

Where to Now?

**Implications of changing relations
between DFID, recipient governments
and NGOs in Malawi, Tanzania and
Uganda**

**Key findings re implications of
Budget Support for NGOs**



[Why this research?

Major changes to aid architecture since late 1990s:

- promotion of national ownership and participation, eg thru Poverty Reduction Strategies
- donors' shift towards strengthening the role of the state, eg thru Budget Support
- emphasis on partnership between donor and government
- donor harmonisation

Implications for NGOs?



[Key questions

- How are perceived changes in relations with governments, donors, and fellow NGOs linked to changes in global aid architecture?
- What are the implications for NGOs of donors' shift to Budget Support in particular?
- What are the implications for NGOs?
 - Policy perspective
 - Funding perspective



[Research methods

- AA/CARE research teams created in Malawi, Tanzania, and Uganda
- Workshops in Africa with research teams before and after research undertaken
- Qualitative research based on interviews with INGOs, local NGOs, donors, and government personnel
- Country reports produced and used for advocacy purposes in-country
- Synthesis report written for engagement with DFID and other stakeholders internationally.



[Key caveats

- We confined study to NGOs, not all civil society organisations
- We focused on DFID. Little capacity to look in detail at other donors
- Difficult to isolate implications of Budget Support for NGOs from other trends such as donor harmonisation and Poverty Reduction Strategies.

[This presentation



I Implications of Budget Support for NGOs from a *policy* perspective:

- 1. Relations between local NGOs and aid recipient governments**
- 2. Relations between NGOs and donors**

II Implications of Budget Support for NGOs from a *funding* perspective

- 1. Donor funding policies towards NGOs**
- 2. Funding of NGOs by aid-recipient governments**



I Implications of Budget Support for NGOs from a *policy* perspective

1. Relations between local NGOs and aid- recipient governments

A focus on Poverty Reduction Strategies



Gains:

- Mechanisms and forums re design, implementation and review of PRS's have created more policy space for NGOs (eg. PER's, SWWG's etc)
- In some cases, NGOs *have* influenced policy process through PRS mechanisms
- Sector-wide working groups (SWWGs) are the most conducive for NGOs to influence policy process (at least re education, health, agric).

NGOs' participation in Poverty Reduction Strategies



Deficiencies:

- Government failure to treat NGOs as serious partners
- PRS processes frequently de-linked from the budgeting process
- PRS's framed within donors' and government's macroeconomic viewpoint
- Participatory processes rarely extend down to the district level (exception = Uganda)
- NGOs' influence limited by capacity constraints.

Has Budget Support enhanced democratic accountability?



- Exclusion of civil society organisations from key policy dialogues between donors and recipient governments, partic re Budget Support, eg PAFs.
- Lack of transparency surrounding donor-government dialogue and decisions
- Evidence of recipient governments' increased upward accountability to donors

[Has Direct Budget Support enhanced democratic accountability?



Parliaments are not fulfilling their role in democratic accountability, even though BS should have enhanced this role

- Donors encouraging NGOs to collaborate with parliamentarians. But results not so evident.
- Instead, CSOs are stepping into the breach. Are they usurping the role of parliaments?

[Has Direct Budget Support enhanced democratic accountability?



Nascent democratic regimes responding negatively to challenges from below:

- When NGOs become more influential, doors are closed.
- NGO legislation designed to curb NGOs' political activities
- Attempts to discredit NGOs (eg. in Uganda).

Is the existing political culture in a country the key determinant of NGOs' influence, rather than changes in donor policies?



I Implications of Budget Support for NGOs from a *policy perspective*

2. Relations between NGOs and donors

[NGOs' relations with DFID



- Opportunities for direct engagement between NGOs and donors in Malawi, Tanzania and Uganda are limited.
- NGOs believe they have been insufficiently consulted over DFID policies and strategies at a country level.



[NGOs' relations with DFID

Reasons for DFID's low engagement with local NGOs:

- Rise in UK aid budget with no commensurate rise in DFID staff
- Engagement with lots of local NGOs not cost-effective.
- DFID = wholesaler; INGOs = retailers.

