



Department
for International
Development



Civil Society Partnership Review

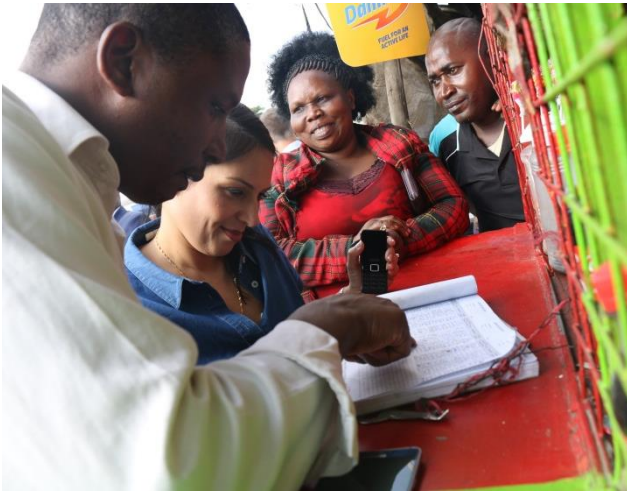


November 2016

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1. Foreword from the Secretary of State



Britain's civil society organisations (CSOs) do extraordinary good around the world.

From delivering life-saving assistance when disaster strikes, to addressing the underlying causes of deprivation, our CSOs are on the front line of the battle against extreme poverty.

I have seen for myself the work they do in some of the most challenging places on earth. A healthy, vibrant and effective civil society sector is a crucial part of Britain's soft power and leadership around the world. The Government will give them our strongest support.

The environment in which CSOs operate is changing fast, and we have to keep pace. Alongside similar reviews of our bilateral and multilateral aid, this review of DFID's interaction with civil society forms part of the Government's efforts to modernise, update and improve the effectiveness of the global development system. We see British CSOs as crucial partners and allies in this quest: the expertise, skills and experience they possess are second to none. British CSOs have led the way in innovating and challenging existing ways of working in development, and I am excited to work alongside them as we work together to strengthen the effectiveness of our efforts to end extreme poverty.

A healthy, vibrant and effective civil society sector is a crucial part of Britain's soft power and leadership around the world.

The main strategic outcome of this review is to enhance the relationship DFID has with existing high performing organisations and to develop new partnerships with a broader range of CSOs. This includes moving away from the previous system of upfront, unrestricted core funding from the UK Government to the largest CSOs, and towards a more open, competitive and outcome-focussed model of funding. This in no way devalues the importance we place on working in strategic partnership with CSOs that share the Government's objectives. But it does reflect a new emphasis on widening the range of partners we work with – including civil society in developing countries – and introducing a clearer focus on results.

Previously, as well as upfront, unrestricted funding for the largest NGOs, DFID also had many separate funding streams for CSOs. This sometimes led to confusion and duplication. One of the central outcomes of this review is to simplify and consolidate these funding streams down to four new windows.

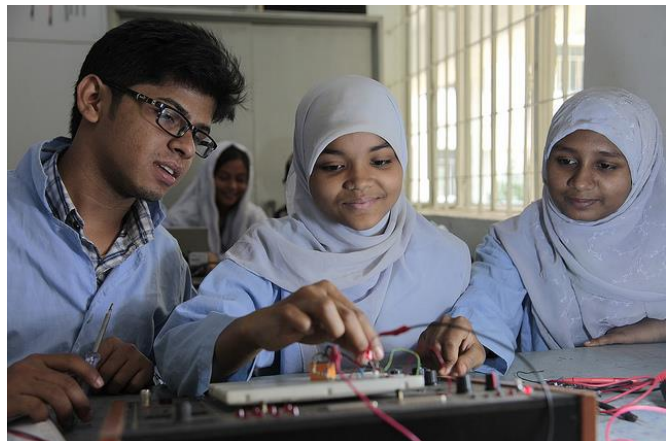
These are:

1. **UK Aid Match.** This will allow the UK public to have their say over where a chunk of the official aid budget goes, by matching private donations to charity appeals from the aid budget. We will honour our manifesto commitment to double the size of this programme.
2. **UK Aid Direct.** Small and medium sized CSOs will be able to competitively bid into an expanded 'pot' of central funding, to help them deliver life changing outcomes for the world's poor.
3. **UK Aid Connect.** Too often the global aid system operates in narrow silos. This new approach to funding will create incentives for innovation and collaboration between CSOs, think tanks and the public and private sectors to solve key challenges in development.
4. **UK Aid Volunteers.** This will offer targeted support to effective global volunteering programmes – including delivering our manifesto commitment to triple the size of International Citizen Service, which helps young people volunteer around the world.

