

Comparative analysis of EU donor policies towards working with Civil Society Organisations

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Main findings and conclusions

1. This report presents a **comparative analysis** of the policies towards working with Civil Society Organisations (CSOs) of the following five EU donors: Belgium, France, Germany, United Kingdom, Sweden, as well as the European Commission. The report compares EU donor policies on cooperating with CSOs in relation to the following characteristics: (a) the absolute and relative **size of financial support** provided to CSOs within the respective ODA budgets; (b) the **method of selection** of CSOs eligible for support; (c) the **approaches to financing**; (d) the emphasis given to **alignment and complementarity** with bilateral and/or European policies; (e) the degree of **'change orientation'** of the policies; and (f) **additional issues** that emerged from the material.
2. The Netherlands government is certainly not the only donor posing these questions, as evidenced by the **multiple comparative studies** that were identified by the authors and shared by DSO/MO, and which have been commissioned by the governments of the UK, Austria, Sweden, Belgium or produced by the OECD/DAC.
3. These existing reports, as well as this paper, have to confront several **data- and analytical problems**, including: (i) the use of **different definitions** for CSOs/NGOs as well as different funding modalities for supporting them, (ii) **fragmented and varied approaches to funding** NGOs that are inadequately captured by OECD/DAC statistics, (iii) a **desk study** which accentuates the 'paper reality' of the policies while being unable to systematically review the extent to which they are put in practice, and finally (iv) a **lack of reliable information on CSOs' own funding** independent of official donors.
4. EU donor policies towards CSOs are shaped over time and influenced by various factors including (i) **political motivations** to work with civil society; (ii) successive **development models** (with their specific views on state-civil society relations); and (iii) shifting development cooperation **approaches and modalities**.
5. The apparent growing interest among EU donors in comparing policies on funding CSOs can be seen as an expression of the **ongoing discussion about the changing role of Northern CSOs**. On the one hand, this ongoing discussion is fuelled by evidence of a **growing capacity of Southern CSOs**¹ and the **decrease of relative distance with donors** through communication and travel. On the other hand, the discussion is also affected by perceptions of a gradual shift of **Northern CSOs** from a role of policy innovators to a more **'defensive' attitude**, especially in relation to discussions in the years following the adoption of the Paris Declaration, and research that questions the **assumed complementarity** and special nature of their support. This ongoing discussion puts into question the added-value of northern CSOs as a 'civilateral channel' and as an **intermediary** for funding Southern CSOs, given that some bilateral or EU donors might no longer need this intermediation in the short- to medium-term.
6. When taken together, the **collective funding** to and through CSOs by the seven EU donors **increased by 25%** between 2007 and 2009, according to OECD/DAC data. The proportion of CSO funding per donor ranged between 1% for France to 30% for the Netherlands in 2009, while the average for all DAC donors was 6%.

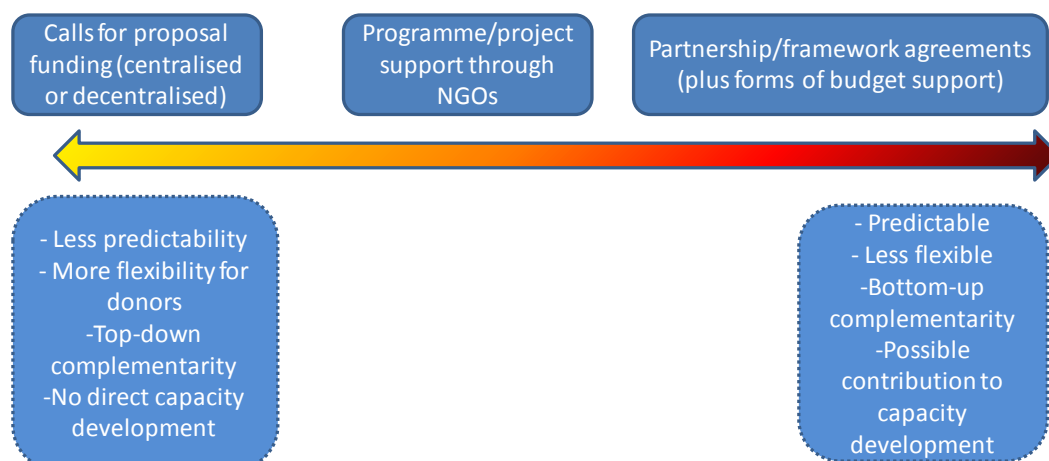
¹ See the recent IOB evaluation, with the synthesis report to be published once the policy reaction has been finalised: http://www.minbuza.nl/nl/Producten_en_Diensten/Evaluatie/Afgeronde Onderzoeken/2011/IOB_evaluation_of_the_Dutch_support_to_capacity_development_Facilitating_resourcefulness

7. Analysing aid to CSOs by all DAC donors, OECD/DAC (2011) argues that the **overall level of core funding** to NGOs (or aid 'to' NGOs) has remained **constant** since 2011, which means that increases in overall funding can be expected to mostly have gone into **specific interventions** using CSOs as a funding mechanism (aid 'through' NGOs). 55% of aid through CSOs went to social sectors and services in 2009, while the total budget almost doubled in the period 2007-2009.

8. In many countries the distribution of government funding among CSOs is 'historically grown'. Relations used to be 'privileged' as national CSOs were considered the main intermediaries for donors in providing funds to CSOs based in developing countries. **Selection procedures are gradually becoming more open and competitive**. The following eligibility criteria are applied:
 - a. **Partnerships:** having extensive reach in poor countries, competence in development issues with long standing partnerships and a proven quality of cooperation
 - b. **Added Value:** articulated specific contribution or role, strategies for supporting southern partners and give clarity on the added value as an intermediary
 - c. **Concentration:** being active in a limited number of priority countries
 - d. **Alignment:** working towards synergy with the bilateral aid policy, meaning that one aims at complementarity (either intensive or extensive) with this policy.
 - e. **Harmonisation:** applying key principles of the Paris Declaration and the Accra Agenda for Action in cooperation with other actors
 - f. **Monitoring and evaluation:** applying result-based management principles and monitoring and evaluation mechanisms, in order to demonstrate measurable results and outcomes
 - g. **Popular support and financial independence:** having a certain level of popular support and mobilising resources is perceived as an indication of the ownership of the CSO.
 - h. **Quality assurance:** good administrative practice, with high standards of corporate governance and reliability of the system for steering and control

9. Beyond such often shared criteria, some donors have **specific criteria** linked to particularities in their CSO policies, e.g.: CSOs gaining 'programme recognition' from the Belgian government as a condition for funding, a specific push by the Netherlands government to fund 'coalitions' of NGOs, and high priority given in Sweden to audits of their 'framework organisations'. Finally, there is a trend where bilateral donors gradually increase funding opportunities to CSOs who have their headquarters in other states, or to international NGOs.

10. In terms of approaches to finance CSOs, studies first of all note that appropriate funding mechanisms can be best designed when a CSO strategy on which to base them is in place. The following 'menu of options' for funding Northern CSOs can be deduced from the literature:



11. It should be noted that different **donors use differing definitions of these funding modalities**, which makes approaches to funding less comparable than this figure suggests (e.g. depending on the management approach used, 'projects' can be very rushed and constrained or open-ended and flexible). The **duration** of funding can also range from 3 to 7 years for the EU donors analysed here. There is also a trend in funding approaches that do not use Northern CSOs as intermediaries, but instead allow donors to pool funding at the partner country level and support CSOs in-country. Some studies have warned that such approaches, while commendable, could also have **unintended consequences**, such as competition between Southern CSOs and local offices of Northern CSOs in partner countries.
12. Donor CSO policies generally use terms as **complementarity** or **alignment** to refer to their desire to ensure some degree of **synergy** between their bilateral and multilateral interventions with those undertaken by the CSOs which they support.² Alignment can be **geographical**, or **sector-based**. Within these two 'spheres' for alignment, there can be two ways in which the donors and CSOs can collaborate: (1) either **intensively** by working in the same countries and sectors and searching for synergies between the interventions through careful planning, (2) or **extensively** by ensuring that donors and CSOs complement each other by working in different countries or sectors.
13. These ideas on complementarity and alignment need to be **balanced** with the need to allow CSOs sufficient autonomy ('right of initiative') and ownership to avoid them from drifting away from their added value. This added-value is however not always specified and known by key stakeholders, and the recent OECD study shows an apparent bias towards 'aid delivery' by CSOs in the survey responses by donor representatives. While most EU donors seek '**bottom-up**' alignment with the CSO in the lead, a limited number of donors (notably the UK and the NL) also push for top-down alignment by requiring aspiring grantees to clarify their added-value 'ex-ante'.
14. CSO reform policies are generally not eaten as hot as they are served, and generally there is some gap between the policies themselves and how they are implemented in practice. Despite this trend of **gradual and incremental policy change**, there does seem some increasing demand by donors for CSOs to take a stronger role in policy dialogue and advocacy.
15. Discussions on the added value of CSOs and their work are often somewhat disconnected by wider discussions that push for more '**measurable and demonstrable results**' in development cooperation. EU donors put differing emphasis in their policies and funding mechanisms on whether they consider CSOs mainly as a channel to promote development results, or whether they see the development of CSOs as development results in itself. Two lessons thus seem to emerge from the analysis: firstly that donors **CSO policies should guide the choice of approaches to fund CSOs** (not the other way around), and that donors should closely monitor that horizontal policy developments (e.g. on strengthening result-based management) do not distort the desired **balance between the CSO policies and the available approaches to funding**.

² ...and therefore not the degree to which CSOs align to partner country policies or aim to provide complementary actions.

