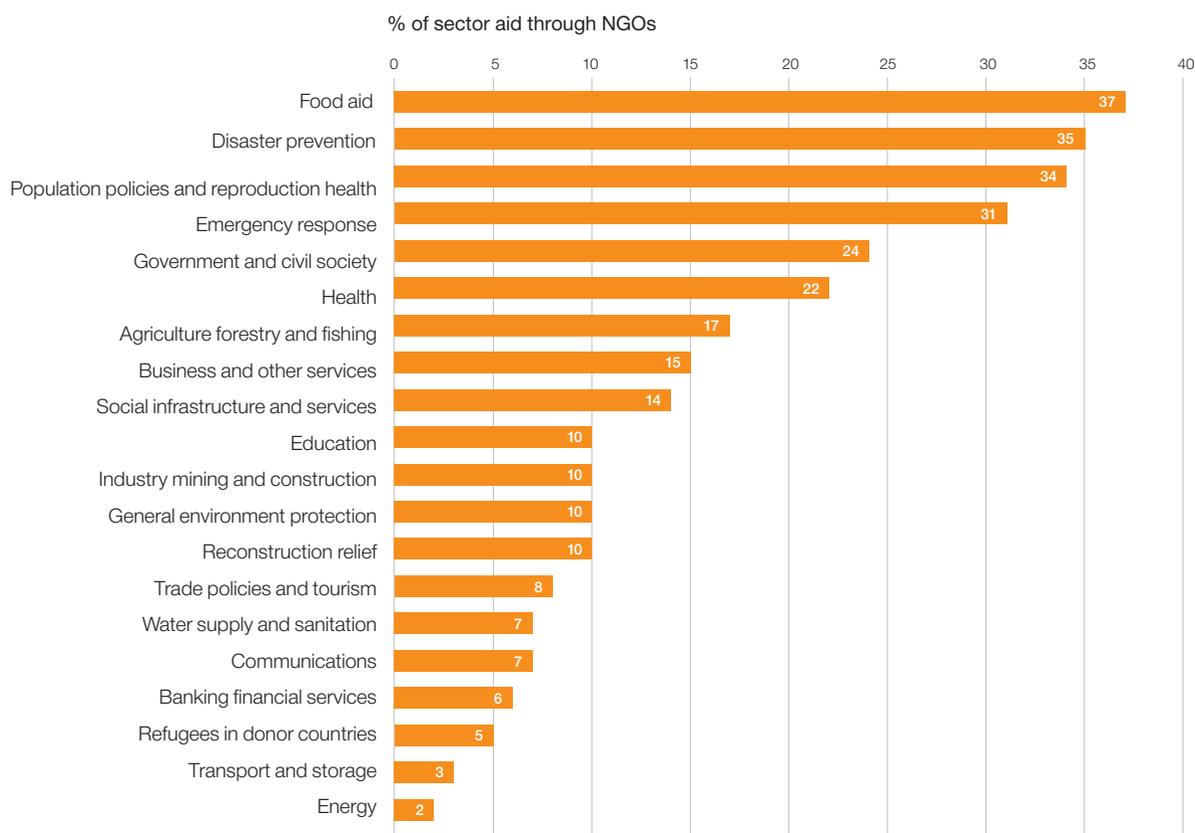
<sup>22</sup> The amount of ODA allocated by France to NGOs increased by 44% between 2007 and 2009 (see Annex B)

### NGO share of bilateral aid by sector

In 2009 most bilateral ODA channelled through NGOs was for food aid, followed by disaster prevention, population policy and reproductive health, emergency response, government and civil society (including women’s and human rights organisations), health, agriculture and forestry,

business and other services (Figure 3.3, Annex B Table B.2). This allocation of bilateral aid reflects the objectives that donors try to achieve through their work with CSOs for example, humanitarian assistance, governance, strengthening civil society and service delivery.

Figure 3.3. Percentage of DAC member bilateral aid channelled through NGOs by sector, 2009



Source: DAC CRS.

Note: CRS data on DAC member ODA through NGOs based on the channel of delivery.

## Core support

Core support can be appropriate when NGOs have clear objectives which donors are willing to support and when they can deliver results effectively and efficiently in line with the aid effectiveness principles of the *Paris Declaration* (2005) and the *Istanbul CSO Development Effectiveness Principles* (2010).

Many NGOs welcome core support because it means the donor transfers the responsibility for managing funds and prioritising activities to them. This gives them more flexibility. When provided under multi-year agreements and covering part of their administrative costs, core support also gives NGOs predictable funding. This enables them to plan and to give their staff a degree of job security. Ideally, NGOs based in DAC member countries should pass on any such predictability to the organisations they support in developing countries. Nineteen DAC members have multi-year partnership or framework agreements with national NGOs which tend to be core support.

Some studies suggest a trend towards providing core support to international NGOs and NGOs based in DAC countries (Norad/Scanteam, 2008; Griffin and Judge, 2010; Nijs and Renard, 2009). The survey and DAC data, however, show that earmarked funding is more common than core support overall.

## Core support for national and international NGOs

Core support tends to be more easily accessed by large, well-established national and international NGOs. For example, although Ireland's multi-year partnership scheme has improved the financial stability of NGOs and reduced the administrative burden on them, the scheme has mostly benefitted large Irish NGOs which have the capacity to manage the funds (Peer Review of Ireland, 2009). Peer reviews of the United Kingdom (2010), Belgium (2010), New Zealand (2010) and Denmark (2011) corroborate this tendency. All four countries provide high levels of predictable, core support to NGOs. However, to be eligible NGOs must meet specific criteria. Denmark requires Danish NGOs that receive core support through multi-year framework agreements to have mandates and programme objectives that are relevant to its objectives (Danida, 2008) (Box 5). NGOs that receive core support from AusAID must adhere to a robust code of conduct managed by the national NGO platform, the Australian Council for International Development (ACFID). Several DAC members – Denmark, Ireland, the Netherlands, Norway, Sweden and the United Kingdom – place a strong emphasis on core support and could share their experiences with other DAC members.

## Box 5. Danida requirements for NGO framework agreements

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NGOs must satisfy the following conditions:

1. Have the capacity to document lengthy engagement, continuity in the planning of development assistance efforts and to describe core competences and focus areas.
2. Have the capacity to provide a minimum of 10% in self-financing, calculated on the basis of the project and programme support under the framework grant.
3. Align activities financed over the frame, including selection of partner countries, partners, target groups, specific areas of focus and types of activity, in accordance with Danish development assistance policy, the Strategy for Danish Support to Civil Society in Developing Countries and Denmark's overall development policy as the main basis.
4. Concentrate efforts financed over the frame in a limited number of countries and develop country strategies.
5. Have a strategy for dealing with HIV/AIDS in focus areas.
6. Formulate activities financed over the frame as part of larger, coherent development programmes within delimited sectors.
7. Relate programmes financed over the frame to the poverty reduction strategies of the programme country.
8. Co-operate or co-ordinate closely with other donors and other relevant actors and support the capacity of local partners to co-ordinate contributions to its activities.
9. Ensure that they maintain and further develop a satisfactory level of administrative and technical capacity for implementation and quality assurance of the development activities.
10. Ensure that partner organisations and others that receive part of the framework grant are not registered on either the UN or EU list of terrorist organisations.
11. Observe good administrative practice and follow Danida provisions concerning proposals for framework consultations, reporting, accounts, audit and internal administration.
12. Document the outcomes of development assistance efforts.
13. Document strong, sustained popular rooting.

Source: Danida (2006), Administrative Guidelines – Framework Agreements, June 2006, available at: <http://amg.um.dk/NR/rdonlyres/7CA23C7E-75E6-482B-B253-026E5C3B5078/0/AdmguidelinesfordanishframeworkorganisationsJune2006.pdf>

## Support for local NGOs

Griffin and Judge (2010) suggest that donor support for CSOs in partner countries is growing. Donors support local organisations by:

- Directly supporting local organisations, usually through embassy or country offices;
- Providing funding to partner country governments for grants to local civil society or reserving a percentage of general budget support for civil society;
- Using national NGOs in DAC countries or international NGOs as intermediaries to channel funds to local organisations; or
- Requiring national NGOs to work with CSOs in partner countries.<sup>23</sup>

Respondents to the survey highlighted the need to support local organisations. DAC members mostly do this through earmarked funding. Of the 20 DAC members directly supporting local NGOs in partner countries<sup>24</sup> all but one provide support in the form of project or programme funding (Survey findings 3.1). This agrees with findings by Griffin and Judge (ibid.) that donors provide little core support for local organisations.

## Survey findings 3.1. DAC member support for local NGOs

- 20 directly support local NGOs in partner countries.
- 11 use funding mechanisms that are decentralised to the country level.
- 19 provide support in the form of project or programme funding.
- 9 have framework or partnership agreements with local NGOs.<sup>25</sup>

Source: Responses to the survey on how DAC members work with civil society (March–April 2010).

<sup>23</sup> Other kinds of intermediaries have been addressed in studies by, for example, the European Commission, and are not examined here.

<sup>24</sup> Those who do not are Austria, Greece, Korea and Italy.

<sup>25</sup> Austria, Germany, Greece, Ireland, Italy, Japan, Luxembourg, Spain and Portugal. Usually, priority/partner country strategy papers provide the strategic framework for this decentralised co-operation with local NGOs/CSOs.

