

# WORKING PAPER: GOOD PRACTICE DONOR ENGAGEMENT WITH CIVIL SOCIETY

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Office of Development Effectiveness

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## INTRODUCTION

Over the past two decades bilateral and multilateral donors have engaged increasingly with civil society, recognising its multiple roles in development processes. To this end, donors have variously appointed specialist civil society officers, established civil society units or departments, devised broad strategies for engaging with civil society and set up channels of funding to support civil society and develop its organisational capacity. Donors have thus accumulated a wealth of experience in working with civil society. However, there has also been growing awareness about the challenges of working with civil society and the need to reassess strategies for engaging with it, particularly in the light of new aid effectiveness principles.

This paper sets out to review bilateral donor engagement with civil society in developing countries, with particular reference to fragile contexts. In particular, it looks at what has worked well, drawing on good practice found in bilateral development agencies, multilateral agencies, foundations, non-government organisations (NGOs) and other donors. The first section outlines the changing landscape of aid and civil society, drawing attention to shifts in aid policy and practice, and the relationship to civil society. The paper then looks at why and how donors have sought to engage with civil society, before summarising some of the growing concerns about donor practice. It then focuses on examples of good practice that not only succeed in minimising the potential pitfalls noted in the previous section but also broaden the application of aid effectiveness principles such as aid alignment and development ownership, program-based approaches and harmonisation. The review concludes by summarising good practice principles for donors engaging with civil society.

It is important to clarify how this paper uses the term ‘civil society’. The contested concept of civil society has been criticised for being too vague, too amorphous, and empirically imprecise. Nevertheless, the concept continues to have considerable resonance in contemporary political, public and media discourses. It is appropriated by a range of actors for different ideological and political purposes and so it is important to remain alert to its different usages in diverse political settings.

In this paper civil society is defined as the arena where people organise around and deliberate upon shared collective purposes. As an ideal type, it is distinct from government, market and family, but in practice the boundaries between these spheres are blurred, interwoven to varying degrees and negotiated. Civil society is often populated by organisations that vary in their degree of formality and typically includes associational forms such as trade unions, social movements, developmental NGOs, virtual networks, campaigns, coalitions, faith groups, direct action groups, peace groups, human rights organisations.

## CHANGING LANDSCAPE OF AID AND CIVIL SOCIETY

Throughout the Cold War period the main axis of development debate revolved around whether the state or the market should be the main agent of economic growth. These debates, and development policy and practice, were deeply overshadowed by the ideological divisions of the Cold War. Civil society never figured in these debates. However, there was a growing interest in the work of developmental NGOs from the 1980s onwards. Growing disillusion with the state as an agent of development in post-colonial countries followed, and shifts in development theory and policy began. There was a shift away from a singular focus on growth, to issues of redistribution and needs. This shift led to some development agencies such as the United Nations Development Programme (UNDP) becoming increasingly interested in the work of international development NGOs. Particularly catching their attention were the alternative approaches of some of these NGOs to development, and especially their apparent innovativeness, their knowledge of local needs and their focus on participation.

Throughout the 1980s there was rapid growth in the formation of developmental NGOs. During that decade various bilateral and multilateral agencies began to establish NGO funding mechanisms, assign specialist staff and sections to support the work of NGOs, and increasingly filtered their aid through NGOs. As the decade progressed, there was also growing disillusion with the emphasis on markets and an emerging critique of the social costs of structural adjustment programs. Authoritarian regimes came under challenge from democracy movements and by the late 1980s Soviet state socialism had collapsed. East European scholars revitalised the language of civil society to express their desire for political change and the term gained resonance among democracy activists across the globe.

With the end of the Cold War, aid was no longer primarily determined by ideological objectives of foreign policy. This created an opening for aid agencies to focus not only on reducing poverty but also on addressing governance issues in states receiving aid. The dualist paradigm of state versus market gave way to a triadic model of development consisting of the state, the market and civil society (Howell and Pearce 2001).

It was within this changed political context that donors encountered the language of civil society and related concepts such as social capital. In the 1990s donors increasingly made use of the concept of civil society, changing NGO offices into civil society units and appointing specialist civil society staff. The amount of money channelled to and through CSOs increased rapidly. For example, the UK Department for International Development (DFID) has increased its funding to civil society by 50 per cent since its founding in 1997. Bilateral donors gradually drew up strategies for engaging with civil society which gave them a deeper understanding of why, with whom and how they were engaging so as to deliver against development goals.

Since the attacks on the World Trade Center in New York City on 11 September 2001, some donors have underlined the importance of development aid to promoting global and national security. This has changed the broader context within which aid operates and within which aid's role in promoting democracy and reducing poverty is framed. It also has changed the context within which civil society operates and in which donors engage with civil society. In the 1990s some donors were already providing support to CSOs to act as watchdogs on state security institutions (see Caparini 2005, Ball et al. 2002, Anderlini and Pampell-Conaway 2004). Furthermore, in situations of conflict or post conflict, donors were also supporting civil society actors to play a role in building peace and reconciliation. Since the attacks on the World Trade Center, governments have looked to civil society for assistance in implementing programs to counter radical and extremist activities, and in 'winning hearts and minds' by delivering services in front-line insurgency contexts such as Afghanistan and Iraq (see Howell and Lind 2009a and b).

Official development assistance is not the only source of aid in so-called developing countries, nor is aid the only factor affecting the development of civil society in any particular context. The rise in contributions from donors outside the coordination mechanisms of the Development Assistance Committee (DAC) is significant<sup>1</sup>. Private actors – foundations, corporations, NGOs, religious organisations and universities – have become serious donors in their own right, with their own perspectives on development and aid effectiveness. Global private giving for international development has increased at a faster rate than official development assistance (Edwards 2008) and might soon outgrow official aid (Desai and Kharas 2008), although the global recession may have tempered this growth. Other factors affecting the development of civil society in any context include the historical relations between the state and different civil society actors, the legislative and regulatory environment governing citizen organising; the levels of philanthropic giving, the social structures and divisions that permeate both state and civil society institutions, and the processes of urbanisation and industrialisation. Essentially, when donors intervene to support civil society, they do not enter a vacuum. The space they are working in has already been shaped (and continues to be shaped) by a range of other variables.

