

ACFID – Initial submission to DFAT on a revised NGO/civil society engagement framework | May 2015

Background

ACFID welcomes the opportunity to provide an initial submission to DFAT to shape a revised civil society/NGO engagement framework. This submission has been developed in response to a list of consultation questions provided by DFAT's NGO Branch, and reflects discussions with ACFID's Executive Committee on the topic on 31 March 2015. It includes the following sections:

1. Overarching principles for the framework
2. ACFID expectations for the framework
3. Feedback on the 2012 CSEF
4. Changing international and national context for a revised framework
5. Value-add of NGOs as development actors
6. Principles of engagement for Government and NGOs/civil society
7. Good practice guidelines for engagement

ACFID and its members look forward to further opportunities to input into a revised civil society/NGO engagement framework, including proposed member consultations in Sydney and Melbourne in June and ideally, opportunities to comment on framework drafts.

1. Overarching Principles

1.1 The CSEF should apply to civil society, beyond NGOs

ACFID understands that while the previous engagement framework was focused on 'civil society', DFAT now intends to focus the revised framework specifically on NGOs. ACFID recognises the need for a clear distinction between civil society and NGOs. However, it is our view that the framework should still position NGOs within a broader understanding and typology of civil society organisations and speak to the importance of a strong and enabled civil society and the roles NGOs play in helping to support this.

Such an approach aligns with international agreements on development effectiveness. As recognised by the Busan Partnership¹, existence of a robust and dynamic civil society is critical to ensure sustainable and inclusive economic growth and poverty reduction in developing countries. Civil society plays a vital role in enabling people to understand and claim their rights, in shaping development policies and partnerships and providing essential services in areas that are complementary to those provided by the State.

Aid and development NGOs are important civil society actors. The framework should situate NGOs within this context, to capture and explain the full extent of their contribution as part of broader civil society. In order to do this well, the Framework should include definitions of NGOs and civil society actors in a way that reflects the wide spectrum and roles of civil

¹ See: <http://www.oecd.org/development/effectiveness/busanpartnership.htm>

society organisations. ACFID is keen to work with DFAT to develop a typology of civil society organisations that would assist the development of the revised CSEF.

1.2 The CSEF should apply across DFAT, beyond the aid program

ACFID understands it is also proposed to limit the scope of the framework to engagement of NGOs through the Australian Aid Program, rather than DFAT as a whole. We believe this would be a missed opportunity to capture and promote the contribution NGOs and civil society makes to development policy and programming beyond the aid program and to make the most of opportunities presented by the integration of AusAID into DFAT in terms of taking a coherent approach to policies impacting on developing countries.

ACFID emphasises that in an interdependent global economy, the prosperity, wellbeing and stability of developing countries is increasingly affected by the policies and institutions of other countries (also see discussion on changing global context below). While aid is a key component of this, Australia's broader policy decisions can have a significant impact on poverty reduction and economic growth in developing countries in our region.

This is particularly true of the range of policy areas that are under the remit of the DFAT. For example, DFAT's policies on international taxation reform have substantial impact on the ability of developing country government to raise revenue and provide services to their citizens. Equally, the provisions in Australia's bilateral and multilateral trade agreements can impact the viability of developing countries' agricultural and manufacturing sectors and the labour rights of workers. In addition, Australia's climate change policy impacts on global emissions levels and the ability of developing countries to adapt and mitigate climate threats.

It is important to note that Australian aid and development NGOs are already working with a range of DFAT divisions on these 'beyond aid' issues, in recognition of the expertise and networks the sector brings. For example, in the past year, Australian NGOs have been asked to consult with DFAT on human rights issues, international taxation reform, and topics relating to the G20. NGOs also engage across DFAT and with other Government departments in the areas of control of small arms, women, peace and security and trafficking. There are further opportunities for Australian NGOs to influence and inform DFAT's broader policy and programming agenda using evidence from their work in developing countries.

ACFID believes it is vital that this type of engagement and consultation outside the aid program is facilitated and encouraged through the revised framework. Indeed, to fully realise the benefits of integrating AusAID into DFAT, the Government must ensure coherent development strategies and policies across the whole of DFAT, beyond the aid program.

ACFID also emphasises the framework should cover and encourage engagement with NGOs both within Canberra and at Posts, to make use of the expertise, experience and networks NGOs have in development policy and practice on the ground in developing countries.

