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National Audit Office

DEPARTMENT FOR INTERNATIONAL DEVELOPMENT

Working with Non-Governmental and other
Civil Society Organisations to promote development

CONTENTS

Cover photograph: A women hillside farmers' group in Butare Province, Rwanda, which promotes the use of fertilisers to increase agricultural production.

EXECUTIVE SUMMARY

The role of civil society organisations

1   The term Civil Society encompasses all aspects of society which are independent of the state and the private sector. Within that broad concept, Civil Society Organisations (CSOs) are bodies organised around shared interests and values. They include non-governmental organisations (NGOs), trade unions, faith groups and business associations. There are many such organisations worldwide which vary enormously in their size and scope. Large international NGOs such as Oxfam or Christian Aid are mainly based in developed countries, while national NGOs and local collaborative or mutual assistance groups are based in developing countries.
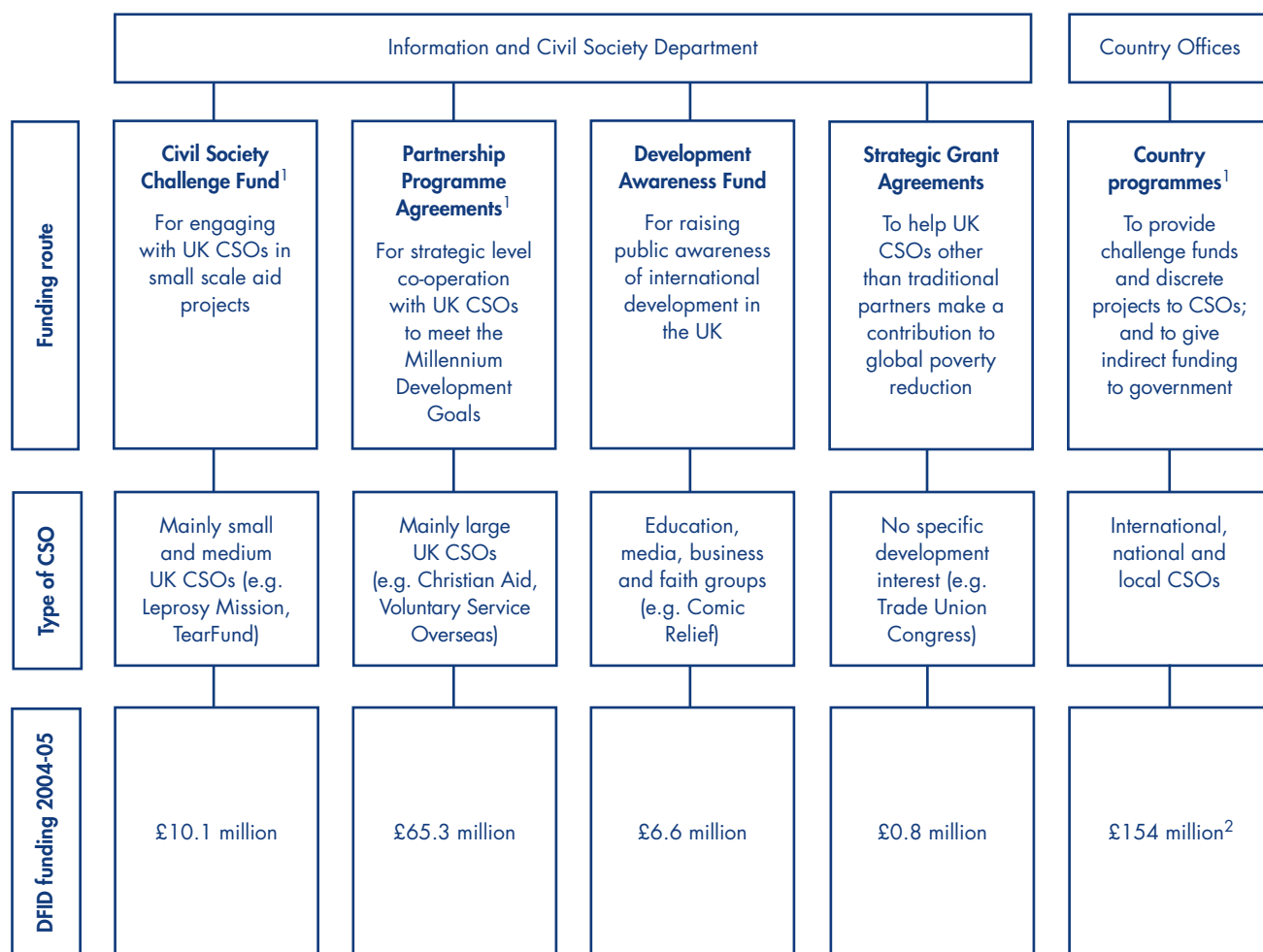
2   The Department for International Development (DFID) is responsible for leading the United Kingdom government's contribution to reducing global poverty in accordance with the Millennium Development Goals.[1] DFID works in partnership with a range of bodies, including CSOs. A white paper "Eliminating World Poverty", published in 1997, promoted partnership working between DFID and voluntary organisations to create stronger public and international support for development. DFID's work with CSOs has since expanded rapidly, with expenditure more than doubling since 1997. By 2004-05, DFID channelled £328 million, some nine per cent of its total expenditure, through CSOs. This consisted of grants to UK and international NGOs (often themselves working in partnership with local CSOs in developing countries), partnership agreements with key NGOs and in-country arrangements with local CSOs **(Figure 1 overleaf)**. This Report focuses primarily on funding through DFID country teams to local CSOs, and on the two largest UK based schemes. These are the strategic level Partnership Programme Agreements, held with 18 key partners at the time of our audit, and the Civil Society Challenge Fund through which DFID engages with a wider range of UK CSOs. Appendix One provides further detail on these two funding schemes.

3   Civil society organisations can play a variety of vital roles in development, which make them important partners for DFID in many countries. They can help to hold developing country governments accountable for poverty reduction, give voice to the concerns of poor people, secure access to government services for marginalised groups, and promote awareness in the UK and globally. Where CSOs empower citizens and challenge host government actions, they can provide some assurance to donor nations on the effectiveness of aid channelled through national systems. This assurance is particularly relevant in countries where donors, including DFID, are aligning their assistance programmes with developing nations' own poverty reduction strategies, often through direct support to these nations' budgets.

[1]   The Millennium Development Goals aim to combat poverty in developing countries and achieve a fairer international system by 2015. They were adopted by member countries of the United Nations in 2000, and provide a global consensus on objectives for poverty reduction. For more information, see www.un.org/millenniumgoals.

1	Overview of DFID's support to CSOs

	Information and Civil Society Department				**Country Offices**
Funding route	**Civil Society Challenge Fund**[1] For engaging with UK CSOs in small scale aid projects	**Partnership Programme Agreements**[1] For strategic level co-operation with UK CSOs to meet the Millennium Development Goals	**Development Awareness Fund** For raising public awareness of international development in the UK	**Strategic Grant Agreements** To help UK CSOs other than traditional partners make a contribution to global poverty reduction	**Country programmes**[1] To provide challenge funds and discrete projects to CSOs; and to give indirect funding to government
Type of CSO	Mainly small and medium UK CSOs (e.g. Leprosy Mission, TearFund)	Mainly large UK CSOs (e.g. Christian Aid, Voluntary Service Overseas)	Education, media, business and faith groups (e.g. Comic Relief)	No specific development interest (e.g. Trade Union Congress)	International, national and local CSOs
DFID funding 2004-05	£10.1 million	£65.3 million	£6.6 million	£0.8 million	£154 million[2]

Source: DFID management information

NOTES

1 These three funding routes are examined in depth in this report.

2 DFID's estimated figure only. DFID does not routinely collect this information.

Conflict, Humanitarian and Security Department

Conflict and Humanitarian Fund

To support CSOs working in conflict prevention and humanitarian assistance

Disaster relief

To provide emergency response, disaster and humanitarian relief

UK CSOs providing humanitarian interventions (e.g. Shelter; Merlin)

International, national and local CSOs

£91.2 million
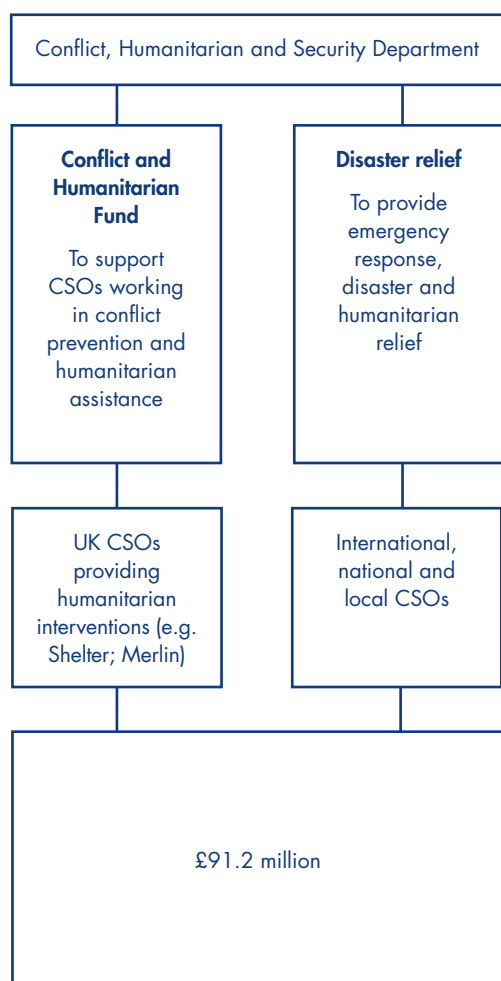
Challenges of engagement

4   CSOs bring many development benefits, but also challenges for DFID in engaging effectively with them:

- Some CSOs are keen to maintain their independence from state and donors;

- Local CSOs are often small, informally organised and only have the capacity to spend small amounts of donor funds;

- Host country governments can be reluctant to allow funding in sensitive areas; and

- International donor funding may develop the capacity of CSOs, but it might also cause them to become more distanced from the poorer people they represent.

All of this has led to varied funding arrangements by DFID to support the different needs of CSOs.

Our study

5   Against this background, we examined how DFID is seeking to promote effective working partnerships with CSOs in support of poverty reduction objectives. Our review included:

- DFID's view of the role of CSOs in international development (Part One);

- How DFID engages with CSOs (Part Two); and

- The achievements of CSOs in reducing poverty (Part Three).

Our methodology included visits to four countries for discussions with DFID staff, CSOs and government officials, as well as visits to 19 projects involving CSOs and file review of another 40 projects and Partnership Programme Agreements. 90 UK CSOs also responded to a survey we commissioned to obtain their views on how DFID engages with them. Our full methodology is at Appendix Two. We have previously reported on DFID's response to humanitarian emergencies, which is not therefore covered in this report.

Our conclusions and recommendations

Working with CSOs to achieve development objectives

Communicating a role for CSOs

6 The Department's objectives and performance targets focus on its efforts towards achieving the Millennium Development Goals for poverty reduction. DFID has no specific performance objectives for its work with CSOs at the level of its Public Service Agreement, as these organisations are seen as a means through which to secure its developmental objectives rather than an end in themselves. It does however, set out some specific objectives at lower levels in the DFID performance framework. The decentralised nature of DFID's organisation makes it important for the UK office to provide clear guidance to country staff regarding its expectations for working with CSOs. A range of guidance exists on DFID's intranet, explaining the important role which CSOs can play, and the need for country staff to understand this role. DFID has recently sought to consolidate this through a position paper on engaging with CSOs, with information on relevant funding schemes. However, DFID does not provide in-depth guidance on how to assess civil society in-country.

7 The country plans for all four of the countries we visited recognised a role for CSOs. We also identified three DFID country teams which developed specific strategies for engaging with CSOs, in addition to their country assistance plans. Country circumstances vary and DFID has a decentralised and country partner-led approach so it has not provided a fixed framework for country offices to apply. But our review identified that even taking situation-specific factors into account, there was a variable depth of analysis of, and engagement with, CSOs across country programmes and underlying the various support schemes.

Analysing the nature of CSOs

8 Our country visits illustrated that staff had a good working level understanding of the importance of CSOs to development – particularly in those sectors where DFID country offices had active programmes. More broadly, DFID has a "Drivers of Change" initiative, looking at key factors which would contribute to poverty reduction in-country. The individual "Drivers of Change" studies carried out to date have generally identified CSOs as valuable instruments for poverty reduction. However assessment of the capacity and effectiveness of such bodies was often quite limited and did not provide a baseline for detailed monitoring of progress in the development of civil society – a limitation also inherent in other assessments of civil society that country offices had made.

9 Staff at DFID country offices do not always have current knowledge about live projects and partnerships arranged from the UK through schemes such as the Civil Society Challenge Fund or the Partnership Programme Agreements, nor are they always responsive to requests for comments on individual projects. Of our review of 20 Challenge Fund projects, only 11 country teams responded when asked to review project proposals. DFID has not always had a clear understanding of some of the other donors' actions in the civil society sector in-country to reduce poverty. Without an overall picture of the development expenditure in-country, donors' contributions may not be complementary, or may not tackle areas of greatest need.

Effectiveness of different support mechanisms

10 DFID operates a range of CSO support mechanisms, which have a variety of purposes in promoting awareness, building accountability or delivering services. Some UK-based schemes, such as the Civil Society Challenge Fund, allow DFID to support NGOs and other voluntary sector CSOs based in the UK, and to provide CSOs with funding to deliver projects with specified objectives. Others, such as Partnership Programme Agreements provide longer term, more strategic funding of UK and international CSOs. In addition, an estimated £154 million was given in-country directly by DFID teams to local CSOs.

11 The range of funding mechanisms allows DFID to support UK CSOs, encourage innovation and contribute to international debate as well as supporting specific projects on the ground. The various schemes have evolved over time, in response to different and changing needs. While DFID monitors expenditure and results through each UK funding scheme, it does not collect sufficient performance information to evaluate the relative cost effectiveness of the different types of scheme.

12 We found it difficult to assess the progress of the Civil Society Challenge Fund against its higher level objectives. DFID sees the scheme as important in supporting UK organisations, promoting innovation, and promoting development awareness in the UK, as well as securing benefits on the ground through projects. It measures the success of individual projects under the scheme but it does not currently have adequate mechanisms for assessing performance against the scheme's wider objectives. It cannot, therefore, assess the full impact of the £10 million spent under this scheme.

Ensuring satisfactory governance arrangements

13 DFID makes an assessment of the adequacy of the governance arrangements of CSOs prior to engaging with them. This is one of the ways in which DFID gains assurance that its funds will be properly spent. This assessment is particularly important for CSOs holding Partnership Programme Agreements, where CSOs have relative freedom in the use of funds provided by DFID. Our survey on governance arrangements of CSOs holding Partnership Programme Agreements found that partner governance arrangements are generally satisfactory, with board members generally having clear responsibilities and a wide breadth of skills and experience. However, there was room for improvement in a few areas, notably, performance review, ethics policies and openness. Provided a satisfactory standard has been achieved, DFID does not link the quality of CSOs' governance arrangements, or improvements in them, with the level of funding they receive.

