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NEW TRENDS IN GOVERNMENTAL FUNDING OF CIVIL SOCIETY ORGANISATIONS

A Comparative Study of 9 OECD-DAC Donors

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Disclaimer: The views and opinions expressed in this report are those of the authors and do not necessarily reflect the official policy or position of the Flemish NGO Federation.

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Abbreviations

AFD	Agence Française de Développement
CSO	Civil society organisation
CSR	Corporate social responsibility
DFID	Department for International Development, UK
DANIDA	Danish Development Cooperation Agency
DGD	Directorate-general Development Cooperation, Belgium
EG	Engagement Global (Germany)
EU	European Union
FDI	Foreign direct investment
GNI	Gross national income
IATI	International Aid Transparency Initiative
INGO	International non-governmental organisation
ITUC	International Trade Union Cooperation
Logframe	Logical framework
LIC	Low income country
MIC	Middle income country
NGO	Non-governmental organisation
ODA	Official Development Assistance
OECD-DAC	Organisation for Economic Development – Development Assistance Committee
PPA	Programme Partnership Agreement
PPP	Public private partnership
PS4D	Private sector for development
RAM	Resource Allocation Mechanism
RBM	Results Based Management
Sida	Swedish International Development Cooperation
VfM	Value for Money

Introduction

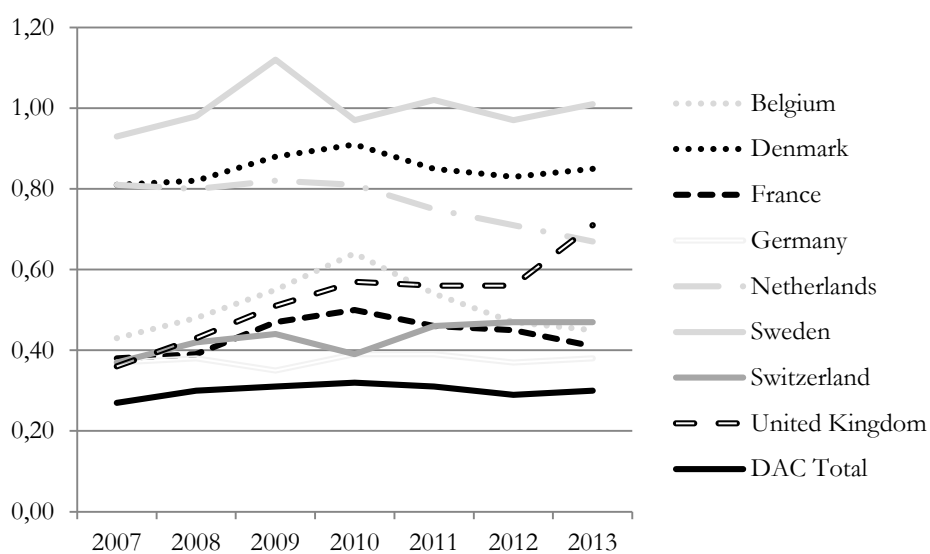
Government funding of civil society is an important, and some would argue crucial, element of donors' development cooperation policies. Likewise, for many civil society organisations (CSOs) public funds are a vital source of income. The governmental CSO support efforts and policies do not only differ significantly among donors, but also evolve continuously. In recent years, the financial and economic crisis, changes in the nature of governments, an increasingly critical assessment of development cooperation efforts, and the emergence of new actors in the field of international cooperation (e.g. the private sector, the emerging economies) have impacted to varying extents the policies and the distribution and volume of official development aid (ODA) of donors, and arguably also the support to CSOs.

This report, commissioned by the Flemish NGO-Federation intends to shed light on key trends in governmental CSO support. More specifically the study aims to identify the most important trends in governmental funding in eight different OECD-DAC countries (Belgium, Denmark, France, Germany, the Netherlands, Sweden, Switzerland, and UK) and the EU¹. These actors represent different approaches to development cooperation in general and CSO support in particular, and have experienced different evolutions in their ODA (see figure 1). From this group², especially Belgium, the Netherlands, and France have reduced their aid budgets considerably since 2010. However, beyond presenting overall ODA figures this report identifies a more layered set of trends in the CSO support landscape.

¹ To improve the readability of the text, we do not always refer explicitly to the EU separately. When we refer to 9 donors, we actually mean 8 countries and the EU.

² While not in our sample of donors, Finland announced drastic cuts of more than 40% in its overall ODA budget in 2015. The CSO channel was informed by the government it would have to absorb cuts of 43%, most of them starting in 2016. It was the first time that the CSO channel was confronted with such drastic cuts in Finland. In the same period, funding for private sector development programmes was increasing substantially.

Figure 1 ODA as % of GNI



Source OECD Stats

This research did not have the ambition to map the policies, modalities and practices in great detail, but rather capture main trends and issues. Time and resource constraints determined the scope of the research as well as the methodology used. The study was executed over the period December 2014 to September 2015. Per country one to three representatives of civil society organisations (most often NGO federations), the academic world and in some cases governmental representatives were interviewed on the basis of semi-structured questionnaires (mostly via skype or phone). Questions addressed the funding context and policy; the scope of funding; the income sources of CSOs; the funding modalities and criteria; funding procedures and the relationship between CSOs and the government. In addition, a broad set of policy documents and strategies and other information sources were analysed. A literature review was carried out in order to be able to compare the findings with insights from other studies. It included earlier comparative studies, such as those of INTRAC (2014a), Karlstedt (2010), ECDPM (2011), Nijs & Renard (2009), and Pratt et al. (2006), aside from a wide range of studies and grey literature related to specific issues (donor dependency, monitoring & evaluation, etc.). The study made use of OECD statistical resources – though the data sources need careful interpretation as will be explained further on. Lastly, the findings were also confronted with the 2012 reference publication '12 Lessons for Partnering with Civil Society', as identified by OECD-DAC.

The study has focused largely on trends in structural development cooperation, and less on humanitarian aid. However, OECD-DAC statistics mentioned include humanitarian aid in most cases.

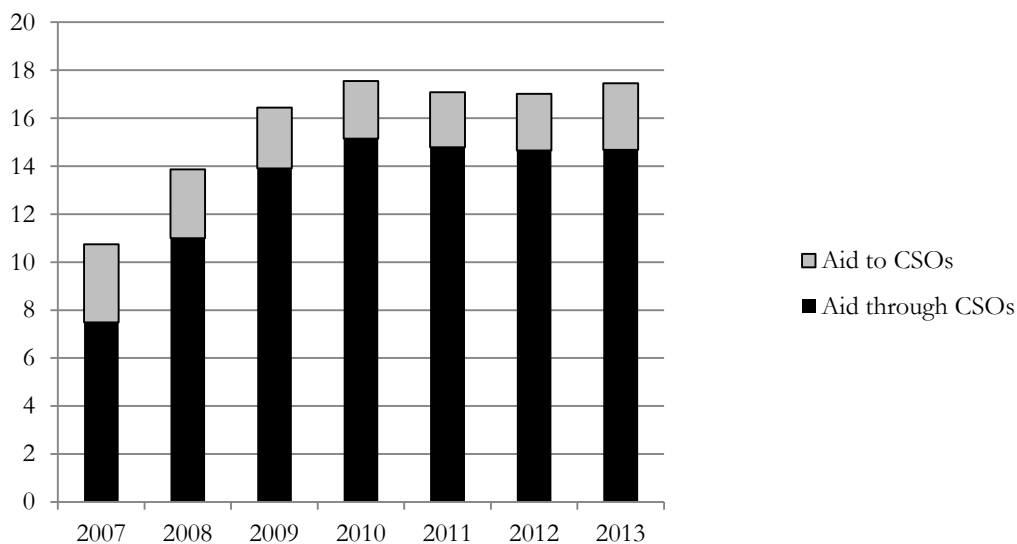
The report lists the main trends regarding level of funding, the policy frameworks and involvement of civil society in policy making, the modalities, and concludes with emerging issues and opportunities.

1 | Funding levels: all about the money?

1.1 Overall growth of CSO support masking important cross-country differences

According to 2014 figures of OECD-DAC (see figure 2), the **total amount of ODA to and through NGOs³ of all DAC-members increased substantially** from about 10.7 billion USD in 2007 to 17.5 billion USD in 2010 and decreased slightly after to 17.0 billion USD in 2012 – after which it increased again to about the level of 2010. This represents a steady increase from 11.3 % in 2007 to 16.8 % of all ODA in 2012 (figure 4). However in 2013 the share decreased to 15.4%. The nine donors in our study represent about half of the total amount of aid to and through CSOs of the DAC countries (with a minimum of 43% in 2009 and a maximum of 52% in 2010).

Figure 2 Aid to and through CSOs (in billion USD) – total OECD-DAC



Source OECD stats (USD million, 2012 prices, disbursements)

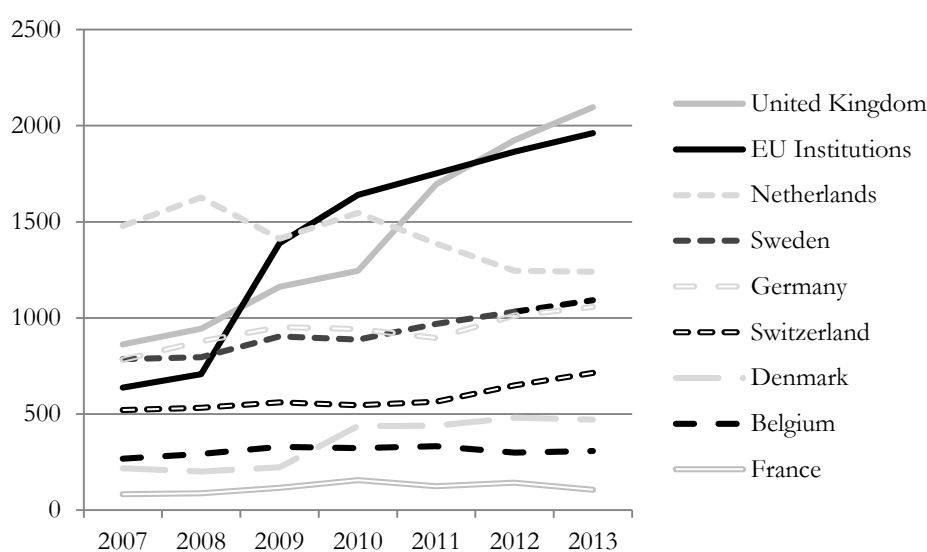
This general trend **masks important differences between the OECD-DAC countries**. Within the nine donors in our selection, especially **the growth in the ODA budget for CSOs of the UK and the EU institutions are remarkable on the one hand**, together with the decrease in the Netherlands on the other hand (see figure 3). France remains by far the smallest financer of CSOs,

³ ODA to and through NGOs refers to a distinction in the nature or the conditionalities of the funds given. In the case of 'to' funds are given for programmes developed by the NGOs themselves and which they implement on their own authority and responsibility. 'Through' then refers to programmes developed by the 'official sector' (bilateral channel) and for which that same sector is ultimately responsible. There are reported to be significant differences in the actual application of this conceptual distinction by different OECD-DAC donors. Though national governments are supposed to report regularly their ODA commitments and disbursements to the OECD according to the homogenized reporting mechanism, there might still be interpretation differences of what constitutes NGO-support. In addition, not all public NGO support might be included, due to difficulties to collect robust and precise information from all authorities that provide CSO support (sometimes different ministries and government levels offer financial support). Consequently, the figures of the OECD-DAC database did not correspond always with the information provided by our interviewees.

though its budget has steadily increased since 2012 – there is a governmental commitment to double the budget for CSO in the period 2012-2017.