Case study – Canada's new International Development and Humanitarian Assistance Civil Society Partnership Policy²

² See: <http://www.international.gc.ca/development-developpement/cs-policy-politique-sc.aspx?lang=eng>

The Canadian Government has recently released a new Civil Society Partnership Policy which provides an excellent example of what we believe DFAT should aim for in its revised policy. Canada's policy is built upon international best practice, recognises the diverse expertise and experience of civil society actors, and recognises the importance of an enabling environment for civil society. It sets out the strengths of civil society actors, in Canada, internationally and in developing countries. It is high level, based on the following nine objectives:

1. Augment the voice of poor and marginalised people, including women and girls;
2. Facilitate an enabling environment for civil society in developing countries;
3. Foster Canadian CSO leadership in international development and innovation;
4. Integrate the role of CSOs as independent development actors into development programming;
5. Establish predictable, equitable, flexible and transparent funding mechanisms;
6. Demonstrate sustainability, transparency, accountability and results;
7. Foster multi-stakeholder approaches to development;
8. Engage Canadians in development; and
9. Save lives and alleviate suffering.

2. ACFID expectations of the new framework

2.1 Proposed aims of the revised framework

ACFID believes the revised framework is an opportunity to establish and leverage the roles and value-add of NGOs and civil society within the Government's aid and development policy, and in the context of an integrated DFAT.

ACFID believes the aims of the framework should be to:

1. Affirm an understanding of strong and effective civil society as a development outcome in its own right;
2. Facilitate effective development and humanitarian practice by NGOs through policies, policy dialogue, the regulatory environment and funding mechanisms;
3. Promote an understanding of the roles and value-add of NGOs as development and humanitarian actors across DFAT, the Australian Government and with the Australian public; and
4. Actively develop strategies to strengthen the capacity of civil society in developing countries.

2.2 Proposed scope of the revised framework

In terms of high-level principles:

- Be principles based, setting out objectives for Australia's engagement with NGOs in both the development and humanitarian context.
- Be based on relevant international agreements including: *Busan Partnership for Effective Development Cooperation; Accra Agenda for Action; New Deal for Engagement in Fragile States; Principles and Good Practice of Humanitarian*

Donorship; Istanbul Principles for Development Effectiveness; and OECD DAC's 12 Lessons for Partnering with Civil Society.

- Respond to the emerging policy agenda at the international level, particularly the Sustainable Development Goals, as well as situating the framework to inform DFAT's policy development at the geographic and sectoral level.

In terms of operational guidance:

- Reflect how NGOs work alongside and complement other development actors such as governments, multilateral institutions and the private sector.
- Reflect the long-standing engagement between NGOs and the Australian aid program, and the breadth of this engagement, including through highly effective programs such as the ANCP and AVID.
- Recognise the Government's partnership with ACFID as a key mechanism for policy dialogue and supporting NGO accountability and effectiveness particularly through the Code of Conduct.
- Develop a strategy to socialise the framework across DFAT, Australian NGOs and broader Australian civil society, and integrate principles for engagement into Departmental processes.
- Ensure clear monitoring and evaluation mechanisms to assess the effectiveness of the framework in meeting its objectives. This should include an annual dialogue between DFAT, ACFID and NGO representatives to discuss the implementation of the framework and the roles and engagement of NGOs/civil society across DFAT.

3. Feedback on the 2012 CSEF

3.1 What worked?

ACFID welcomed the 2012 CSEF, particularly as it came after years of advocating for the development of a civil society engagement framework. ACFID and its members were given significant opportunity to help shape the 2012 CSEF and to then engage in its implementation. The final framework and the consultation had a number of strengths including:

- Consultation with the NGO sector in developing the CSEF, reflecting the sector's expertise and helping ensuring support for, and understanding of, the framework;
- Inclusion of principles of engagement between the Australian aid program and CSOs, based on international good practice, the Australian Government's National Compact and the ACFID Code of Conduct; and
- Establishment of a Civil Society Network that continues to operate and engage staff within DFAT today.

