



## POLICY BRIEF:

# Civil Society as a Cornerstone of Effective and Inclusive Development

Supporting and strengthening civil society not only enables Australia to deliver a more effective and locally led development program – it also supports pluralism, strengthens effective and accountable governance, builds deeper partnerships, and contributes to stability across the Indo-Pacific.

## KEY POINTS

- Civic space in our region has never been more vital nor under greater threat. Free and vibrant civil society networks enable two-way feedback between citizens and governments, promote and enable the inclusion of women and other minority groups, and fill gaps in essential services.
- People-to-people links between Australia and the Indo-Pacific region are essential to regional security and cooperation, mutually beneficial trade, and strengthened economic and diplomatic ties. Investment in civil society organisations in our region helps Australia generate strong and enduring relationships with populations in neighbouring countries.
- A stronger focus on civil society will help address rising poverty and inequality, supporting a resilient region. Building genuine, sustained partnerships with civil society is both good development practice and is in Australia's national interest.

## RECOMMENDATIONS

1. Make support for strong and vibrant civil society throughout the Indo-Pacific a key objective of Australia's new standalone development policy. Include strategies to support civil society and safeguard civic space in all 10-year development cooperation agreements with key partner nations (as proposed in ACFID's Policy Brief: Elevating Development to the Heart of Australian Foreign Policy).
2. Commit to providing at least 25% of Australian ODA to and/or through civil society across humanitarian and development programs and funding. This must be flexible, core, multi-year funding.
3. Develop and fund initiatives that nurture civil society networks or civic space 'ecosystems' to create opportunities for community partnership and collaboration within civil society, as well as stronger ties and feedback loops between civil society, government and the private sector.
4. Develop and publicly release a roadmap towards locally led delivery of Australian Government-funded development and humanitarian programs. Localisation is critical to ensuring the long-term sustainability of interventions and empowers skilled and knowledgeable local leaders and organisations.
5. Fund the Pacific-led implementation of the Pacific Regional Accountability Framework for Civil Society Organisations and endorse its use as a benchmark for NGO accountability in support of the realisation of locally led development and humanitarian responses across the Pacific.

## ISSUES ACCELERATED BY COVID

### CLOSING CIVIC SPACE THREATENS REGIONAL RECOVERY

Diminishing civic space is a risk to the economic recovery, prosperity and stability of states in the Indo-Pacific region. Amidst a rise in authoritarianism, populism and misinformation globally, including in our region, maintaining free and open civic space is essential to promoting inclusive governance and enabling two-way feedback loops between people and their governments.

In 2021 CIVICUS reported that just 3.1 per cent of the world's population live in countries with open civic space, with the vast majority (88 per cent) living in countries where civic space is closed, obstructed or threatened.<sup>1</sup> The pandemic and its ramifications have accelerated existing trends of rising illiberalism and democratic backsliding. Human rights violations are increasing, and the ability of citizens to meet, debate, and collaborate has been severely restrained. Contestation over which modes of governance best serve the interests of citizens continues to be a prominent element of geopolitical dynamics in our region. Supporting civil society organisations and helping to safeguard civic space are practical ways to combat these concerning trends.

### CIVIL SOCIETY IS THE CORNERSTONE OF DEVELOPMENT

Civil society is not only a necessary precursor to effective and inclusive development; having a strong and vibrant network of organisations that lie outside the state and the market is an important development outcome in its own right.

The reach and power of civil society has been particularly evident in the global response to COVID-19.<sup>2</sup> In Papua New Guinea, community church organisations under the DFAT-funded PNG Church Partnership Program mobilised to roll out healthcare services and provide information about public health measures.<sup>3</sup> As transparency, trust in governments by citizens and community resilience face extreme pressure globally, the ability to draw upon strong existing partnerships with respected institutions that are deeply embedded in local communities proved invaluable.

The pandemic has shown beyond doubt that sustainable and effective development activities must be driven by local stakeholders, including local civil society organisations. The most intractable and urgent development problems (such as a lack of accountable governance or entrenched gender norms) will never be solved 'from the outside.' This underlines the importance of delivering on Australia's long-standing commitments to 'localise' its humanitarian and development programs by empowering local actors and organisations to drive development from within their communities.

### CIVIC SPACE

The Asia Foundation defines civic space as "the environment that enables civil society organizations, nongovernmental organizations, community-based organizations, media, social movements, and formal and informal associations of all kinds to play a role in political, economic and social life."