Despite the general increase in funds and share of CSO support, several interviewees **mentioned that these figures do not capture the increased pressure and discussions on CSO budgets in some countries.** For instance the Danish government proposed cuts of about 15% (actually a relocation to refugee programs) in 2014 but it did not go through finally due to pressure of Danish CSOs. Moreover, both in Denmark and Belgium further cuts are expected in the coming years. In Belgium, the government has announced budget cuts of around 8,5% in the CSO channel starting from 2017. CSOs are still relatively well off compared to other Belgian ODA channels, where budget cuts of 20% or more have been announced.

Figure 3 Aid to and Through NGOs (in million USD) – 9 donors



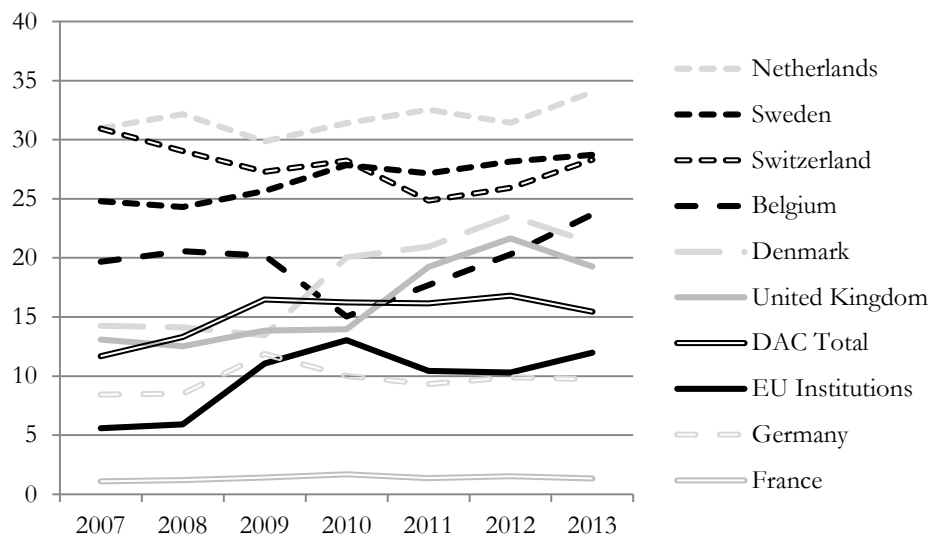
Source: OECD stats (USD million, 2012 prices, disbursements)

The **share of CSO support (%) in total ODA** shows a diverse picture: only Switzerland experienced a slight decrease between 2007 and 2013, while especially in Denmark, the UK and Belgium (after a drop in 2010) the share has increased significantly (see figure 4). Overall, in most countries the CSO channel has been slightly less affected by budget cuts than other channels.

Notwithstanding the decrease in absolute numbers, the Netherlands remained⁴ the country with the highest share of ODA dedicated to (or through) CSOs up to 2013. Excluding the EU institutions, Germany and France, all other countries demonstrate ODA shares for CSO around 20% or higher – which position them above the DAC average.

⁴ However, further cuts were announced in the Netherlands since 2013, especially in the period 2015-2016.

Figure 4 Aid to and through NGOs as % of ODA

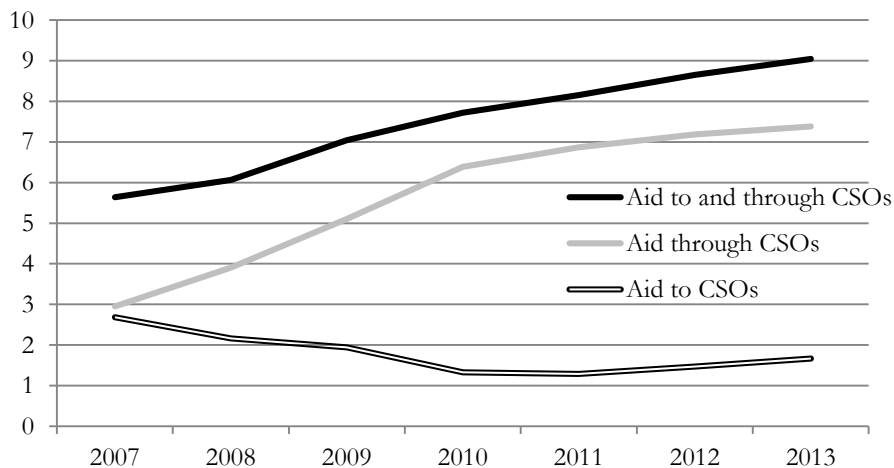


Source OECD stats (% of aid to and through NGOs as share of total ODA))

1.2 Especially aid ‘through’ CSOs on the increase

This rise in CSO budgets seems entirely due to the growth of funds ‘through’ CSOs, which almost doubled between 2007 and 2010, from 7.5 billion to 14.7 billion USD (figure 2). ODA ‘to’ CSOs actually decreased with 28% in the same period to 2.3 billion USD in 2012. Figure 5 provides the overview for the 9 donors of this study. An example is the situation in the Netherlands where between 2009 and 2010 the ODA to CSOs decreased dramatically, while in the same period aid ‘through’ CSOs increased almost at the same rate. While a part of the observed changes could be due to a change in reporting rather than an actual shift in CSO support, the overall trend of the growing use of the ‘through’ channel is clear. Several observers see the growing share of ODA through CSOs as **an indication of a trend towards instrumentalising CSOs as actors which help governments to achieve specific developmental objectives of the governmental channel** (see below), and of using NGOs mostly as ‘implementing partners or contractors’ (OECD 2013, p. 5).

Figure 5 Aid to and through CSOs (in billion USD) – total for the 9 selected donors



Source OECD stats (USD million, 2012 prices, disbursements)

1.3 Direct funding of southern CSOs increasing globally but only due to EU and UK

The observation that the population of southern-based CSOs has increased drastically over the last decades, and that many developing countries now have a growing group of strong and mature CSOs, has resulted in **an increasing interest in direct funding** (see also 2.2). **Several reports concluded that this trend would be inevitable** as donors would be less inclined towards supporting intermediary actors (northern-based NGOs) when their added-value is decreasing in view of stronger southern-based CSO communities. Increasingly decentralised ODA funding decision making, facilitated by spectacular advancements in communication technology, were expected to re-enforce this trend (Nijs & Renard 2009, OECD-DAC 2013). Some reports (INTRAC 2014b) observe an increased interest in joint donor funds (multi-donor funds) to support southern CSOs at the country level, again an increasing flow to southern CSOs. The main driver is argued to be the Aid Effectiveness Agenda and the idea that through multi-donor funds it would be possible ‘to harmonise approaches, reach out to more CSOs in the global South and reduce transaction costs’ (INTRAC 2015, p. 2).

Initial figures⁵ on the funding of *developing country-based NGOs*, as they are called by OECD-DAC (2013), supported this analysis. The OECD-DAC report concluded that although DAC members still ‘have a strong preference for supporting donor country-based CSOs over other types, especially in Germany, Spain and Austria’, data for 2009-2011 showed increased funding for developing country-based CSOs (OECD-DAC 2013, p. 9). For this study we looked at more recent OECD-DAC data and conclude that while the total funding southern CSOs is clearly on the rise (see figure 5 – grand total), **this is only due to two main actors: the EU and UK. In most OECD-DAC countries absolute funding levels to southern CSOs are stagnating or even decreasing since 2011.** One hypothesis to explain the reversing trend could be that aid cuts have affected direct funding to southern CSOs in a disproportional way as governments faced fewer risks of backlash when cutting in these channels.

Interviewees in our study could not confirm or refute this trend. Donor agency country offices and embassies – the main providers of southern CSO funding via the government – are not systematically publishing figures on this issue. In the case of the Netherlands, subsequent policy notes since 2009 have indicated the intention to increase the proportion of direct funding. An extensive evaluation⁶ of the Dutch direct funding mechanisms (IOB 2014), showed a decline of direct funding up to 2008 and then an upward trend until 2012. The latest funding scheme, Strategic Partnerships 2015-2017, was opened up fully to southern CSOs after lively debates in the Dutch parliament. Six out of 65 consortia which submitted a proposal were led by southern CSOs or a network of CSOs. Amongst the 25 consortia which were selected only one consortium is led by a southern CSO. However, as southern CSOs are also participating in other consortia (not as the leading actor) of which the detailed budget division is not yet public, the overall impact of this latest round of reforms of the Dutch funding schemes (see further) on funding to southern CSOs could not yet be established at the time of writing.

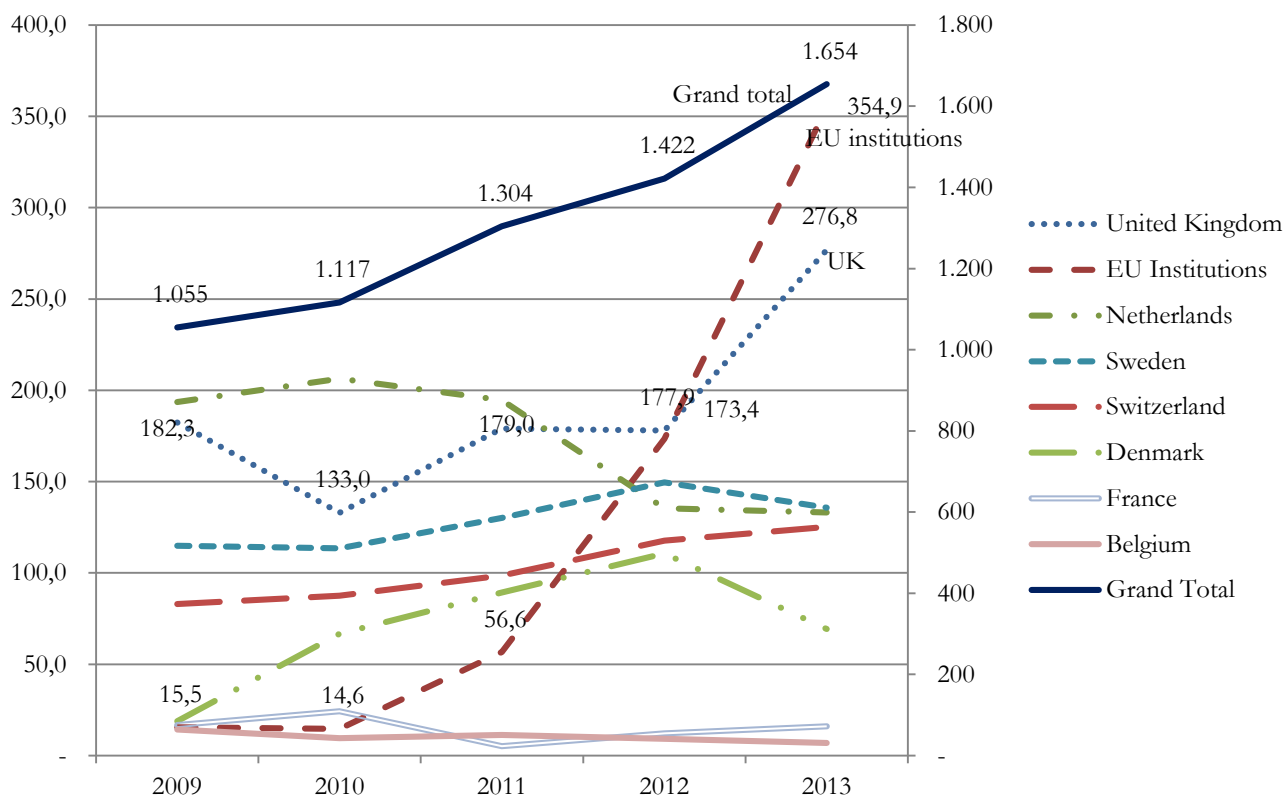
The overall picture within the OECD-DAC donor community remains vague, complicated by discussions over numbers. As for example in Denmark, where the CSO umbrella organisation argues that the Danish cooperation underestimates the funds going to southern CSOs, especially because of the additional flows via so-called multi-donor funds, of which it is not clear if they are

⁵ These are reported on separately in the CRS coding system only since 2009 (OECD-DAC 2013).