3.2 What could be improved?

ACFID believes there are a number of opportunities to improve the framework in this revision process including:

- While the CSEF set out high-level objectives and principles, it also then led to a detailed project implementation plan. This included projects such as the Due Diligence Framework and Effectiveness Assessment Methodology. This was an administratively heavy process and placed an increased compliance burden on NGOs. ACFID is pleased to hear the revised framework is intended to remain at the policy/principle level.
- The CSEF could have more clearly defined the roles and value-add of NGOs/CSOs as development actors, looking across their roles in Australia, internationally and in developing countries.
- Though the previous CSEF contained sound principles of engagement, further work could have been undertaken to better socialise them across the Department and support their application
- When discussing how Government ‘works with civil society organisations’, the CSEF hones in on examples of funding mechanisms. The CSEF should have better reflected the spectrum of Government engagement with civil society, particularly including policy dialogue on aid but also on beyond aid development issues
- The CSEF lacked clear and effective accountability mechanisms to assess whether the framework was achieving its objectives and driving change with regards to engagement between the Department and NGOs/civil society.

4. **Changing international and national context for the revised framework**

ACFID and its members have spent the last year analysing the changing international and national context for Australian aid and development NGOs and civil society. This body of work culminated in ACFID’s 2014 national conference, the *Future of NGOs in the Age of Great Disruption*. This section draws on ACFID’s work on disruptive change, our current strategic planning process and international literature in this area to provide detail on what this means for the work of NGOs and civil society, and for DFAT’s engagement with the sector.

4.1 Global drivers of change

We believe there are six disruptive changes³, i.e. the big forces that are disrupting the global economy and societies, and will continue to do so in the decades to come. They can be defined as: demographic and social change; the shift in global economic power; rising inequality; rapid urbanisation; climate change and resource scarcity; and technology and disintermediation.

³ See: <http://pwc.blogs.com/publicsectormatters/2015/01/reimagine-your-future-megatrends-and-international-development-part-one.html> and http://www.bond.org.uk/data/files/publications/Tomorrows_World_230215.pdf

While these global drivers of change are not inherently new, the scale of the risks they pose to development gains continues to rise⁴, and therefore as does their centrality to development policy and the work of NGOs and other actors. Please see **Attachment A** for a summary of these drivers.

4.2 Changing context for development assistance and actors

In addition to these global challenges, there are a number of direct and related trends with regards to civil society and development assistance. These include: increasing disasters and humanitarian crises; the shrinking space for civil society engagement at the national and multinational level; the rise of new development actors including Southern donors, diasporas and the private sector; and reducing Official Development Assistance alongside new forms of finance such as remittances. Please see **Attachment B** for a summary of these trends.

4.3 What this means for NGOs and civil society

Disruptive changes at the global level and to civil society and development assistance itself will, and are, leading to changes in the roles and workings of NGOs and civil society organisations.⁵ In broad terms, such changes include:

Policy, advocacy and practice

- The need for NGOs/CSOs to increasingly engage in a ‘beyond aid’ agenda including inequality, inclusive growth, urbanisation, migration and refugees, climate change and disaster risk reduction, and peace building;
- The need for NGOs/CSOs to increasingly focus on advocacy to facilitate a process of change, alongside service delivery roles;
- NGOs/CSOs are increasingly being called on to defend the roles of, and space for, civil society at the local, national and multinational level – as a development outcome in its own right;
- The increasing need for humanitarian assistance given rising levels of conflict and disasters.

New partnerships and linkages

- The emergence of diasporas as key development actors particularly as remitters of development finance, as civil society stakeholders in host countries such as Australia, and as members of transnational networks that wield economic, social and political influence on their countries of origin;
- NGOs are working to increasing collaboration and build alliances across developing country partners and NGOs, the private sector⁶ and multilateral institutions, while

⁴ International Civil Society Centre. (2013). *Riding the Wave: A proposal for boards and CEOs on how to prepare their organisations for disruptive change*: <http://icscentre.org/area/riding-the-wave>

⁵ Also see: INTRAC, April 2015, *Defining the value of UK-based INGOs*: <http://www.bond.org.uk/data/files/future-survey-report-20150401.pdf>

⁶ ACFID member agencies already significantly engage with the private sector across a range of roles for development outcomes. ACFID has recently surveyed its membership on private sector engagement and can shortly share the findings of this with DFAT.

also holding such actors to account for human rights and effective development. These alliances are increasingly working towards collective or joint agendas in recognition of the importance of collective action on global public goods such as climate change action and the Sustainable Development Goals;

- With the rise of Southern donors and actors, NGOs/CSOs increasingly playing a stronger role in capacity building and providing technical/specialist expertise. In addition, some international NGOs are shifting their operations to be based more so in developing countries.

