Study on Support to Civil Society through Multi-Donor Funds

Final report

January 2014
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Abbreviations

ACI-ERP International Cooperation Agencies- Poverty Reduction Strategy Fund (Honduras)
AcT Accountability in Tanzania
AGIR Action Programme for Responsive and Inclusive Governance (Mozambique)
BCCRF Bangladesh Climate Change Resilience Fund
BCCTF Bangladesh Climate Change Trust Fund
CDMP Comprehensive Disaster Management Programme (Bangladesh)
CSF (DRC) Civil Society Fund
CSF (Uganda) Civil Society Fund
CSLF Civil Society Learning Forum
CSO Civil Society Organisation
CSSP Civil Society Support Programme (Ethiopia)
DAC Development Assistance Committee
DFID Department for International Development (UK)
DGF Democratic Governance Facility (Uganda)
DGF (Nepal) Democratic Governance Facility
EC European Commission
EU European Union
FCS (Tanzania) Foundation for Civil Society
Fondu Comun Fondo Comun de apoyo a la Sociedad Civil para la Gobernabilidad Democratica (Nicaragua)
ICAI Independent Commission for Aid Impact
IDF Independent Development Fund (Uganda)
IEG Independent Evaluation Group
INGO International non-governmental organisation
KCDF Kenyan Community Development Trust
KCĐT Kenya Community Development Trust
LSF Legal Services Fund (Tanzania)
M&E Monitoring and Evaluation
MASC Civil Society Support Mechanism (CMMS) (Mozambique)
MDG Millennium Development Goal
MEF Ministry of Environment and Forests (Bangladesh)
MJF Manusher Jonno Foundation (Bangladesh)
MoU Memorandum of Understanding
NGO Non-governmental Organisation
ODA Official Development Assistance
OECD Organisation for Economic Cooperation and Development
PACSLF Pan African Civil Society Learning Event
PASOC Programa de Alianzas Con La Sociedad Civil (Guatemala)
PAOSOC Programme D'appui aux Organisations De La Société Civile
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<th>Acronym</th>
<th>Description</th>
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<tr>
<td>PKSF</td>
<td>Palli-Karma-Sahayak Foundation (Bangladesh)</td>
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<td>PMU</td>
<td>Programme management Unit</td>
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<td>PRSP</td>
<td>Poverty Reduction Strategy Papers</td>
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<td>RFE</td>
<td>Rapid Funding Envelope (Tanzania)</td>
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<td>RIDF</td>
<td>Rights, Democracy and Inclusion Fund (Nepal)</td>
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<td>SAVI</td>
<td>State Accountability and Voice Initiative (Nigeria)</td>
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<td>Shiree</td>
<td>The Economic Empowerment of the Poorest Programme (Bangladesh)</td>
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<td>SNV</td>
<td>Netherlands Development Organisation</td>
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<tr>
<td>Star Ghana</td>
<td>Strengthening Transparency, Accountability and Responsiveness in Ghana</td>
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<td>TACAIDS</td>
<td>Tanzania Commission for AIDS</td>
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<td>Tanzania Media Fund</td>
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<td>TOR</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>VfM</td>
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Executive Summary

Introduction and methodology
The recent evaluation of Danish support to civil society noted a trend for donors to ‘pool’ their civil society funds at country level in support of shared development or humanitarian objectives. Denmark’s current development strategy also commits to channel more Official Development Assistance (ODA) directly to the South. As a result, Danida commissioned this study to identify best practices and lessons learned to date from civil society pooled funds in order to inform further guidance to Danida’s future engagement with these funds.
The study has collated learning from bibliographic research on 35 multi-donor funds in Africa, Asia and Latin America; interviews with stakeholders of 13 multi-donor funds; in-country visits to Tanzania and Bangladesh; and interviews with several key informants. Preliminary findings and lessons learned were shared with Danida for comment before finalisation.
The study suffers from two limitations. First, it was not possible to get widespread feedback from fund grantees, unsuccessful applicants, and civil society organisations (CSOs) who have not applied to a civil fund in order to triangulate their perspectives. Nonetheless, interviews and focus group discussions with CSOs were conducted during the country visits to Tanzania and Bangladesh. Secondly, it was not possible to conduct a rigorous comparative analysis of the cost-effectiveness of multi-donor funds and Danish non-governmental organisations (NGOs) and other channels for civil society funding at country level. Such a comparative analysis is methodologically very challenging. It was possible, however, to at least gather some basic data regarding the cost base of funds reviewed during country visits (although only qualified conclusions can be drawn from this for a variety of reasons).

Key findings
The increase in the last decade in the use of multi-donor funds to support to civil society is in line with a commitment to harmonisation under the aid effectiveness agenda. The principal argument for such funds is that they enable donors to increase their impact while reducing the transaction costs for those involved. However, CSOs have drawn attention to a number of possible unintended consequences for the sector (see ‘Do No Harm’).
Multi-donor funds are one of several ways in which Danida supports civil society in developing countries, along with its own bilateral programmes and support to Danish and international NGOs. The study identified the following key areas for consideration as the basis for Danida choosing to engage with multi-donor funds to support civil society in developing countries.

Alignment and harmonisation
The study found that stakeholders (donors, fund managers and CSOs) are generally supportive of multi-donor civil society funds, though not without some reservations and concerns. They see the benefits of joint funds as:

- enabling greater outreach to a wider range of CSOs;
• avoiding duplication of donor funding; greater scale of response to specific issues;
• reduced transaction costs for donors and some other stakeholders (although it may be a mixed picture for larger CSOs previously funded directly by donors).

Some practical challenges mentioned of such joint initiatives include:

• a lack of capacity in some embassies to properly engage with the funds;
• a continuation of different reporting and financial requirements of donors in some cases, and;
• different funding cycles of donors presenting difficulties for continuity of funding.

There is evidence that transaction costs in harmonising approaches and systems in joint funds vary between donors. Consensus among donors may be a better organising principle than scale, and transaction costs reduced in joint initiatives of donors that share a common vision of operating principles for the fund. Many of the funds reviewed use a “lead donor” approach to their engagement with multi-donor funds. This can simplify things both for donors and for the managing agent of the fund but the workload can be very heavy; the additional responsibility may push the donor to become too directly involved in the fund; and, correspondingly, other donors may disengage.

‘Do no harm’
A repeated theme of research and reviews of civil society support is that it should be based on a dynamic analysis of the role of civil society in the national context. The literature review and field research indicated that increased multi-donor support to civil society may have unintended, negative consequences in relation to an independent, diverse, civil society. Donor investment in joint civil society funds should consider both the benefits and possible costs in relation to their broader civil society policies. For example, there is some evidence of civil society concern that the convergence of donor priorities in a limited number of joint funds may reduce the sources of funding for many, particularly smaller, CSOs. It may encourage others to divert from their primary mission to obtain funding since there are fewer alternative sources of funding; reduce CSO access to individual donors; and undermine the mediating role donors have played between civil society and governments.

Design: context, consultation and exit/transition
There are a number of important choices to be made in the design and implementation of a joint civil society fund. Research indicates that many of the problems that undermine the implementation and effectiveness of joint civil society funds have their roots in the design phase. For example, lack of clarity of purpose, objectives and target groups; lack of realism regarding timescales in relation to these; confusion on roles in governance and management; choice of funding windows; and
belated recognition of the need for capacity development support. The study highlights two factors that might help offset some of the problems encountered. The first is that a good understanding in the design phase of how the fund will fit into the political economy of state/civil society relations is key to its success or failure. A good contextual analysis helps to ensure that the objectives of the fund are realistic and its organisational arrangements are appropriate, particularly in a national context when the space between civil society and government is contested. The second is to consult with civil society during the design and inception phases of the fund. There is evidence that civil society funds tend to be perceived by CSOs as donor-driven initiatives. Early consultation with stakeholders can help to encourage ownership; and ensure that its operational procedures, types of funding and funding support, are consistent with the objectives of the fund and appropriate for the target groups in civil society. Ongoing consultation during the inception phase also enables newly appointed staff to consult with stakeholders on the fund’s operational procedures without the pressure to begin disbursements prematurely. Numerous studies highlight the lack of an exit or transition strategy in many civil society funds. The design of a joint fund should anticipate what it intends to leave at the end of its operations. Project documents and objectives should include an exit or transition strategy, if not at the beginning at some time in the process of its evolution when the options become clearer. One approach would be to design a fund and review its progress in the context of a longer-term strategy e.g. 10-15 years.

**Clarity in governance roles**

Governance structures for civil society funds can indicate the degree to which the design of the fund aims to promote national ownership – from donor controlled funds through to government aligned funds and independent civil society foundations. The study found a number of examples of confusion over the role and responsibilities of governance and advisory bodies. This undermined the performance of joint donor funds. Clarity in the roles and responsibilities of the governance and management functions of multi donor civil society funds greatly assists their smooth functioning. Research reports that broad stakeholder representation and transparent decision-making in governance can build ownership and mitigate vested interests. The issue of transparency is important since it is not unusual to find *de facto* authority lying outside the formal structures of governance e.g. in informal donor relationships or groups. Nominal or ‘tokenistic’ civil society representation on some of the Boards of funds neither contributed to their effectiveness nor conferred legitimacy in the examples reviewed. A more precise mandate for CSO representation on governing boards, or a more formalised approach to selecting civil society representation e.g. through election, may be necessary to ensure their influence. There seems to be a growing interest among donors to design joint civil society funds as, or subsequently convert them into, independent foundations. There is evidence of a sense of ownership by key stakeholders of independent foundations as national institutions. However, the case for creating an independent foundation is sometimes insufficiently appraised and should be based on an analysis of the local context. For example, such foundations may be less advisable in an unstable or hostile operating environment. Because most Independent foundations remain almost entirely
dependent on donor funds (with the exception of a small number of African funds set up by private endowments), donors could be more proactive in helping independent foundations seek investment or endowment funds from international foundations and philanthropists to enable them to build a more sustainable base for their work.

The right kind of leadership in fund management
Joint civil society funds are managed in a variety of ways – for example, by private sector consortia; programme management units; and multi-lateral agencies such as UNDP. Management agents have different competencies and operate under different constraints. There is no strong evidence for the relative effectiveness of one type of management agency over another, although the choice of the management agent can be critical to the performance of a fund. It is important, therefore, that the choice of agent is – and is seen to be – determined by the purpose of the fund, its target groups, and intended ways of working. A number of studies have identified some critical success factors regarding the choice of management agent of a civil society fund. For example, it should:

- Be appointed wherever possible through competitive tender;
- Have a clear MoU or service level agreement with the fund defining deliverables and how they will be measured and reported on;
- Provide leadership of appropriate seniority with experience of civil society work, and knowledge of the specific context;
- Have delegated powers of decision-making to ensure speed, agility and flexibility of response of the fund;
- Have staff with the right behavioural competencies to work with civil society;
- Have administrative systems and processes appropriate to the objectives of the fund and the capacities of the target group.

Managing fiduciary risk is frequently quoted as a key criterion in the choice of management agent or consortium. This is a necessary, but not sole consideration in their appointment. The quality of ‘thought leadership’ as derived from experience and expertise in working with civil society should be a major criterion in appointing a management agent.
In the end it comes down to people, and to the management agent having the leadership and staff with a good understanding of the role of civil society and with delegated decision-making authority to respond flexibly and effectively. The quality of the proposed team leader as both a development professional and leader of teams should score highly in any bid assessment.

Appropriate, transparent funding
The research highlights two key features of the funding modalities as key determinants of their effectiveness i.e. that:
- they are appropriate to the target groups, and;
- grant administration procedures are conducted transparently and fairly.
Multi donor funds use a variety of funding mechanisms to support civil society in support of their objectives. They can award grants directly (“managed grants”) or through an open, competitive process, normally a call for proposals. Some studies support the case for managed grants as allowing a fund to select capable, appropriate partners in a cost-efficient way. However, most grants are awarded through calls for proposals which can be ‘open’ or ‘targeted’. The advantage of the former is that they encourage CSOs to develop proposals in line with their own priorities and competencies (although it is subsequently difficult to aggregate the overall impact of the fund). The advantage of more targeted calls is that they can provide ‘critical mass’ on a particular issue and opportunities for synergy and knowledge sharing. There is clear evidence that calls for proposals encourage a high number of applications and the success rate of CSOs finally being awarded a grant is very low, particularly in relation to funds open calls. The study identifies a number of ways in which funds provide transparency in the assessment and approval process of calls for proposals in order to mitigate frustration.

Grants take a variety of forms. Strategic or core funding is the most popular with CSOs since it supports their own strategic priorities over a longer period. It is also popular with donors since it involves low transaction costs. Most strategic or core funding tends to be restricted to CSOs with established reputations for delivery and fiduciary management. Project or programme grants, which are more common, normally fund a predefined set of activities over a shorter period of time in response to a call for proposals. In both strategic and programme funding, the evidence suggests that a results-based approach to development will tend to favour more competent CSOs to deliver demonstrable results, cost-efficiently, in the shortest period of time possible, and at least risk, unless a fund is specifically designed to reach out to a wider range of civic associations.

The study identifies a number of affirmative actions adopted by some civil society funds to fund a more diverse partner portfolio such as smaller, less sophisticated CSOs working closer to poor populations in more marginalised districts across the country; and informal, traditional or emerging actors with the potential to drive change. Targeting such groups requires a higher level of investment in capacity development support and outreach strategies than a more ‘meritocratic’ approach. A number of studies have commented on the need for civil society funds to be responsive to a changing national context and the emergence of new civic actors. The study identifies some funds that include funding windows that enable them to support CSOs in response to unanticipated events or topical opportunities.

Adding value through capacity development

Most civil society funds acknowledge the need to provide capacity development support to grantees although this need is sometimes only belatedly recognised. The capacity development support offered by civil society funds is most frequently focused on donors’ need to ensure grantees comply with the standards of the fund in terms of project cycle and financial management. A ‘due diligence’ approach to capacity development is commonly found when a fund is managing a high volume of grants.

Some funds invest more broadly in the organisational strengthening of CSOs e.g. in improving the transparency and effectiveness of their governance; and providing
support to the development of their strategic plans and fundraising capacity. An appropriate balance needs to be found between supporting grantees to comply efficiently with a fund’s requirements and investing in their sustainability and accountability to other stakeholders, not the least their own constituencies.

Capacity development is not restricted to training. Encouragingly a number of funds are combining training opportunities with other forms of capacity development support such as mentoring and accompaniment; providing a brokering role to facilitate collaboration between CSOs, individuals or other organisations on particular issues or problems; supporting peer learning at thematic, national or international level; and working with local capacity development providers to take on new approaches and methodologies.

Most CSOs comment favourably on the capacity development support they have received from civil society funds. In general, however, funds have weak systems to measure the effectiveness of their capacity development efforts and limited systematic tracking of organisational capacity as a result of support. Until appropriate monitoring systems are put in place, many funds will be unable to learn from experience to improve and report on their investment in this area.

**Accountability and learning**

Different stakeholders – donors, programme managers and partners – may have different expectations of what results should be measured in a civil society fund. Early consultation on the fund’s logframe and theory of change for example can help to build a shared understanding of what constitutes ‘success’ for the fund and reduce subsequent transaction costs associated with a lack of stakeholder consensus.

The study identified a number of challenges with regard to monitoring and evaluation the work of civil society funds. These include:

- A tendency to focus on short-term, measurable results in logframes, even when results should be anticipated over a longer time scale e.g. in human rights and democracy programmes. This highlights the importance of setting realistic or ‘intermediate’ objectives and outputs for the early years of a civil society fund;
- The challenge of identifying the right kind of indicators for rights-based programmes;
- A tendency to focus too narrowly on the reporting requirements of the fund at the expense of demonstrating transparency and accountability to a broader range of stakeholders in the national context including partners and communities;
- The challenge facing civil society funds – particularly ‘generic’ funds or those reaching out to small or emerging CSOs at a local level – of how to aggregate small-scale successes at a portfolio level.

The study identifies a number of approaches that civil society funds are adopting or could adopt to report on their results at portfolio level. These include: **Aggregation**. This requires grantees to use the same outcome indicators, definitions and standards, and collect information through the same tools or methodologies.
**Tabulation:** This shows how results are generated from different grants, and how they differ in table format. This is probably a more meaningful way presenting numeric indicators.

**Summarisation:** This enables a fund to summarise results through a package of case studies or stories under the same high-level indicators without involving aggregation or measurement.

**Mixed quantitative and qualitative indicators:** Mixed indicators can be used to combine numeric aggregation with a qualitative analysis of actual changes in individual cases so that the reporting is more meaningful.

The M&E framework of a civil society fund must provide plausible evidence of the effectiveness of the fund in achieving change while also reporting on the processes that contribute to these changes. In most cases there will need to be a combination of impact and process-related indicators in rights-based programming in order to understand both measurable external changes e.g. policy reforms, as well as progress towards achieving these changes through improved CSO capacity.

Finally, the learning mandate of an M&E framework to facilitate learning among internal stakeholders to improve performance is frequently understated. Multi-donor funds are, by definition, a collaborative exercise and, in addition, should have a key role to play in sharing learning more broadly within the sector or among donors.
1. Introduction

1.1 Multi-donor funds in support of civil society

Multi-donor funds and the aid effectiveness agenda
In recent years there has been an observable trend for donors to ‘pool’ their funds at country level in support of shared development or humanitarian objectives. These multi-donor pooled or basket funds have been defined as ‘where two or more donors jointly finance a set of programmes or actions on the basis of commonly agreed objectives, criteria for allocations and reporting modalities’ (UNDP 2012 p. 9). By administering funds from several donors under a single governance structure, multi-donor funds in support of civil society are clearly an expression of the dominant consensus on what constitutes aid effectiveness. This trend has its antecedents in the last decade. The Monterrey Consensus at the International Conference on Financing for Development in 2002 acknowledged the need for more effective collaboration between donors and recipients if the Millennium Development Goals (MDGs) were to be achieved. A commitment to the increased ‘harmonisation’ of aid was further consolidated in the Paris Declaration on Aid Effectiveness in 2005, which outlined the broad aims of the aid effectiveness agenda – ownership, alignment, and harmonisation. Today nearly all donors subscribe to the principles of the aid effectiveness agenda which the OECD (2007 p. 1) defines as the process of ‘strengthening development partners’ harmonisation and alignment with the policies of partner countries, with the aim of enhancing partner country ownership, reducing aid delivery transaction costs, avoiding overlapping and contradictory interventions, and increasing the accountability of both sets of partners to their sources of finance’.