⁶ Useful Patchwork: Direct Funding of Local NGOs by Netherlands Embassies 2006-2012, IOB Evaluation, Ministry of Foreign Affairs

systematically captured under the label ‘developing country-based NGOs’, used by OECD-DAC to map these flows.

Figure 6 Aid to developing-country based CSOs for the period 2009-2013 (OECD-DAC CRS database)



Source OECD stats 23000 channel code (USD million, current prices, disbursements) vertical axis at left side for grand total

1.4 National level remains by far the main funding channel

National governments remain by far the most important public funding channel for CSOs. While a detailed breakdown of the budgets cannot be established easily per country, respondents confirmed this trend for the eight countries in the study. Though in some countries regional and local governments (for instance France, Germany, Belgium) do act as an important source of income for smaller CSOs or/and complement the funds they receive from higher authorities, the total level of funding does not compare to that of the national government. **The main governmental financing institutions remain indeed the national or federal level in all countries.** The importance of the lower governmental levels might decrease in the near future, due to budget constraints and – in Belgium for instance – a re-organization of the regional and local state structure (i.c. the tasks and responsibilities might be shifted from the provincial to other government levels).

On the other hand, the European Union is gaining importance as a provider of subsidies – also because, as some interviewees argued, more and more CSO are getting acquainted with the European procedures to obtain funding.

2 | Policy frameworks: civil society support at crossroads?

2.1 Civil society policy renewal as part of major ODA-reforms

There are indications that the policies of OECD-DAC donors on civil society and CSOs in developing countries are increasingly **shaped by intense discussions about the future of ODA**, although in different degrees in the nine donors of this study. These discussions take place in an era of turbulent changes in the economic and political global status-quo, with new powerful actors influencing development agendas, and with pressing global challenges such as climate change and inequality that remain unresolved. ODA flows are overtaken by other financial flows in most countries and there is a **growing recognition that aid, especially in its current set-up, can only play a modest role in bringing about sustainable development**. The debate is gradually changing from aid to development, with increasing attention for the policy coherence for development agenda. This agenda refers to the possible impact of other policy domains, such as migration, trade & investments, security, agriculture and climate change, on inclusive and sustainable development, and the importance of making sure that these policies contribute or at least not work against development aims. Policy coherence is gradually being incorporated in the governance frameworks of the government of the Netherlands, Belgium, UK, Switzerland and the Nordic countries.

Finally, the debate about the Post-2015 agenda and the sustainable development goals is entering a crucial phase, with yet unclear implications for ODA in general and civil society more in general.

Countries/regional actors with a strong reform agenda in their CSO support are the Netherlands, the UK, the EU, and Belgium. In countries such as Denmark and Sweden, there are reforms but there is no (or not yet a) drastic break with the past. In Switzerland and Germany the core building blocks remain the same, to some extent it is still business-as-usual.

While the intensity of the reforms vary significantly between countries, we **observe across the sample a growing concern amongst the respondents that the colour of the government-of-the-day, more than in the past, has influence on the budgets and the modalities of operation**. The loss of uniform support for the CSO channel across the political divide creates a lack of predictability for the funding modalities offered to CSOs.

Although the good practice paper with 12 lessons for partnering with CSOs by OECD-DAC (2012) highlights the importance of an overarching civil society policy, **many donors have not updated their CSO policies recently**. The INTRAC review of CSO donor policies (2014a), posed the question whether civil society policies were actually on the demise. The authors noticed that quickly after the 3rd High Level Forum on Aid Effectiveness in Accra in 2008, a number of donor countries developed civil society policies (Sweden in 2009, Ireland in 2008), Strategy (Denmark 2009) or Guiding Principles (Norway 2009), but that in the five years thereafter, apart from Denmark and France (see below), the countries in their study did not review these documents. Some of them were not even valid anymore (in the case of Sweden). The authors suggest that this evolution might be

part of a trend of decentralisation to the partner country level, in which national development strategies and policies become the guiding policy framework for civil society, and consequently **the ‘eclipsing’ of civil society in ‘broader development frameworks’** (INTRAC 2014a, p. 3). **The data collected for our country studies is partially confirming this trend** with about 5 or 6 out of nine donors gradually shifting CSO programming to the country-level. This is the case for Belgium with its new ‘integrated programme’ approach⁷ and the EU with the CSO Road Maps per country, but also partially the UK, the Netherlands, and to some extent Nordic countries which work for example with multi-donor pooled CSO funds. **On the other hand, a substantial number of donors (5 in our sample) continue to channel a large part of their CSO funding through framework-like types of funding, where individual home-based CSOs or consortia have the right of initiative to submit proposals within broad geographic and thematic criteria.** Three countries in the study have recent or emerging CSO policies which are based on this approach. Denmark is at the forefront with the publication in 2014 “Policy for Danish Support to Civil Society”. While previous documents were strategies, this time the Danish Government has opted to launch it as a policy framework to give it more political weight, in order to stimulate embassies to use it. Germany published a strategy on working with civil society in 2013 (“Participating, engaging, making a difference. Strategy on working with civil society in German Development Policy”) and in anticipation to the post-2015 agenda (“Strategy on government-civil society cooperation in post-2015 development policy”) in October 2014. In Sweden negotiations between CSOs and the government were ongoing in 2015 for the development of a new strategy, reported in a final stage in September 2015. France, through AFD, adopted a strategy in support of CSOs in November 2013. Switzerland did not renew its CSO policy. All these countries continue to use framework-like types of funding. Belgium is a special case. The advanced negotiations between Belgian development CSOs and the government have resulted in a consensus ‘framework agreement’ (draft) focused mainly on operational issues related to the funding modalities and principles, but the text stipulates that the government commits itself to develop an overall CSO strategy in the near future. The right of initiative is explicitly acknowledged, but the rather long list of geographic and other conditionalities of the new framework are a break from earlier funding practices.

In some ways, the current period has something of **a transitional period** in which the direction is not fully clear, partially because the implications of the SDG framework are still emerging and therefore also the implications for CSO programming are unknown. **The lack of convergence on how ODA should be made more relevant and what the specific roles should be of CSOs** also emerges when one compares the CSO policies and practices of the 9 donors in this review.

Some countries have not developed new comprehensive CSO policies, but drastic changes in their funding mechanisms have shaken the domestic CSO communities. In the Netherlands, in the new funding framework (Samenspraak & Tegenspraak, 2014) significant budget cuts went hand in hand with an exclusive focus on the funding of lobby & advocacy roles. At the same time, there is also a strong push for CSOs to join hands and submit via consortia, and finally competition was increased by allowing southern-based CSOs to take the lead in consortia. In the UK, the government has increasingly pushed CSOs in service delivery roles, partially because it required the CSO capacity to deliver on the ambitious development targets it had set itself (according to an interviewee), but also because of the strong push for results and the value for money agenda, which orients many CSOs to programmes with tangible service-delivery targets. Finally, also the regulation which states that DFID funding can no longer be used by CSOs to set up any lobby & advocacy activities which target the UK government, tends to push them further into more technical, apolitical roles. The fact that

⁷ The right of initiative is maintained in the sense that CSOs have the freedom to propose programmes, but all the Belgian CSOs in a given partner country have to do a joint context analysis and develop a joint strategic programming framework. In the 15 partner countries of the bilateral cooperation, the government expects coordination efforts between Belgian CSOs and the bilateral channel.

these drastic changes are not embedded in an overall policy on CSOs has raised critiques. For example the OECD-DAC Peer Review (2015) of UK aid states: "... (DFID) has not communicated an overall vision for engaging with CSOs, which would be useful for guiding its partners." The policy gap is now gradually being addressed. Recently, DFID launched a strategic review process of its civil society partnerships, the first time that it engages in such an extensive and interactive policy development process on the CSO channel. The Civil Society Partnership Review (CSPR) runs between July and November 2015 and is expected to result in a total renewal of the way DFID funds CSOs. The exercise is framed as an explicit attempt to restructure the CSO partnerships in such a way that more can be delivered to the world's poorest. At the same time, DFID wants to have "a more thoughtful, innovative, strategic and fairer relationship"⁸ with UK-based and southern CSOs. The NGO umbrella structure BOND was asked to set up an online consultation process through social media. One of the outcomes is a list with 10 recommendations⁹ for DFID which BOND and its members want to be considered when reviewing the CSO partnership approach. Several recommendations relate to the need for more learning, innovation, and frameworks that go beyond traditional project logics, but also customising the modalities for different types of CSOs. Finally, during the writing of this report, in Belgium the government had finalised intensive negotiations with the Belgian CSOs and other indirect actors with on the table rather drastic reforms, especially in terms of its wish to enhance coordination and complementarity between the different Belgian CSOs working in a partner country, and in the second instance with the bilateral channel. This resulted in a new overall Framework Agreement between the government and the CSOs in July 2015 outlining a number of operational modalities and principles. In addition, also Belgium wants to respond to critiques raised in the latest OECD-DAC Peer Review on the lack of a CSO policy framework. In October 2015 the process was launched to develop a new policy note ('Political Note') on the role and position of CSOs in the Belgian development cooperation by December 2015.

Table 1 gives a short overview of emerging issues in recent CSO policies and funding frameworks which are either shared or not across the sample of 9 donors. In the coming sections these will be discussed more in detail.

Table 1: Overviews of new areas of attention in CSO policy notes

Shared across the sample	Not-shared across the sample
<ul style="list-style-type: none"> • Push for results and efficiency • Incentives to improve M&E practices and organisational learning • Increased attention for private sector 	<ul style="list-style-type: none"> • Increased focus on direct support to southern CSOs • Move to decentralised partner country-based decision making for funding • New CSO roles pushed by OECD-DAC donors • Pushing for inclusive partnerships (with gov and/or private sector) and/or working in consortia • More attention for fragile states • Attention for South-South cooperation • Increased alignment with EU policies • Attention for the enabling environment for CSOs to flourish in developing countries • Fragmentation in CSO community • Attention for Global Public Goods (climate change, ..)

⁸ Civil Society Partnership Review – FAQs – GOV.UK (September 2015): <https://www.gov.uk/government/publications/civil-society-partnership-review>; accessed in November 2015

⁹ BOND submission to DFID's Civil Society Partnership Review: <https://www.bond.org.uk/news/dfid-review> (accessed in November 2015)

2.2 Expanding views on who's in and who's out...

Except for some countries (e.g. Germany, Switzerland), where there is a long history of funding other CSOs than the traditional NGO community (for example political foundations and churches), in most OECD-DAC countries the home-based NGO community had an almost exclusive access to domestic ODA sources until a decade ago. The situation is gradually evolving, for example also illustrated in the changing terminology used, with a growing number of OECD-DAC donors using the term civil society organisation (CSO) instead of NGO. The **expanding views of donors of whom they want to partner with relate to the type of actors, the nature of the cooperation and the role of intermediaries. In at least 5 out of 9 donors there is a deliberate strategy to widen the group of CSO beneficiaries beyond the traditional home-based NGOs**, including in the UK, EU, the Netherlands, Denmark¹⁰, and Sweden. In Belgium, Germany, Switzerland and France there is no drastic change in the CSO profiles that are supported.