Central to our entire approach to CSO funding will be the core principles of transparency, cost effectiveness and accountability.

The Government expects all organisations that manage and receive UK funding to be open and transparent about exactly where the money goes and what it achieves.

This applies within DFID, for multilateral organisations, for private sector suppliers, and for CSOs. CSOs have become much more transparent in recent years – and British CSOs have led the way.



But there is still further to go. I will expect further, significant improvements in transparency from organisations which receive UK aid, and crucially, I want this requirement for transparency to be passed down through the aid chain, so that people on the ground in developing countries can see where the money ends up and hold people to account if it fails to reach those who need it. DFID also recognises the crucial role that civil society has to play in driving transparency in developing countries, for example, fiscal and extractive industry transparency. We will work in partnership with the CSO sector to drive transparency throughout the system.

It is vital that we maximise the impact of resources which are spent to tackle poverty. There is often a wide variation in the cost effectiveness of interventions that seek to improve and save people's lives. Our funding for CSOs will incentivise and prioritise organisations and programmes that deliver the maximum impact per pound spent. The world is a complex place and development is a complex process, so the answers to this will not always be simple. But our approach will unapologetically put value for money, results for the poorest and cost effectiveness at the heart of our funding decisions, and our funding criteria will reflect this. The British taxpayer and the world's poorest expect nothing less.

Further, we will work with CSOs to help put accountability at the heart of their efforts. CSOs often have significant power within local communities. This power must be accompanied by accountability to those they seek to serve. CSOs must also build accountability and feedback loops between local people and the state.

Developments in technology are creating exciting new opportunities to open up and democratise the way that people in developed countries interact with people around the world. Direct giving; peer to peer lending; new systems for feedback and accountability; new approaches to systematically measuring and comparing impact: all of these things provide huge opportunities for CSOs - and I want the UK to be in the lead in seizing them.

As we work together with CSOs to constantly improve our effectiveness, we will also robustly defend the rights of civil society in a dangerous and uncertain world. Around the world, civil society is facing unprecedented pressure, from violent attacks to attempts to close down the space for democratic dialogue and debate. The UK Government, as part of its commitment to freedom of thought, association and expression, will stand alongside civil society against these encroachments. And we will support the extraordinary bravery of people who work for CSOs, often at serious personal risk, in some of the world's most dangerous places.

This review marks the beginning of my efforts to work in partnership alongside UK CSOs to deliver results for the world's poorest and for the British public. I look forward to continuing to work towards our shared priorities in the years ahead, as together we build a post-Brexit Britain that is generous, outward-looking and fully engaged on the world stage.

A handwritten signature in black ink that reads "Priti Patel". The signature is fluid and cursive, with the first name "Priti" and the last name "Patel" clearly distinguishable.

Rt Hon Priti Patel MP

Secretary of State for International Development

2. Aim and purpose

The purpose of the Civil Society Partnership Review (CSPR) was to ensure that the UK Government can work effectively with civil society organisations (CSOs) to deliver even more for the world's poorest, both now and into the future. Central to this is the promotion of continuous improvement of standards and practices; maximising value for money for the taxpayer; enhancing transparency; and ensuring public trust and legitimacy.

To achieve this, the CSPR will result in changes in three areas:

- 1. Strategy:** a new vision, direction and objectives, to maximise value for money and impact – and in so doing deliver more for the world's poorest.
- 2. Engagement:** a new approach for meaningful, strategic and efficient engagement with civil society in the UK and overseas.
- 3. Funding:** a rationalised approach to central funding for CSOs that simplifies the various 'pots' of money available and provides funding for the activities that make the biggest difference to poor people's lives.

3. Outline

The CSPR considered DFID's current civil society funding portfolio alongside the changing global context and civil society operating environment.