## WHY AND HOW DONORS SUPPORT CIVIL SOCIETY

Analysing why donors support civil society requires looking at their explicit strategies for engaging with civil society or, where these do not exist, at any statements about civil society in their policy documentation. Some donors such as the DFID, the US Agency for International Development (USAID), the Danish International Development Agency (Danida), the Swedish International Cooperation Agency (SIDA) and Irish Aid have developed explicit strategies or guidelines for engaging with civil society, reworking these in the light of shifts in aid priorities and modalities and adapting them for specific country programs. Others such as the Australian

Agency for International Development (AusAID) engage with civil society but have not yet elaborated explicit strategies.

In general, there are two main rationales donors give for engaging with civil society. First, CSOs can make a positive contribution to processes of democratisation. In particular, they can promote the accountability and transparency of governments, international institutions and markets; advance the voices and concerns of marginalised groups; and promote human rights. Second, CSOs can contribute to poverty reduction by providing welfare services, the empowerment of beneficiaries and being policy advocates for poor and marginalised groups. Some donors also justify their support to civil society as a means of building support for international development in their own, donor, countries.

Most donors have an instrumental approach towards civil society. They seek to support civil society in order to achieve their own organisational objectives such as democratisation, poverty reduction and security rather than supporting civil society as an end in itself. USAID provides the largest amount of funding to civil society and in many countries is the dominant provider of funds to civil society, Afghanistan being a case in point (Howell and Lind 2009a; Carothers 1999). Democracy promotion has been a key objective in civil society assistance provided by USAID, with advocacy NGOs being major recipients of funds. These were encouraged to focus initially on advocacy of democracy-related issues and later on social and economic issues at both national and local levels (Carothers 1999, pp. 207–251).

## EMERGING CONCERNS

By the turn of the millennium there were growing concerns among donor agencies and governments about the role of civil society, particularly NGOs, in development. Several factors were beginning to converge that fuelled circumspection towards civil society. A burgeoning body of research on NGOs highlighted not only the contribution that developmental NGOs could make to development but also some of their problems such as weak management, probity, transparency and accountability and difficulties of taking small and successful activities to scale (Carothers 1999, Fowler 1988, Clayton 1996, Macdonald 1995, Landim and Thompson 1997). Other concerns had to do with the legitimacy of advocacy and campaigning groups, and the sustainability and succession of CSOs. Practical concerns include the duplication of activities (numerous CSOs providing similar services), multiple funding (several donors funding a CSO for the same activity) and the transaction costs for donors of dealing with a myriad of small organisations (Howell et al. 2007). Donors also struggle in supporting the right balance between government and civil society actors in providing services and to identify the role of civil society in state building especially in fragile states.

Thus a number of trends converged at the turn of the millennium that fostered a climate of circumspection towards NGOs. This was further compounded by President Bush's 'War on Terror' strategy that implicated charities in terrorist

financing and cast suspicion over certain groups within civil society.<sup>ii</sup> Furthermore, during the first decade of the 2000s many governments such as in Ethiopia, Uzbekistan, Zimbabwe, Egypt, Russia and Algeria introduced or amended legislation governing NGOs. Such amendments sought to further restrict the activities of NGOs, particularly if they received funds from foreign agencies. Such moves were often justified on the grounds of countering terrorism and/or on the basis that external governments were seeking to overthrow incumbent regimes (Howell and Lind 2009a, Stevens and Jailobeiva 2009).

In addition, the shift in aid modalities and principles – embodied not least in the aid effectiveness principles in the Paris Declaration on Aid Effectiveness – have led donors to review their aid strategies. As some donors shifted towards budget support for governments, sector-wide approaches and joint donor funding, support to CSOs also changed. In many contexts where significant amounts of aid were channelled to the central or lower levels of government, local and international civil society groups had to negotiate with the recipient government for access to aid funding. This led to a perception among some NGOs that donors had reduced funding to civil society and/or that their funding had been reduced because the government concerned did not favour their organisation.<sup>iii</sup>

There was also an emerging critique of developmental assistance to civil society. Key issues raised in terms of common donor pitfalls were:

- > the risks for CSOs of donor dependency and concomitant loss of autonomy
- > an overemphasis on urban-based, English-speaking NGOs
- > the reduction of the concept of civil society to NGOs
- > the illusion of plurality and inclusion that masked the tensions, divisions and conflicts within civil society, and oversimplified the often chaotic and informal processes of social change (see, for example, Gilchrist 2000, pp. 264–275)
- > the tendency to operate with a universal conception of civil society that could be applied like a blueprint in countries, with little heed to context
- > the depoliticisation of civil society as well-intended support to civil society became routine and technical.<sup>iv</sup>

Despite these concerns and criticisms, donors continue to see value in engaging with civil society. Nevertheless, they are looking for neater, more efficient and less time-consuming ways of doing so and to this end are reassessing the purposes, extent and mechanisms of support for civil society. Donors are also seeking to frame their approaches to civil society within the broader framework of aid effectiveness principles. The vast experience that donors have accumulated with civil society means that they can point to examples of support and engagement that have worked well. This understanding of ‘good practice’ is the focus of the paper.

## AID EFFECTIVENESS AND DISTILLING GOOD PRACTICE

To date aid effectiveness principles have been articulated and applied in terms of government-to-government assistance. However, elements of the aid effectiveness principles can be adapted and applied to the work of donors with civil society (*Paris Declaration on Aid Effectiveness* 2005, Lavergne and Wood 2009, Scanteam 2008, OECD 2009). This paper explores five aspects of the aid effectiveness agenda to identify good practice for donors working with civil society:

1. respecting a country's ownership of its development process and aligning aid with its priorities and systems
2. using program-based approaches
3. choosing intermediaries
4. coordinating and harmonising efforts
5. strengthening civil society through technical assistance and capacity building.

Before citing examples of good practice for these elements of aid effectiveness, some of the challenges involved in identifying good practice need to be pointed out.

First, it must be recognised that 'perfect' practice is highly unlikely because there are always variables that are beyond the control of all agents. Thus, the examples that follow no doubt all have shortcomings and unintended consequences. The challenge is to appreciate the potential risks, think through whether and how these might be mitigated, and analyse what has happened and why.