1. Introduction

This short report has been drafted on the request of a working group in the Netherlands Ministry for Foreign Affairs which advises the Minister for European Affairs and International Cooperation on the future relation between the Ministry and the civil society. Comments received from Donia Hammami and Pieter Bierma on a first draft of this paper are gratefully acknowledged. The views expressed herein are those of the authors only and should not be attributed to any other person or institution.

The purpose of this report, which is one of the background studies prepared in the context of this working group, is to present a comparative analysis of the policies towards working with Civil Society Organisations (CSOs) of the following five EU donors: Belgium, France, Germany, United Kingdom, Sweden, as well as the European Commission.³ These five were selected in consultation with the Ministry based on the following two criteria:

- A substantial – absolute or relative – Official Development Aid (ODA) budget, of which a significant part is invested in CSOs.
- A policy towards working with CSOs that has been recently changed or which is considered influential.

France does not meet the first criteria but has been included for the purpose of being able to contrast findings with one donor who does not work a lot through CSOs.

The comparative analysis sought to provide answers to the following two questions:

1. What are the most important differences and commonalities between the policies towards CSOs of the selected EU donors?
 - a. The size of support to CSOs within the respective ODA budgets
 - b. The method of selecting CSOs for support (e.g. open or restricted tenders, public service agreements, an open or restricted group of eligible recipients, ...)
 - c. The approach to financing CSOs (direct core or programme funding, project-funding, co-financing and requirements on 'diversification of funding sources')
 - d. The emphasis given to alignment with the bilateral/European policy, as well as the manner in which 'complementarity' is defined and promoted.
2. To what extent are the policies of the selected donors explicitly geared towards changing or influencing the relations between the government and the CSOs?

The paper first signals some challenges related to analysing the subject of this paper by means of a desk study (section 2) and subsequently presents the analysis in relation to the two main questions (section 3). The paper closes with a brief section drawing out some horizontal conclusions. Annex 1 presents basic information on the CSO policies of the five Member States and the Commission.

The analysis presented in this report is based on an analysis of internal and public documents that are listed in the bibliography. The authors are responsible for the analysis presented in this paper (including any possible inaccuracies), which should not be attributed to any other person or institution.

³ The policies of the Netherlands Ministry of Foreign Affairs are not analysed in the same detail as the policies by the Member States, but occasionally this paper refers to key aspects or features of the Netherlands MFA policy on CSOs within the overall analysis.

2. Comparing EU policies on CSOs – key concepts and some methodological challenges

A recent study conducted by the Development Assistance Committee of the OECD observes that CSOs vary in structure, governance, formality, and the scale and scope of their operations and revenue (OECD 2011). In their responses to a questionnaire circulated for this study, DAC members in their response to the survey stated that they use the terms Non-governmental Organisations and Civil Society Organisations interchangeably when referring to the non-state and non-market actors with whom they work. While there are important differences between the two terms, the preference of different donors to use the term CSOs over NGOs seems to be more due to linguistic preference than related to a clear policy choice. Moreover, despite the differences in terms used (as described in OECD 2011), all DAC members have to report their 'CSO expenditure' as support to NGOs, as detailed in the DAC statistical reporting directives on channels of delivery (DCD/DAC (2007)39/FINAL/CORR5).

Recognising that development NGOs only form one group of organisations that are seen as part of the civil society, this report will use the definition of CSOs as formulated by the 2009 OECD/DAC Advisory Group on CSOs: *"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, cooperatives, professional associations, chambers of commerce, independent research institutes, and the not-for-profit media"* (OECD 2009 in OECD 2011).

Before proceeding with presenting the results of the comparative analysis made, it is important to briefly stress the limitations of a study using the methodological approach set out in the introduction (adapted from Nijs and Renard 2009, a study using a similar approach):

- First of all, a desk study can result in a bias towards the 'desired reality' as reflected in the policy documents, and is not well-placed to look into the extent to which the policies are translated into practice.
- Secondly, different studies have observed discrepancies between what donors report to the DAC and what they publish in their own national reporting documents (Connolly 2007 notes that the quality of the DAC figures depends on reporting and accuracy of coding at the donor level).⁴
- Beyond human errors made in the DAC reporting process⁵, other reasons can be that financing mechanisms for CSOs are often scattered over different departments and budget lines (e.g. the European Commission can fund CSOs through the Development Cooperation Instrument, through the European Development Fund, through the European Neighbourhood Policy Instrument, and through the European Democracy and Human Rights Instrument).⁶
- Finally, DAC estimates on the own funding of the CSOs are also considered problematic: the 2011 OECD study estimates that private aid raised privately by CSOs to amounted to USD 22 billion in 2009, or equivalent to roughly 18% of official aid, but this was based on indirect reporting by the DAC members and not by the CSOs themselves.

The data and analysis presented below should thus be considered while bearing these limitations in mind.

⁴ Figure 1 and table 1 on pages 11 and 12 in Nijs and Renard, 2009 illustrate this point.

⁵ For example, Table B1 in a recent DAC study (OECD 2011) indicates that Spain gave zero funding to CSOs in 2007, 1.46 billion euro in 2008, and 0.94 billion euro in 2009. This is possible, but also unlikely.

⁶ Reporting inaccuracies may also be related to some 'Babylonian confusion' on what constitutes as support to CSOs and what does not, given that different donors use different concepts which also evolve over time.

3. Analysis of EU donor policies

As was outlined in the introduction of this report, the analysis made in this report compares EU donor policies on cooperating with CSOs in relation to the following characteristics: (a) the absolute and relative size of financial support provided to CSOs within the respective ODA budgets; (b) the method of selection of CSOs eligible for support; (c) the approach to financing and; (d) the emphasis given to alignment and complementarity with bilateral and/or European policies. This section will present the comparative analysis made and some discussion of the patterns and trends found. While the overall analysis is presented here, the reader is referred to Annex 1 to this report for a comparative table which enables comparing individual policies.

As was put upfront in an external evaluation commissioned by the European Commission (EC) of the use of CSOs as an 'aid delivery mechanism', policies towards CSOs are shaped over time and influenced by various factors including (i) political motivations to work with civil society; (ii) successive development models (with their specific views on state-civil society relations); and (iii) shifting development cooperation approaches and modalities. The adoption of participatory development as a general cooperation principle by the end of the 1990s meant that CSOs were no longer regarded as mere beneficiaries or implementing agencies of EC-funded projects (reflecting an instrumental approach to civil society), but as key actors in the overall development process, with specific roles and added value (reflecting a political approach to civil society) (ECDPM and Particip 2008).

One key reflection that the authors would like to put forward is that the seemingly growing interest among EU donors in comparing policies on funding CSOs can be seen as an expression of the ongoing discussion about the changing role of CSOs located in Europe. On the one hand, this ongoing discussion is fuelled by evidence of a growing capacity of Southern CSOs⁷ and the decrease of relative distance with donors through communication and travel. On the other hand, the discussion is also affected by perceptions of a gradual shift of Northern CSOs from a role of policy innovators to a more 'defensive' attitude, especially in relation to discussions in the years following the adoption of the Paris Declaration, and research that questions the assumed complementarity and special nature of their support (e.g. Koch 2008). This ongoing discussion thus puts into question the added-value of northern CSOs as a 'civilateral channel' and as an intermediary for funding Southern CSOs, given that some bilateral or EU donors might no longer need this intermediation in the short- to medium-term.

(a) Relative and absolute size of the financial support provided

Based on the OECD/DAC report, the following table allows for comparison of the overall level of resources given to CSOs in the six countries and the EC.⁸

	2007	2008	2009
Belgium	182.76	215.22	237.10

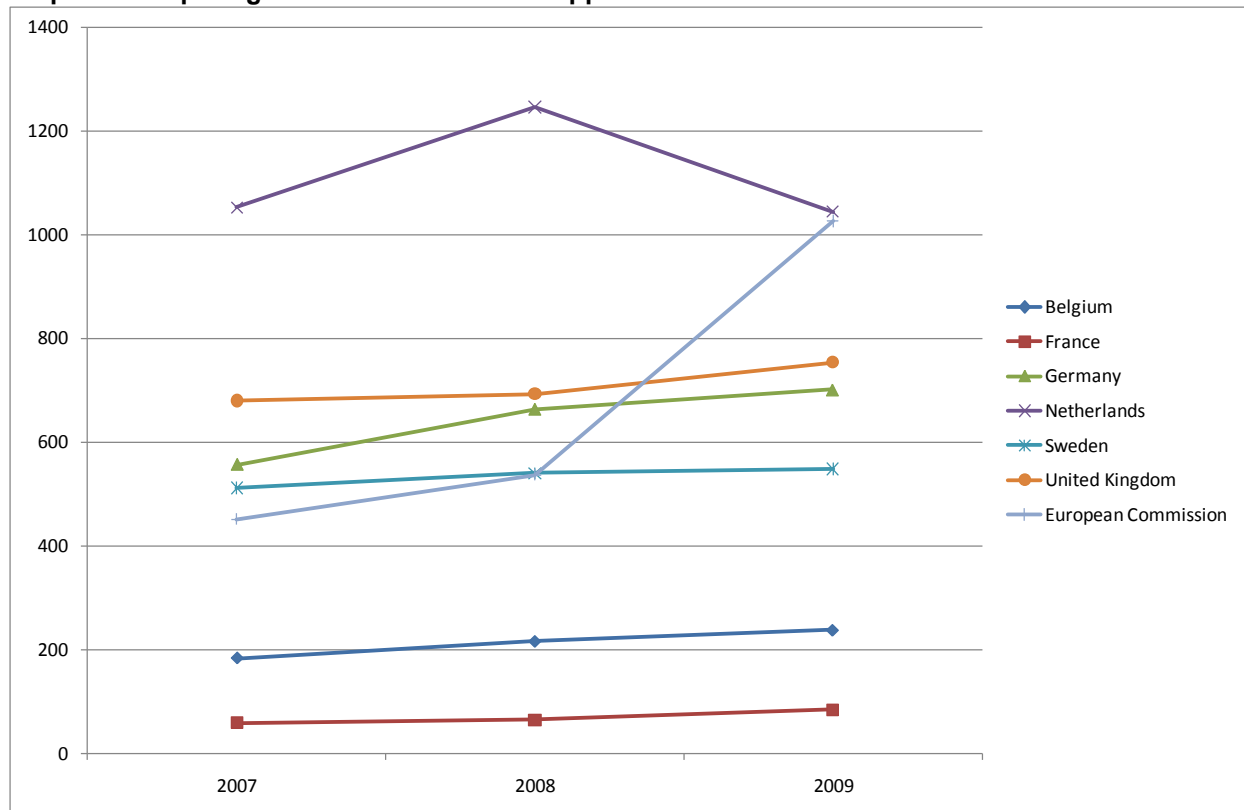
⁷ See the recent IOB evaluation, with the synthesis report to be published once the policy reaction has been finalised: http://www.minbuza.nl/nl/Producten_en_Diensten/Evaluatie/Afgeronde_onderzoeken/2011/IOB_evaluation_of_the_Dutch_support_to_capacity_development_Facilitating_resourcefulness

⁸ Converted from USD, as used in the OECD/DAC 2011 report. According to <http://www.xe.com>, 1 US Dollar amounted to 0.7 EUR on 23 June 2011.