## Chapter 4

# HOW DAC MEMBERS PROVIDE AID TO AND THROUGH NGOS

Most DAC members have several ways of providing funds to NGOs (Figure 4.1).<sup>26</sup> These include project and programme support (the most common), partnership or framework agreements (comprising but not limited to core support) and national, international and local calls for proposals. Some DAC members, Australia for example, continually develop new funding mechanisms as the context and purpose of their support evolves. Others, such

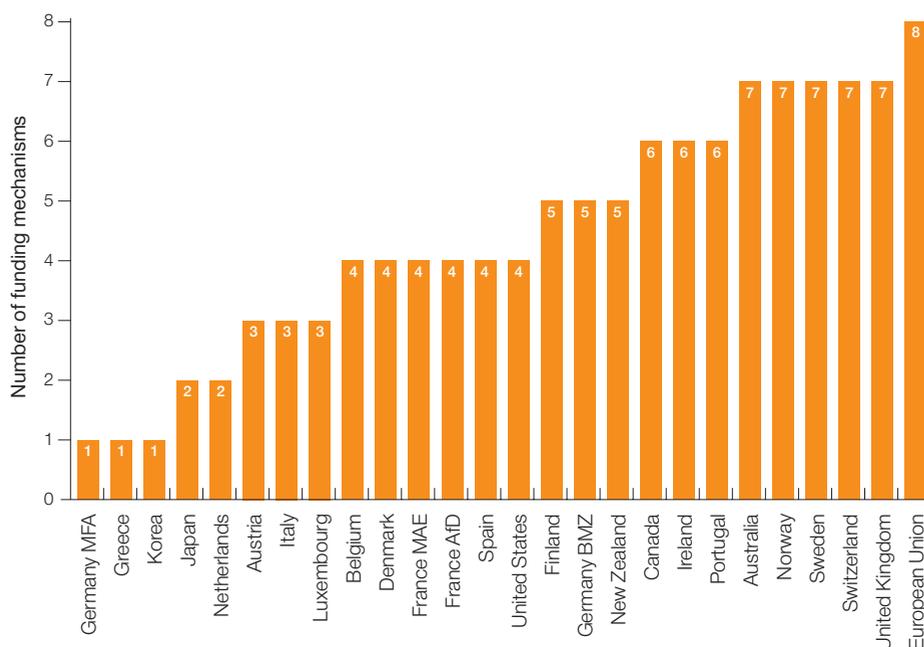
as Switzerland, negotiate relevant NGO partnerships through dialogue.

Funding modalities and the choice of partners should be relevant to the context and development objectives that the donor wants to support. Nijs and Renard (2009) contend that donors' support models depend, or should depend, on what they wish to achieve by working with CSOs.

“...donors' support models depend, or should depend, on what they wish to achieve through working with CSOs.”

Nijs and Renard (2009)

Figure 4.1. Number of NGO funding mechanisms by DAC member



Source: Response to the survey on how DAC members work with civil society (March–April 2010).

Note: See Figure 4.2 for the funding mechanisms.

<sup>26</sup> While NGOs are mainly discussed in line with the survey questions, the issues raised are also relevant to other kinds of CSOs. The survey question applied to funding for NGOs.

A diversity of funding mechanisms is good practice. No one size fits all. The Advisory Group recommends that donors should practice a range of support mechanisms (OECD, 2009). A range of mechanisms means that actors of different sizes, strengths and interests can access funds and also helps ensure a diverse civil society (see also Griffin and Judge, 2010). NGOs responding to the survey agree that the mechanisms used by DAC members for supporting their work are appropriate.

## ‘A shared CSO strategy is a success factor in CSO – donor partnerships.’

The number of different funding mechanisms available means it is important for CSOs to be well informed, to buy into donor strategies for funding CSOs and to be familiar with donor funding guidelines. A shared CSO strategy is a success factor in CSO-donor partnerships. This is the case in Denmark for example. Danish organisations were actively consulted and played a part in developing the Danida CSO strategy in 2008.

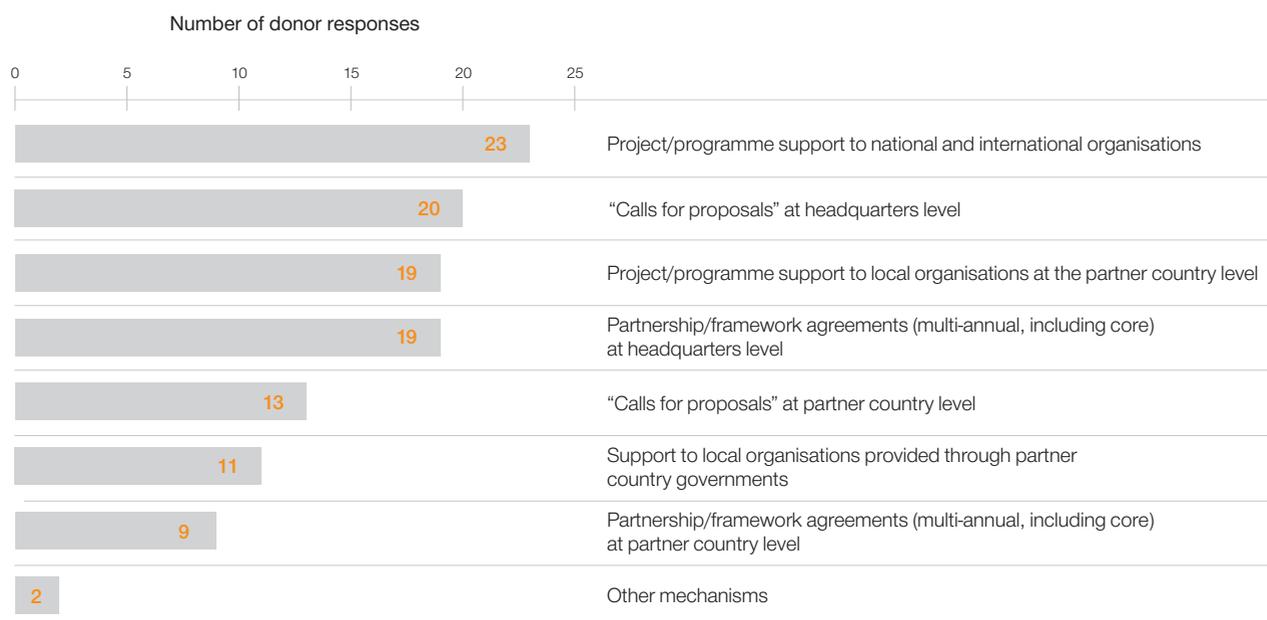
Donors need to consider the effectiveness of their funding mechanisms in relation to the objectives they want to achieve through their partnerships with CSOs/NGOs as well as the capacity of the CSOs/NGOs. For example, core support can be a good way to provide funds if NGOs have the strategic, organisational and professional capacity to manage resources effectively. Providing core support and earmarked funds to local CSOs can be a way of strengthening CSO managing and accounting capacity.

### Project and programme funding

When donors wish to achieve a specific development objective, channelling aid through NGOs for projects and programmes can be appropriate. Project and programme funding is also a good way to support small NGOs with limited capacity. Implementing projects and programmes can also strengthen NGO capacity, even if it is not an explicit objective of the donor.

DAC data show that more aid goes *through* NGOs as project and programme funding than *to* NGOs as core support. Responses to the survey of DAC members bear this out. Nearly all provide project and programme support (Figure 4.2)<sup>27</sup> and over half provide the biggest share of NGO aid in this way.

Figure 4.2. DAC member mechanisms for funding NGOs



Source: Responses to the survey on how DAC members work with civil society (March-April 2010).

### Calls for proposals

According to DAC members responding to the survey, calls for proposals are useful for meeting donor objectives because they encourage innovation, create competition among NGOs and ensure value for money for the donor (Box 6). Twenty survey respondents stated that they use calls for proposals as a mechanism for working with NGOs. In France, the Agence française de développement uses calls for proposals to select NGO implementing partners. NGOs submit proposals in response to published terms of reference. The European Commission works in a similar way. The Netherlands uses calls for proposals extensively to provide funding for national and international as well as local CSOs.

However, there are some concerns about calls for proposals (Box 6). They often incur high transaction costs for both donors and CSOs. NGO respondents to the survey also point to inconsistent timing and lack of clear guidance in calls for proposals. There is some concern that calls for proposals hamper CSO initiative. Koch (2009) argues that by competing for funding, NGOs allow themselves to be steered by donor priorities. Others contend that encouraging competition among CSOs through calls for proposals discourages them from co-ordinating their efforts and sharing information on good practice (European Commission, 2010).

Nevertheless, as one of several funding mechanisms to achieve donor and CSO objectives, competitive calls for proposals can be justified. Donors do, however, need to ensure that they have a transparent strategy for providing funds to CSOs in this way.

<sup>27</sup> All except Luxembourg, the Netherlands and Greece.

## Box 6. Calls for proposals as a mechanism for funding CSOs/NGOs

### Advantages for donors

- Can be conducive to innovation
- Create competition among CSOs
- Ensure value for money
- Stimulate CSOs to respond to donor preferences

### Challenges for donors

- High transaction costs
- May hamper CSO initiative
- May reduce co-ordination and information-sharing among CSOs

### Challenges for CSOs

- High transaction costs
- Inconsistent timing
- Lack of clear guidelines
- May hamper CSO initiative
- May reduce co-ordination and information-sharing among CSOs

## Funding for local CSOs in partner countries

Survey respondents highlight the need to support local organisations. However, although donors can reach many small and diverse groups in partner countries by providing project and programme funds to local CSOs, they also need to consider the efficiency of managing many small grants. Donors also need to avoid transferring transaction costs to local CSOs as this diverts their time and efforts away from their primary task of implementing projects and programmes. The DAC peer review of the United Kingdom (2010) for example noted that dealing with local organisations can be resource intensive. Donors may find that providing funding through intermediaries such as umbrella organisations in a partner country may be a more effective way to reach small grassroots organisations than awarding grants (Box 7).

## Box 7. Funding through CSO intermediaries in Ethiopia

Between 2004 and 2008 Sweden funded nine Ethiopian umbrella organisations. These nine organisations provided grants to 150 community-based CSOs throughout the country. The umbrella organisations were selected because they had the capacity to supervise the community-based CSOs. This approach enabled Sweden to support hundreds of small projects that reached underserved groups while directly managing only nine agreements.