Second, there are many claims to be doing or to have done good practice. It is important to bear this in mind when reading donor reports of good practice, as there are usually multiple perspectives and interpretations of any intervention that draw on different standpoints, norms, values and institutional incentives.

Finally, after taking into account the previous discussion of context, it needs to be recognised that what constitutes good practice in one context may not work in another. Perhaps, then, an essential fundament of good practice is recognition that any practice needs to be designed with a close appreciation of the local context.

Bearing in mind these methodological difficulties, the following subsections explore and provide examples of good practice.

### Alignment and ownership

Respecting a country's ownership of its development process and its need for aid to align with its priorities and systems extends beyond the government to non-state actors (OECD 2009, p.15). This implies that donors need to be aware not only of the priorities and systems of government but also of how the government relates to citizens. They need also to understand how citizens organise themselves to deliberate on and engage in public affairs, to make claims on government, and to resolve social,

economic and political issues at local levels. This involves understanding the visions that different actors in any society have of what a better life might look like and how it might be achieved.

Thus a first step in ensuring that donor activities are aligned with a country's priorities and systems is to undertake an analysis of the key agents of change in the country. In this way some of the pitfalls referred to in the previous section can be avoided. For example, a social and political analysis of civil society in a country could help avoid the tendency to use a blueprint approach to donor support to civil society. Wherever possible, international actors should work jointly with national reformers in government and civil society to develop a shared analysis of challenges and priorities (OECD-DAC 2007). Such an analysis would analyse the nature of civil society in any particular context (*Paris Declaration on Aid Effectiveness* 2005, *Better Aid* 2008, Danida 2008) and answer questions such as:

- > Who are the key actors in civil society?
- > What are their social bases of support?
- > What visions of development do they promote?
- > How and around what issues do they mobilise their support?
- > How, when and about what do they engage with government, if at all?
- > How does the government view civil society actors and what steps has it taken to bring civil society actors into discussions of development policy?
- > In what ways can donor support to civil society serve the interests of poor and marginalised groups?
- > What difference can an external donor make to the direction, solidity and sustainability of civil society? (Howell 2000)

One example of good practice here is the work that the DFID has done in its 'drivers for change' approach to development assistance. This includes doing a political analysis of the aid-recipient country, looking not only at the matrix of reformers within government but also in civil society and the private sector.

### 1.1 Box: What is the ‘drivers of change’ approach?

DFID country offices have been encouraged to ask themselves a structured set of questions about the dynamics of pro-poor change, loosely grouped into six levels:

- > Basic country analysis – covering the social, political, economic and institutional factors affecting the dynamics and possibilities for change
- > Medium-term dynamics of change – covering policy processes, in particular the incentives and capacities of agents operating within institutions
- > Role of external forces – including the intentional and unintentional actions of donors
- > Link between change and poverty reduction – covering how change is expected to affect poverty and on what time scale
- > Operational implications – covering how to translate our understanding into strategies and actions
- > How we work – covering DFID’s organisational incentives, including those promoting or impeding the retention of country knowledge.

Source: DFID (2004).

In this approach, now completed in at least 20 countries, DFID country offices commissioned inputs from external consultants in the form of specific studies or literature reviews and drew on contextual knowledge available within country offices. In addition, several tools were developed to enable staff to incorporate this approach into their work, such as the ‘How to work with civil society guidelines’.

This approach would avoid to some degree some of the pitfalls that donors fall into in both the way they think about and the way they engage with civil society. For example, AusAID commissioned a Drivers of Change analysis for Vanuatu (Cox et al, 2007) which highlighted the legitimacy and importance of non state actors outside of the main urban centres in Vanuatu’s development process. It also identified the challenges of the chiefly system, including a patriarchal and socially conservative approach to community governance and social change that is undermining tribal chief authority. This analysis fed directly into changes to the AusAID-supported Kastom Governance Partnership by promoting a process of community dialogue about the role of the chiefs in contemporary Vanuatu (Office of Development Effectiveness 2010).

### Use of program-based approaches

Donors should employ a range of different aid modalities, types of assistance, intermediaries and instruments so as to enable and promote the diverse and innovative activity of civil society (ActionAID International and CARE International 2006). The Paris Declaration underlined the importance of program-based approaches to development intervention. This focus arose out of growing

dissatisfaction with standalone projects that tended to be disjointed, less than the sum of their parts and often not aligned with governments' priorities and systems<sup>v</sup>. From the perspective of CSOs the project approach added to issues of sustainability and continuity.

While the word 'program' can be interpreted in many different ways – for example, a collection of projects – a program-based approach is a particular term essentially meaning a way of engaging in development cooperation based on the principles of coordinated support for a locally owned program<sup>vi</sup> (*Paris Declaration on Aid Effectiveness* 2005). Incorporating civil society engagement within such an approach allows multiple voices and perspectives to be heard, leading to better development outcomes. It entails donors viewing civil society, particularly CSOs, as a collaborating partner and genuine interlocutor (see for example Advisory Group on Civil Society and Aid Effectiveness 2008 and Irish Aid n.d.). It also involves providing space for the voice of civil society to be heard at all stages of the development process – from planning to negotiation, implementation, monitoring and evaluation. This might require building the capacity of both civil society and the capacity of government partners to promote genuine inclusion and popular participation (Danida 2008).

Including civil society in policy dialogue within a program-based approach enhances the possibilities of ensuring that policy processes reflect a diversity of needs. By including civil society in policy dialogue, CSOs are more empowered to monitor the accountability and transparency of governments (Lavergne and Wood 2009, Danida 2008). For example, an external evaluation of the Afghanistan Reconstruction Trust Fund recommended the inclusion of civil society groups such as think tanks and research institutions in policy dialogue as it might enable better monitoring of the government's use of resources and policy implementation.

However, when involving civil society groups in a program-based approach, it is important not to view civil society, or CSOs, as a single entity speaking with the same voice, and to remain conscious of the powerful influence of direct funding. For example, within an education sector-wide approach in Mali, divisions were created between those CSOs directly benefiting from the program – those providing services and receiving direct funding – and those CSOs that remained critical of the program but still engaged in policy dialogue, which were generally teacher unions and parents' representatives (Cherry and Mundy 2007).