The role of civil society in development cooperation
During the same period the role of civil society in development cooperation has achieved more prominence. Governments of developed and developing countries at the High Level Fora on Aid Effectiveness in Accra (2008) and Busan (2011) agreed to support civil society organisations (CSOs) to exercise their roles as independent development actors. The definition of civil society is now broadly accepted to extend beyond formally constituted non-governmental organisations (NGOs) or CSOs to include “a wide range of formal and informal organisations organised voluntarily by citizens which can vary in governance, structure and scope….CSOs include all non-market and non-state organisations and structures in which people organise them to pursue shared objectives and ideals” (European Commission 2012 p. 4). This would include a wide range of civic associations ranging from traditional groups such as faith-based organisations to the emergence of new civic groups and actors as illustrated by the “Arab Spring”.

This commitment to CSOs as important, independent development actors has been reflected in the steady increase in funding support to civil society in developed and developing countries in the last decade – from USD 14.5 billion in 2008 to USD 19.3 billion in 2011. Northern CSOs continue to be a preferred channel for Official Development Assistance (ODA) support to civil society in developing countries but

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1 All financial data derived from OECD-DAC Evaluation Insight “Supporting Civil Society” 2013
there is evidence this is in decline. In 2009, Development Assistance Committee (DAC) members provided around five times more aid to CSOs based in their countries than to international and local CSOs based in developing countries. In 2011, this had been reduced to twice as much. This confirms a trend to decentralise ODA to developing countries whether through multi-donor funds or other mechanisms.

**Civil society and a changing aid landscape**

Multi-donor support to civil society should be considered in light of a changing aid landscape. The challenge facing ‘traditional’ donors in their support to civil society is how to adapt their aid modalities to the changing power dynamics in North/South relationships and between governments and civil society organisations in developing countries.

For example, the relative importance of ODA vis-à-vis other forms of finance has declined in recent years (Greenhill et al 2013). ‘Traditional’ ODA is increasingly complemented by ‘non-traditional’ assistance such as South-South cooperation; climate finance; philanthropy and global funds. It is estimated that 30-40% of development assistance in the South is through these sources: ODA is likely to focus increasingly on smaller number of mostly lower income countries with ‘fragile’ or ‘conflict-affected’ contexts.

Changes in global economic and political power, combined with patterns of development financing, will change the power relationships between Northern donors and Southern governments. Southern governments will have more choice and more control over development assistance. The growth in choice helps strengthen the negotiating power of governments and may make it more difficult for donors to influence policy. It may also lead to a hardening of attitudes by some governments to foreign organizations and civil society activities.

ODA support to Southern civil society in developing countries should be seen in light of this changing aid landscape. Sources, types and conditions of funding for CSOs in the future may be quite different from today. The evolution and increased diversity of forms of civic association and citizen activism across the world has implications for traditional forms of support to civil society. Civil society is characterised by more diverse and heterogeneous forms of association in response to changes in demography and communications technology. Populations currently under the age of 30, who only know a world that is ‘wired’, will be the dominant force in civil society in the coming two decades. The scale of social networks and non-hierarchical structures may present a challenge to traditional, established NGOs. The changing face of civil society and how citizens relate to one another could enable civil society to play new roles. New alliances and partnerships to tackle societal challenges will blur traditional sector boundaries. At the same time, increased expectations of transparency and accountability highlight the importance of civil society actors retaining their integrity and high levels of trust. (World Economic Forum 2013).
1.2 Background to this Study

The Evaluation of Danish Support to Civil Society

A key recommendation of a recent evaluation the Strategy for Danish Support to Civil Society in Developing Countries (INTRAC 2013a) was that Danida maintain a mix of funding modalities that reflects the diversity of civil society by ensuring that bi- and multi-lateral civil society funds provide CSOs of different, capacity and priority areas with access to funding. The evaluation highlighted that, despite the growth in joint civil society funds, there was little comparative information available as to their overall effectiveness in contributing to the development of a strong, independent and diverse civil society. The evaluation reported some evidence of a risk that multi-donor civil society funds support larger, well-established CSOs at the expense of less experienced or sophisticated CSOs unless specific funding windows or positive action is taken to counteract this trend.

In light of Denmark’s commitment to channel more ODA directly to developing countries, the evaluation recommended that Danida commission further research into the effectiveness of civil society pooled funds in order to bring together lessons learned to date on what makes for effective fund performance; in particular how different governance and management structures and ways of working might contribute to their overall effectiveness.

Danida subsequently commissioned INTRAC in August 2013 to conduct a study whose purpose was to “assess the overall effectiveness and sustainability of multi donor funds to civil society in developing countries and identify best practices”. (See Annex A for full Terms of Reference (TOR).) In particular, the study was to look into the management and governance structures needed to contribute to a strong, independent and diverse civil society. The study was to focus on support to civil society in the area of human rights and governance and one other sector such as environment or health. Data was to be collected through a review of key documents, interviews and field visits in two countries with multi donor funds that include those with and without Danida support.

The TOR suggested the following research issues (in summary) for the study:

- Criteria for engagement with multi donor funds or strategic partnerships in support of civil society;
- The (cost) effectiveness of civil society support provided by multi-donor funds and Danish NGOs;
- Management arrangements for multi-donor funds;
- Affirmative actions by multi-donor funds to support smaller CSOs;
- The transfer of multi-donor funds to national structures;
- How multi-donor fund Monitoring and Evaluation (M&E) systems can capture results at outcome and impact level.
The emphasis of the study was to identify best practices and lessons learned from the experience of the funds to date in order to inform Danida’s future engagement with multi-donor funds in support of civil society. The study is to be followed by a Danida Guidance Note on civil society support through multi-donor funds.
2. Key findings

The findings are presented under the seven ‘dimensions of analysis’ that a preliminary documentary review suggested are likely to be vital to the performance of a multi-donor civil society fund. These are:

1. Context and design: the conditions under which the funds were conceived and designed.
2. Harmonisation: the opportunities and challenges of donor coordination in joint funding.
3. Governance: the arrangements to provide strategic oversight of the fund.
4. Management: the choice and nature of the management agency/ies responsible for operationalising the fund.
5. Funding modalities: what kind of funding is offered and how.
6. Capacity development: what kind of capacity development is offered and how.
7. Monitoring an evaluation: how the fund monitors the activities it supports and measures its overall effectiveness.
8. Cost-effectiveness: whether comparisons can be made regarding the cost effectiveness of funds, particularly in relation to the proportion of funds reaching direct beneficiaries.

2.1 Context and Design

The need for contextual analysis

A good understanding of the socio-political context is essential to the design of a multi-donor fund and key to its success or failure. The design of funds should take into account both the opportunities and the limitations of the operating environment – for example, as derived from a political economy analysis or strategic conflict assessments. (Barakat et al 2011). However, in some cases, the design of a fund may relate more to the history of prior donor funding than an analysis of the current socio-political context. It is sometimes not clear, especially in the absence of a theory of change for the fund, why a civil society fund was designed as it is. (Tembo and Nkonkolimba 2012).

A thorough contextual analysis helps to ensure that the objectives of the fund are realistic and that its ways of working are tailored to the specific characteristics of national civil society. Some recent reviews comment on the need to manage
expectations surrounding multi-donor funds; that donors are often over-optimistic about the time it takes to get a fund up and running and delivering demonstrable results. A pooled fund, therefore, may not be the best solution when very rapid results are required. (Barakat, S 2011 and Commins, S et al 2013).

There is a strong case for donors to collaborate on a shared contextual analysis to underpin their engagement with civil society since multi-donor funds are by definition a joint enterprise. The current EC initiative to develop country ‘roadmaps’ for engagement with CSOs may provide an opportunity to develop such a joint analysis, although the methodology to be employed in conducting these is not yet clear.

**European Commission (EC) Roadmaps: the basis for a shared contextual analysis?**

In September 2012 the EC adopted the communication “The progressive roots of democracy and sustainable development: Europe’s engagement with Civil Society in external relations”. This recognised the key role civil society plays in building equitable and just societies. The communication calls for EU and member states to develop country roadmaps for engagement with CSOs. “The roadmaps should identify long-term objectives of EU cooperation with CSOs and encompass dialogue as well as operational support, identifying appropriate working modalities…. The roadmaps should be developed taking into account the views of civil society, be regularly updated and where appropriate, made publicly available and shared with national authorities”. (EU 2012 p. 9)

A clear calendar and process for the development of the roadmaps is not yet available although EC Delegations are expected to have CSO roadmaps in place by January 2014. The CSO roadmaps are in effect civil society strategies shared by the EC and member states which could replace individual donor analyses and provide the basis for joint analysis, programming and funding mechanisms.

**The value of early consultation**

A sense of ownership of a civil society fund is derived as much from its relationships with key stakeholders as from its formal structures. In general, civil society pooled funds tend to be perceived by CSOs as a donor-driven initiatives, designed without consultation with civil society (Hinds, R. 2013). Some funds involve pre-studies or research but extensive dialogue and the joint development of the concept of a fund such as in the Trust Africa (see p.26) is rare. Consultation in the design and inception phase of a fund can help to encourage ownership and ensure that the operational procedures of the fund are suited to target groups in civil society. An inception phase should enable newly appointed staff to adequately review the initial design of the fund, and consult with stakeholders on the processes that will define the fund’s operations without the pressure to begin grant disbursements prematurely.

**The value of an inception phase**

The Programme Management Unit (PMU) of the Legal Service Facility in Tanzania used the inception period to bring together some of the key legal aid organisations in the country to discuss how the Facility would work. This resulted in two agreements that have been key to how the fund operates. First, the organisations agreed a common standard for legal aid training and what curriculum this would be based on. Second, they agreed to divide geographic coverage between them and not to apply to the fund for work in the same area. This has enabled the fund to build a network of national coverage. The CSSP in Ethiopia was designed with a learning phase in order to pilot and test different approaches. However, delays in its start-up led to pressure for immediate grant disbursement. The PMU lost a valuable opportunity to learn from a pilot programmes and activities how different elements of the fund, such as capacity building and grant making, would best fit together. This has put additional strain on the team who found themselves in an extended situation of “building the plane while flying it.”
Key choices in design stage
There are a number of important choices to be made in the design and implementation of a joint civil society fund that should be fully explored and consulted on in the design stage. Some of these choices, most obviously a clear definition of the purpose of the fund, have implications for other aspects of how the fund will operate, including the choice of management agent. The implications of these dimensions of choice will be more fully explored in subsequent sections of the study. While not mutually exclusive, the following table illustrates a hierarchy of some key dimensions of choice.

<table>
<thead>
<tr>
<th>Purpose</th>
<th>Governance</th>
<th>Preferred partners</th>
<th>Access to funding</th>
<th>Type of funding</th>
<th>Type of capacity development</th>
<th>Measuring results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic impact at national level</td>
<td>Development outcomes</td>
<td>Donor-driven</td>
<td>Direct award</td>
<td>Strategic partner core funding</td>
<td>Generic capacity development delivered</td>
<td>External development impact</td>
</tr>
<tr>
<td>Diverse impacts at local level</td>
<td>Civil society strengthening</td>
<td>Civil society owned</td>
<td>Competitive calls for proposals</td>
<td>Programme or project funding</td>
<td>Tailored capacity development options</td>
<td>Organisational and social development</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Thematic calls</td>
<td></td>
<td>Technical capacity development</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Open calls</td>
<td></td>
<td>Organisational capacity development</td>
<td></td>
</tr>
</tbody>
</table>

Clarity of objectives shapes operational choices
The objectives of joint civil society funds range from the broad theme of support to democracy and human rights (e.g. Foundation for Civil Society (FCS) in Tanzania, Zambia Governance Foundation (ZGF), Democracy and Governance Fund Uganda (DGF Uganda), and Rights Inclusion and Democracy Fund (RIDF), Democracy and

2 Developed and derived from ICAI (2013)
Governance Fund Nepal (DGF Nepal)) to narrower sectoral themes such as support to a national HIV/AIDS strategy (e.g. Rapid Funding Envelope (RFE), Tanzania, or Civil Society Fund, Uganda(CSF Uganda)). The purpose and objectives of the fund influences whether civil society is the primary target group of the fund (e.g. in the case of human rights and democracy programme), or whether work with CSOs is a sub-component of the fund (e.g. in sectoral fund such as climate change or health). This, in turn, tends to have implications for the design of the fund; its operational modalities; and the involvement of civil society in its design.

The need to anticipate the future
Reviews have commented that the design of civil society funds often lack a vision of what will happen at the expiry of the period of funding. (e.g. Commins et al 2013). The design of a joint fund should address what the fund aims to leave behind on completion. The project documents of a civil society fund should include an exit or transition strategy preferably at the design phase. If not, at least at some time in the early evolution of the fund when options become clearer. Katalyst in Bangladesh, for example, includes a ‘vision statement’ in its last project document describing what the fund aims to achieve and leave behind after the last phase of funding. The outcomes of joint civil society funds are often not achievable in the initial four or five year period. One option is to design a fund and an exit strategy in the context of a longer-term strategy (e.g. 10-15 years), even if it is not possible to commit funds for longer than five years.

2.2 Donor harmonisation
Most stakeholders interviewed in Tanzania were positive about harmonisation in the form of multi-donor funds for civil society. Attitudes in Bangladesh were more equivocal. This difference might be illustrated by the benefits and challenges associated with harmonisation:

The benefits of harmonisation
The main benefits of harmonisation were reported as:

- **Greater outreach.** Stakeholders in Tanzania recognise that pooled funds such as the FCS have helped to extend opportunities of funding to a wider range of CSOs and to CSOs beyond the capital, in contrast to quite a lot of duplication of donor funding of a limited number of strong CSOs in the past. This ‘democratisation of funding’ is also mentioned in documents and interviews on other funds (e.g. RIDF, ZGF, and MASC).
- **Greater scale.** By providing more ‘critical mass’ on an issue they allow for a national rather than piecemeal approach to development challenges.
- **Reduced transaction costs** for donors and some partners. Harmonisation reduces the transaction costs for donor staff and fund managers if the fund is set up properly. For CSOs, however, it may be a mixed picture. Smaller CSOs, receiving funding for the first time through a multi donor fund, may benefit from dealing with one application process as opposed to several. In Tanzania, some national CSOs, previously funded directly by donors with
whom they had achieved some degree of harmonisation around their strategies and plans, reported increased transaction costs. In Nepal, only one partner of Danida’s strategic partnership programme reported as experiencing a significant reduction in transaction costs (Thapa, M 2011).

The challenges of harmonisation
Some of the practical challenges mentioned include:

- **Capacity to engage.** Many of the funds are complex and ambitious endeavours, which require informed engagement and oversight from donors. This can be a challenge for some embassies with limited staffing; lack of staff continuity; or insufficient development professionals on their staff.

- **Different reporting and financial requirements** e.g. audits, financial years, currencies etc. can present major challenges for the fund manager. For example, the Kenya Media Fund had four donors each funding in a different currency, with different time frames, and reporting and auditing requirements leading to a high administrative burden on the programme management unit. A uniform MOU for joining a fund specifying agreed ways of working is preferable to donors negotiating separate agreements. There is some evidence that there may be a tendency for funds to adopt the most demanding donor requirements to be confident that all needs are likely to be met. This sometimes reflects the requirements of the donor that is putting in the most investment (Tembo, F. et al 2007). This could be a challenge to ‘minority’ donors e.g. some Nordic countries, if they have approaches based on different principles.

- **Different funding cycles.** Different donor funding cycles can present difficulties for continuity of funding. For example, Niras/Particip holds a contract with Danida to manage the Legal Services Fund in Tanzania. DFID would like to fund beyond the expiry of the Danida contract. This raises a practical dilemma for Danida about how to extend the contract with Niras/Particip even if it is no longer supporting the Fund itself.

Harmonisation limited by capacity
The study encountered fewer examples of recent, locally driven civil society funds than anticipated. Some of the first funds emerged in support of civil society involvement in the PRSP process (e.g. in Latin America), while others were given impetus by Paris Declaration. Many of the governance funds e.g. FCS in Tanzania, the Civil Society Support Mechanism in Mozambique, the Zambian Governance Foundation, and Star Ghana were established five to ten years ago, or built on previous funds, and have been extended into second phases. Quite a number of multi-donor funds are ‘opportunist’ – when other donors join an established bilateral initiative of a founding donor with greater capacity to initiate a civil society fund (often DFID) e.g. Manusher Jonno Foundation in Bangladesh.

The study found that donors remain committed to harmonisation but their individual capacity to dedicate human resources to negotiate and design a complex joint venture varies widely. The impression from this study is that Denmark has limited capacity to
‘drive’ and share responsibility for a multi-donor initiative at country level. There may be a tendency, therefore, to join forces with established bilateral initiatives for pragmatic reasons. This risks diluting the influence of the Danish approach to working with civil society on such funds. Possible ways of addressing the capacity issue might be to create technical/advisory resources separate from the embassy but linked to a fund; create specific embassy posts on harmonisation; create a community of practice to share learning across embassies; and establish a budget-line for harmonisation initiatives that can ‘draw down’ expertise.

The lead donor approach
Some funds adopt a “lead donor” approach i.e. when one donor assumes greater responsibility for the strategic oversight of the fund and for coordinating the inputs of the other donors (TMF, CSSP, RIDF). This can simplify things both for donors and the fund manager but there are some pitfalls including:

- The workload on the lead donor can be very heavy.
- The lead partner may become more directly involved in the fund operations due to the responsibility it feels to the other donors.
- Other donors may leave too much to the lead donor and disengage from the fund, which can be detrimental for the fund and CSOs partners. There are a variety of ways in which funds have tried to keep donors engaged such as by organising regular field visits (FCS) and establishing thematic sub-committees (CSSP, RIDF).

Additional support for the lead donor could be budgeted for in larger, more complex funds. In some cases, one donor assumes responsibility for the management costs of the fund – for example, USAID in RFE and DFID in Star Ghana. This may seem an attractive option but may lead to a loss of the influence of the wider donor group.

Choice of collaborators in a joint donor fund
There are nuances, if not differences, in approach between donors with regard to their vision of the role of civil society in development. These are reflected in their Civil Society Policies and in preferred funding modalities. Some donors are more like-minded than others and the transaction costs in harmonising approaches and systems in joint ventures may vary between donors. Transaction costs may be reduced in joint initiatives with like-minded donors that share a common vision and principles – for example, in relation to the importance of an independent civil society as a public good in itself.