DAC members also use national or international CSOs as funding intermediaries. For example Norway, like many other donors, allocates aid to national and international organisations that have partners in Norway's partner countries. One advantage of using national and international NGOs as intermediaries is that their relationships with groups in partner countries go beyond funding, and can provide scope for scaling-up development outcomes.

### *Funding local CSOs through partner country governments*

Some DAC members also provide support to local organisations through partner country governments. The survey found that nearly half of DAC members provide support in this way. The United Kingdom, for example, has a policy of reserving 5%-10% of general budget support to partner governments for support to CSOs.

Budget support to partner governments can be valuable in strengthening local CSO capacities and goals if it assists and encourages the development of effective relationships between civil society and governments. This is particularly important in democratic environments where donor support to civil society should not become an alternative to working directly with governments (see chapter 2, Why DAC members work with CSOs).

## Funding CSOs in fragile and conflict environments

As mentioned previously, funding modalities should be relevant to the context in developing countries and the objectives that donors want to meet. In fragile and conflict situations, in cases where governments are weak or in countries with repressive CSO policies, direct funding or funding at the partner country level through international CSOs may be appropriate. In these contexts, funding objectives may be to deliver services, to build the role of civil society as a countervailing influence to the state – usually in unreceptive or authoritarian regimes – or to strengthen the participation of citizens in governance, for example (AusAID, 2010).

### Pooled funding

Pooling funding reduces transaction costs, one of the main challenges in funding NGOs identified by DAC members.<sup>28</sup> At donor headquarters level, a good example of pooled fund is the joint donor fund for support to the international process on civil society and aid and development effectiveness.<sup>29</sup>

Nearly three-quarters of DAC members responding to the survey pool funding for NGOs with other donors. However, there is some concern that pooling donor funds at the partner country level reduces the number of funding sources and means that support goes to only a few large organisations (Box 8). Griffin and Judge (2010) caution that there may be a tension between the aid effectiveness agenda – with its focus on donor harmonisation – and donor support for a diverse civil society at the partner country level.

## Box 8. Pooled funding in Zambia

A Sida study on support to civil society in Zambia found that local organisations prefer funding by individual donors but that donors favour joint support arrangements (Fällman, 2010). Local organisations fear that under joint funding mechanisms a disagreement with one donor could jeopardise support from all donors. Another concern was that under a joint funding mechanism there would be less space for dialogue with individual donors compared to under bilateral project funding. International CSOs and NGOs, however, tend to be more comfortable with joint funding arrangements.

### Co-funding

DAC members like co-funding (Survey findings 4.1) as they see it as an indication of NGO ownership, a successful way to leverage resources and as a way to encourage NGOs to diversify their sources of financing and become less dependent on the public sector. NGOs also usually consider that co-funding is important as it ensures their independence (DAC Peer Review of the United Kingdom, 2006). DAC peer reviews tend to support the co-funding approach too.

### Survey findings 4.1. DAC member-CSO co-funding

- Twenty-four of the DAC member respondents to the survey require NGOs to co-fund activities.
- The share of co-funding required varies greatly, from 10%–80% of the total budget.

Source: Response to the survey on how DAC members work with civil society (March–April 2010).

<sup>28</sup> These mechanisms still encounter start up transaction costs.

<sup>29</sup> 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, which has helped decrease transaction costs for CSOs.

## Funding humanitarian action

Much humanitarian action involves protracted crises. For example, in Sudan and the Democratic Republic of Congo funding is extended over five years or more. In such cases, NGOs need long-term funding arrangements that give them the flexibility to address priority needs, to divert funds to new emergency areas, and to work towards sustainable programmes and prevention (Survey findings 4.2).

Sweden and Denmark have partnership agreements – some of which are multi-year agreements – that are good models for other donors to pursue. The draw-down arrangements allow pre-selected organisations to access funding for sudden crises simply by email. Germany and Australia have similar arrangements for major national NGOs to rapidly access funds to respond to disasters.

### Survey findings 4.2. Funding NGOs for humanitarian action

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- 14 DAC members have multi-year or pre-positioned support available for national NGOs which provide humanitarian assistance.
- Most DAC members provide funds for humanitarian action to multilateral organisations.

*Source:* Response to the survey on how DAC members work with civil society (March–April 2010).

UN agencies often pass on funds provided for humanitarian action to NGOs on the ground. Donors need to be aware that although such funds are initially provided to these agencies in a timely and flexible manner, perhaps even as core funding, there may be significant delays before this money reaches the NGO and thus the beneficiaries. The funding is seldom flexible and is often provided in the form of short-term project funding which is subject to major administrative constraints. Hence, although initial funding from a donor to a UN agency may meet Good Humanitarian Donorship principles, by the time the funds reach the NGOs involved in humanitarian work the principles are often compromised. The same can also be true of funding made through some common humanitarian funds.

Donors could provide humanitarian assistance more effectively through strategic partnership agreements with CSOs for lightly earmarked funding. Agreements such as Australia's humanitarian partnership with six NGOs streamline the distribution of funds and help NGOs respond rapidly to humanitarian crises (Peer Review of Australia, 2008). Such agreements reduce the administrative burden and allow rapid draw down of funds for emergencies.

## Chapter 5

# MONITORING AND ACCOUNTABILITY

DAC members are responsible for monitoring and accounting for ODA expenditure, and reporting on the results achieved. This includes ODA for CSOs and NGOs and results achieved by them. Therefore CSOs and NGOs must also be accountable and report to donors on expenditure and results.

### Reporting

Most NGO respondents feel that donor reporting requirements could be simpler (Survey findings 5.1). NGOs say they are usually required to report using a template provided by the donor. DAC members confirm this. Four-fifths of the DAC member respondents have templates that they require NGOs to use for reporting on at least some of their support. However, just under a third of respondents<sup>30</sup> allow NGOs to report in the format they choose for some of the funding. Swiss NGOs, for example, must prepare an analytical report for the Swiss Development Co-operation (SDC) but can do it in the format they choose.

Common reporting templates would make reporting more manageable for NGOs and CSOs, and especially for those which have several donors. Reporting would also be more manageable for NGOs and CSOs if donors accepted each other's reports. The United Kingdom's Department for International Development (DFID) and SDC, for example, are open to accepting reports submitted to other donors. In Switzerland, NGO reports can serve different funding partners as long as reports are analytical, contextualised and provide relevant information (including difficulties and challenges faced) on progress.

Karlstedt (2010) suggests that donors could agree on the frequency of reports and remove the requirement for separate end-term financial reports. Instead of financial reports donors could accept audited annual accounts that clearly state the contribution of each donor. DFID's programme partnership agreements (PPAs) already use this approach. Organisations funded through PPAs are free to allocate funds as they wish but must provide annual audited accounts showing PPA funding as an identifiable income line, along with a narrative report of activities.

NGOs and other CSOs are as susceptible to corruption as other institutions. Nearly three-quarters of DAC members require NGOs to take anti-corruption measures. Several include anti-corruption clauses in their contracts or agreements with NGOs. Some encourage NGOs to do regular financial audits, internally or externally, or have anti-money laundering measures in place.

### Survey findings 5.1. DAC member requirements for reporting

- 5 out of 7 NGO respondents felt that donor reporting requirements could be simpler.
- 21 DAC member respondents stated that they have report templates for at least some of their NGO support.
- 8 DAC members allow NGOs to report in the format they choose for some funding.
- 19 DAC members require NGOs to put in place anti-corruption measures.

Source: Response to the survey on how DAC members work with civil society (March–April 2010).

<sup>30</sup> Denmark, Finland, France/AFD, Ireland, the Netherlands, Norway, Sweden and Switzerland. In Denmark, this applies to framework organisations only. Other organisations follow a standard format.

## Results-based reporting

Parliamentary and public pressure for governments to demonstrate the outcomes of ODA is increasing. This means that DAC members stress results-based reporting (Survey findings 5.2).

### Survey findings 5.2. DAC member requirements for results-based reporting

- 20 DAC member respondents ask NGOs to complete results-frameworks when reporting their activities;
- 16 require a contract with objectives or milestones;<sup>31</sup>
- 13 allow NGOs to define their own results indicators;
- Six define indicators jointly with NGOs; and
- One defines indicators independently.

*Source:* Response to the survey on how DAC members work with civil society (March–April 2010).

DAC members point out that NGOs sometimes fail to acknowledge the need to identify and describe the results of their interventions. Nevertheless, donors need to consider the pros and cons of imposing results-based reporting on NGOs (Box 9).

### Box 9. Factors to take into account in results-based reporting

The DAC Peer Review of the Netherlands (2006) advised taking several factors into account when considering asking NGOs for results-based reporting. These included:

- The cost-effectiveness of requiring NGOs to prepare detailed forward plans setting out anticipated results;
- The danger that results-based reporting might encourage a culture of risk-avoidance (NGOs may focus on delivering services which are easily measurable and move away from addressing underlying political issues); and
- The potential tensions between detailed planning for results over several years and the need to remain flexible.

CSOs consulted in the Open Forum stated that donor requirements for results-based management are a major issue for them (Open Forum, 2010a). NGO respondents to the survey confirmed that results-reporting requirements are often too detailed and not necessarily productive.

The Advisory Group recommends that reports should pay attention to the institutional and social changes that address the underlying causes of poverty. Donor requirements for reports from CSOs need to:

- Meet donors' practical needs for reporting results and learning;
- Relate to the objective of the support;
- Consider CSO capacity for reporting; and
- Recognise that results are usually demonstrated in the long term.

<sup>31</sup> 16 members use a contract with objectives or milestones which can meet this need. See Annex A.

DAC members could manage CSO concerns on reporting requirements by, for example, jointly identifying and agreeing to results indicators. CSOs, while accounting to donors for the use of public funds (OECD, 2009) also need to be transparent and accountable to their constituencies.