There are at least three practical mechanisms by which donors could promote a more program-based approach to their work with civil society. These involve:

- > providing core funding to civil society
- > supporting partnership agreements
- > supporting projects that are clearly positioned as part of a larger program.

## **Core funding**

CSOs usually require predictable long-term funding to function most effectively as development actors. Core funding is where funds are paid to CSOs (local, national and international) for use at their discretion. These funds contribute to programs and activities that CSOs have developed and implement on their own authority and responsibility. Core funding allows for long-term but light-touch support, and gives CSOs flexibility to set their own priorities (Tembo *et al.* 2007). By providing such support donors recognise that increasing civil society's voice and government accountability, for example, can take a long time because the support is aimed at changing entrenched attitudes, reforming long-established structures, and altering power dynamics (Menocal and Sharma 2009). Long-term core funding could shift the power dynamics somewhat and allow for more strategic dialogue between donors and CSOs. Some donors have provided core funding to CSOs, particularly as a way of supporting a newly formed group, the Ford Foundation in China being such a case. Another example is AusAID's core support since 1989 for the Fiji Women's Crisis Centre, which provides counselling, advocacy and support for survivors of violence.

However, nearly all bilateral donors have been reluctant to provide core funding to CSOs on various grounds. One concern has been that the support runs the risk of benefiting only a limited number of high-capacity CSOs, with the possibility of favouring larger, urban-based NGOs. This could create or further any divisions within civil society and create an impression of donor favouritism. Core funding also runs the risk of committing donors to organisations and activities that no longer align with core priorities. Furthermore, from the point of view of CSOs, core funding could accentuate their tendency to depend on a small number of donors.

In general, both bilateral and multilateral donors have avoided providing core funding. A refined and compromise method is to provide core support through partnerships.

## **Partnerships**

Bilateral donors reluctant to provide core funding have found a compromise position in funding partnerships with NGOs for five years or more. A partnership is an alliance between organisations, such as between CSOs and government, who commit themselves to working together.

### 1.2 Box: Key features for good practice civil society—Donor partnerships

- > Risks and benefits are shared, as are roles and responsibilities.
- > The relationship is reviewed regularly and the partnership is revised as necessary.
- > Decision making and ways of working are collaborative.
- > Funding for the medium term is predictable.
- > There is mutual accountability, both towards communities as well as between donors and civil society.
- > The role of donors is transparent, including their aid flows and policies.

Sources: Irish Aid n.d.; Advisory Group on Civil Society and Aid Effectiveness, 2008, Scanteam 2008.

The Pacific Leadership Program is a regional initiative supported by AusAID which aims to strengthen leaders, emerging leaders and leadership practice in Pacific Island countries. A partnership model has been adopted to ensure ownership of leadership development work is retained by the partners, including for example the Pacific Youth Council and the Pacific Conference of Churches. Developing the various partnerships has entailed partnership negotiations including identifying common goals, strengths and weaknesses, and consideration of previous styles of relationships, drafting partnership agreements, supporting partners' own agendas, mutual accountability measures and clear guidelines for relationship management. Early phases of this work, which began in April 2008, are showing great promise, but also present challenges for AusAID to adapt its behaviour to match the partnership model. For example, AusAID struggles to share the full risk of the program.

### Projects within a program approach

A project is a set of inputs, activities and outputs designed to reach specific objectives within a defined timeframe, with a defined budget and scope. In the civil society context, this usually means support provided directly to CSOs in developing countries or through international NGOs or other intermediaries for a particular piece of work.

Providing support for projects also has its pitfalls as a way of engaging with civil society, as noted above, hence the emphasis given in aid effectiveness principles to program-based intervention. First, there are high transaction costs associated with the demanding process of applying for project funding and of reporting. Second, funding is usually only for what is delivered plus minimum overheads. There is little investment in the organisational development of CSOs and in building their capacity. Third, projects are mostly short-term relationships focused on a limited range of issues, whereby CSOs serve largely as a contractor. Finally, projects do not foster strong communication and alignment with the priorities and/or policies of partner governments, though this may be a strength from the CSO perspective (Scanteam

2008). Nevertheless, in certain contexts, project support is appropriate for time-bound activities such as humanitarian aid, or pilot projects where results of experimentation and innovation need to be carefully tracked.

Direct support for a project grounded in a broader program-based approach may also be the most appropriate form of engagement with civil society. The AusAID-supported *Bantay Eskumela* project is designed to enhance procurement transparency in public schools under the Basic Education Sector Reform Agenda in the Philippines, which AusAID is also supporting through its education sector program. AusAID directly funds Procurement Watch International (a local NGO) to monitor public procurement of school chairs. The Philippines government is supportive of AusAID “protecting” its broader education investment through this project.

### Intermediaries

In engaging with civil society, donors need to consider whether to work directly with CSOs including national NGOs or to work through intermediaries such as umbrella groups, international NGOs, private sector agencies or governments.

There are a number of reasons for donors to choose to work through delivery intermediaries rather than directly with civil society. As Howell (2000) suggests, the processes of development are shaped not only by state, market and civil society, but also by external donors. Like states, markets and civil societies, donors are not neutral actors, but embody particular values, norms, priorities, and political and policy agendas. This is especially true in more donor-dependent countries. So donors always need to be conscious of their power. By working through intermediaries, donors can remain somewhat removed. This allows donors to remain at arms length from their support to activities that are potentially controversial, such as supporting advocacy groups that are critical of a partner government.

Other advantages of working through delivery intermediaries can include reduced transaction costs for donors. Working with delivery intermediaries with a history of engaging with particular grassroots organisations or faith-based organisations can enable donors to engage more effectively with non-traditional civil society groups, as the delivery intermediaries already have the requisite experience and mutual trust. This approach also enables more CSOs to be reached over larger geographic areas (Tembo *et al.* 2007, Scanteam 2008). The selection of appropriate intermediaries can help taking successful approaches to scale after they have been tested and developed in a more contained pilot.

However, as intermediaries are grantees or partners in their own right, donors inevitably evaluate delivery intermediaries by their ability to channel funding to CSOs. Consequently, intermediaries are less likely to take risks and be innovative in investing in new policy areas or non-traditional partners that may otherwise broaden the scope of civil society engagement (Lavergne and Wood 2009, Scanteam 2008).