In light of a changing aid landscape and the increase in ‘non-traditional’ ODA (Greenhill et al 2013) donors could be more pro-active in investigating a broader range of collaborators in civil society funding. For example, INGOs and private foundations might be potential donors to smaller, exclusively civil society funds, the latter a potential source of endowment funding.
The challenge of alignment with government systems

Many, if not most, multi-donor funds are aligned in some way to government national or sectoral strategies in line with the aid effectiveness agenda. This is particularly the case with sectoral funds, which are normally aligned with the relevant national strategy for the sector and closely involved with the relevant Ministry or Ministries. For example, the RFE in Tanzania responds to TACAIDs, the Tanzanian Commission for Aids which is mandated by government to lead and coordinate the national response HIV/AIDS. This can include adopting government systems and procedures (such as for procurement). Some sectoral funds in the study (Bangladesh) report that this can result in delays and restrictions in their support to civil society. This suggests that sectoral funds with a major civil society component, while aligned to national strategies, should retain some degree of independence from government in their systems and governance.

Multi-donor funds as an interlocutor between civil society and government

One review (Tembo et al 2007) highlighted some CSO concerns that multi-donor funds might reduce civil society access to and protection from governments since fund managers do not have the diplomatic leverage of donors. One donor observed, for example, that joint civil society funds are not necessarily good platforms for asserting rights-based issues. Some respondents in Tanzania suggested the opposite; that civil society funds were better able to work on controversial issues than donors since they are perceived as being more neutral. There is probably a difference between the role of independent national foundations such as the FCS and other forms of fund management in this respect. The FCS, for example, had the legitimacy to support civil society participation in the constitutional review process in 2011/12. Donors could not have done this directly.

A concentration of donor priorities

A natural, predictable consequence of greater collaboration between donors through pooled fund arrangements is an increasing convergence of donor priorities and a reduction in the number of sources of funding for civil society. In Tanzania, national CSOs expressed concern over the merging of donor thematic priorities. Small CSOs, in particular, were concerned that if they did not fit with specific priorities they would not have a chance of funding. This concern was identified by the study in relation to other funds e.g. AGIR and Star Ghana. This is an argument for retaining ‘open’ civil society funds that are responsive to demands emerging from CSOs. As one study notes, there are tensions between “donor interest in specific policy outcomes” and “demand-driven grant making”. (Tembo et al 2007)
2.3 Governance

The role of governance in promoting ownership
Governance structures of multi-donor funds supporting civil society take a variety of forms, depending to a large extent on the how explicit is the aim of national ownership. Fund governance structures can be placed on a continuum that range from donor-led to national ownership (see Figure 1). The concept of national ownership can take the form of alignment to government structures and priorities or the creation of or transition to independent foundations as national civil society actors.

Transparency and accountability in governance
Broad stakeholder representation and transparent decision-making in governance can mitigate vested interests (Commins et al 2013). However, the issue of transparency is important since *de facto* power and decision-making authority may lie outside the formal structures of governance. It is not uncommon for donors to meet as a group separately from the governance structures on which they are represented. In such cases, a Board can feel undermined by donors making decisions in its absence or by their meeting directly with the fund manager. For example, differences in opinion between the donors and the Board of the FCS in Tanzania led to the resignation of the entire Board in 2006. Following an external governance review, responsibility for the oversight and governance of the Foundation now lies clearly with the independent national Board. Donors no longer are members of the Board but meet separately as a group with the management of the fund twice a year.

Effective fund governance requires a clear system of authority, accountability, and transparency regarding the governance and management of the fund. (Commins et al 2013) This should include an explicit and transparent description of the roles of Boards, steering committees, advisory groups, project management units, and independent grant appraisal boards to help stakeholders understand and avoid confusion over their roles.

The composition of Boards
The composition of the Board of a civil society fund is likely to reflect the position of the fund on this spectrum of ownership. The key responsibility of the Board is to provide strategic oversight of the management of the fund rather than executive decision-making. The stakeholder mix of a Board, however, may help or hinder the positioning of the fund. Boards with influential and engaged members can be useful...
in supporting the fund manager to resolve challenges. For example, the Board of the Legal Services Facility in Tanzania, consisting of high profile individuals in the legal establishment, academics and representatives of key civil society networks, has been useful in resolving bureaucratic blocks and encouraging some ownership of the fund among key national stakeholder groups.

Government dominated Boards (i.e. when the Board is chaired by a senior government official with other public officials and donor representatives comprising the majority), are most commonly found in sectoral funds aligned to specific government policies. This clearly supports the principles of national ownership and alignment, though the level of government capacity or legitimacy may influence the role it is assigned by donors in governance structures (Commins et al 2013). The study found some evidence of the independence of thought and action of a fund manager being compromised by a government-dominated governance structure.

In addition, the role of government in the governance of civil society funds on democracy and human rights issues can be problematic. The Local Governance and Accountability Facility in Nepal is an example of a civil society fund working on demand-side governance issues reaching an impasse with a government-led Board (INTRAC et al January 2013 b). A recent study (Danida 2011) also questioned whether the involvement of government in the governance of civil society funds limits the ability of civil society funds to support independent advocacy. This issue was also raised recently at a partner seminar of PAOSC in Mali in 2012. (Laurizen, N. 2012)

Civil society funds and advocacy: the case of the Fondo Comun in Nicaragua

In Nicaragua in 2008, tensions arose between donors, civil society organisation and the government around the operation of the Common Fund. The government was critical of the Fund supporting CSOs who it felt formed part of the opposition. Civil society organisations felt that the government was attacking their legitimate right to advocacy and protest. Although not the cause of the dispute, one of the issues that emerged during discussions on how the fund should relate to government was whether the government should be represented on the governance structures of the Fund. Given the heightened tension, some CSOs had fears that if the government was part of the governance structures of the fund it would try to control which organisations were supported. Other stakeholders argued that if the government had been more involved from the beginning then, some of the problems could have been avoided. The second phase of the Fund, which began in 2011, has resolved this issue by leaving the governance structure of the fund under the control of the donors while building in a closer dialogue with government. This has been done by nominating a lead donor with responsibility to liaise with the government on issues to do with the fund; and by creating a consultative group in which both government and civil society organisations can discuss the priorities and strategies of the Fund.

The role of Steering Committees and Advisory Groups

Donor-controlled funds, in particular, often include additional bodies such as steering committees, advisory groups, or grant committees as a way of involving national stakeholders in their governance or management structures. It is not always clear, however, if the function of these bodies is one of decision making; to provide an informed sounding board; or merely for ‘cosmetic’ appearance. The role and responsibilities of these bodies need to be clearly defined to avoid potential tensions. Having a group of independent national experts can provide a valuable input into
strategic or operational discussions but also runs the risk of being tokenistic. For example, Star Ghana has a steering committee of high-powered, national experts. On discovering that the fund manager had replaced the fund programme manager without consulting them, these experts protested that they would no longer be interested in being involved in the fund if their role did not include involvement in such strategic decisions.

**Civil society involvement in governance**
Nominal civil society representation on in governance, therefore, does not necessarily add to the effectiveness of a fund or confer legitimacy to it. In the case of sectoral funds, a more precise mandate or definition of functions of CSOs on governing boards may be necessary if their participation is to be effective. A few funds try to ensure more formal civil society participation in their governance structures. For example, the FCS in Tanzania and the UNDP Governance Facility, Amakeni Wakenya in Kenya hold annual general meetings to enable a wider group of CSOs (usually grantees) to feed into their strategies and ways of working. In the case of Amakeni Wakenya, the Annual General Meeting elects representatives to sit on the fund Steering Committee but this attempt at a more formalised approach to civil society representation in fund governance structures is rare.

**Periodic review of governance structures**
It may be necessary to review a fund’s governance arrangements as its operations evolve over time or the national context changes. Several funds – for example TMF, FCS, CSSP – have found it valuable to review their governance structure after a few years. Taking a fresh look at governance structures can help a fund resolve problems that have arisen in its implementation and adapt to changing circumstances. It may also reflect a changing vision for the future of the fund itself.

**Civil society funds as independent foundations**
Some multi-donor civil society funds have become independent foundations while retaining their financial dependence on donors. The transition of a civil society fund to independent status is increasingly incorporated in their TOR. However, this requires careful discussion amongst donors of the pros and cons of such a transition in different national contexts or for different types of funds. Donors should be clear from the outset about the rationale for establishing an independent foundation – for example, as solely an appropriate management arrangement for the life of the fund or as a potential independent institution after the withdrawal of donor involvement. If the latter case, donors need to support the foundation to develop strategies and actions to improve its long-term sustainability.

The reasons offered by respondents for transitioning funds vary from the principled to the pragmatic and include:

- **National ownership**: it promotes national ownership and legitimacy and creates long-term institutional capacity in-country.
• *Harmonisation:* it helps resolve some of the challenges associated with harmonisation – for example, it allows different donors to support the fund discontinuously or over different timescales without affecting its management arrangements.

• *Sustainability:* it allows other donors and sources of funding to emerge, thereby potentially extending the life and impact of the fund.

At the same time, a number of challenges are associated with independent foundations:

• *A long haul:* Transitioning funds to local entities requires considerable donor support and investment, so donors need to make a long-term commitment. The development of the Africa Trust took six years and the FCS took four years. It could be argued that both organisations have only truly established themselves as strong, independent institutions a decade after their inception.

• *Confusion of roles:* Independent foundations managing civil society funds are ‘big players’ in the national context. How these powerful new actors in the civil society landscape affect the sector is the focus of some debate. Some foundations, given their size, reach, and influence may be drawn into an advocacy or representational role on behalf of civil society. This may raise their profile and credibility at the expense of national representative bodies and/or partners. This was one area where it was possible to detect some unease about the FCS in Tanzania – that it might become the de facto spokesperson for civil society in the current absence of a representative forum for CSOs. The Foundation is aware that is not a representative body and tries to tread a narrow line in this regard. Another complication is that some independent foundations may be both grant-making and implementing agencies (e.g. the Manusher Jonno Foundation in Bangladesh) which can place them in direct competition with national partners. Similar concerns were expressed in a recent stakeholder perception survey of MASC becoming an independent foundation (MASC 2012). Donors should consider, as part of their support, establishing parameters on the role of an independent foundation in order to ensure that it contributes to a diverse civil society and a levelling up of status and profile of national CSOs.

• *The operating environment:* The creation of or transition to an independent foundation to fund civil society is probably best undertaken in favourable political conditions. Where there is a difficult or restrictive operating environment for civil society, the use of an international management agency/ies for a civil society fund may help to preserve the real and perceived independence of a fund as well as safeguarding its room to operate. For example, a current review of the possibility of transitioning the Civil Society Support Programme in Ethiopia may recommend leaving it under the management agency of the British Council partly because of the challenges that becoming a national foundation under the current legal framework might pose.

The challenge of sustainability
The issue of independent foundations raises the broader question of what happens to multi-donor funds when donors withdraw funding. Most funds, even if they have become an independent foundation, remain entirely dependent on donor financing. There can sometimes be a mismatch of expectations between donor and foundation staff about future scenarios. Most donors recognise and accept that the foundations they have helped to create will not be sustainable if funds are withdrawn. In contrast, the staff of independent foundations are likely to believe in their future and try to develop strategies to ensure their sustainability. The current strategic plan of the Foundation for Civil Society in Tanzania, for example, includes plans to purchase premises, diversify funding sources and build an endowment fund. Some of these plans have been on the table for a number of years without advancing due to lack of donor support. One respondent commented on the inconsistency of private consultancies making a profit on their management of multi-donor funds while independent foundations cannot, even though this might be one way to build up a small amount of capital for investment.

The possibilities for independent foundations to raise funds from the private sector nationally are likely to be limited in most countries, especially for issues like human rights and democracy as opposed to service delivery. It is noteworthy that the only foundations in Africa working with civil society with some degree of independence from ODA were set up on endowment funds by international private foundations such as, the Ford Foundation, Rockefeller Foundation, and Aga Khan Foundations. These include the Kenyan Community Development Trust (KCDF) and Trust Africa.

Endowment funds for civil society

The **Kenya Community Development Foundation** (KCDF) was established as an independent foundation in 1997 with endowment funds from Ford, Rockefeller and Aga Khan Foundations, after a previous history of funding from these foundations). Donors initially continued to be represented on the Board although the Board is now comprised of locally elected Kenyan civil society figures. KCDF has since diversified its funding base, raising funds from private companies in Kenya, Comic Relief and Wilde Ganzen in addition to its income from endowment funds. USAID is the only direct source of ODA. KCDF continue to build their endowment funds which in 2012 stood at approximately US$6,337,000. The principle is to build the capital endowment fund whilst using the interest as a source of funding programmes. They have also used endowment funds to build new office premises as an additional source of income. In 2012 approximately 35% of their income was derived from its endowment funds.

**Trust Africa** grew out of an initiative of the Ford Foundation to “African Foundations, led and governed by Africans, working for change across the entire African continent”. The process began in 2000 and took six years to build support amongst stakeholders across the continent. “Rather than dictate the agenda and priorities, Ford agreed to ……..to hear voices, collect opinions and to build a truly African agenda”

Three broad priorities emerged from initial discussions: Peace and Conflict, Regional Integration, and Citizenship and Identity. The foundation has continued to set priorities through consultation. The emphasis is on collaborative projects and these often make links across different sectors. Some of the initiatives include the encouragement of African philanthropy; the creation of an African grant makers network; a research fund looking at investment and the business environment to promote growth with equity; and being the lead partner in Graca Machel's campaign in 2010, “Africa for Haiti”.

The ten Board members are all African and are described as having “the clout, established networks, respect and legitimacy to make a significant difference”. As well as the original endowment, Trust Africa receives funding from external donors (primarily other foundations but including the Dutch government). They also have a fundraising campaign that is trying to get 10,000 individuals to commit $100 a year to the foundation.
There is no evidence of official donors providing endowments, though some are prepared to contribute to office purchase. Donors could, however, be more proactive in encouraging international foundations and philanthropists to collaborate with them, for example, in supporting the development of an independent foundation and the creative exploration of joint strategies to build a sustainable base for the work of the foundation.

It is important to distinguish between sustainability of the fund as an institution and the sustainability of the work supported by the fund during its lifetime. It is perfectly appropriate for a multi-donor civil society fund to commit to a limited period of operation while focusing on improving the financial and organisational sustainability of its civil society partners. This is particularly true for general civil society funds whose loss will be most keenly felt with eventual changes in aid funding. In this respect it is interesting to note that there is considerable evidence that civil society funds often contribute to their partners’ sustainability by enabling them to diversify their funding. (see Section 3.6)

### 2.4 Management

The management agency: “fit for purpose”

A number of studies highlight that the choice of the management agency in a civil society fund is of critical importance to its performance (Scanteam 2007, Fallman, K 2012). The management of multi-donor funds combines different functions e.g. administration, professional/technical oversight; grant management; and capacity development. Different agencies have different competencies, operate under different constraints, and often form a consortium to manage a fund. Managing the inputs of a consortium can be challenging. Supporting consortium staff to work together intensively in-country at the start of a programme may pay dividends later.

The choice of management agency or consortium will influence the organisational culture, staffing and ways of working of the fund. This is often more important than formal structures. It is important, therefore, that the selection is determined by – and is seen to be determined by – the purpose of the fund, its target groups, and intended ways of working. This may seem an obvious point but management agencies can be appointed more by default than design. The selection of a management agency is not always transparent, nor are they always appointed through open competition (see Box). There are few cases of civil society representatives being consulted or involved in the choice of management agency but this should not be ruled out as a possibility.
There are a number of positive indicators (see, for example, Commins et al 2013; Danida 2011) for the effective management of civil society fund. The management agency should, for example:

- Be appointed wherever possible through competitive tender and have in-depth professional expertise in civil society funding and support;
- Have a strong experience of working in the national context and understanding of the characteristics of civil society in that context;
- Have a clear MoU or service level agreement with the fund defining deliverables and how they will be measured and reported on;
- Have delegated powers of decision-making in situ to facilitate the speed, agility and flexibility of response of the fund. Some management agents have accountability lines that stretch back to head offices in Europe. Having delegated powers can help to avoid delay and enable dialogue in country between fund manager and donors to resolve issues.
- Have a leadership with the appropriate skills, authority and understanding of the context; the competencies of the proposed team leader should score highly in bid assessment;
- Have staff with the right behavioural competencies to support and facilitate civil society development; and
- Have administrative systems and processes that are appropriate to the objectives of the fund and the capacities of the target group.

**Lack of transparency in the choice of management agency in Bangladesh**

The Bangladesh Climate Resilience Fund (BCCRF) was established in 2010 by GoB to support the Bangladesh Climate Change Strategy and Action Plan. US$ 170 million had been raised by June 2012. It is managed by the Ministry of Environment and Forests (MEF). While a Secretariat is being set up in MEF, the World Bank is the de facto project manager, responsible for the efficient management of the fund, including fiduciary management, transparency and accountability, for a limited duration, as well as some analytical and advisory support.

10% of the available funds are to be channelled to CSOs for community level climate actions through a ‘Community Climate Change Project (CCCP). The objective of the CCCP is to increase the resilience of selected communities to the adverse impacts of climate change. PKSF (described as a ‘government owned company’) that specialises in micro-finance was nominated to be the management agency of this Civil Society component without an open process of competition.

After an open Call for Proposals, which required no evidence of expertise in nor specific proposals work on climate change adaptation, 11 NGOs have been funded to date 7 of whom are previous micro-finance partners with no experience of climate change. Most of the remaining 19 to be funded are also former partners with no climate change experience.

A number of environmental networks and CSOs publicly criticised the BCCRF and the government-controlled BCCTF in 2012 claiming that allegedly corruption; a lack of transparency in the process and unsuitability of selected NGOs. The role of the World Bank was criticised and the coalition demanded a more transparent, inclusive process in the management of the civil society window.
There are five main types of approach to managing joint funds – the use of private sector companies/consortia; multi-lateral agencies; INGOs; programme management units; and national foundations.

**Private sector consultancies/consortia**
A preferred option of some donors is to recruit a private sector consultancy or consortium through open, competitive tendering in order to attract the best combination and quality of competencies to manage the fund. The lead agency of such consortia arrangements is frequently the agency responsible for channelling and administering donor funds, while the technical or professional support is provided by other, smaller, more specialised agencies. This is because of the need for a management agency to have the institutional infrastructure and financial reserves to ‘underwrite’ the operation of the fund under the conditions of donor disbursements.