## Evaluation

DAC members monitor and evaluate programmes and projects implemented by NGOs and other CSOs in various ways (Survey findings 5.3). Sometimes they involve partner country governments in monitoring and evaluating NGO/CSO programmes and projects. Many have commissioned an evaluation of their overall support to NGOs/CSOs, or of a particular support mechanism.

### Survey findings 5.3. Evaluation

- All DAC member respondents to the survey use reports submitted by implementing NGOs.
- 24 of 26 respondents visit project sites.
- 23 of 26 respondents commission independent evaluations by external experts.
- 22 of 26 respondents meet with implementing NGOs.
- Half sometimes involve partner country governments in monitoring and evaluating NGO programmes and projects.
- 20 respondents have commissioned an evaluation of their overall support to NGOs, or of a support mechanism.

Source: Response to the survey on how DAC members work with civil society (March–April 2010).

Sharing evaluation reports between donors would enhance learning. To do this, donors could, for example, make evaluation reports publicly available on the DAC Evaluation Resource Centre (DeRec) website.<sup>32</sup>

## Capacity development

Most DAC members support capacity development and training for national or international NGOs, either financially or in other ways (Survey findings 5.4). Some provide support regularly and others on an *ad hoc* basis.

### Survey findings 5.4. DAC member support for developing the capacity of NGOs

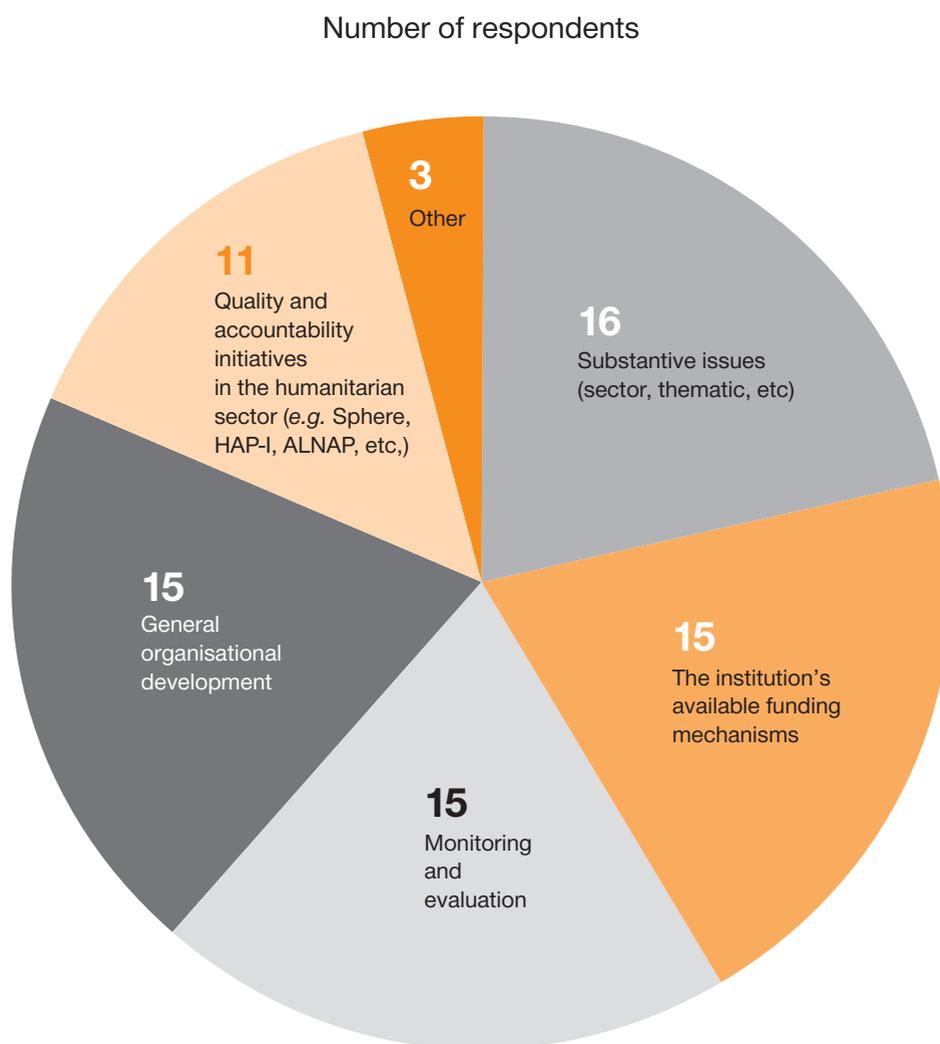
- 23 DAC members support (financially or in other ways) capacity development and training for national or international NGOs.
- 15 respondents support capacity development and training for national or international NGOs regularly.
- 8 respondents support capacity development and training for national or international NGOs *ad hoc*.

Source: Response to the survey on how DAC members work with civil society (March–April 2010).

Most capacity development addresses substantive programmatic issues, funding mechanisms, and monitoring and evaluation (Figure 5.1).

<sup>32</sup> [www.oecd.org/dac/evaluationnetwork/derec](http://www.oecd.org/dac/evaluationnetwork/derec)

Figure 5.1. DAC member support for developing the capacity of NGOs



Source: Responses to the survey on how DAC members work with civil society (March-April 2010).

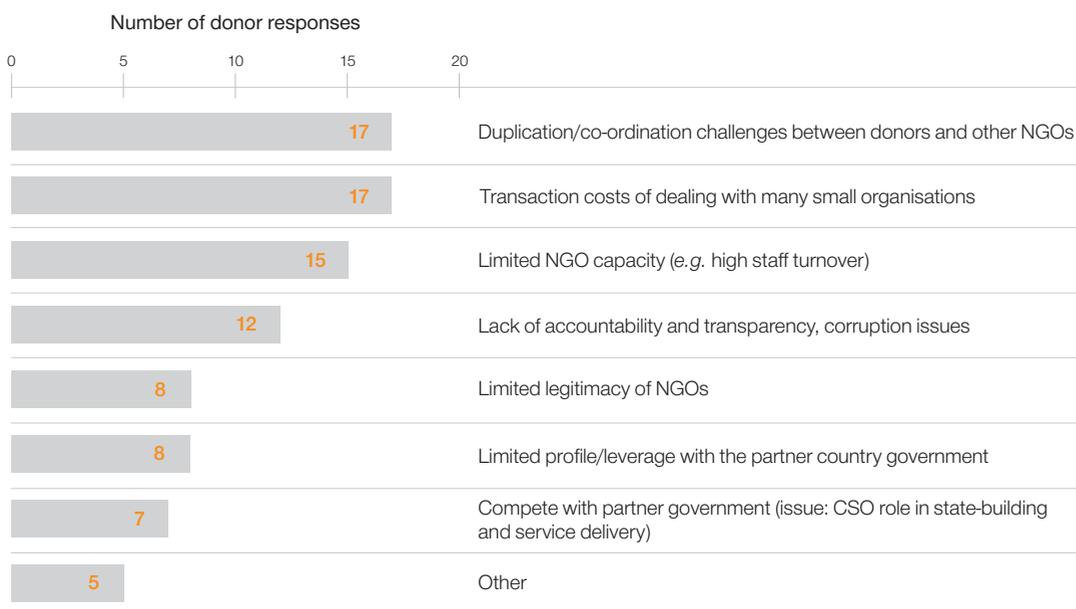
## Chapter 6

# CHALLENGES IN WORKING TOGETHER

Both DAC members and CSOs identify challenges in working together. DAC members see the high transaction costs of dealing with many small organisations, duplication of activities, and co-ordination between donors and NGOs as the main challenges they encounter in working

with NGOs (Figure 6.1). CSOs raise the lack of clear donor policies as a key issue or challenge with respect to donors (Open Forum, 2010a). Other issues were the conditions donors set and lack of meaningful dialogue.

Figure 6.1. Challenges in working together



Source: Responses to the survey on how DAC members work with civil society (March-April 2010).

## Transaction costs

DAC peer reviews point out that complicated requirements make for high transactions costs for both donors and NGOs. Donors can reduce transaction costs by funding fewer, larger organisations and by managing NGO/CSO partnerships and programmes more efficiently. Denmark, for example, has outsourced the management of its small grants to NGOs. Australia, recognising the need to be flexible and that there is no 'one size fits all' arrangement, is establishing and funding secretariat support for NGO partnership programmes. The secretariat manages co-ordination, monitoring and evaluation, reporting and preparing policy papers thus freeing up AusAID, NGO/CSO partners and partner governments for policy dialogue.

Burdensome procedures for reporting and auditing translate into high transaction costs for NGOs. Over half the NGO respondents felt that donor requirements for NGO proposals were too onerous (Survey findings 6.1). DAC peer reviews point to the importance of developing more strategic and standardised approaches to working with NGOs at headquarters level and in partner countries.

Most DAC members have a standard format or formats for project and programme proposals.<sup>33</sup> A minority will accept funding applications prepared in an NGO's own format.<sup>34</sup> Some donors have rigid requirements, such as for short-term results-management frameworks, and detailed proposal formats. In these cases, NGOs need extra resources and capacity to prepare successful funding applications. Small and new organisations, in particular, find it difficult to access funding through complicated procedures. Streamlining requirements and arranging multi-year core funding for CSO partners with good track records could help reduce transaction costs.

### Survey findings 6.1. Transaction costs

- 4 NGO respondents felt that donor requirements for NGO proposals are too complex and that they are asked for too much detail.
- 5 DAC members will accept funding applications prepared in an NGO's own format.

*Source:* Response to the survey on how DAC members work with civil society (March–April 2010).

<sup>33</sup> Sweden and Switzerland do not have a standard format for proposals.

<sup>34</sup> Norway, Ireland, Finland, Sweden and Switzerland. In Finland, organisations use their own format but the content of the application is regulated by the funding guidelines for partnership organisations.