Finance and operations

- NGOs are increasingly looking to harness technology while also working to ensure it is utilised by societies in keeping with human rights protection;
- In tight fiscal environments for aid and with dis-intermediation, an increasing emphasis on NGO effectiveness, accountability and innovation⁷ and on sourcing new forms of finance.

Case study – changing roles of NGOs

ACFID's UK equivalent, Bond, has recently surveyed its member agencies to look at the roles and value-add of UK based INGOs in a changing global context for aid and development.⁸ It found that:

- Inequality and processes of technical transformation and innovation are expected to be the strongest drivers of change;
- There will be a stronger presence in and drive from the global south;
- 75% of respondents expect to be provided on-demand technical expertise and capacity building in 2025;
- INGOs will be more focused and specialised;
- Collaborative alliances and cross-sector partnerships will be the norm;
- INGOs' focus on the marginalised and niche expertise sets them apart from other actors in development; and
- Flexible and innovative funding is essential to achieve necessary changes.

4.4 New opportunities for DFAT-NGO collaboration

Given shifts at the global and national level, new opportunities for DFAT-NGO collaboration include:

- Drawing on NGO expertise and networks across broader policy areas to ensure coherence for development (e.g. climate change, migration);
- Capitalising on the presence and reach of NGOs and civil society in developing countries across the full remit of a newly integrated DFAT (e.g. building relationships more so between Post and NGOs);

⁷ ACFID will shortly be undertaking a research project looking at current innovation within ANGOs and across the sector and ways to further enhance this, the findings of which it can share with DFAT. Our national conference (formally called Council) in October will also be focused on innovation.

⁸ INTRAC, April 2015, *Defining the value of UK-based INGOs*.

- Increased consultation with civil society and NGOs in developing countries on the design work, monitoring and evaluation processes for specific aid initiatives;
- Joint efforts and initiatives to promote and support strong civil society in developing countries as a development outcome in its own right;
- Working collaboratively to ensure the policy, regulatory and funding environment in Australia supports effective and innovative development and humanitarian action by NGOs;
- Mainstreaming best practice in NGO engagement through spaces for knowledge sharing and dialogue;
- Utilising dedicated funding windows, procurement processes or initiatives such as 'development challenges' to create greater opportunities for private sector actors, academics and NGOs to collaborate on solving key development challenges, developing or scaling up innovative responses;
- Joint efforts and initiatives to engage Australians in development and build public understanding and awareness of the importance of, and impact of, Australia's development efforts.

Case study – Government of the Netherlands' Dialogue and Dissent Program

In recognition of the changing roles of NGOs and as part of its innovation agenda, the Government of the Netherlands has established a Dialogue and Dissent program with the aim to support CSOs from low- and middle-income countries so that they are better able to fulfil their role in dialogue with governments and companies. The focus is also on creating enabling conditions which will help CSOs work more effectively and increase their room for impact. The program will run for five years with proposals open to Dutch NGOs and consortiums comprising Southern and international NGOs to incentivise collaboration to maximise impact.⁹

5. Value-add of NGOs as development and humanitarian actors

5.1 The value-add of NGOs in development

Choosing an optimal delivery partner is critical to ensuring the effectiveness of development interventions. Different delivery partners have distinct ways of working, different incentive structures and bring unique strengths to the provision of aid programs. The characteristics and ways of working of aid and development NGOs mean they can often be more innovative, provide greater value for money and are more effective than other aid delivery partners. The following section outlines how the defining features of NGOs lead to greater effectiveness, innovation and value-for-money in the delivery of aid programs.

NGOs have extensive networks and expertise on the ground in developing countries

- NGOs work through establishing strong networks with local civil society, local governments and private sector actors in developing countries, and by drawing on

⁹ See: <http://www.government.nl/news/2014/09/06/65-organisations-sign-up-to-dialogue-and-dissent-programme.html>

their wider international NGO networks. NGOs hire local staff who have a deep understanding of local conditions and staff with specialised expertise on the delivery of aid programs on the ground.