Intermediaries may not have the same capacity as donors to mediate between civil society and the partner government, particularly in situations where relations between

civil society and the partner government are conflicting. There is a danger of a conflict of interest if the intermediary is simultaneously building its own capacity, competing for grants for its own activities, and offering grants to others (Scanteam, p.35-36). Tension may arise between the intermediaries and the CSOs they are supposed to serve or represent, since there is a shift in power with the donor funding (Tembo *et al.* 2007, Scanteam 2008).

Some of the intermediaries are now briefly considered and, where possible, examples of good practice are given.

### **Umbrella civil society organisations**

There are strong arguments in the literature that the development of national delivery intermediaries is particularly important and valuable for increasing national ownership of donor support and building local civil society (Tembo *et al.* 2007, Scanteam 2008). Logically this means that donors should support CSO initiatives to coordinate their efforts through, for example, building and strengthening civil society umbrella organisations, working groups, regional bodies, networks and coalitions (Lavergne and Wood 2009, Irish Aid n.d.). An umbrella CSO has the permission of its members to represent them and may have a better understanding of the civil society landscape and a more profound understanding of which CSOs are most appropriate to engage with in certain contexts.

However, umbrella groups are notoriously fraught with difficulties, probably because of having to coordinate intrinsically diverse groups. Recall the earlier observations that civil society is not harmonious, that change is chaotic, and that high-capacity CSOs can ‘corner’ the bulk of funding and crowd out others. The degree to which donors should engage with umbrella organisation will be a matter for thoughtful analysis. Indeed, the availability of donor funds runs the risk of promoting competition among civil society groups, undermining the coordination and compromise that is necessary for effective coalitions and networks. It is important therefore that donors acknowledge there may be difficulties associated with bringing diverse and often competing groups together to develop a common agenda (Lavergne and Wood 2009, Scanteam 2008, ActionAid International and CARE International 2006).

### **Multilateral organisations**

Multilateral organisations generally have good administrative and organisational capacity and a strong presence, are well known and carry high legitimacy among donors. Nonetheless, they have a reputation for being bureaucratic, slow and costly. Also, international staff rotate frequently and so are not present long enough to pursue long-term objectives (Scanteam 2008). An example of a multilateral intermediary is UNDP in the Action for Conflict Transformation (ACT) for Peace Programme in the Philippines. Since 2005, this multi-donor program (Australia, New Zealand and Spain) has been supporting implementation of the peace agreement

between the Government of the Philippines and the Moro National Liberation Front, largely through development of 'peace and development' communities. UNDP is the intermediary managing the program, which is implemented by the Mindanao Economic Development Council. UNDP provides technical capacity building to the program in for example results based management and monitoring and evaluation.

### **International non-government organisations**

Providing funds through international NGOs allows for expertise to be provided in areas where these organisations generally have a comparative advantage. It can enhance discussions between the government and CSOs in the country receiving the support. It can enable close interaction with target groups such as the poor and vulnerable, as international NGOs may have closer contact with these target groups. International NGOs tend to be favoured in less stable environments because of their already established programs and relationships with the state (Tembo *et al.* 2007, Scanteam 2008). They tend to have a good knowledge of donor procedures and their performance track record is already known to donors. They are generally strong on internal accountability and governance procedures.

However, their presence in a country may be part of their own international strategy rather than a demand by local CSOs. They can stifle innovation on the part of donors already familiar with the particular intermediary and so donors do not look further for other opportunities. They can present another administrative level, leading to more rather than less bureaucracy (Scanteam 2008). Donors must ensure that support for international NGOs does not restrict the emergence of local civil society capacity (DFID 2006) nor crowd out 'home-grown' groups that derive their legitimacy and accountability from local CSOs (Tembo *et al.* 2007, Scanteam 2008).

An example of international NGOs as intermediaries and partnership arrangements is found in DFID's experiment with partnership agreements with large NGOs such as Oxfam, One World Action, Save the Children Fund and think tanks such as the Overseas Development Institute. For example, since 2001 DFID has channelled £20 million to Oxfam through program partnership agreements, £10.05 million to Christian Aid and £0.8 million to the development think-tank, the Overseas Development Institute. Within these agreements the CSOs might be expected to deliver particular services as part of a government program, to build the capacity of local civil society groups, to engage in policy dialogue with governments, and to do advocacy work, though the agreements leave the detail of how they achieve agreed targets to the organisation.

In its recent White Paper on development, DFID stated it would double non-humanitarian central funding for civil society to £300 million a year by 2013 (National Audit Office 2006. para.7.44). Moreover, it planned to extend the program partnership agreements to at least five new UK partners and to ten organisations based in 'developing countries'. This commitment reflects a positive assessment of this way of supporting civil society. The White Paper, though, does indicate DFID

will be developing a more rigorous performance assessment framework to ensure that the organisations do have the capacity to deliver and have a proven impact on poverty. This commitment to future partnership agreements provides the partner CSOs with some predictability of funding while dealing with the impacts of the global recession.

### **Private sector intermediaries**

International NGOs do not have a monopoly on working with local civil society or using participatory methods. Donors also contract their funding arrangements with CSOs through private sector organisations. An example, which combines working with a private sector intermediary and a local consortium of NGOs, is the DFID's Poorest Areas Civil Society Program (PACS) in India, designed to improve the uptake of rights and entitlements by women and socially excluded communities. PACS uses management consultants, the Indian Forum for Inclusive Response and Social Transformation (IFirst) Consortium. The IFirst Consortium is led by Christian Aid with Caritas India, the Indian Institute of Dalit Studies, ACCESS Development Services and the Financial Management Service Foundation.

#### **1.3 Box: The Poorest Areas Civil Society Program**

PACS aims to reduce social exclusion by advocating for a more socially inclusive environment in India. The program covers the 120 poorest districts across seven states. It focuses on women and girls, scheduled castes, scheduled tribes, Muslims, people with disabilities and the urban poor.

PACS is designed to strengthen the demand for better service delivery, to enable service providers to be more responsive and accountable, and to address the barriers and discrimination women and socially excluded communities face in claiming services and benefits. PACS seeks to fund a range of CSOs and networks in the selected districts.

