

The Missing Piece of the Puzzle? The Institutional Importance of CSOs in the Development Effectiveness Agenda

Keisha Taylor

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Introduction

Billions of dollars in aid¹ have been committed to developing countries over recent decades, enabling countless individuals, families and communities to emerge from poverty. However, many in the developing world have yet to enjoy higher levels of personal income or some measure of improvement in areas of life, tracked by indicators of progress such as those embodied in the [Millennium Development Goals](#)². So is aid failing the very people it seeks to help? Acquiring the full picture of the distribution and management of overseas development aid (ODA) is a tall order, let alone drawing any useful conclusions about its ultimate 'effectiveness'. However, this is precisely the challenge laid down by The [Paris Declaration on Aid Effectiveness](#) (PD) and the subsequent [Accra Agenda for Action](#) (AAA), which put forward time-bound action plans for donors and governments aimed at increasing aid effectiveness. Additionally, there has been a concomitant rise in the number of initiatives pursuing accountability and transparency of the development³ industry, with the intention of tracing aid from donor to beneficiary. However, the institutional role of civil society organisations (CSOs) has been largely excluded from such processes, despite the central part they play within aid frameworks.

The Paris Declaration, AAA and associated initiatives such as the [International Aid Transparency Initiative \(IATI\)](#) are taking important steps to promote transparency, mutual accountability and ownership of aid and development. While these initiatives focus on donors and recipient governments, the role of civil society organisations (CSOs) in development and as a central pillar of 'aid architecture' as both recipients of aid and donors must also be recognised. Donors, governments and civil society organisations (CSOs)⁴ must work together to assemble pieces of this aid puzzle to reveal the picture of how much aid is committed and disbursed, to whom, how and with what results. This paper argues that the exclusion of institutional information about CSOs from that of donors and governments hinders our ability to gain a clear picture of the development 'value chain' and prevents any useful conclusions about the development agenda's ultimate effectiveness. At the same time, the paper stresses the unique and independent role that

¹ The OECD has reported that total Overseas Development Assistance by the Development Assistance Committee was \$119,759 billion dollars in 2008 alone (the highest ever recorded and includes debt forgiveness of non-ODA claims, except for total DAC). This does not include aid from other government or private sources.

² According to The Millennium Development Goals Report (2009 pp.4) despite progress in some areas, achievement of the Millennium development goals has not reached targets set for last year and this has been further escalated by the global economic crisis. The 9 Millennium Development Goals are: Combat HIV/AIDs, Malaria and other diseases, Improve maternal health, Achieve universal primary education, Gender equality and empower women, Reduction in child mortality, Ensuring environmental sustainability, Develop a global partnership for development, Eradicate extreme hunger and poverty.

³ Following the HLF-3, the focus for international dialogue on effectiveness has begun to shift from aid effectiveness to development effectiveness, as CSOs argue that effective development requires more than "just" effective institutional aid. Enshrined in a human rights framework, CSOs argue that development effectiveness is about the impact that the the actions of development actors, including donors and governments have had on improving the lives of the poor and marginalised. (Open Forum for CSO Development Effectiveness Outreach Toolkit, (2009 pp.9)

⁴ CSOs include non-market and non-state organizations outside of the family in which people organize themselves to pursue shared interests in the public domain. They cover a wide range of organizations that include membership based CSOs, cause-based CSOs, and service-oriented CSOs. Examples include community-based organizations and village associations, environmental groups, women's rights groups, farmers' associations, faith-based organizations, labour unions, cooperatives, professional associations, chambers of commerce, independent research institutes, and the not-for-profit media, religious organizations. (Advisory Group on Civil Society Aid Effectiveness, 2008 pp.7)

CSOs play in society and promotes the gathering, organising and analysing of objective information about CSOs. It also highlights the need to acknowledge these organisations not only as implementers of donor projects and programmes, but as important agents for citizens and communities to express themselves, organise and tackle the barriers to progress as they perceive them.