- The strong in-country networks and expertise of NGOs enables them to **develop aid programs that are tailored to the specific needs of target beneficiaries**, and account for their particular social, cultural and economic circumstances. This maximises the impact and effectiveness of programs, and reduces wastage and unintended consequences. Additionally, NGOs are able to be **quickly adapt programs in response to shifts in local conditions**. For example: NGOs working to contain the Ebola outbreak were able to quickly shift resources and capabilities in response to cultural practices and changes in infection patterns.
- NGOs are also **well-positioned to innovate on the ground**. Their understanding of local challenges and access to vast grassroots networks enable NGOs to work-around barriers and pilot new approaches, partnerships and ways of working. This is particularly important during humanitarian emergencies where existing infrastructure and delivery models may no longer be appropriate. For example, NGOs work with a range of different local partners when trying to access communities affected by a natural disaster or conflict.
- A key component of innovation is monitoring and evaluation, alongside iterative learning and adjustment. Because of their ties with local communities, **NGOs are able to iteratively adjust aid programs based on evidence of successes or failures**. Moreover, NGOs engage partners and communities in problem solving to ensure that innovation is not only tailored to the specific needs of in-country stakeholders, but has rates of take-up within the community.

NGOs are primarily incentivised by the achievement of development goals

- NGOs have markedly different incentive structures to other aid delivery partners. Public, government, philanthropic and corporate donors typically provide funds to NGOs on the basis that they will be used to reduce poverty in developing countries as effectively as possible. As a result, NGOs are incentivised to maximise development returns rather than financial or other returns.
- The incentive structures of NGOs are therefore a powerful driver of effective and innovative development work. NGOs are motivated to perfect their models and approaches to achieve strong development outcomes. Moreover, the **freedom from a profit motive and the nature of their funding sources means that NGOs are far more comfortable with risk**. They are more likely to innovate and refine techniques to produce better outcomes.
- The freedom from a profit motive also means NGOs are able to **provide services in areas underserved by both government and the private sector**. In developing countries around the world, the provision of essential services to the poorest and most marginalised communities is almost exclusively the domain of NGOs. NGOs provide basic health, education, water and sanitation services where there are gaps in government provision due to resources constraints or lack of political will.

- NGOs also **work in sectors and communities that are less likely to attract private sector involvement** but are nonetheless vital for achieving sustainable and inclusive development. For example, the achievement of greater gender equality is of substantial development and economic importance yet involves the complex task of changing community attitudes and ingrained cultural norms. Success in this area is uncertain and difficult to measure and will not attract private sector investment. NGOs are therefore a critical aid delivery partners in this sector and others like it.
- The incentive structures of NGOs also impact the way in which they respond to humanitarian emergencies. NGOs are motivated to not only provide initial assistance to affected communities, but to **ensure their long-term recovery and rehabilitation**. For example, NGOs source emergency goods from local markets to help local economies rebuild after a crisis and focus on building the capacity of local actors to reduce the risk of disasters and to respond. In contrast, private sector partners involved in disaster relief may not always consider the longer-term recovery process.
- The incentives and funding sources of NGOs strengthen their value proposition. NGOs **utilise volunteer and pro-bono services and goods in kind and typically have low operating margins**. Moreover, the value-based nature of their work means they are able to attract high-quality staff at a comparatively lower cost. NGOs face competition for limited donor funds which drives them to achieve development outcomes but also ensure their resources travel further.

NGOs have a strong connection, trust and engagement with communities and the public

- Development literature shows that trust is valuable social capital that is essential for the effective delivery of aid programs. Relationships of trust with local communities facilitate take-up of essential services such as healthcare and education. They are also vital to the success of programs to improve gender equality or reduce violence against women.
- The ways NGOs work mean they are **particularly adept at building community trust**, more so than other delivery partners. NGOs work closely with communities and people in developing countries; many working with the same communities over many years. Moreover, NGO staff typically work with community leaders and individuals and work to build community buy-in and ownership of aid programs – this greatly improves take-up and impact of programs.
- Similarly, NGOs are far more able to **build local capacity and capabilities in communities where they work**. NGOs are motivated to ensure development impact is sustainable. Sharing knowledge and skills with local communities is far easier when there is an existing relationship of trust.
- NGOs are also **important bridge between citizens and governments**. NGOs provide ways for citizens, including the poor and marginalised, to communicate and engage with governments and participate in the political and decision making process. This is a powerful mechanism to ensure governments, private sector organisations and international organisations are held to account, and is an important contributor to strengthening democracy and rule of law in a country.