The review was structured in three phases:

- **Phase one analysed DFID's current global civil society portfolio.** This phase involved extensive digital engagement with a range of CSOs and other stakeholders and an analysis of the current civil society operating environment.
- **Phase two comprised a series of discussions with representatives from more than 130 organisations.** This included a series of events co-hosted by Bond and other CSO networks, Hub Cymru Africa and NIDOS (Network of International Development Organisations in Scotland). We also held individual discussions with international development experts.
- **Phase three focussed on analysing CSO contributions to identify key themes and opportunities.** We recognise it is important that the review outcomes reflect what CSOs told us about how their organisations and work is changing, as well as DFID's priorities.

4. Review findings



Changing civil society in a changing world

Factors that are driving fundamental changes in the international development sector include: a rise in the economic and political power of emerging countries; rapid urbanisation; changes in demographics and climate; changing geographies of conflict and poverty; and technology. These changes are having a profound impact on the CSO operating environment and present new opportunities as well as challenges.

CSOs emphasised the need for organisations based in developing countries to have a more prominent leadership role. International CSOs should increasingly support the development of these local partners and not simply focus on direct service delivery, except where there is no alternative, such as in some fragile and conflict states.

Traditional international development CSOs are being challenged by new business models, whilst the private sector, professional organisations and others are increasingly carving out roles in development. **The complexity and scale of global development challenges ahead requires the unique competences of these different sectors to be brought together.** No single organisation has all the answers. Partnerships and collaborations can allow broader reach, generate more ideas and deliver swifter responses. Innovative partnerships that bring public, private and CSO sectors together will be increasingly important for the future.

Key points from CSO discussions

CSOs told us that DFID should better recognise the sector's diversity and the unique contribution a wide range of CSOs make to DFID's work. This could include a clearer approach for working with organisations that are neither seen as, nor identify themselves as primarily development organisations. These include some faith groups, social enterprises or women's groups.

There was a strong and frequently expressed view that CSOs based in developing countries are increasingly capable, and demonstrate the legitimacy, sustainability and ability to deliver value for money. DFID should develop a more systematic approach to help civil society in developing countries develop the skills, knowledge and capacity that will enable them to achieve greater effectiveness and secure funding directly.

CSOs emphasised the value in supporting ways of working together, developing learning and flexible responses to emerging opportunities and challenges. New approaches to funding these activities should be developed. As part of this, DFID should encourage new ways of working and provide funding for innovative and collaborative projects, especially in more challenging environments.

Small and medium-sized organisations are filling an important niche, running important and innovative projects. It is often smaller, grassroots organisations that are best able to make the connections on the ground and achieve lasting impact. However, **smaller CSOs said it could be easier to access DFID funding, as the extensive requirements of the application process made it harder for them to successfully apply.**

UK Aid Match has proven to be highly successful, with 62 grants awarded to UK CSOs working in 22 countries. To date, DFID has committed to match 3.8 million public donations with £120 million of funding. In delivering the manifesto commitment to double UK Aid Match, **CSOs are keen that DFID considers a broader range of approaches to matching their fundraising.**

Many CSOs are experiencing significant reductions in traditional funding sources. This includes funding from the public, corporate giving and from institutional donors. In this environment they are pursuing more efficient operating models and more systematically seeking full cost recovery on donor funded programmes.

5. Review outcomes

STRATEGY



DFID will implement a comprehensive package of reforms that will maximise value for money and results from CSO programmes and engagement. Our primary aim has been, and will continue to be, working with civil society to achieve a world free of poverty.

DFID's objectives for working with CSOs will be to:

- work with civil society, to achieve a world free from poverty
- fund CSOs to deliver goods, services and improvements in people's lives across DFID's work - from fragile and conflict affected states and emergency and humanitarian situations to long term development activities
- meet the UK's commitment to leave no one behind: to build programmes and knowledge on improving the lives of the poorest and most excluded people including girls, women and young people
- help people in developing countries influence decisions that affect their lives and hold decision makers to account
- build a diverse, resilient and effective civil society sector and a supportive operating environment
- develop and share evidence on what works to achieve the UK Aid Strategy: to achieve peace, security and governance, to strengthen resilience and response to crisis, to achieve global prosperity and to end extreme poverty
- maximise the impact of our funding on the lives of poor people, by supporting the most cost effective interventions that will make the biggest difference to the largest number of people
- build and maintain public support for development

ENGAGEMENT



DFID recognises the value of listening to a range of stakeholders including CSOs who, like DFID, are at the forefront of delivering aid. We want to engage with organisations that share our values and objectives and can contribute to delivering the UK Aid Strategy. We want to hear from the right organisations at the right time so that our approach to delivering UK aid is informed by those who know what works on the ground.