Measuring development benefits

14 The nature of engagement with CSOs, difficulties in how to measure the benefits and the geographically dispersed nature of aid have all created challenges for DFID in assessing the benefits of working with CSOs. We identified some common features:

- While all forms of assistance had objectives, their associated performance measures were not always fully developed. With more strategic forms of engagement such as Partnership Programme Agreements, DFID found it hard to specify Agreement objectives that were both measurable and aligned with its development priorities, although it has improved the specification of more recent Agreements. Country and Challenge Fund projects generally have clear objectives which are linked to DFID's wider development priorities. But we found that in almost half of the projects we reviewed, the indicators established were not sufficiently robust for tracking progress against objectives.

- Choices about DFID's monitoring and evaluation methods also impact on its ability to target its funds. For Partnership Programme Agreements, DFID consciously relies on a lower level of detail on specific activities. This means that the level of funding has been determined mainly by reference to DFID development objectives (and, at least initially, historical factors), rather than performance.

15 Notwithstanding limitations in assessing impacts, the evidence we collected from project visits and from documentation review indicated that engaging with CSOs is leading to benefits, in line with development objectives. Monitoring reports found that 80 per cent of these projects were largely but not fully successful in achieving their intended outputs. Project evaluation reports commissioned by DFID showed that working with CSOs had been beneficial, through strengthening the institutional capacity of CSOs and others, improving advocacy and delivering services. There is less evidence to demonstrate that the projects were achieving their objectives efficiently, or that the benefits of the projects were sustainable, particularly in terms of continued funding and support for CSOs by local communities after donor funding has been withdrawn.

16 DFID and other donors are shifting their emphasis towards building capacity and promoting accountability in developing countries. Given this shift, DFID must develop new tools to measure the effectiveness of its funding of CSOs. This is particularly important as DFID moves to more strategic funding mechanisms with reduced levels of monitoring. In the projects we reviewed, baseline information was rarely available to permit direct assessment of the impact of DFID's funding, and most projects did not provide measures of economy or efficiency.

RECOMMENDATIONS

17 DFID uses a number of different delivery mechanisms to engage with CSOs in support of poverty reduction, including increasing use of innovative basket funding mechanisms in some countries. DFID assistance to CSOs largely achieves intended benefits, but assessments of the effectiveness of its assistance are sometimes limited by its results measurement arrangements. DFID reviews and controls the cost of its projects and Agreements, but has fewer tools with which to probe economy or efficiency. It is therefore difficult to assess the extent to which its assistance represents value for money. We have identified three areas where our recommendations may assist DFID in improving further the effectiveness of its expenditure on CSOs and to promote better scrutiny of value for money:

On understanding the strength and position of civil society

a DFID does not systematically assess the overall strength, distribution and quality of CSOs in each country, and its knowledge more generally about the strength and capacity of society to challenge government is not complete.

In the UK, DFID should:

■ Strengthen and expand its current guidelines on how country teams should assess civil society capacity and monitor progress; and

■ Assign clear central responsibilities for reviewing policy and monitoring implementation.

At country level, DFID should work in co-ordination with host governments and other donors to strengthen its understanding of the strength and capacity of CSOs through:

■ Building on existing planning arrangements to assess more systematically the capacity of CSOs to contribute to poverty reduction. The analysis should be of an appropriate level of detail to inform country planning but need not include analysis of every individual CSO. It would include assessment of CSOs' maturity and capacity to play an active role in society, and the potential benefits and risks of engaging with them.

■ Maintaining an up to date view of in-country engagement with CSOs, including centrally run DFID schemes such as the Civil Society Challenge Fund, and sufficient awareness of the activities of other donors and the host government to secure effective coordination.

On DFID's use of different funding mechanisms

b   Funding to CSOs has emerged over time in response to changing priorities and demands. DFID should review its funding mechanisms to determine their cost-effectiveness, and to better evidence the circumstances in which different approaches are likely to be best. This could include a specific focus on evaluating innovations such as local Partnership Agreements and multi donor joint funding agencies, which offer the prospect of a more strategic approach to long-term development challenges, better co-ordination and reduced transaction costs – where they can be based on well-specified and monitorable strategic objectives.

c   The Civil Society Challenge Fund has a range of objectives such as increasing the capacity of UK NGOs and encouraging innovation, but DFID assesses the development benefits only of individual projects, not the overall success of the scheme against its broader objectives. DFID should be more explicit about the rationale behind the Challenge Fund scheme, and set up appropriate mechanisms to measure the wider impact of the scheme.

On DFID's funding appraisals and performance monitoring

d   DFID has managed support to CSOs by reference to established procedures for selecting and monitoring projects, which ensure their relevance and oversee delivery of benefits. Across the projects and programmes we reviewed, however, there was scope to improve the focus on value for money and performance by:

- Making sure indicators and baselines against which to judge progress are well-specified, while remaining manageable for CSOs;

- Linking CSO performance more closely to future funding level decisions for the strategic Partnership Programme Agreements; and

- Making greater use of competition by specifying the changes it wants to engender, and letting CSOs bid for associated support. Where full competition is not possible, DFID should carry out appraisals of project costs aimed at securing economy.

PART ONE
DFID's view of the role of CSOs

1.1　CSOs can play a variety of vital roles in promoting development and reducing poverty. These roles can include providing a challenge function to government mechanisms, advocating for change, promoting awareness and delivering services under difficult circumstances. **Figure 2 overleaf** provides examples. DFID clearly recognises the importance of these roles, as the references in **Figure 3 on page 11** indicate.

DFID's objectives for working with CSOs

1.2　DFID's corporate objectives are aligned to the achievement of the Millennium Development Goals. DFID's Public Service Agreement[2] contains key objectives intended to help it contribute to delivery of these global poverty reduction targets. As a result, DFID's key objectives have a geographic, thematic or sectoral focus. They identify how DFID will work corporately to help deliver the global targets. With the exception of multilateral development institutions, DFID's corporate objectives do not identify how engagement with its international development partners, including CSOs, will contribute to achievement of those objectives. It views such engagements as enablers through which to pursue development objectives.

1.3　Centrally, DFID recognises 'a need for clear goals, objectives and priorities' for such engagement but considers that 'there is no blueprint for working with civil society'.[3] There are a number of policy documents which emphasise the importance of civil society in international development. DFID's 1997 and 2000 International Development White Papers committed it to stronger partnerships with a range of international development partners, including CSOs. DFID has recently produced a position paper, which sets out an overview of DFID's rationale for why and how it engages with CSOs.

1.4　There is a range of guidance available for countries to consider in assessing how to work with CSOs. The Information and Civil Society Department, which is a key contact for UK CSOs within DFID, has developed guidance to help country teams to develop practical ways of working with CSOs. Country teams saw this as their primary guidance document. The guidance, entitled "How to work with civil society", acknowledges that DFID's change in approach, from working at a project level to more strategic level engagements in the interests of achieving the Millennium Development Goals, has altered its relationships with CSOs. It covers the rationale for supporting CSOs and their importance for poverty reduction. It does so by particular reference to the advocacy role for CSOs, dealing less fully with capacity-

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2　Public Service Agreements were introduced by the Government in 1998 and have been published every two years since then. They set out, for a three year period, objectives and performance targets across government, explaining what Departments plan to deliver.
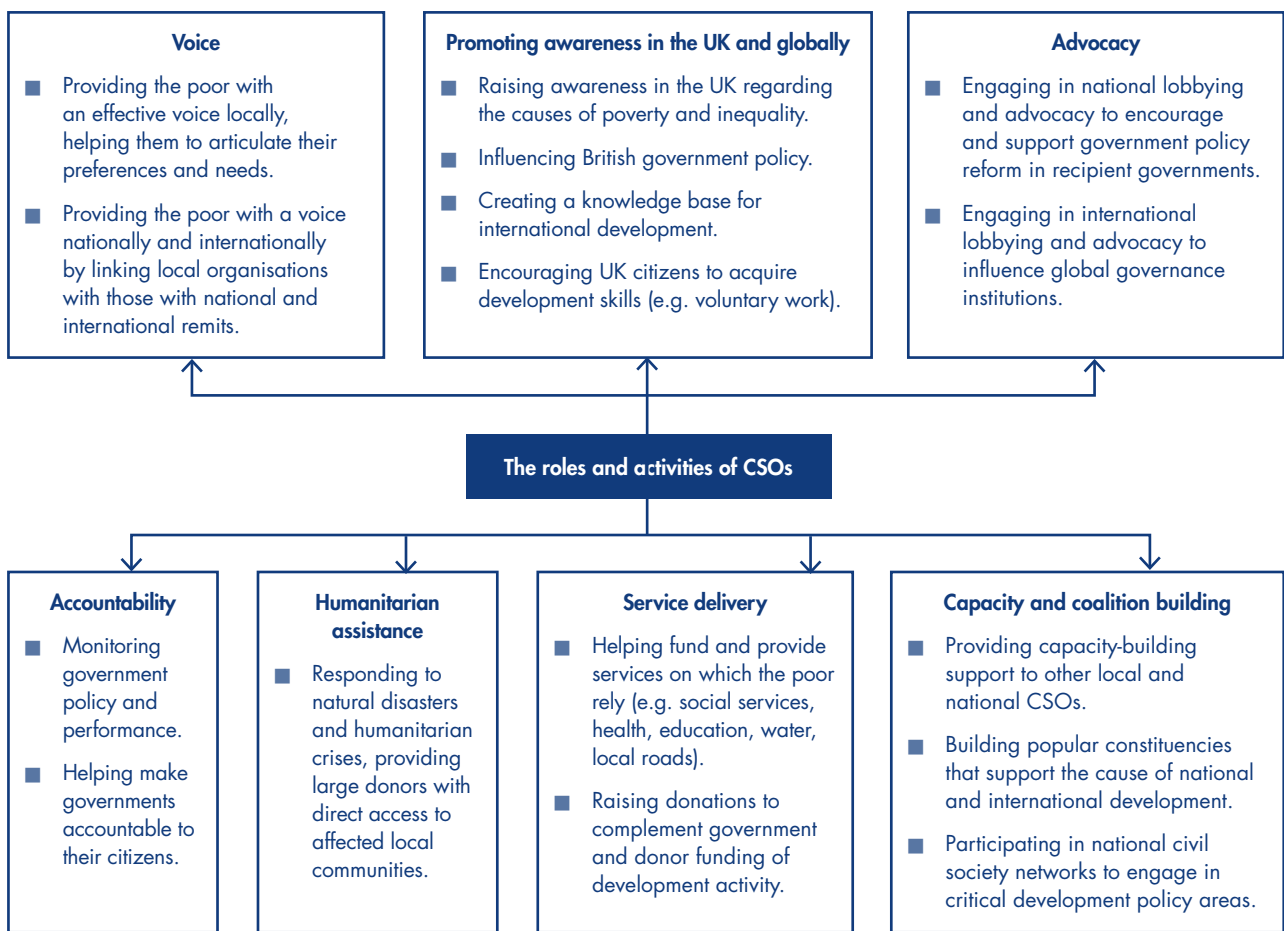
3　DFID website, *How to work with civil society*, (http://www.dfid.gov.uk/aboutdfid/dfidwork/workwithcs/cs-how-to-work-intro.asp).

building and service delivery roles (these roles are explained in Figure 2). But the guidance is limited about the ways to assess the role played by CSOs in promoting change within society, the strength and capacity of CSOs, and ways to measure progress. The guidance on developing a strategy for support to CSOs could usefully explain what types of analyses should be prepared to inform judgements on the extent of CSO funding within country programmes, and include consideration of the cost-effectiveness and the development effectiveness of different approaches.

DFID's planning for effective engagement

1.5 DFID plans its assistance programmes at a variety of levels. At the strategic level, there is a link between engagements with civil society and DFID's corporate objectives in its corporate planning process. The Knowledge Director's Delivery Plan sets objectives concerning the schemes managed from the UK, but this does not cover the entire range of engagement with civil society. There is also limited reference to the role of CSOs in regional plans, either at Divisional or country level.

2 The different roles and activities of CSOs

Voice

- Providing the poor with an effective voice locally, helping them to articulate their preferences and needs.
- Providing the poor with a voice nationally and internationally by linking local organisations with those with national and international remits.

Promoting awareness in the UK and globally

- Raising awareness in the UK regarding the causes of poverty and inequality.
- Influencing British government policy.
- Creating a knowledge base for international development.
- Encouraging UK citizens to acquire development skills (e.g. voluntary work).

Advocacy

- Engaging in national lobbying and advocacy to encourage and support government policy reform in recipient governments.
- Engaging in international lobbying and advocacy to influence global governance institutions.

The roles and activities of CSOs

Accountability

- Monitoring government policy and performance.
- Helping make governments accountable to their citizens.

Humanitarian assistance

- Responding to natural disasters and humanitarian crises, providing large donors with direct access to affected local communities.

Service delivery

- Helping fund and provide services on which the poor rely (e.g. social services, health, education, water, local roads).
- Raising donations to complement government and donor funding of development activity.

Capacity and coalition building

- Providing capacity-building support to other local and national CSOs.
- Building popular constituencies that support the cause of national and international development.
- Participating in national civil society networks to engage in critical development policy areas.

Source: National Audit Office representation of information in Clarke, G. and Thomas, A (2005), DFID Relationships with Civil Society Organisations, Research Study prepared for the National Audit Office by the Centre for Development Studies, University of Swansea

3 How DFID specifies the role of CSOs

"We want to see economic endeavour hand-in-hand with accountable government, the rule of law and a strong civil society."

"Where poor countries are ruled by governments with no commitment to helping the poor realise their human rights, we will help – where we can do so – through alternative channels. These will include the institutions of civil society …"

White Paper on International Development (1997), Eliminating World Poverty: A Challenge for the 21st Century, Cm 3789

"If the international system is to work for poor people, we need stronger national and global civil society demanding the changes necessary to deliver the International Development Targets [the forerunners of the Millennium Development Goals]."

"It is important to strengthen the voices of civil society in developing countries."

"There is also an important role for civil society in developed countries."

White Paper on International Development (2000), Eliminating World Poverty: Making Globalisation Work for the Poor, Cm 5006

"Giving voice to people in the communities to hold their parliamentarians and governments to account is part of the process we are trying to play to improve the accountability and make sure things do get done on the ground. It is the same with HIV and AIDS: we will be encouraging the civil society working in HIV and AIDS again to hold governments to account."

Suma Chakrabarti, Permanent Secretary, DFID, Oral evidence to the Committee of Public Accounts on the Comptroller and Auditor General's report Department for International Development: Responding to HIV/AIDS (HC 664), 28 June 2004

"DFID recognises the important role that civil society plays in development and the elimination of poverty. Civil society offers citizens and communities space for debate, association, critical reflection and action."

DFID (2005), Departmental Report 2005, Cm 6534

"[Civil society] has the potential to be a key factor in creating or enhancing an accountable environment in which poverty reduction can take place."