The Advisory Group recommended that to reduce transaction costs for CSOs – especially those in developing countries – donors could harmonise contracting, funding and reporting requirements (OECD, 2009). A recent study mapped the conditions required by 11 DAC members for providing national CSOs with funding destined for CSOs in developing countries (Karlstedt, Sida 2010). The conclusion was that donors could harmonise at least some of their requirements, especially as regards applications, as they tend to ask for more or less the same information. Harmonising requirements would reduce the administrative burden on both national CSOs and CSOs in developing countries. Harmonised requirements should also apply to pooled or basket funds for CSOs.

**‘While it is good for CSOs to have access to diverse sources of financing, harmonising official procedures and conditions could bring efficiency gains.’**

Peer reviews of Norway (2008) and Japan (2010) found that institutionally dispersed funding procedures increase transaction costs for NGOs. In Japan, for example, NGOs receive funding from different schemes for similar activities but the different schemes have different application, reporting and monitoring procedures. The peer review of Norway noted that the funding procedures of different institutions and for different budget lines are often dissimilar and can be confusing for CSOs. While it is good for CSOs to have access to diverse sources of financing, harmonising official procedures and conditions could bring efficiency gains. DAC peer reviews have made several recommendations on how members can reduce transactions costs and simplify procedures to streamline and harmonise support for NGOs.<sup>35</sup>

### Co-ordination

Limited capacity in NGOs, not least because of high staff turnover, poses challenges for DAC members in their dealings with NGOs. Interestingly, NGO survey respondents also identify high staff turnover in donor agency NGO/CSO units as a challenge for their relationships with donors. A high staff turnover can lead to a lack of continuity in donor priorities and approaches, and an unpredictable relationship – especially when the donor agency has no official civil society policy or strategy. The challenge of high staff turnover in donor agencies has also been highlighted in DAC peer reviews (for example Belgium, 2010). Official medium-term policies or strategies for working with CSOs could help maintain continuity and consistency.

### Finding synergies

DAC peer reviews find that DAC member institutions are increasingly trying to bring about synergies between bilateral government activities and the activities of the NGOs they finance. The 2009 Peer Review of the United Kingdom pointed to DFID’s recognition of the role that civil society can play in development and a willingness to integrate these organisations further in DFID’s work, both at policy and implementation level (Peer Review of the United Kingdom, 2010). Five DAC members – Canada, France, France, Korea, Norway and Spain – have instituted measures to support complementary activities of NGOs that work in the same sector or countries.

**‘Five DAC members have instituted measures to support NGOs that work in the same sectors or countries as they do.’**

<sup>35</sup> See, for example, Peer Reviews of Japan and Switzerland.

## Conditions donors set

Survey findings show that DAC members take different approaches to directing NGOs, ranging from determining where NGOs will work and in which sectors, to letting the NGOs decide these things for themselves. Some members balance these two approaches (Box 10).<sup>36</sup>

DAC member respondents to the survey and DAC peer reviews indicate that donors provide more direction on sectors and themes than on geographic focus. Nearly two-thirds of DAC members identify priority areas or themes for the funds they provide to NGOs (Annex A). Half the DAC members surveyed ensure compliance with their priorities through financial incentives. Half ensure *ex ante* compliance through dialogue and *ex post* compliance through monitoring and evaluation, and reviewing NGO annual reports. The degree of steering by official donors is also linked to the funding mechanism and type, that is, core or earmarked aid.

### Box 10. Sweden's approach to supporting CSOs

Sweden takes a mixed approach to supporting NGOs. Support provided by Sida's civil society unit to organisations with framework agreements is fully unrestricted. Activities financed by Sida's country, regional and global teams are usually tied geographically. Some support is also tied to thematic sectors.

## Autonomy and influence

Donors need to find a balance between respecting CSO autonomy and steering CSOs in a direction that helps meet donors' development co-operation objectives. DAC members can reasonably expect CSOs to align with their priorities when it is clear to both CSOs and the donor that the objective is to implement an aid programme using CSOs as intermediaries. Four of the NGO platforms responding to the survey felt that, overall, donor priorities influence their work positively. They commented, however, that a lack of guidance, transparency and consistency in donor priorities influence NGO work negatively. One NGO respondent noted that last minute changes in donor priorities can derail the programme design process.

Too much steering by donors could compromise the freedom of CSOs to challenge official policies, act as a watchdog or demand accountability. Australia's partnership agreement with the national platform for development NGOs, the Australian Council for International Development (ACFID), recognises this balance between autonomy and funding conditions. Australia explicitly respects the independence of ACFID and its members, including their right to comment on government policy and to advocate for policy change.

According to the Open Forum, heavy directive donor conditionality is a major challenge to CSOs as it does not recognise CSOs as development actors in their own right and could hamper their initiative (Open Forum, 2010a). DAC members, in providing support to CSOs to implement an aid programme, nevertheless expect CSO intermediaries to align with their priorities. In providing core support to CSOs, donors should clarify beforehand whether they expect the CSO to align with partner country government development priorities or to fill gaps in these priorities. Regardless of the specific arrangement, CSOs are accountable and should demonstrate results – to their beneficiaries, to donors, to their CSO partners and to their constituencies.

<sup>36</sup> Australia, Belgium, Canada, European Commission, Finland, Italy, Ireland, Portugal, Sweden, Switzerland and the United Kingdom, combine the two approaches.

‘Donors and NGOs can find consensual ways of working by defining their priorities, including focus sectors and themes, jointly.’

Donors and NGOs can find consensual ways of working by jointly defining their priorities, including focus sectors and themes. In Belgium, for example, in order to make aid more effective the Minister of Development Co-operation and NGOs signed an agreement on priorities. While Belgium does not restrict its support to NGOs by sector, theme or region, Belgian NGOs will, from 2014, have to focus on a maximum of ten of Belgium’s partner countries and on the cross-cutting themes of gender and environment.

#### Meaningful dialogue

Some recent peer reviews, for example those of Italy (2009) and Portugal (2010), noted that consultation with CSOs had improved. Others, such as the review of Germany (2010) and of Denmark, noted that national NGOs were dissatisfied with consultations on development policy.

Respondents to the NGO survey also criticise the quality of consultations and point to the lack of a meaningful dialogue. Even though NGO respondents state that the opinion of civil society is ‘sometimes’ taken into account by DAC members, they also observe that ‘sometimes one could wonder whether the consultation is being held for the sake of the consultation’ and ‘often a consultation appears like a tick box exercise at the end of the government process’.

The Advisory Group notes that “regular and systematic spaces should be provided for the voice of CSOs of different persuasions and orientations to be heard at all stages of the development process (planning, negotiation, implementation, monitoring, and evaluation [...])” (OECD, 2009). Griffin and Judge (2010) stress that even though DAC members are strongly committed to dialogue, support for dialogue has not been as comprehensive and strategic as it could be. DAC members need to improve their consultation processes and make them more strategic, timely and, thus, more meaningful.

‘...all DAC members claim that civil society is satisfied with the consultation process...this view is not shared by NGO survey respondents or the findings of DAC peer reviews.’

DAC members recognise the added value that consultations with CSOs can bring to policy making. CSOs often work close to beneficiaries and can therefore bring their perspectives to the table. In addition, CSOs work closely with citizens in donor countries, whether through their members, advocacy, fundraising or development education. This means they are well positioned to inform policy makers about domestic public opinion. It is positive, therefore, that the survey confirmed that DAC members do consult with civil society (Survey findings 6.2). Consultations with national CSOs are most usually held at headquarters level. Consultations in partner countries are less common.

## Survey findings 6.2. Consultations between DAC members and CSOs

- 14 of the 24 DAC members who responded to the survey hold *ad hoc* consultations with NGOs.
- 10 organise consultations with NGOs on a regular basis (see Annex A).
- 22 of 26 survey respondents hold consultations with NGOs on overall aid and development.
- 21 of 26 respondents hold consultations with NGOs on the donor's civil society policy or strategy.
- 16 of 26 respondents hold consultations with NGOs on the donor's country-level strategies and programmes.
- 11 of 26 respondents hold consultations with NGOs on the donor's multilateral development policies.
- All DAC members claim that civil society is satisfied with the consultation process.
- 7 NGOs confirm that consultations with donors take place.
- 5 of the 7 NGOs surveyed did not consider that consultations are timely or well managed.

Source: Response to the survey on how DAC members work with civil society (March–April 2010).

While all DAC members claim that civil society is satisfied with consultation processes this view is not shared by NGO survey respondents or the findings of DAC peer reviews.<sup>37</sup> Five of the NGOs that responded to the survey do not consider that consultations are timely or well managed. They criticise the lack of a consistent process. NGOs also note that they often do not have time to prepare and confer among themselves as they do not receive consultation documents in time.

<sup>37</sup> 13 of 24 respondents replied that NGOs are 'satisfied', 10 of 24 respondents that they are 'partially satisfied' and 1 that they are 'very satisfied'.

## Funding processes

CSOs consulted in the Open Forum identified several challenges related to funding mechanisms that impact on their effectiveness (Open Forum, 2010a). These include unpredictable finance, lack of funds for management and programme oversight, and one-off project competitive funding (Survey findings 6.3). DAC peer reviews also highlight these issues.

DAC members could benefit from each others' experiences with funding processes, for example in considering whether or not to fund NGO overheads. Some countries, such as the USA, expect funding bids to include overhead costs. Other countries, such as the United Kingdom, recommend funding overheads when supporting NGOs. Yet others, like Japan, provide very limited support for overheads and expect NGOs to cover most of their own costs.

## Survey findings 6.3. Challenges in funding processes

- Some of the NGOs responding to the survey drew attention to long delays and unclear guidelines for funding.
- 4 of the 7 NGO respondents expressed concern about the lack of information and inconsistent processes.
- 4 NGO respondents felt that donor requirements for NGO proposals are too complex and that they were asked for too much detail.
- 2 of the 7 NGO respondents felt that information about available funding is generally timely and clear.

Source: Response to the survey on how DAC members work with civil society (March–April 2010).