France	57.86	64.21	83.27
Germany	556.05	663.31	700.71
Netherlands	1052.12	1246.17	1044.35
Sweden	511.59	539.82	548.29
United Kingdom	679.54	692.94	753.63
European Commission	450.91	537.00	1026.71

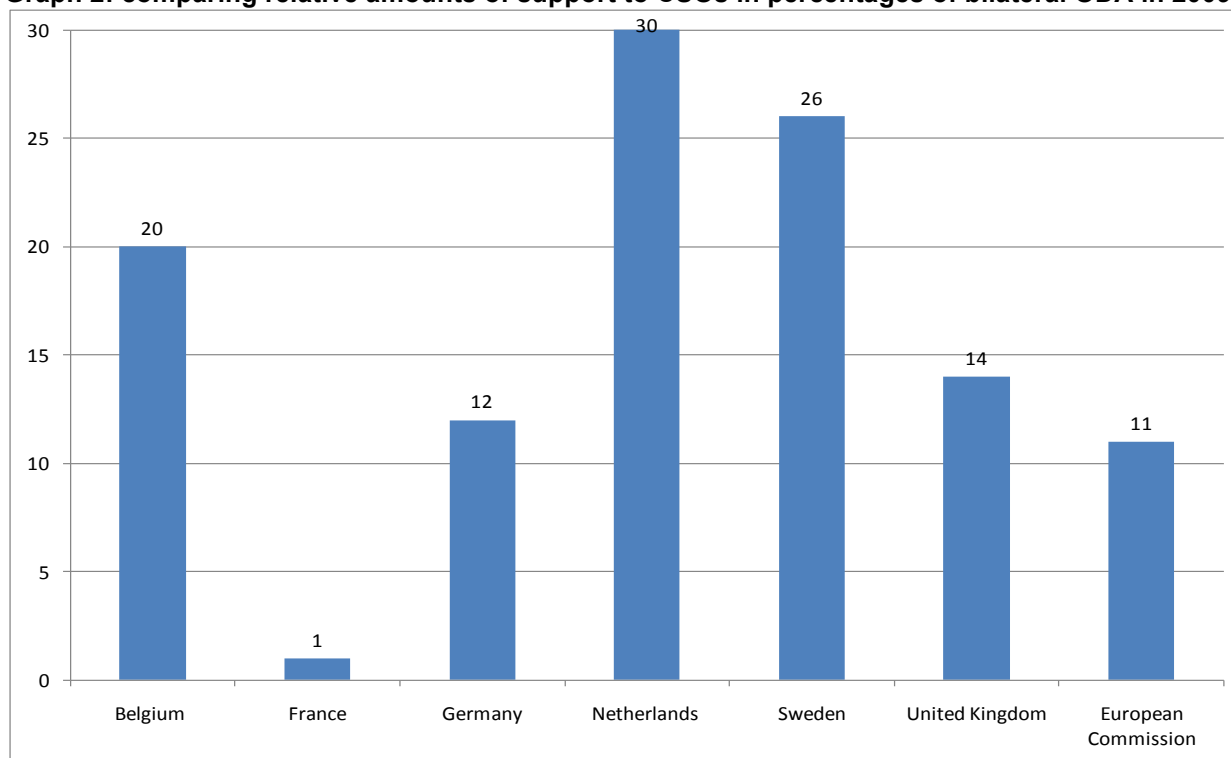
A graph with the same data accentuates that resources to CSOs have been relatively constant, with exception of the Netherlands (a drop from 2008 to 2009) and the European Commission (a big increase in the same period). The average figure for DAC countries is 6% of bilateral aid for CSOs. French CSOs receive a modest portion of official development assistance, around 1% of the total budget. The French government has however undertaken to double the ODA share for NGOs by 2009 (OECD 2008). Also in Belgium the share that goes to CSOs has risen the last years and the government committed to increase the budget allocated to CSO partners by 3% every year from 2011 onwards (FPSAE & NGOs, 2009 in OECD 2010a). DFID has significantly increased its funding to CSOs (OECD 2010c).

Graph 1: Comparing absolute amounts of support to CSOs in USD million



The figures presented in the DAC study, bearing in mind the inaccuracies in the DAC reporting practices, also allow to compare the relative share of aid to and through CSOs in their overall aid budgets. The following figure shows that the high absolute amounts of support provided by the Netherlands and Sweden also translate to high relative amounts of support.

Graph 2: comparing relative amounts of support to CSOs in percentages of bilateral ODA in 2009



Beyond these overall financial figures, there are also differences between the main 'recipients' of the funds:

1. In the Netherlands there is a trend of giving larger grants that are fewer in number to CSOs that have grouped into consortia.
2. In the UK, DFID funded some 180 UK-based CSOs in 2006, but the bulk of its support focused on a small number of CSOs, benefiting from a Partnership Programme Agreement (PPA): DFID's ten most important CSO partners received 88% of the total (OECD 2006).⁹ The 2009 White Paper committed DFID to scale up and broaden its support for civil society, including doubling central support to CSOs, of which increasing funding would be made available to small-scale innovative work, to faith based groups, trade unions and the private sector. In 2010 DFID had 30 Partnership Programme Arrangements (PPAs) – varying from £75,000 - £28,000,000 per annum (OECD 2010c).
3. Germany churches (Catholic and Protestant) and political foundations (representing all major parties) continue to receive the bulk (80%) of the resources set aside to support CSOs.
4. Sweden largely works through 'framework organisations' that manage directly provide the public support to Swedish and Southern CSOs.
5. Belgium and France both work with systems whereby CSOs 'qualify' and build up a track-record to get access to government funding (see next section for details).
6. Contrary to the Member States, the European Commission is unable to provide flexible, long-term funding to northern CSOs, and instead provides project funding through open tendering.

The above figures show an increase in funding to CSOs for the seven donors. According to DAC (2011), the total funding to CSOs for all DAC donors increased by 25% between 2007 and 2009. This increase was found to be mainly composed of aid channelled through CSOs, while the volume of core aid has remained

⁹ Note that this source is from 2006. A recent presentation by Roy Trivedi (2011) indicates that DFID now aims for a balance between support for small, medium and larger CSOs.

relatively stable.¹⁰ A more detailed look at the seven EU donors based on figures in the same study gives the following picture:

	Aid through CSOs				Aid to CSOs			
	2007	2008	2009	difference 07 and 09	2007	2008	2009	difference 07 and 09
Belgium	113	137	155	42	146	168	181	35
France	28	33	106	78	54	58	12	-42
Germany	788	940	933	145	Not captured in German statistical systems (see OECD 2011: 47)			
Netherlands	479	534	453	-26	1011	1222	1027	16
Sweden	430	494	640	210	295	271	137	-158
United Kingdom		637	745	n.a.	963	345	323	-640
European Commission	639	759	1455	816	0	2	0	0

This table indicates that the general pattern for all DAC members is confirmed for the EU donors which are examined in more detail in this study. Three of the donors in fact increased their aid through CSOs in the period 2007-2009 while simultaneously reducing more flexible funding support to CSOs. The European Commission is a special case, since they generally cannot provide flexible support to CSOs (see annex1).

As is indicated in table B.5 of the DAC 2011 study, 55% of aid through CSOs went to social sectors and services in 2009, while the total budget almost doubled between 2007 and 2009. This showed that the available project-funding tends to follow changing donor policy preferences, which may require CSOs to adapt from time to time to changing priority themes and other opportunities.¹¹

(b) Method of selection

In many countries the distribution of government funding among CSOs is 'historically grown'. For a long time bilateral donors used to support CSOs that had long standing relationships and based on a 'privileged' position with more or less automatic/guaranteed funding. For donors, these CSOs were the main intermediaries for funds to southern civil society. During the past decade donors have begun to look for criteria to redistribute these funds. This is a result of several developments, like donors' desire to be more strategic and focused on results. Furthermore, donors' approaches have sought to support the development of nationally owned policies rather than impose externally defined policies on recipient governments. Since the last decade, the selection procedures of donors is gradually developing into a generally open and competitive system based on transparent criteria (Giffen and Judge, 2010).