Table 2 provides an overview of the type of CSOs the OECD-DAC donors in the study are currently financing/supporting, with an estimate of the relative (financial) weight of the funding compared to the other CSO actors that are funded¹¹.

Table 2: types of CSO actors that are financed/supported (Legend (estimates): ' =not at all; * =to a limited extent; ** =quite extensively; * =central in approach)**

Type of CSO	OECD-DAC donor funding them								
	NL	UK	DK	DE	SE	EU	CH	BE	FR
Large NGOs & INGOs	***	***	***	**	***	***	***	**	**
Medium sized & small NGOs (programme & project based)	**	**	**	***	*	**	**	***	***
Faith-based NGOs and/or groups	**	**	**	***	*	*	**	**	*
Trade unions & political foundations	**	*	*	***	*	**		**	**
Southern CSOs (direct funding)	*	**	*		*	**			
Social economy & social entrepreneurship organisations	**	*	*	?	?	*	*	*	*
Citizen initiatives	*	**	**	**	*	*	*	*	*
Diaspora organisations	*	**	*	*					**
Other groups (volunteers, ..)		**	*	**				*	*

Several donors are designing **specific funding mechanisms for the non-traditional CSO players** in line with the recommendations of the 2012 OECD-DAC report (12 lessons for partnering with CSOs). For example, in Germany, the UK, Sweden, France and Denmark specific funding channels

¹⁰ Although the use of framework agreements for the funding of home-based NGOs remains a central component of the Danish CSO funding.

¹¹ This assessment was done on the basis of the available information and the interviews. It is not exhaustive and only captures broad trends and therefore might miss out on some CSO actors that are supported by specific donors.

are designed for smaller NGOs, for political foundations or trade unions, or for diaspora organisations. In the case of Southern CSOs, some donors are pooling their resources at the local level, such as through multi-donor funds (INTRAC, 2014b).

Belgium followed the opposite path by bringing together all the different types of CSOs, local authorities and universities under one funding framework (Indirect Actors). Earlier frameworks contained specific funding modalities and funding cycles for NGOs, trade unions, universities, quasi-governmental agencies and municipalities. For cost-efficiency reasons these were brought together in the period 2013-2014. The fact that they were forced under the same framework and, in addition were expected to work in a more integrated way was critiqued by many organisations. More recent negotiations (April-August 2015) between the indirect actors and the government have resulted in draft texts that distinguish again between typical CSOs/NGOs versus actors that are part of or have institutional linkages with governmental structures, such as municipalities and universities. Aside from these two categories, no further sub-divisions are made in the proposed funding modalities.

In several countries donors put forward **hard incentives** (e.g. conditionality to receive funding) and/or **soft incentives** (promotion/sensitisation) **for CSOs to work through consortia, other multi-stakeholder approaches, and/or partnerships with the private sector**. Three countries are creating incentives for enhanced cooperation between CSOs. For example, in the Netherlands and Sweden there is an increasing expectation that CSOs submit funding proposals in consortia with other Dutch/Swedish CSOs, or with INGOs, and/or southern CSOs. In the new Belgian policy framework CSO coordination is currently understood in a reductionist way with hard incentives to push CSO coordination between Belgian CSOs who operate in the same country. The agreement between the minister and the CSOs makes the in-country coordination of Belgian CSOs a condition for funding. This implies that Belgian CSOs have to coordinate their activities based on a joint context analysis and shared result frameworks ('Joint Strategic Frameworks'). The bulk of CSO funding (90%) will be spent through these integrated programmes. There are already signs that the hard incentives to stimulate the coordination between Belgian actors are demanding significant transaction costs through increased pressure for meetings between CSOs and alignment of planning frameworks.

The quest for more coordination and cooperation is also strongly reflected in the partnership paradigm of the Busan declaration. This is widely picked up by donors, with **an almost uniform call amongst the group of donors in the study for more partnerships between CSOs and private sector actors**. Finally, only Denmark advocates in its recent policy for more South-South cooperation partnerships.

In some policies¹² reference is made to the fact that **the expanding views on which CSOs donors should partner with, has implications for the home-based NGO community**, as is the case for the Danish policy:

“The Right to a Better Life emphasises that Denmark will continue to support small and medium-sized civil society organisations. This will be done increasingly through direct support to civil society organisations in the global South.”

In a recent paper by the UK-based NGO umbrella organisation BOND a similar analysis is made:

“Many of those roles that UK-based INGOs currently play could and should be played by southern civil society in the future.”

¹² A reference paper for NORAD in 2014 on this topic also made strong arguments along similar lines with serious implications for the Norwegian NGO community, but the current status of the paper is unclear.

The **international debate on the opportunities and risks of direct or decentralised funding of CSOs has not settled**. A 2014 review of the Dutch modality for direct funding (IOB 2014) provides a useful round-up of some key arguments. On the positive side, there is the recognition that the southern CSO community has grown more diverse and stronger. Direct funding is seen as a flexible modality that helped Dutch embassies to strengthen the local CSO community in a punctual way, to get to know civil society better, and indirectly strengthen the credibility of those local CSOs. On the other hand, the review identified risks to the practice of ad-hoc and activity based funding of civil society, arguing that funding individual projects is not the same as civil society development. In addition, only certain types of CSOs tended to have access to the networks of embassies. The lack of policy guidelines on when and how to use direct funding was found to decrease its strategic relevance. Finally, most often there was also no coordination amongst donors on how to support the local CSO landscape leading to risks for gaps or overlaps (IOB 2014). The evaluation makes a case for pooled funding mechanisms, at the same time avoiding too much bureaucracy not to lose the personal contacts and flexibility of the existing mechanisms. **Multi-donor funds** have been one response to the call for a more coordinated and integrated approach to CSO support at country level, but these still face a number of operational challenges (INTRAC 2014b).

2.3 ..go hand-in-hand with discussions about roles

Previous classifications of the roles for CSOs would typically distinguish between the roles of service delivery, capacity development, and the watchdog role (lobby & advocacy)¹³. This is called the ‘Change Triangle’ in Danish policy documents. **Reviews of CSO policies in the period 2000-2011 concluded that there was a trend amongst OECD-DAC donors to be much more critical for the service delivery roles** to avoid systematically replacing the role of the state. There was a push for more attention for capacity development strategies on the one hand and strengthening the watchdog role of CSOs on the other. This shift away from service-delivery is still visible amongst some donors, but the **discussions about roles have become more layered and complex due to range of internal and external drivers. A set of drivers creates more diversity in the CSO roles**. First of all, the growing diversity of CSOs (including trade unions, social entrepreneurs, diaspora organisations, citizen initiatives, etc.) that are supported by donors immediately implies a more diverse set of roles as these actors fulfil additional roles in society compared to NGOs. Secondly, the widening set of development goals that are now on the international agenda, for example in the area of climate change, globalised trade and value chains, migration and security, etc. has set in motion new thinking about the roles that CSOs can and should play, such as a role as broker in multi-stakeholder processes, linking local challenges to global developments, and organising civil society at the regional and international level. Thirdly, with the important role of the private sector acknowledged and pushed by the donor community, CSOs are increasingly expected to partner with business to scale-up and innovate, and/or act as social entrepreneur. Others push the watchdog function of CSOs to counter balance the growing power of the private sector.

Other drivers push the service delivery role back on the donor agendas as described earlier on. The strong orientation on tangible development results and the setting of ambitious development targets has contributed to donors such as the UK and the EU to push the service-delivery role of CSOs. Bringing all this material together gives a mixed picture as displayed in Table 3.

¹³ A fourth role which is supported by many donors is that of development education and awareness raising in the donor country itself.

Table 3: Update of supported CSO roles by 9 OECD-DAC donors (Legend (estimate): ' =not at all; *=to a limited extent; **=quite extensively; *=central in approach)**

CSO role	NL	UK	DK	DE	SE	EU	CH	BE	FR
Service delivery	*	***	*	*	*	***	**	*	
Capacity development	*	**	***	**	**	**	**	***	***
	(L&A)								
Lobby & advocacy	***	*	***	**	**	**	*	**	***
		(abroad)		(abroad)					
Development education & awareness raising	*	**	**	**	**	**		**	**
Partnerships & networking	**	**	**	**	*	*	*	*	***
Broker, process facilitation, .	yes	yes	yes	?	yes	yes	?	yes	yes
South-South cooperation	*	**	**	*	*	**	*	*	/
Social entrepreneurship	**	**	*	*	*	*	*	*	*

The OECD-DAC report on 12 lessons for partnering with CSOs is stressing the **importance for donors of having an explicit and comprehensive policy and clear strategy on CSOs and their roles in specific partner countries** and how the CSO support relates to other channels which are funded. **In many cases the policies are non-existing or remain rather vague**, except for Denmark, and to some extent Germany and France. For example, as was pointed out earlier on the 2015 OECD-DAC peer review of UK Aid is explicitly pointing at the lack of overall guiding framework for the CSO strategies DFID is developing.

The **Netherlands have been most drastic in re-orienting the roles** of the CSOs it is funding. As indicated, the main funding channel (Strategic partnerships) is now only playing out the lobby & advocacy role. Aside from proving their expertise regarding lobby & advocacy, the applicants are also expected to indicate in their proposals how they want to relate to and work together with the Dutch government. In this way the Dutch government wants to make sure that CSO lobby & advocacy efforts are in synergy with their own efforts. While the call for proposals recognises that partnerships with the government can span both cooperative and more antagonistic relationships, several observers wondered whether future governments will be as accommodating to critical CSOs as the current one states that it will be. Several sources see a risk for a bigger grip of the government (of the day). Some observers wonder whether it is not creating indirect incentives for CSOs to design government-friendly programmes to avoid more difficult or conflictual partnerships. These policy changes in combination with heavy budget cuts over several rounds, have seriously shaken-up the traditional Dutch NGO community. The main umbrella organisation PARTOS and many established NGOs have been remarkably diplomatic in their responses to all these changes, but some leading NGO voices talk about an almost fatal blow¹⁴ to the Dutch NGO community¹⁵, with major NGOs having to stop their operations or lay-off a large parts of their staff. The impact of these reforms on southern partner organisations is much less documented but with a leading source of funding ending so abruptly it can be expected to be dramatic in many cases.

¹⁴ As an example, the Dutch NGO ICCO was receiving about 130 million EURO in 2010 under the MFS I funding line, this was decreased to 70 million under MFS II, and has now been brought down to 6,9 million EURO under the latest round of funding. This is not an exception in the current NGO landscape.

¹⁵ See for example: <http://www.viceversaonline.nl/2015/03/maakbaarheid-is-een-kostbare-illusie/> and <http://www.oxfamnovib.nl/Oxfam-Novibs-reactie-op-richtbedrag-voor-het-Strategisch-Partnerschap.html> (accessed in November 2015)

The Dutch example seems to indicate that too many policy reforms and drastic turns over short periods of time create havoc and are not necessarily going to bring the necessary renewal in the CSO community which many observers are hoping for. Change will first of all have to come from within.

