



DFID Response

29 May 2019

DFID Response to the Independent Commission for Aid Impact recommendations on: DFID's partnerships with civil society organisations, 10 Apr 2019

DFID welcomes the Independent Commission for Aid Impact's (ICAI) review on our partnership with civil society organisations (CSOs) and the recommendations it makes.

Civil society is a crucial partner for DFID, in delivering development results, in representing and empowering marginalised people within society, advocating for progressive change and in shaping policy dialogue. DFID remains strongly committed to an effective partnership with civil society to deliver the Sustainable Development Goals (SDGs) and to ensure nobody is left behind.

Recommendation 1: DFID should fill gaps in the knowledge needed to optimise the design of its central funding instruments.

Accept

It is important that we design programmes in a way that helps us answer important questions about what works in addressing the needs of poor people and delivering value for money for UK tax payers. In designing the three central civil society funding instruments under this ICAI review we recognised that there were some gaps in evidence that we would need to fill during implementation. The business cases for the three programmes identified a number of questions we needed to answer, including "how effective is matching donations at increasing public engagement in aid?", "what are the benefits of funding smaller CSOs?" and "what are the potential benefits of creating innovative new partnerships through co-creation?"

Evaluation of the effectiveness and impact of matching public donations within the UK Aid Match programme is currently underway. An evaluation of the value of funding small charities through the Small Charities Challenge Fund within UK Aid Direct will also start soon. Further evaluation is planned within the next phase of UK Aid Direct to test the fund's impact on the capacity development of CSOs as well as its contribution to the SDGs. We will share that learning and its implications widely and integrate it into programme implementation.

In addition, each programme has learning, monitoring and feedback processes in place to assess performance and inform the direction of the programme. For example, in UK Aid Connect a cross-cutting learning strand is in place to gather learning across consortia on beneficiary feedback, cross-consortia learning, gender equality, innovation and value for money.

Recommendation 2: Throughout DFID’s central and in-country portfolios, the process towards funding agreements should be more efficient, predictable, reliable and transparent, and should allow CSOs sufficient time to develop proposals.

Accept

DFID’s key objectives are to ensure our programmes deliver results for poor people and achieve value for money for the UK tax payer. We will continue to review where improvements in the way we manage funding agreements can be made that lead to better results and value for money. This includes identifying improvements in DFID’s advertising and selection processes for civil society funding opportunities through consultation with CSOs on their experience, and in line with DFID’s high grant making standards and cross-government guidance. An example of where we have done this is our Small Charities Challenge Fund which operates a streamlined one-stage application process. A proportionate due diligence is then conducted on successful organisations who are provided with one-to-one support to ensure our high standards are met.

ICAI make a strong case for ensuring that CSOs have enough time to develop and submit proposals. Developing high-quality bids often requires engagement of numerous experts, stakeholders and communities and a significant investment of staff time. Ensuring that Funding rounds are predictable and remain open for a sufficiently long period can reduce barriers to CSOs submitting proposals and produce better quality bids. DFID will therefore pilot setting a target minimum time between announcing and closing funding rounds in UK Aid Direct and UK Aid Match, test and share the impact of this, and monitor and report on our performance.

As part of our on-going commitment to being a responsible funder, including clarity on what the process will entail for applicants and what they can expect from DFID, we will review and improve guidance and information for applicants where needed.

DFID’s ability to predictably manage funding processes through periods of discontinuity has been strongly tested within the period of this review. Whilst the need to respond to external events flexibly – particularly in response to changing need or crisis – can lead to shifts in programme timeframes, DFID accepts the need to communicate more proactively to potential applicants when key dates or assumptions are likely to shift.

Recommendation 3: Throughout its central and in-country portfolios, DFID should have a stronger focus on the long-term results of its CSO-implemented programmes, the localisation of development and humanitarian efforts, and its CSO partners’ long-term capacity to deliver relevant results in evolving contexts.

Partially Accept

We can only partially accept this recommendation because it incorrectly implies that our programmes are not results focused. DFID maintains a strong focus on results and its long-term goal is the sustainable exit of communities from poverty. ICAI acknowledge that most DFID projects are “delivering positive results” and “sometimes life-changing or even life-saving results” once funding is in place. However, we agree that longer-term funding can be important for organisational capacity development, including long-term learning and evaluation. We will explore where longer funding agreements could be employed within DFID’s central civil society programmes, including options for agreements extending beyond five years.

