

How can we make aid to civil society organisations more effective in overcoming poverty?

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Policy trends in financial flows to civil society in southern Africa

An estimated one-third of official aid is now channeled through or directly to civil society in the South. There is a significant shift in the way donors are giving their support to civil society, including the pooling of donor support through national and regional intermediaries; multiple funding agencies and adoption of a variety of support models.

In the Southern African Development Community (SADC) region, in particular, aid volume to civil society is increasing substantially but is difficult to quantify due to the limited classification of aid by donors as it relates to the definition of civil society. Notwithstanding this steady increase in aid flows to civil society, one of the key emerging issues is the extent to which such donor support to southern African civil society is being affected by the new emphasis on aid effectiveness.

From a civil society perspective on the one hand, this new emphasis on Aid Effectiveness entails that there is an inherent expectation that there would be greater collaboration and harmonization between civil society and government; that there would also be increased dialogue among donors and civil society given that civil society have a crucial role to play in the aid supply chain especially given their diversity and specialization; and among civil society themselves, that there would be an enhanced collaboration between each other for greater influence on policy dialogue.

On the other hand, there is a significant shift in the way donors are giving their support to civil society, including the pooling of donor support through national and regional intermediaries; multiple funding agencies and adoption of a variety of support models. Some agencies are increasing direct support to civil society especially in countries where donors perceive that governance is not good enough and/or that there is urgent need for humanitarian assistance (e.g. in war torn countries). In addition, international NGOs from donor countries are accessing more funds as donor governments outsource aid disbursements to their local NGO's that are increasingly taking space in the southern Africa region.

The nature and extent of coherence between donors' country level support and their regional support to civil society are also key emerging issues. Increasingly, some of the multi donor approaches are contributing positively towards supporting civil society in southern Africa to increase their networking and learning capability, Community Based Organisations

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(CBOs) to increase their voice in regional policy processes, and reducing duplication, while encouraging innovation to enhance the objectives of the Paris (2005) and Windhoek (2006) declarations. Both these declarations attempt to improve the effectiveness of aid for donor institutions and both developing and developed countries to increase their efforts to effectively utilise development resources on the basis of the principles of ownership, harmonisation, alignment, results and mutual accountability. However, the challenge now is to implement these declarations and to address some of the emerging issues, such as how they relate to non-state actors.

Based on these declarations, governments are required to formulate appropriate and realistic poverty reduction strategies and put in place good governance so as to be able to access donor funds. Essentially, these principles are to make aid more effective and responsive to the needs of its intended constituents in the hope of achieving the following aims:

- minimise transaction costs to governments receiving and giving aid.
- promote coherence in the allocation and use of aid to the realities facing its intended beneficiaries.
- minimise duplication of roles among stakeholders in the aid supply chain and;
- ensure donors support recipient government priorities (ie. appropriateness to enable ownership).

Most civil society claim that since they were not party to both the declarations, they have not been directly involved in the discussions about aid effectiveness that have been taking place in

recent years. Their participation in public policy development in the national and regional arena regarding aid effectiveness remains highly unexplored. However, on the other hand, the involvement of the private sector/ business and donors is more pronounced and institutionalised than civil society engagement in the debate. This could be attributed to three major factors:

- State (government) attitude to the concept of participatory democracy and development as they are emerging young democracies.
- Poor donor support for strengthening regional/ domestic debate in policy formulation and capacity building of civil society, but using them as conduits for project implementation.
- Lack of a pragmatic approach that is based on realities facing targeted constituencies.
- Structural constraints within the civil society sector; civil society's fragmentation, narrow agendas/ issue based, poor external support, possession of indistinct constituencies, shifting loyalties due to poor ideologies and strategy for self sustenance.

Key learnings and policy implications:

Based on a detailed analysis of seven country case studies (Botswana, Lesotho; Malawi, Namibia, South Africa, Zambia and Zimbabwe), in a study commissioned by the Southern Africa Trust on *"Aid Effectiveness: Trends and Impacts of Shifting Financial Flows to civil society in southern Africa"*; the findings challenge the conventional wisdom and advance the civil society agenda in certain key ways:

Firstly, that access to aid flows is a key challenge for most civil society due to an increasing concentration of resources in fewer recipients but also lack of absorptive capacity among some civil society organizations. Investment in civil society institutional development and linkages/networks provides avenues to reduce duplication and provide greater access to aid as well as greater voice in policy dialogue.

Secondly, attempts to increase harmonized aid but not transform operating systems means that transaction costs are reduced for donors but at least the same level of capacity (if not more) is required amongst beneficiaries as when aid is not harmonised. This calls for civil society to increase capacity building if the problem is not addressed. In addition, civil society must address their current weakness in absorptive capacity. Hence more aid does not necessarily translate into more effective aid if operating systems and capacity constraints are not addressed.

Therefore, the role of intermediary civil society support agencies becomes more important as they become central to the aid effectiveness agenda because they can more effectively develop harmonised systems. There is already evidence of some innovative aid delivery initiatives in the region that are centred on maximising civil society impact in policy work to overcome poverty. The formation of the Southern Africa Trust is a case in point that has seen more coherence in addressing the role of civil society in the region, such as this forum. Other examples include initiatives in Mozambique and Lesotho.

However, some analysts have cautioned that it is possible that too much harmonisation has the potential of negatively affecting civil society diversity. Civil society diversity emanates from the diverse purposes, organisational structures and constituencies of civil society. The extent of harmonisation is also constrained due to the inherent diversity of interests and priority areas amongst donors. Thus, there is a need to develop a coherent strategic approach in improving aid effectiveness for civil society.

Civil society should cease to be seen as a last resort for aid disbursement where governments have failed, coupled with weak absorptive capacity of donor aid but as key players in the development process.

Thirdly, service delivery is dominating as a major proportion of aid to civil society that is channeled to civil society engaged in sectors such as health and education. A clear indication that less aid is given to civil society undertaking capacity building, advocacy, policy and research analysis initiatives – a clear gap for enhancing civil society capacity to effectively engage in public policy processes. Increased support towards capacity building of civil society is needed as this will increase their absorptive capacity and functionality in this dynamic environment. In addition, this support can improve aid effectiveness since civil society is part and parcel of the aid supply chain. However, civil society must demonstrate that they credibly and legitimately represent voices of the poor.

In effect, investment in enabling and enforcing non-governmental coalitions could be an option as they are more effective and united to a common goal in influencing policy and engaging donors in various issues. They also serve as a more potent voice in articulating the issues affecting the citizens in the region from a non partisan perspective, an aspect conducive to growth and better welfare of the citizens in the region.

Finally, although aid volumes to civil society in the Southern Africa Development Community (SADC) region is increasing in a substantial way, it is still difficult to quantify the actual amounts due to the lack of proper classification of aid by donors in relation to the definition of civil society. Thus, there is need to examine and understand the architecture of civil society in terms of how they are networked, linked to each other and work relations. This will also help understand what impact aid flows have had on the work of civil society and determine the actual shift in the way they can influence poverty reduction efforts.

This policy brief is based on the findings of the research commissioned by the Southern Africa Trust on: Aid Effectiveness: Trends and impacts of shifting financial flows to civil society in southern Africa.



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