With the exception for the efforts of a relatively small group of NGOs, several respondents indicated that the broader NGO community has been rather slow in taking the lead in internal reforms and innovation. Some NGO umbrella structures are trying to steer the dialogue on future roles and responsibilities. In the UK the NGO umbrella organisation BOND has released a new working paper in the 'Development Futures' programme, looking at how a range of megatrends affect the future roles of UK-based INGOs. To maintain relevance, the paper sees a change towards six distinct roles for UK-based INGOs emerging in the coming ten to fifteen years (see chapter 4). As a global platform of CSOs, CIVICUS and some other global CSO players have communicated explicitly in 2015 about the decreasing relevance of the mainstream practices of the traditional NGO community. At the European level, CONCORD has initiated similar critical internal review and visioning processes, but so far they are not widely picked-up in the sector. In Belgium, the Belgian NGO Federations are running internal visioning processes, but it is too early to assess the impact and internal support for these exercises.

2.4 Mixed experiences with donor dialogue and consultations

The OECD-DAC report (2012) on good practices in supporting CSOs emphasizes in its fifth lesson the importance of a meaningful dialogue between government and civil society. Most countries have a tradition of government-civil society/NGO dialogue, but in the absence of clearly up-to-date CSO policies and frameworks, the quality of the **actual donor-CSO relationship seems to depend increasingly on the ad-hoc perspectives of the government-of-the-day** or even the minister in charge. As such, in most countries of this study the **NGO umbrella representatives were generally rather positive about the dialogue with the government, but many experienced increased steering through the use of conditionalities or additional procedures (RBM, VfM, .. see also chapter 3)** or were expecting problems in the coming period.

Some examples to illustrate this situation: In the UK the umbrella organisation BOND is positive about the fact that DFID is consulting them on a regular basis on different issues, but at the same time over the last decade several reforms, for example in the Programme Partnership Arrangements (PPA), have affected the dialogue between CSOs and DFID. The outsourcing to consultancy bureaus of key tasks of the management of these PPAs has removed the direct contacts between DFID staff and CSOs. Also the decision to no longer allow lobby & advocacy work targeting UK policies is making the relationship more difficult. In France, for instance, in 2008 the French government suspended the existing bodies in which the international cooperation policies and instruments of France were discussed between different actors, but at the demand of CSOs a new body was created in 2014. In that year, the government installed a dialogue and coordination platform, the 'Conseil national pour le Développement et la Solidarité Internationale', consisting of representatives of the different governmental levels and civil society representatives.

An important effort to improve the dialogue with civil society actors at country- and international level was taken by EU in the period 2012-2014, although it is to be seen if it results in better CSO support programmes. In 2010 the Commission launched the Structured Dialogue process with CSOs and local authorities. Through this dialogue the Commission reviewed its funding practices of CSOs and worked towards a consensus on a renewed approach for the

support of civil society. This resulted in 2012 in a new EU Communication on 'Europe's engagement with Civil Society in external relations', describing the principles and strategies for the renewed approach. This process should lead to the development of CSO Roadmaps per partner country which are expected to contain an in-depth analysis of the CSO landscape and an analysis of possible strategies for structured support. The experiences with this new approach are still limited, but an initial review in 2014 by the NGO umbrella Concord was carefully positive (Concord 2014).

3 | Modalities: strings attached

3.1 Rationalisation and outsourcing driving institutional and policy reforms

The institutional set-up of donor departments responsible for the CSO channel differs between the 9 donors in our study, but some patterns emerge. At the national level, it is typically the ministry in charge of development cooperation which coordinates the ODA to CSOs, although the actual management and distribution of funds tends to be spread over different governmental and external entities. An important trend in many countries, such as Germany, France, Belgium, the Netherlands, Denmark, and the UK, is the **institutional reform of CSO departments of donor agencies** (another trend, i.e. the re-organization of modalities, will be discussed in a later section). This manifests itself in two (sometimes contradictory) ways.

Firstly, there is a **rationalization and centralization of entities responsible for the CSO support** in order to render the management of CSO funding less dispersed and complex, to decrease management costs and to create opportunities for alignment with bilateral governmental policies. Arguably Germany underwent the biggest re-organization of the donors in this study: part of an overall restructuring of government's international cooperation, big parts of the CSO budgets were centralized through the creation of a new institution, Engagement Global (EG) in 2012. EG has an overall responsibility to administer and manage the CSO funding channels, but also scholarships and programmes by local authorities. The restructuring was initiated from a cost-effectiveness perspective but should also reflect the growing importance Germany wants to attribute to the CSO channel. There are indications that this re-structuring was generally received positively by German NGOs and CSOs with some reservations about the way EG communicates about its own institutional status. The fact that it is perceived insufficiently transparent about its strong links with government creates confusion towards external stakeholders whether it should be seen as part of civil society or not. In Belgium, the Federal ministry DGD has been the subject of a substantial re-structuring exercise in the period 2012-2014, with consequences for the way CSO channels are being managed and followed-up. First of all, in the past NGO-DGD relationships for a given NGO were managed by one DGD officer per NGO. The follow-up is now organised geographically, implying that NGOs that are operating in many countries have their proposals screened and followed-up by different DGD staff members. The Flemish NGO Federation observed that, overall, the review of applications was more in-depth for individual country programmes, but at the same time the current set-up does not facilitate the review and follow-up of the cross-country coherence of the CSO programmes. Other consequences of this new set-up are yet to be experienced. The ministry cites both cost-cutting measures as a driver for the reforms, as well as an attempt to bring the functioning of DGD more in line with evolving trends in the development cooperation architecture. In the Netherlands, the drastic re-orientation of CSO funding away from service-delivery activities towards advocacy & lobby, went hand in hand with a relocation of the departments managing CSO funding channels to the department for social development (DSO). While we are only in the initial roll-out of the new funding scheme, several NGOs are positive about the new role DSO is playing, as it has been seen engaging seriously with the 25 selected lobby & advocacy consortia¹⁶. In Denmark, there is a trend towards

¹⁶ <http://www.viceversaonline.nl/2015/03/vrijdagmiddagborrel-aan-haar-stand-verplicht/> (accessed in November 2015)

supporting larger framework agreements with selected NGOs to decrease the administrative burden on the ministry. In France the Ministry of Foreign Affairs shifted most of the responsibility for the management of the CSO-budget to the Agence Française de Développement (AFD) in 2008.

Secondly, there is **further trend towards outsourcing certain responsibilities**, such as the management of specific subsidizing channels to third parties in order to decrease the management and administrative costs. Third parties can be umbrella organizations of CSOs or private companies such as consultancy bureaus. This is the case in more than half of the countries of the sample, examples were provided for the UK, Denmark, Sweden, Belgium, and the Netherlands. In the UK funding modalities are increasingly managed by consultancy bureaus, for example PwC for the Girls Education Challenge Fund and TripleLine for the Civil Society Challenge Fund. Other areas of grant management, such as due diligence are contracted out to KPMG; and monitoring, evaluation & learning to Coffey International. In the partner countries, DFID is outsourcing the management of multi-donor trust funds in support of local CSOs to third parties (NGO structures, foundations, or consultancy groups). The UK NGO umbrella organisation BOND did a survey with 93 agencies (mainly INGOs and NGOs) receiving funding through one of these grant programmes. While overall the respondents were moderately positive about the way the consultancy bureaus were managing the funds (especially the smaller NGOs appreciated the training and support they received), there were concerns about increased bureaucracy, the transaction costs and cost-effectiveness of this arrangement, and the lack of direct interaction with DFID resulting in missed opportunities for joint learning. In the Netherlands, grant management is also increasingly outsourced to consultancy bureaus. In Denmark, the umbrella organization CISU manages one of the main subsidizing channels for small grants. The ministry also outsourced more NGO programmes by cutting the funding channel for ‘programmatic NGOs’ (about 50 NGOs) and moving a majority to the channel for small NGOs, managed by the umbrella NGO structure. A similar arrangement is set up in Sweden with 4 umbrella structures managing different parts of the funding. Finally, in Belgium, the government outsourced the screening of the organisational and administrative capacity of NGOs to consultancy bureaus. More substantially, starting from 2017 some CSOs will be funded directly by the government and others will have to apply with the NGO umbrella structures. Criteria and modalities are yet to be discussed.

3.2 Framework agreements growing & diversifying

A recent comparative study by INTRAC (2014a) provides a useful overview of how six key CSO donors work with framework agreements. The study looks at four donors which are also in this study (UK, Netherlands, Denmark and Sweden), complemented by Norway and Ireland. One of the ideas behind this type of financing is that it provides long-term, stable¹⁷ funding **which should make it easier for CSOs with a proven track record to scale-up and implement ambitious programmes, but also to innovate and take some risks, and learn systematically from pilots**. This modality is also **expected to be easier to manage for donors** than individual projects and programmes, however the INTRAC study concludes that these types of framework agreements are not ‘low maintenance’. On the down-side, the study points, amongst others, that it is **often more difficult to attribute results to this type of funding, and there is some risk that it breeds complacency** on the side of the CSO.

¹⁷ ‘Stable’ is not really the case for the recent round of strategic partnerships funding in the Netherlands. A Social Network Analysis (see <http://loop2.org/?p=793>, accessed November 2015) by consultants from Double Loop illustrated that 38 organisations lost their funding and 30 new organisations acquired funding with the move from the previous 3 year round of framework agreements (MFS II) to the current round. Looking only at the situation of the Dutch NGOs, one can conclude that 21 out of 50 NGOs who received funding in the previous round now fell without funding. 13 new foreign CSOs received funding. In addition, most of the selected NGOs received much less compared to previous rounds.

Over the last few years, **at least four donors in our sample have increased the budgets for framework agreements.** The Netherlands is the main exception with drastic budget cuts in the CSO channel (about 65% for the newest round of framework agreements). In Germany and Switzerland the number of strategic partnerships has remained more or less the same over the last few years.

In most countries these frameworks are **captured by the larger domestic NGOs**, except for the UK and the Netherlands¹⁸ where they are gradually opening-up for CSOs from other countries.

A major trend which the INTRAC researchers observe is the **progressive introduction of results-based approaches** by donors inside these frameworks. In some cases, such as in the UK and the past MFS II framework in the Netherlands, the funding framework is **so prescriptive that it is more similar to a programmatic approach than a strategic funding scheme.**

The study also observes **an increase in diversity of types of CSOs in these schemes** (including global CSOs), also **raising questions around the uniform systems, procedures and appraisal criteria that are currently applied.** For example, the “one size fits all” approach used by SIDA for the organisational assessment of CSO partners with framework agreements was questioned in a recent Swedish paper by SIPU (2014), for further analysis see also section 2.2.

Table 4: Number of framework agreements & budgets (based on INTRAC (2014a) and own incomplete data)

Country	# Framework agreements (previous round)	# Framework agreements (latest round)	Latest round	
			Annual budget (Euro millions)	Average size (Euro millions)
Netherlands	20 consortia	25 consortia (64 CSOs, 50 Dutch)	185	7.4
UK	26 consortia	41 consortia	145	3.5
Denmark	6	15	105	7
Germany ¹⁹		16 ²⁰	?	?
Sweden	15	16	205	12.8
EU		?	?	?
Switzerland		20	?	?
Belgium ²¹		/	/	/
France		0	0	0
Norway		29	159.2	5.3
Ireland		16	62.7	3.9

18 Only one consortium with a Southern CSO in the lead was finally selected in the group of 25 funded consortia.

19 This number consists of 2 church-related NGOs, 8 Social Structure NGOs, and political foundations (which are normally not counted as CSOs by the German government). The political foundations received 230 million Euro in 2015.