### INNOVATION AND FLEXIBILITY ARE INVALUABLE

In times of uncertainty and upheaval, strong relationships, agile programming approaches, and flexible funding is essential. It is these factors which have enabled NGOs and civil society organisations to pivot and respond quickly to the needs triggered by COVID-19. Throughout the pandemic, civil society has been filling gaps in services or programs typically delivered by states, especially for vulnerable and hard-to-reach communities such as women, children, people with disabilities and minorities.

Disruptions to global travel have led to a shift of responsibility from some international organisations to local partners, and within international organisations to their local staff.<sup>4</sup>

This experience has empowered local actors, affirming that development responses are most effective and sustainable with local ownership. But this shift has not necessarily been accompanied by a meaningful increase in support for local actors. COVID has generated renewed momentum on localisation. It is time to redouble our efforts to empower local leaders and organisations to drive development and humanitarian programs within their communities.

Flexible, long-term funding enables CSOs to build resilience, invest in systems and learning, strengthen their capacity, and respond quickly to emergent issues.<sup>5</sup> This results in more consistent programming, greater transparency and trust, and ultimately, long-term development impact. While there are 'islands of excellence' within Australia's existing portfolio, consistently enabling much more flexible and adaptive programming should be a priority for implementation of Australia's next development policy.<sup>6</sup>

### CIVIL SOCIETY

The term civil society describes the range of voluntary forms (formal and informal) of associative life between individuals and groups that are distinct from, but interact with, the state and the market as a key pillar of governance.

## AUSTRALIA'S COMMITMENTS AND PARTNERS

Over the past five years, various agreements and shifts in the international landscape have reflected the need for a stronger focus on community-driven development, the empowerment of local actors and the importance of civil society in sustaining effective governance.

In 2016, Australia made a commitment to The Grand Bargain, an agreement by international organisations and donors designed to put more money into the hands of people who need it and increase the efficiency and effectiveness of humanitarian responses.<sup>7</sup> Perhaps most importantly, the Grand Bargain set the target for channelling 25% of global humanitarian resources through local leadership, organisations and structures by 2020. Australia currently provides 11.9%; the OECD DAC donor average was 15% in 2019<sup>8</sup>. Localisation is a challenge for all donors and implementors of foreign aid. But it is not impossible. Ensuring the provision of flexible and quality funding is an important start. With a renewed agreement signed last year, Australia must seize the opportunity to help realise systemic change to the humanitarian and development sector by prioritising civil society-led interventions that are designed, led and implemented by local actors.

Another important policy commitment is Australia's status as an Adherent to the OECD DAC Recommendation on Enabling Civil Society in Humanitarian and Development Responses (2021). This calls on Australia to establish, in consultation with civil society, policies or strategies for working with civil society in both partner and provider countries which articulate objectives for working with a diverse range of civil society actors, both as independent development and humanitarian actors in their own right and as implementing partners. The Recommendation advises that such policies should aim to strengthen local ownership and an inclusive and independent civil society, take into account contextual risks or opportunities for civil society and civic spaces, and be integrated into wider development cooperation, humanitarian assistance and peacebuilding policies and strategies.

Stronger support for civil society also aligns with Australia's global interests and multilateral commitments. USAID Administrator Samantha Power has identified local partnerships and the inclusion of marginalised groups as the central tenets of future US development strategy; and civil society was highlighted as a key partner in US President Biden's 'Summit for Democracy' in December 2021.<sup>9</sup> The UN's 2030 Agenda for Sustainable Development confirms the role of active citizen engagement in achieving inclusive development. Engaging with civil society in the design, implementation and review of development activities will support Australia's commitment to achieving the SDGs.

*We've got to tap into the knowledge of local communities, and their lived experiences. Otherwise, we risk reinforcing the systemic inequities that are already in place.*

Samantha Power, USAID Administrator, 2021

Adopting a more strategic and coherent focus on civil society strengthening across the humanitarian and development program would bring Australia into line with good practice and deliver on a range of commitments we have made to improve development effectiveness.

### LOCALISATION

There is no single, agreed definition of 'localisation' or 'local', and these concepts have often been contested in academic and policy literature. In a humanitarian context, the Red Cross defines localisation as a process of recognising, respecting and strengthening the independence of leadership and decision making by national actors in humanitarian action, in order to better address the needs of affected populations."

In the context of development cooperation, localisation can be defined as a process of recognising, respecting and strengthening the independence of leadership and decision making by local and national actors in order to support the interests and wellbeing of the populations and communities in question.