There is some prejudice among CSOs against the management of civil society funds by private consultancy companies. In at least one study, they were rated by CSOs as lowest among different types of intermediaries for civil society funding (Fallman, K 2012). Some private sector companies are comparatively ‘new entrants’ to work with civil society and do not have the in-depth technical expertise and organisational culture best suited to working with CSOs. However, a recent review (Topsoe-Jensen, B. 2013) identifies a number of civil society funds that, despite initial scepticism, have gone on to be successfully managed by private consultancies after hiring experienced team leaders and staff with knowledge of the local context – for example, MASC in Mozambique, AcT in Tanzania. CSOs also recognise that private sector companies are able to attract experienced development and civil society professionals to offer good quality technical assistance to grantees.

Donors often choose private sector consultancy firms or consortia to run multi-donor funds that are focused on ‘high impact’ e.g. Shiree in Bangladesh, which focuses on maximising its impact on extreme poverty. Such funds frequently have high ‘barriers to entry’ in terms of quality of proposal, M&E and financial systems and reporting requirements that favour established national and international NGOs.

Private sector companies are sometimes seen as a comparatively expensive means of managing civil society funds. This does not equate to their cost effectiveness, which must consider also the quality of services they provide and their contribution to the overall effectiveness of the fund (see Section 0).

Private sector companies often have to adapt their core business procedures to be more appropriate to civil society support. Given the number of funds that private sector companies have now been involved in, it is surprising they do not have more systems available (such as templates for grant databases), that could be adapted to local contexts. Too often, each fund is “re-designing the wheel”. Linked to this, private companies have not been good at documenting and sharing their learning. They can be less transparent about public disclosure about their approaches and cost bases as they see these as part of their commercial advantage. The PACSLE learning events between DFID governance funds that has been supported by Coffey is an
exception to this and a welcome development from which learning, hopefully, can be shared more broadly.

**International NGOs**

INGOs are less frequently appointed as management agencies for multi-donor funds although most INGOs have well-established expertise as grant-making agencies for civil society. In part this is because they are not set up to – and in some cases do not wish to – adopt this role. It is only in recent years that some INGOs have developed the capacity to bid for what are in effect consultancy contracts. There is evidence, however, of INGOs playing an important role in managing multi-donor funds in certain circumstances. For example:

- Trócaire played a critical role in facilitating the establishment of the ACI-ERP fund in 2003 to support civil society participation in the PRSP process in Honduras. An independent evaluation (Touza, et al 2008) described Trócaire as successful and efficient in its management of the fund while making recommendations for improvement in some key areas such as M&E.
- Some INGOs with well-developed operational procedures have played an important role in embedding robust systems in first phase of a transition to an independent foundation – for example, CARE with the Manusher Jonno Foundation (MJF) in Bangladesh and the FCS in Tanzania. Hivos is currently playing this role for the TMF.

**INGOs as intermediaries for civil society funds: the case of AGIR Mozambique**

The Action Programme for Inclusive and Responsible Governance (AGIR) was established in 2010 for a period of five years. Sweden is the only core donor, with Denmark and Netherlands providing support to participating INGOs. The programme is aimed at strengthening the capacity of Mozambican CSOs to work on democratic governance issues. The programme unusually is run through four intermediary INGOs - IBIS, Oxfam Novib, Diakonia, and the Swedish Cooperative Centre. Each INGO is responsible for leading a sub-programme within the overall programme e.g. monitoring and respect for human rights; the promotion of access to information etc.

AGIR provides core funding to national level organisations, preferably those with structures at local levels or that are network organisations. A Mid Term Review in March 2013 suggested that core funding combined with capacity development is beginning to produce results in the level and focus of competency of the affiliated CSOs but highlighted some challenges with the model:

- The INGOs were principally working with CSOs that they already had relationships with. This made start up times quicker since similar programmes like MASC found that it had to invest a lot in capacity development to make CSOs eligible for funding through competitive processes. However, there was concern that direct award grants may inhibit the inclusion of new emerging organisations; encourage clientelism; and increase partner dependency.
- External critics questioned why AGIR could not work with national CSOs as intermediaries. The MTR suggested that this would prolong the start-up phase but help national CSOs grow as channels of support to other CSOs. If AGIR were to do this it would need to invest in the capacity of national organisations to on-grant or to work with their own local branches.
- The core funding of strategic plans makes it hard to differentiate and report on what partner activities are part of the AGIR programme. In the absence of a standard reporting format, partner reporting remains weak and activity-focused.
- AGIR has had to suspend funding to three CSOs due to non adherence to internal governance standards highlighting a level of risk associated with core funding.
- Partners were not very satisfied with capacity building, almost all in the form of training.
Multilateral agencies
The World Bank and UNDP are frequently used as default management agencies for multi donor funds at country level, as they are already well-established donor partners. The World Bank often manages, for example, a thematic fund e.g. climate change, which has a specific funding window for civil society. UNDP more frequently manages multi-donor funds targeted at civil society. CSOs often perceive multi-lateral agencies as not having the most appropriate culture, staffing and systems for supporting civil society.

There have been a number of recent reviews of World Bank and UNDP management of multi-donor trust funds, more generally. The Independent Evaluation Group (IEG) of the World Bank recently conducted an evaluation of the World Bank’s Trust Fund portfolio concluding that “Trust funds have not been a consistently effective way of providing financing… the way they are designed and managed influences their effectiveness. Many Trust funds of global scope involve insufficient recipient participation in the design of their objectives and modalities and lack of clear outcome objectives” (World Bank IEG 2011 p vi) While the latter point refers to global funds it could also apply to some country based funds.

The Independent Commission for Aid Impact (ICAI), an independent watchdog set up by the British government to oversee the quality of UK aid, recently commented critically on the performance of the World Bank in relation to BCCRF, and UNDP in relation to CDMP in Bangladesh (ICAI 2011). Among the points made were:

- Although they add value and help to reduce the risk of corruption, DFID was not holding them sufficiently to account for their performance including delays in start-up and coordination;
- The appointment of PKSF to manage the civil society window of BCCRF “did not follow robust and transparent procedures” and was made before administration costs were agreed.
- Delays in both funds have set back achievements by two years;
- There has been insufficient investment in planning the handover of the funds to enable the administration and activities to be led by national government;
- DFID should redefine its relationship with the World Bank and UNDP based on agreed service levels for both funds.

Interestingly, one of its key recommendations was for DFID to contract a consortium of national and international NGOs to monitor the implementation of the national climate change strategy through the two funds. This is currently being taken forward.

It is, of course, inappropriate to generalise from one country example. However, a recent review of the use of pooled funds in fragile and conflict-affected states commented on how the complicated, inflexible procedures and systems of the World Bank and UN (such as procurement) can lead to delays in implementation. (Commins et al 2013) Civil society funds administered by UNDP are normally structurally a UNDP programme and predominantly use UNDP systems and procedures. PAOSC1
(2010-2011/12) in Mali for example, which was coordinated by UNDP, had to be extended due to delays in implementation, reporting and auditing of approved grants. (PAOSC 2013). Evaluations of UNDP administered civil society funds Amakeni Wakenya in Kenya (Kithinji, H. et al 2012) and PASOC in Guatemala (Zambrano, A. et al 2005) have also pointed out that this can reduce the flexibility of the fund. The final evaluation of Amakeni Wakenya in Kenya recommended that the PMU of the fund have more autonomy and that UNDP funds be simplified. Both evaluations highlighted the tensions inherent in UNDP civil society funds with regard to civil society advocacy, particularly adversarial in nature, in relation to government.

**Donor Programme Management Units**

While the three previous models involve an external management agency some funds are managed directly by a donor Programme Management Unit (PMU) or internal secretariat, usually but not exclusively staffed by national staff. The Democratic Governance Facility in Uganda is an example of this.

The effectiveness of a PMU as the management agency of a civil society fund is likely to be linked to the staffing and culture of the unit and its relationship with the governance structure of the fund. A recent evaluation of Danish support to civil society (INTRAC 2013) revealed that stakeholders rated the Danish programme management units working on good governance in Uganda and Nepal (HUGGO/HUGGO) very highly due to their having leaders and staff with the experience, seniority and delegated authority to respond flexibly to the needs of civil society in a changing context. In Nepal, one respondent suggested that decision-making was easier than working through a sub-contracted management agent, and that direct links a particular embassy allowed for more exchange of analysis.

**National foundations**

We have noted an increasing interest in the establishment of independent foundations to manage civil society funds. The management of an independent foundation by national staff clearly serves the principles of national ownership. Independent foundations reviewed in this study such as the Manusher Jonno Foundation, the FCS, Africa Trust and KCDF were perceived as national institutions by local civil society since their governance and management are in national hands, even though they are almost wholly donor or externally funded. This is even true for foundations that have not yet transitioned such as MASC (MASC 2012) but where they are led and staffed by nationals). They are perceived as better understanding the realities that CSOs face; making more effort to adapt their procedures to their realities e.g. working more with local languages; and investing in developing the capacity of weaker CSOs to apply for funds. Investing in the opportunity of national institutions and staff to develop their capacity also contributes to strengthening civil society more broadly. It is described as civil society funds for civil society being managed by civil society.

**In the end, it comes down to people…**

Whatever the management arrangements, it is a false economy if fund performance is undermined by weak or inappropriate staffing, as has sometimes been experienced.
Special measures should be taken to recruit leadership of the fund who have strong experience of civil society programming and, preferably, a deep knowledge of the particular national context.

### 2.5 Funding modalities

**The objective of the fund will define who and how it funds.**

One of the key lessons of a recent review of OECD/DAC evaluations of civil society support is that funding mechanisms need to fit with the purpose of the fund (OECD/DAC 2012 Lesson 7) since this will influence the social groups and types of organisation it wishes to support. A multi-donor fund concerned to maximise and demonstrate its impact is likely to support CSOs with an established track record and proven competencies. Such a fund is likely to be cheaper to administer. A civil society fund that seeks to strengthen an independent, diverse civil society as a public good is likely to have broader outreach strategies in line with this purpose and a higher cost base. These approaches can be combined in one fund but require different funding conditions and support.

It is also worthwhile to differentiate between general civil society funds (e.g. in support of democracy and human rights), and those which form part of sectoral programmes (e.g. in health or agriculture), which are normally aligned with government strategies, ministries and procedures. Civil society engagement in sectoral funds tends to be more limited. Sectoral funds are more likely to ‘sub-contract’ local CSOs to deliver pre-defined activities, although these may be contracted through calls for proposals or competitive tendering. The concept of partnership features less prominently and there is less opportunity for CSOs to be involved in governance arrangements and to influence programme implementation.

**Funding modalities**

The main types of grant of multi-donor funding of civil society are as follows:

<table>
<thead>
<tr>
<th>Type of Grant</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic partnerships or</td>
<td>These maybe offered as core funding to support an organisation’s overall</td>
</tr>
<tr>
<td>Institutional grants</td>
<td>strategy or part of their strategy. They tend to be larger in size and over</td>
</tr>
<tr>
<td></td>
<td>a longer period than other grants. They are normally fewer in number and</td>
</tr>
<tr>
<td>Project/programme grants</td>
<td>tend to go to the more established organisations.</td>
</tr>
<tr>
<td>Small outreach grants</td>
<td>These are grants targeted at smaller or emerging organisations. They tend</td>
</tr>
<tr>
<td></td>
<td>to have much lower level entry requirements, are smaller in size and often</td>
</tr>
<tr>
<td></td>
<td>last for a year or under a year.</td>
</tr>
<tr>
<td>Specific purpose grants</td>
<td>Some funds have developed additional grant types</td>
</tr>
</tbody>
</table>
for specific purposes such as: supporting networks or coalitions, capacity building, or rapid response funds for emerging issues.

Two other dimensions that affect the character of the fund and of grant making are:

- **Means of selection**
  Some grants are made through direct award i.e. by directly funding specific organisations. More frequently, funds use competitive processes such as publicly advertised calls for proposals.

- **Focus**
  Funding windows can have a predetermined thematic focus or can be more generic allowing themes to emerge from grantees.

### Strategic or Institutional Funding

The literature on CSO support models (see Scanteam 2007) frequently refers to strategic or institutional funding as a preferred form of funding for both donor and CSOs. Several multi-donor civil society funds focusing on democracy and human rights have a funding window for strategic partnerships – for example, CSSP in Ethiopia, FCS in Tanzania, ZGF in Zambia, the Strategic Partnerships Programme in Nepal, and Amakeni Wakenya in Kenya. Strategic funding is normally offered to national CSOs with proven organisational integrity and established track record of programme achievement. In some cases, strategic funding is provided through direct award and in others through calls for proposals.

The rationale of strategic or institutional funding is that it strengthens the CSO’s organisational capacity and enables it to pursue its mission objectives. However, strategic funding is not always “pure” core funding and CSOs frequently still have to demonstrate how they are contributing to the focus of the fund, and some funds may fund specific areas within the CSO strategy rather than offer general support. Strategic funding is less common in sectoral programmes. An interesting variation of ‘flexible funding’ is an example of ‘outcome funding’ in an enterprise development fund in Bangladesh. Katalyst offers ‘sub-facilitation’ grants to CSOs that have the capacity to analyse, design and implement interventions with little or no project oversight to address a specific issue or problem without predefining the strategy or activities involved.

### Project/Programme Funding

Most civil society funds provide the majority of funding to CSOs through calls for proposals for project/programme grants. Project/programme grants awarded through such a competitive process tend to favour medium to large NGOs with the capacity to develop winning proposals unless a specific outreach strategy is adopted to reach smaller organisations and “non-traditional” CSO actors. There is widespread evidence of a tendency to fund more established NGOs with larger grants in order to maximise impact and minimise fiduciary risk. This can be compounded by a tendency for funds to ‘inherit’ partners from one phase to the next, revealing some conservative bias to stay with the known. Donors often choose to channel funds to
organisation with whom they have worked in the past and who can comply with donor priorities more easily (Tembo and Nkonkolimba 2012).

**Thematic focus or “let a 1,000 flowers bloom”**

Some funds target specific themes or sectors e.g. Legal Services Facility in Tanzania or Tanzania and Kenya Media Funds. Others target a broad area such as human rights and democracy and subsequently identify ‘sub-themes’. Star Ghana, for example, has five themes that were chosen as a result of a political economy analysis. By funding a specific theme, it is possible to generate a critical mass of organisations working on the same issue and potentially to choose complementary organisations across the portfolio – for example, linking community, sub-national and national organisations or joining up delivery and research and advocacy organisations. This can be useful in creating linkages from community to policy levels. The risk is that themes become donor-driven and do not respond sufficiently to what CSOs’ own priorities are. SAVI Nigeria has a compromise approach; it identifies potential intervention areas through political economy analysis and then selects issues with potential “traction” through stakeholder consultation.

This can be contrasted to funds such as ZGF that issue open calls for proposals, for example on broad governance themes, that allow CSOs to identify their own issues. The advantage of this “let a 1,000 flowers bloom” approach is that it allows new or marginalised themes to emerge directly from the grassroots and from different regions that might have been lost or overlooked by donors. The disadvantage is that it is more difficult to prove impact and maybe harder to create connections between different levels of action from the local to the national.

**Extending the reach of the funds**

We noted that calls for proposals will tend to benefit larger, better-established CSOs, often based in the capital, unless specific measures are adopted to extend the reach of civil society funds. This can be understood in terms of:

**Geography:** making sure the fund support CSOs and communities across the country, particularly the poorer, more marginalised districts;

**Size:** supporting smaller, less sophisticated CSOs that may be working closer to poor and marginalised populations: and

**Type:** reaching out to support informal, traditional or emerging actors with the potential to drive change but lacking in formal status.

The way a civil society fund works to support diversity needs to reflect the capacity of targeted CSOs. For example:

**Geography: reaching out to the districts**

Many CSOs and networks are based outside the capital in remote areas. There are a number of ways in which funds try to extend their reach and encourage applications from CSOs from different parts of the country. For example, by:
• Publishing calls in regional newspapers and providing regional briefings on the fund. The 2007 evaluation of the RFE in Tanzania, for example, notes the success of this approach in expanding the reach of the fund.

• Analysing the geography of applications in each call and targeting information sessions for following calls in those regions which were previously under-represented. This approach is adopted by FCS in Tanzania.

• Offering ‘affirmative action’, for example, by establishing quotas on the number of proposals from different regions, and weighting selection criteria in favour of regional applications and “hard to reach” populations. This approach is adopted by CSSP in Ethiopia.

• Establishing local or regional offices, for example, CSSP in Ethiopia and RIDF in Nepal. In Tanzania the donors considered it too expensive an option for the FCS.

• Providing outreach through regional networks and/or through a network of coaches or mentors. The FCS, for example, contracts 47 individuals around the country who provide coaching support to grantees.

Size: developing the capacity of smaller CSOs
Some funds specifically target emerging or smaller CSOs or networks, normally through small short-term grants, and have lower entry requirements regarding, for example, the need for audited accounts. In some countries this may present a challenge. National regulatory bodies, for example, sometimes require local CSOs to be registered with them to be eligible for funding. This may prohibit the direct funding of informal networks, traditional faith-based groups, or smaller emerging civic associations.

By targeting smaller CSOs donors may need to accept a trade-off in terms of being able to aggregate impact. Small-grant funding of smaller CSO projects can result in a plethora of activity without achieving synergy or broader impact unless supplemented by capacity development, support to social networking and alliance building. Donors should acknowledge that a commitment to supporting smaller CSOs at local level involves a significant investment in human and financial resources in terms of monitoring and capacity building (RFE 2007). This is dealt with in more detail in Section 0).

Most of the general civil society multi donor funds, such as the Foundation for Civil Society, the Zambian Governance Foundation, Amakeni Wakeyna, the DGF Uganda and CSSP, provide differentiated grant mechanisms targeted at CSOs with different levels of capacity. This technically allows for smaller, emerging CSOs to develop their organisational capacity with a view to ‘graduating’ to other types of project or strategic funding.

Type: supporting diversity
Support for an independent diverse civil society is not synonymous with funding formally constituted CSOs. Nor is it a viable or desirable ambition that all forms of civic or community mobilisation become formalised, given the exponential growth of CSOs across the world in the last decade. There is a growing number of forms of
civic association that are not formally constituted. Grassroots movements, for example, are often weakly institutionalised but do not necessarily want to formalise themselves. Civic associations such as trade unions and faith-based organisations may find it difficult to formulate their work in a way that enables them to access funding. There are a growing number of potential drivers for change e.g. loosely-based coalitions, alliances and issue-oriented pressure groups that have no formal status.

There are a number of ways that civil society funds can support such civil society activism without formalised status. For example:

- Adopt a ‘venture capital’ approach i.e. fund a variety of actors or interventions with small amounts of money, and invest those that demonstrate the greatest potential to develop and make an impact. Emerging civic actors could be mentored to gradually expand their reach and levels of funding.

