

# **ICAI follow-up: DFID's partnerships with civil society organisations**

A summary  
**July 2020**

**The Independent Commission for Aid Impact** works to improve the quality of UK development assistance through robust, independent scrutiny. We provide assurance to the UK taxpayer by conducting independent reviews of the effectiveness and value for money of UK aid.

We operate independently of government, reporting to Parliament, and our mandate covers all UK official development assistance.

### Individual review scores and what they mean



**An adequate score means:**

- Enough progress has been made in the right areas and in a sufficiently timely manner in order to address the core concerns underpinning ICAI's recommendations.



**An inadequate score results from one or more of the following three factors:**

- Too little has been done to address ICAI's recommendations in core areas of concern (the response is inadequate in scope).
- Actions have been taken, but they do not cover the main concerns we had when we made the recommendations (the response is insufficiently relevant).
- Actions may be relevant, but implementation has been too slow and we are not able to judge their effectiveness (the response is insufficiently implemented).

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# Executive summary

ICAI's follow-up review is an important element in the scrutiny process for UK aid. It provides parliament and the public with an account of how well the government has responded to ICAI's recommendations to improve spending. It is also an opportunity for ICAI to identify issues and challenges facing the UK aid programme now and in the future, which in turn helps to inform subsequent reviews. This year, for the first time, we introduced a scoring element to the follow-up exercises. For each of the reviews we follow up, we provide a score of adequate or inadequate, illustrated by a tick or a cross.

This document is a summary focused only on the results of the follow-up of our review of the Department for International Development's (DFID) partnerships with civil society organisations. The full follow-up report of all our 2018-19 reviews, including overall conclusions from the process and details of our methodology and scoring, can be found on our website.

## Findings

### DFID's partnerships with civil society organisations (CSOs)

**DFID's response to ICAI's recommendations has been quick, rigorous and ambitious, amounting to a potential change in how it approaches civil society partnerships. Striving to be a reliable partner to CSOs will be crucial in this time of significant stress caused by the COVID-19 pandemic.**



ICAI published its performance review of DFID's partnerships with CSOs in April 2019. It gave DFID's efforts an amber-red score, noting that although DFID values CSOs, its funding and partnership practices did not fully support the long-term health of the civil society sector. While accountability mechanisms were deemed strong, the review highlighted weak management practices that led to delays and uncertainty for CSO partners. The review found that DFID paid insufficient attention to the global decline in civic space, the sustainability of the results of CSO work and the uptake of learning and successful innovation.

Over the past year, contextual changes have made the challenges described in the ICAI review as pressing as ever: elections and ministerial changes, human resource pressures due to Brexit preparations, the continuing shrinking of global civic space, and most recently the economic pressure on CSOs in the UK and across the world due to the COVID-19 pandemic.

Table 1: ICAI's recommendations and the government response

Subject of recommendation	Government response
DFID should fill gaps in the knowledge needed to optimise the design of its central funding instruments.	Accept
Throughout DFID's central and in-country portfolios, the process towards funding agreements should be more efficient, predictable, reliable and transparent, and should allow CSOs sufficient time to develop proposals.	Accept
Throughout its central and in-country portfolios, DFID should have a stronger focus on the long-term results of its CSO-implemented programmes, the localisation of development and humanitarian efforts, and its CSO partners' long-term capacity to deliver relevant results in evolving contexts.	Partially accept

DFID should do more to encourage CSO-led innovation, and to recognise and promote the uptake of innovation successes.	Accept
DFID should provide a guiding framework for country offices on how to analyse and respond to closing civic space within a national context, and work with other UK government departments to agree a joint approach to addressing the decline of civic space at the international level.	Accept

**Recommendation 1: DFID should fill gaps in the knowledge needed to optimise the design of its central funding instruments**

ICAI’s review noted that DFID had identified, but not done enough to fill, key knowledge gaps in its approach to funding CSOs through centrally managed funds. These knowledge gaps included the value for money of different CSO funding approaches (such as central versus country-specific funding, open versus thematic funding calls), the extent to which match funding strengthened the UK public’s engagement in and support of international development assistance, and whether or how small and medium-sized CSOs have advantages over large CSOs.

DFID acted fast to begin filling these knowledge gaps. Two external evaluations are under way to assess the effectiveness of its matching of public donations, in terms of development impact and engagement with the UK public, and the value of funding small charities through the Small Charities Challenge Fund (within UK Aid Direct). The business case for the next phase of UK Aid Direct, which will start in 2021, has a strong commitment to learning, including the creation of two posts within the UK Aid Direct team dedicated to learning activities. An evaluation to test the Fund’s capacity development of CSOs and its contributions to the sustainable development goals (SDGs) is incorporated in the business case, as are learning activities in all the areas highlighted in ICAI’s review (as well as in further areas added by DFID). The department has conducted internal research on the impact of shrinking civic space on its work. In all, this amounts to a strong response to ICAI’s recommendation.

**Recommendation 2: The process towards funding agreements should be more efficient, predictable, reliable and transparent, and allow CSOs sufficient time to develop proposals**

ICAI’s review noted a range of weaknesses in DFID process management and communication during funding rounds. These weaknesses led to inefficient, unreliable and unpredictable donor behaviour from DFID, with regular and often lengthy delays. They also led to overly cumbersome risk and assurance requirements, unreasonable time scales for the development of proposals, and unnecessary costs for CSOs. Delays in the phase leading up to project implementation often compromised the first-year results of DFID-funded projects and the collective results of programmes relying on multiple phases of DFID funding.