- In this way, NGOs can **help citizens understand and access their rights**. More broadly, they help promote transformative change by raising awareness of the root causes of poverty. For example, NGOs will often draw attention to human rights issues, cultural values that marginalise a minority group or the political marginalisation of the poor and work to achieve change by mobilising communities.
- These relationships of trust extend to communities in developed countries. Australian NGOs have a **strong connection with the Australian public and are the principle mechanism through which Australians engage in aid and development issues** whether through donating, campaigning or volunteering. They play a vital role in educating the public on the importance of development, the effects of poverty and in explaining the value and effectiveness of the Australian Aid Program.
- The connection with the public is poignantly reflected by the funds they raise. Last year Australian international aid and development NGOs raised approximately \$950 million from non-government sources. This works to extend the reach and effectiveness of Australia’s official aid program. NGOs therefore represent substantial value for money as they leverage funds from the public, philanthropic and corporate institutions that wouldn’t otherwise flow to the Government, and direct them in a manner that strengthens the Government’s aid program and reflects the views and support of the Australian public.

Case study: CSO roles in development

The 2011 Siem Reap CSO Consensus on the International Framework for CSO Development Effectiveness defines the following roles for CSOs in development:

- Direct engagement and support for communities, poor and marginalised groups
- Delivery of basic services and essential infrastructures at the local level
- Empower marginalised grassroots communities and people living in poverty, particularly women
- Engage communities, civil society, the private sector, local government authorities and other development actors to collaborate
- Enrich the public policy agenda with CSO knowledge, issues, perspectives and proposals
- Monitor government and donor policies and development practices
- Educate and help shape social values of democracy, solidarity and social justice
- Encourage domestic and international volunteering engagement
- Find and leverage sources of financing and human resources for development
- Connect and network CSOs within and between civil societies

See: http://cso-effectiveness.org/IMG/pdf/international_framework_open_forum.pdf

5.2 The evidence base for NGO effectiveness and innovation

The revised CESF should draw on the existing evidence base for NGO effectiveness and innovation. This includes:

- **Internationally:** Partnering with Civil Society: 12 Lessons from DAC Peer Reviews; How DAC Members Work with CSOs in Development Cooperation¹⁰; INTRAC's Civil Society Policy and Practice in Donor Agencies¹¹, UNDP's Donors' Civil Society Strategies and Partnership Modalities¹²; and
- **Nationally:** Independent Review of Aid Effectiveness, ODE's Working Beyond Government: Evaluation of AusAID's Engagement with Civil Society in Developing Countries; ANCP meta-evaluations and current ODE evaluation.

Case study – Cooperation with CSOs in Development

The OECD DAC report on How DAC Members work with CSOs in Development Cooperation emphasises the following important steps for effectiveness:

- Agree on definitions of CSO and NGO and when the terms should be used.
- Make aid allocations to and through NGOs more transparent through better reporting to the OECD.
- Develop transparent, forward looking and results-oriented policies and strategies for working with CSOs. Be clear about the overall objectives, principles and conditions for working with CSOs. Do this in consultation with CSOs.
- Strike a balance between respecting CSO autonomy and steering CSOs to deliver development co-operation objectives.
- Collaborate with CSOs to identify achievable objectives, indicators for measuring achievements and realistic outcomes for ODA channelled through CSOs that take into account the need to be fully accountable to donor governments.
- Simplify and harmonise contracting, funding and reporting requirements to reduce transaction costs. Consider accepting and using CSO systems for monitoring and reporting.

6. Principles of engagement between NGOs/civil society and DFAT

DFAT has requested ACFID to provide suggestions as to the key principles that should underpin effective engagement between DFAT and NGOs. There are a number of existing principles of best practice engagement between Government and non-government bodies that ACFID believes could inform the principles of engagement for the CSEF. For example, the Conference of INGOs of the Council of Europe sets out a code of good practice for civil participation in the decision making process. Similarly, the National Compact between the Not-for-Profit sector and the Government outlines core principles of engagement that would be relevant for the CSEF.