Between 2001 and 2008 PACS reached more than 6 million people in more than 19 564 villages in 94 districts of Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra and Uttar Pradesh states. It enabled access to government programs, estimated at Rs1060 million, addressed women's representation and strengthened and improved Panchayati Raj, local self-governance institutions.

### **Partner governments**

The contracting of CSOs or NGOs by partner governments to deliver services and the involvement of civil society in program based-approaches to delivering assistance has already been discussed. With the shift by donors to providing budget support in

stronger states, CSOs are increasingly required to seek funding (that originates from aid) for delivering services directly from governments than from donors.

However, partner governments providing funding directly to CSOs or NGOs for their own programs is a different form of engagement. In addition, governments working directly with communities on infrastructure in particular – described as community-based or community-driven development by the World Bank – can be a highly cost-effective way of delivering services (see, for example, World Bank 2005). An example is the multi donor support for community driven rehabilitation projects in Aceh following the 2004 tsunami, building on existing World Bank supported community driven development programs. Large-scale community projects and networks of trained facilitators provided the basis for a successful response to the disaster. Not only were communities engaged (notably not through existing community based organisations), but efficiency was enhanced. It has been estimated that delivering services through this approach costs on average 56 per cent less than providing the same services through traditional ministry and government contracts, and is well suited in conflict areas (such as Aceh) for dispute resolution (Campeau 2007, p.180). These approaches are still developing in terms of addressing issues of power relationships in communities and elite capture and are much more about directly alleviating poverty than developing civil society per se (Mansuri 2004).

### Harmonisation

Remarkably little progress has been made since the early days of DAC's first calls for donors to build on their comparative advantages and collaborate more. The harmonisation of donor support to civil society is among the casualties. One of the reasons why donors do not collaborate is because of their different agendas and views of the roles of civil society. For example, not all donors recognise 'voice and accountability' as a clear operational priority at the country level, nor do they all consistently mainstream 'voice and accountability' as an explicit dimension of their sectoral work (e.g. transport, health and education). Another reason is that in some circumstances donors prefer to operate independently, particularly if this allows greater room to manoeuvre in more challenging political areas (e.g. corruption and human rights) or, in other cases, greater visibility of their efforts.

Nonetheless, it is still highly desirable for donors to coordinate their efforts better. It will avoid duplication of efforts while allowing them to build on their experience and comparative advantages of working on and with particular themes, actors and processes. It will benefit CSOs, currently slave to multiple donor agendas, funding and reporting requirements. At a minimum, sharing lessons emerging from analytical work will enable donors to develop a common basis of understanding.

In theory, pooled donor funds can reduce transaction costs and reduce the administrative burden on CSOs. Pooled funds can allow for a greater reach as funding can be extended to a much wider constituency of organisations (ActionAid International and CARE International 2006). However, the contractual arrangements

that joint funding requires can cause delays, be costly, undermine local ownership and stifle innovation (Scanteam 2008, p.41, OECD 2009, p.15). Also, because larger sums of money tend to be involved, there is a risk that only the larger civil society groups with significant capacity can access pooled funding (Lavergne and Wood 2009, p. 53-4). From the donors' perspective, channelling support to civil society through pooled funding reduces hands-on engagement with particular civil society groups. Though this might reduce transaction costs, it might also in the longer run reduce donor understanding of civil society and the local context.

Multi-donor instruments for supporting civil society include:

- > umbrella funds to support a diversity of actors (e.g. the Common Fund for Supporting Civil Society on Democratic Governance in Nicaragua or the Tanzanian Civil Society Foundation or the Poverty Action Network in Ethiopia)
- > sectoral programs (e.g. the Multi-stakeholder Forestry Program in Indonesia)
- > multi-donor trust funds for reconstruction in post-conflict and post-disaster contexts, as in Afghanistan
- > pooled funds for providing basic services such as the multi-donor trust fund in Sudan, which includes a component for civil society
- > basket funds for specific sets of actors (e.g. the Tanzania Media Fund)
- > core funding to individual CSOs with a strong track record, to build up their core strengths in advocacy – for example, the Ghana Research and Advocacy Program (Tembo *et al.* 2007, p. 15).

### Strengthening civil society

For CSOs to be effective in program-based and harmonised approaches to development assistance, they need support in sharpening their skills and technical knowledge. Technical and capacity-building assistance can be important for ensuring that civil society can engage effectively in the development process.

Technical assistance can be useful if it is determined as the best way of filling specific capacity gaps related to the core business of CSOs – not in making CSOs easier to work with from a donor's perspective. For example, for CSOs to effectively monitor public budgetary policy, they require a certain level of knowledge about how budgets are prepared and are linked to the whole economy. The Asian Development Bank (2003) provided technical assistance to enable civil society in Pacific countries to participate in the formulation of budgets after assessments indicated that CSOs were unable to understand budget processes, which meant they were unable to constructively engage in prioritising how resources were allocated and used.

A view that civil society's lack of capacity is a mere technical issue that can be overcome simply by way of training does not take into account other fundamental problems regarding the core of civil society (Rombouts 2006). In addition to building the technical capacity of civil society, donors should pay more attention to

addressing, for example, the lack of political capacity of both state and non-state actors – that is, the capacity to forge alliances, provide evidence, contribute to the decision-making process, and influence others to make change happen (Menocal and Sharma 2009).

Good practice civil society strengthening should include acknowledging and building on the strengths of CSOs rather than merely addressing weaknesses, responding to capacity gaps identified by CSOs, building on local or regional knowledge and expertise, mentoring rather than merely training, and balancing short-term development with longer term objectives (see for example Lavergne and Wood 2009).

## TAILORING STRATEGY TO CONTEXT: FRAGILE CONTEXTS AND ENABLING ENVIRONMENTS FOR CIVIL SOCIETY

Previously discussed is the need for donors to understand the local context for their engagement to be appropriate and effective. When significant official development assistance is directed to fragile environments – more than half in the case of Australia – it is essential to consider how these environments impinge on the development of civil society and what kind of support external donors can provide effectively.

States may be considered ‘fragile’ if they lack political will or capacity to provide the basic functions needed to reduce poverty and encourage development, and to safeguard the security and human rights of their populations.<sup>vii</sup> In fragile contexts civil society has a heightened significance (Rombouts 2006). Donors engaging with civil society in such contexts do so for the same reasons as they engage in stronger settings, but there is more at stake because of the bigger interest in civil society helping to build a more robust nation-state. Civil society’s participation can contribute to increasing the accountability of the national government to its citizens, expand the country’s ownership of the development process and contribute to pro-poor development, as some CSOs have strong links with poor and vulnerable communities (Rombouts 2006).