Future DFID engagement with CSOs will be more strategic, effective and involve a broader range of organisations. **We will:**

- introduce a relationship management programme with key CSOs to maximise the value from our joint work. This will complement DFID's approach to working with private sector suppliers.
- increase regular and structured policy dialogue with CSOs on specific areas, for example on nutrition, family planning, better outcomes for girls and women or on economic development. These will improve practice and share learning and be linked to DFID strategic objectives.
- host an annual DFID Civil Society open day with events, workshops and presentations that give CSOs and a variety of DFID teams the opportunity to learn from and engage with each other.
- help shape the environment in which CSOs operate. We will address declines in the operating space for civil society that reduce civil society's ability to improve the lives of poor people and hold those in power to account. Alongside other UK Government departments, DFID will support organisations that protect those under threat and increase understanding of the extent, causes and consequences of closing civic and civil society space.
- hold UK regional roadshows to provide opportunities for CSOs across the UK to meet DFID staff and to showcase UK Aid Direct, UK Aid Match projects and other funding opportunities.
- increase opportunities for in-country CSO engagement with DFID country offices, including working with smaller local NGOs, faith groups and other relevant actors where appropriate.

FUNDING



DFID will fund activities that make the biggest difference to poor people's lives and that deliver maximum value for taxpayers' money.

Central funding

Central funding - funding from DFID departments in the UK - for CSOs will shift from core funding, towards open, competitive programmes. We will open up opportunities for organisations working together across civil society, and welcome bids for funding from a broad range of organisations. The overall level of DFID funding to all organisations will be determined by their ability to demonstrate effective delivery and value for money. We will expect CSOs to be clear about the results they expect to achieve as well as the costs.



DFID's central funding to CSOs will be provided primarily through the following programmes:

- **UK Aid Match.** This programme matches public donations to charity appeals. We will build on the success of the first UK Aid Match programme and implement the manifesto commitment to double it. The second programme will aim to increase the opportunities for the UK public to have their say, fund a more diverse range of organisations and explore new ways to match public giving.

Following this review, applications for the next round of UK Aid Match will be accepted until 31 January 2017. In this round, up to £30 million will be available to match CSO appeals for programmes that reduce poverty. In this round we expect that some successful proposals will focus on family planning, nutrition or ending modern slavery.

- **UK Aid Direct.** This is the main central competitive fund for small and medium CSOs. Even the smallest organisations are welcome to apply. Funding criteria will reward bids that demonstrate cost effectiveness in delivering outcomes for the poor. Successful bids will directly tackle poverty and link to at least one of the UK Aid Strategy's core strategic priorities. The first post-CSPR round of UK Aid Direct will receive applications until 31 January 2017, offering up to £40 million. This is double the value of grants agreed in the previous funding round. In this round we expect that some successful proposals will focus on family planning, nutrition or ending modern slavery.
- **UK Aid Connect.** This is a new programme which will support coalitions of CSOs, think tanks, public, private and third sector organisations to help find solutions to current complex situations whilst tackling tomorrow's challenges. UK Aid Connect is a direct product of responses from the CSPR, where it became clear that there was a need for civil society to work better together, and with DFID, to create innovative and flexible solutions to the most important and difficult development challenges. We will invite proposals for a first phase of UK Aid Connect in March, with the first tranche of funding available later in 2017.
- **UK Aid Volunteers.** We recognise the unique characteristics and broad social benefits that volunteering programmes can bring to the individual and community. UK Aid Volunteers will include the International Citizen Service (and fulfil the manifesto commitment to triple the number of young people taking part in the programme) and any future DFID relationship with volunteering agencies.

Together these programmes will provide funding opportunities for a broad range of CSOs. Further details, including how to apply, will be available at www.gov.uk/dfid.