20 These are 2 church-related NGOs, 8 social structure NGOs, and 6 political foundations.

21 Belgium does not have framework agreements, but its system of 'programme NGOs' has some characteristics from strategic funding (although detailed logframes are required by DGD). Up to 2015 Belgium counted 58 programme NGOs, of which a majority are small NGOs with only a few staff members. The system is currently being reviewed and the government has indicated its intention to limit the number of small NGOs in the new funding framework.

3.3 Quest for results and its limits

Over time, CSO funding has been subject of **an increasing set of conditionalities**, most of them aiming to increase the effectiveness and efficiency of the CSO channel, and improving its complementarity with other channels.

Table 5 gives an overview of main conditionalities for the key funding channels of the 9 donors in the study. A first way that donors try to influence CSO programming is by setting **thematic conditionalities**. For example, by tying substantial parts of the CSO budget to achieving specific development targets in areas such as health, education, and agriculture, the UK has over the years increased the volume of funding with thematic conditionalities. The biggest CSO funding channel in the Netherlands (Strategic Partnerships) does not impose thematic conditionalities in terms of sectors or specific objectives, but only accepts proposals for the role of lobby and advocacy. The Dutch government also expects CSOs to submit in consortia, work in partnership with the government, outlining very clearly how they see their partnership with the Dutch government. Aside from this funding line, the government also launches call for proposals around four main thematic areas. As indicated earlier on, the Belgian government is pushing hard for more coordination, coherence and complementarity in terms of sectors and objectives amongst Belgian CSOs but also between CSOs and the bilateral channel. This is likely to have thematic implications for the corresponding CSOs at some stage.

In terms of **geographic conditionalities** most countries expect CSOs to focus on least income countries (LIC) or middle income countries (MIC) if they want to access funding. In some countries there is an increased focus on fragile states, as is the case for the UK and Belgium. The most drastic example is Belgium where the government is re-orienting the bulk of its ODA to fragile states and LICs in Central and West Africa (14 countries in total), and CSOs are expected to follow the bilateral channel with part of their programming to those countries. From the 52 countries in the current funding scheme, starting from 2017 90% of the CSO funding will be limited to 32 countries and one theme (decent work) themes and to 30 countries or themes starting from 2022. A relatively small part of the budget (10%) will be reserved for programming in other countries (at more strict co-funding requirements).

Table 5: Overview of thematic and geographic conditionalities for main funding channels

Country	Thematic conditionalities / roles	Geographic conditionalities (aside from LICs & MICs)
Netherlands	Yes (Strat Partnerships, thematic calls)	Only lower MICs
UK	Yes (call for proposals)	No (but preference for fragile states)
Denmark	No (only strategic fit with 2014 policy)	No
Germany	No (except for some thematic funds)	No
Sweden	Platform policy	No
EU	Yes (call for proposals)	No
Switzerland	No	No
Belgium	No ²²	50 countries ²³
France	No	No

²² Future: integrated approach with coordination towards other Belgian CSOs and bilateral channel, and limited use of call for proposals

²³ More strict regulation expected: less countries (33), and this number includes by default the current 14 bilateral partner countries. CSO can choose 18 countries/themes by themselves.

A second and **growing range of conditionalities has been introduced in the areas of effectiveness, efficiency, transparency and market-based mechanisms**. Table 6 illustrates the diversity of incentives and control systems that donors have developed over the years. Especially in the last five to ten years there is **an expansion of new conditionalities of this type such as Value for Money, Payment by Results, IATI, and the Resource Allocation Mechanisms (RAM), but also systematic broadening of requirements in existing conditionalities (monitoring & evaluation, results-based management)**. Regarding the latter, the table does not show the many incremental additional requirements that have been introduced in the area of monitoring & evaluation and the pressure to show quantitative development results.

Value for Money and the **IATI standard** are already relatively well known in the international NGO community and have been described in several papers of the UK-based NGO umbrella structure, BOND, such as *Value for money: what it means for UK NGOs* (2012) and *IATI: a guide for NGOs* (2013). Also the NGO umbrella structure PARTOS in the Netherlands has documented experiences with IATI.

Payment by Results and Resource Allocation Mechanisms are less known. Payment by Results is a relatively new funding mechanism, initially mainly applied in government-to-government aid, but also slowly finding its way in service delivery programmes of NGOs and other actors. In essence, its name describes what it is, payment is given only on the verified achievement of agreed results (BOND, 2014). The mechanism is promoted by donors as it is expected to increase effectiveness and Value for Money, and flexibility as targets are set at quite high levels. As the evidence base for these claims is still thin, BOND (2014) argues that there are most often alternative ways to achieve the same objectives. Early adopters in the NGO community in the UK also point at some substantial risks: it can stifle innovation amongst CSOs by the threat of financial loss, it tends to orient NGOs to safer target groups that provide more guarantees for results, and in a number of cases its application in more complex settings had to be abandoned.

Resource Allocation Mechanisms (RAM) have been introduced by donors such as Denmark, Netherlands and Ireland (INTRAC 2014). They are normally composed of a base allocation which serves as a guaranteed minimum level of funding, complemented by a performance allocation which is discretionary funding based a number of performance indicators. In Denmark the performance-based part of the RAM entails 24 assessment areas on which the CSO has to report (DANIDA 2014). The assessment covers almost all aspects of the functioning of CSOs and varies from checking the quality of the context analysis, the quality of capacity development, evidence of results in different areas, the application of a human rights based approach, their role as civil society organisations in Denmark, etc. All CSOs under this funding framework have to be screened on these 24 issues. The system was applied the first time in Denmark at the end of 2014. Our informants in this study judged the RAM screening as very heavy in terms of its administrative workload.

As can be derived from the table, especially the UK, the Netherlands and Denmark have gone far in setting conditionalities related to effectiveness, efficiency, transparency, and CSO competition.

Table 6: Stricter conditionalities related to effectiveness, efficiency, transparency, and competition

	NL	UK	DK	DE	SE	EU	CH	BE	FR
Increasing effectiveness & efficiency									
Results-based management (including M&E, etc.)	x	x	x	x	x	x	x	x	x
Accountability & quality control measures	x	x	x	x	x	x	x	x	x
Value for Money		x							
Rewarding high performance									
Resource allocation mechanisms (RAM)	x	x	x		x				
Payment by results		x							
Increasing accountability & transparency									
Accountability & quality control measures	x	x	x	x	x	x	x	x	x
IATI transparency standard	x	x						(x)	
Introducing market-based mechanisms									
Tendering systems / call for proposals	x	x	x		x	x			

It is clear that these conditions for funding have increased the pressure on CSOs to professionalise in terms of project management, result orientation and reporting. On the other hand they tend to come at a cost. From the interviews, existing studies and evaluation reports some of the downsides of the increased use of conditionalities are starting to emerge. We have grouped them around a number of themes in table 7.

Table 7: Side effects of increased use of conditionalities

Problem	Explanation
<i>Administrative burden & loss of flexibility</i>	The gradual addition of new (or expanding of existing) conditionalities increases the administrative burden for CSOs in North and South. In six countries of this study reference was made to this problem: Denmark (new RAM mechanism); Sweden (last funding scheme, but now improving); Netherlands (very high pressure under MFS-II); UK (admin burden is perceived to have increased drastically in areas of due diligence, project management, M&E, and continuous pressure to demonstrate added value, effectiveness & efficiency); Belgium (increased financial screening pressure and obligatory CSO collaboration with new instruments). The increased focus on long-term and detailed planning of projects also risks breeding bureaucracy, taking away flexibility and responsiveness in the implementation.
<i>Gradual erosion of right of initiative</i>	The expanding set of conditionalities also erodes the right of initiative. This is not really the case in Germany, France and Switzerland, also less in the Nordic countries. In the UK, the Netherlands and to a lesser extent Belgium the government is gradually increasing its grip on CSO programming thematically, geographically, regarding the type of southern partners, and conceptually (the intervention logic of the programmes). At the same time, renewal and innovation has been slow in some quarters of the CSO community, in this way providing the necessary space and incentives for donors to intervene.
<i>Increased risk for imposition of donor agenda's in North & South</i>	A direct consequence of the previous issue is the increased risk for steering of outside agenda's. In addition, several studies have observed that northern CSO are channeling the donor agendas further on to southern partners, either by imposing new thematic areas, pushing certain ways of working, and/or management styles.
<i>Competitive CSO behaviour</i>	The effects on the CSO sector of the increased use of competitive funding schemes (tenders, ..), together with the setting of a diverse set of conditionalities, are not well studied, but there are signs that it strengthens a donor-logic, with CSOs increasingly trying to comply with donor requirements to increase their chance for funding rather than being responsive to the needs of their target groups.
<i>Exclusion of smaller and grassroots CSOs, new social movements and loose networks</i>	The long list of conditionalities also implies that it is very difficult for CSOs and networks which have not reached the same type of organisational maturity as mainstream CSO to access key funding channels. Even if northern CSOs act as an intermediary they themselves might be less inclined for risk taking in the selection of southern partners. Some donors have developed separate funding channels for specific types of non-traditional actors, such as small CSOs and diaspora organisations, but overall it is perceived to be more difficult to provide core funding to newer organisational forms, such as social movements and more informal types of networks.

3.4 Early signs of changing donor – CSO relationships

There are signs that some donors have reached a turning point. This section describes a number of recent developments which aim at establishing donor-CSO relationships that go beyond the effectiveness agenda, either by relaxing the conditionalities in certain areas, re-establishing the right of initiative, or actively pointing at the responsibility of donors to work on the enabling environment for CSOs.

The 2011 **OECD-DAC study** and the good practice report with **12 lessons for partnering with CSOs** (OECD-DAC, 2012) can be seen as **a first collective effort since 2000 to build donor-CSO relationships on principles beyond the prevailing paradigm of aid effectiveness**. The guidelines stress the importance of developing a comprehensive civil society policy, establishing a good policy dialogue, acknowledging the different types of CSO actors, the importance of the right of initiative, together with appropriate funding mechanisms, and establishing management procedures that balance learning and accountability. There is a clear call to avoid implementing funding mechanisms that lead to an excessive administrative burden or that risk the instrumentalisation of CSOs.

The recent **Danish CSO policy framework** (2014) is in line with many of the OECD-DAC guidelines, but **goes further in developing a progressive set of operating principles**, such as respecting the diversity of CSOs, framing actions in a comprehensive analysis of the political-economy of a given context and backed-up by explicit theories of change. The policy also pays significant attention to the responsibility of the Danish government in contributing to an enabling environment for CSOs in the partner countries and at home.

The ongoing MFS-II funding framework in the **Netherlands** was perceived as heavy in terms of the administrative workload, and the way it imposed specific thematic issues. In the preparation of the **new funding framework (Strategic Partnerships) the government explicitly aimed at doing away with some of the administrative excesses**. In this latest round of funding, after screening proposals on a set of eligibility criteria, organisations were no longer asked to develop detailed logical frameworks and monitoring protocols, but were judged on the relevance of their generic theory of change (ToC) and their track record in lobby & advocacy. The 25 consortia that have been selected are expected to re-fine their ToC in consultation with in-country partners and the Dutch government in a second round. Some observers were carefully positive about these new modalities, but referred to the methodological pressure it created as it was a completely different way of developing proposals. The fact that it also entailed very substantial budget cuts has lowered the enthusiasm and created further havoc in an already distressed CSO sector.