- Use intermediaries e.g. national or international CSOs with a track record of working with ‘informal’ civil society, networks and non-traditional groups. For example, 65% of the CSF grants in the Democratic Republic of the Congo have gone to coalitions of CSOs working with smaller CBOs. CSF is now launching a call for proposals for coalitions and will provide training and support to help the facilitative skills set to make them effective.

- Use positive discrimination through specific funding windows that provide the appropriate capacity development or mentoring support.

- Use the local knowledge of community foundations to reach down to a lower level to mobilise more local resources. For example, the Multi-stakeholder Forestry Programme in Indonesia supported the development of six community foundations to create long-term community owned and controlled assets to support community-based natural resource management.

- Create service hubs for community activists where they can collectively access services which otherwise it would be difficult or expensive for them to access individually e.g. financial services, IT, technical expertise, information on other actors with similar interests etc.

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3 Faith-based CSOs in Tanzania raised this issue in relation to the FCS. Although the FCS says it is able to fund faith based CSOs, information on its website is ambiguous on the subject. This contrasts with the Civil Society Fund in Bhutan which, given the weak development of other types of CSO, recognized the importance of faith-based organisations allowed funding to include temple repairs of CSO, recognized the importance of faith-based organisations allowed funding to include temple repairs.
The need for flexibility and adapting to the new
Numerous studies and reviews have commented on the need for donors to be flexible and responsive to events and the appearance of new civic actors. Several large funds now include funding windows which enable them to respond quickly to unanticipated events or topical opportunities. For example, Amakeni Wakenya in Kenya made funding available to deal with the post-election violence in Kenya; Star Ghana allocates 10% of its funding for emerging issues; and ZGF has a rapid response grant to be able to respond to urgent and emerging policy issues.

Calls for Proposals: winners and losers
Open and competitive calls for proposals are a transparent way of making funding available and are generally supported by national CSOs. However, the ratio of submission of concept notes to funded proposals tends to be very high, especially when funds are targeted at smaller, less sophisticated CSOs. For example, RFE in Tanzania recently funded only 3% of the 505 expressions of interest received for a project grant; RIDF Nepal during 2009-2011 approved only 8% of 962 concept notes received.

The process of awarding grants needs to be – and be seen to be – fair and impartial. Transparency in the assessment and approval process is essential to mitigate frustration. A number of good practices can be identified from the experience of the funds studied:

- Establish a functional website before operations that clearly communicates eligibility criteria, grant approval and assessment processes.
- Follow up where possible with outreach meetings to communicate the objectives of the fund and how grants can be accessed.
- Offer a graduated process of grant application e.g. submission of concept note prior to invitation to submit a proposal. This stage can concentrate on

A more diverse portfolio: the case of Star Ghana
Professional associations have played an important part in Ghana’s history but have not been very active more recently as they have focused inward on the welfare of their members. Star Ghana took a “road show” out to dialogue with them on how Star could help work on the issues they saw affecting their sector. Out of the 20-25 associations contacted, four have agreed to work with Star, these are:

- The Institute of Chartered Accountants who want to work on public sector financial management,
- The National Association of Graduate Teachers who want to work on the issue of lack of teachers in rural issues,
- The Ghanaian Pharmacists association who want to work on how to bring drugs sellers at the village level into the system,
- Ghana Medical Association who want to work on incentive schemes to attract doctors to rural areas,
- Institute of Taxation who are looking at value for money audits how tax revenues are spent.

Many of the associations have funds. Star’s potential support is therefore more about supporting their capacity for advocacy and for working with others.
applicants demonstrating organisational competencies and/or programme concepts, and reduce the time wasted on producing unsuccessful proposals.

- Include independent assessors or establish an independent assessment panel as part of the grant appraisal process.

- If possible, offer feedback to unsuccessful applicants, including the written comments of assessors. This may not always be possible given the volume of applications. FCS now asks applicants to indicate if they have applied before which enables grant managers to read previous feedback before offering new feedback.

- Publish grants lists on the fund website.

Civil society funds could also be more pro-active in seeking to avoid the disappointments associated with the high ratio of unsuccessful CSO applicants. For example, some funds e.g. Manusher Jonno Foundation in Bangladesh, find ways to link and involve non grantees by offering generic trainings to non-grantees and/or unsuccessful applicants and inviting them to networking or knowledge exchange events. This has led in a number of cases to their eventually gaining grant funding.

2.6 Capacity development

Capacity development: being a good grantee

Capacity development support to CSOs through civil society funds is most often focused on project cycle and financial management with a view to reducing fiduciary risk. This is particularly true in sectoral programmes if there is a high level of corruption in public sector. Capacity development is mainly provided in:

- Orientation/training to potential grantees between submission of a concept note and the development of a full proposal

- Orientation sessions after grants are awarded e.g. on the specific reporting requirements of the fund.

- Project cycle management training

- Financial management training

- M&E training

Standards set for fiduciary compliance can be high for many funds. This is particularly true for funds managed by private sector companies associated with accountancy firms. These can include requiring all original receipts in the central office; detailed examination of bank reconciliations and transfers; and quarterly
monitoring of transfers and disbursements. Grantees are often quite positive about such exacting standards, recognising they help improve their own systems and accountability. However, some care is required to ensure that such procedures (quarterly reporting was frequently mentioned) do not become unhelpfully onerous. A more important point perhaps is that the time and energy invested by CSOs in reporting to the management agent is balanced by investment in improved accountability to other stakeholders, including their own constituencies. Improved fiduciary responsibility should enable CSOs to be more transparent about their own finances with their own constituencies.

### Support to organisations to develop their proposals

Some funds have been proactive in helping potential applicants deliver quality proposals. This is particularly helpful in encouraging innovation; new areas of work; or where civil society organisations are weak.

**TMF**

The TMF in Tanzania is trying out a proactive approach to encouraging good proposals for individual and institutional grants. For individual grants, the fund has introduced a process called “ideation” through which it works with individuals in workshops to develop their ideas. Similarly, after encountering only a small number of low quality applications for their transformational grants they have sought out organisations to encourage them to stimulate a demand for investigative journalism that is not currently a feature of big media houses.

**AcT**

AcT launched an additional funding window to accommodate Danida climate change funding at an international hotel with an audience of about 100. The funding window was advertised on the AcT website but not in the media since previous experience from indicated that it would elicit a high number of inappropriate applications. 57 applications were reduced to a shortlist of 10 and grants awarded to only six partners. AcT provided a lot of support to shortlisted organisations to enable them to produce fundable proposals. This included providing access to a climate change advisor for technical input; funding one organisation to do further research with a view to getting a better thought through approach; working intensively with another organisation to develop a brilliant idea further (although this was ultimately unsuccessful); and bringing potential partners together to discuss their complementarities. BBC Media Action also linked up with some partners to get material for their radio broadcasts and to offer capacity building on their media work.

### Capacity development: strengthening the organisation

Some funds invest in the broader organisational development of partners by helping them improve the transparency and accountability of their governance arrangements; providing support to the development of their strategic plans; and enhancing their fundraising capacity. This often starts with some form of capacity assessment process of grantees. For example, the RFE in Tanzania has a two-tiered approach. It offers a due diligence visit prior to grant appraisal and a facilitated organisational assessment after grant approval. From this, the organisations are helped to develop capacity development plans which enable both individual and organisational capacity development needs to be followed up through training and monitoring visits. Evaluation reports contain many individual stories of organisational change.

Organisational strengthening work appears to be appreciated by grantees and, at its best, is demand-led and tailored to the needs of individual CSOs. However, a patient, individualised process is often at odds with the pressures on civil society funds as
grant making bodies. Organisational support tends to focus on the ‘tangibles’ such as plans, procedures and systems rather than difficult, often ‘intangible’ issues such as identity, leadership, legitimacy and accountability.

Capacity development: experimenting with innovation

- Mentoring

Capacity development support continues to be offered mostly in the form of training. However, funds such as ZGF, MASC, and ACT are increasingly combining this with mentoring and accompaniment. The evidence indicates that this “high investment, high impact” approach can be very effective but requires the right human resources. ZGF have found that mentoring or coaching approaches are more appreciated by less developed organisations, while strong organisations may favour more direct consultancy support. The TMF has used a mentoring approach to good effect. Journalists awarded individual grants are mentored by an experienced professional while the journalist is working on the TMF-funded story. The mentoring approach is now being extended to new institutional transformation grants targeted at media houses.

- A brokering role.

The SAVI Nigeria programme, although not a multi donor fund, is an example of a programme offering a brokering role to facilitate collaboration between CSOs, members of state governments and the media on particular issues or to solve common problems.

Capacity development through a brokering role: SAVI Nigeria

SAVI supports staff and partners to conduct a political economy analysis to identify the themes it is going to work on. With support and mentoring from political scientists, staff conduct a state level political economy analysis to map the overall political landscape and actors, and to identify potential issues and opportunities that have traction with the state government. They then drill down to analyse more specific sectors and issues which are discussed with CSOs and other stakeholders in local meetings. Priority issues are then publicly discussed through talk shows and radio phone-ins in order to test how strongly they are felt by ordinary people. SAVI then chooses partners to work with – individuals or organisations – who are passionate about the issue in question and willing to work together to promote change. SAVI supports them with a mentoring and learning process (more than just grants) that includes:

- Analysing the issue they are seeking to influence i.e. the nature of the problem, the constraints to change, their own capacity, and possible entry points for their involvement.
- Identifying their own strengths and limitations and identifying how to address these
- Building links with and accountability to citizens
- Developing a plan of action focused on a realistic and achievable short term goal
- Putting the plan into action
- Reflecting on what went well, what didn’t, what could be done differently
- Planning the next stage, building on the learning they have gained

The process is designed to start with something that matches partner capacity and enables them to learn and to gain confidence and credibility with their own constituencies. They are encouraged to build bridges with the media and legislature and develop coalitions for change.

Although SAVI provides partners with small amounts of funding to support activities “The starting point is for partners to recognise and make the best of their own resources – of knowledge, skills, networks and political intelligence as well as finances, to be resourceful, to look inward rather than outward, pooling what they have between them and using this to generate wider interest and more investment from locally dependable sources.”

SAVI trains its own state staff to support and mentor partners rather than contracting training providers. The training is provided through a mentoring process that models how they will work with partners.
Another example of capacity development as brokering support is provided by SNV, a sub grantee of AcT in Tanzania. SNV works on the potential of edible oil seed production as a livelihoods strategy, not through funding or training, but by brokering relationships and providing advisory services to specific organisations. SNV researches how a sub sector or value chain is working; brings together different sector stakeholders; and discusses with them the blocks or problems in the system. SNV then helps to develop the capacity of stakeholders to resolve these issues – for example, helping sesame producers convince local government to support them on price issues in negotiations with buyers and supporting processors to think through what they need to do to attract funding from banks or other social investors.

- Changing attitudes and behaviours.

CSSP in Ethiopia developed a set of principles from the outset to guide the operation of the fund. These include for example, extending to ‘hard to reach’ civil society; building trust between stakeholders; incentivising innovation and creativity in civil society; promoting decision-making at the most local level possible. Although developed originally as an internal guide the principles have helped to encourage changes in the ways of working of stakeholders. These explicit principles have also helped provide a common language which both CSOs and government can support in a context with a history of polarisation and low levels of trust. In Ethiopian social and cultural context, the focus on ‘hard to reach’ has seemed to resonate strongly with different actors and has prompted some CSOs to think afresh about the focus and purpose of their own work.

- Peer learning.

There is growing emphasis on peer learning with many funds. INTRAC’s experience suggests that this approach is effective, though resource intensive. AcT in Tanzania, for example, emphasises peer learning; it organises learning events for its partners about every three months on topics which range from citizen action to value for money. CSSP in Ethiopia has facilitated international exchanges such as sharing successful models of working on violence against women from Uganda with Ethiopian partners, and bringing staff from SAVI Nigeria and the Enabling State programme in Nepal to share their experiences with staff.

- Development of local capacity development providers.

Local capacity development provision is growing in many countries but funds are often finding that the skills or approaches they are looking for are not locally available. Approaches tend to be quite traditional both in content and methodology. Some funds are seeking to work with national providers to support them to adapt their approaches to the particular objectives and needs of the funds and to take on board new methodologies.

**Capacity development and sustainability**

Most CSOs comment favourably on the capacity development support they have received from funds and how improved competencies in key areas have enabled them
to raise funds from other sources. Many of the non-grantees supported by Manusher Jonno Foundation in Bangladesh, for example, reported that they had subsequently been able to attract funding. Several funds include resource mobilisation as an element of the capacity building support they offer. The broader issue of the sustainability of CSO activities supported by multi-donor funds when funding is reduced or withdrawn is key. The experience of SAVI is interesting in this respect since it offers very little funding to CSOs precisely in order not to generate a funding dependency. It perhaps provides a prompt to civil society funds about how they can encourage a greater individual and collective self-reliance among partners.

2.7 Monitoring and evaluation

Scope and purpose of M&E frameworks

Multi-donor funds have a historical reputation for poor performance in managing for results. (Barakat et al 2011) One explanation offered for this is that insufficient attention is sometimes paid to the M&E framework at the beginning of a fund when the emphasis may be on activity and disbursement. (Commins et al 2013) In the case of a civil society fund, the M&E framework and how success is measured, will vary according to its purpose. The first challenge is that different stakeholders – donors, programme managers and partners – may have different expectations and understanding of what results should be measured (CSLF 2013). Taking the time to consult on the development and review the fund’s logframe and theory of change can help to build a shared understanding of what constitutes ‘success’ for the fund and reduce subsequent transaction costs associated with monitoring and evaluating results where there is no consensus among stakeholders.
Two distinct levels need to be taken into account in terms of the M&E of a civil society fund – the overall portfolio of the fund and the individual grantee organisation.

The M&E framework of a civil society fund must seek to provide plausible evidence of the effectiveness of the fund in achieving change. At the same time, it must be able to monitor and report on the processes that contribute to these processes of change through its support to civil society. M&E is carried out independently at each level, but how information is collected at grantee level to contribute to the monitoring and reporting on the fund portfolio is a crucial characteristic of a fund M&E system.

**Measuring results: some challenges**

A review of the literature on civil society funds indicates a number of challenges in effectively monitoring and evaluating their performance.

*A focus on quantitative, short-term results.* Civil society funds are normally established for an initial four or five year period, although the first phase is often extended. There is a tendency, therefore, to focus short-term measurable results rather than longer-term systemic outcomes. Sectoral programmes may lend themselves more easily to reporting on shorter-term outputs such as numbers of people affected by vaccination programmes. Nonetheless, a recent review of a sectoral programme in Bangladesh, commented that that “the attainment of numerical targets should not take precedence over achievement of sustainable project outcomes” (Hysawa 2011c). A focus on short-term, measurable outputs becomes more problematic in funds supporting human rights and democracy where results should be anticipated over a longer time scale.

*Timescales.* Many civil society fund outcomes are too ambitious to achieve within their life spans (Tembo and Nkonkolimba 2012). This highlights the importance of setting realistic objectives and targets for the fund. If long-term outcomes are impossible to achieve during the life of the fund this poses the challenge of how to demonstrate intermediate progress. AcT, for example, has used outcome mapping and experimented with progress markers (expect to see, like to see, hope to see) which they feel allows partners to capture incremental changes over time.

*Too narrow a focus on upward accountability.* A recent project completion report of the Rights and Governance Challenge Fund in Bangladesh (DFID 2013a) observed that its M&E framework tended to focus too narrowly on the reporting requirements of the fund. Too narrow a focus on meeting the demands of ‘upwards’ accountability will undermine the fund’s capacity to demonstrate its transparency and accountability to a broader range of stakeholders in its own national context, not the least the target groups and communities it serves. There is no necessary contradiction between donor reporting and broader social accountability but the M&E framework should seek to ensure a balance between the two.

*Rights-based indicators.* Reviews of multi-donor funds (and other forms of civil society funding) consistently emphasise the challenge of identifying the right kind of indicators to measure the results of rights-based programmes. Specific attention
needs to be paid to identifying appropriate methodologies to measure, for example, civil society’s contribution to democracy and human rights.

*Use of logframes.* Most civil society funds use logframes as performance frameworks. Many stakeholders felt that logframes were useful when used as planning and learning tool alongside a theory of change – to review what has been achieved, what has not and why not. There was concern, however, that management agencies and CSOs should not be locked into an over-rigid application of the logframe with no flexibility to revise and adapt it as the programme changes or responds to developments in the context.

Furthermore, the use of logframes tends to encourage reliance on quantitative approaches that are not, on their own, sufficient for capturing change. “Collecting numbers on partner research … cited in official government documents, doesn’t really get to the heart of whether there is any meaningful influence” (AcT 2012 p.3). In the case of AcT, it felt that this left them with “a missing middle” between outputs and purpose. It has addressed this by developing a Theory of Change and using outcome mapping to look at attitude and behavior changes. Other funds e.g. CSSP, develop a wider results framework around the logframe in order to fully capture the changes that the programme is seeking to address.

*M&E impacts on grantees.* In their search for solutions to their own reporting challenges, there is a tendency for funds to look for new methodologies without fully recognising the full impacts on the grantee organisations and/or the person at the end of the line who is collecting the data.

**Who collects the data and what is their reality?**

**LSF**
The Legal Service Facility has developed an online system whereby paralegals within the programme input data on cases directly into the system, thereby giving them national level data. This has already provoked interesting debates among the national experts on the board about the patterns emerging around the country, some of which have been surprising. This shows how useful such a system can be for giving evidence at a national level of local trends which can then inform policy. The challenge is that many of the paralegals are volunteers and they have many demands on their limited time. This type of reporting is not necessarily high on their list of priorities compared to other aspects of their work. The reporting and also the quality of information is therefore patchy. The Facility will continue to work on improving this but it remains to be seen how successful this will be and what the impact will be on the overall system.

**AcT**
AcT has been experimenting with outcome mapping. The director argues persuasively that this will give the fund a strong body of evidence of trends in governance issues but also what strategies are really working. She acknowledges, however, that this involves a real shift in thinking for partners which is slow to achieve and certainly the limited number of stakeholders interviewed in the research did talk of how enormously time consuming the methodology is. Again, the capacity of those on the frontline both in terms of skills but also of time are a limitation in the implementation of the system that perhaps needs further thought.
Aggregation of results. Perhaps the greatest challenge facing civil society funds is how to aggregate results, particularly of generic civil society funds. “How to make a forest, out of all those disparate trees?”, as one fund informant put it. This is particularly a challenge for those funds that are reaching out to small or emerging CSOs. Many, if not most, of the activities that the fund supports will be at a local level, so how can these small-scale successes be aggregated up?