We agree the localisation of development should be a priority wherever possible. DFID’s Civil Society Partnership Review (CSPR) found that CSOs based in the Global South are increasingly able to deliver high-quality interventions. The CSPR confirmed that the focal point for relationships with local civil society should be DFID country offices. However, we accept that we could go further by ensuring that more of our central funding – and the

power that is associated with that funding – is shifted to local partners. For example, the latest funding round of UK Aid Direct has been opened to direct proposals from developing country-based CSOs for the first time.

Sustainability of results and building local capacity are core to DFID's approach. We are exploring how we can support the long-term capacity of developing country CSOs through our centrally managed programmes. DFID recently announced a joint programme with Comic Relief which will be delivered through local civil society and has an explicit aim to support organisational development of Southern organisations. This builds on the commitment within the humanitarian sector to find safe and effective ways to fund local partners through initiatives such as the START Network. An additional measure which will support long term capacity development is DFID's new approach to overhead costs in accountable grants. This will make it easier for CSOs to include the real costs of delivering projects in a sustainable manner through a fair, standard methodology.

Recommendation 4: DFID should do more to encourage CSO-led innovation, and to recognise and promote the uptake of innovation successes.

Accept

DFID funds proven interventions based on the evidence of what is most effective in helping lift people out of poverty and innovative ideas that have potential to transform people's lives. We remain keen to identify and encourage innovation in the civil society sector.

ICAI point out that there are excellent examples of DFID-funded innovation being led by civil society. For example, innovation is at the heart of our UK Aid Connect programme. It was a key criterion used to assess proposals and all finalised programme designs follow the principles of adaptive programming, adopting an experimental approach to test possible solutions and adjust approaches. As the programme concludes its co-creation phase we will gather and share learning on the impact of this approach.

Since 2013 DFID has invested over £50m in the Global Innovation Fund, an independent registered charity investing in social enterprises, businesses and charities that have the potential to scale up innovative work which alleviates poverty.

Although ICAI finds "DFID's efforts to promote learning in its civil society partnerships to be credible", we recognise that we could do more to ensure that the learning from the many innovative CSO projects we fund is shared both within DFID and externally. DFID has started a structured programme to bring together learning from across the department, the civil society sector and from external experts. This will draw together evidence on the role that civil society can play in inclusive development and the most effective approaches to supporting civil society. DFID has also commenced a similar approach to learning on digital technology and this will ensure that our approach to digital innovation is supportive of, and learns from, CSOs.

Recommendation 5: DFID should provide a guiding framework for country offices on how to analyse and respond to closing civic space within a national context, and work with other UK government departments to agree a joint approach to addressing the decline of civic space at the international level.

Accept

We share the analysis that globally, space for civil society is being constrained and this impacts on delivery of the SDGs. The global trend for closing space is undermining people's ability to demand their rights and to hold leaders and governments to account. Without these rights, the potential of civil society is undermined, development is unlikely to be inclusive and the Global Goals will not be delivered.

DFID welcomes this recommendation and is taking steps to address it. This is complex and context-specific work, subject to reversals as well as gains and an area where realism is vital. As ICAI recognise, DFID country offices are already using their expertise on the local governance context to develop appropriate responses: understanding of the local context allowed DFID Pakistan to facilitate and inform the Secretary of State's recent engagement with the Prime Minister of Pakistan.

Closing civic space has been and will remain an issue that is also raised through diplomatic channels and within international institutions. We work effectively with other government departments including the Foreign Office to develop clear positions. As ICAI note, cross-government working has helped to secure improvements to international banking guidance that presented a barrier to access to financial services for some CSOs and DFID's participation in a cross-sector working group is helping to identify further improvements. DFID also supports the Open Government Partnership which uses collaborative dialogue to increase civic space.

We have taken steps on this issue since the ICAI review commenced. The Secretary of State's recent speech at the Bond Conference on 18 March signalled DFID commitment and leadership. Our recently published Governance Position Paper stresses the importance of pushing back against closing civic space to protect democratic space. Furthermore, a recent internal study has enabled DFID to build a picture of how closing civic space is impacting DFID programmes and inclusive development more widely. We have shared the results with ICAI and with other donors. This will inform our next steps to change our own processes and increase our international leadership on the issue. A version of the report will be published externally later this year.

By the end of 2019, we will develop a draft model for categorising, understanding and responding to restrictions to civic space. This will be used by country offices in identifying, evaluating and implementing effective local responses. We will also continue to work with OECD partners to share learning and adopt shared positions in response to closing civic space.