The rise of a vital civil society sector

The end of the Cold War, the intensification and broadening of global market forces and the social problems exacerbated by policies such as structural adjustment, increased citizens' need for private social assistance in many developing countries. This paved the way for a steady increase in the number and role of civil society actors, responding directly to needs in their communities and countries but also funded by private and public international institutions, who have come to view these organisations as effective service providers. Today CSOs in the north and south work alongside (as well as independent of) donor institutions and governments and have an increasingly important voice in national, regional and global arenas. CSOs are actively involved in the areas of poverty reduction, sustainable development and social justice playing a range of roles, which include advocate, watch dog, service provider, educator and activist. Although there are no official or reliable figures available on the number of active CSOs the number of associations, foundations, non-profit organisations, NGOs, charities and faith based and grassroots organisations working locally, nationally, regionally and internationally lies in the millions.

CSOs vary enormously in size, resources, influence, the vast range of issues they address, the needs they seek to meet and the constituencies on whose behalf they work. However, these organisations are often lumped together without due regard for the scope or diversity of the 'sector' (itself something of a misnomer). A background paper prepared by INTRAC (2008) for their conference entitled *'Whatever happened to Civil Society?'* states that though, *"Civil society and the aid industry are not the same thing, ... they have become almost irreversibly intertwined in developing countries."* The report also claims that *"donor activities are not coordinated, they have unreasonable expectations of civil society, and donors tend to homogenize civil society"* and that *"Donor policy agendas are shaped by a set of expectations of what civil society is expected to do for development and the organizations populating the public sphere are considered vehicles for the achievement of these goals."*

The importance of CSOs in Africa was underscored in a paper by Makoba (2002) who stated that the failure of the market and government to deliver social welfare services in many African States has led to the market and some governments to be perceived as inhibitors rather than enablers of socio-economic and political development in the region. As a result the number of CSOs in Africa has risen and donors are asking them to fill the 'development vacuum' that now exists. According to Makoba (2002), *"Under the New Policy Agenda, NGOs are seen as vehicles for democratization as well as for providing goods and services in Third World countries where markets are inaccessible to the poor or where governments lack capacity or resources to reach them."* However, the direct relationship between CSOs and donors can lead to tensions between CSOs and government in many countries, causing the government to question the legitimacy of CSOs and their right to operate. According to Vernon (2009) governments in some of the world's poorest countries have introduced legislation to restrict the flow of foreign aid. She says *"An array of other legal measures limiting what, when, and how foreign donors may give to civil society groups are on the books in countries as far-flung as Zimbabwe, Uzbekistan, Egypt, Eritrea, Moldova, Algeria, Russia, Ethiopia,*

and Venezuela".⁵ As a result the rise of oppressive CSO regulation in some countries restricts CSO activities and threatens their existence and independence.

Despite these restraints, CSOs have accountability responsibilities to their stakeholders, both 'upwards' to donors and government and 'downwards', to the communities they serve. These varied, and at times difficult and contradictory responsibilities must be respected and actively undertaken by CSOs. Donors and governments can help CSOs to demonstrate their accountability by ensuring that the space in which they operate is protected and 'enabled' and does not cause undue burden or limit the right of citizens to organize and express themselves. According to Thwinda, quoted by De Toma in the Open Forum for CSO Development Effectiveness Outreach Toolkit, (2009 pp.43), an enabling environment is defined as '*a set of interrelated conditions—such as legal, organisational, fiscal, informational, political, and cultural—that impact on the capacity of development actors such as CSOs to engage in development processes in a sustained and effective manner*'. Donors and government must seek not only to improve their aid operations but must also facilitate the creation of an enabling environment for CSOs, so that their effectiveness can also be enhanced, as they too are part of the aid architecture⁶.

CSOs as Donors and Aid Recipients

CSOs are both aid recipients and donors working through often long established international and regional networks. Northern NGOs receive money to support development projects, which tend to be carried out by Southern CSOs (The Advisory Group on Civil Society and Aid Effectiveness, 2008 pp.19). Many of these Southern CSOs are small and more informal in nature, but are important because they are responsible for the end delivery of development projects and engage face to face with those being served. Additionally, CSOs also manage funds on behalf of donors and government, and it "*is estimated that CSOs operating as recipients of channels of ODA accounted for approximately 10% of ODA flows to developing countries in 2006*" (The Advisory Group on Civil Society and Aid Effectiveness, 2008 pp.9).