All the NGOs surveyed would like donors to have transparent, co-ordinated and formal processes for submitting funding proposals. Processes should not be dependent – as is sometimes the case – on the personal priorities or knowledge of staff in donor agencies.

## Chapter 7

# IMPROVING THE WAY DONORS AND CSOS WORK TOGETHER

CSOs are key development partners. They implement aid projects and programmes in developing countries, both on behalf of donors and in their own right. They contribute to donor development co-operation policies and advocate for development issues. DAC statistics show that CSOs manage at least 13% of total ODA provided by DAC members. This is a significant proportion of public expenditure on development co-operation and justifies paying more attention as to how this public money is spent and the results it achieves.

‘CSOs implement at least 13% of total ODA... a significant proportion of public expenditure on development co-operation...’

In most DAC member countries CSOs advocate for aid and development, and build public awareness of development issues. Encouraging public support for development co-operation is in the interests of development co-operation ministries and agencies, and CSOs alike. Engaging the public in development issues requires continuous reinforcement and resources. Raising public awareness of development issues is, therefore, an area where there is scope for close collaboration between donors and CSOs. CSOs could also review their fundraising communications with a view to making better use of it to deepen public awareness of development challenges and opportunities.

By working together according to the *Paris Declaration* principles, the *Accra Agenda for Action* commitments and the *Istanbul Principles* DAC members and CSOs can more effectively achieve the common, long-term objective of reducing poverty and supporting development in the poorest countries. Global efforts by CSOs to identify how they can contribute more effectively to development are therefore timely and welcome (see Box 3 CSOs and the development effectiveness agenda).

CSOs, like DAC members, should be accountable both to beneficiaries and donors – public and private. DAC members need to work with national CSO platforms and with international processes to devise policies and funding mechanisms to support CSO efforts. This will make CSOs more effective and improve the quality of aid for development. In particular, there are eight areas where DAC members and CSOs can improve the transparency, efficiency and effectiveness of their collaboration.

### Terminology

Civil society organisations include more types of organisations than the term non-governmental organisation suggests. There is a trend in DAC member countries to use the broader term civil society organisation to cover both NGOs and CSOs, yet some donors use one term or the other. DAC members should consider agreeing on a common terminology.

### **Policies and strategies**

DAC members policies and strategies for working with CSOs should be transparent, forward looking and results-oriented.

Policies and strategies should outline the overall objectives, principles and conditions for DAC member-CSO partnerships. A good practice when developing these is to consult closely with CSOs. This will further CSO understanding, and ownership of policies and requirements.

### **Enabling environment**

DAC members should seek to strengthen civil society in developing countries by providing an enabling environment to maximise the contribution civil society makes to development. DAC members should identify good practices for encouraging an enabling environment for civil society in developing countries.

### **Meaningful dialogue**

CSOs have extensive experience and expertise, and wide exposure to development challenges and successes. The variety of roles they play in the development process gives them an in-depth knowledge of beneficiary needs. Donors and partner governments can usefully tap into this knowledge when preparing development policies. By arranging systematic consultations with CSOs on their policies and strategies DAC members could engage in more meaningful dialogue on development policy and strategies.

### **Transaction costs**

DAC members and CSOs incur high transaction costs, especially as regards applications for funding, and monitoring and reporting. Good practice suggests that there should be a mix of funding mechanisms which are predictable and have clear guidelines. Funding mechanisms should be tailored to the capacity of the organisations to be funded, project and programme objectives, and the contexts in which organisations operate. National CSOs in DAC member countries and international CSOs should transfer any improvements in the flexibility and predictability of funding to their partner CSOs in developing countries.

By simplifying and harmonising contracting, funding and reporting requirements donors could reduce the administrative burden on CSOs in developing countries. DAC members could consider accepting and using CSO systems for monitoring and reporting where possible. CSOs for their part, because there are so many of them, could support donor efforts by harmonising their own systems and processes.

### Autonomy and influence

Some donors determine where CSOs will work and in which sectors, while others let the CSOs decide. Some donors combine the two approaches. The degree to which DAC donors influence CSOs is linked to the way they provide funds. They are less directive about how CSOs use core funds but exert more influence when CSOs implement donor-funded projects and programmes. Donors need to find a balance between respecting CSO autonomy and steering CSOs to meet the donors' development co-operation objectives. Donors should have clear objectives for their funding for CSOs which will in turn help determine the most appropriate funding mechanism and the conditions that will be attached.

### Reporting and accountability

As managers of public funds and organisations that are accountable to taxpayers and parliaments, DAC member development co-operation institutions must ensure that ODA expenditure is results-oriented and report accordingly. In doing this they must make certain that ODA channelled *to* and *through* CSOs is managed effectively, accounted for and reported on. CSOs, like DAC members, must be accountable to those who provide funds and to beneficiaries. DAC members should, however, take care that the results CSOs are expected to achieve and the reports required of them are appropriate for the donor's reporting and learning needs. To do this, donors and CSOs could jointly identify realistic objectives, suitable indicators for measuring achievements and feasible outcomes.

### Transparency

DAC members could make the ODA allocated to and through NGOs more transparent. To contribute to this the DAC Working Party on Statistics is currently clarifying the directives on reporting on ODA to and through NGOs. DAC members, on their part, could improve the clarity of their reports to the DAC, especially as regards following good practice in the use of channel codes. CSOs too could make the aid they manage and how they spend it more transparent by establishing an international database for CSO financing for development.

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## Annex A

# DAC MEMBER PROFILES



## Australia

<b>Responding institution(s):</b>	Australian Agency for International Development (AusAID)
<b>Policy or strategy for working with civil society organisations:</b>	Yes interim (2008), new civil society engagement framework being developed.
<b>Support to and through NGOs (2009; USD million, CRS):</b>	253
<b>Share of bilateral ODA in 2009 (CRS):</b>	11%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	No
<b>Stated priority areas for civil society:</b>	Yes (geographic, by sector, thematic)
<b>Basis and format of reporting:</b>	Results-framework, contract and partnership agreement
<b>Consultations and dialogue with civil society:</b>	Yes (regularly and scheduled in advance)



## Belgium

<b>Responding institution(s):</b>	Directorate General for Development Co-operation (DGDC)
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2009)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	336
<b>Share of bilateral ODA in 2009 (CRS):</b>	20%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes (thematic)
<b>Basis and format of reporting:</b>	Results-framework
<b>Consultations and dialogue with civil society:</b>	Yes (regularly and scheduled in advance)



## Austria

<b>Responding institution(s):</b>	Austrian Development Agency (ADA)
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2007)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	69
<b>Share of bilateral ODA in 2009 (CRS):</b>	13%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	No
<b>Basis and format of reporting:</b>	Results-framework
<b>Consultations and dialogue with civil society:</b>	Yes (ad hoc)



## Canada

<b>Responding institution(s):</b>	Canadian International Development Agency (CIDA)
<b>Policy or strategy for working with civil society organisations:</b>	Strategy being developed
<b>Support to and through NGOs (2009; USD million, CRS):</b>	639
<b>Share of bilateral ODA in 2009 (CRS):</b>	20%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes, partly (geographic, by sector, thematic)
<b>Basis and format of reporting:</b>	Results-framework
<b>Consultations and dialogue with civil society:</b>	Yes (ad hoc)



## Denmark

Responding institution(s):	Ministry of Foreign Affairs
Policy or strategy for working with civil society organisations:	Yes (2008)
Support to and through NGOs (2009; USD million, CRS):	181
Share of bilateral ODA in 2009 (CRS):	11%
Stated objective on amounts of funding:	Yes
AAA action plan that includes civil society:	Yes
Stated priority areas for civil society:	Yes (thematic)
Basis and format of reporting:	Results-framework
Consultations and dialogue with civil society:	Yes (regularly)



## Finland

Responding institution(s):	Ministry of Foreign Affairs
Policy or strategy for working with civil society organisations:	Yes
Support to and through NGOs (2009; USD million, CRS):	176
Share of bilateral ODA in 2009 (CRS):	22%
Stated objective on amounts of funding:	No
AAA action plan that includes civil society:	Yes
Stated priority areas for civil society:	Yes (thematic)
Basis and format of reporting:	Results-framework and contract
Consultations and dialogue with civil society:	Yes (ad hoc)



## European Union

Responding institution(s):	European Commission
Policy or strategy for working with civil society organisations:	Yes (2006)
Support to and through NGOs (2009; USD million, CRS):	1 455
Share of bilateral ODA in 2009 (CRS):	11%
Stated objective on amounts of funding:	Yes (for thematic programme: at least 85% of funding to non-state actors)
AAA action plan that includes civil society:	Yes
Stated priority areas for civil society:	Yes (thematic)
Basis and format of reporting:	Results-framework and contract
Consultations and dialogue with civil society:	Yes (regularly and scheduled in advance)



## France

Responding institution(s):	Ministry of Foreign and European Affairs (MFA), Agence française de développement (AFD)
Policy or strategy for working with civil society organisations:	MFA: Yes (2009) AFD: being developed
Support to and through NGOs (2009; USD million, CRS):	118
Share of bilateral ODA in 2009 (CRS):	1%
Stated objective on amounts of funding:	Yes (EUR 43 million in 2009 and EUR 45 million in 2010)
AAA action plan that includes civil society:	Yes
Stated priority areas for civil society:	MFA: Yes (geographic, by sector, thematic) AFD: No
Basis and format of reporting:	Results-framework and contract
Consultations and dialogue with civil society:	MFA: Yes (ad hoc) AFD: Yes (ad hoc)