This new approach leads to stricter organisational requirements of the CSOs, and the ways in which CSOs can use the government funding. Bilateral donors want to enable Northern CSOs to be flexible but also aim to ensure they are competent and effective (Nijs and Renard 2009). The following eligibility requirements

¹⁰ The study observes: "The increase in total aid to and through NGOs between 2001 and 2009 is mainly composed of aid channelled through them, which, in 2009, was significantly higher (USD 6.3 billion in constant 2008 dollars) than aid allocated to them (USD 2.7 billion in constant 2008 dollars)." The implementation of a new typology of aid is expected to improve the reliability of this distinction from 2011 onwards.

¹¹ E.g. CSOs may also have to adjust more fundamentally over the next few years from a focus on social sectors to a possible increased focus on support to the productive sector.

can be set by donors for CSOs (based on: Austria Government study 2011, Nijs and Renard 2009, Worthington and Pipa 2010, OECD 2011, SIDA 2010):

- **Partnerships:** CSOs must have extensive reach in poor countries, competence in development issues with long standing partnerships and a proven quality of cooperation; support shall be used based on the local partners defined priorities and be used for their own defined capacity building.
- **Added Value:** CSOs must be able to explain their specific contribution or role, demonstrate their strategies for supporting southern partners and give clarity on the added value of channelling funds through Northern CSOs. Often pure service delivery is no longer accepted, while capacity development, advocacy, attention for marginalised groups etc. are welcomed.
- **Concentration:** CSOs should concentrate the efforts financed in a limited number of countries.
- **Alignment:** CSOs are expected to share the broad policy objectives of the bilateral donor and work towards synergy with the bilateral aid policy, which means their strategy should be complementary (either intensive or extensive) to the bilateral policy. This is analysed in more detail in section (d) below.
- **Harmonisation:** CSOs should adhere to the principles of the Paris Declaration and the Accra Agenda for Action to apply the aid effectiveness principles including harmonization of aid with donors and alignment with governments. Programmes financed must relate to the strategies of the programme country, be coherent and in accordance with the bilateral development assistance policy. For this, CSOs must cooperate and coordinate closely with other donors and other relevant actors.
- **Monitoring and evaluation:** CSOs should apply result-based management principles and monitoring and evaluation mechanisms, and must be able to produce and demonstrate measurable results and outcomes.
- **Quality assurance:** CSOs should have good administrative practice, with high standards of corporate governance and reliability of the system for steering and control, ensuring a satisfactory level of technical capacity for implementation and quality assurance.
- **Popular support and financial independence:** it can be argued that it does not seem fully justified to label an organisation as ‘non-governmental’ if it is entirely funded by the state. CSOs need to have a certain level of popular support and their capacity to mobilise resources is perceived as an indication of the ownership of the CSO. A minimum financial contribution from the CSO itself is a prerequisite; the level of co-funding varies among DAC members from 10 to 80 per cent of the total budget. The following table presents some of these figures:

UK: 60% of funding has to come from other sources	BE: no minimum/maximum budget for a Programme, but only one Programme per NGO
NL: CSOs need to attract 25% of their funding from other sources	SE: 10% own funding required (used to be 20%)
FR: 65% own funding or other sources required. ¹²	EC and DE: no formal objectives set

In addition to these eligibility criteria that are in differing degrees found in most donor CSO policies, some countries can set additional criteria for CSOs that are relatively unique:

- In **Belgium** CSOs can only get programme funding (i.e. more flexible funding) when they acquire a ‘programme recognition’, which is only possible after six years of cooperation with the official Belgian Development Cooperation and when they have been checked by a controller and undergone an assessment by an external agency. Furthermore, CSOs are screened on their

¹² Quoted in the Cordaid study (2011): “*Sur les trois dernières années, la part moyenne des subventions accordées par le ministère des Affaires étrangères et européennes ou l’AFD ne doit pas dépasser 35 % du budget annuel de l’ONG consacré à la solidarité international.*”

financial autonomy and only one programme per CSO is supported at the same time (OECD 2010a and OECD 2011). The Belgium Government's 2009 agreement with CSOs commits CSOs to adhere to the Paris Declaration principles, to limiting their partner countries to 50 in total, to supporting capacity development rather than service delivery, to aligning to the partner country context and to strengthening results reporting. In turn, the government has undertaken to streamline its procedures (FPSFA & NGOs, 2009 in OECD 2010a).

- In **Sweden**, Sida gives high priority to the effective and quality use of its funding support to framework organisations. For this reason, system-based audits of framework organisations are carried out (Austria Government study 2011).
- Relatively similar to the Belgian approach, in **France** CSOs can gain eligibility for program support once they have reached a stage where they have received financing twice from the Ministry or AfD for a minimum of €600,000 during a period of 6 years.
- The **UK** currently considers several changes to its policy for funding CSOs. One of them is a reduction in funding for advocacy, while activities that focus on achieving tangible results will be funded more (Trivedi 2011). While the Swedish comparative study (Sweden 2010) notes that CSO definitions used by donors are generally compatible, there can be differences between what donors consider 'fundable' which can also influence the eligibility criteria set.

The majority of the DAC members require CSOs to use standard format(s) when applying for funding. Of the case study countries only Sweden accepts CSOs to prepare funding applications using their own formats (DAC, 2010). SIDA (2010) did an extensive comparison of donor's conditions and requirements for CSO funding (including Sweden, Denmark, Norway, Finland, UK, Ireland, The Netherlands, Belgium, Austria, Canada and the US). This study concludes that the main difference between donors is their focus on either what the CSO delivers, the results, or on how the CSO shall work. Annex 3 to this report contains a more detailed overview of how reporting requirements differ between donors.

The different funding mechanisms, as discussed in the next section, also determine the selection of CSOs eligible for funding. The German MFA has one funding mechanism for CSOs, but BMZ has an additional 5 funding mechanisms. Belgium has four mechanisms, while the France MAE and the France AfD each have four funding mechanisms in place, Sweden and the UK have seven each and the EC even eight. More mechanisms is good practice according to DAC (2010) when it suits actors of different sizes, strengths and interests, and helps promote a diverse civil society. It may however also be argued that having multiple funding instruments may make it more complicated to monitor results and their relation to an overarching CSO or development cooperation policy.

Many of the mechanisms are restricted to national CSOs but there is a trend that donor CSO funding mechanisms are gradually opening up for Southern and international CSOs. Although in Belgium co-financing of programmes are exclusively for recognised and registered Belgian organisations, the 'Consolidation of Society' credit line allows for direct financing of NGOs from developing countries that are partner countries of the official Belgian cooperation. The Swedish Framework Agreements are for Swedish CSOs only, while the support to CSOs through country and thematic teams can be through Swedish, international local CSOs, if fulfilling Swedish strategy. In addition, Sweden has multi donor pooled funds at country level. The last two funding rounds for PPAs of DFID were open to CSOs world wide. Also the DFID Governance and Transparency Fund and the Development Innovation Fund are for CSOs worldwide. Notwithstanding these initiatives, for all donors studied the proportion of CSO funding available for 'Northern' CSOs from other countries and international CSOs were found to be marginal in size.

(c) Approach to financing CSOs

One point of analysis which features centrally in the literature is that appropriate funding modalities can be best designed when a CSO strategy on which to base them is in place (Nijs and Renard 2009). According to the OECD/DAC (2011), twenty-one of its members have some sort of policy and/or strategy for working with CSOs. The study of Nijs and Renard (2009) observes that most donors have only recently established a strategy document that specifies how the funding of CSOs fits into the general civil society support strategy and bilateral development policy.¹³ Decisions about the way CSOs are funded can best be made on the basis of a clear vision of the role of CSOs in realising the government's vision and international commitments in the field of development cooperation. DAC (2010) argues that having a shared CSO strategy is a factor of success for CSO-donor partnerships.

The OECD/DAC study questionnaire distinguished between seven approaches to finance that DAC members can use to fund CSOs, while indicating that other approaches may also be used (OECD 2011):

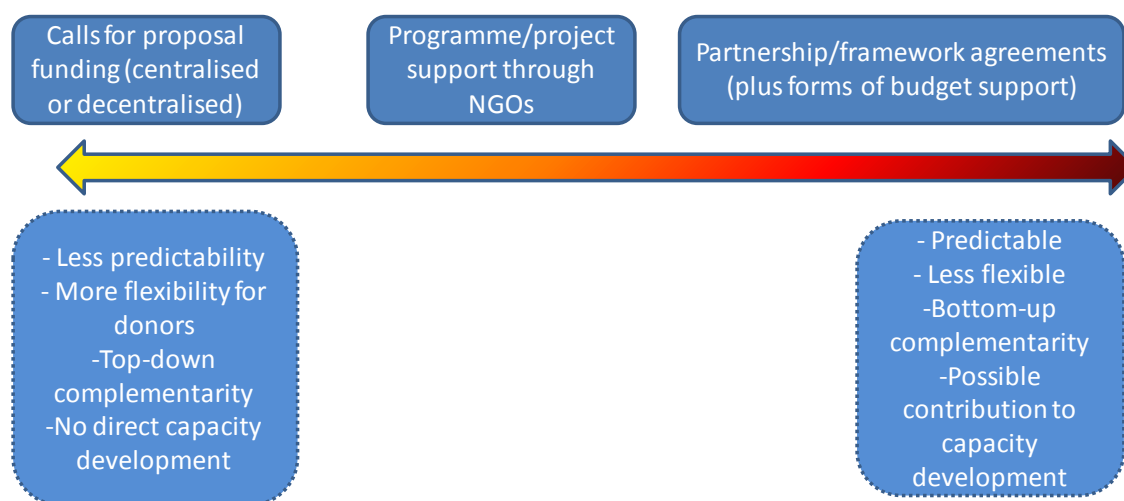
1. Partnership/framework agreements (multi-annual) at headquarters level, to national and international organisations (this funding would normally be reported to the DAC as "aid to NGOs"¹⁴)
2. Partnership/framework agreements (multi-annual) at partner country level, to local organisations (this funding would normally be reported to the DAC as "aid to NGOs")
3. Project/programme support to national and international organisations (this funding would normally be reported to the DAC as "aid through NGOs")
4. Project/programme support to local organisations at the partner country level (this funding would normally be reported to the DAC as "aid through NGOs")
5. "Calls for proposals" at headquarters level – for donor initiatives – aimed to national and international organisations
6. "Calls for proposals" at partner country level – for donor initiatives – aimed to local organisations
7. Support to local organisations provided through partner country governments (i.e. through budget support).