Of course, Overseas Development Assistance (ODA) is not the only source of funds for CSOs. In addition to the aid that comes from Northern and Southern governments, bilateral donors, the European Commission, international financial institutions such as the World Bank and the International Monetary Fund, international organisations such as the United Nations and OECD Development Assistance Committee (OECD-DAC), money is also channelled through specialised funds (e.g. Global Fund to fight AIDS, Tuberculosis and Malaria), private foundations such as the Bill & Melinda Gates Foundation (the largest of its kind)⁷ and CSOs themselves (CSO Development Effectiveness Forum, 2009). Indeed, the OECD-DAC Secretariat estimates that Northern CSOs raised approximately \$20-25 Billion on their own in 2006, versus official development assistance (ODA) of \$104B, which includes debt relief (Advisory Group on Civil Society and Aid Effectiveness, 2008 pp.9). Moreover, the largest NGOs have annual budgets in the range of \$700 - \$800 million and are estimated to have contributed \$14.6 billion to actions of international solidarity in 2006, in

⁵ For example "in May 2005 the Eritrean government issued a proclamation prohibiting all NGOs, whether domestic or foreign, from receiving funding to engage in relief or rehabilitation work from the United Nations, its affiliates, other international organization, or through bilateral agreement. The prohibition effectively applies to all NGOs and organizations are only authorized to operate if they have "at their disposal in Eritrea one million US Dollars or its equivalent in other convertible currency." (Vernon, 2009)

⁶ The term 'architecture' also refers to aid delivery mechanisms, channels and procedures, that is, the terms and ways in which aid resources are transferred from donors to recipients. (De Toma 2009, pp.6)

⁷ The Bill & Melinda Gates Foundation, endowed with a capital of close to \$70 billion plans to disburse close to \$6 billion over the next two years. It finances vaccine research with \$287 million, i.e. a third of world R&D expenses on HIV-Aids vaccine. (Severino and Ray, 2008 pp.5)

comparison with \$8.8 billion in 2002 (Severino and Ray, 2008 pp.5). The effectiveness of CSOs as donors is thus fundamentally important to the success of the world's overall aid effort.

Transparency, Accountability and Reporting for Aid Effectiveness

In the past few years a number of initiatives and organisations have been established to ensure that aid information can be easily accessed, compared and understood. Many collect and publish information on donors and governmental projects, in an attempt to contribute to aid effectiveness. The Development Gateway's [Accessible information on Development Activities \(AIDA\)](#) database, [Aid Info](#), the [International Aid Transparency Initiative](#) as well as [Publish What You Fund](#) all aim to make aid processes more transparent and its actors more accountable to the public they serve. In the philanthropic world, the Foundations Center's [Philanthropy In/sight](#) service provides data on domestic and international grants of US private foundations. In addition, numerous [civil society self regulatory initiatives](#) are being set up on a national and regional basis, evidence of the proactive approach taken by CSOs to demonstrate their accountability and legitimacy. The establishment of the Open Forum for CSO Development Effectiveness is also evidence of CSO willingness to improve the way they work and strengthen the sector with the ultimate aim of achieving overarching goals. Simultaneously, [The John Hopkins Centre for Civil Society](#) has been providing useful research on the sector and the [Civil Society Index](#) produced by CIVICUS, also presents a useful means of analysis.

Many CSOs however, though recipients of foreign aid, still do not proactively or comprehensively make information about their mission, organisational structure activities and finances available. Moreover, even when they do report such information to donors and government, it is generally scattered, incomplete or hard to identify. This can lead to doubts regarding the usefulness of CSO actions. In an analysis of the performance of the CSOs, Shivji (2007 pp.2) states *"I do not doubt the noble motivations and good intentions of NGO leaders and activists. But we do not judge the outcome of a process by the intentions of its authors. We aim to analyze the objective effects of actions, regardless of their intentions."* If CSOs cannot or do not provide relevant information about the work they do, which can inform the extent to which aid has helped to achieve the mission not only of the donor but of the CSO, this will jeopardise confidence in their ability to deliver by those who receive their help.