DFID website, How to work with civil society (http://www.dfid.gov.uk/aboutdfid/dfidwork/workwithcs/cs-how-to-work-intro.asp)

1.6 At the country level, DFID's engagement with CSOs must reflect local circumstances and its poverty reduction objectives for that country. We examined DFID's Country Assistance Plans for Bangladesh, India, Rwanda and Tanzania to determine how clearly they explained the 'fit' between what DFID wanted to achieve and how engagement with CSOs would help to achieve it.

1.7 According to DFID guidance, country teams should carry out analysis of civil society relevant to their objectives. This may include work to:

■   Understand the nature of the political regime and the relations between the state and civil society, including the legal and regulatory framework governing civil society;

■   Identify and understand the different organisations, groups and associations which make up civil society and how they relate to each other; and

■   Understand the links between international, national and local organisations; between rural and urban groups; and between advocacy and service delivery organisations.

1.8 We found that country teams were aware of the available guidance on working with CSOs. Country Assistance Plans generally recognised CSOs as having a role to play in helping to promote development, and explained how engagement with such bodies could contribute to achieving DFID's country objectives. In addition, the DFID Tanzania country programme has undertaken specific initiatives to promote recognition of the important role CSOs play, alongside Parliament, in holding governments accountable for their policy and expenditure decisions. Initiatives include the Foundation for Civil Society to promote local civil society development (see Figure 14), and a national strategic partnership agreement with WaterAid to advocate for better public service provision in the water sector.

1.9 There was less evidence that the roles and capacity of CSOs had first been measured in order to determine how best to engage with them. Of the country plans we reviewed, only one plan included analysis of the risks that engagement with CSOs might present; and plans did not all provide an adequate explanation of how the need for engagement should be translated into particular types of action **(Figure 4 overleaf)**.

1.10 In addition to Country Assistance Plans, DFID country offices for Cameroon, Nigeria and South Africa have developed specific strategies for engaging with CSOs. **Figure 5** shows that all strategies considered objectives and priorities, but coverage of areas such as CSO mapping, level of resources needed and evaluation methods was more variable. In part, differences in coverage reflected local circumstances. For example, in Cameroon, the strategy to support CSOs is limited to the forest management sector, while in South Africa, support to CSOs is routed through a broad-based, multi-donor five-year programme. DFID has also analysed civil society in Iraq and Uganda. But assessments of the state of civil society have not been carried out as a matter of routine.

1.11 Another important source of analysis underpinning country programmes is DFID's "Drivers of Change" series of studies. These studies aim to identify opportunities and incentives to reduce poverty in-country. One example is DFID Bangladesh's 2002 study, which reviewed the country's performance and future prospects in terms of the Millennium Development Goals and looked at how different development partners, including CSOs, could contribute to reform, particularly in governance and the quality of institutions.[4] In addition, in 2005, the country office completed an examination of the impact of the largest NGOs working in Bangladesh on poverty and democratic governance.[5] This focus correlates with Bangladesh's country circumstances, as the DFID country team spends approximately 25 per cent of its funding on support to CSOs. This has led to the proportionally larger use of CSOs to deliver reform, rather than support to government.

1.12 DFID's review of 14 of these Drivers of Change studies showed that 13 considered civil society to be an important catalyst for change, or that it had the potential to be so. Further, half identified recommendations to improve their objectives in dealing with civil society, such as to fund effective CSOs. Nevertheless, the scope of the studies is often narrowly focused, and civil society issues were often given only limited coverage. Studies often dealt with the relationship between civil society and government, but did not provide assessment of the strength or quality of civil society beyond the broadest terms. None undertook or flowed from systematic mapping of numbers of CSOs, their strengths and weaknesses, geographical or sectoral focus and capacity.

4   What country plans cover regarding engagement with CSOs

	Bangladesh	India	Rwanda	Tanzania
Mapping	2	0	0	2
Role	3	2	2	3
Risks	0	0	0	1
Contribution to objectives	3	3	3	2
Type of engagement	1	3	1	4

Source: National Audit Office analysis of Country Assistance Plans for Bangladesh, India, Rwanda and Tanzania

KEY

4 = strong analysis of all key issues; 3 = analysis of most key issues;
2 = analysis of some key issues; 1 = limited analysis of key issues;
0 = no analysis of key issues.

5   Assessment of three strategies for engaging with CSOs

	Cameroon	Nigeria	South Africa
Objective	4	3	4
Priorities	4	3	2
CSO mapping	3	1	1
CSO selection criteria	3	3	3
Coherence with DFID's other policies	3	1	4
Coherence with host government policies	2	3	3
Coherence with other donors' policies	2	1	4
Resourcing	0	0	4
Timing	0	0	4
Monitoring and evaluation	1	0	1

Source: National Audit Office analysis

KEY

4 = full information provided; 3 = information not quite complete;
2 = important information missing; 1 = information very limited;
0 = no reference at all.

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4   *Bangladesh: Supporting the drivers for pro-poor change,* Report prepared by Oxford Policy Management for DFID Bangladesh, June 2002.
5   *The Impact of Big NGOs on Poverty and Democratic Governance in Bangladesh,* Report prepared by Verulam Associates Ltd on behalf of DFID Bangladesh, 2005.

1.13 There is no generally accepted way of rating CSO activity, either within DFID or in the wider donor community. This means that despite its Drivers of Change agenda, DFID finds it difficult to assess issues such as the effectiveness of the media and of the citizen in promoting change, and the nature and quality of CSOs in countries. Other donors we spoke to in-country saw the potential benefits of assessing the strengths and weaknesses of civil society, but while some mapping exercises were planned, none had yet been completed. This position is in contrast to systems developed to assess the quality of other enabling processes such as governance or financial management, for example. Developing country governments often have only weak or partial information themselves. Although some require CSO registration, this may not easily yield an overview, and may be limited to specific types of CSO. In these circumstances, it is difficult for DFID or other donors to be sure that their work with civil society achieves sensible overall coverage, or acts to build capacity of CSOs over the medium term. It is also difficult to assess systematically the capacity of citizens to "hold government to account" through CSOs' advocacy interventions. Indeed, donors were divided on the use of advocacy, with some donors viewing this role as potentially beneficial, and others viewing the building of advocacy capacity as a high risk strategy, likely to bring CSOs into conflict with their government.

Communicating objectives to others

1.14 DFID meets its development partners in-country in a variety of forums, some general, some specifically focused on civil society. Despite increasing levels of consultation and dialogue, in two of the four countries we visited, several donors we met reported that they did not have a clear view of DFID's policy on engagement with CSOs. In one of the countries we visited, we also found that some government officials did not clearly understand DFID's approach. One government official involved in liaising with the DFID country office reported that his Department was *'unclear whether DFID has a policy on, or an overview of, civil society organisations'* and that his Department *'would like to be clear about what DFID's policy* [on civil society] *is given that DFID and the government are meant to be in partnership'.*

1.15 Of UK CSOs who responded to our survey, about 75 per cent stated that they knew at least 'a fair amount' about DFID's objectives and priorities for civil society; while 56 per cent stated that DFID's main objectives for civil society, as perceived by them, corresponded to what they thought the priorities should be **(Figure 6)**.

6	Views of UK Civil Society Organisations (CSOs) about DFID's objectives and priorities for engaging with civil society

"Broad policy objectives and priorities must be assessed in context as most effective and relevant civil society actors are different in each place. DFID needs to reassess its objectives and priorities for civil society alongside its work with national governments to ensure a better balance is struck."

"As indicated [by the survey], DFID's priorities correspond well with my sense of what they should be doing."

"I think DFID has made it extremely clear that it values partnerships with civil society and sees NGOs as appropriate and effective partners in development. DFID has also listened to civil society, for example in re-considering whether elements of service delivery should be funded by the [Challenge Fund]."

"There is a confusion in DFID between its view of UK civil society organisations and those in developing countries. The objectives and priorities are different between the two – and would differ between different areas of civil society. Too often it sees UK NGOs as only working with civil society in developing countries."

Source: Survey of UK CSOs, designed by National Audit Office and MORI and administered by MORI

NOTE

All organisations quoted received funding during the previous year.

1.16 In addition, discussions with a range of national and local CSOs revealed that they were not always clear about DFID's policy on engagement with civil society. Such concerns were expressed at all four of the countries we visited, although we cannot draw wider conclusions. One local CSO thought that DFID *'was not transparent enough about the direction it was headed'* with regard to how it would engage with civil society in the future. Another *'did not know what was happening'* about DFID's policy on civil society; and another felt there were *'huge swings'* and *'internal contradictions'* within the DFID country team about engaging with civil society. Other forms of providing development assistance, such as channelling funding directly to government through budget support, have implications for the level of support DFID might continue to provide directly through civil society and the role which it would want CSOs to fill. Several CSOs we talked to during our country visits felt that DFID had not articulated these clearly enough. For example, one explained to us that *'where DFID has gone for the fairly pure budget support route, I'd like to understand better where DFID see civil society fitting in to that. I know the rhetoric … but I'd like to have a slightly deeper understanding of where they see civil society … fitting in to that picture and the role they see for us because at the moment, to me, it looks like a bit of an add-on to the main [flow of funds through central government] ... I'd like to see a stronger partnership between international civil society and local civil society and the donors who are pouring stuff into the top – I'd like to know whether that's part of the vision or not.'*

1.17 UK CSOs we surveyed raised concerns regarding the quality of understanding and co-operation between DFID in-country and headquarters staff on civil society issues. Of those who expressed a view, 10 per cent believed that DFID country offices worked well with DFID in the UK on civil society issues, compared to 53 per cent who did not. Some UK CSOs also had mixed views about how well DFID country staff understood civil society. Of the UK CSOs we surveyed who had had contact with DFID country offices, 32 per cent believed that DFID had a good understanding of civil society locally, while 25 per cent disagreed. Examples of more specific comments by UK CSOs on how well they consider DFID country offices understand civil society are set out in **Figure 7**.

7	UK CSOs comments on DFID country offices' understanding of civil society

"Country offices can have good insights into governmental and CSO/NGO functions and can support initiatives accordingly."

"No overall policy and very haphazard."

"Communications and understanding between country offices and southern CSOs[1] is inconsistent and often very limited."

"Clearly country offices vary considerably, we have seen very responsive and well informed offices (in context of civil society locally) and others with very poor relationships and information. This probably points to different country strategies but also does reflect staff differences in local knowledge and interest in civil society."

Source: Survey of UK CSOs, designed by National Audit Office and MORI, and administered by MORI

NOTES

1   Southern CSOs is the term used for CSOs based in less developed or developing countries.

2   Although 32 per cent of UK CSOs rated DFID positively, only one provided a positive comment.

PART TWO

How DFID engages with CSOs

A range of different mechanisms

2.1   DFID engages with CSOs through a range of UK- and country-based mechanisms. The major funding schemes are set out in Figure 1 on pages 2-3. These have a variety of purposes and operate in different ways. Some UK-based schemes, such as the Civil Society Challenge Fund and the Development Awareness Fund, allow DFID to provide project funding linked to the achievement of highly specified criteria. Others, such as Partnership Programme Agreements and Strategic Grant Agreements, are administered from the UK and provide funding for more strategic purposes. Funding at the country-level can have characteristics of both. Further details of the two largest UK-based schemes, the Partnership Programme Agreements and the Civil Society Challenge Fund, are provided in Appendix One.

2.2   Strategic agreements and project-specific mechanisms have different strengths and weaknesses. And there are also advantages and disadvantages associated with funding managed from the UK and from country-level budgets, as set out in **Figure 8 overleaf**.

2.3   DFID has not to date evaluated the cost-effectiveness of these different approaches. We estimated one element of cost: the administration costs of each UK-based scheme and found they differed significantly **(Figure 9 on page 19)**. Strategic Grant Agreements are the cheapest to administer in absolute terms but incur the highest administration costs when compared to the total annual budget of the scheme. Partnership Programme Agreements have the lowest administration costs as a proportion of total annual budget. This reflects the more strategic and long term nature of these Partnership Agreements where DFID is not involved in routine administration of the funds, whereas expenditure by CSOs under Strategic Grant Agreements requires DFID authority for each separate funding request.

2.4   The current package of UK-based schemes has developed over time to allow DFID to engage with an increasingly wide range of CSOs in ways which support development. Each scheme, in its own way, is designed to support CSO activity which is either directly or indirectly relevant to achieving DFID's objectives. The UK-based schemes also operate independently from CSO support provided by DFID's country teams. We have concentrated our review on the use of Partnership Programme Agreements and the Civil Society Challenge Fund – being the schemes through which DFID provides most developmental support to CSOs, as well as on support provided through country office budgets.

| **8** | Main advantages and limitations of the different aspects of funding DFID provides to CSOs |

	Advantages	Limitations	Conclusion
Strategic funding	Predictability. Flexibility. Lower administration costs for both DFID and, possibly, the CSO.	More difficult for DFID to assess the impact of the funding allocated. Less control for DFID. Less information on use of funds by the CSO and therefore potential for lesson learning by DFID reduced.	Requires reliance on CSO's management procedures. Suitable for well established CSOs where DFID has assessed governance arrangements to be strong. Often suitable for larger CSOs, but may also work well for smaller ones in the right circumstance. Suitable for CSOs which share DFID objectives.
Project-specific funding	Greater control for DFID. DFID more able to monitor progress. Easier to link funding to achievements.	Greater rigidity in how funds can be used by the CSO. Monitoring and reporting requirements can be burdensome for smaller CSOs.	Benefits and limitations may vary depending on whether project is run from UK or country. Suitable for small or new CSOs. Suited to supporting new and innovative approaches. Suited to service delivery.
UK-managed funding	Allows development of strategic relations with DFID centrally. Facilitates support for advocacy at international level. Facilitates direct support to UK CSOs.	Risk of a lack of fit with country-level support. More difficult for DFID centrally to monitor country-based activity funded from the UK.	Allows CSOs to obtain funding to operate in several different countries, but requires country input. May be unsuited to providing direct support to CSO activity implemented at country-level.
Funding from country office budgets	Facilitates support which fits with DFID's country-level objectives and national poverty reduction strategies. Able to support engagement with CSOs taking account of the need to co-ordinate with other donors. Allows closer monitoring and evaluation by DFID country teams.	Can overburden country teams in terms of resources needed to assess and manage individual projects. Can support CSO activity which does little to further achievement of DFID's objectives, if country plan is not aligned with DFID's corporate objectives.	Potentially able to support CSO activity which is relevant to country-specific poverty reduction objectives, but subject to resource constraints.