Fragile environments also provide opportunities for donors and civil society. For example, a weak government may be less able to repress civil society or refuse the assistance of civil society groups in providing services. However, it might be argued that a fragile state may not be able to cope with a civil society active in pursuing issues of transparency and accountability. In Afghanistan it is apparent that donors have underplayed the role of civil society in governance, focusing predominantly on the role of civil society in delivering services so as to demonstrate that the government is able to deliver (Howell and Lind 2009a).

The following discussion examines donors’ experience in supporting civil society to deliver services, foster governance and, along with government, create a strong enabling environment for civil society in fragile contexts.

### Service delivery in fragile settings

In a country with a weak government and relatively strong civil society, the primary focus for donors in engaging with civil society should be to help it build a stronger state (Whaites 1998, OECD 2007). In many low-income countries, often health services and sometimes education services are predominantly non-state at the point of delivery. CSOs can be crucial in reaching regions that governments and donors cannot. In Nepal, DFID found that only NGOs could help it deliver services in some areas during the conflict (National Audit Office 2008). In Papua New Guinea, the churches run 60 per cent of rural health services. Donor activities should aim to support non-state providers, including CSOs, in ways that build effective state institutions and certainly do not undermine them (OECD 2007, p. 1).<sup>viii</sup>

Decisions on how to engage with the government – whether at the centre or at provincial or district levels – need to be based on a political analysis of the specific context aimed at locating capacity and will at different institutional levels (Berry *et al.* 2004). In contexts where inaction at the central level is a significant constraint to pro-poor service delivery, donors may be able to find ‘pockets of willingness’ or ‘entry points’ within certain ministries or at lower levels of government (Berry *et al.* 2004). In this way donors can help to build on existing pro-poor political will and work with lower level institutions with the aim of integrating initiatives into government processes and structures in the longer term (Berry *et al.* 2004).

Donors are increasingly experimenting with approaches and strategies to support non-state providers while building long-term capacity within government. However, they have begun with small and rather ad hoc pilot arrangements with non-state providers, rarely with a strategy for evaluating and scaling up assistance (Palmer 2006). While CSOs may be highly effective non-state providers in small-scale interventions, scaling these up or mainstreaming them to gain broader reach has often eluded the resources available to the CSOs. Donors should be seeking to work coherently with both with states and non-state providers.

In the long term, contracting arrangements between the state and non-state providers allow the state to retain stewardship and oversight functions by setting policies and regulating the provision of services, but leave the delivery of services (health, for example) to non-state providers (Pavanello 2008, Tembo *et al.* 2007, Court *et al.* 2006). Contracting is seen as a way ‘to harness the capacities of both state and non-state providers for service delivery, while simultaneously introducing an accountability mechanism through performance or output based contracts’ (Berry *et al.* 2004, p.19). Specifically, contracting entails leaving the stewardship role to the public sector, while giving responsibility for the delivery of basic services to non-state providers.

This approach allows governments to focus on other roles such as planning, setting standards, financing, and regulating. It also allows for potentially rapid expansion of services. However, there are downsides.

- > Competition may not exist, especially in low-income countries where there may be no alternative providers.
- > Contracts may be difficult to specify and monitor.
- > Management costs may wipe out efficiency gain.
- > Governments with weak capacity to deliver services may also be weak in a stewardship role.
- > Governments may be suspicious of civil society groups and reluctant to enter contracts with them and/or favour only civil society groups considered non-threatening.

Donors involved in supporting such government contracting of services highlight additional issues that require donors to either modify their behaviour or risk damaging already fragile systems. In particular, they need to treat fiduciary risk in a more sophisticated way and resist the temptation to micro-manage (Office of Development Effectiveness 2009). However, the possibility of strengthening weak systems by using them presents an opportunity to make both the partner governments' funds and donors' own funds work more effectively in delivering services in the long term.

### Governance in fragile states

Depending on the development context, there are two main approaches to increasing civil society's voice and government's transparency and accountability. One is to focus on building civil society's role as an autonomous, countervailing power to the state – usually for unreceptive or authoritarian regimes. The other is to focus on deepening the participation of citizens in the processes of governance – relevant for fragile states, well-functioning states, or a combination of these. As put by Ackerman (2004 cited in Gaventa 2006, p. 17), in the latter approach 'the best way to tap into the energy of society is through "co-governance", which involves inviting social actors to participate in the core activities of the state'.

An interesting example of donor attempts to support civil society in advocacy and policy dialogue is the Poverty Action Network Ethiopia (PANE), which was established in July 2005. PANE consists of 95 CSOs representing various sectors and spheres such as local NGOs, women's groups, HIV/AIDS groups, pastoralist groups, research-based organisations, faith-based organisations, community-based organisations and regional women's associations. As one of the few organisations in Ethiopia doing research and advocacy on poverty reduction strategies, it soon attracted donor support for its activities. PANE provided donors an avenue through which to strengthen civil society's capacity to influence government. According to an independent consultant involved in supporting PANE (personal communication, Nov 2009), the UK Catholic Agency for Overseas Development, Trócaire in Ireland and the Scottish Catholic International Aid Fund funded an advocacy accompanier for two years to assist PANE in building effective links with the wider donor community. Harmonisation was not always smooth, as donors focused on promoting

their particular interests. Moreover, there were concerns about the impact of donor support for advocacy activities on civil society in general.

Donors should consider the possibility of addressing governance issues at both central and local levels. This includes focusing more systematically on strengthening mechanisms at the national level that can bring the state and citizens together, such as parliaments, ombudsmen, participatory budgeting and doing the same at the local level, so as to continue to strengthen institutions such as local development committees and consultative councils. Donors should not rely simply on supporting (largely failed) decentralisation processes to bring the state closer to citizens. They should also support efforts to increase civil society's access to information by supporting legislation and improving the capacities of interested actors and 'watchdog' organisations (Menocal and Sharma 2009). This may be particularly difficult to do in post-conflict situations where social tensions run high and government may be suspicious of certain parts of civil society. PANE provides an example of donor support to civil society to keep watch, among other things, on government in a context where donors are providing budget support to the government.