## Germany

<b>Responding institution(s):</b>	Federal Foreign Office (FFO) and Federal Ministry for Economic Co-operation and Development (BMZ)
<b>Policy or strategy for working with civil society organisations:</b>	FFO: Yes (2008) BMZ: No
<b>Support to and through NGOs (2009; USD million, CRS):</b>	993
<b>Share of bilateral ODA in 2009 (CRS):</b>	12%
<b>Stated objective on amounts of funding:</b>	FFO: Yes (50% of humanitarian aid through NGOs)
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	FFO/BMZ: No
<b>Basis and format of reporting:</b>	FFO/BMZ: Contract
<b>Consultations and dialogue with civil society:</b>	FFO: Yes (regularly and scheduled in advance) BMZ: Yes (ad hoc)



## Ireland

<b>Responding institution(s):</b>	Irish Aid
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2008)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	255
<b>Share of bilateral ODA in 2009 (CRS):</b>	37%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes
<b>Basis and format of reporting:</b>	Results-framework and contract
<b>Consultations and dialogue with civil society:</b>	Yes (ad hoc)



## Greece

<b>Responding institution(s):</b>	Ministry of Foreign Affairs, Directorate General Hellenic Aid
<b>Policy or strategy for working with civil society organisations:</b>	Yes
<b>Support to and through NGOs (2009; USD million, CRS):</b>	5
<b>Share of bilateral ODA in 2009 (CRS):</b>	2%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes
<b>Basis and format of reporting:</b>	Contract
<b>Consultations and dialogue with civil society:</b>	N/A



## Italy

<b>Responding institution(s):</b>	Ministry of Foreign Affairs
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2009)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	126
<b>Share of bilateral ODA in 2009 (CRS):</b>	12%
<b>Stated objective on amounts of funding:</b>	Yes (EUR 67 million for 2010)
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes (thematic, geographic, by sector)
<b>Basis and format of reporting:</b>	Results-framework
<b>Consultations and dialogue with civil society:</b>	Yes (regularly and scheduled in advance)



## Japan

<b>Responding institution(s):</b>	Ministry of Foreign Affairs
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2007)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	321
<b>Share of bilateral ODA in 2009 (CRS):</b>	2%
<b>Stated objective on amounts of funding:</b>	Yes
<b>AAA action plan that includes civil society:</b>	No
<b>Stated priority areas for civil society:</b>	Yes (geographic, by sector)
<b>Basis and format of reporting:</b>	Contract
<b>Consultations and dialogue with civil society:</b>	Yes (regularly and scheduled in advance)



## Luxembourg

<b>Responding institution(s):</b>	Ministry of Foreign Affairs, Directorate of Development Co-operation
<b>Policy or strategy for working with civil society organisations:</b>	Yes
<b>Support to and through NGOs (2009; USD million, CRS):</b>	84
<b>Share of bilateral ODA in 2009 (CRS):</b>	32%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	No
<b>Basis and format of reporting:</b>	Results-framework and contract
<b>Consultations and dialogue with civil society:</b>	Yes (regularly and scheduled in advance)



## Korea

<b>Responding institution(s):</b>	Korea International Co-operation Agency (KOICA)
<b>Policy or strategy for working with civil society organisations:</b>	Yes
<b>Support to and through NGOs (2009; USD million, CRS):</b>	11
<b>Share of bilateral ODA in 2009 (CRS):</b>	2%
<b>Stated objective on amounts of funding:</b>	Yes (2% of KOICA's total budget. By 2013, KOICA intends to increase this to 5% and to gradually increase the co-financing ratio from 60% to 80%)
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes (geographic, by sector)
<b>Basis and format of reporting:</b>	Contract
<b>Consultations and dialogue with civil society:</b>	Yes (regularly and scheduled in advance)



## Netherlands

<b>Responding institution(s):</b>	Ministry of Foreign Affairs
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2009)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	1 480
<b>Share of bilateral ODA in 2009 (CRS):</b>	30%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	No
<b>Basis and format of reporting:</b>	Results-framework and contract
<b>Consultations and dialogue with civil society:</b>	Yes (regularly and scheduled in advance)



## New Zealand

Responding institution(s):	NZAID
Policy or strategy for working with civil society organisations:	Between strategies
Support to and through NGOs (2009; USD million, CRS):	49
Share of bilateral ODA in 2009 (CRS):	22%
Stated objective on amounts of funding:	No
AAA action plan that includes civil society:	No
Stated priority areas for civil society:	Yes (geographic and by sector)
Basis and format of reporting:	Results-framework and contract
Consultations and dialogue with civil society:	Yes (as needed [ad hoc])



## Portugal

Responding institution(s):	Portuguese Institute for Development Support
Policy or strategy for working with civil society organisations:	Yes
Support to and through NGOs (2009; USD million, CRS):	8
Share of bilateral ODA in 2009 (CRS):	3%
Stated objective on amounts of funding:	Yes
AAA action plan that includes civil society:	No
Stated priority areas for civil society:	Yes (geographic, by sector)
Basis and format of reporting:	Results-framework and contract
Consultations and dialogue with civil society:	Yes (regularly and scheduled in advance)



## Norway

Responding institution(s):	Ministry of Foreign Affairs
Policy or strategy for working with civil society organisations:	No
Support to and through NGOs (2009; USD million, CRS):	863
Share of bilateral ODA in 2009 (CRS):	27%
Stated objective on amounts of funding:	No
AAA action plan that includes civil society:	No
Stated priority areas for civil society:	Yes (thematic)
Basis and format of reporting:	Results-framework and contract
Consultations and dialogue with civil society:	Yes (as needed [ad hoc])



## Spain

Responding institution(s):	Spanish Agency for International Co-operation for Development (AECID)
Policy or strategy for working with civil society organisations:	It is being developed
Support to and through NGOs (2009; USD million, CRS):	942
Share of bilateral ODA in 2009 (CRS):	20%
Stated objective on amounts of funding:	Yes (a min. of 5% of aid through national NGOs and 3% of total ODA to projects in education for development)
AAA action plan that includes civil society:	No
Stated priority areas for civil society:	Yes (thematic, geographic, by sector)
Basis and format of reporting:	Results-framework and contract
Consultations and dialogue with civil society:	Yes (ad hoc)



## Sweden

<b>Responding institution(s):</b>	Swedish International Development Co-operation Agency (Sida)
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2009)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	777
<b>Share of bilateral ODA in 2009 (CRS):</b>	26%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes, partly (geographic, by sector)
<b>Basis and format of reporting:</b>	Results-framework and contract
<b>Consultations and dialogue with civil society:</b>	Yes (ad hoc)



## United Kingdom

<b>Responding institution(s):</b>	Department for International Development (DFID)
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2006)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	1 068
<b>Share of bilateral ODA in 2009 (CRS):</b>	14%
<b>Stated objective on amounts of funding:</b>	Yes
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes (thematic, geographic, by sector)
<b>Basis and format of reporting:</b>	Results-framework and contract
<b>Consultations and dialogue with civil society:</b>	Yes (ad hoc)



## Switzerland

<b>Responding institution(s):</b>	Swiss Agency for Development and Co-operation (SDC)
<b>Policy or strategy for working with civil society organisations:</b>	Yes (2007)
<b>Support to and through NGOs (2009; USD million, CRS):</b>	480
<b>Share of bilateral ODA in 2009 (CRS):</b>	27%
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	Yes (thematic)
<b>Basis and format of reporting:</b>	Results-framework and contract
<b>Consultations and dialogue with civil society:</b>	Yes (ad hoc)



## United States

<b>Responding institution(s):</b>	United States Agency for International Development (USAID)
<b>Policy or strategy for working with civil society organisations:</b>	It is being developed
<b>Support to and through NGOs (2009; USD million, CRS):</b>	6 239 (incomplete reporting)
<b>Share of bilateral ODA in 2009 (CRS):</b>	24% (incomplete reporting)
<b>Stated objective on amounts of funding:</b>	No
<b>AAA action plan that includes civil society:</b>	Yes
<b>Stated priority areas for civil society:</b>	No
<b>Basis and format of reporting:</b>	Results-framework
<b>Consultations and dialogue with civil society:</b>	Yes (regularly and scheduled in advance)

# DAC STATISTICAL EXPLANATIONS AND TABLES ON ODA TO AND THROUGH NGOS AND OTHER PRIVATE BODIES

### Extract from DAC Statistical Reporting Directives [DCD/DAC(2010)REV1, Box 1] on reporting aid to and through NGOs and other private bodies

*Aid to NGOs* covers official funds paid to national and international non-governmental organisations for use at the latter's discretion. *Aid through NGOs* covers official funds made available to NGOs for use on behalf of the official sector, in connection with purposes designated by the official sector, or known to and approved by the official sector.

*Aid to NGOs* means official contributions to programmes and activities which NGOs have developed themselves, and which they implement on their own authority and responsibility. *Aid through NGOs* means payments by the official sector for NGOs to implement projects and programmes which the official sector has developed, and for which it is ultimately responsible. The latter includes "joint financing" schemes where government agencies and NGOs consult about activities, jointly approve them and/or share their funding.

When an activity could fit into either category, examine the characteristics of the activity approval process and the degree of control by the official sector in the allocation of funds to determine whether or not the NGO acts on behalf of the official sector. The examples below provide some further guidance.

Report as *aid to NGOs*, under core support to national NGOs and other private bodies (code 1211) or core support *to* international NGOs (code 1212).

### Funding of NGOs' general programme of assistance:

These subsidies, which are provided without endorsement by the official sector of the specific activities to be undertaken, could not be regarded as having been provided for use on the official sector's behalf.

### Funding of project activities where the NGO contributes its own funds and where the official sector has essentially no say in the design or implementation of the project:

This covers cases in which the official sector makes either a direct contribution to an existing NGO project, or a block grant to be used at the NGO's discretion on either general administrative overheads, or specific projects of the NGO's choice. These modes of funding cannot plausibly be viewed as supporting activities carried out on the official sector's behalf. Report as *aid through NGOs*, under specific-purpose programmes and funds managed by international organisations (multilateral, INGOs) (code 1220).