Schematically, this 'menu of options' for NGO financing would look like this:

¹³ Such a vision is for instance reflected in the Netherlands government 2009 memorandum on CSOs, which distinguishes three 'intervention strategies': sustainable economic development and direct poverty reduction; civil society building and; influencing policy.

¹⁴ Nijs and Renard (2009) includes an interesting reflection indicating that in practice the distinction between aid 'to' and 'through' NGOs is less clear-cut: "*Aid to NGOs suggests a considerable degree of autonomy of the NGOs in the use of aid, as in core funding, while aid through NGOs suggests considerable steering by the back donor, as in subcontracting. It would therefore have been informative to be able to rely on these data to ascertain the extent of freedom NGOs enjoy to use government funding. The DAC definitions of these categories are however somewhat fuzzy and the distinction between the categories is not very clear-cut. The problem is in fact that there are many categories in between those two extremes of core funding and subcontracting, and it is not clear how these should be reported. Certain flexible forms of programme funding easily fit in the rubric „aid to NGOs“ and are not problematic. But aid through NGOs seems to encompass such diverse arrangements as project co-financing schemes with right of initiative, and subcontracting to NGOs. The opacity of the DAC guidelines on this matter is reflected in the apparent inconsistencies in donor reporting on aid to and through NGOs. The aid to/through NGO distinction consequently does not seem very useful.*"

Figure 1: comparing different types of funding



It should be noted that different donors use differing definitions of these funding modalities, which therefore tend to be less comparable than this figure suggests.¹⁵ The following table gives some details on what kind of funding options different donors provide.

Table 2: Comparing different donors' options for funding CSOs (more details in Annex 1)
<p>The UK (DFID) provides its support to CSOs through partnership agreements that are shaped by separate Institutional Strategy Papers. Funding to CSOs is allocated both through DFID country offices and centrally- managed funds, with different schemes responding to specific needs. These include:</p> <ul style="list-style-type: none"> • Non-earmarked Partnership Programme Arrangement funds to 30 international CSOs that play a leadership role with which DFID has a significant working relationship and shares a common vision; • Thematic funding to support CSOs' role in promoting governance, rights and accountability in partner countries; and • Support to development awareness activities in the UK. (OECD 2010c).
<p>The German government cannot provide core funding to CSOs and funding is determined by BMZ on the basis of specific project proposals or through an implementing agency such as the GIZ. Alternatively, the implementing agency can independently launch a project proposal (OECD 2010b).</p>
<p>Sweden supports CSOs with core funding and established strong partnerships working with CSO framework agreements and operational guidelines for CSOs (OECD 2009). Support is channelled via four complementary windows:</p> <ul style="list-style-type: none"> • Sida can support Swedish so-called 'frame organisations' with which it has long term co-operation and framework agreements in place. This is one of the main channels of support and is given in the form of programme support. There are currently 16 frame organisations. • Support can also be given to CSOs at partner country level. This support can be given in addition to the three priority sectors identified in country co-operation strategies. CSO support at country level can also be channelled via international CSOs or multilateral organisations. • International CSOs may be granted support within the strategy for global programmes. • CSOs can also receive support from the humanitarian assistance budget. Some of this funding is through frame agreements; other funding is crisis-specific and thus incidental (OECD 2009)
<p>French CSOs are supported through various subsidies, channelled via the MAEE, the AFD or French offices in partner countries, for their activities in France as well as in the field. Also, the Ministry of</p>

¹⁵ See also the 2011 study for the Austrian government for an overview of definitions of programme support, which gives a good impression.

Immigration provides subsidies to immigrant associations to support their work in migrants' home countries. France has no strategic approach to CSOs except for AFD's practice to use call for proposals for CSOs (OECD 2008).

The **Belgium** administration distinguishes between two different categories of support to NGOs:

- Project support: this is granted to about ten CSOs of the 114 that have concluded a basic agreement.
- Programme scheme: CSOs can apply for a three-year programme scheme under an additional agreement, valid for 10 years (OECD 2010a).

The **European Commission** is not able to provide flexible funding to CSOs, partly due to financial regulations agreed by Member States. Hence, all its funding is provided through competitive (tendering) processes, and mainly focuses on the following two categories:

- Policy dialogue and advocacy issues (mainly European NGO umbrella groups or networks)
- Implementation of projects, both in Europe and the developing world, driven by funding arrangements with the Commission, whether for development projects in the developing world or for development education actions in Europe. This category includes hundreds of European and developing world NGOs (OECD 2007).¹⁶

In terms of the duration of funding, the programmes of Belgium, Sweden and the UK are generally for 3 to 6 years. DFID works with longer implementation periods: its Partnership Programme Arrangements (strategic level agreements with CSOs) provides unrestricted funding for a period of 5 years, its Civil Society Challenge Fund is for up to 5 years and the Governance and Transparency Fund is provided for a period up to 7 years. SIDA has Framework Agreements with CSOs for 3 years approval with 4th year review.¹⁷

As was mentioned in the introduction to this section and elsewhere, a paper on funding trends to Northern NGOs cannot escape making some comments on the perceived trend whereby an increasing amount of the CSO budget is provided directly to CSOs that are based in developing countries, and no longer through Northern CSOs as an intermediary (and *de-facto* 'funding modality'). Although most papers point to a 'trend', there are as yet no overall figures available as to how strong a trend this is, e.g. the OECD 2011 study does not contain any figures on this.¹⁸

Nijs and Renard (2009) noted that when donors begin to fund Southern CSOs directly, e.g. through embassies, they can be seen as implicitly entering into competition with Northern NGOs. The authors however expect that this trend may only lead to fundamental funding pressure on Northern CSOs in the long-term. They also note that the funding of Northern CSOs is partly motivated by the unique contribution in informing the public and creating broad support for international solidarity and public aid. Finally, they also observe that none of the donors they investigated intended to reduce the level of support to Northern CSOs, while some instead considered to increase this support.¹⁹ As things stand, Northern CSOs generally have access to flexible, long-term funding based on result-based agreements with a programmatic approach. The following box includes some analysis as summarised from the different reports that were reviewed.

¹⁶ Within the European Commission's humanitarian aid programmes, ECHO's has partnerships with 200 CSOs that have signed its framework partnership agreement (FPA). The FPA is essentially a pre-certification process which ensures that partners have sufficient financial, technical and administrative capacity to be implementing partners (OECD 2007).

¹⁷ Information on Germany and France could not be found in the reports that were studied.

¹⁸ Changes in the reporting directives made in 2010 mean that this trend can be better tracked in the future.

¹⁹ The 2011 OECD study also noted that the committee agreed in 2010 to add a third category in its statistical database on flows from 2010 for reporting on the aid allocated directly to 'developing country-based NGOs'. This might make it easier to track such trends in the future.

Box 1: Increasing 'direct' support to Southern CSOs

Although some of these modalities are explicitly aimed to 'local organisations at the partner countries', some donors do not exclude the partner country offices of CSOs whose headquarters are located in these donor countries from accessing funding targeted at 'local organisations', given that this term often relates to an organisation registered as an 'CSOs' or otherwise by the partner country government.

According to DAC (2011) there is little core support for local organisations. But here is a trend to fund Southern CSOs, which is in line with general aim to decentralise, to untie and align aid. The intention among donors to directly fund of Southern CSOs is observed in the UK, The Netherlands and Scandinavian donors (Nijs and Renard, 2009). Many EU donors have started to open their national CSO co-financing mechanisms to foreign NGOs/CSOs (Aprodev, 2010).

In the Netherlands there is more focus on Dutch Embassy funds for direct funding in the South, and support for local disbursement mechanisms (pooled funds etc.). The Netherlands also has strategic alliances with international CSOs, such as the SALIN programme that was completed in 2010 and has been succeeded by programmes with a thematic focus. The UK aims to expand PPAs to organisations based in the south, but as listed above, already has opened up several of its funds for CSOs worldwide. In Sweden Sida aims to promote increased ownership of local partners, in line with their commitments aid effectiveness.

Sweden also offers direct support via embassies. The UK supports Southern CSOs through country offices and centrally-managed funds. In Belgium, embassies have two instruments for funding local initiatives: micro projects of up to EUR 12,500²⁰ and funding to local NGOs. For the latter, the embassy screens funding applications and submits an opinion to Brussels, who takes the final funding decision (OECD 2010a).

According to 14 DAC members who responded to the survey for the OECD/DAC 2011 study, the largest share of their aid for CSOs is channelled as project/programme support (i.e. types 3 and 4 above). When using the above DAC descriptions for the type of resources, a simplified classification of the type of funding could look as follows (refer to section d. below on explanation of complementarity terms used).

The trend towards Southern funding could also mean that Northern CSOs enter in competition with Southern ones. Programmes open to both Southern and Northern CSOs result, according to Aprodev (2010) in "(...) *unhelpful competition between local CS actors and INGOs that is viewed by many local actors as unfair and disempowering and may have a negative impact on trust and partnership amongst CSOs*" (p.1).