Source: National Audit Office

9	Comparison of administration costs for each of the UK-based CSO funding schemes, 2005-06		
Funding scheme	**Administration costs (A)** **£000**	**Annual budget (B)** **£000**	**(A)/(B)** **%**
Civil Society Challenge Fund	462	14,000	3.30
Partnership Programme Agreements	121	79,100	0.15
Strategic Grant Agreements	118	1,800	6.55
Development Awareness Fund	261	6,500	4.01

Source: DFID

Partnership Programme Agreements

Choice of CSOs and level of funding

2.5 Partnership Programme Agreements provide guaranteed longer-term funding to selected 'influential' CSOs. The first ten Agreements were awarded to CSOs which already had long-standing relationships with DFID, and relatively high levels of DFID funding. The scheme was set up to improve funding arrangements with them. These first series Agreements were with ActionAid, Catholic Association for Overseas Development (CAFOD), Christian Aid, Catholic Institute for International Relations (CIIR), International Service, Oxfam, Save the Children Fund, Skillshare International, Voluntary Service Overseas (VSO) and WWF-UK (all commencing in 2001 except the Agreement with ActionAid which started in 2000). Other CSOs were not at that stage invited to apply. DFID's funding of these CSOs was based on a level broadly similar to what they had received under its Joint Funding Scheme (the forerunner of the Civil Society Challenge Fund).

2.6 The process for awarding Agreements became more transparent with the introduction of open competition for Agreements beginning in 2002 (with Action on Disability and Development (ADD), CARE International, HelpAge International, and WaterAid) and 2004 (Intermediate Technology Development Group, subsequently Practical Action, International HIV/AIDS Alliance, Overseas Development Institute (ODI) and Panos). In 2005, new six year agreements were negotiated with all of the agencies holding existing Agreements. No further competition was sought at this stage.

2.7 Partnership Programme Agreements provide CSOs with greater continuity of funding and increased flexibility in how they use those funds. These agreements are very popular among the CSOs. One respondent to our survey commented, "[These agreements] *express a great deal of trust on behalf of government and are thus hugely empowering. In return for only wanting to see results DFID has inadvertently (or deliberately) put pressure on us to raise our standards and deliver quality outcomes – both parties gain – this is an excellent type of relationship and a model for how government works with civil society*". Nevertheless, they provide DFID with less control over the use to which funds are put than projects. These arrangements put a premium on the quality of processes for selecting partners, of objective setting in the Agreements, and of results monitoring, to promote and demonstrate cost-effective use of resources.

2.8 We reviewed Agreements from eight partners (see Appendix Three). For those awarded in 2001, DFID used a series of meetings to assess their suitability to achieving the objectives of the scheme, although this procedure was not formalised and well documented. DFID made a particular effort to assess suitability in the case of Voluntary Services Overseas (VSO) because the organisation received around 75 per cent (£71.5 million) of its total funding through the Agreement. From 2002, DFID has given consideration to the suitability of other CSOs too through a more formal process.

Governance arrangements of CSOs awarded Agreements

2.9 It is also important that DFID has sufficient assurance that CSOs' corporate governance arrangements are well founded, given the levels of funding involved and the freedom which the relevant CSOs have in the use of those funds. We examined the extent to which DFID considered CSOs' governance arrangements when deciding to establish a Partnership Programme Agreement. The Information and Civil Society Department carries out an organisational assessment when considering proposals from short listed CSOs. This assessment covers the organisation's strategic planning approach; how it takes decisions; the skill and capacity of the organisation; accountability to its stakeholders; and its monitoring and evaluation procedures. Our analysis of a sample of Agreements showed that DFID's consideration of CSOs' governance arrangement has improved:

- of the four Agreements we looked at which started in 2001, DFID actively considered governance arrangements in two cases in the light of specific circumstances, but we found little evidence that DFID did this for the other two;

- of the two Agreements we examined starting in 2002, both were the subject of discussions between DFID and the CSO about organisational and governance matters; and

- of the two Agreements we examined starting in 2004, DFID gave specific consideration to governance aspects, including in one case the need to strengthen the CSO's financial controls following an instance of fraud at one of its country offices.

2.10 We also surveyed the 18 CSOs who currently hold an Agreement to gain further information about their corporate governance arrangements, from which 16 responded **(Figure 10)**. The survey was based on the code of practice on good governance for the voluntary and community sector.[6] From those who responded, we identified the widespread strengths as the clarity with which the responsibilities and functions of the Board of Trustees, sub-committees and officers are set out; and the breadth of skills and experience which Boards were able

to bring to bear on leading and controlling the direction and delivery of the organisation's objectives. However, we found limitations in other aspects of corporate governance when compared with the code of practice. For example, over a quarter of Boards had not formally reviewed organisational performance within the previous 12 months. Almost half said they had not formally assessed their own performance measurement in that time. Over half stated they do not review the performance of any single Board member. All the 16 responding organisations said they had instituted risk assessment processes and 14 said they had a risk management framework, although only nine of them produced it. Only half of the CSOs who responded had a formal code of ethics or code of conduct. Board recruitment could also be more open, as only half the CSOs interviewed prospective candidates using a panel and none involved an external lay expert in the recruitment process. In addition, whilst CSOs had established ways for staff and sub-committees to make their views known to the Board, there were limited opportunities for beneficiaries of the CSO's work to do so.

Programme objectives

2.11 DFID intends that Partnership Programme Agreements *'set out at a strategic level how the two partners will work together to meet the Millennium Development Goals'*.[7] The degree to which Agreements make specific references to the Goals has increased over time. There were few references in pre-2005 Agreements, but references in the Agreements which started in 2005 showed a significant increase in all but one case.

2.12 We assessed the robustness of objectives and results measurement as stated in the logical framework in both of DFID's Partnership Programme Agreements with eight Agencies, using standard criteria, which included how specific, measurable, relevant and time-bounded the indicators were.[8] Measurement quality varied across the Agreements, but only one-quarter scored well against our rating system, largely due to inadequate specification and measurability of indicators. For example, important common objectives for Partnership Programme Agreements, such as building the capacity of local CSOs or acting as better advocates for the poor, were

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6   ACEVO, Charity Trust Networks, ICSA, NCVO (on behalf of The National Hub of Expertise in Governance), *Good Governance: A Code for the Voluntary and Community Sector*, First edition, June 2005.

7   DFID website: *What are Partnership Programme Agreements* (http://www.dfid.gov.uk/aboutdfid/dfidwork/ppas/partnerprogagreements.asp).

8   It is customary to include achievability as a fifth category in SMART (Specific, Measurable, Achievable, Relevant, and Time-bound) analysis. This was excluded on the grounds that it would require stronger in-country knowledge than we were able to provide.

10 Governance arrangements of CSOs holding Partnership Programme Agreements

Topic	Expectation of the Good Governance Code of Practice	Extent of compliance with Code of Practice
The high performance Board	The Board should have clear responsibilities and functions, and should compose and organise itself to discharge them effectively.	**Widespread**: Most Boards fulfil their roles and responsibilities through regular meetings, performance monitoring and meetings with the chief executive, though fewer meet directly with staff.
Board delegation	The Board should set out the functions of sub-committees, officers, the chief executive, other staff and agents in clear delegated authorities, and should monitor their performance.	**Widespread**: most organisations' sub-committees meet and are monitored by the Board regularly.
Board leadership	Every organisation should be led and controlled by an effective Board of trustees which collectively ensures delivery of objectives, sets its strategic direction and upholds its values.	**Widespread**: a wide range of skills and experience in areas such as strategic leadership, management, knowledge of beneficiaries, finance and governance, amongst others, are represented on the majority of Boards.
Board review and renewal	The Board should periodically review its own and the organisation's effectiveness, and take any necessary steps to ensure that both continue to work well.	**Moderate**: between half and three-quarters of Boards conduct self- and organisational performance review at least annually. Over half stated they do not have performance review systems in place for any Board members (only three were able to provide relevant documentation).
The Board in control	The trustees as a Board should collectively be responsible and accountable for ensuring and monitoring that the organisation is performing well, is solvent, and complies with all its obligations.	**Moderate**: all organisations have in place some systematic monitoring procedure, including of risk, though not all receive regular updates from sub-committees and countries of operation, discuss internal audit reports or have external audit conducted. Only half the organisations were able to produce a risk management framework.
Board and trustee integrity	The Board and individual trustees should act according to high ethical standards, and ensure that conflicts of interest are properly dealt with.	**More limited**: Most Boards stated they have a policy on conflicts of interest (only nine were able to provide documentation) but only half have a formal code of ethics or code of conduct. Recruitment practices could be more open, e.g. only half interview with a panel and none involved an expert lay person from outside in their Board recruitment.
The open Board	The Board should be open, responsive and accountable to its users, beneficiaries, members, partners and others with an interest in its work.	**More limited**: most organisations have formal means for providing staff and sub-committee views to the Board, but the means for beneficiaries to communicate with the Board are limited.

Source: National Audit Office survey of CSOs currently holding Partnership Programme Agreements; ACEVO, Charity Trust Networks, ICSA, NCVO (on behalf of The National Hub of Expertise in Governance), Good Governance: A Code for the Voluntary and Community Sector, First edition, June 2005
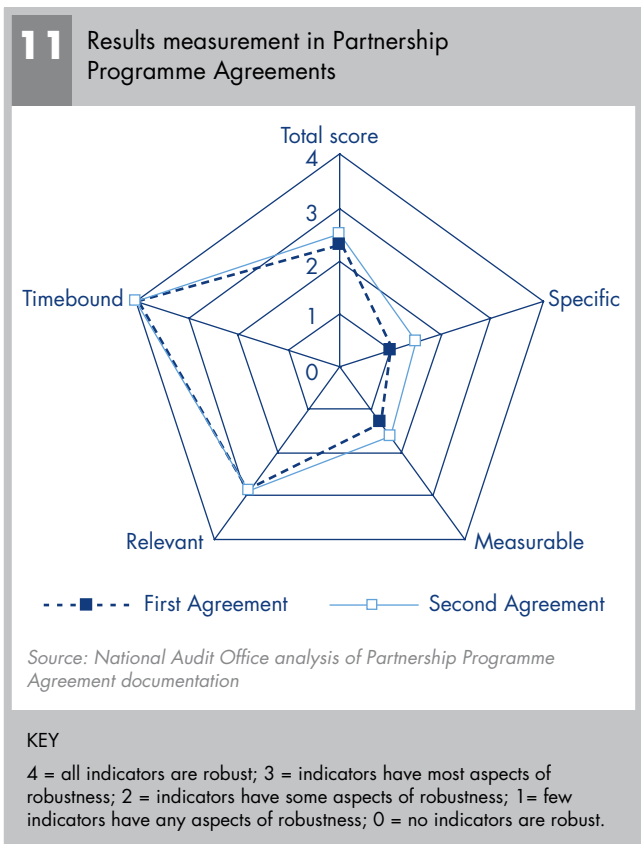
NOTE

16 of a total of 18 CSOs holding Partnership Programme Agreements responded to our survey. These are: Action Aid, Action on Disability and Development, International HIV/AIDS Alliance, Care International UK, Christian Aid, Catholic Institute for International Relations, International Service, Overseas Development Institute, Oxfam, Panos, Practical Action, Save the Children UK, Skillshare International, Voluntary Service Overseas, Water Aid and WWF-UK.

not associated with specific and measurable indicators of results **(Figure 11)**. All indicators were sufficiently time-bound as an assessment criterion, as this was implicit in the length of the Agreements. Our analysis also suggested that results measurement was correlated weakly with funding allocations: large grants were awarded to organisations with relatively less effective results measurement. Although analysis of the 2005 Agreements was limited by the information available to-date,[9] results measurement had generally improved, due to the use of more robust objectives in the Agreements.

2.13 Objectives generally addressed the desired impact on beneficiary groups, but the use of intermediate processes, activities, outputs and outcomes in performance indicators was not always well balanced. Three Agreements had indicators that were limited mainly to processes and activities, making it difficult to ascertain the development impact of the agencies' interventions. At the other extreme, three had indicators that focused mainly on high-level outcomes, without supporting description of the outputs that would achieve them – leading to potential difficulties in attributing the achievements to the activities of the agency. Problems of attribution were also emphasised by only one Agreement specifying the countries or regions in which results would be measured. **Figure 12** gives more detailed information on a selection of recent Partnership Programme Agreements.

2.14 The six year Agreements beginning in 2005 follow a more standardised format. This has helped to generate greater efficiency, consistency, and comparability in dealing with the Agreements. CSOs' performance against objectives has not been a significant factor in determining funding levels, largely because DFID has not had an appropriate performance measurement regime. Following advice from consultants, a DFID team recommended the adoption of a set of performance criteria covering organisational effectiveness; policy coherence; capacity; knowledge creation and dissemination; influence;

and innovation. It recommended that these criteria should be built into Agreements starting in 2005 and that performance against them should form the basis of decisions on future funding which will be taken in 2008 for the remaining three years of each Agreement. But to date, DFID has deferred a decision on whether to adopt such an approach in the future. Funding levels for the first three years of the Agreements starting in 2005 have been based on addressing historical disparities and the need to support key DFID strategic objectives, rather than performance criteria. This arrangement does not provide DFID with assurance that it targets the most effective agencies to maximise the development benefits of its funding.

11 Results measurement in Partnership Programme Agreements

Source: National Audit Office analysis of Partnership Programme Agreement documentation

KEY

4 = all indicators are robust; 3 = indicators have most aspects of robustness; 2 = indicators have some aspects of robustness; 1= few indicators have any aspects of robustness; 0 = no indicators are robust.

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9   As the Agreements commenced in 2005, no monitoring reports have yet been completed.

12 Results measurement in Partnership Programme Agreements

The review of 2005 Partnership Programme Agreements indicated deficiencies in results measurement. Most agreements lack robust or comparable measurement indicators, or a baseline. Without such indicators there is a risk that objectives are not achieved and funds are not managed in a way that represents value for money.

ITDG (Practical Action)

Practical Action aims for 'a world free of poverty and injustice, in which technology is used to the benefit of all'; its projects are geared towards achieving the poverty and hunger Millennium Development Goals. The Partnership Programme Agreement – in which Practical Action will receive £2.75 million in 2005-06 – 2007-08 – aims to develop and improve access to and use of appropriate technologies for poverty reduction in developing countries. About half of the indicators measure better outcomes for poor people (e.g. increased access to technology and services), but many are not specific enough and baseline data are not provided against which performance can be assessed.

VSO (Voluntary Service Overseas)

VSO is an international volunteer organisation which works in six main areas: HIV/AIDS, education, governance, disability, health and livelihoods. It is by far the largest single recipient of Partnership Programme Agreement funding, receiving £84 million in 2005-06 – 2007-08. The overall Agreement is expressed through a rationale for both parties rather than a goal. The strategic outcomes consist of improved individual and organisational capacity and pro-poor government policy in recipient countries; improved UK partnerships and improved organisational effectiveness and transparency. The strategic outcomes identified are relevant to objectives, though none are specific or quantitative outcomes that can be objectively measured and baseline information is not provided in the Agreement.

Oxfam

Oxfam will receive £26.1 million in Partnership Programme Agreement funding over 2005-06 – 2007-08. The goal of the Agreement is to 'contribute to poverty reduction through increasing the effectiveness of significant aspects of DFID and Oxfam's work… in selected thematic areas.' Indicators are relevant to objectives, frequently relate directly to better outcomes for poor and marginalised people (including such factors as improved livelihoods, market access and better policy), though are, in the main, not sufficiently specific and baseline data are not provided against which to assess performance.