Measuring results at portfolio level: some approaches
There are a number of approaches that civil society funds might adopt to reporting on their results at portfolio level. A key choice in a civil society fund is whether to use ‘early’ or ‘late’ coding. In early coding, the fund predetermines how it wants organise data at portfolio level and requires grantees to supply information in the right formats e.g. by using specific indicators. With late coding a grantee may be asked to supply information in its own way, and the information is then sorted or organised by the fund itself. This is less intrusive on the grantees own M&E system but is more resource intensive for the fund.

Annex A: illustrates a number of methodologies used for measuring the results of civil society funds at portfolio level. These include aggregation, tabulation, summarisation and the use of mixed qualitative and quantitative indicators. It is difficult to point to a single approach that provides an ideal template for aggregating results at outcome level across all programme areas. However, a range of tools and approaches are available. M&E frameworks of civil society funds should sensibly offer guidance on a range of quantitative and qualitative methodologies that can both measure results and identify learning.

Independent mid-term reviews and evaluations play an important role in monitoring and evaluation the progress of a civil society fund. Grantees’ perceptions on the efficiency and effectiveness of the fund’s performance have an important role to play in such reviews and can play a further role in contributing to wider studies of how civil society is changing in the national context.

Tracking the impact of more ‘open’ civil society funds
Civil society funds that issue open or broad calls e.g. on governance issues, present a greater challenge than thematically focused funds in terms of measuring results at portfolio level. There is an indication that some donors are trying to encourage some funds to become more thematically focused in order to get round this challenge. However, this risks undermining the purpose of these funds in reaching out to different and more diverse types of CSO or encouraging greater representation of marginalised groups. To track the impact of such funds may require different methodologies and types of indicator.

One way of measuring the effectiveness of funds (such as IDF in Uganda or RDIF in Nepal that support a wide range of local, small-scale CSOs and networks) is to identify process-related indicators relevant to their contribution to a strong
independent civil society as an intermediate outcome. Indicators relating to their organisational development, their relationships or their collective action in a geographic area may be more appropriate than a simple focus on their programme outputs. For example:

- Tracking how many organisations go on to receive further funding from the fund or from other sources;
- Tracking a sample of projects at periodic intervals after completion to monitor whether project results and social activism is sustained over time;
- Evaluating the effect of funding a critical mass of organisations in a region or area;
- Tracking ‘ripple effects’ of the funding e.g. other groups that have emerged in the area indirectly as a result of the fund.

**M&E: the learning mandate**

Multi-donor funds are, by definition, a collaborative exercise. M&E frameworks for civil society funds should be well-placed to facilitate learning among internal stakeholders of the fund, such as grantees and fund managers, and external stakeholders, such as other funds or organisations working in the same sector or thematic area. Civil society funds have a key role to play in generating learning to improve the fund’s performance and effectiveness, and sharing learning more broadly within the sector or among donors as part of a process of continuous improvement. The Pan-Africa Civil Society Empowerment and Accountability Learning Event (Tembo and Nkonkolimba 2012) and more recently the Civil Society Learning Forum held recently (CSLF 2013) are examples of international knowledge sharing events among Voice and Accountability programmes.

### 2.8 Cost-effectiveness

The study was asked to review how much of multi donor civil society funds reach direct beneficiaries and whether it is more effective to channel funds directly to partner countries in support of civil society as compared to Danish organisations. A analysis of the overall effectiveness of support to civil society through both funding mechanisms would involve an analysis of their sustained impact which is beyond the scope of this study. The study, therefore, sought to address this research question in two parts:

- What can be deduced from the cost base of the funds with regard to direct beneficiaries?
- How can the cost effectiveness of support to civil society through multi donor funds and Danish NGOs be considered?
Funding of direct beneficiaries
Danida has earlier recognised that there is no clear indication of the relative cost of management intermediaries of pooled funds (Danida 2011). An analysis was conducted in the Tanzania and Bangladesh of the management/administration; capacity development and programme support costs in relation to the total spend in each fund. Data was gathered from annual accounts of the funds reviewed in the two countries where available. In some cases, it was not possible to extract relevant financial data from annual published accounts, nor was it forthcoming despite numerous requests. This highlights the need for more consistent approach financial transparency among multi-donor civil society funds. Given the limitations of the data available it has not been included as an annex as intended. The following points can be made:

Direct beneficiaries: This is understood to mean local people and communities. In the case of project/programme funding, funds disbursed to grantees may be ‘granted-on’ to local community partners or, more likely, used to implement programme activities with local communities. If strategic or institutional funding is included in grant disbursements it would be difficult to track the amount of funds disbursed to local communities since such funding is not ‘earmarked’ to specific project activities. Where data was available, the funding of beneficiaries could be analysed only at the first point of disbursement i.e. to partners. It would be an interesting, if challenging, exercise to conduct more of a forensic analysis of costs throughout the results chain than can be found in Annual Reports and Accounts – with a particular interest in what proportion of funds is spent at local or community level.

Analysis of cost base: As pointed out in the Inception Report, there are inevitably difficulties comparing ‘like with like’ in relation to the cost-base of funds due to the diversity of fund operations and inconsistencies in financial reporting. A superficial analysis is that the breakdown of the cost base of multi donor funds in the two countries falls within the following ranges – management and administration (5-12%); programme support (capacity building etc.) (5-25%); grants/local programme activity (60-85%). No definitive conclusions can be drawn from this analysis since there is unlikely to be much consistency in how costs are allocated to each category – in particular management and programme support. A starting point for analysis is to have a clear definition of what costs are allocated to each category. Some shared cost coding definitions between the donors on joint funding arrangements would potentially enable comparisons. From the data available, it could be observed that the cost of the management arrangements of civil society funds varies but not as much as programme support costs. While there may be a tendency by donors to put a ceiling on management costs, programme support costs may vary considerably depending on the nature of the programme, target groups and value to be added to partners.

Service-level agreements: An analysis of the cost-base of multi-donor funds would be facilitated by agreement of a fixed fee and service level agreement with the management agency/ies. While agencies such as the World Bank and UNDP operate on a percentage fee basis this is not always accompanied by a service level agreement. A service-level agreement would specify the management and administrative services
provided to the fund as well as the programme support services provided directly and could be reviewed as the project and role of the management agency evolves.

Cost-effectiveness of civil society funds and Danish NGOs

The challenge of comparison: An analysis of the cost base of Danish NGOs and civil society funds in each country would not enable the study to make a viable comparison of their relative cost-effectiveness. It is questionable whether such an exercise is worth the investment given the diversity of missions, objectives, cost-accounting systems; and how results are measured and reported on. This is not to say that the issue of cost-effectiveness is not an important one. An analysis of cost-effectiveness is best conducted at the level of an individual agency or fund. Viable comparison can only be made if there is a level of consistency in the mission, objectives, target groups, services provided and accounting system of the agencies involved.

Applying the four ‘E’s. The ICAI has promoted the concept of the four ‘Es’ as a means of assessing the ‘value for money’ of aid instruments or programmes. The application of these four concepts is open to interpretation but it does provide a useful conceptual framework to address the issue of cost effectiveness. The Four ‘E’s are:

1. Economy: getting the best value for inputs.
2. Efficiency: maximising the outputs for a given level of inputs
3. Effectiveness: ensuring that the outputs deliver the desired outcomes
4. Equity: ensuring the benefits are distributed fairly.

It is perhaps worth comment that, using the above approach, the DFID produced positive value-for-money assessments of multi-donor funds in Bangladesh i.e. Manusher Jonno Foundation, CDMP and Kataylst.

Given the domestic pressure on donors to demonstrate that taxpayers’ funds deliver result at a good cost, the emphasis tends to be paced on economy and effectiveness. On the other hand, the issue of equity is of particular concern to many CSOs – are these funds targeted at the poorest, most marginalised sections of the population? – although this will involve a greater cost to the agency.

Tracing the costs of the results chain. It is easier to conduct an analysis of a Southern civil society fund’s cost-effectiveness as a channel for civil society funding than many Danish CSOs. The results chain of the civil society fund should be less complex, for example, than that of a Danish NGO affiliated to a global con/federation, and the
costs associated with it more transparent. It is a plausible assumption that a higher proportion of Southern civil society funds is retained in-country than in the case of an international NGO. That being said, the amount of funds ‘repatriated’ by private consultancy firms in the form of management fees and international technical assistance can be very considerable. It would be a comparatively more complex exercise to analyse how much Danida funding to Framework CSOs, for example, is absorbed in Danish Head Offices, International Secretariats and affiliate Country Offices before reaching local communities.

Intangible assets as value. It is important that an analysis of cost-effectiveness addresses the question of added value in addition to cost. The challenge facing Danish NGOs is to make the costs and their added value in an extended results chain more transparent. In addition their historical, intangible assets should be taken into account. These include credibility with Danish public; knowledge of local context; skilled and experienced staff; global reach and ability to make links at regional and international level; and trust of local partners – to name but a few. It could be argued that civil society funds are ‘catching up’ on some of the historical competencies of INGOs – for example, being able to recruit experienced, able staff and add value through capacity development efforts. But more often civil society funds have to build these assets from the beginning. We have noted the heavy start-up costs associated with civil society funds; the tendency sometimes to delays in implementation; and the evidence of learning from mistakes as the fund move through successive phases. Pooled funds are unlikely to be the best way to get quick results.

Conduits for funding Southern CSOs. Danida is already committed in ‘The Right to a Better Life’ to channelling more funds directly to the South although there is no corresponding commitment to increase the human resources available to embassies to oversee their deployment. It is difficult to make an a priori case for channelling ODA to civil society either to local civil society funds or through Danish NGOs. There may be a predisposition to favour channelling funds more directly to Southern civil society via multi-donor funds in line with the aid effectiveness principles of harmonisation and ownership. There is not a strong case for channelling civil society funding to the South via Danish CSOs merely as ‘intermediary donors’. The rationale for official, strategic funding of Danish CSOs increasingly centres on the added value they offer i.e.

- their distinctive contribution to Southern partnerships;
- the distinctive competencies they offer; and
- the distinctive role they can play as interlocutors with Southern civil society.

The need for better financial data and beneficiary assessments. In summary, the cost-effectiveness of different channels of funding support to civil society should be analysed on an individual basis. In order to achieve such an analysis donors need to request civil society funds and INGOs to provide better information on the services they are delivering and the costs associated with them in order to identify how costs
are structured across different levels of the delivery chain (i.e. management agency, partners and beneficiaries). This would include, for example, data on management fees; core management and administration costs; grant administration costs; in house programme and capacity development costs; outsourced programme and capacity development costs; M&E costs; total value of grants to partners.

An analysis of the costs of services provided should be accompanied by an assessment of their value through, for example, grantee and beneficiary assessments on the quality of services provided.
3. Key learning

The key learning from the study is structured in line with the research questions identified in the Terms of Reference.

3.1 Criteria for engagement in support of civil society

The benefits and costs of harmonisation

Multi-donor funds in support to civil society are an explicit expression of a commitment to harmonisation under the aid effectiveness agenda. The practical benefits of such joint initiatives are normally seen as:

- Reduced transaction costs. This is generally true for donors (although start-up costs can be considerable) but not always so for all CSOs.

- Increased impact. Joint funding through a single mechanism enables larger scale, more strategic programme funding with potentially greater impact, and avoids duplication of effort.

The argument that joint civil society funds have greater impact, while reducing the transaction costs for those involved, would seem irresistible although the literature points to room for improvement in results measurement. There is clearly a ‘push’ factor for under-resourced embassies to engage with donor funds. However, the transaction costs in harmonising approaches and systems in joint ventures vary between donors. At a practical level, donor engagement with the funds can be unequal leaving one donor with disproportionate responsibility and influence; reporting systems are not always harmonised; and different funding cycles of donors can present difficulties for continuity of funding. Transaction costs may be reduced in joint initiatives with like-minded donors that share a common vision and principles.

Possible unintended consequences

However, CSOs and researchers have also expressed some concerns about possible broader, unintended consequences for the sector. For example, the convergence of donor priorities and reduction in sources of funding for civil society may reduce the sources of funding for many CSOs; encourage others to divert from the mission and objectives to obtain funding; reduce CSO access to individual donors and undermine the mediating role donors have played between civil society and governments. Danida should bear this ‘balance sheet’ in mind when choosing to engage with joint civil society funds and monitor the risk of adverse impacts for civil society.

Criteria for engagement for joint civil society funds

A number of criteria can be identified as the basis for effective engagement with joint civil society funds i.e. that:

- The purpose and operation of the fund is aligned with Danida’s strategy, Civil Society Policy and its rights-based approach;
• The fund is unlikely to have unintended, negative consequences in relation to an independent, diverse, civil society;

• The design of the fund is based on sufficient consultation with civil society during the design and inception phases

• The fund is based and reviewed on the basis of a sound analysis of the political economy of state/civil society relations;

• Danida has adequate resources to contribute to the implementation and oversight of the fund.

• There is donor agreement about what will be left behind when the funding stops, including the future of the fund and sustainability of the work funded.

• Governance and management roles are clearly defined and civil society is represented in governance structures with a clear and substantive role.

• The management agency has leadership and staff with a good understanding of the role of civil society and delegated decision-making authority to respond flexibly and effectively to civil society needs:

• The funding modalities are appropriate for the civil society target groups and that grant administration procedures are conducted transparently and fairly;

• The fund invests sufficiently to provide appropriate, effective, capacity development support particularly for more marginalised groups;

• The M&E framework has the right quantitative and qualitative methods to monitor and report on the success of the fund; learn from experience; and demonstrate its accountability to its stakeholders.

3.2 The (cost) effectiveness of support to civil society
The information available to the study made it impossible to analyse the proportion of Danida funding of civil society funds that reaches local communities. Financial information from the two country studies was incomplete. The financial data available was analysed only at the first point of disbursement (to partners) which may or may not be ‘granted-on’ to local community partners depending on the nature of the grant, programme or CSO. Donors should request civil society funds and Danish CSOs to provide better financial information in order to identify how costs are structured across different levels of the delivery chain i.e. management agency, partners and beneficiaries. This should be accompanied by an assessment of their value through, for example, grantee and beneficiary assessments on the quality of services provided. Some shared cost-coding definitions between the donors on joint funding arrangements would potentially enable comparisons. From the data available, programme support costs vary more than management costs since these may differ
considerably depending on the nature of the programme, target groups and value to be added to partners.

A viable comparison of cost effectiveness can only be made if there is a level of consistency in the mission, objectives, target groups, services provided and accounting system of the agencies involved. It is, therefore, normally best conducted at the level of each agency. There is no convincing evidence of the relative effectiveness of different types of fund management since this will be dependent on local context, objectives of the fund and target groups, although the culture, quality of leadership and delegated authority of the fund manager is likely to be critical (see below).

There is a prima facie case for channelling funds to Southern CSOs through local civil society funds if no added value to their development efforts is expected to be provided. However, the evidence is that, apart from a comparatively small number of national and international CSOs, most CSOs require some capacity building support either in the form of technical training, organisational development or through a variety of more innovative forms, to take full advantage of funding. The rationale for official, strategic funding of Danish CSOs increasingly centres on the added value they offer (their distinctive contribution to Southern partnerships; the distinctive competencies the offer; and the distinctive role they can play as interlocutors with Southern civil society). Some civil society funds are ‘catching up’ on some of these competencies but this is by no means a universal trend. Normally civil society funds have to recruit these assets and the start-up costs of civil society funds can be onerous and the lead-in time to effective operations longer than anticipated.

In terms of civil society funding it is difficult to make an a priori case local civil society funds or Danish NGOs. There may be a predisposition to favour channelling funds more directly to Southern civil society via multi-donor funds in line with the aid effectiveness principles of harmonisation and ownership. The historical, intangible assets of Danish CSOs, however, should not be underestimated. The key question is what value Danish CSOs add to the efforts of Southern civil society and Danish cooperation more broadly.

### 3.3 Management arrangements for multi-donor funds

The design of multi-donor funds should include explicit and transparent rules of governance that enable stakeholders, and in particular the management agency, understand their role. Broad stakeholder representation and transparent decision-making in governance can build ownership; mitigate vested interests and facilitate the role of the management agency.

The choice of the management agency is critical to the performance of a civil society fund. There is no evidence that one particular form of management arrangements is more cost-effective than another. Managing fiduciary risk is a necessary but not sufficient condition in the appointment of a managing agency. It is important that the choice of management agency for a civil society fund is determined by – and is seen to be determined by – the purpose of the fund, its target groups, and intended ways of working.
Sectoral programmes tend to involve civil society in a utilitarian way to deliver a component element of a broader strategy. There is a prima facie case in these circumstances for civil society funds to be managed by an agency that has professional competencies in the sector, although that could be a private consultancy company, INGO and skilled Secretariat. It is particularly important, however, that the management agency of a multi-donor funds supporting civil society to promote human rights and democracy has a strong track record in working with CSOs. Among the criteria that should determine the choice of management agency/ies are the:

- Quality and seniority of leadership offered in the team;
- Ability to recruit and attain staff with the right behavioural competencies to sustain a culture of delivery and innovation;
- Availability of delegated powers of decision-making to ensure speed, agility and flexibility of response of the fund; and
- Capacity to provide administrative systems/processes that are appropriate to the objectives of the fund and the capacities of the target group.

The quality of leadership and the level of delegated authority s/he has is likely to be the single most influential factor in the performance of the fund. Management agencies should be appointed wherever possible through competitive tender and have a clear MoU or service level agreement with the fund defining deliverables and how they will be measured and reported on.

3.4 Reaching out to support smaller CSOs
Since grants awarded through calls for proposals and strategic partnerships tend to favour medium to large NGOs, a civil society fund that aims to reach out to a wider range of CSOs must consider:

Geography: make sure the fund support CSOs and communities across the country, particularly the poorer, more marginalised districts;

Size: support smaller, less sophisticated CSOs that may be working closer to poor and marginalised populations: and

Type: reach out to support informal, traditional or emerging actors with the potential to drive change but lacking in formal status.

Reaching out more to a broader range of CSOs and forms of civic association, including faith-based groups and trade unions, will require additional investment in outreach and capacity development – for example, regional briefings; targeted regional calls; ‘affirmative action’ through quotas or weighting selection criteria; and providing outreach through regional networks and/or through a network of coaches or mentors.
Multi-donor civil society funds also need to consider how to be flexible and responsive to the changing, evolving nature of civil society in developing countries. There are a number of ways in which funds can incorporate diverse, informal forms of civic association or activism – for example, through intermediaries with a track record of working with ‘informal’ civil society and non-traditional groups; and funding a wide range of emerging civic associations and investing in those with the greatest potential to make an impact.