Two other developments (or effects) of changing donor preferences for funding approaches can also be briefly highlighted here:

- **Multi-donor funding mechanisms:** there is a growing tendency to favour big projects and funding consortia of CSOs at the expenses of small-scale actions at grassroots level, including funding those CSOs led by organisations headquartered in the south. Donors move towards joint funding, as a cost-saving measure, reducing transaction costs and administration but also to align with the Paris Agenda principles of harmonisation and alignment. This however, increases requirements for and costs of coordination among CSOs, as CSOs are expected to work in consortia with a lead agency taking the contractual responsibility. Among donors, there has also been an increase in

²⁰ The European Commission also used to support 'micro projects' more intensively. An evaluation of this support is available here: http://ec.europa.eu/europeaid/how/evaluation/evaluation_reports/2006/904_docs_en.htm

establishing in-country multi-donor funding mechanisms (Aprodev 2010, Giffen and Judge, 2010, Norad 2008).²¹

- **Monitoring and accountability:** the importance of result-based monitoring is growing and CSOs are expected to provide substantial information on results and indicators for each of the objectives, based on performance frameworks. Most donors also require a base line and they generally have their own specific formats. CSOs are most often required to report in a template. Of the case study countries, France/AfD and Sweden allow CSOs to report in the format they choose, though certain 'key ingredients' are required. DFID accepts reports that are also used for other donors. For **more information** on how procedural aspects for funding CSOs differ across donors, and create opportunities or challenges for further harmonisation, the reader is referred to a mapping that was commissioned by the 13 members of the Donor Group on Civil Society and Aid Effectiveness in 2010. Annex 3 presents a clear overview of different donor practices in the area of monitoring and accountability requirements (Germany and France are not included).²² The study also suggests that suggests that donors could agree on the frequency of reports and remove the requirement for separate end-term financial reports. They could instead accept the organisations' audited annual accounts, with each donor's contribution clearly stated, as financial reports.

(d) Policy emphasis on alignment and/or complementarity

Although the alignment and/or complementarity of CSOs was already addressed under point (b), this aspect merits some further discussion, also as the DAC 2011 report indicates that survey respondents considered duplication/coordination challenges between donors and other NGOs to be the top challenge (n=17 out of 20).

Donor policy papers on CSOs generally use the terms **complementarity** or **alignment** to refer to their desire to ensure some degree of **synergy** between their bilateral and multilateral interventions with those undertaken by the CSOs which they support.²³ Such alignment can be related to the **geographical areas** (regions, countries or districts/provinces) in which the donor and the CSOs it supports is active, or to the **sectors** to which this support is provided. Within these two 'spheres' for alignment, there can be two ways in which the donors and CSOs can collaborate (Nijs and Renard 2009: 15):

- either **intensively** by working in the same countries and sectors and searching for synergies between the interventions through careful planning,
- or **extensively** by ensuring that donors and CSOs complement each other by working in different countries or sectors.

It should be put upfront that individual donors are most interested in improving alignment and complementarity of the CSOs they support with their own policies and interventions. There is much less emphasis in the policies, as well as in the reports reviewed for this paper, for individual donors insisting on coordination among CSOs, or to alignment/complementarity among different donors supporting CSOs.

Donors generally recognise the 'right of initiative' of CSOs, i.e. their autonomy to design and carry out their own interventions, notwithstanding the aforementioned funding eligibility criteria that can function as 'ex-ante conditionalities' depending on the strictness with which they are enforced. The DAC differentiates

²¹ One well-known example of such a pooled-fund approach is the so-called Ghana Research and Advocacy Programme, which is jointly financed by the United Kingdom, Canada, Denmark and The Netherlands: <http://www.g-rap.org/>

²² This study is available here: <http://unpan1.un.org/intradoc/groups/public/documents/un-dpadm/unpan041786.pdf>

²³ ...and therefore not the degree to which CSOs align to partner country policies or aim to provide complementary actions.

between two approaches for donors to steer CSO activities, ranging from determining where CSOs work and in what sectors, or leaving this up to CSOs. Combining the two approaches are Belgium, EC, Sweden and the UK.²⁴ Generally, donors provide more direction in and emphasis on sectoral focus than geographic focus. There is intensive complementarity, meaning that CSOs will receive support if they work in the same sectors or countries as the donor. Increasingly donors try to strengthen synergies between bilateral government activities and the CSOs they finance.

Most donors do not promote linkages to their thematic focus, except for The Netherlands and the UK (Austria Government Study 2011). The study commissioned by SIDA notes that the *“UK and to some extent the Netherlands have taken a conscious stance to not take over ownership aspects from the recipient organisations and hence place few, but very precise conditions. Most other donors do, to a different extent, prescribe conditions for how the organisations shall operate. The degree of micro management varies within the group. Some donors expect a lot from the recipient organisations, but are not very clear in stating their expectations. Others have very detailed instructions”* (SIDA 2010: 4).

Alternatively to this approach, whereby complementarity in practice is sought through planning and spheres of alignment, donor policies on CSOs can also *a-priori* define the general means through which CSOs can play a complementary role in the context of the donors’ overall approach to promoting development. The OECD/DAC study’s questionnaire suggested the following complementary roles for the consideration of the respondents (OECD/DAC 2011):

- *“Education and advocacy in the DAC country*
- *Skills and expertise in a specific area (geographic, sectoral, thematic, technical, etc)*
- *Ability to innovate*
- *Ability to pilot initiatives in partner countries that can be scaled-up*
- *Proximity to beneficiaries/reaching constituencies in partner countries*
- *Opportunity to broaden the geographical and/or thematic focus of the DAC donors ODA*
- *Opportunity to provide support in fragile states and situations (including through local organisations)*
- *To support accountability and empowerment processes in developing countries (promote democracy)*
- *To support or provide service delivery in developing countries*
- *Their ability to quickly provide humanitarian assistance*
- *Other”*

The same study subsequently analyses the perceptions of these roles based on the responses to the questionnaire. These responses show that the following three roles are most often considered by the DAC respondents (n=26) as ‘very important’: proximity to beneficiaries/reaching constituencies in partner countries (19), their ability to quickly provide humanitarian assistance (16), opportunity to provide support in fragile states and situations (15). While interesting, the responses also perhaps indicate a bias of the respondents – most typically concerned with realising development results through their agencies’ ODA budgets – and hence stress the aid delivery aspects of CSOs’ work.

As analysed in the different studies, while most EU donors seek ‘bottom-up’ alignment through exploring intensive as well as extensive complementarity with the CSO in the lead, while a limited number of donors (notably the UK and the NL) also aim to promote top-down alignment by requiring aspiring grantees to clarify in their funding proposals how they want to realise the requested degree of alignment.

²⁴ Germany has no known horizontal alignment or complementarity requirements, and instead allows religious and political bodies significant autonomy. There are however clear agreements with each agency, including monitoring and evaluation of activities and audit arrangements.

(e) Degree of 'change-orientation' of CSO policies

The study by Nijs en Renard points to similar changes in aid agencies' policies towards CSOs: *"The emerging strategy seems to be that NGOs (1) must act in synergy with bilateral aid and contribute to an overall aid strategy that is consonant with the international consensus on good donorship (Paris declaration), (2) that they are recognized as being different from bilateral donors and are expected to perform specific and autonomous roles, and (3) that co-financing is not an historical entitlement for long-term NGO partners of the public system and that funds will be allocated on a competitive basis, with winners and losers"* (Nijs and Renard, 2009: 8). As radical as that may sound, the same authors also point out that most policies, exceptions notwithstanding, focus on evolution, not revolution. Moreover, some studies highlight gaps between the policy theory on paper and the actual practice of support to CSOs. Perhaps this underlines that in general EU donors value the long-term relations they have developed with their own civil society, while at the same time feeling some pressure to adapt and renew these partnerships to changing domestic and international policy agendas.

A comparative paper by Giffen and Judge (2010) indicates that the involvement of civil society in policy dialogue and political advocacy has been a growth area, and most donors seek to support spaces to enable civil society to be involved in such discourse, both at country level and globally. Donors are aware that sometimes their work in this area is ad hoc, partly given the sensitive nature of this work. The EC has been the most focused on the development of mechanisms and procedures to ensure this role for civil society, having introduced in 2002 the requirement that all EC Delegations include civil society in policy formulation and monitoring of implementation.

Also, it can be observed that in general the donors are taking the initiative when it comes to reforming policies and approaches to funding, although reforms are often widely discussed with CSOs. The general trend is that the roles of CSOs that are being funded are defined more precisely and CSOs must accept more competition, still CSO funding remains important.

(f) Concluding observations: the need for policy-based funding mechanisms

Measuring the impact of work with civil society is an area that all donors struggle with. Some clearly feel that the nature of civil society work is not amenable to the tangible, measurable indicators required by a results-driven agenda. Even when there is agreement on the need for measuring development outcomes, this may be difficult given the multitude of interventions that are not easily aggregated into overall indicators of efficiency and effectiveness. Some, such as Norwegian Aid (Norad), look for outcomes in an area of work where they have funded some activities, and are satisfied in reporting a contribution to this outcome, rather than focusing on the need to track the results of specific Norwegian funding. Multilateral donors have less developed reporting systems than bilaterals, in part because of their decentralised structures (Giffen and Judge, 2010).

On this topic, the 2009 OECD/DAC Advisory Group on CSOs recommends a more meaningful approach to results that includes greater attention to institutional and social changes needed to address the underlying causes of poverty (DAC, 2011). When it comes to measuring results, there seem to be at least two 'schools of thought' emerging in EU donor policy discussions on funding CSOs:

- First of all, some EU donors consider CSOs mostly as a means to promote development, a 'channel of funding' which can be compared in relative effectiveness to other channels, such as

bilateral aid, multilateral or European development cooperation. The UK's changing policy on CSOs for instance seems to subscribe to that opinion²⁵, as Trivedi (2011) recently emphasised that DFID wants civil society to be as effective as possible in eradicating poverty, and part of the same agenda for all: multilaterals, governments, CSOs and private sector.