Also in the **UK**, the government has received critiques²⁴ in independent reviews and from CSO quarters on the ever changing and stricter funding modalities. **While not exclusively focused on CSO funding channels, DFID is launching an ambitious reform programme ('Smart Rules') to move away from an approach which is too technical and managerial, risk-averse, insufficiently focused on context, power and politics, and too much on short-term results** (See also Box 1 on the DFID reform programme). Four elements underpin the Smart Rules²⁵:

1. Moving from rules to a more *principles-based approach*, creating deeper ownership and engagement across DFID
2. Directing DFID's effort proportionately on *what matters most* (i.e. by removing generic mandatory compliance tasks)

²⁴ See for example, the 2015 UK Aid Peer Review by OECD-DAC,

²⁵ Guest blog DFID: <http://oxfamblogs.org/fp2p/dfid-is-changing-its-approach-to-better-address-the-underlying-causes-of-poverty-and-conflict-can-it-work-guest-post-from-tom-wingfield-and-pete-vowles/> (accessed November 2015)

3. *Simplifying and clarifying mandatory rules*, designed to protect tax payers money
4. Demonstrating the *space for discretion* where we will trust the judgement of frontline staff to innovate, take risks and adapt to realities on the ground

Box 1: Recent DFID reforms to move away from an overly technical and managerial approach

The overall idea is that the agency needs to create ‘space to understand and engage with local context and having the freedom (and capability) to design flexible and adaptive programmes. It means freeing up time for frontline staff to work on what matters most and being honest about failure and learning from what goes wrong’.

There are reforms in three areas:

- **Process:** the new operating framework focuses on stripping back process, reducing internal bureaucracy and removing non-value-added approval layers. They have cut more than 200 compliance tasks and replaced them by 37 straightforward rules, 10 overall guiding principles, and a series of ‘good development in practice’ standards (political economy analysis, risk management, Do no harm, ..)
- **Capability:** Recognising that the conventional linear, apolitical approach and assumptions are not going to work in many of the contexts that DFID operates, it wants to build its collective capability by finding more effective ways to share lessons from real world delivery on the ground and tap into implementing partners’ expertise.
- **Incentives and culture:** empowering staff to use professional judgement, generating open dialogue on lesson learning and failure, and running towards problems, in the knowledge that poor performing programmes never self-correct.

From **guest blog** by DFID’s new ‘Better Delivery Taskforce’: Tom Wingfield & Pete Vowles²⁶

It is still too early to assess the effects of this reform in DFID, but there seems to be a growing recognition of the problems with existing funding frameworks, and initial efforts are undertaken to change this practice.

In **Belgium**, the government also acknowledges the administrative pressure resulting from all its narrative and financial planning and reporting requirements, and **has committed itself to a simplification of the regulations**. Draft texts of the new partnership (July 2015) between Belgian CSOs and the government have a separate chapter which list a number of initiatives to lower the burden related to planning & monitoring (documentation), accountability procedures, financial audits, and the financing instruments.

In earlier sections (2.4), the **EU Structured Dialogue** process was described as a different way to establish ground rules for the EU support to CSOs in development cooperation. This process accumulated in the 2012 Communication on Civil Society in Development, with the guideline to work towards Roadmaps for each partner country on how to engage with civil society, based on a thorough analysis of the situation on the ground. The purpose of the roadmaps is “to improve the impact, predictability and visibility of EU actions, ensuring consistency and synergy throughout the various sectors covered by EU external relations. These roadmaps are also meant to trigger

²⁶ Ibid.

coordination and sharing of best practices with the Member States and other international actors, including for simplification and harmonisation of funding requirements”. A recent publication (2014) by Concord, the European NGO umbrella structure, looked specifically at the implementation of the Roadmaps by doing a survey amongst the CSO partners in its network. All in all, the survey recognises the improvement in the dialogue between EU institutions and civil society on the ground, and sees the Roadmap process as an important step forward. On the other hand, Concord sees room for improvement as in some countries the consultation was rather ad-hoc and the number of CSOs consulted was far too narrow. Also the engagement on political and policy issues and on human rights is still perceived to be too weak.

4 | Emerging issues & opportunities

4.1 Bringing it all together: review of the 2009 trends by Nijs & Renard

Table 8: Evolutions in bilateral thinking about NGO/CSO funding (update from Nijs & Renard 2009)

2000-2009 (Nijs & Renard)	2009-2015 (Huysse & De Bruyn)
Relation government –NGOs/CSOs	
Allocations of funding through an open and competitive system (sometimes labelled "marketisation") based on transparent criteria	Intensive use of tenders and other competitive systems in UK, Netherlands and EU. Also opening up tenders up to private sector actors. Belgium will only make limited use of tenders. Nordic countries make limited use of competitive systems, aside from RAM system in Denmark. France, Germany and Switzerland have strong continuity in CSO funding relationships with limited number of CSOs.
Thinking on a „new aid paradigm“ mainly located within bilateral (like-minded countries) and multilateral agencies (World Bank) leads to questions on service delivery substitution by NGOs. Many NGOs alienated from this evolution, and feel threatened by it.	“New aid paradigm” on aid effectiveness playing-out in most countries and funding schemes, especially through result-based management agenda. CSOs have complied for a large part, but developed own CSO Development Effectiveness Agenda (Istanbul), which takes different approach to effectiveness. The expected withdrawal from service-delivery roles did not materialise for key players such as UK and EU. Netherlands and Nordic countries are most explicit about importance of watchdog function for CSOs.
Formulation, after consultation with NGOs, of a strategy/policy that emphasises intensive and/or extensive complementarity between bilateral and NGO aid	In our sample, only 4 out of 9 (Denmark, France, Germany and EU) ²⁷ have up to date CSO policies. Especially UK, Netherlands, and Belgium are increasingly stressing complementarity with bilateral channel.
Recognition of different roles, but emphasis on synergy between NGOs and bilateral aid	See above. Germany, Switzerland, and Denmark are re-confirming right of initiative and do not push for synergy.
Public funding dependency of NGOs regarded as unwise. Focus on popular support and fundraising by NGOs	Dependency is still seen as problem (see for example 12 lessons report by OECD-DAC, 2012), but debate was only intensive in Netherlands recently. All in all gradual move in CSO community to try to access more public fundraising and other channels (eg. EU).
/	<i>New: From NGO to CSO</i> – growing recognition of relevance of CSOs outside traditional NGO spectrum, including trade unions, social economy CSOs, citizen initiatives, faith-based organisations, social movements, .. This goes hand-in-hand with new roles (see 4.2.4)
/	<i>New: Increased focus on PS4D-</i> : Donors look at private sector for different roles (implementation, financing, partnership, target of lobby & advocacy, ..) and encourage partnerships with CSOs
/	<i>New: Increased decentralisation</i> – Donors are increasingly trying to decentralise their operations to the partner country level, including decision-making on funding.

2000-2009 (Nijs & Renard)	2009-2015 (Huyse & De Bruyn)
Modalities	
Programmatic approach is encouraged through broader agreements related to strategies and output/objectives	Framework agreements are expanding in Nordic countries and UK, but growing critiques that they are again over-loaded with project-like reporting requirements and other conditionalities. Belgium pushes Belgian CSOs to improve coherence between different types of Belgian actors. Also opposite trend visible: service delivery roles pushed by EU and UK.
Long-term funding agreements (3-6 years)	No further changes in duration, while studies keep on recommending the need for longer funding agreements.
Results-based management, stronger focus on M&E. NGOs must be able to demonstrate impact and contribution to official aid objectives.	This agenda has gained a lot of traction and found its way in most donor countries, and in its most intensive form in UK, Netherlands and Sweden. Several donors are starting to question an over-focus on the effectiveness agenda.
Flexible reporting and less bureaucratic control to make flexible support to southern NGOs possible	Independent reviews indicating that reporting requirements and bureaucratic control are too heavy. Many policy intentions towards light reporting and less bureaucratic control, but not a lot happens on the ground. Direct funding only increasing in UK and EU (contrary to what emerges in other studies).
Some outsourcing to umbrella organisations or external/private companies	Outsourcing to CSO umbrella organisations mainly in Denmark, Sweden and Belgium (from 2017 onwards), and to some extent in France (with funds for diaspora organisations). Increased use of companies to manage funding channels especially in Netherlands, UK and EU. Additional: austerity measures create new wave of organisational restructuring in donor agencies with implications for the way CSO funding is structured.
More earmarking through special funds, and stricter conditions in co-financing without impinging on the right of initiative	Earmarking mainly in UK, EU and Netherlands. Stricter conditions in co-financing in most countries, except Germany, France and Switzerland. Right of initiative is increasingly affected according to many observers.
Focus on strategic policy management at macro level, importance of policy dialogue with NGOs	Policy dialogue strengthened in EU and Denmark (recently also Sweden); in some countries stable (Switzerland, Germany); in some countries good at operational level but weak at strategic level (UK, Netherlands, Belgium, France)

²⁷ The Netherlands has a policy note on its new funding framework (Strategic Partnerships). Sweden is the process of developing a new CSO policy. Belgium and UK are in the process of developing new policy frameworks .

Strategy	
Funding must fit into official civil society strategy	In absence of up-to-date CSO policies, it is rather overall aid policies and partner country -based strategies that determine CSO funding modalities and strategies.
More direct funding of southern NGOs by bilateral donor	This has more or less stagnated or decreased in most countries, except for UK and EU.
Focus on lobbying and advocacy and mainstreaming of official aid cross-cutting issues. Service delivery interventions must respect Paris Declaration principles	The expected shift from service-delivery roles to other roles did not materialise for key players such as UK and EU. Netherlands and Nordic countries are most explicit about watchdog function for CSOs.
Paris Declaration and shift to sector and budget support is reflected in requirements related to more strategic approach of NGOs.	Paris Declaration is less central in donor discourse. Budget support is decreasing as a support modality.

Looking back at the 2009 analysis from Nijs and Renard, several of the trends they identified did materialise to some extent. The Paris Declaration was probably a key factor in the growing attention for results-based management in most countries, but turned out to be less influential on other aspects for the Nordic countries, Germany, Switzerland, France and Belgium. **When looking at the nine cases in our study, the Nijs and Renard's predictive analysis turned out to be mostly applicable to UK, Netherlands and EU, and for some aspects in the Nordic countries (use of framework agreements, importance of lobby & advocacy).** In other donor countries in this study the predictions did not come through or took a different turn.

4.2 Other emerging themes

Aside from the comparison of the formal CSO policies and modalities of nine donors, the study is also an opportunity to review some of the underlying debates about CSO activities in developing countries that have been on the agenda for some time. For this section we use a wider group of literature, and the issues raised go beyond what one could conclude directly from the interviews and donor-related literature.

4.2.1 'Too Close for Comfort' revisited

In their 1996 reference publication Hulme and Edwards wrote a critical analysis of donor-CSO relationships in view of the steep rise of donor funding for development NGOs. The increase was explained by efforts to strengthen good governance agendas in developing countries but was also widely seen as attempts to replace core functions of the state and fill gaps in service delivery. Hulme and Edwards argued that the increased dependency of NGOs on donor funding undermined their capacity to contribute to the long-term goals of social justice and transformation. **NGOs were argued to be too close for comfort to governmental donor agendas.** The publication was picked-up widely at the time and was used to trigger debates about the extent to which NGOs were instrumentalised for other agendas.

Since then, the principles of autonomy and right of initiative have received more attention in the discourse of NGOs and CSOs. The question arises whether almost 20 years later the situation has changed. In a recent paper (Banks, Hulme & Edwards 2015), the **same authors argue that the**

mainstream NGO community is still struggling with similar issues, at the same time recognising that a smaller section of NGOs did renew their position and ways of working.