## POLICY, RESOURCING AND DELIVERY

### STRONG CIVIL SOCIETY AS A DEVELOPMENT OUTCOME IN ITS OWN RIGHT

Civil society offers a valuable, and effective mode of achieving development impact. But it is also an important development outcome itself. This should be reflected in Australia's next development policy.<sup>10</sup> Australia must advocate for the role of civil society in development, commit to safeguarding civic space and increase its support for civil society actors, especially in the Indo-Pacific region.

Australia should also incorporate analysis of civic space and identify opportunities for civil society engagement in its creation of 10-year Development Cooperation Agreements, as well as annual investment plans or country strategies and ongoing program design. While cooperation with partner governments remains important to the delivery of Australia's ODA, cooperation with civil society should be given equal priority, particularly given the trend of rapidly shrinking civic space within our region.

Engaging in a sustained and strategic way with civil society, and supporting locally led development, will help Australia shape with our partners the kind of region we hope to live in. That region is stable and secure, provides economic opportunities, and upholds the rights of all people so that they can lead full, free and healthy lives. Working with and through civil society supports Australia's priorities and aligns naturally with our strengths as a development donor in the Indo-Pacific region focussed on people-to-people links and human development outcomes.

This would not only be consistent with the OECD DAC Recommendation on Enabling Civil Society, it would also align us with other countries such as Ireland, Canada and the UK, which lead the way in emphasising civil society engagement as a critical enabler of effective and inclusive development.<sup>11</sup> Future programs and initiatives focussed on civil society strengthening should be developed in close consultation or through codesign with Australian and regional civil society organisations.

Australia must also ensure that there is consistency between its domestic and international approach to promoting pluralism and safeguarding civic space. An incoming government should work with the community sector to review and reverse restrictions on advocacy that impede the ability of civil society actors to communicate with the public at home and undermine Australia's democratic credentials abroad.

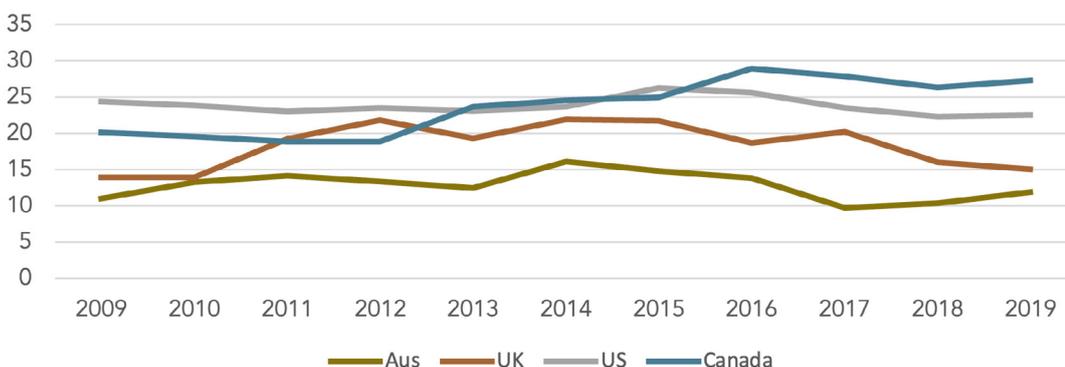
### QUALITY FUNDING TO SUPPORT FLEXIBILITY AND INNOVATION

As a mode for implementation of development assistance, working with and through civil society is a powerful, cost-effective way to achieve development impact. In an evaluation of the Australian NGO Cooperation Program (ANCP) in 2015, DFAT's Office for Development Effectiveness found that ANCP represented around 2.7 per cent of the aid budget and delivered 18.2 per cent of outputs reported in the Department's aggregate development results.<sup>12</sup>

Despite evidence showing that engaging civil society offers one of the most effective ways to achieve development impact, Australia's funding to and through civil society organisations has consistently hovered well below the OECD average at approximately 10-16% (see Figure 1 below).