In-country funding

DFID country offices will continue to directly fund civil society programmes. These programmes will contribute to the delivery of the UK Aid Strategy, whilst responding to the specific priorities, needs and opportunities of that country. Country offices will lead on the selection of partners, and work with DFID central teams toward greater efficiency, by consolidating management and programme arrangements where possible. Such programmes accounted for more than half of DFID's bilateral funding to civil society in 2014 to 2015.

Due diligence

Funding will continue to be subject to rigorous pre-grant due diligence checks. Through these checks and robust monitoring and evaluation, we will ensure that the funding is used only for its intended purpose and in accordance with the terms and conditions outlined in the grant. Whilst we seek to work with organisations of a variety of types and sizes, we will not compromise on assurance standards. Our grants and agreements will continue to reflect the Government's broader reforms on the use of public funds and grant standards. The Cabinet Office will set out the Government's approach in more detail in due course.

DFID will revise its approach to reimbursing overhead costs. This will balance recognition of the costs incurred by CSOs with the continued need to incentivise efficiency and deliver maximum value for money.

Priorities and expectations

The Statement of Priorities and Expectations (SOPE) for DFID commercial suppliers was introduced in January 2013. DFID will build on this by introducing a similar SOPE for CSO grantees. This will include endorsing guidance from the National Council for Voluntary Organisation on remuneration, which recommends that charity employers should publish the remuneration of their highest-paid staff, with justification for those salaries from the board of trustees. This information should be easily accessible on the CSO's website. The SOPE will also require DFID CSO grantees to meet the new Fundraising Regulator's standards for charitable fundraising and requirements for organisational and programme transparency that were established following the 2015 Etherington Review of Fundraising Self-regulation.

Beneficiary feedback

Beneficiary feedback adds enormous value to CSO programmes whilst also enhancing accountability, by putting the views of people whose lives we are trying to improve at the core of our programmes we can respond to their needs more effectively. DFID will ensure that beneficiary feedback is enhanced at appropriate stages in CSO programme design, mobilisation, delivery and annual review processes and will look to CSOs to work with, and through their communities.

We have a duty to the poorest to maximise the impact of our spending. Our funding processes will reward bids that use the interventions proven to be the most cost effective. When evaluating bids for funding, we will consider the number of beneficiaries served, and the degree to which they will benefit.

Transparency

Transparency is vital for both CSO legitimacy and accountability to both the taxpayer and the intended beneficiaries of DFID funding. UK CSOs are leading the world on progress in transparency. However, the quality and completeness of the material published varies. This can result in data that is difficult to use and reduce the transparency of the overall flow of aid. The challenge now is to ensure that transparency data is actually used to improve development effectiveness. DFIDs will make it a key requirement to enhance the quality and use of data. At a minimum, by the end of 2017, centrally funded CSOs will be required to meet the full International Aid Transparency Initiative (IATI) standard on all their funding, and ensure that all the organisations in their delivery chain also meet the standard. DFID will continually review its transparency requirements, with a view to expanding and enhancing them in the coming months and years. DFID will work collaboratively with both Bond and other donor governments to explore the possibility of reducing DFID reporting requirements where CSOs proactively publish their data through IATI.

We believe that the outcomes of this review set out an approach to working with our civil society partners that will boost the effectiveness of our partnerships. We look forward to working with our CSO partners in pursuit of our shared goals.

Photo credits

- Cover: A child is screened for malnutrition by an International Medical Corps assessment team in South Sudan. Credit: Nick Stanton/International Medical Corps.
- Page 5: The Underprivileged Children's Education Program helps thousands of Bangladeshi girls to stay in school and gain sought-after skills. The UK supports the program alongside Save the Children and international donors.
- Page 8 (left): UK aid funded project with Action Against Hunger to set up community farming groups and improve nutrition in Bandundu Province, DRC. Credit: Russell Watkins/Department for International Development.
- Page 8 (right): UK aid funded response to Typhoon Haiyan in the Philippines with Plan. Credit: Jess Seldon/Department for International Development.
- Page 11: An image from SCIAF's Wee Box appeal 2016. Donations were doubled by the UK government through UK Aid Match.

The Department for International Development:
leading the UK government's fight against world poverty.

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