A commitment to support smaller CSOs at local level, or engage with emerging actors or informal drivers for change involves a significant investment in human and financial resources in terms of monitoring and capacity building.

3.5 The transfer of multi-donor funds to national structures
The transfer of multi-donor funds to becoming independent foundations is being increasingly considered by donors. The reasons offered for transitioning funds vary from the principled to the pragmatic and include the promotion of national ownership and legitimacy; enabling different donors to support the fund discontinuously or over different timescales without affecting its management arrangements; and allowing other donors and sources of funding to emerge, thereby potentially extending the life and impact of the fund.

It is important that donors are clear from the outset about the rationale in establishing an independent foundation – for example, as the most effective management agent for the life of the fund or to develop a truly independent institution.

The challenges associated with the transfer of a fund to a national entity include a heavy level investment of donor support in the start-up phase; the potential confusion of roles if foundations are drawn into an advocacy or representational role raising their profile and credibility at the expense of national representative bodies and/or partners; and, if a foundation combines a grant-making and implementation role, potential direct competition with national partners. Care should be given to ensure that design and operation of the foundation contributes to a diverse civil society and an increase in the status, credibility and profile of national CSOs.

The case for the creation of an independent foundation requires a careful, dynamic analysis of state/civil society relations. For example, where there is a restrictive operating environment for civil society, the use of an international set of management arrangements may help to preserve the independence of a fund as well as safeguarding its room to operate. The creation of or transition to independent foundation to fund civil society may be best achieved under favourable political conditions.

The issue of independent foundations raises the broader issue of what happens to multi-donor funds when donors withdraw funding. Most independent foundations continue to remain entirely dependent on donor funding although some, such as the FCS, would like to ensure their sustainability by purchasing premises, diversifying
funding sources and building an endowment fund. The possibilities for independent foundations to raise funds from the private sector nationally are likely to be limited in most countries, especially for issues like human rights and democracy as opposed to service delivery. The only foundations in Africa working with civil society independent of ODA were set up on endowment funds by international private foundations. Donors could be more proactive in helping independent foundations seek investment or endowment funds from international foundations and philanthropists to enable them to build a sustainable base for their work over time.

Another perspective is to focus on the sustainability of the CSOs supported by multi-donor funds and independent foundations in particular, rather on the survival of the institution themselves. In this respect it is interesting to note that there is considerable evidence of multi-donor civil society funds enabling partner organisations to diversify their funding.

3.6 Measuring results

M&E frameworks of civil society funds and how they measure their success vary according to their purpose. Different stakeholders may have different expectations of what results should be measured in a civil society fund. That is why consultation during the design and inception phases on the fund’s logframe and theory of change can help to build a shared understanding of what constitutes ‘success’ for the fund. This may reduce subsequent transaction costs associated with a lack of consensus among stakeholders. The study found that many CSOs found logframes useful as a planning and learning tool alongside a theory of change but were concerned that they might be ‘locked’ into an over-rigid application of the logframe with no flexibility to revise and adapt it as the programme or context changes.

The outcomes and outputs of a civil society fund should be commensurate with its anticipated lifespan. Most funds are planned for four or five year period but subsequently extended. The pressure to demonstrate short-term results can be problematic, for example, for human rights and democracy funds where systemic outcomes should be anticipated over a longer time scale. This highlights the importance of setting realistic (sometimes referred to as ‘intermediate’) objectives and outputs for a civil society fund in the early years. Although donors might be constrained by the period of funding they can commit to, it would make more sense for many civil society funds to be situated in the context of a longer term strategic framework e.g. ten years, for their programmatic objectives.

Reviews of multi-donor funds (and other forms of civil society funding) consistently emphasise the challenge of identifying the right kind of indicators to measure the results of rights-based programmes. There needs to be a combination of both quantitative and qualitative indicators in rights-based programming in order to understand the process (what CSOs are doing), as well as the product (measurable changes in peoples’ lives). Both need to be developed within the logframe and aligned to the theory of change.

Perhaps the greatest challenge facing generic civil society funds that support an independent, diverse civil society is how to aggregate small-scale successes at the level
of the fund portfolio. This is less difficult if the fund is thematically focused with relevant indicators. There are a number of approaches that civil society funds might adopt to reporting on their results at portfolio level – aggregation, tabulation, summarisation and the use of mixed indicators combining quantitative and qualitative indicators and/or information. A key determining choice regarding the M&E of funds at portfolio level is whether the fund predetermines the formats in which it wants grantees to supply information or whether grantees supply information in their own way, and the information is then sorted or organised by the fund itself.

At this stage it is difficult to point to a single approach that provides an ideal template for aggregating results at outcome level across all programme areas but there are a number of experiments that offer interesting learning. The M&E frameworks of civil society funds should sensibly offer guidance on a range of tools and methods to measure results indicating the relative merits of each.

Finally it is important to emphasise the dual mandate of an M&E framework – accountability and learning. The M&E framework of a civil society fund must seek to provide plausible evidence of the effectiveness of the fund in achieving change, based on sufficiently rigorous methods. At the same time, it must be able to monitor and report on the processes that contribute to these processes of change through its support to civil society in order to understand and learn how better to improve the overall effectiveness of the fund. Multi-donor funds are, by definition, a collaborative exercise and have a key role to play in generating learning to improve the fund’s performance and effectiveness, and sharing learning more broadly within the sector or among donors.
Annex A: Terms of Reference

26 July, 2013

TERMS OF REFERENCE for Study on Support to Civil Society through Multi-donor Funds

1. Background
The Strategy for Danish Support to Civil Society in Developing Countries (2008) was evaluated during 2012 and early 2013. One of the main recommendations was to replace the Strategy by a Policy for Danish Support for Civil Society aligned to the overall development strategy, The Right to a Better life, in order to mainstream work with civil society across the full range of development cooperation modalities.

Another recommendation of the Evaluation was to maintain a mix of funding modalities that reflects the diversity of civil society. This should be ensured by designing and developing bilateral and multi-donor initiatives that provide CSOs of different size, capacity and priority areas with access to funding.

The experience of multi-donor support mechanisms for CSOs is mixed. The evaluation points to the risk of supporting only larger well-established organisations through multi-donor funds leaving less experienced CSOs without funding access. The evaluation also highlights the importance of attaching a secretariat with appropriate competences and authority to be flexible and ensure the right support at the right time as well as to support less experienced CSO by developing their capacity in needed areas.

On this basis, the Evaluation recommended to commission further research into the contribution of pooled funds to a strong, independent, diversified civil society. The Evaluation already includes a chapter on multi-donor funds and the different lessons learned from a number of these where Danida has been involved. The majority of lessons stem from support to governance, democracy and human rights and other areas of support should be studied.

2. Objective
The purpose of this study is to assess the overall effectiveness and sustainability of multi-donor funds to civil society in developing countries, and identify best practises.

The study should particularly look into the management and governance structures needed for multi-donor funds to contribute to a strong, independent and diverse civil society. The study will also entail an analysis of support to civil society in two sectors (human rights/governance, environment, health, or another relevant sector).

3. Outputs
• An Inception Note to be presented at the end of the desk study of documents and prior to the field trip presenting issues to be addressed during the study, as well as a detailed description of methodology and work plan;
• A presentation in Copenhagen to discuss the preliminary findings, conclusions and recommendations from the desk study and field trips;
• An outline of preliminary findings, conclusions and recommendations not exceeding 4 pages to provide input to the NGO Conference in October.
• A Report presenting findings, conclusions and recommendations, not exceeding 30 pages (excl. annexes);
• A short operational Guidance Note on Danish engagement in Multi-Donor Funds.

4. Scope of Work
The study will consist of review of key documents identified by HCP and by the Consultant including several evaluation reports of multi-donor funds mechanisms. For this study, interviews and field study, debriefing meetings at field and headquarter level, as well as the presentation of a report will form part of the work. For the field trips, countries where multi-donor funds are in place both with and without Danida support will be selected. However, the selected countries will be of relevance to Denmark’s development cooperation. If a special case can contribute valuable knowledge and is particularly relevant to the study and is placed in a country which is not a Danida priority country, it might be considered to include the case in the study. A field trip to two countries is envisaged to include case studies of several multi-donor mechanisms both with and without Danish funds. (7 days per trip for each of the two team members).

The guiding questions of the study could include the following:

1. When is support to civil society in developing countries more effectively provided through a multi-donor fund for support to civil society than through direct support to strategically selected partners? Are there, for example, a number of minimum conditions that need to be satisfied before funds should be channelled through civil society funds?
2. How much of the funds channelled through multi-donor mechanisms reach the direct beneficiaries compared to when funds are channelled through selected partners? Is it more effective to channel funds directly to partner countries to multi-donor funds as compared to through Danish organisations?
3. What kind of management units should be in place in order for multi-donor mechanisms to be effective? What characterizes management units which add value?
4. What kind of investment and affirmative measures can be adopted to ensure that civil society funds have impact among smaller organisations and in areas outside the larger cities? What risks are acceptable in this regard?
5. What lessons can be learned in terms of ensuring a smooth transfer of ownership to national structures? And when is Government involvement a good thing? Should civil society funds be sustained at all? How can sources of financing be diversified?
6. Which concrete criteria should be applied when Denmark engages in multi-donor funds?

7. How are results measured? – what is the experience in terms of establishing and using M&E frameworks that capture change at the outcome and impact level?

The study will document what works well and less well in the achievement of results using both quantitative and qualitative data from key documents and from interviews and from data collected at field trips. The study will inform the content of new Policy for Danish Support to Civil Society which will describe in which ways Denmark will support civil society in developing countries in the future. Furthermore, the practical guidance note will support the operationalization of the Policy both in Copenhagen and at embassies in priority countries. The guidance note will be short and operational with clear practical recommendations as well as check lists to be used when engaging Danish funds in multi-donor funding mechanisms. It should be noted that adjustments to the scope of work can take place based on discussions following the inception note from the consultant.

5. Organisation of Work
The detailed methodology will be developed together with the selected consultant based on the technical proposal of that Consultant, but the broad outline is detailed in the scope of work, including that field work is expected in max. two countries. Expenditures related to field trips and trips to Copenhagen should be included in the offer.

6. Methodology
The study will include a desk phase with review of documents/literature, the drafting of an inception report followed by field work. On this basis the report will be drafted and the guidance note will build on the findings, conclusions and recommendations of the final report.

The detailed methodology for the field work will be developed together with the selected consultant based on the technical proposal of that Consultant.

7. Consultants
The consultants will be contracted with the following minimum qualifications and experience:

- Relevant higher academic degree.
- A Team leader (40 days) with major emphasis on development issues, preferably with a minimum of 15 years of relevant professional experience, including extensive experience with civil society.
- Extensive knowledge of development policies, delivery mechanisms including support to civil society, harmonisation and alignment, and types of modalities for development cooperation.
- Experience from larger research projects on development issues, including complex policy and/or strategy evaluations from bilateral and/multilateral donors.
• One organisational and management consultant (30 days). Prefer-ably with experience from working with design, management, re-view or evaluation of multi-donor funds.
• Experience in relation to civil society organisations and bilateral support to civil society, preferably in developing countries.
• Experience with capacity development, advocacy work and partnership development in relation with civil society organisations.
• Experience from different developing countries, including Danida partner countries.

8. Budget
Up to 900,000 DKK

9. Timeframe
The contract is expected to start Mid-August 2013. The following dead-lines are established:
- Draft report: 4 November 2013
- Final report: 22 November 2013
- Guidance Note: Early 2014
The selected consultant will draft a process action plan for the study in due consideration of the above-mentioned timeframe.

10. List of some key documents relevant to the study
Strategy for Danish Support to Civil Society in Developing Countries (2008);
Evaluation of Danish Support to Civil Society (2013);
Danish Support to Governance, Democracy and Human Rights through Civil Society Funds (MFA/TAS 2011);
Multi-donor Support Mechanisms for Civil Society (FSDRC 2013);

Other relevant documents may be defined
Annex B: Methodology and Approach

The evaluation methodology consisted of three basic phases:
1. The development of a framework of enquiry and data collection tools for the study, based on preliminary documentary research of the available literature on multi-donor funds and civil society.
2. The collection of key learning from multi-donor funds supporting civil society from further bibliographic research; stakeholder interviews in two country visits; and interviews with key informants.
3. The development and testing of the analysis and lessons to emerge from the study through an iterative process of drafting and comment.

This general approach is illustrated in the diagram below:

It is important to emphasise at the outset that the primary objective of the study was lesson learning. It was not intended to, not did it attempt, to conduct an impact evaluation of the overall effectiveness of the funds studied.

Development of a framework of enquiry
The study began with a short inception phase. An initial discussion was held with the Danida Civil Society Coordinator to clarify some key aspects of the study and confirm the choice of country visits, and an outline timeline for the study. The key tasks of the inception phase were to conduct a preliminary review of the relevant documentation; develop a framework of enquiry and data collection tools; and identify a sufficiently representative sample of funds to be included in the study.

Preliminary review of documentation
A preliminary review of some of the general literature on multi-donor funds that support civil society enabled the study to identify some dimensions of analysis based of key determinants of the performance of multi-donor funds supporting civil society
Fejl! Henvisningskilde ikke fundet.). A referenced summary of the key lessons from the documentary review along with possible lines of enquiry associated these lessons was included as an annex in the Inception Report. A full bibliography of documents reviewed can be found in 0.

Development of a framework of enquiry
The next step was to develop a framework of enquiry to guide the data collection process and to provide an initial structure for the research findings. This was attached as an annex in the Inception Report. The lines of enquiry for the study, as derived from the documentary research were crossed-referenced to guiding questions highlighted in the Terms of Reference and linked to more detailed research questions to guide the study. These research questions were subsequently supplemented by detailed interview protocols for different stakeholder groups.

Identification of multi-donor funds to be reviewed
There have been several attempts to classify multi-donor funds. Since their governance and management arrangements can be very diverse, the study devised a simple matrix to include approximately 30 multi donor funds supporting civil society in Africa, Asia and Latin America under different types of governance and management arrangements. These were provisionally classified as follows:

- Governance
  a) ‘Independent’ funds. Funds that are established or transferred to independent legal status e.g. a private limited company or independent foundation with an independent system of governance and set of accountabilities.
  b) ‘Mixed model’ funds. Funds that have multiple stakeholder representation on governance structures e.g. donors, government, and civil society, and multiple accountabilities. These may or may not be aligned to government programmes.
  c) ‘Donor’ funds. Funds governed by Steering Groups or Boards on which donors predominate and retain control. These are part of donor development programmes and objectives through international organisations, NGOs or other entities.
  d) ‘Government owned’ funds. Funds that are hosted by the national government and whose Boards are often led by national government ministries or officials linked to bilateral programmes of support. These funds are normally ‘provided
directly to the recipient government to support civil society engagement in its programmes or operations.

- **Management**

  Multi-donor funds are managed in a variety of different ways. Evidence indicates that the choice of intermediary, and programme management systems and staffing are likely to influence the performance of the fund in providing effective civil society support. The team classified the management of the funds as:

  *Internal management* e.g. when the government or donors appoint their own fund or programme management unit;

  *Delegated management* i.e. when the host of the fund or fund manager appoints a third party to manage the programme. These are most commonly:

  - A *private company* e.g. a national or international consultancy company;
  
  - A *civil society organisation* e.g. a national network, NGO or international NGO;
  
  - A *multi-lateral agency* e.g. the World Bank or UNDP;
  
  - An *independent entity* e.g. foundation created specifically for this purpose.

  A preliminary classification of funds was conducted by how funds are governed and managed in order to ensure the sample reflected most of the governance and management arrangements found among multi-donor funds.

  A number of observations should be made with regard to the funds included in the study:

  - **Human Rights and Governance Funds** predominate in the study, not surprisingly, since civil society plays pivotal role in human rights and governance programmes.
  
  - A special effort was made to include civil society funds that are part of sectoral programmes in order to draw out the differential learning about how these operate. It was not been possible to include sufficient number and range of funds with different operating modalities by focusing on one sector alone.
  
  - It was decided not to include a significant number of multi-donor funds in fragile and/or conflict-affected countries since DFID has very recently conducted a thorough lesson-learning review of pooled funds in fragile and conflict-affected states (Commins, S. et al 2013b).
  
  - **EC Funds for Civil Society** were not included in the sample since to do them full justice would require more time than is available for the study.
• A small number of funds to support civil society that are not joint-donor funded, e.g. SAVI in Nigeria, were included in the sample since they offer particular insights relevant to the study.

• Two independent funds – the Kenya Community Development Foundation and Trust Africa – which were set up and continue to be funded primarily by private foundations were included in the study since they offer an interesting model of funds transitioning to national ownership with a different ‘business model’ to most multi-donor funds.

Data collection
Data was collected through four main methods:

Documentary review
An initial review of predominantly general studies on multi-donor funds was supplemented by a review of a broader range of documentary sources (see Annex for full bibliography).

Country Visits
Field visits were conducted in Tanzania from 25th September - 11th October, and Bangladesh from 6th - 13th October to interview relevant stakeholders in relation to multi-donor civil society funds in both countries. These included embassy staff; fund managers; CSOs in receipt of multi-donor funds and those who were not; and key informants such as non-participating donors; relevant academics, government representatives; and leaders of NGO coordination mechanisms. In both countries, visits were made to the INGOs in country with Danish affiliates or members. A full list of people consulted can be found.

At distance reviews
In addition to the 13 funds in-country, a further 22 were given a ‘light touch’ reviews, mostly through documentary research. In addition, INTRAC was able to draw on and conduct interviews on its current work with the multi-donor civil society fund CSSP in Ethiopia; meetings in Ethiopia with members of SAVI Nigeria and the Enabling State’s Programme in Nepal; and a consultancy with the Social Fund in Yemen.

Key respondent interviews
A small number of key respondents with specialist expertise on multi-donor funds were interviewed on the role of multi-donor funds in support of civil society (see 0).