Moreover, NGOs and civil society organisations tend to receive fragmented funding which is tied to specific projects or program outcomes. This restricts their ability to grow and develop their capabilities and resilience, invest in their staff, and meet their ongoing core costs ("keeping the lights on"). More concerningly, research by The Asia Foundation on funding to South-East Asian NGOs shows that in the past, traditional funding models (such as competitive grant processes) have created perverse incentives and driven competition (rather than collaboration) between organisations.<sup>13</sup> Research from the UK confirms that an overreliance on project-based funding results in higher planning and reporting costs for CSOs, reduced flexibility to adapt to learning and changed circumstances, and limited ability to pivot to new challenges.<sup>14</sup>

FIGURE 1: PERCENTAGE OF AUSTRALIAN ODA DELIVERED TO AND THROUGH NGOS AND CIVIL SOCIETY



Source: DFAT Statistical Summaries, OECD DAC Data

ACFID urges an incoming government to fund local NGOs in line with commitments we have made under The Grand Bargain by increasing the proportion of ODA channelled to and through local civil society from current levels of 11.9 per cent to 25 per cent across both humanitarian and development funding. This must be flexible, core, and multi-year funding. Australia should also explore new funding models, such as programs to facilitate CSO coalitions, improve governance and support the essential function of civil society in preserving plural and democratic spaces.<sup>15</sup>

## ADVANCING LOCALISATION TO EMPOWER COMMUNITIES AND ACHIEVE SUSTAINABLE IMPACT

Widespread evidence shows development and humanitarian responses are most effective when they are based on genuine, longstanding partnerships, and designed and led by local actors and organisations.<sup>16</sup> The movement towards localisation – reflected in commitments such as the Grand Bargain and the Charter for Change – is important to redress historic and ongoing imbalances in power and resources between local and international actors, including both donors and international aid organisations.<sup>17</sup>

Localisation means giving ownership of development activities and outcomes to local actors who are best-placed to understand and respond to the needs of their communities. By its nature, localisation will look different in each country context, and even within countries or programs. Successful localisation relies on strong and equal partnerships, quality direct funding, transparency and accountability on the utilisation of aid, and diversity and empowerment in staffing and leadership.

An incoming Government should develop and publicly release a roadmap for locally led delivery of Australia's development and humanitarian program, which unlocks barriers to localisation that typically fall within the remit of donors, such as funding, risk management, reporting and accountability.<sup>18</sup> The roadmap should include commitment and strategies to:

- Ensure that all program or project partners include an agreed percentage component of core funding which is provided directly to local partners.
- Fund relevant and targeted capacity support for needs identified by local partners themselves.
- Provide support for partnership brokering and management as a dedicated line item in all program and project budgets.
- Co-create with local actors reporting requirements and performance measurement indicators that reflect both local and international actors' requirements and expectations regarding outcomes, risk management, learning and accountability.<sup>19</sup>
- Develop models for co-locating risk management and sharing the burden of reporting and accountability requirements to enable local actors to meet donor requirements.

## PACIFIC REGIONAL ACCOUNTABILITY FRAMEWORK

Supporting the development of local standards for accountability and outcomes is an important step on the journey towards locally led development cooperation and humanitarian action.

In partnership with ACFID, the Pacific Islands Association of NGOs (PIANGO) is developing a Pacific Regional CSO Accountability Framework. Since 1991, PIANGO has brought together NGOs operating in 25 Pacific countries and territories to initiate action, give voice to their concerns, and support collaboration towards just and sustainable human development. Aligned to the Global Standard for CSO Accountability and Istanbul Principles for Development Effectiveness, the Regional Framework outlines a clear vision and set of standards for accountable and effective Pacific civil society organisations.

As Pacific civil society becomes increasingly involved in delivering critical services, responding to disasters and holding governments to account, cultivating a more accountable and transparent Pacific civil society sector is important. The Regional Framework is an invitation for governments, international partners and donors to engage in a Pacific vision of accountability that reflects the values, strength and diversity of Pacific civil society. This work strengthens Australia's local partners to deliver programs more effectively – enhancing their impact as we stand in solidarity.

*This is our own mechanism, our own effort to be accountable ourselves...*

*We can demonstrate how we define accountability and transparency from our own lens, and from an understanding of the Pacific context and how we incorporate the diversity of our members from across the region.*

Emmeline Siale Ilolahia, Executive Director, Pacific Islands Association of NGOS (PIANGO)

The Regional Framework includes specific examples of the actions and evidence CSOs can use to demonstrate their accountability. The Framework recognises that Pacific CSOs work at different scales across vastly different cultures and contexts, and it provides the shared language and tools for CSOs to review their practices and hold themselves and each other to account.

As a critical development partner in the Pacific, the Australian Government should fund the Pacific-led implementation of the Regional Framework and endorse its use as a benchmark for NGO accountability in the Pacific. Doing so will foster a strong and vibrant civil society sector, expand the diversity of high-impact development partners for Australia, and support the realisation of locally led development and humanitarian responses across the Pacific.