There is no extensive study work on the degree of financial dependence of NGOs across OECD-DAC countries (aside from a rough mapping by OECD-DAC in 2011), neither on the autonomy and right of initiative. In our study we explicitly asked informants about this issue, resulting in a mixed picture as hinted in earlier sections. In countries such as Germany, France, Switzerland, Sweden and Denmark autonomy and the right of initiative are taken as a basic principle by the government. CSOs have been asked to professionalize in certain areas, but the steering is less on the actual programming. In Belgium, the Netherlands and the UK this is also the case in the discourse, but there is a clear trend in stressing certain roles of civil society and a systematic broadening of the conditionalities to access funding.

A critical review of this debate can be found in an extensive study by the Nordic Africa Institute (2013). It paints a very critical picture of the consequences of the way CSOs are currently funded. They observe four main trends, which together risk decreasing the relevance of CSOs (SIPU 2013, p. 25):

- CSOs increasingly compete for funds and are encouraged to adopt more entrepreneurial ways of working, showing self-sufficiency (**marketisation**).
- This in turn leads to the rise of managerial layers within CSOs that separate organisational control from operational work and ownership by creating professional management positions. These specialise in accepting goals from above (donors) and setting goals for below (field staff and ultimately target groups) (**managerialisation**).
- These trends are coupled with increasing focus on evidence-based ways of working, based in ideas around scientific measurement, such as results based management and how it is applied (**scientisation**), and
- CSOs working according to standardised compliance regimes, with increased use of auditing, indicators and templates (**standardisation**).

The authors argue that: **“Taken together, it is argued that these four international trends together lead to ever more donor oriented CSOs that may not be as effective as agents of social change as they could be.** The outcome is that they are in danger of becoming less engaged with their target groups, may be forced to abandon their long-term strategies in favour of supporting imposed donor strategies, leaving them disempowered in carrying out their specific mandate.”

4.2.2 New impetus for ‘slow-funding’ frameworks?

‘Programmes must be measured based on whether they have affected the space of the possible, and laid the groundwork for long-term, ongoing war, not success in a single battle.’

(In ‘Plan for Sailboats, Not Trains’, Kleinfeld 2015)

The previous chapter ended with a list of examples of changing practices in the funding of CSOs, which seem to step away from an excessive focus on aid effectiveness. They vary from initiatives at the operational level, like cutting back on administrative procedures that have limited added value, to more fundamental principles like re-confirming the right of initiative, and recognising the role of the government in creating an enabling environment for CSOs. These were only a few examples of a longer list of donor intentions to change the nature of CSO funding.

This snapshot of reforms and intentions seems to indicate that donors are realising that there is a limit to the makeability of civil society, and that processes of change require patience

and flexible mechanisms, acknowledging the quickly changing face of the CSO landscape and therefore funding opportunities. This trend could be described as **a growing interest in what we could call ‘slow funding’, building on local dynamics, a deep understanding of what is happening on the ground, focusing on experimentation and learning, and taking a long term perspective.** In the following paragraphs examples are provided of new initiatives which resonate with the idea of ‘slow funding’.

A number of new initiatives have tried to capture the principles for an alternative approach to development, such as the Doing Development Differently initiative²⁸, and thinking and working politically²⁹ (Green 2014). These approaches emphasize ‘the importance of understanding and working with the grain of local context, and a project cycle which replaces ‘The Plan’ with a messy process of trying, failing, learning and adapting (and trying again)’ (Green 2014). Another alternative set of principles were developed in a recent publication by Pinnington (2014), outlining what Green (2014) describes as *barefoot* version of doing development differently (Box 2). These generic principles were developed for the development community as a whole, but have specific significance for CSOs.

Box 2: A different approach to doing development: ‘Local First in Practice’ (Pinnington 2014)

Good Practice Principles:

1. Listening: design and adjust according to locally-felt concerns and shifts in the local context; listen to and act upon information and feedback received.
2. Harnessing and deploying latent capabilities: before identifying gaps and needs, look at what already exists in terms of local resources and capabilities, and how they can be supported.
3. Providing support in a timely and responsive way: use small-grant mechanisms to respond to opportunities as they arise and to react to particular events; provide capacity support that is driven by local realities and priorities.
4. Promoting participation: in all stages (research, planning, implementation, monitoring), facilitate participation that empowers local actors to influence and drive processes of change in their societies. Participation can also promote accountability.
5. Recognising that change is a process: rather than leading, facilitate progressive, cumulative change over time; be open to testing, learning and developing through long-term engagement and repeated cycles of action.
6. Broadening the definition of success: balance the prioritisation of results to include both tangible and less tangible aims (such as changes in attitudes and behaviours).

Finally, the London School of Economics (Howell 2012) came up with a specific set of operational principles for the strengthening of civil society in developing countries. They are based on extensive evaluation research of CSO programmes funded by AusAID in the period 2011-2012. Howell’s research reveals the importance of a set of operating principles for the effective working of civil society, including:

- the importance of uncovering local cultural 'norms' about democratisation, poverty and accountability
- the importance of placing donor engagement within a political debate about the relative roles of civil society, the state and the marketplace in providing for global security – not just for donors but also for partner countries, where the very idea of civil society might be perceived as threatening

²⁸ See <http://buildingstatecapability.com/the-ddd-manifesto/> (accessed November 2015)

²⁹ See <http://oxfamblogs.org/fp2p/thinking-and-working-politically-update-where-have-aid-agencies-consultants-etc-got-to/> (accessed November 2015)

- avoidance of the tendency to give precedence to non-governmental organisations at the expense of other pivotal civil organisations like faith groups and trade unions
- the significance of local context, including the history of state-civil relations and competing visions of civil society
- the significance of the 'War on Terror' in decisions about development aid and the danger that civil society organisations are drawn into security agendas either as possible suspects or as potential anti-radicalisation agents.

The research was picked-up by AusAID and integrated as guiding principles in their work with CSOs since 2012.

4.2.3 Building blocks emerging for coordinated approach of CSO financing?

In the study we observe a number of drivers at different levels of the aid system which together create incentives for a coordinated approach at country level either through mechanisms such as the multi-donor funds (INTRAC 2014b) or through increased coordination at EU-level. First of all, from the side of OECD-DAC, there is a clear recommendation that DAC members should conduct more joint assessments of CSOs (Lesson 4). Secondly, we already described the Aid Effectiveness Agenda as an additional driver towards the creation of multi-donor funds in section 1.3. A third driver relates to the gradual trend for decentralised funding, which is decided and coordinated in-country. This creates another opportunity for the coordination of the work of different bilateral actors at country level as they have more flexibility and decision making power to organise these type of arrangements. Finally, donors such as Belgium and Denmark have indicated their commitment to joint programming for the bilateral channel at the European level. As there are growing linkages being built between bilateral and CSO cooperation channels, this again points to the direction of the European level.

Three important questions emerge from this trend related to (1) the best coordination structure, (2) the risk of unequal access to the funds through gate keeping processes, and finally (3) the risk for a further distortion in the balance of power between donors and CSO beneficiaries. Regarding the best intermediary structure to play a coordination role there are several options. It could either be divided between bilateral donors on ad-hoc basis depending for example on who has the largest CSO support programme in a given country or the in-house expertise on certain sectors. In other countries third parties have been selected such as NGO umbrella structures and consultancy bureaus to play this role. Some might argue that the EU level is becoming more interesting than in the past to take up this role since its capacity to coordinate CSO programming has increased due to the CSO Roadmap process. The choice of the best coordination structure is highly contextual and should probably also be informed by the second and third question. Pooling resources into larger schemes always holds the risk that access to the funds needs to be governed by complex regulations and conditions to minimize the risks for corruption or elite capture. A perverse side effect can be that it closes off the possibility for smaller CSOs or networks of CSOs to access this type of finance as they might not have all the systems and procedures in place. The challenge is therefore to avoid a gate keeping mechanism which implies that it can only be accessed by highly professionalised CSOs or CSOs with the right connections. A third question relates to the fact that the pooling of resources also means that the power to decide whether to fund certain CSOs or not is concentrated in one entity. If not well managed, individual CSO will have few alternatives for funding and little power to resist certain types of conditions if all the main donors pool their funds.

All in all, if this trend materialises it could have significant implications for Northern CSOs as the momentum of CSO funding would increasingly shift to the South, possibly also easing access to funding for southern CSOs, but also holding important risks as described above.

4.2.4 Evolving roles for northern NGOs/CSOs

Throughout the text there were references to the evolving roles of northern NGOs and the fact that there seems to be less of a consensus on the way forward than reported in earlier studies. In this paper we argued that new roles have emerged as a consequence of (1) new types of CSO actors that get access to donor funding, (2) a widening of the development agenda with new global goals and new mechanisms, and (3) the growing capacity of southern CSOs. Several studies and reports are presenting (sometimes conflicting) suggestions on the way forward. We just highlight some recent positions brought forward from different quarters.

Four traditional roles allocated to northern CSOs were those of implementing service delivery programmes, providing capacity development services, supporting lobby & advocacy programmes, and development education and awareness raising. In earlier sections we described how all of these roles still exist and how different donors are pushing different roles.

Outside this traditional list of roles the following additional roles (non-exhaustive list) have emerged or have been suggested for northern NGOs over the last decade (Green 2013, Hulme et al. 2014, Bond 2015, Flemish NGO Federation 2015):

- Social entrepreneurs: combining social/developmental objectives with economic objectives
- Brokers/facilitators: CSOs initiating and facilitating multi-stakeholder processes of different types of state and non-state actors to tackle collective action problems
- Supporting existing social movements: NGOs can support member-based social movements in ‘connecting the dots’ so that local agendas are connected to national and international agenda’s; to support them in campaigning; etc..
- Working at home: changing the policies and practices of northern countries related to climate change, value chains, trade & investment, taxes paid by multinationals, migration, etc.
- Partnering with the private sector to develop and/or implement innovative solutions for development problems
- Facilitating South-South cooperation or engaging in trilateral cooperation
- Addressing humanitarian crises wherever they arise
- Peacebuilding and work in fragile states where local civil society is compromised
- Advocate and champion for the socially excluded
- Providing ‘on demand’ technical expertise and capacity building

Appendix - Interviews

Country	Name	Organisation	Type of actor
Belgium	Koen Frederix	NGO Federatie	CSO
Germany	Jana Rosenboom	VENRO	CSO
Germany	Klaus Wardenbach	BMZ	Government
Germany	Volker Visarius	Engagement Global	Government
Denmark	Henrik Nielsen	NGO Forum	CSO
Denmark	Erik Vithner	CISU	CSO
Denmark	Jens Kåre Rasmussen	Department for Humanitarian Relief, Civil Society and Technical Assistance	Government
France	Bénédicte Hermelin	CoordinationSud	CSO
France	Valérie Huguenin	DPO/AFD	Government
Netherlands	Koos De Bruyn	Partos	CSO
Netherlands	Lau Schulpen	CIDIN	Research
Sweden	Annica Sohlström	Forum Syd	CSO
Sweden	Eva Christina Nilsson	Swedish Mission Council	CSO
Switzerland	Konrad Specker	SDC	Government
UK	George McLaughlin	DFID	Government
UK	Rose Longhurst	BOND	CSO
EU	Jean Bossuyt	ECDPM	Research
EU/ Netherlands	Alfonso Medinilla	ECDPM	Research

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