### Funding of INGOs' specific-purpose programmes:

When subsidies are for a programme that has a clearly identified sector, thematic, or geographic focus the contributions should be classed as *aid through NGOs*. Report as *aid through NGOs*, under Project-type interventions (code 1300), Other technical assistance (code 1420), or Development awareness (code 1810).

**Funding of project activities where the NGO does not contribute any of its own funds to the same activity:**

If the NGO is not contributing any of its own funds to an activity financed by the official sector, this is a clear indication that the NGO is acting on the official sector's behalf, and the expenditure should therefore be classed as aid *through NGOs*.

**Funding of project activities jointly financed by the official sector and the NGO, and approved after consultation between the two,** should normally be reported as aid *through NGOs*. In most "joint financing" schemes, official and NGO representatives meet to review proposed projects and agree on those that will receive official funding. The original proposals will normally be drawn up by the NGOs, but in response to guidelines as to the type of projects likely to receive official support. Officially funded projects will, in principle, meet these guidelines. During the review process, the official sector may in effect alter project design by making suggestions or imposing conditions on its support. It is also likely that most projects in this category would not take place unless official funding were received. In this context, it seems reasonable to regard such joint financing schemes as aid *through NGOs*, although the final determination depends on the degree of official sector influence in practice.

The total of aid *through NGOs* is reportable as a memo item ODA channelled through private entities (code 1903).

(Table B.1.)

Source: DAC Creditor Reporting System

Note: This table is based on data in the CRS database on donors' aid to and through NGOs. The 'to' NGO aid flows are based on the bi/multi field which indicates '3' or purpose codes starting with 920. The 'through' NGO aid flows are based on the bi/multi field which indicates '1', channel codes starting with 20, but excluding the purpose code starting with 920. Shading denotes where 25% or more of the channel codes are blank/not completed. Data for the United States on ODA through NGOs is incomplete.

\* While data for Spain on aid to and through NGOs in 2007 is not available in the DAC Creditor Reporting System, Spain informed the DAC Secretariat that it allocated EUR 650 million (USD 890 million) through NGOs in 2007.

## Table B.1.

Aid to and through NGOs, 2007–2009,  
USD million (disbursements)

DAC Member	2007	2008	2009
Australia	171	192	253
Austria	76	70	69
Belgium	259	305	336
Canada	0	217	639
Denmark	203	207	181
Finland	135	160	176
France	82	91	118
Germany	788	940	993
Greece	0	2	5
Ireland	297	348	255
Italy	129	123	126
Japan	8	195	321
Korea	8	10	11
Luxembourg	0	82	84
Netherlands	1 491	1 766	1 480
New Zealand	0	54	49
Norway	784	853	863
Portugal	6	12	8
Spain*	0	1 468	942
Sweden	725	765	777
Switzerland	394	454	480
United Kingdom	963	982	1 068
United States	3 267	4 438	6 239
EU Institutions	639	761	1 455
<b>Grand total</b>	<b>10 426</b>	<b>14 494</b>	<b>16 929</b>

## Table B.2.

Aid through NGOs, 2007-09,  
USD million (disbursements)

DAC Member	2007	2008	2009
Australia	157	2	195
Austria	75	68	67
Belgium	113	137	155
Canada		217	585
Denmark	96	164	126
Finland	128	150	173
France	28	33	106
Germany*	788	940	993
Greece		1	5
Ireland	147	156	153
Italy	109	121	118
Japan	5	58	81
Korea	1	1	4
Luxembourg		74	77
Netherlands	479	543	453
New Zealand	0	28	25
Norway	784	853	863
Portugal	3	4	5
Spain**		1 439	922
Sweden	430	494	640
Switzerland	262	319	340
United Kingdom		637	745
United States	3 267	4 438	6 239
EU Institutions	639	759	1 455
<b>Grand total</b>	<b>7 509</b>	<b>11 637</b>	<b>14 523</b>

## Table B.3.

Aid to NGOs, 2007-09,  
USD million (disbursements)

DAC Member	2007	2008	2009
Australia	14	190	58
Austria	1	2	2
Belgium	146	168	181
Canada	0	0	55
Denmark	108	43	55
Finland	8	10	3
France	54	58	12
Germany*	0	0	0
Greece	0	0	0
Ireland	150	192	102
Italy	21	2	8
Japan	3	137	240
Korea	7	9	8
Luxembourg	0	8	8
Netherlands	1 011	1 222	1 027
New Zealand	0	27	24
Norway	0	0	0
Portugal	3	7	4
Spain	0	29	20
Sweden	295	271	137
Switzerland	132	135	140
United Kingdom	963	345	323
United States	0	0	0
EU Institutions	0	2	0
<b>Grand total</b>	<b>2 917</b>	<b>2 857</b>	<b>2 406</b>

## Table B.4.

Bilateral aid (%) channelled to and through NGOs, 2009

DAC Member	To	Through	Sum
Australia	3	8	11
Austria	0	13	13
Belgium	11	9	20
Canada	2	18	20
Denmark	3	8	11
Finland	0	22	22
France	0	1	1
Germany	0	2	12
Greece	0	2	2
Ireland	5	22	37
Italy	1	11	12
Japan	2	1	2
Korea	1	1	2
Luxembourg	3	29	32
Netherlands	21	9	30
New Zealand	11	11	22
Norway	0	27	27
Portugal	1	1	3
Spain*	0	19	20
Sweden	5	21	26
Switzerland	8	19	27
United Kingdom	4	10	14
United States	0	24	24
EU Institutions	0	11	11

(Table B.2.)

Source: DAC Creditor Reporting System

Note: This table is based on data in the CRS database on donors' aid to and through NGOs based on the bi/multi field which indicates '1', channel codes starting with 20, but excluding the purpose code starting with 920. Shading denotes where 25% or more of channel codes are blank/not completed. Data for the United States on ODA through NGOs is incomplete.

\* Germany provides support to Southern NGOs, but reports this support statistically under specific sectors. This core support is captured under aid through NGOs.

\*\* While data for Spain on aid to and through NGOs in 2007 is not available in the DAC Creditor Reporting System, Spain informed the DAC Secretariat that it allocated EUR 650 million (USD 890 million) through NGOs in 2007.

(Table B.3.)

Source: DAC Creditor Reporting System

Note: This table uses the CRS database on donors' reporting aid to and through NGOs based on the bi/multi field which indicates '3' or purpose codes starting with 920. Shading denotes where 25% or more of channel codes are blank/not completed. Data for the United States on ODA through NGOs is incomplete.

\* Germany provides support to Southern NGOs but reports this support statistically under specific sectors. This core support is captured under aid through NGOs (Table B.2).

(Table B.4.)

Source: DAC Creditor Reporting System

Note: This table uses the CRS database on donors' reporting aid to and through NGOs based on the bi/multi field which indicates '3' or purpose codes starting with 920. Shading denotes where 25% or more of channel codes are blank/not completed. Data for the United States on ODA through NGOs is incomplete.

\* Germany provides support to Southern NGOs but reports this support statistically under specific sectors. This core support is captured under aid through NGOs (Table B.2)

## Table B.5.

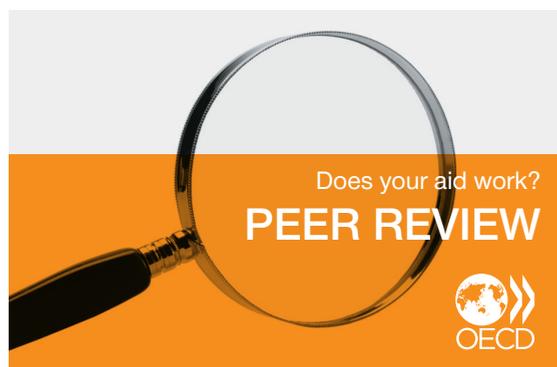
Aid through NGOs by sector, 2007-09, USD million (disbursements)

	2007	2008	2009
<b>Social infrastructure and services</b>	3 541	5 836	8 030
Education	474	808	922
Health	389	696	957
Population policies and reproductive health	674	1 045	2 104
Water supply and sanitation	100	212	286
Government and civil society	1 538	2 538	3 268
- Of which support to women's equality organisations	54	98	128
Other social infrastructure and services	367	537	493
<b>Economic infrastructure and services</b>	226	764	589
Transport and storage	8	239	180
Communications	14	32	23
Energy	24	155	56
Banking financial services	32	165	144
Business and other services	147	173	187
<b>Production</b>	336	617	933
Agriculture, forestry and fishing	265	459	768
Industry, mining and construction	39	103	109
Trade policies and tourism	32	55	55
- General environment protection	162	231	284
- Food aid	503	608	738
<b>Humanitarian assistance</b>	1 957	2 640	2 829
Emergency response	1 790	2 430	2 604
Reconstruction relief	150	136	92
Disaster prevention	18	73	133
- Refugees in donor countries	56	88	150
- Others	862	866	1 006
<b>Grand total</b>	<b>7 643</b>	<b>11 649</b>	<b>14 558</b>

(Table B.5.)

Source: DAC Creditor Reporting System

Note: This table is based on data in the CRS database on donor's reports of ODA through NGOs by channel of delivery.



## The Development Assistance Committee welcomes your comments and suggestions.

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Please contact us by email at [dac.contact@oecd.org](mailto:dac.contact@oecd.org)

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## How DAC members work with civil society organisations: An overview

In the *Accra Agenda for Action* (2008), donors and developing country governments committed to deepening their engagement with civil society organisations (CSOs). This requires a broad understanding of CSOs as development actors in their own right, and as aid donors, recipients and partners. The book, *How DAC members work with civil society organisations: An overview*, examines why donors think it is important to work with CSOs, the ways they provide funds and the challenges they encounter.

Although donors have made progress in developing policies and strategies for working with CSOs, clarifying and streamlining processes, strengthening mutual accountability and engaging in meaningful dialogue on development policy remain challenging. The book points to areas where donors, developing country governments and CSOs from developing and developed countries can improve the way they work together towards development objectives.