- Secondly, other EU donors (SE and, assuming on key characteristics also BE, FR and DE) consider CSOs both a means to promoting development but also as an end in itself. Sweden argues in its 2009 policy, which considers CSOs intrinsically valuable, that the objective for supporting CSOs is to ensure *“a vibrant and pluralistic civil society in developing countries that, using a rights-based approach, contributes effectively to reducing poverty in all its dimensions.”* In the survey responses used for the recent DAC overview, Belgium and BMZ went as far as indicating that service delivery was not an objective of their support to NGOs (OECD 2011).²⁶

While these two ‘schools of thought’ are presently as almost mutually exclusive points of views, it should be argued that in reality EU donors put differing emphasis in their policies and funding mechanisms on whether they consider CSOs mainly as a channel to promote development results, or whether they see the development of CSOs as development results in itself. In a few cases there can also be a mismatch between CSO policy objectives and mechanisms for funding, e.g. in the case of the EC where relatively inflexible and projectised funding approaches seem to encounter challenges in providing support to CSOs to help them in their roles as societal ‘change agents’ (ECDPM and Particip 2008). Two lessons thus seem to emerge from this analysis: firstly that donors CSO policies should guide the choice of approaches to fund CSOs (not the other way around), and that donors should closely monitor that horizontal policy developments (e.g. on strengthening result-based management) do not distort the desired balance between the CSO policies and the available approaches to funding,

²⁵ ...though it remains to be seen whether the adopted reformed policy will show identical features, as it will probably still go through a number of rounds of consultation.

²⁶ Although immediate service delivery to the local population by a Belgium NGO is generally not an objective, service delivery provided by the local NGOs partnered with Belgium NGOs is often intended; the Belgium NGOs should build the capacity of the local NGOs to do this.

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Annex 1: CSO policies of the selected donors²⁷

Country	Belgium
CSO policy or recognised role for CSOs in overall policy (including some key aspects)	<p>Foreign Affairs, Foreign Trade and Development Cooperation, Belgium. (undated) Cooperation with NGOs. See: http://diplomatie.belgium.be</p> <p>The DAC Peer review (OECD 2010a) observes that Belgium has made remarkable progress in its engagement with non-governmental actors . It has taken steps to ease the procedures set out for NGO funding in a royal decree from December 2005. This is significant, as the share of Belgian ODA that goes to, or is channelled through, NGOs has risen to 12% over the last years, which is higher than the DAC average of 6%.</p> <p>After a 10-month preparatory process, in 2009 the Minister of Development Co-operation and NGOs signed an agreement (FPSFA & NGOs, 2009) containing mutual commitments to make aid more effective, and to make Belgium's policies more coherent with its development goal.</p>
Method(s) of selection	Relatively unique approaches of NGOs 'certifying' for access to funds through meeting specific criteria.
Approach(es) to finance used	<p>The administration now distinguishes between two different categories of support to NGOs (OECD 2010a):</p> <ul style="list-style-type: none"> • Project support: this is granted to about ten NGOs of the 114 that have concluded a basic agreement based on eight specific criteria. • Programme scheme: NGOs can also apply for a three-year programme scheme under an additional agreement, valid for 10 years. Currently 57 NGOs are being sponsored under this scheme. It requires them to have received project contributions on a regular basis over six years, engaged a controller, and undergone an assessment by an external agency. This new generation of multi-annual funding comes with an eased financial procedure. Ex ante controlling by the finance inspector is only required once, before the minister signs the agreement; approval for yearly tranches is no longer required. This clarity and simplification is appreciated by NGOs. Further steps towards the certification of NGOs qualifying for the programme scheme are currently being discussed. <p>Embassies can also support CSOs, however a strategy is still missing at this level.</p> <p>According to the Austrian government's study (2011), a relatively high proportion of the total funds for CSOs is of a flexible nature: € 132 Mio for NGO funding, programme funding € 103 Mio (2010)</p>
Division of labour in management of support to CSOs	Belgian development cooperation is relatively centralised given the complexities brought by a quasi-federal approach to governance, which means that a lot of funds are managed from Belgium.
Requirements for own funding + known dependency on government funding	<p>There is no minimum/maximum budget for a Programme, but only one Programme per NGO is supported at the same time, so most of the time Programmes and their budgets are quite comprehensive (in comparison with the size and overall budget of an NGO) (Austrian government 2011).</p> <p>Due to the 80% co-funding under both approaches of funding, Belgian CSOs are quite dependent on government funding.</p> <p>For projects there is a minimum budget: 125.000 EUR for projects in the south (<i>Ibid.</i>).</p>
Alignment	Since a Government's Agreement (May 2009, also referred to in DAC Peer

²⁷ Data adapted from OECD (2011), ECDPM (2009), IOB (2009), Toth (2011), Austrian government (2011), DAC Peer Reviews and additional desk research.

requirements (sector and/or country)	<p>Review), each NGO should limit the Programme to 10 countries of which 3 countries might be enlarged to a subregion under certain conditions. All the programme NGOs should limit their actions to a list of 50 countries that are agreed between the government and the NGO sector. No different funding quota (funding is always 80% of the budget) (Austrian government 2011).</p> <p>NGOs have to reduce for their next strategic framework (2014) the number of countries in which they work on basis of Belgian funding. There is also a specific budget for actions of synergy between Belgian NGOs and Belgian governmental cooperation (Toth 2011).</p>
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Country	France
CSO policy or recognised role for CSOs in overall policy (including some key aspects)	<p>France's Ministry of Foreign Affairs had a policy for CSOs but since transferring the CSO portfolio to the Agence française développement in 2009 it is no longer responsible for CSOs.</p> <p>That said, there is a recent overall aid policy available which should guide the government's policy towards CSOs: Ministère des Affaires étrangères (2010). <i>Coopération au développement: une vision française es et européennes</i></p> <p>OECD (2008) notes that French NGOs and decentralised co-operation bodies are important channels of development assistance and humanitarian aid. The 2007 inventory of —international solidarity players lists nearly 400. Despite this diversity, the 20 leading French NGOs account for more than 75% of the total budget of French NGOs. Their global resources were estimated at EUR 652 million in 2003, 63% of which came from private funds (CCD, 2005). Furthermore, the government has undertaken to double the ODA share for NGOs by 2009, to bring it to 2% of French aid.</p>
Method(s) of selection	Toth 2011 (see also under approaches): For both supports, no expectation on innovation, most on “proven records” (and “financial and operational capacity” and “sustainability of the action”).
Approach(es) to finance used	<p>Toth 2011: There are different mechanisms that provide multiannual grants to CSOs:</p> <ul style="list-style-type: none"> • “Projects” (referred to as “classical cofinancing”): 2010 = 39 projects by 29 NGOs, average grant = 500 000€. To access this fund, the NGO must demonstrate at least 3 years of activities in international solidarity • “Program support” (Convention programme): Newcomers can not access this type of fund. One of the eligibility criteria requires CSOs to have at least received financing twice from the Ministry or AfD and a minimum of €600,000 in total during the past 6 years. <p>In addition, the AfD uses calls for proposals when it uses CSOs as implementing partners. It defines and publishes terms of reference and NGOs submit proposals (OECD 2011).</p>
Division of labour in management of support to CSOs	The Peer Review notes that only a small portion of the French ODA budget is ‘programmable’. Most of the CSO funds are also managed centrally.
Requirements for own funding + known dependency on government funding	To access program support, CSOs must not receive more than 35% from the government in the form of project support.
Alignment requirements	The DAC 2011 comparative report notes that France aims for intensive complementarity, defined as a policy feature where NGOs will receive support if

(sector and/or country)	they work in the same sectors or countries as the donor
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Country	Germany
CSO policy or recognised role for CSOs in overall policy (including some key aspects)	<p>Federal Ministry for Economic Cooperation and Development, Germany. (undated) Website information on cooperation with NGOs: http://www.bmz.de</p> <p>Currently, the BMZ is formulating a CSO strategy, but there are no indications that it has reached a first draft/discussion document stage (Toth 2011). In the survey used for the recent DAC survey (OECD 2011), the German response to the questionnaire did indicate the following objectives for supporting CSOs: “(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.”</p> <p>A DAC Peer-Review gives a good overview of support to CSOs (OECD 2010b):</p> <ul style="list-style-type: none"> • Germany has channelled 5-6% of its ODA through NGOs each year. • The churches (Catholic and Protestant) and political foundations (representing all major parties) continue to receive the bulk (80%) of these resources. The churches and political foundations enjoy considerable freedom in the use of the ODA they receive, but there are clear agreements with each agency, including monitoring and evaluation of activities and audit arrangements. • The German government cannot provide core funding to NGOs and the funds channeled to the churches are determined by BMZ on the basis of specific programme proposals. The allocations to the political foundations are set by the Bundestag on a three year basis and involve the budgets of five ministries (including BMZ’s share for development co-operation). • Other NGOs receive funding for specific projects either directly from BMZ or through an implementing agency. These projects may be identified by the NGOs themselves and presented to BMZ or an implementing agency as a proposal, or they may have been identified and developed by an implementing agency as part of a broader programme. These NGOs are subject to project-specific rules and requirements which include monitoring, evaluation and audit arrangements.
Method(s) of selection	Programme support submitted by organisations (partly policy-based), or funding for specific projects (competitive). Germany is also the largest worldwide contributor to multilateral assistance, which is also partly disbursed via CSOs.
Approach(es) to finance used	<p>Programme funding and project funding.</p> <p>Under Budget Title 687 06 grant recipients have to have at least a three year track record and existence and new NGOs receiving funds from this title usually have a cap on their grant size (37.500 € per project). (However, recently the Ministry has become more flexible on this issue, when it wants capable organizations to be funded from this title.) There are other budget titles under which programme funding is possible to selected few established organizations (Toth 2011).</p>
Division of labour in management of support to CSOs	Relatively centralised, with all programme funding agreed by BMZ headquarters, and part of the project funding managed by country offices and/or implementing agencies – GIZ in particular.
Requirements for own funding + known dependency on	The churches and political foundations evidently greatly depend on government’s funding, but no ‘ceilings’ or requirements for own funding have been set by the Ministry.

government funding	
Alignment requirements (sector and/or country)	No specific alignment policy is available in the public domain, but project funding can be used to promote alignment.