[GuideStar International](#) (GSI)⁸ believes that the provision of transparent information on the objectives, activities, accomplishments and finances of CSOs is critical to propel a more generous, yet effective, allocation of society's resources and promote public trust in these organisations. Providing CSO information at a public and easily searchable website will enable a better understanding of the activities, services and relative capacities of CSOs. This information could be cross-compared with other data sources to help map programme areas, set priorities and formulate aid and development policy.

According to Vasconcelos, Seixas, Lemos and Kimble (2005), *"Too often several NGOs, work in the same country, or even the same region, without knowing about each other's organisational purpose, project and activities."* Further, The Advisory Group on Civil Society and Aid Effectiveness (2008 pp.18-19) notes that, *"Where a donor-recipient relationship applies between CSOs, these relationships can be characterized by the same dependencies and power imbalances as may characterize official donor-recipient relationship ... CSOs acting as donors need to recognize that they have special responsibilities to develop and respect appropriate principles of aid*

⁸ GuideStar International is a UK based charity

effectiveness.” However, while promoting CSO reporting it is important to ensure against unnecessarily complex or burdensome reporting requirements. Reporting systems should be easy to use, accessible, and comprehensive. Donors can support CSOs by harmonizing reporting and application processes. Of course, the reporting requirements for a donor CSO would be different from that of a smaller recipient CSO and reporting standards and processes should reflect this.

Reconciliation of the multiple roles of CSOs, with the responsibilities of donors and governments within the framework of overall ODA goals can be facilitated by the innovative use of ICT⁹, a reality which has been largely ignored by donors and governments in existing aid effectiveness agendas. This gap is highlighted by Kaufmann (2009), *“Absent from Accra’s HLF last year were the path-breaking IT innovations, in spite of the fact that they offer great promise to improve governance and aid effectiveness”*. It follows that those seeking to improve development effectiveness would do well to embrace new methods of collection and analysis of relevant information. Such technology can be adapted to facilitate better understand and management of aid assets. According to Figuères, Senmartin and Eugelink (2009), *“The Third High Level Forum on Aid Effectiveness in Accra made clear that even though progress has been made on the 2005 Paris Declaration targets, donors and partner governments are still lagging behind. Areas for improvement include: predictability, ownership, country systems, conditionality, untying, aid fragmentation, partnerships and transparency. Many aspects of these issues are related to information flows and management, cooperation, and the localization of development efforts. This means that ICT has a key role to play in aid effectiveness”*. It follows that donors and governments are still yet to develop, explore and utilise ICT to improve aid effectiveness, though this can help not only to propel the aid effectiveness agenda forward but also include CSOs as important stakeholders and help with the defragmentation of aid.

Conclusion

CSOs are integral to development at all levels, given their role as donors and recipients of aid and other resources, as well as for their policy and service delivery expertise. Our inability, or unwillingness, to properly recognise and understand this value and to build the capacity of these organisations and the sector, limits understanding, compromises accountability, weakens public trust and ultimately diminishes the impact of the aid and development. Despite the challenge of incorporating the many types of CSOs within the information framework of the development effectiveness agenda, we must not shy away from attempting to do so. We must use available technology to discover better, simpler and more efficient ways of developing and improving development infrastructure.

The Advisory Group on Civil Society and Aid Effectiveness (2008 pp.18) states that *“CSOs are quantitatively important as donors, recipients, and channels of aid funds. This puts them at the centre of the debate on aid and development effectiveness from a range of perspectives”*. If this support is to extend beyond rhetoric, the environment in which civil society develops and operates must be enabled and supported. One starting point is the public provision of comprehensive and objective information on CSOs, as well as that of donors and government. Such transparency is a first step for many other areas of accountability and also allows CSOs to demonstrate in concrete terms the valuable role they play in society and development.

⁹ Information and communication technologies (ICTs) is a blanket term for all technologies that collect, access and disseminate information. They include both traditional (radio and TV) and modern technologies (mobile phones, video, computers, the Internet). (Figuères, Senmartin and Eugelink, 2009)

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