Source: National Audit Office analysis of three Partnership Programme Agreements

Expectations of DFID

2.15 One of DFID's desired results for Partnership Programme Agreements has been to strengthen the relationship between different parts of the Department and significant CSOs who have a strong track record of work in international development. Earlier Agreements placed more emphasis on actions which DFID would undertake as part of the partnership as well as containing objectives for the CSO to achieve. Typically, these Agreements expected DFID to facilitate communication and access to DFID teams in the countries in which the CSO was working. However, the CSOs we surveyed commonly reported that, in practice, the Agreements often failed to facilitate effective relationships with wider DFID teams beyond the Information and Civil Society Department. CSOs found that DFID country teams and other central departments within DFID were often not aware that the organisation had entered into an Agreement, with the CSO consequently having to explain its role and capabilities when it wanted to engage. DFID observed that its country offices must still make decisions about which CSOs they can engage with. The perceived failure to facilitate effective relationships reflects a mismatch in expectations between DFID and CSOs over what the Agreements seek to achieve.

Civil Society Challenge Fund

2.16 The Civil Society Challenge Fund supports primarily small and medium sized UK CSOs, as many larger CSOs already receive funding through Partnership Programme Agreements. DFID's guidelines for applicants emphasise the Fund supporting activities that improve the capacity of CSOs in developing countries to engage in local and national decision-making; improving links to global advocacy; and providing services in an innovative manner or in difficult circumstances. These objectives changed slightly over time, with greater emphasis now placed on innovation and on projects with a service delivery angle.

2.17 UK CSOs' views of the Fund are mixed. Of those who responded to our survey, 36 per cent thought that the Fund was well managed, and 33 per cent that the assessment process was fair. This per centage was significantly higher amongst bodies who had recently received DFID funding from the scheme. But over a third thought the Fund did not meet the needs of CSOs or did not think that the current assessment criteria were appropriate. These percentages were largely consistent, regardless of whether or not funding was received from DFID. **Figure 13** sets out a selection of comments from respondents, some raising concerns about what they perceive to be a narrowness in the criteria upon which funding assessments are based.

2.18 DFID has emphasised to us the importance of the Challenge Fund for encouraging innovative approaches in tackling poverty reduction. One respondent to the survey thought that there was a *'risk of constraining innovation with a too tightly focused and prescriptive* [Challenge Fund]'. CSOs also expressed concern that while the Fund is primarily targeted at small and medium sized CSOs, in practice the smallest CSOs are excluded because although they can be effective at the local level, their size means that they are not run along lines which fit the requirements of the Fund. As one respondent commented, *'There is a gap in* [Challenge Fund] *funding which means that organisations run by the poorest people for the poorest people, which are not run as effectively or on the same scale as other CSOs, fall through the loop. This reinforces a separation between well run NGOs by an educated elite, and more fledgling NGOs. The response we suggest is to provide more targeted funds to capacity-building initiatives among smaller organisations working at the grassroots.'*

2.19 The nature of the Challenge Fund encourages a reactive rather than a pro-active approach by DFID. DFID calls for applications from UK CSOs but with little control (apart from the broad guidelines around which the scheme operates) over the type of projects for which funding will be sought. Currently, the Challenge Fund is not designed in a way which allows it to actively encourage projects of a more specific nature in particular funding rounds if DFID considers such targeting would be beneficial.

2.20 We reviewed a number of projects which have received support from the Challenge Fund. We saw little evidence of the suitability of the proposed project in light of DFID's plans for supporting development in the country in question. In nine of the 20 proposals we examined, we found no evidence that the relevant country team had responded to Information and Civil Society Department requests for comments; of these, the relevant country team had positively supported the proposal, and confirmed it fitted with their country plan in only four cases. We found a lack of interest in projects supported by the Challenge Fund amongst the four country teams we visited, including, in some cases a lack of knowledge about which projects were actually in place. This may be partly because of the relatively small scale of Challenge Fund projects, which equated to less than one per cent of DFID's total bilateral funding in the countries we visited.

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13 UK CSOs' comments on the Civil Society Challenge Fund

"[The] Challenge Fund [is] too narrowly focused around [Millennium Development Goals]. Difficult for an NGO like us which is seeking to build civil capacity across a broad range of thematic areas to fit easily into the criteria for funding from UK based funds."

"… despite recent changes to the [Challenge Fund] – allowing some service delivery within projects – many, many NGOs doing valid work are excluded from DFID funding because of the criteria. This despite the fact that much of the work contributes directly to the [Millennium Development Goals] and to DFID policy objectives. There needs to either be other potential sources of funding for these organisations or more flexibility in the criteria."

"The well established programmes such as [the Challenge Fund] are transparent and fair but require long-term planning. For instance, the process can take 18 months from concept note to funding in the bank. The benefits are the confidence that the process is apparent and fair and well supported with information, briefings and consultations."

Source: Survey of UK CSOs, designed by National Audit Office and MORI, and administered by MORI

2.21 In general, DFID is increasingly moving away from supporting small discrete projects such as those funded by the Challenge Fund. However, DFID told us that it also has wider objectives in running the scheme, in addition to the small scale development benefits accruing from individual projects. For example, the Fund provides the opportunity for DFID to recognise the contribution made by UK CSOs and to facilitate dialogue with the sector. It sees these objectives as of at least equal value to their ability to deliver development outcomes. However, we found no clear performance measurement systems to evaluate whether it is delivering positive benefits at this broader level, or to measure improvements in the quality of its interactions and dialogues. This makes it very difficult for DFID to monitor the full effectiveness of its funding, beyond the level of individual interventions.

Country-level funding

2.22 DFID's country teams support CSOs directly from their own budgets. Increasingly, this engagement is designed to support or supplement developing country governments' own poverty reduction strategies. Support for local CSOs to develop their capacity to advocate on behalf of the poor, and to hold governments to account, has been growing. In parallel with this there has been a move away from direct funding of discrete projects to establishing more strategic mechanisms for funding national and local CSO activity.

2.23 In many countries, the move towards direct support to governments has meant that DFID country teams increasingly support CSOs indirectly through funding governments who in turn support CSOs to deliver programmes. For example, Sarva Shiksha Abhiyan is the Indian government's national programme for providing universal elementary education. Between 2004 and 2008, DFID will provide £190 million to the Indian government to support this work, ten per cent of which is channelled by the government to CSOs involved in the programme.

2.24 Even where DFID provides support targeted at CSOs, it may be routed through intermediary CSOs who are responsible for distributing funds to end recipients. This may prove beneficial in encouraging more innovative approaches and funding mechanisms. In several countries, DFID has sponsored innovative in-country funding schemes, which operate at a more strategic level. Examples include the Poorest Areas Civil Society programme in India, Manusher Jonno in Bangladesh and the Foundation for Civil Society in Tanzania **(Figure 14 overleaf)**. Basket funding schemes, in which multiple bodies contribute to a single pot of funding, potentially enable DFID to work with a broader range of CSOs than it otherwise might, in an administratively efficient way. For example, in India, DFID's declining staff engagement with individual CSOs reflected "*in part the corporate DFID objective of working at a more strategic level,* [and] *in part the need to avoid working with one or two NGOs which could never represent the full needs of NGOs in a country as large as India (hence the* [Poorest Areas Civil Society] *model)*".

2.25 Basket funding schemes can also help DFID to strengthen civil society, while reducing the risk that too close an association with an individual organisation undermines the CSO's domestic accountability relationships. But in all cases there should be a defined strategic purpose. For example, the logic of the Foundation for Civil Society's work – from funding service delivery in areas where government is not active, through to capacity-building – is indistinct and would benefit from clearer objectives. Moreover, there is no sense of them targeting their efforts in specific regions or topic areas where CSO capacity is weakest, or of looking to raise overall CSO performance to acceptable levels.

14 Examples of country level strategic funding schemes for CSOs supported by DFID

The Foundation for Civil Society, Tanzania

The Foundation was created in 2002 to support development of civil society in Tanzania, funding projects targeted at capacity-building of local CSOs, safety nets, governance and policy engagement. DFID Tanzania committed £3.8 million over the period 2002-2005. Other donors, including the Swiss Agency for Development and Co-operation and the Royal Netherlands Embassy, have also provided financial support. The Foundation is operated by a Secretariat and governed by an independent Board and a Council of Members. DFID is represented on both the Board and the Council. It is the Secretariat which administers the grants the Foundation provides to CSOs. Early Foundation eligibility and assessment criteria were over-restrictive and too complicated for their target audience (local CSOs). But after a streamlining exercise the Foundation made over 100 grant offers in each of 2004 and 2005.

Manusher Jonno, Bangladesh

Manusher Jonno (which means 'For the People') is a human rights and governance programme, the establishment of which was facilitated by DFID Bangladesh. The purpose of the programme is to enhance the capacity of poor women, men and children to demand improved governance and the realisation of their rights. It provides funds to Bangladeshi CSOs to support small-scale but important initiatives which would not be covered by other governance-related iniatives. DFID is providing funding of £16.5 million in the period 2002 to 2007, but does not decide which CSOs are awarded funds through the programme. DFID's choice to take a "hands off" approach was based on a fear that direct association with a foreign donor would be detrimental to the programme's ability to advocate effectively. Instead, a contracted-out Project Management Partnership or the Steering Committee takes funding decisions. DFID did devote considerable effort when the programme was being designed to ensure that the financial arrangements were appropriate and to establish the funding criteria used. It has always been the intention that Manusher Jonno would become a fully independent organisation and DFID is currently involved in the design of the various legal, governance, systems and policy requirements to assist with this.

*Source: National Audit Office interviews with DFID staff and CSOs; National Audit Office review of DFID documentation*

Project objectives and performance measures

2.26 Projects under country programmes and the Challenge Fund are managed under long-standing DFID arrangements for specifying project objectives and associated monitoring indicators. The focus of DFID's funding has changed over time, with an increasing emphasis on capacity building and governance projects and programmes, which require use of models for assessing and rating capacity, rather than service delivery. In setting objectives, DFID must balance the requirement to ensure accountability for the funds spent with the need to ensure that their demands for monitoring do not distort the priorities of CSOs. We reviewed a sample of projects to establish the quality of the objectives and associated measures.

2.27 About half the projects we reviewed established sufficiently robust (specific, relevant, measurable and timely) indicators for tracking progress against objectives. Whilst we support a proportional approach to results measurement and monitoring, we would expect that as a minimum, all projects should be set up with measurable objectives and a performance framework. We found that some projects did not set out clearly the intended improvements in the effectiveness of activities or outputs which would constitute a 'success'. In many cases, we found that the factors chosen to assess results were relevant to project objectives but were not sufficiently specific or measurable. In our project sample, country programme projects generally had more robust methods of measuring results than Challenge Fund projects, but there was significant variation within each type of project **(Figure 15)**. Moreover, the quality of measurement as evident in project proposals is not strongly correlated with the amount of funding offered: limited ability to demonstrate results did not preclude the award of large project grants.

15 Quality of results measurement in projects, and relationship with funding amount

This figure shows the variable overall scores regarding the adequacy of results measurement. We would expect results measurement scores to be positively correlated with funding amounts – that is, scores increase as funding increases. But there is a weak positive correlation between the two in our total sample of projects, as illustrated below for the Country Programme projects.
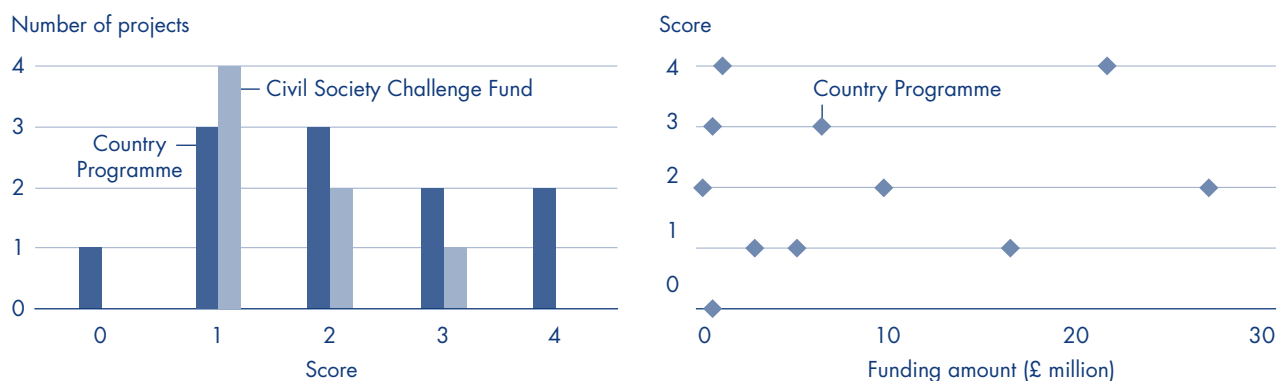
Source: National Audit Office analysis of DFID project documentation

KEY

4 = all indicators are robust; 3 = indicators have most aspects of robustness; 2 = indicators have some aspects of robustness; 1 = few indicators have any aspects of robustness; 0 = no indicators are robust.

2.28 For projects which relate to aspects of capacity-building or improved governance where progress is more difficult to assess, we would expect DFID to identify relevant activities or milestones which could be objectively measured. DFID generally did identify suitable activities which could be objectively measured. We would also expect DFID or its partner to assess the quality of knowledge transfer to beneficiaries or the extent of behavioural change. Such monitoring is essential to assess whether the training leads to measurable improvements in poor people's lives. But for three Challenge Fund capacity-building projects which trained community representatives the logical frameworks had not specified these factors.

Coherence of DFID civil society support

2.29 The arrangements for supporting civil society cover a range of possible circumstances, and each scheme can be related to poverty reduction objectives. It is less easy, however, to establish how DFID can be sure that its arrangements will contribute towards wider donor objectives to secure the quality of civil society needed to best pursue poverty reduction goals. This is partly because the performance measures for civil society have not always been tightly specified, and partly because the schemes now in existence have been developed over time in response to separate events and policies.

2.30 Viewed from the country perspective, the pattern of DFID civil society work is not clear. In the four countries we visited, country teams had in some cases limited awareness of CSO activity in that country which was supported from the UK through a Partnership Programme Agreement or the Civil Society Challenge Fund. Moreover, liaison between donors, and with developing country governments, on civil society issues was less well-developed than in some other areas of poverty reduction.

PART THREE
The achievements of CSOs in reducing poverty

3.1 Using findings from our country visits as well as file and documentation review of further projects and agreements,[10] this section appraises the management and achievements of DFID's project and programme funding to CSOs. Most projects reviewed undertook capacity-building and advocacy, aiming to assist local CSOs in such areas as organisation, governance, reaching marginal groups, or influencing government policies. The Partnership Programme Agreements with UK CSOs cover a range of interests, including organisations focusing on specialised areas of development, faith groups and voluntary organisations. We found that while all projects and Agreements could demonstrate progress against objectives, information on the degree of change achieved, or on impacts on poor people, was scarce. Details of the projects and Agreements are set out at Appendix Three.