## ENDNOTES

- 1 CIVICUS Regional Analysis Asia-Pacific, 2020, <https://findings2020.monitor.civicus.org/asia-pacific.html>
- 2 Civil society: An essential ingredient of development, George Ingram, The Brookings Institution, 6 April 2020, <https://www.brookings.edu/blog/up-front/2020/04/06/civil-society-an-essential-ingredient-of-development/>
- 3 PNG Church Partnership Program, <https://www.dfat.gov.au/publications/development/papua-new-guinea-church-partnership-program-phase-3>
- 4 What it means to be 'local' is often relative and context-dependant, and there is an increasing shift towards understanding localisation as a spectrum rather than a fixed destination. Noting this nuance, the Humanitarian Financing Task Team of the Inter-Agency Standing Committee has defined local actors as organisations that are 'headquartered and operating in their own aid recipient country and which are not affiliated to an international NGO.'
- 5 Is the future unrestricted? Charity funding post Covid-19?, Claire Wilkins, Think NPC, 10 June 2020 <https://www.thinknpc.org/blog/is-the-future-unrestricted-charity-funding-post-covid-19/>
- 6 Islands of excellence include the Coalitions for Change program in the Philippines, the Pacific Disability Forum, the Shifting the Power Coalition and Disaster READY delivered by the Australian Humanitarian Partnership.
- 7 The Grand Bargain, Inter-Agency Standing Committee OCHA, <https://interagencystandingcommittee.org/grand-bargain8> Report on Aid for Civil Society Organisations, April 2021, OECD DAC, <https://www.oecd.org/dac/financing-sustainable-development/development-finance-topics/Aid-for-CSOs-2021.pdf>
- 9 Administrator Samantha Power on a New Vision for Global Development, Georgetown University, 4 November 2021, <https://www.usaid.gov/news-information/speeches/nov-4-2021-administrator-samantha-power-new-vision-global-development>
- 10 For further information about this proposal, please see ACFID's Election Policy Brief: Elevating Development to the Heart of Foreign Policy, <https://acfid.asn.au/content/federal-election-2022>
- 11 For example, the German Government has a Strategy on government-civil society cooperation in post 2015 development policy; the UK has a whole-of government Civil Society Strategy: building a future that works for everyone; Canada has a Policy for Civil Society Partnerships for International Assistance; and Ireland also has a Civil Society Policy for its aid program.
- 12 Independent Evaluation of the Australian NGO Cooperation Program, Office of Development Effectiveness, DFAT, 2016, p. 8. <https://www.dfat.gov.au/development/performance-assessment/aid-evaluation/program-evaluations/evaluation-of-the-australian-ngo-cooperation-program>
- 13 Shifting Parameters of Civic Space in Southeast Asia, Nicola Nixon, 14 April 2021, The Asia Foundation, <https://asiafoundation.org/2021/04/14/shifting-parameters-of-civic-space-in-southeast-asia/>
- 14 Report: DFID's partnerships with civil society organisations, Independent Commission for Aid Impact, April 2019, <https://icai.independent.gov.uk/html-version/csos/>
- 15 Locally managed Women's or Feminist Funds seeking to disrupt the funding ecosystem may offer one model. Association for Women's Rights in Development, Toward a feminist funding ecosystem: a framework and practical guide, 20 September 2019, <https://www.awid.org/publications/toward-feminist-funding-ecosystem-framework-and-practical-guide>
- 16 "Interrogating the evidence base on humanitarian localisation", HPG Literature review, Humanitarian Policy Group, ODI and Humanitarian Advisory Group, [https://humanitarianadvisorygroup.org/wp-content/uploads/2021/07/EXEC\\_SUMM\\_Localisation\\_lit\\_review\\_WEB.pdf](https://humanitarianadvisorygroup.org/wp-content/uploads/2021/07/EXEC_SUMM_Localisation_lit_review_WEB.pdf)
- 17 Charter for Change: Localisation of Humanitarian Aid, <https://charter4change.org/>
- 18 This approach is in line with evidence-based research on localization and development effectiveness. See, for example, Are we there yet? Localisation as the journey towards locally led practice, 20 October 2021, ODI, <https://odi.org/en/publications/are-we-there-yet-localisation-as-the-journey-towards-locally-led-practice/>
- 19 The Humanitarian Advisory Group (HAG) has undertaken excellent work in this space, including on the development of frameworks for reporting and performance measurement with local actors. <https://humanitarianadvisorygroup.org/insight-category/hh-localisation/>



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