¹⁰ See: <http://www.oecd.org/dac/peer-reviews/48784967.pdf>

¹¹ See: <http://www.intrac.org/data/files/resources/681/Civil-Society-Policy-and-Practice-in-Donor-Agencies.pdf>

¹² See: http://www.undp.org/content/dam/undp/documents/partners/civil_society/publications/2012_UNDP_Donor-Civil-Society-Strategies-and-Partnerships-Modalities_EN.pdf

There are however principles of engagement tailored to the unique features and advantages of NGOs. To this end, ACFID endorses the four principles of the International Framework for CSO Development Effectiveness¹³, as summarised below:

- **Recognising CSOs/NGOs as development actors in their own right:** The diverse roles of CSOs in the complementary provision of services, in social organisation and in coalescing civic involvement in all aspects of development must be enhanced not curtailed. All governments must affirm and ensure the full participation of CSOs as independent development actors in their own right and differentiate them from other actors, such as the private sector.
- **Policy dialogue to improve development effectiveness:** Governments must provide the conditions for inclusive and meaningful participation in policy dialogue at all levels of development. Critical factors include:
 - Systematic inclusion of diverse views;
 - Transparency and clarity of process;
 - Freedom to access information including country strategies and plans;
 - Timeliness of consultations in order to impact decisions; and
 - Appropriate resources to enable full participation.
- **Transparent and consistent policies for development:** Governments must put into practice principles of good governance, which include transparency and accountability for development priorities, strategies, plans and actions. In their role as holding governments to account, CSOs can work to ensure public resources are used to maximise impact on poverty and inclusive growth. Donors should put in place transparent and consistent policies that define the place and role of CSOs in donor strategic frameworks and plans.
- **Creating enabling financing for CSO development effectiveness:** CSO development effectiveness will be enabled through funding modalities undertaken by official donors with:
 - a long-term results-orientated perspective which includes core institutional support, based on the notion that CSOs provide public goods;
 - responsiveness to CSO initiatives;
 - access for a diversity of CSOs (including support for different-sized NGOs);
 - predictable, transparency, easily understandable and harmonised terms;
 - the view to promoting the mobilisation of local resources; and
 - support for the full range of CSO programming and innovation, including policy development and advocacy.

ACFID also recognises the roles and responsibilities that NGOs bring to engagement with DFAT including: commitment to transparency, accountability and effectiveness (building off the ACFID Code of Conduct); commitment to providing evidence-based and constructive input into policy dialogue including representing the views of effected communities where possible; and fostering opportunities and a conducive environment for mutual learning and exchange.

¹³ Open Forum for CSO Development Effectiveness, 2011, International Framework for CSO Development Effectiveness

7. Good practice guidelines for engagement with NGOs/CSO

ACFID believes it is also important that the CSEF provide clear guidelines that operationalise the principles of engagement above. We have provided below some practical examples of guidelines to this effect. These are drawn from Compact Code of Good Practice on Consultation and Policy Appraisal developed by the UK Government.¹⁴

1. Consultation at an early stage of policy, framework or strategy development. Consultation must be built into the regular planning cycle.

If consultation with NGOs is considered as an initial step in the development process of a new policy, framework or strategy, the views and insights offered can make a more effective contribution, achieving the full potential of a consultative method.

2. Consultees need to be given sufficient time to respond and be given a clear understanding about the purpose of the consultation.

The possibility of achieving the full potential of a consultative method is further strengthened if sufficient response time is allowed, as this will strongly increase the likelihood of the most relevant members of civil society being available to turn their attention to the issue at hand.

3. It should be explained where decisions have already been made, it should be made clear what can and can't be changed.

Mutual respect and understanding between consulting parties is strengthened by transparency on decisions made. ACFID and its members respect that Government processes bring certain requirements and limitations.

4. Various methods of consultation could be utilised.

As NGOs working in aid and development are based in the field, ways of consultation in the field such as preliminary briefings on the area of concern, followed by facilitated forums are important to augment Australian-based consultations. DFAT supporting video conferencing and telecoms to include field staff, civil society representatives in country and Australian-based civil society would be fruitful.

5. Report back on the views that were received and what has been done as a result.

A stronger focus on informing those consulted about the process and content decisions will enhance transparency and thus the validity of the final document.