Monitoring

3.2 Most country programme projects were monitored using annual or biannual assessments provided to DFID by the managing partner, together with mid-term and end-of-term reviews. Where multiple donors provided funding, they harmonised their reporting procedures. DFID has often been proactive in addressing problems when projects have gone off track. For example, in

the case of one CSO project visited in Bangladesh, in which governance problems were delaying the project, the Department provided technical support, as well as agreeing to continue funding subject to the resolution of the problems, and within a year the problems appeared resolved and the project back on track. However, there are also examples of poorer quality project monitoring. For example, in Rwanda, we found limited monitoring of older projects, and files were missing basic information. The DFID country team stated that this was because the projects were previously managed from the UK.

3.3 Challenge Fund projects have standard monitoring and evaluation procedures. For each project, implementing agencies submit annual progress reports, as well as a project completion report and independent evaluation on completion. DFID reviews a sample of the annual reports submitted.[11] Most of the monitoring is undertaken by UK staff, usually on the basis of documentation alone. The DFID team visits a sample of projects annually – between 2002 and 2005 it visited about 40 projects in nine countries, some 10 per cent of the total number of Challenge Fund projects. Country staff seldom assisted in monitoring of on-going projects run by the Challenge Fund.

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10   We examined 19 projects located in the four countries we visited (12 were Country Programme and seven were Challenge Fund). We also reviewed a sample of Partnership Programme Agreements and a further sample of Challenge Fund projects.
11   DFID employs consultants to review 30 per cent of Challenge Fund reports, of which one-third are high risk projects, one-third are those projects identified as having lesson learning potential, and one-third comprise a random sample of the remaining projects.

3.4 Partnership Programme Agreement reporting procedures are generally less stringent than those of the Challenge Fund, despite the relatively high value of grants made by DFID. For example, there is no equivalent to a project completion report for the Agreements. DFID mainly relies on self-assessments from their partners for progress updates. Nevertheless, the Agreements required an independent external evaluation to be performed by the end of the partnership. Of the sample of eight Agreements reviewed (Appendix Three), evaluations had been completed, either by or with the help of an external consultant, for all but the two smallest in the portfolio, for which DFID expects evaluations in 2007. However, DFID has not always appeared proactive with regard to the Agreements. In three of the Agreements examined, either there was no response from DFID to the Partner's evaluation, or its staff were unable to locate the relevant information. We found little evidence that DFID monitored its own performance in the Agreements, with one exception. Further, two of the six partners we consulted commented on a perceived lack of engagement by DFID and noted problems in accessing the Department.

Assessing achievements

Achievement of objectives

3.5 The projects we assessed through field visits and documentation review seemed to be achieving their aims and making a positive difference to beneficiaries' lives in most countries. Of fifteen country programme and Challenge Fund projects visited for which data were available,[12] twelve appeared as likely to be successful in achieving most objectives **(Figure 16)**. Our field visits (**Figure 17** gives an example) also provided us with an insight into what is being achieved on the ground. In Rwanda, where civil society development is slowly rebuilding capacity lost during the 1994 genocide and DFID has prioritised building the government's capacity so its engagement with CSOs has been minimal, projects were less successful. Two of the three country programme projects examined had no output monitoring and the other showed only limited achievement of objectives. While Challenge Fund projects performed similarly to country

programme projects, some staff expressed scepticism regarding the overall impact of Challenge Fund projects in achieving poverty reduction. This is in line with latest development thinking regarding the impacts of project –based interventions. One DFID staff member commented that: "*they help reduce the poverty of those directly involved… but the numbers benefiting are usually limited due to the small size [or] scope of the interventions.*"

3.6 Evidence from seven Partnership Programme Agreements for which monitoring documents were available suggested most agencies are achieving some objectives but not all. In one case, DFID staff were unable to locate relevant monitoring documentation. **Figure 18** provides an example of the evidence available from monitoring agreements. It is hard from such monitoring reports to obtain a real view of the benefits achieved from the Agreements.

16 Project and Partnership Programme Agreement achievement ratings

Number of projects/programmes
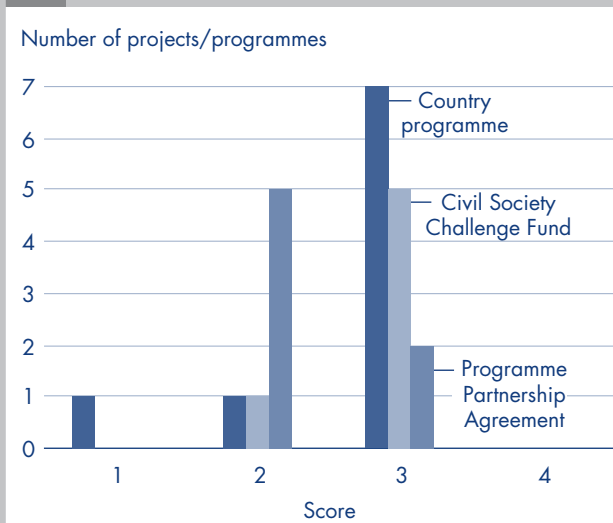
Source: National Audit Office analysis of DFID documentation

KEY

4 = objectives (likely to be) fully achieved; 3 = most objectives (likely to be) achieved; 2 = some objectives (likely to be) achieved; 1 = no or very limited likely achievement of objectives.

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12   The remaining four projects had not conducted monitoring because they either were in early stages of implementation or had not identified measurable indicators.

17 Achievement in a country programme project

The Credit and Savings for Household Enterprise project is managed by CARE India for DFID. Its purpose is to tackle poverty in local communities through the provision of loans to villagers which they can use to pay for commodities, start up of small enterprises or to cover unexpected costs (for example, marriage costs). The establishment of women's self help groups through which to administer the loan scheme is also intended to increase villagers' awareness of and confidence in tackling social and political issues. DFID has allocated £9.8 million between 1999 and 2006.

We visited a village in Dubbak in the state of Andhra Pradesh to meet members of a women's self-help group set up through this project. The project monitoring and review documents concluded that the project was being successful in providing women with greater economic freedom, as well as greater confidence in being involved in household decisions and in engaging with local government organisations. Those villagers we spoke to were enthusiastic about the impact of the project on their lives. They welcomed the opportunities which access to credit and savings gave them. For example, 90 per cent of members of the group were now sending their children to primary school whereas few did so before due to the costs involved. Some had gone as far as sending their children to private schools outside the village.

They were equally positive about the greater confidence that involvement in their self-help group had helped to develop. Many of the women would not have had the courage to engage with people outside the village in the past. They were participating more in village development activities and local political processes. Some members of the group explained how the group had a growing role in helping to solve family disputes and in encouraging family planning.

Source: National Audit Office field visits and review of DFID project documentation

18 Achievements of WaterAid's Partnership Programme Agreement

WaterAid's Partnership Programme Agreement of June 2002 sets out three desired outcomes from its interventions. However, these outcomes are not linked to clear indicators so they do not give a clear view of whether the expected level of achievement has been attained.

In reporting its progress for 2004-05, WaterAid did not attempt to score its achievements, but provided examples of activities performed under each one. For example, Outcome One aims to improve understanding by national governments, civil society, private sector and academia of how poor people can gain access to water supply and sanitation, and be supported in hygiene behavioural change, in fourteen countries.

One achievement reported by WaterAid under this desired outcome was an invitation by UNICEF and the Government to develop a National Sanitation Policy and Strategy in Madagascar. WaterAid intends to use this both for advocacy and as a basis for service delivery interventions. However, it is difficult for WaterAid to directly assess the impact of this activity on the understanding of how poor people can access adequate sanitation, or modify behaviour in hygiene, as Outcome One suggests.

The next Partnership Programme Agreement, running from 2005-06 to 2010-11, does include indicators for success criteria, but it is too early for reporting against these objectives.

Source: WaterAid Partnership Programme Agreement monitoring documents

3.7 DFID collects limited information on the impact of projects, particularly those which focus on areas such as capacity-building. This can sometimes reflect the perceived cost and complexity of structured assessments of these projects. We visited a number of projects which involved training of local CSO representatives on organisational governance and other management development projects. We did not observe the use of structured assessments designed to track progress or compare organisational capacity with benchmarks. There are many different management models which could be used as the basis for assessment and applied on a proportionate basis to individual projects.

3.8 A lack of baseline information constrained more detailed analysis of impact in both projects and Partnership Programme Agreements. In two projects we reviewed where detailed baseline surveys had been conducted (a health project in Rwanda and a micro-finance project in India), DFID did not ensure that the CSO collected data on suitable control groups which would enable objective verification of the projects' impacts. Where control group data have not been collected, but other, suitably detailed data are available (as is increasingly the case with the intensification of household survey data collection in developing countries), innovative statistical methodologies can be used to combine the two sets of data to estimate project impact, though this will usually apply to larger-scale interventions.[13] Although constructing baselines is more complex for the strategic Partnership Agreements, it is still important that DFID has a means of measuring progress.

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13   See Ravallion, M. (2005) Evaluating Anti-Poverty Programs, World Bank Policy Research Working Paper 3625, World Bank, Washington, DC.

Targeting and sustainability

3.9 It can be difficult for DFID to deliver interventions which are effectively targeted to reach the poorest people. In some cases, DFID was trying to do this through supporting projects which filled gaps in public service provision, due to financial, infrastructural or other reasons. For example, in the case of Non-Formal Primary Education in Bangladesh, DFID had determined that government service expansion would be inadequate to meet the universal primary education Millennium Development Goal by 2015, and had opted to disburse through a CSO (Bangladesh Rural Advancement Committee) in the medium term. We also visited small-scale projects in Rwanda providing support for poor people's livelihoods, which were funded by DFID through a small grants scheme administered by the British Embassy. The beneficiaries in one remote area informed us that they received nothing but education services from the state, and were therefore extremely grateful for the livestock which the project had provided to fertilise their fields. More generally, in Rwanda we did not see any evidence of assessments of the reliability of host government service provision, particularly its targeting on the poor. This is particularly important in countries receiving budget support, as in Rwanda, where DFID's support to alternate service providers is minimal.

3.10 One of the ways by which DFID monitors whether an intervention is likely to be sustainable in the long term is by reviewing the degree of ownership and organisational changes resulting from the intervention during the implementation stage. However, we found that few country-managed projects had factored sustainability issues sufficiently into the project design through, for example, planning how to withdraw donor support on completion of the project. But problems with sustainability arose even where it was considered in the design stage. **Figure 19** presents examples of sustainability issues arising in two Challenge Fund projects, both relating to a lack of ownership.

3.11 There is often a gap between the messages or training brought to beneficiaries of advocacy or capacity-building projects and the more immediate interventions people want help with, typically provided in service delivery projects. The risks of an approach focusing solely on advocacy or capacity-building were highlighted by a number of CSOs in our country visits. A CSO may be unable to advocate effectively where it does not have a service delivery or capacity-building arm: government or

19	Sustainability can be problematic – examples from two projects

In Tanzania, we visited **Local Development Organisation and Support**, a Challenge Fund project implemented by Concern, co-funded by the European Commission, which supported a network of some 20 very small, indigenous CSOs. One of these, Masasi Farmers' Marketing Association, had conducted awareness-raising activities on local tax duty. The activities of the CSO had apparently led to roughly a doubling of farmers' real incomes, who were previously being overcharged by tax collectors. But, despite the tangible benefits, the organisation told us that farmers were unwilling to contribute some of their additional income towards the organisation's running costs. This undermined the long term sustainability of the CSO.

In India, the **Integrated Civil Literacy Programme** undertook organisation and training to enhance scheduled caste and tribal women's participation in decision making at the local level in Tamil Nadu and Andhra Pradesh states, and so improve their political, social and economic position. DFID's evaluation indicated that significant improvements were observed in living standards by group members. But there were concerns over sustainability as the partners had not taken full ownership of the programme; long-term improvements to women's status continues to be a real challenge due to entrenched customs in terms of caste, class and patriarchy.

Source: National Audit Office field visits and document review

other sectors of society are less likely to listen to a group which is not able to demonstrate good practice itself; and it is easier for a government to prohibit certain organisations who advocate for change if they are not performing a service.

3.12 Service delivery and advocacy or training are often complementary. Several CSOs in Tanzania and Rwanda commented on the utility of a service delivery component in capacity-building projects, not just for poverty reduction reasons, but also in order to incentivise people to buy-in to the project, thus promoting effectiveness and sustainability. We visited six projects which carried out a mixture of service delivery together with capacity-building and/or advocacy. However, where a project does promise a service delivery component, it needs to make sure it can deliver. We examined one project in Rwanda which funded advocacy to consumers of the benefits of insecticide treated mosquito nets, and provided the nets in rural areas at subsidised rates. However, global supply of nets was insufficient to meet demand, curtailing expansion of provision, so that, while on the one hand the project aimed to raise rights awareness, on the other, people were unable to access these rights.

3.13 Three other risks to development performance were identified from the project reviews:

■ DFID has designed the Challenge Fund so that it is demand-led - the projects are proposed and specified by CSOs based on their knowledge and priorities. While DFID selects proposals by reference to stated criteria, the rationale for prioritising the needs of local people can be unclear. For example, for a project which we visited in Rwanda, which trained rural communities on their health care entitlements, it was not clear why DFID had chosen to fund a health project, as opposed to other key concerns local people raised with us such as income generation;

■ CSOs that represent the best development partner in a given area may not have a well-developed capacity for planning, monitoring and reporting results. DFID face a challenge to ensure minimum standards of project management can be attained, while ensuring that they do not overwhelm the CSO with its need for increased management capacity; and

■ Unrealistic expectations can also be a problem. For example, one Challenge Fund project, the East African Urban Shelter Programme, aimed to improve livelihoods, shelter and infrastructure in informal urban settlements by developing capacity of residents to negotiate with municipal authorities. It was largely successful, but the biggest constraints to effectiveness noted in evaluation documentation were externally-driven implementation schedules which frequently drove development at an unrealistic pace, as opposed to that most likely to secure social and political change on the ground.

Value for money

3.14 Formal monitoring arrangements provide few insights to value for money. Only three projects we assessed contained comparative cost assessments in their documentation. For example, for the Non-Formal Primary Education project in Bangladesh, providing free schooling for poor children, the cost per pupil enrolled (at about US$ 20 per year) were estimated to be less than half that of government primary education expenditure. Empowerment of the Landless through Resource Mobilisation in Bangladesh, a capacity-building project to assist landless people in advocating for their rights, provided benchmark information in comparing costs to similar programmes implemented by other organisations in Bangladesh. It found that staff costs were below those

of comparable organisations, while unit programme costs (at £7.40 per member per year) were in the mid-range of comparable programmes. In its project proposal, Credit and Savings for Household Enterprises also compared average costs with those of other programmes in India, finding costs to be between £24-64 per client, below those of an Indian NGO, but marginally higher than an indigenous NGO in Bangladesh with a unit cost of £22.