Country	Sweden
CSO policy or recognised role for CSOs in overall policy (including some key aspects)	<p>Ministry for Foreign Affairs, Sweden (2009), Policy for support to civil society in developing countries within Swedish development cooperation, Stockholm.</p> <p><i>“Sida supports civil society in the South both directly through its country/regional strategies and indirectly through Swedish NGOs. The latter form of assistance is intended to promote the development of civil societies in the recipient countries through activities in partnership with Swedish organisations. Sida’s support to Swedish NGOs is based on the idea that Southern Civil society is best supported through cooperation with Swedish NGOs, based on the common values that civil society organisations are deemed to share”</i> (Connolly 2007).</p> <p>The relative importance of Swedish NGOs is likely to decrease as more money is channelled to Southern civil society groups and to International NGOs (<i>Ibid.</i>).</p>
Method(s) of selection	Direct by government (HQ and field) through procurement or contribution agreements, as well as indirect through Swedish CSOs and umbrella organisations as intermediaries.
Approach(es) to finance used	<p>Government policy from 2009 clearly argues the government’s funding preference for CSOs (Ministry for Foreign Affairs, Sweden 2009): <i>“Where possible, priority will be consistently given to programme-based funding and core budget support rather than project support. Support to organisations in civil society will contribute to local ownership and be based on the partner organisation’s planning and monitoring system.”</i> The Ministry also prefers contribution over procurement.</p> <p>Three approaches are used (Connolly 2007): Framework Agreements, Programme Agreements, and Direct Funding.</p> <p>Most of the funding is managed through a limited number of framework organisations. These Swedish organisations channel money to their member organisations in the south, ridding Sida of the administrative cost of having to deal with individual applications for project funding.</p> <p>Umbrella framework organisations have Framework Agreements with Sida and administer and assess applications for grants, from their own sub-organisations, and present these to Sida for approval.</p> <p>Sida provides 100 % direct funding to a wide range of NGOs and southern CSOs, through its thematic or regional desks at Sida headquarters and from the Swedish embassies in cooperation countries. These contributions are approved within the framework of country and regional cooperation strategies and are therefore subject to greater control by Sida.</p>
Division of labour in management of support to CSOs	A combination of funding CSOs in the North and the South through Swedish CSOs acting as intermediaries, flexible funding to CSOs managed by Sida headquarters, and direct support to Southern CSOs as managed by headquarters and at the embassy level.
Requirements for own funding + known dependency on government	10% of own funding required. Connolly (2007) notes that Swedish NGOs feel that despite the heavy government funding the government respects and facilitates CSO independence, however they are expected to follow international trends.

funding	
Alignment requirements (sector and/or country)	<p>Particularly direct funding through embassies/country offices has the potential of improving alignments, but the 2009 policy doesn't emphasise the need for this (i.e. there are no references to alignment).</p> <p>The DAC 2011 comparative report notes that Sida's support to civil society unit to organisations with framework agreements is fully unrestricted while activities financed by Sida's country, regional and global teams is usually tied to the relevant geographical areas and some support is also tied to thematic sectors.</p>

Country	United Kingdom
CSO policy or recognised role for CSOs in overall policy (including some key aspects)	<p>Basis found in new government's White Paper.</p> <p>Five objectives for DFID's work with civil society (Trivedi 2011):</p> <ul style="list-style-type: none"> • Deliver goods and services • Empower citizens to be more effective in holding governments to account and to do things for themselves • Build and maintain capacity and space for active civil society • Enable CSOs to influence policies at national, regional and international levels including on aid effectiveness • Build support for development by encouraging UK citizens to contribute internationally
Method(s) of selection	DFID uses competitive selection processes (tenders) both for flexible- and project-based support to CSOs (see under approaches). Non-UK Northern CSOs can apply for funding in some schemes providing they already receive funding from DFID.
Approach(es) to finance used	<p>A recent Powerpoint by DFID official Roy Trivedi gives the following overview of the types of CSO supported, and how (Trivedi 2011):</p> <ul style="list-style-type: none"> • "Diverse range of Southern and Northern based organisations (including NGOs, CBOs, Faith and diaspora groups, research and policy institutes.) • Unrestricted grants: 20% of portfolio • Central Funds: 4 central funds plus humanitarian and in-country • Indirect funding: through joint initiatives eg. Comic Relief's Common Ground Initiative and the Disability Rights Fund • Pooled funds: increasingly used - channelling approx 40% of funds • Via multilaterals: Hard to trace – over £160m through World Bank, EC, UNDP, UNFPA, UNICEF" <p>Most spent on delivering goods and services, with almost 66% of total funds spent in fragile state</p>
Division of labour in management of support to CSOs	<p>Trivedi (2011):</p> <ul style="list-style-type: none"> • Total spend £515m - 15% of bilateral programme (08-09) <ul style="list-style-type: none"> ○ - £242m (47%) central ○ £273m (53%) through country offices (ranging from 30% of country budget in Bangladesh to 3% India/Ethiopia) • Good evidence on project outputs/outcomes but difficult to aggregate results • Plus £160m through multilaterals such as World Bank, EC and UN
Requirements for own funding + known dependency on government funding	In 2010/2011, a change is made that DFID funding cannot be more than 40% of a CSO's income (Trivedi 2011).
Alignment requirements (sector and/or	The 2009 Peer Review of the United Kingdom pointed to DFID's greater 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

country)	and implementation level For 2010/2011, DFID aims to change its policy focus to ensure that the CSOs which it supports work (or are based) in DFID focal countries + the bottom 50 of the Human Development Index (Trivedi 2011).
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Country	European Commission
CSO policy or recognised role for CSOs in overall policy (including some key aspects)	<p>The European community funds southern civil society directly and not through northern based CSOs (Connolly 2007: 16). The EU Consensus on Development (signed in 2005 by the Council, European Parliament and Commission) contains an unusually wide definition of civil society which is similar to the Cotonou Agreement's definition of Non-State Actors.</p> <ol style="list-style-type: none"> 1. The Cotonou Agreement includes a provision that up to 15% of EDF funding can be allocated to non-state actors. All this money is managed through the principle of 'geographic programming' (Country- and Regional Strategy Papers that are programmed jointly by EU Delegations and National/Regional Authorising Officers). 2. Several legal instruments have been set up to implement development cooperation as part of the EU budget, of which three can be used to support CSOs in developing countries: ENPI (geographic programming), DCI (geographic and thematic), EIDHR (thematic). <p>A recent reference document on 'engaging NSAs in new aid modalities' highlights that NSAs (i.e. CSOs) play four key roles in EU development cooperation: (1) participation in formation PRSP and sector policies; (2) performance, budget monitoring and users consultation; (3) participation in policy dialogue, sector coordination, midterm and joint reviews; and (4) contributions to implementation and service delivery (Vanheukelom, Bossuyt and Pinol 2011).</p>
Method(s) of selection	<p>While it is true that European NGOs continue to be the privileged recipients of EC funds, most EC thematic lines, and their related procedures, are based on a partnership logic whereby EU NGOs are applicants and local CSOs are partners, also entitled to receiving EC funds (ECDPM and Particip: 2008).</p> <p>CSOs are funded both through geographic and thematic programming, and Calls for Proposals are used most as a funding approach.</p>
Approach(es) to finance used	<p>The EC can only provide project funding to CSOs, and no flexible forms of finance such as programme or core funding.</p> <p>Much use is made of Call for Proposals in both geographic and thematic programme. As was found in a 2008 evaluation of CSO funding: "the EC also supports CSOs' own initiatives, mainly by using the CfP instrument, whereby CSOs exert their right of initiative by designing interventions, which however, in order to be funded, need to match EC priorities" (ECDPM and Particip 2008: 20) And: <i>"Relevant CSOs may decide not to introduce a proposal, either because they find the Call too restrictive or the transactions costs involved too high. The selection process is another possible barrier as there can be many interesting demands for limited funds. More fundamentally, the CfP is not a suitable tool for those CSOs that have their own strategy and an action plan conceived for the medium/long term (as serious CSOs involved in governance generally have). These CSOs tend to equate the CfP system with "a lottery" providing limited opportunities to properly plan activities and secure predictable funding. In addition to this, the scope for follow-up funding (often essential in governance-related activities) is generally also uncertain"</i> (Ibid. 21)</p> <p>Besides accessing funds through CfP, CSOs have also the possibility to be contracted as service providers through procurement procedures (especially</p>

	services). The rules for applying the standard procurement procedures refer to the maximum budget for the contract in question. In this case, CSOs are often in competition with consulting companies" (<i>Ibid.</i> 21)
Division of labour in management of support to CSOs	Both EC Headquarters (thematic programming) and EU Delegations (geographic) lead on the management of part of the CSO funding. There is a trend towards the increasing use of geographic instruments for EC aid channelling through CSOs (ECDPM and Particip 2008).
Requirements for own funding + known dependency on government funding	No requirements (related to the absence of flexible types of funding)
Alignment requirements (sector and/or country)	<p>Calls for Proposals are increasingly designed at the Delegation (partner country) level, which allows the EC to push for CSO's to design interventions that align to the country strategy.</p> <p>A bit related to this aspect is that the EC often tries to persuade partner countries during geographical programming to accept a small non-state actors programme.</p>

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