Challenges in data collection
Two particular challenges were encountered in the data collection, as anticipated in the inception report:

• CSO feedback on the funds. It was a challenge within the time available to get meaningful feedback from fund grantees and to triangulate this with the
perspectives of unsuccessful applicants, and CSOs who have not applied. It was generally advised that focus group discussions with grantees and non-grantees would be impractical to organise in Dhaka. Grantee perspectives were gained through a series of individual Skype interviews though these cannot be considered as representative cross section of fund grantees, nor of CSO opinions. In Tanzania, interviews were made with a selection of INGOs (both Danish and otherwise), national CSOs, trade union confederations and key informants. Interviews did not include any FBOs directly but their perspective was sought through input from a representative of a Danish FBO in Tanzania and an interview with the head of the Mission Council in Denmark. To get some perspective of CSOs outside the capital 2 focus group discussions were held in Arusha organized by a regional CSO network. Due to the overlaps in funding, through interviews it was possible to get some grantee feedback on the functioning of the FCS and ACT, a specific focus group was held of grantees of the RFE but it was not possible to interview directly grantees of the LSF and TMF. Although, a wide range of voices were heard this still cannot be considered anything other than indicative.

- Analysis of cost-effectiveness of multi-donor funds and Danish NGOs: The study was asked how much of multi donor funds reach direct beneficiaries and whether it is more effective to channel funds directly to partner countries in support of civil society as compared to Danish organisations. The study conducted a simple analysis at country level of the relative management/administration; capacity development and programme support costs in relation to the total spend of the civil society funds under review. This analysis could only be done at the level of grant disbursement or ‘direct activities’ and cannot provide definitive figures of what proportion of grants actually reaches ‘direct beneficiaries’ i.e. local people and communities. Similarly, the analysis of the relative (cost) effectiveness of channelling aid through Danish NGOs or civil society funds was impossible to base on the basis of a thorough analysis of the cost base of the delivery chain of each modality and an assessment of the value of the services provided to CSOs. Rather the study focuses on what information might be required for such a comparative analysis and offers some reflections on the relative merits of each modality in terms of their effectiveness.

Analysis and report writing
A summary of initial findings, derived from the country visits and preliminary documentary review, was discussed with Danida on 25th October and at the NGO Rally on 27th October. Following these discussions, a draft report was delivered to Danida on 6th November 2013. It is anticipated that following feedback and comments from Danida and the completion of the bibliographic research and key
informant interviews, a final report will be delivered to Danida on 22\textsuperscript{nd} November 2013.

On production of the final report, the consultants will agree a timeline and format for the production of an operational Guidance Note offering clear, practical recommendations and checklists with regard to Danida’s engagement in multi-donor funds. It is intended that the development of the Guidance Note and the finalization of the Civil Society Policy be an iterative process with the possibility of their being launched together early in early 2014.
## Annex C: List of Interviewees

### Bangladesh

#### Danish Embassy

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
<th>Role</th>
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<tbody>
<tr>
<td>Hanne Fugl Eskjaer</td>
<td>Royal Danish Embassy</td>
<td>Ambassador</td>
</tr>
<tr>
<td>Lene Volkersen</td>
<td>Royal Danish Embassy</td>
<td>Political Counsellor, Human Rights and Governance</td>
</tr>
<tr>
<td>Wahida Mussarata Anita</td>
<td>Royal Danish Embassy</td>
<td>Programme Officer, Harmonisation and Alignment</td>
</tr>
<tr>
<td>M Mahal Aminuzzaman</td>
<td>Royal Danish Embassy</td>
<td>Senior Programme Officer, Human Rights and Democracy</td>
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</table>

#### International donors

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<thead>
<tr>
<th>Name</th>
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<tbody>
<tr>
<td>Dan Ayliffe</td>
<td>DFID</td>
<td>DP focal point, CDMP</td>
</tr>
<tr>
<td>Abdul Monsur M. Moniruzzaman</td>
<td>DFID</td>
<td>Programme Manager</td>
</tr>
<tr>
<td>Priti Kuma</td>
<td>World Bank</td>
<td>South Asia Senior Environmental Specialist</td>
</tr>
<tr>
<td>Francesca Ciccomartino</td>
<td>EU Delegation</td>
<td>Programme Manager, Governance and Human Rights</td>
</tr>
<tr>
<td>Fabrizio Senesi</td>
<td>EU Delegation</td>
<td>Programme Manager, Governance and Human Rights</td>
</tr>
<tr>
<td>Sohel Ibn Ali</td>
<td>Swiss Agency for Development and Cooperation (SDC)</td>
<td>Programme Manager, Local Governance</td>
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#### Staff of funds

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
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<tbody>
<tr>
<td>Abdulla Al Mamun</td>
<td>Manusher Jonno Foundation</td>
<td>Programme Manager</td>
</tr>
<tr>
<td>Rina Roy</td>
<td>Manusher Jonno Foundation</td>
<td>Director, Rights Programme</td>
</tr>
<tr>
<td>Shazzad Khan</td>
<td>Manusher Jonno Foundation</td>
<td>Programme Coordinator</td>
</tr>
<tr>
<td>Martin Stottele</td>
<td>Katalyst</td>
<td>General Manager</td>
</tr>
<tr>
<td>GB Banjara</td>
<td>Katalyst</td>
<td>Knowledge and Capitalisation Manager</td>
</tr>
<tr>
<td>Colin Risner</td>
<td>Shiree</td>
<td>CEO</td>
</tr>
<tr>
<td>Name</td>
<td>Organisation</td>
<td>Role</td>
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</tr>
<tr>
<td>M. Enamul Kabir</td>
<td>HYSAWA Fund</td>
<td>Managing Director</td>
</tr>
<tr>
<td>S.M. A. Rashid</td>
<td>NGO Forum for Public Health</td>
<td>Executive Director</td>
</tr>
<tr>
<td>FazleRabbi Sadeque Ahmed</td>
<td>PKSF</td>
<td>Project Coordinator Community Climate Change Project</td>
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### Bangladesh CSOs

<table>
<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
<th>Role</th>
</tr>
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<tbody>
<tr>
<td>Sara Hossein</td>
<td>Bangladesh Legal Aid and Services Trust (BLAST)</td>
<td>Honorary Executive Director</td>
</tr>
<tr>
<td>M. Abdus Salam</td>
<td>Gana Unnayan Kendra (GUK)</td>
<td>Chief Executive</td>
</tr>
<tr>
<td>Rezaul Karim</td>
<td>Equity and Justice Working Group</td>
<td>Chief Moderator</td>
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### International CSOs

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<tbody>
<tr>
<td>Farah Kabir</td>
<td>ActionAid</td>
<td>Country Director</td>
</tr>
<tr>
<td>Sajid Rihan</td>
<td>ActionAid</td>
<td>Deputy Director</td>
</tr>
<tr>
<td>Michael McGrath</td>
<td>Save the Children</td>
<td>Country Director</td>
</tr>
<tr>
<td>Md. Mehrul Islam</td>
<td>CARE</td>
<td>Director, Program Quality Unit</td>
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### Tanzania

#### Danish Embassy

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<thead>
<tr>
<th>Name</th>
<th>Organisation</th>
<th>Location</th>
<th>Position</th>
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<tbody>
<tr>
<td>Jema Ngwale</td>
<td>Danish Embassy</td>
<td>Dar es Salaam</td>
<td>Programme Officer (environment)</td>
</tr>
<tr>
<td>Niklas Borker Bjerre</td>
<td>Danish Embassy</td>
<td>Dar es Salaam</td>
<td>First Secretary/ Political affairs, governance, consular and public diplomacy</td>
</tr>
<tr>
<td>Esther Msuya</td>
<td>Danish Embassy</td>
<td>Dar es Salaam</td>
<td>Programme officer for gender and governance</td>
</tr>
<tr>
<td>Torben Traustedt Larsen</td>
<td>Danish Embassy</td>
<td>Dar es Salaam</td>
<td>Counsellor</td>
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### International Donors

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<tr>
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<th>Organisation</th>
<th>Location</th>
<th>Position</th>
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<tbody>
<tr>
<td>Mary Mgaya</td>
<td>Canadian Cooperation Office</td>
<td>Dar es Salaam</td>
<td>Civil Society Program Officer</td>
</tr>
<tr>
<td>Sonya Elmer</td>
<td>Swissaid</td>
<td>Dar es Salaam</td>
<td>Head of Governance and Political Officer</td>
</tr>
<tr>
<td>Renet Waals</td>
<td>Netherlands Embassy</td>
<td>Dar es Salaam</td>
<td>Head of Cooperation</td>
</tr>
<tr>
<td>Zabdiel Kinanbo</td>
<td>DFID</td>
<td>Dar es Salaam</td>
<td>Governance Advisor</td>
</tr>
<tr>
<td>Gene Peuse</td>
<td>USAID</td>
<td>Dar es Salaam</td>
<td>HIV &amp; AIDS Public-private partnerships</td>
</tr>
<tr>
<td>Zahra Nensi</td>
<td>USAID</td>
<td>Dar es Salaam</td>
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### Staff of funds

<table>
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<tr>
<th>Name</th>
<th>Organisation</th>
<th>Location</th>
<th>Position</th>
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<tbody>
<tr>
<td>John Ulanga</td>
<td>The Foundation for Civil Society</td>
<td>Dar es Salaam</td>
<td>Executive Director</td>
</tr>
<tr>
<td>Bernard Kindoli</td>
<td>The Foundation for Civil Society</td>
<td>Dar es Salaam</td>
<td>Business Development and Partnership Manager</td>
</tr>
<tr>
<td>Kate Dyer</td>
<td>KPMG/AcT</td>
<td>Dar es Salaam</td>
<td>Programme Director (AcT)</td>
</tr>
<tr>
<td>Ernest Sungura</td>
<td>Tanzania Media Fund</td>
<td>Dar es Salaam</td>
<td>Director</td>
</tr>
<tr>
<td>Sanne van den Berg</td>
<td>Tanzania Media Fund</td>
<td>Dar es Salaam</td>
<td>Monitoring and Evaluation Officer</td>
</tr>
<tr>
<td>Ruth de Vries</td>
<td>Hivos</td>
<td>Nairobi</td>
<td>Programme Leader</td>
</tr>
<tr>
<td>Kees Groenendijk</td>
<td>Legal Service Facility</td>
<td>Dar es Salaam</td>
<td>Fund Manager</td>
</tr>
<tr>
<td>Herbert Tenson</td>
<td>Legal Services Facility</td>
<td>Dar es Salaam</td>
<td>M&amp;E Manager</td>
</tr>
<tr>
<td>Thomas Kipingli</td>
<td>Deloitte</td>
<td>Dar es Salaam</td>
<td>HIV/AIDS Advisor (BOCAR Project)</td>
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<td>Grants Manager Consulting</td>
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## CSO informants

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<td>Onesmo Olengurumwa</td>
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<tr>
<td>Helen Kijo-Bisimba</td>
<td>Legal and Human Rights Centre</td>
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<td>Rakesh Rajani</td>
<td>Twaweza</td>
<td>Dar es Salaam</td>
<td>Executive Director</td>
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<tr>
<td>Charles Mti</td>
<td>Hakielimu</td>
<td>Dar es Salaam</td>
<td>Monitoring and Evaluation Officer</td>
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<tr>
<td>Olivia Kinabo</td>
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<td>Aida Kiangi</td>
<td>Action Aid</td>
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<td>Monsiapile Kajimbwa</td>
<td>SNV</td>
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<td>Lisa Marie Faye</td>
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<td>Social Justice Programme Coordinator</td>
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### International CSOs

### Other informants

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<td>Andrew Mushi</td>
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<td>Lecturer and Coordinator</td>
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<tr>
<td>Prudence Kaijage</td>
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<td>Kristian Sloth</td>
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<tr>
<td>Lars Udsholt</td>
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### Focus Groups

### RFE Grantees

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<tr>
<td>Joyce Josephat</td>
<td>Community Development Initiative Professionals (CDIP)</td>
<td>Bagamoyo</td>
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<td>Jeremiah Makula</td>
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<tr>
<td>Hussein Wamaywa</td>
<td>Dhababu Arts Group (DAG)</td>
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<tr>
<td>Mashoka Mkesso</td>
<td>Dhababu Arts Group (DAG)</td>
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<tr>
<td>Prince Pastory</td>
<td>Ashuta and Progress the youth</td>
<td>Bagamoyo</td>
<td>Project Manager and Chairperson</td>
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<tr>
<td>Issac Issae</td>
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### Arusha

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<tr>
<td>Martha Lyimo</td>
<td>Arusha Women Legal Aid and Human Rights Centre (Awlahuric)</td>
<td>Arusha</td>
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<tr>
<td>Elizabeth Mosha</td>
<td>Women in Action for Development (WIA)</td>
<td>Arusha</td>
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<tr>
<td>Herbert H</td>
<td>Society for Family Poverty Alliviation</td>
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### Other funds and informants

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<tr>
<td>Dee Jupp</td>
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<tr>
<td>Sultan Barakat</td>
<td>Pots-War Reconstruction and Development Unit, University of York</td>
<td></td>
<td>Professor</td>
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<tr>
<td>Greg Moran</td>
<td>International Human Rights, Governance and Development Consultant</td>
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<td>Paul Thornton</td>
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<td>Renee Kantelberg</td>
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<td>Emma Donlan</td>
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<tr>
<td>Søren Asboe Jørgensen</td>
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<tr>
<td>Getinet Assefa</td>
<td>CSSP Ethiopia</td>
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<tr>
<td>Bizuwork Ketete</td>
<td>Embassy of Ireland, Ethiopia</td>
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<td>Bethel Zemedkun</td>
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<td>Ayele Denke</td>
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<td>Amidu Ibrahim Tanko</td>
<td>Star Ghana</td>
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<td>Prakash Gnywali</td>
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<td>Ishaya Bajama</td>
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<td>Beverley Jones</td>
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<td>Bernie Ward</td>
<td>Zambia Governance Foundation</td>
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<td>Senior Capacity Development Specialist</td>
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**Nicaragua**

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## Annex A: Fund Typology

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<td>HYSAWA</td>
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Definitions

Independent foundation: independent national foundation, normally a Company Limited by Guarantee
Donor-led: Fund continues to be a donor programme without full independent status. Includes UNDP programmes such as PASOC (Guatemala)
Amkeni Wakenya (Kenya)
Government aligned: Fund is closely aligned to national policies and responds to a government Ministry. Representative of the ministry sits on or chairs board/steering group.
Annex F: Measuring results at portfolio level

Aggregation

It is generally easier to aggregate results at output level e.g. how many community groups have been trained over a certain period, than at outcome or impact level. To do this grantees must use the same outcome or impact indicators, use the same definitions and standards, and collect information through the same tools or methodologies.

There are a number of generic frameworks, for example, to aggregate data on good governance such as the World Bank Governance Indicators and the Mo Ibrahim Index. A new initiative, the Varieties of Democracy project⁴ is currently looking to produce generic indicators of democracy that are disaggregated into lower level components. These projects illustrate, on an ambitious scale, how aggregating by assigning a numeric value to a set of generic indicators might work but these are likely to be at too high a level to be very useful for civil society funds.

A similar process of assigning a numeric value to an ‘intangible’ can be used to rank and rate qualitative information regarding capacity or organisational development. In general, funds have weak systems to measure effectiveness of capacity development inputs and limited systematic tracking of organisational capacity as a result of support. For example Organisational Capacity Assessment Tools (OCATs) enable grantees to be rated (or rate themselves) according to predefined criteria. These can then be aggregated using standard numeric processing, providing some overall aggregated data.

Tabulation

Tabulation is probably a more reliable way of examining simple numeric indicators. If all or many grantees use the same indicators (or methodologies) it may be more useful to present the information in a table form, so that differences and trends can be identified. For example, a grantmaker could take information on maternal mortality rates from many different grantees and then summarise the information as in the table below.

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<th>Programme</th>
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This show how results are generated from different grants, and how they differ. The information is richer and some of the difficulties of pure aggregation e.g. the need to enforce common indicators at the start, are avoided.

Summarisation

⁴ See https://v-em.net
Some funds define broad, intangible indicators at a high level e.g. ‘civil society’s voice is heard in national debates’ and then collect and summarise tangible information as reported by grantees ‘government invited a grantee to attend a meeting to discuss policy’. This enables a fund to summarise results through a package of case studies or stories under the same high-level indicators, but does not involve aggregation nor measurement. AcT points to this approach in the title of their recent publication, “Making evidence the plural of anecdote”. It should be noted that when developing dimensions of change or high level indicators, it is not always necessary to predefine fund objectives or domains of change from the outset. For example, AcT in Tanzania used outcome mapping with grantees to identify the key areas of change following which high-level indicators were then developed.

**Mixed quantitative and qualitative indicators**

A recent learning event (CSLF 2013) identified that the indicators civil society funds are using range from, for example, the number of citizens holding government to account (STAR Ghana) to improvements in the quality of public understanding of expected roles of government (SAVI Nigeria) or changes in attitudes and behaviours of elected representatives, government officials and CSOs themselves (ACT). There needs to be a combination of both quantitative and qualitative indicators in rights-based programming in order to understand the process i.e. what CSOs are doing, as well as the product i.e. measurable changes in peoples’ lives.

Most numeric indicators e.g. numbers of policy changes, need to be supplemented by qualitative information if they are to make any sense. They may give some idea of scale but offer little in terms of understanding and learning. For example, there is a big difference between contributing to a policy reform already contemplated by a sympathetic government, and achieving support for a policy that was not previously on a government’s agenda. This suggests the use of mixed indicators such as ‘number and description of policy changes’ where there may be some aggregation of the numeric part, with more qualitative analysis surrounding the actual changes in individual cases.

Qualitative information can help build up a picture of complex change at outcome or impact level by providing examples of best practice, key lessons, and ‘typical’ effects on peoples’ lives. Whilst extremely useful, purely qualitative information such as supplied by the Most Significant Change methodology requires a great deal of time and effort to process and make sense of. This highlights the importance of the skills and time available to M&E specialists to civil society programmes.

A process of assigning a numeric value to an ‘intangible’ can be used to rank and rate qualitative information in many areas such as organisational development, civil society space and governance. This enables a fund to aggregate or tabulate information as if it were based on statistical data. For example Organisational Capacity Assessment Tools (OCATs) enable grantees to be rated (or rate themselves) according to predefined criteria. These can then
be aggregated using standard numeric processing, providing some overall aggregated data.

There are a number of generic frameworks, for example, to aggregate data on good governance such as the World Bank Governance Indicators and the Mo Ibrahim Index. A new initiative, the Varieties of Democracy project\(^5\) is currently looking to produce generic indicators of democracy that are disaggregated into lower level components. These projects illustrate, on an ambitious scale, how aggregating by assigning a numeric value to a set of qualitative indicators might work but these are likely to be at too high a level to be very useful for civil society funds.