3.15 Scrutiny of project or Agreement costs should be proportionate to their value. For the majority of projects and all Agreements we reviewed, however, there were no indicators which provided measures of economy or efficiency, using, for example, benchmarking of procurement activity, or unit costs for service delivery. And while the support DFID offered was cash-limited, and so projects were delivered within budget, specifications of output expected were not so precise that the eventual delivery of planned value could be assured. Indeed, the project completion reports note that objectives are rarely fully achieved.

3.16 The mechanisms for selecting projects and Agreements provide a limited assurance on value for money. For the Challenge Fund and for Partnership Programme Agreements, there have been competitive elements in securing funding, with more applications for funding than could be accommodated. DFID officials made judgements of the balance between cost and benefit in selecting the best applications for funding. But these judgements were necessarily broad-based, having to assess relative benefits from different types of project or proposal.

3.17 All the interventions resulted from approaches from CSOs. This demand-led approach has the merits of reflecting local demands and views of aid professionals on the ground. But despite opportunities for innovation, it also increases the risks of a fragmented portfolio of assistance, insufficiently linked to DFID's assistance strategy, the country's poverty reduction plans or the work of other donors. It also makes scrutiny of costs problematic, since CSOs do not compete to deliver pre-specified outcomes. For the projects we reviewed, scrutiny of the proposed costs was limited to checks on eligibility or reasonableness, not a detailed examination of economy.

APPENDIX ONE

Details of selected funding schemes run by DFID's Information and Civil Society Department

This appendix describes key facts relating to the two of DFID's funding schemes run by the Information and Civil Society Department which are examined in depth in this report.

A   **Civil Society Challenge Fund (CSCF)**

B   **Partnership Programme Agreements (PPAs)**

NOTE

■   All figures and information in this appendix have been provided by DFID.

■   In each instance, 'budget' refers to the money allocated to be distributed by the schemes, and 'spend' is the total amount distributed in that year.

■   The budget figures have been extracted from DFID's annual resource allocations, and the spend figures have been taken from DFID's Statistics on International Development.

A   Civil Society Challenge Fund (CSCF)

1 Scheme objective

The aim of the Civil Society Challenge Fund (CSCF) is to support initiatives which strengthen the capacity of poor people, living within eligible countries, to understand and demand their rights – civil, political, economic and social – and to improve their economic and social well-being.

2 Main scheme characteristics

The project selection process consists of two stages of evaluation: the initial concept note and the proposal. There is now one funding round per year. For the 2005-06 funding round, DFID received 388 CSCF concept notes which resulted in 169 proposals (compared to 112 proposals in the previous year). Of these, DFID funded 57 new projects.

3 History of the scheme

Following a consultation process within the sector in 1999, the CSCF was introduced from 2000 as a direct replacement for the former Joint Funding Scheme. The CSCF, with an annual budget of £10 million was set up to fund those projects which took a rights-based approach rather than service delivery. In 2002, a decision was made to move from 50 per cent self-funded and 50 per cent CSCF funding to 100 per cent funding by the CSCF. The maximum grant size was also increased to £500,000. As a result of a further consultation in 2004, DFID widened the Fund criteria to allow consideration of service delivery projects which were either innovative or in difficult environments. The budget was also increased to £14 million.

4 Number of agreements signed

Rounds	Number of agreements signed
2000 – 1st	50
2000 – 2nd	49
2001 – 1st	24
2001 – 2nd	38
2002	40
2003	20
2004	49
2005	57
Total	**327**

5 Characteristics of an agreement

100 per cent of funding is available per activity up to £500,000 for a maximum of five years.

6 Annual budget and spend since 2000

Year	Budget £ million	Spend £ million
2000-01	16	15.8
2001-02	14	14.5
2002-03	13	13.1
2003-04	10	10.4
2004-05	10	10.1
2005-06	14	13.9

NOTE

New applications to the Joint Funding Scheme ceased in 1999, but commitments had already been made in previous years. Thus, although the budget for the CSCF was £10 million until 2005-06 (when it was increased to £14 million), the CSCF budget figures for 2000-01 to 2002-03 as shown exceed £10 million as they also include funds allocated to the Joint Funding Scheme.

7 Administration cost

Total administrative expenditure for 2005-06 was £462,351, i.e. 3.3 per cent of the £14 million CSCF budget.

B Partnership Programme Agreements (PPAs)

1 Scheme objective

Partnership Programme Agreements (PPAs) are long-term agreements between DFID and influential civil society organisations in the UK which set out at a strategic level how the two partners will work together to meet the Millennium Development Goals.

2 Main scheme characteristics

Strategic funding is provided, unconnected to projects, and linked to jointly agreed outcomes. Other DFID departments and country programmes can negotiate separate arrangements for collaboration (e.g. contractual arrangements), including financial support for specific activities within the overall PPA framework.

3 History of the scheme

The first round of PPAs was initiated in 2000-01 with 11 agencies, many of which already had block grants under the Joint Funding Scheme. Agreements began at different times due to variations in negotiation time and each covered a period of between three and five years. A second round of agreements was negotiated in 2001-02 following an open competition involving 29 agencies, and four successful agencies were given three-year agreements. A more formalised process led to the presentation of the third round of agreements. As the agreements were at this point running for different lengths at different times, the timeframes of all agreements were standardised to begin in 2005.

4 Number of agreements signed

There were 18 PPAs in place in 2005-06.

5 Characteristics of an agreement

The agreements are constructed around a set of specific outcomes. They now last six years from 2005-06 to 2010-11, with the proposed funding levels fixed for the first three years up to 2007-08, and subject to renegotiation thereafter. From 2005 the agreements vary in value from £750,000 per year (first three years), up to £27,960,000 per year, though this higher range is exceptional (the next highest is £8,300,000 per year).

6 Annual budget and spend since 2000

Year	Budget £ million	Spend £ million
2000-01	1.5[1]	1.5[1]
2001-02	49.6	53.6
2002-03	54.4	57.2
2003-04	56.2	59.0
2004-05	63.2	65.3
2005-06	79.1	82.1

NOTES

1 In 2000-01 the PPA only supported ActionAid. Other agreements began in 2001-02.

2 In each year noted, the spend is greater than the budget due to country office virements, i.e. transfers from country programme budgets which were not included in initial budget figures.

7 Administration cost

Total administrative expenditure for 2005-06 was £120,743, i.e. 0.15 per cent of the £79.1 million PPA budget.

APPENDIX TWO
Study methodology

Preliminary research study

We commissioned the Centre for Development Studies, University of Swansea to produce a background paper on DFID's relationships with civil society. This study examined the role of CSOs in development, and the support given to them by DFID, including both financial and other forms of support. The study focused on the efficiency and effectiveness of the various forms of support by DFID for CSOs and risks to achieving value for money. The research study also suggested a methodology to respond to the key issues identified through our issue analysis process.

Survey of UK CSOs

MORI[14] assisted us with the design of a survey to explore the view of UK CSOs about DFID's role as a funder and supporter of civil society, and ran the survey on our behalf. On the basis of a list provided by British Overseas NGOs for Development (BOND), 298 CSOs were invited to give their view on various areas, including DFID's overall policy and strategy; funding schemes (principally the Partnership Programme Agreements, the Civil Society Challenge Fund and the direct funding from Country offices); and the policy dialogue between DFID and CSOs. We received 90 responses, a response rate of 30 per cent. Most respondents were involved in development activities such as policy, research and advocacy, though a sizeable proportion were primarily service delivery organisations. The majority were small in terms of annual income (less than US$5 million). 71 per cent of them had received funding from DFID, 80 per cent of those most recently in 2004-05. The results of this survey are summarised on our website at: http://www.nao.org.uk/publications/index.htm.

Survey on governance in Partnership Programme Agreement partners

MORI assisted us with the design of a survey to explore the effectiveness of governance in the CSOs that hold a Partnership Programme Agreement with DFID. MORI also ran the survey on our behalf. We based the questionnaire on the code of practice on good governance for the voluntary and community sector.[15] The questions addressed to the board of the CSOs covered: roles and responsibilities; skills, experience and training, monitoring and evaluation, openness, accountability and integrity, risk management, governance and internal control. We received a response from 16 of the 18 CSOs holding Agreements. The results of this survey are summarised on our website at: http://www.nao.org.uk/publications/index.htm.

Semi-structured interviews with PPA partners

We conducted semi-structured interviews with 6 of the 18 CSOs that hold a Partnership Programme Agreement with DFID (Action on Disability and Development, Christian Aid, Oxfam, Skillshare International, Voluntary Service Overseas and WaterAid). We discussed strengths and weaknesses of their Agreement, and how they managed key factors such as negotiation, monitoring and evaluation, assessment, and allocation. In addition, we asked broader questions on their relationship with DFID and their view of DFID policy on civil society.

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14   Now known as Ipsos MORI.
15   ACEVO, Charity Trust Networks, ICSA, NCVO (on behalf of The National Hub of Expertise in Governance), *Good Governance: A Code for the Voluntary and Community Sector*, First edition, June 2005.

Fieldwork visits to four beneficiary countries

We have visited Bangladesh, India, Rwanda and Tanzania to see how projects or programmes are implemented in developing countries. When selecting our country visits we considered both geographical coverage and funding mechanisms (e.g. though specific projects or basket funding). Challenge Fund projects are implemented in all of these countries and three of them have a national Partnership Programme Agreement. Our visits included:

■ Documentation review of both strategic documents such as the Country Assistance Plan or the Poverty Reduction Strategy Paper and project files. In total we reviewed seven Challenge Fund and twelve locally funded projects. We assessed the quality of the projects' logical framework (see Figure 15) and their achievements (see Figure 16), scoring them from 0 (lowest rating) to 4 (highest rating). Appendix Three provides the list of projects and programme agreements examined in-country, most of which were visited;

■ Meetings with a range of bodies relating to civil society. The interviews included staff at DFID country offices, government officials (for both policy and funding aspects), UK CSO partners (including Partnership Programme Agreement partners), local CSOs (not necessarily DFID partners), and other donors;

■ Project visits to both Challenge Fund and locally funded projects. During project visits we discussed fitness for purpose, efficiency and implementation with the UK and local CSOs involved, and with the beneficiaries. Where applicable we also saw what has been achieved on the ground, such as installation of rain water harvesting tanks and goat pens.

Documentary review and data analysis

We collected and analysed data, including administrative costs, of running each of the UK-based CSO funding schemes. Of the four funding schemes (Figure 1), we reviewed the Challenge Fund and the Partnership Programme Agreement schemes in more depth.

■ For the Challenge Fund, we developed a case analysis framework and used it to analyse twenty projects, including the seven we visited in-country (Appendix Three). We used available documentation to review project design, monitoring and its impacts and achievements. We used a scale from 0 (lowest rating) to 4 (highest rating). For the nine Challenge Fund projects (out of twenty) which were completed at the time of our review, we also collected and analysed DFID's achievement ratings from its project completion reports.

■ For the Partnership Programme Agreement, we developed a case study framework and used it to analyse the first and the second agreements for a sample of eight CSOs (Appendix Three). We examined and scored how DFID assessed the proposal, how it ran the negotiation, how the sum awarded was calculated, and how monitoring and evaluation were performed. Our scoring scale ran from 0 to 4, with 0 meaning no reference and 4 indicating detailed and rigorous analyses with evidence provided.

Development of a civil society maturity model

We produced an example of a model which could be used to conduct an appraisal of civil society in any given country. This, together with information on other aspects of society and DFID's objectives, is designed to facilitate an understanding of the different areas which DFID may want to support. Our maturity model is at Appendix Four.

APPENDIX THREE

Partnership Programme Agreements and projects examined by NAO

20	The sixteen Partnership Programme Agreements examined on documentation basis			
	First agreement		**Second agreement**	
	Dates	Total amount (£m)	Dates	Amount (£m per annum)[1]
Action on Disability and Development	2002-2004	1.725	2005-2011	0.95
Christian Aid	2000-2004	13.6	2005-2011	5
International HIV/Aids Alliance	2004	1.2	2005-2011	2.75
ITDG (Practical Action)	2004	0.75	2005-2011	0.75
Oxfam	2000-2004	23.8	2005-2011	8.3
Skillshare International	2000-2004	7.82	2005-2011	2.35
Voluntary Service Overseas	2000-2004	96.38	2005-2011	27.96
WaterAid	2002-2004	2.25	2005-2011	1.25

Source: DFID management information

NOTE

1   Guaranteed for first three years only.

21	The twenty Civil Society Challenge Fund projects examined on documentation basis (including seven examined in-country)				
CSCF Number	**Agency**	**Country**	**Project title**	**Duration**	**Amount (£)**
31	Homeless International	Kenya	East Africa Urban Shelter Programme	2000-03	157,000
41	Concern	Bangladesh	Community Empowerment, Mobilisation and Development	2000-04	188,000
52	Y-Care International	South Africa	Adult Sexual Reproductive Health	2000-03	136,000
62	Concern	Tanzania	Local Development Organisation Support	2000-05	256,000
82	ITDG (Practical Action)	Bangladesh	Sustainable Livelihoods Through Capacity-building	2001-03[1]	130,000[1]
83	Womankind	India	Integrated Civil Literacy Programme	2000-03	250,000
87	Village Service Trust	India	Political Empowerment for the Poor and Marginalised	2000-04	59,000
101	Population Services International	Uganda	In-Net Uganda – Insecticide Treated Nets	2000-03	148,000
113	Goal	Ethiopia	Street Children's Rights Development Project	2001-03	164,000
147	Concern	Tanzania	Community Livelihood Improvement Project	2001-05	223,000
162	Acord	Rwanda	Institutional Strengthening of Community Organisations	2002-04	160,000
166	Link Community Development	Ghana	District Education Improvement Project	2001-04	248,000
176	Pesticide Action Network UK	Ethiopia	Pesticide Problems and Sustainable Livelihoods	2001-03	250,000
189	Healthlink Worldwide	Asia Regional	Communication for Advocacy: Strengthening Capacity for Health and Development Advocacy in Asia	2002-05	247,000
203	Homeless International	India	Slum Rehabilitation and Resettlement	2002-04	249,000
205	International HIV/AIDS Alliance	Madagascar	Sexual and Reproductive Health	2002-04	164,000
219	Intermediate Technology	Sri Lanka	Development Opportunities and Capacity-building	2002-06	174,000
234	ITDG (Practical Action)	Sri Lanka	Building Bridges	2003-08	418,000
268	Health Unlimited	Rwanda	Giving Voice to Rural Women and Youth	2004-07	500,000
294	Okenden International	Cambodia	Capacity-building on Good Governance	2004-07	321,000

Source: National Audit Office

NOTE

1   Project due to finish in 2007 and disburse £250,000 in total, but remaining funds were subsumed into Partnership Programme Agreement awarded in 2004.

| 22 | The twelve DFID country programme-funded civil society projects examined by National Audit Office in-country |