6. Evaluate after consulting and learn lessons for next time.

¹⁴ UK Compact, Consultation and Policy Appraisal Compact Code of Good Practice

Summary of global drivers of change¹⁵

- **Demographic change/shift in global economic power:** another billion people will be added to the world's population by 2025. The majority of this population will be in developing countries and fragile states, particularly Sub-Saharan Africa which will grow faster than any region in the world to 2050, doubling in size. In addition, we will continue to see a 'youth bulge' in developing countries while the developed world gets older.
- The location of poverty is also shifting, with the greatest concentration of people living in poverty now in middle-income countries, some of which no longer accept bilateral assistance and/or have their own ODA budgets.
- Moreover, the axis of the world's economic power has shifted, and will continue to shift, from West and North to East and South, particularly with the rise of the BRICs.
- **Rapid urbanisation:** Globally, more people now live in urban than in rural areas and this is expected to gather pace, particularly in Africa and Asia. This places an increasing burden on infrastructure, energy and water availability. While urbanisation is a key engine of economic growth, with this comes the risks of social marginality, conflict and exploitation.
- **Climate change and resource scarcity:** Climate change presents perhaps the single greatest threat to development, and the future of international development cannot be considered in isolation from the need to mitigate and adapt, particularly as developing countries and small island developing states will be the hardest hit by the impacts of climate change and are the least prepared to respond. Demographic pressures add to food and water insecurity and supplies of non-renewable natural resources including fossil fuels are depleting. This is likely to continually drive humanitarian crises and population movements.
- **Inequality:** Economic growth has helped lift many hundreds of millions of people out of poverty. However, rising GDP per capita should not be allowed to mask the enduring challenges of rising inequality and weak social protection. In 2012, 71% of the world's population was reported to live in nations where income inequality is increasing. As well as significant negative impacts upon health and education outcomes and security, the IMF has found that inequality stifles economic growth. Moreover, inequality is not just about income differentials, it is also about discrimination and marginalisation, particularly of women, Indigenous people and people with a disability. In recognition, the World Bank is now focusing its efforts on fostering income growth and opportunities for the poorest 40 per cent of the people in all countries.

¹⁵ ACFID has drawn from BOND's Tomorrow's World analysis in pulling together this summary: http://www.bond.org.uk/data/files/publications/Tomorrows_World_Summ_230215.pdf

- **Technology and dis-intermediation:** Underpinning many global changes is the speed and scale of technological change and take-up in developing countries. Information technology is empowering individuals and civil society, improving information for livelihoods, enabling cash-transfers in rural areas and monitoring health outcomes. At the same time, IT creates threats for civil liberties, with hacking of activist networks and NGOs by governments.
- Technology is increasingly enabling people and donors to bypass NGOs and give 'directly' to organisations/poor people in developing countries.

Attachment B

Changing context for development assistance and actors

- **Increasing disasters and humanitarian crises:** Globally, we are witnessing a rise in the scale, frequency and impact of humanitarian crises on vulnerable people, pushing the international humanitarian system to its limits. As well as the rising risk and levels of damage from natural disasters, more than 1 in 5 people around the world live in areas affected by fragility, conflict or large-scale violence.¹⁶
- **Shrinking space for civil society:** Increasingly, civil society organisations in many parts of the world are facing political factors that limit their ability to operate. In many cases, developing country governments are creating legal and regulatory impediments that restrict the ability of civil society to hold them to account, and defend human and political rights. Governments are particularly targeting the operation of international NGOs, most often by claiming foreign NGOs are threats to national sovereignty. The space for civil society is also shrinking in some OECD countries, including Australia, for example, through funding cuts to peak and advocacy groups.
- In addition, civil society organisations often have insufficient opportunity to input into global governance processes vis a vis national governments and the private sector. CIVICUS reports that consultations with civil society are assessed to be largely superficial and there is not sufficient scope to shape policy through international institutions.¹⁷
- **New development actors:** New actors are emerging in development and humanitarian assistance. This includes the rise of diasporas, and 'Southern donors' such (as the BRICS), often operating outside of the OECD's Development Assistance Committee and large South-South programs (e.g. BRAC).
- In addition, there is an increasing donor focus on the role of the private sector in development, both to deliver aid, leverage new forms of development finance and establish public-private partnerships. This is occurring both at the bilateral level but also at the multilateral level with many international organisations, not least to address funding gaps, targeting private sector support.¹⁸
- **Official Development Assistance:** In 2013, total ODA was at its highest ever level after reductions in the two preceding years. However, there has been

¹⁶ See: <http://www.acfid.asn.au/resources-publications/publications/position-papers-and-analysis>

¹⁷ See: <http://civicus.org/index.php/en/socs2014/2046-executive-summary-2014>

¹⁸ Ibid

inconsistency across nations with the UK reaching the global target of ODA at 0.7% of GNI while Australia has significantly cut its aid budget. ACFID argues that cuts to Australia's aid budget will limit its role and effectiveness in the Indo-Pacific region and negatively impact on NGO projects and effectiveness on the ground.