In other words, donor pragmatism

[NGOs' relations with DFID



But introduction of Budget Support also a factor:

- DFID now more focused on its relations with recipient governments in era of Budget Support
- DFID supporting PRS through BS and civil society participating in PRS, so why should DFID engage with civil society separately from PRS process?
- DFID does not regard itself as a political actor at a country level that can be lobbied

More questioning of NGOs' legitimacy in new era



With emphasis on role of govts, NGOs are under pressure to *justify* their legitimacy to sit at the table with donors and governments

Sources of NGO legitimacy:

- Delivering services to marginalised groups not reached by State
- Expertise in development methodologies (eg. participation, gender mainstreaming etc)?
- Grassroots work at a community level
- Independent policy research
- Advocacy and campaigning: their ability to mobilise multiple groups and voices behind a single message



With increased emphasis on **accountability** in new aid architecture, NGOs need to walk the talk:

If they are to hold governments and donors to account, they also need to address their own accountability.

Many NGOs recognise this, eg Ugandan Quality Assurance Certificate.



II Implications of Budget Support for NGOs from a *funding* perspective

1. Donor funding policies towards NGOs

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No perceived changes overall in donor funding levels to NGOs at a country level

But significant changes in:

- *how* NGOs access funding from DFID and other like-minded donors
- *what* activities NGOs donors are funding NGOs to undertake

NGO activities donors are funding:



- Emphasis on funding policy, advocacy and campaigning activities – linked to strengthening domestic accountability
- Move away from funding NGOs' service delivery, especially when in isolation from national strategies

Key changes in *how* NGOs access donor funds:



- More donor funding available at a country level following decentralisation
- Move away from individual projects towards larger programmes benefiting number of local NGOs - including Local Funds (targeted at small, local NGOs)
- Competitive tendering for management of programmes, usually won by INGOs
- Donors slowly starting to harmonise their support to CSOs but less so than with BS
- Donors (incl DFID) *are* maintaining a mix of funding mechanisms for NGOs



Relations between INGOs and local NGOs

Several changes experienced in DFID's CSO funding mechanisms at a country level have:

- increased competition between INGOs and local NGOs
- or*
- changed existing relations between INGOs and their local counterparts.

For example.....

- INGOs managing CSO programmes on behalf of donors can be perceived by local NGOs as sub-contractors of donors rather than independent NGOs



II Implications of Budget Support for NGOs from a *funding* perspective

2. Funding of NGOs by aid-recipient governments

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The evidence....

- Recipient government funding of NGOs less marked than anticipated.
- No incidence of this in Malawi.
- More marked in Uganda and Tanzania at a district level (linked to decentralisation).
- Government sub-contracting to NGOs prone to abuse in cultures dominated by patronage.

NGOs and service delivery in new aid context



The debates.....

- Will the space for NGOs to deliver services independently of national plans and strategies shrink in future?
- Should NGOs align their development activities with national plans and strategies?
- Or should their separateness be applauded? NGOs:
 - reach the parts national strategies do not;
 - play a key role in developing alternative approaches and visions
- Can NGOs work more closely with government – incl receiving funding from government – while also playing the role of independent watchdogs of government?

New aid modalities and CSOs' activities on gender



Gender and Development Network (UK) researching how switch to BS is affecting CSO activities on gender.

GADN's concerns arisen from:

- Framework for donor policies – ie MDGs and Paris Declaration pays little attention to gender
- Most of early PRSPs did not contain gender-specific objectives or indicators
- Donor harmonisation processes often limit flexibility of individual donors to introduce gender onto the agenda
- Donors' moves away from discrete projects towards BS may have cut out projects addressing gender issues
- BS has handed control of aid to govs that want easy approaches to gender issues, eg girls' school enrolment
- Is there less funding for CSO activities re gender equality and women's rights?

Key Recommendations: CSOs and policy process



- The policy process needs to continue to open up to non-state actors.
- The dialogue between government and donors over the use and allocation of ODA, including Budget Support, should be opened up for public scrutiny.
- Donor country offices should consult civil society organisations over their strategies and plans and promote transparent decisionmaking processes

Key Recommendation re donors and CSOs



- Donors should *complement* their BS to governments with continued support for CSO projects in order to:
 - reach vulnerable groups that government isn't reaching.
 - build domestic accountability.
 - maintain profile and pressure on issues not always addressed by govs or national plans, eg gender equality.
 - encourage innovation.

Key Recommendations: donor funding of CSOs



- Donors should maintain flexibility and a mixture of funding options for CSOs, in order to promote diverse and innovative activity in civil society.
- Donors should discuss and review their civil society funding instruments with NGOs when planning changes to these instruments
- Governments and donors should respect NGO autonomy and political independence.
- NGOs should demonstrate greater transparency with regard to income, expenditure, programmes and planning.



‘How can you ensure that external politics adds value to internal politics without substituting them?’

Collins Magalasi, ActionAid Malawi, June 2006

***Presentation by:
Helen Collinson, Dec 2006***