Donors' behaviour towards government and civil society in fragile contexts can itself be important in strengthening the environment within which civil society operates. Being transparent and accountable by, for example, providing more predictable aid flows and information on plans and performance and advocating for civil society's participation in processes at national and international levels creates an environment that fosters good governance.

### Enabling environment for civil society

At this point a distinction should be made between assistance that targets CSOs, which the discussion above covers, and assistance that works to strengthen the enabling environment for civil society.

The enabling environment might include the legislation and regulations that govern civil society and the freedom of association, assembly and expression; the political support for civil society; the relationship between government and civil society; the financial conditions underpinning civil society; the relationship between government and donors, in particular the government's confidence or suspicion of donors' intentions; and cultural attitudes towards civil society (OECD 2009, p.16). If donors have a role to play in strengthening the enabling environment for civil society (Lavergne and Wood 2009, Advisory Group on Civil Society and Aid Effectiveness 2008), they need first to establish a baseline for the state of the enabling environment so that they understand the context in which they are intervening and can assess the effectiveness of their interventions<sup>ix</sup>.

Support for the enabling environment might involve technical, financial or political support. Donors can assist states to develop and implement international and domestic legislation so that citizens can participate and be included in decision

making even if circumstances change. This assistance can include establishing independent structures for handling complaints and sanctioning the state. Donors can help in developing an appropriate legal framework and operating environment for CSOs and the media, and support legislation on freedom of information, and structures and resources for implementing laws.

Addressing financial sustainability for civil society is a role donors should consider. Ford Foundation's philanthropic philosophy includes not only the provision of external funds, but also the ability for a community to invest in itself (Ford Foundation 2007). Among its mechanisms for support for civil society organisations (project grants, core support and so on), the Ford Foundation (2001) has an endowment category that seeks to support permanent financial assets of the recipient organisation. Ford has experimented with multiple variations of institutional endowment grants since the 1950s. These include, for example, capital reserve grants targeting building reserve funds and capital depletion grants which offer flexible funding over a significant number of years. The Kenya Community Development Foundation received an endowment challenge grant from Ford in 2006 requiring a match from the Kenyan foundation. The Kenya Foundation now has assets of around US\$4 million and is supporting endowment funds in 20 communities in Kenya (Kenya Community Development Foundation 2010).

The Ford Foundation's primer for grantmakers explores the merits and risks of endowment making and offers advice on determining whether an endowment, and what type of endowment, makes sense for the recipient organisation (Ford Foundation 2001). Other major private foundations (for example the Charles Stewart Mott Foundation), bilateral donors (USAID) and multilateral donors (World Bank) are increasingly making use of endowment funds.

## CONCLUSION

The rapid growth in the number of NGOs since the 1980s, the processes of change galvanised by new social movements concerned with human rights, peace, the environment and feminist issues, and the wave of democracy movements across the world since the mid-1980s have together highlighted the importance of civil society in social, economic and political change. With the end of the Cold War and the concomitant end of ideology-weighted development policy, donors could focus more on developmental objectives such as poverty reduction. The rise of the 'good governance' agenda opened up the possibility of bilateral donors working more closely with civil society. By 2010 donors and civil society had accumulated substantial experience of working together.

This paper set out to identify some basic principles for good donor practice of engaging with civil society and to cite, where possible, specific examples of such practice. An important basis for this is the interpretation of five elements of the Paris Declaration aid effectiveness principles – namely, the alignment of aid and ownership of development, program-based approaches to development aid, choosing

intermediaries, the harmonisation of aid and strengthening civil society through technical assistance and capacity building. Effectiveness principles, developed and discussed mainly in relation to donor support of governments, can and should be considered when engaging with civil society.

From the discussions and examples presented in this paper some key points emerge about good practice. It cannot be overstated how important an understanding of context is to the effectiveness of aid. Gaining that understanding is not just about analysing the nature of the current government; it is also about knowing and understanding the key agents of change and continuity in any society. This inevitably requires an analysis of how people organise themselves to address shared concerns and interests – an understanding of civil society. Any engagement with civil society must therefore start with an analysis of the historical trajectory and current contours of civil society in any context, examining who the key actors are, their sources of legitimacy, the resources at their disposal, the nature of relations between the state and civil society, the fissures within civil society, the regulatory and legal environment governing citizen action, and so on.

Given donors' commitments to reduce poverty, and in the medium term to achieve the Millennium Development Goals, this paper has highlighted the importance of bringing different voices into the policy and aid processes, not only for purposes of accountability but also to promote local ownership of the development process. This may require donor support for strengthening the capacity of civil society to engage in policy dialogue, to take on advocacy, to be politically effective, and for strengthening the enabling environment to allow civil society actors to play these roles effectively.

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i In 2007 the non-DAC donors, notably Eastern Europe, Arab states, India and China, contributed an estimated US\$13 billion (World Bank 2009).

ii In particular, suspicion was cast over Muslim communities, charities, mosques, Islamic bookshops and centres, and madrassas (see Howell and Lind 2009a).

iii This was the case in Kenya (see Howell and Lind 2009a).

iv Critiques of development assistance to civil society emerging from the late 1990s onwards include those by Biekart (1999), Carothers (1999), Hann and Dunn (1996), Howell and Pearce (2001) and Van Rooy (1998).

v For a detailed and interesting discussion of the projects versus programs, see Scanteam 2008, p.26-29.

vi Programme based approaches are led by the host country or organization, have a single program and budget framework, formally coordinate and harmonise donor procedures for reporting, budgeting, financial management and procurement and increasingly use local systems for programme design and implementation, financial management, monitoring and evaluation.

vii The term 'state' here refers to a broad definition of the concept that includes the executive branch of the central and local governments within a state as well as the legislative and the judiciary arms of government (OECD-DAC 2007).

viii See also OECD (2008), Newbrander (2007), DFID (2005) and many others.

ix Tools for assessing the state of the enabling environment for civil society in different contexts include CIVICUS's Civil Society Index, the World Bank's Association, Resources, Voice, Information and Negotiation (ARVIN) framework and the UNDP's mechanism.