Location	Name of project	CSO	Funding[1]	Duration	Project type
Bangladesh (19 districts)	Empowerment of the Landless through Resource Mobilisation	Samata	£6.6 million	2002-08	Capacity-building, advocacy
Bangladesh (country-wide)	Manusher Jonno (Human Rights and Governance Funding programme)	CARE Bangladesh, local CSOs	£16.5 million	2002-07	Advocacy, capacity-building
Bangladesh (two districts)	National Integrity Programme Phase 2 "Making waves"	Transparency International Bangladesh (TIB)	£3 million (68 per cent of total funding)	2003-07	Capacity-building, advocacy
Bangladesh (34,000 schools country-wide)	Non Formal Primary Education (NFPE) phases II & III	Bangladesh Rural Advancement Committee (BRAC)	£21.6 million (25 per cent of total funding)	1996-2004	Service delivery
Bangladesh (4 divisions)	Social Mobilisation, Voice and Democracy Programme	Nijera Kori	£5.3 million	2001-08	Capacity-building, advocacy
India (Andhra Pradesh, Orissa, West Bengal and Madhya Pradesh)	Credit and Savings for Household Enterprises (CASHE)	CARE International	£9.8 million	1999-2006	Service delivery; capacity-building; advocacy
India (project already active in 89 of the 108 poorest districts of India; aims to cover all 108).	Poorest Areas Civil Society (PACS)	Development Alternatives, local CSOs	£27 million	2001-08	Capacity-building, advocacy
Rwanda	Building the Capacity of Rwandan Government and Civil Society to Develop Effective and Sustainable Measures on Small Arms	SaferWorld, SaferAfrica, local CSOs	£310,000	2004-05	Capacity-building, advocacy
Rwanda (country-wide)	Malaria Prevention in Rwanda: Social Marketing of Longer-lasting Insecticide Treated Nets	Population Services International	£800,000 (60 per cent of total funding)		Advocacy, service delivery

Purpose/goal	Links to Public Service Agreements/ Millennium Development Goals	Achieving objectives?
Create effective network of grass roots people's organisations in place to improve livelihoods and social and political empowerment of landless men and women, so they can effectively pressurise government, political and other elites to address their needs.	Poverty and hunger reduction; universal primary education; gender equality.	Good progress on achievement of most outputs, including on land rights and acquisition, gender equity and democratisation.
Encourage local NGOs and private organisations to advocate for democratic reform.	No direct links; project aims to promote good governance and human rights for disadvantaged social groups (e.g. abused women, street children, 'sweat-shop' workers).	Purpose and outputs likely to be largely achieved; evaluation shows a wide selection of strong and important rights and governance work underway.
More accountable government at all levels, achieved through greater demand among citizens for transparency.	No direct links; project aims to promote good governance.	Outputs likely to be largely achieved.
Provide education for poor children, especially girls. NFPE is the largest non-government primary education programme in Bangladesh.	Primary education; gender equality.	All outputs largely achieved; 1.26 million children completed a full primary cycle in a BRAC school. Independent evaluation concluded it was "well conceived, well planned and well articulated."
Social mobilisation through organisation and training of collective groups to establish the rights of poor men and women and influence decision-making by local government.	No direct links; project aims to promote good governance and human rights for marginalised men and women.	Objectives likely to be partially achieved; lack of baseline data makes impact monitoring more difficult; a review notes "it is not possible to point to tangible outcomes that have occurred specifically as a result of the project".
Increase the incomes and economic security of poor people, especially women, through provision of micro-finance, capacity-building of micro-finance institutions and inclusion in social and political processes.	Poverty reduction; gender equality.	Noticeable increases in beneficiaries' expenditure on basic needs (food, health, sanitation, shelter, education); 70 per cent of clients confirmed reduced vulnerability to economic shocks.
Support a network of CSOs working on projects aimed at rights awareness, influencing government, government effectiveness and accountability, and making society more responsive to the problems and aspirations of the poor.	Poverty reduction in the poorest areas of India.	Evidence of positive changes, including community mobilisation in monitoring reports. Mid-term review commented that progress had been satisfactory and targets were likely to be achieved.
Build capacity of CSOs to take effective action on small arms possession, engage with government and raise public awareness.	Good governance, human rights and empowerment.	Implementation slow; no output monitoring.
Increase use of nets among under-fives and pregnant women, particularly in low-income rural areas; subsidised provision of nets in rural areas.	Reduce malaria prevalence (the single biggest killer in Rwanda) and under-five mortality.	Only 50 per cent of mosquito nets distributed by end of project.

22	The twelve DFID country programme-funded civil society projects examined by NAO in-country *continued*					
Location	**Name of project**	**CSO**	**Funding**[1]	**Duration**	**Project type**	
Rwanda	Support to Penal Reform International	Penal Reform International	£750,000	2003-05	Capacity-building	
Tanzania (country-wide)	Civil Society and Poverty Programme	Foundation for Civil Society, local CSOs	£3.8 million	2002-05	Capacity building, advocacy, service delivery	
Tanzania (Mtwara Rural District, all 83 primary schools)	Support to Basic Education for Children	Save the Children UK	£1.3 million	1998-2003	Service delivery, capacity-building	

Source: National Audit Office

NOTE

1   Unless specified, DFID to provide 100 per cent of project funding.

Purpose/goal	Links to Public Service Agreements/ Millennium Development Goals	Achieving objectives?
Assist with implementation of gacaca process (community courts system important for reintegration of society post-genocide) and community service programmes.	No direct link; project supports good governance, human rights and empowerment.	Output (final reports) produced but no indicators to assess quality.
Provide grants and capacity-building support to CSOs to enable citizens (including poor and vulnerable) to understand their rights, engage in policy monitoring and dialogue and hold government to account.	No direct links overall; projects aims to support good government, human rights and empowerment. Individual projects do have direct links in areas such as education, maternal and child health, HIV/AIDS.	Increase in grants made annually by the Foundation to over 100 in 2004; notable increase in focus on governance projects and reduction in support to social security.
Improve the quality of, and participation in, basic education, through better quality teaching, supply of materials, management capacity, education opportunities for out-of-school children etc.	Universal primary education and improved literacy.	Objectives largely achieved: school dropouts fell and quality improved.

23	The seven DFID Civil Society Challenge Fund projects examined by National Audit Office in-country					
Location	**CSCF number Name of project**	**CSO**	**Funding**[1]	**Duration**	**Project type**	
Bangladesh (Dhaka)	CSCF 189 Communicating for Advocacy: Strengthening Capacity for Health and Development Advocacy in Asia	Healthlink UK, local CSOs	£740,000	2002-05	Capacity-building, advocacy	
Bangladesh (Dhaka)	CSCF 41 Community Empowerment, Mobilisation and Development	Concern Worldwide, local CSOs	£180,000 (50 per cent of total funding)	2000-05	Capacity-building	
India (Maharastra, Orissa, Karnataka, Haryana)	CSCF 203 Support for Community-City Partnerships in Slum Rehabilitation and Resettlement	Homeless International (HI); Society for Promotion of Area Resource Centres (SPARC) India, local CSOs	£250,000 (50 per cent of total funding)	2001-03	Capacity-building, advocacy	
Rwanda (four administrative districts in Butare and Gikongoro Provinces)	CSCF 268 Giving Voice to Rural Women and Youth Rwanda	Health Unlimited, local CSOs	£500,000 (75 per cent of total funding)	2004-08	Capacity-building, advocacy	
Rwanda (six districts)	CSCF 162 Institutional Strengthening of Community Organisations in the Development of Development Issues	ACORD, local CSOs	£160,000 (50 per cent of total funding)	2002-05	Capacity-building	
Tanzania (Lindi region)	CSCF 147 Community Livelihood Improvement Project	Concern Worldwide, local CSOs	£250,000	2001-06	Capacity-building, service delivery	
Tanzania (Masasi District)	CSCF 62 Local Development Organisation and Support	Concern Worldwide, local CSOs	£285,000 (50 per cent of total funding)	2000-04	Capacity-building, service delivery	

NOTE

1   Unless specified, DFID to provide 100 per cent of project funding.

Purpose/goal	Links to PSAs/MDGs	Achieving objectives?
Develop capacity of community groups to influence policy and practice of health and development agencies.	No direct link; project aims to support good governance and improve voice of poor and marginalised groups (including those with disabilities).	Contributed significantly to meeting purposes, but no evidence as to whether goals ultimately achieved (influence on policy and practice).
Improve capacity for self-development, sustainable livelihoods and attainment of basic rights of poor urban dwellers, especially women, through formation of organisations, micro-finance and market-based training.	Gender equality, realisation of human rights through awareness-raising.	Successful in mobilising communities, increasing income security, enhanced capacity to assist target population.
Development of resettlement and rehabilitation solutions by slum dwellers' groups in partnership with city/state authorities.	Access to safe drinking water and sanitation and safe tenure; improved maternal and child health; improved access to education; gender equality.	Independent evaluation concluded considerable impact on beneficiaries.
Awareness raising among rural women and youths of health entitlements to increase capacity to engage in Poverty Reduction Strategy implementation and monitoring discussions with policy makers.	Gender equality, improved maternal health, combating HIV/AIDS.	Visit by NAO suggested that community groups operated well, but no assessment of awareness-raising among secondary beneficiaries done to date. Baseline data collected, but no control group, making it impossible to objectively verify impact of project as distinct from other factors.
Support community development organisations in managing development initiatives and exchange and solidarity networks, to encourage effective participation and commitment of local people in solving their own problems.	Poverty reduction through support for sustainable livelihoods.	Largely achieved, but no assessment of quality of training.
Enhance effectiveness of village institutions and CSOs to address the livelihood priorities of the poor, through training of local CSOs, supporting CSO networks and providing small grants.	Poverty reduction, gender equality, clean water provision, combating HIV/AIDS.	Rated as likely to be partially or largely achieved by project staff; independent verification (mid-term review) not provided.
Enhance effectiveness of local development organisations to address sustainable livelihood issues of poor communities, through training, organisation and small grants provision.	Poverty reduction, gender equality, combating HIV/AIDS; working with people with disabilities.	Likely to be largely achieved.

APPENDIX FOUR
Measuring civil society maturity

The model presented below shows the kinds of issues which could be examined in a rapid appraisal of civil society to facilitate an understanding of the different areas which DFID may want to support. The maturity model does not provide any guidance on how best to support civil society in an area of weakness, e.g. through funding, technical assistance, and information and communications technologies.

The model would need to be complemented with a good understanding of the underlying social and political environment to assess the suitable prospects for civil society development.[16] Some further issues may need to be factored into the model, depending on the local circumstances: 1) CSOs cannot be assumed to always operate in accordance with the interests of the poor or marginalised; 2) the relationship between CSOs and lower levels of state governance is more important where there is significant decentralisation.

	Stage of maturity		
	Under-developed	**Developing**	**Well-developed**
Advocacy			
Representation of group interests to state and other sectors of society	CSOs represent only narrow base (exclude poor, socially marginalised, vulnerable groups, women, children, ethnic/ tribal/ caste minorities, disabled/infirm etc)	CSOs represent poor and some other marginalised groups	CSOs represent broad base (including poor, and all identifiable vulnerable and marginalised groups)
	CSO constituent coverage very sparse – only represent constituents in large urban areas/principal regions	CSO constituent coverage patchy – represents some rural, but limited coverage in remote areas	CSO constituent coverage universal (rural and urban areas, all regions and remote areas)
	No advocacy to government or other sectors	CSO message unclear and/or uncoordinated	CSOs provide clear and coordinated messages to government and other sectors
	CSO are not governed by formal, transparent procedures and lack accountability	CSOs have informal governance mechanisms, able to provide some assurances of good governance and accountability	CSOs are governed according to formal charter, CSO management separated from trustees (board of governors), regularly externally audited etc.

16 See, for example, Goetz and Lister (n.d.) *A Framework for Understanding the Influence and Strategies of Civil Society*, at http://www.dfid.gov.uk/aboutdfid/intheuk/workwithcs/cs-how-to-work-framework.asp.

	Stage of maturity		
	Under-developed	**Developing**	**Well-developed**
Advocacy			
Mobilisation to increase consciousness and impact (including capacity-building)	Civil society mobilisation activities limited in geographical coverage (limited to urban areas, non-remote regions), and do not cover the most needy or key sectors; where applicable, not linked up with service providers	Mobilisation activity coverage patchy (geographically, socially and sectorally); some links with service providers	Civil society mobilisation geographical coverage strong (remote rural and urban) and covers key sectors and the most needy; close links with service providers
	CSOs not successful in conveying information to poor/ marginalised client base	CSOs successfully conveying information, building capacity, but not leading to behavioural changes or impact on poor/ marginalised beneficiaries	CSO information dissemination/ capacity-building leads to changes in behaviour and beneficial impact for poor/marginalised beneficiaries
Regulation and monitoring (of state and other sectors of society)	Poor or dependent relationship with state bodies/parliament, at only select levels	Relationship with state at some levels of government	Good, independent relationship with state at all levels of government
	No input to anti-poverty policy making	Input to discussion of existing anti-poverty policy	Comprehensive input and consultation on future anti-poverty policy
	Weak media, not independent of government	Free press, though weakly analytical and poor coverage of important governance/ poverty issues	Strongly analytical, independent media, covering key governance/poverty concerns
	Weak analytical capacity of CSOs, issues covered irrelevant to poor/marginalised	Issues covered relevant to poor/marginalised but limited analytical capacity	Strong analytical capacity, issues relevant to poor/ marginalised and timely
Service delivery			
Development and action in the social sectors, e.g.: 1. Education 2. Health care 3. Water and sanitation 4. Livelihoods improvement /social security	No service delivery by CSOs	Service delivery insufficient across space (lacks coverage in remote rural areas, urban slums) and/or social group (most deprived or marginalised not covered); competes with state for scarce resources	Service delivery covers gaps in state provision, including in remote rural areas, urban slums and among most deprived and marginalised

Source: National Audit Office concept, based partly on Manor, J., Robinson, M. and White, G. (1999) "Civil Society and Governance: A concept paper," Institute of Development Studies, Brighton

GLOSSARY

Advocacy	The act of speaking or of disseminating information intended to influence individual behaviour or opinion, or public policy and law.
Capacity building	The development of human, scientific, technological, organizational, institutional and resource capabilities. This aims to create the infrastructure necessary to support groups, programs and services in communities.
Civil society	All aspects of society which are independent of the state, including individual citizens, groups and the private sector.
Civil society organisations (CSOs)	Located between the state, household and private sector. Includes organisations such as non-governmental organisations, trade unions, faith groups, business associations and think tanks. Civil society organisations contribute to development in a range of ways, including through capacity building, advocacy, raising awareness and service delivery.
Non-governmental organisations (NGOs)	Any non-profit, voluntary citizens' group which is organized on a local, national or international level. Task-oriented and driven by people with a common interest, NGOs perform a variety of service and humanitarian functions, bring citizens' concerns to Governments, advocate and monitor policies and encourage political participation through provision of information.
Northern NGOs	Non-governmental organisations which are based in developed European and North American countries e.g. Oxfam.
Service delivery	Supplying users with services needed or demanded. This can be done by government institutions, private companies, non-profit organisations or individual service providers.
Southern NGOs	Non-governmental organisations which are based in less developed or developing countries e.g. Bangladesh Rural Advancement Committee.