Important improvements have taken place in response to this recommendation. DFID committed to announcing funding rounds and delays as early as possible. Our follow-up investigation confirmed that its communication was timely and adequate when the 2019 election caused delays in the latest UK Aid Direct funding round.

The business case for UK Aid Direct II commits to a funding round timetable, and to a due diligence process that will not take more than six months. DFID is also developing clearer guidance for potential applicants for its different grant types. New and better guidance was published for the Small Charities Challenge Fund in September 2019 and the UK Aid Direct website has been redesigned. Finally, and importantly, DFID committed to piloting over a one-year period that all funding rounds are kept open for at least 12 weeks. This should improve the overall quality of bids and will be particularly helpful for smaller CSOs that do not have the capacity to run dedicated proposal-writing teams.

Overall, this is a good response to ICAI’s recommendation, albeit mainly applicable to centrally managed funding streams and less to funding managed by country offices. It should also be noted that little has been done so far “to review whether its risk and assurance requirements have grown to be disproportionate and, if needed and possible, take corrective action”. Since DFID made this commitment in May 2019, there have

been discussions about this between DFID's Inclusive Societies Department, Procurement and Commercial Department and Better Delivery Department, but DFID admitted that "capacity constraints have meant that we have not commenced a DFID-wide analysis of incremental increases in assurance requirements on CSOs".

### **Recommendation 3: A stronger focus on the long-term results of CSO-implemented programmes, the localisation of development and humanitarian efforts, and CSO partners' long-term capacity to deliver relevant results in evolving contexts**

ICAI's review found a lack of focus on the long term, which manifested itself in an insufficient focus on localisation (that development and humanitarian work should be locally led), a predominance of short-term project-based funding (limiting CSOs' ability to achieve sustainable results and to maintain and develop their organisational capacity), and a lack of assessments of the long-term results of DFID-funded projects. In its response to the review, DFID only partially accepted this recommendation, stating that "DFID maintains a strong focus on results and its long-term goal is the sustainable exit of communities from poverty". It nevertheless made a set of strong and ambitious commitments that amount to a step change in addressing the issues raised in the ICAI review.

DFID committed to explore the use of longer funding agreements within its central CSO programmes, including having the option of extending agreements beyond five years. This would be an important step in advancing the sustainable capacity, resilience and longer-term objectives of CSOs. DFID also committed to ensure that more of its central funding is shifted to local partners and promised to explore how to better support the long-term capacity of developing country CSOs through its centrally managed programmes. Finally, DFID stated that its new approach to overhead costs in accountable grants will also support long-term capacity development.

While it is still early, we find that DFID has worked rigorously and quickly to act on these commitments. For instance, as part of its partnership with Comic Relief, DFID has introduced several innovations, including the use of local grant selection panels, a component of unrestricted funding for small Southern organisations and capacity strengthening on the basis of these organisations' priorities rather than donor requirements.

### **Recommendation 4: DFID should do more to encourage CSO-led innovation, and to recognise and promote the uptake of innovation successes**

The original review concluded that DFID's funding approach was geared towards CSOs delivering tried and tested services and interventions in stable environments, and lacked the flexibility to support, promote or scale up CSO-led innovations. DFID accepted the recommendation, but has not made headway in responding to it. The actions DFID noted that it is doing were already mentioned in ICAI's original review as exceptions to the rule of a lack of attention to and support of CSO-led innovation.

DFID committed to start a structured learning programme to bring together CSO-related learning from across the department, the civil society sector and external experts. Framed as a 'learning journey', this could have been an important step towards addressing ICAI's concerns, although a learning journey would then have to be followed by practical action to scale up and promote successful innovations. However, we were told that the process was discontinued after initial cross-DFID meetings, due to Brexit-related redeployment, and later the COVID-19 emergency.

### **Recommendation 5: Provide a guiding framework for country offices to analyse and respond to closing civic space within national contexts, and work with other UK government actors to agree a joint approach to addressing the decline of civic space at the international level**

ICAI's review noted that, globally and in many of DFID's priority countries, civic space was on a long trend of decline. The review found that DFID and the wider UK government did not have a clear set of priorities, objectives or approaches in relation to this decline. There was no guiding framework that helped country offices analyse and respond to closing civic space, and their in-country responses ranged from ad hoc and responsive to strategic and proactive.

A DFID survey among its country offices found that 15 of the 22 responding country offices felt that closing civic space was having a moderate or major negative impact on their programming with civil society. Sixteen offices felt it was hampering inclusive development more widely. Ethiopia, one of the two countries visited as part of ICAI's review, was a notable positive exception. Responding to issues raised by this survey and the ICAI review, DFID has been developing a model for categorising, understanding and responding to restrictions to civic space, which country offices can use to help identify, evaluate and implement effective and locally adapted responses. DFID has also shared its findings with other donors and worked across the department as well as with other parts of the government to create a central, coordinated and effective response to closing civic space.

DFID contributed to a study by the OECD DAC Community of Practice on civil society, leading to a proposal that the DAC negotiate and adopt a recommendation on how donors should support and engage with civil society, promote and protect civic space, and support CSOs' effectiveness and accountability.

Attention to civic space is now part of the wider business planning process within DFID. Before the COVID-19 outbreak, the plan was for the changes in the way DFID organises this work to be in place by the summer of 2020 – subject to ministerial approval. While this may now be delayed, and may be subject to change relating to the merger of DFID with the FCO, overall, DFID's actions up to now have amounted to a step change in its approach to shrinking civic space – from largely ad hoc, responsive and country-by-country to more fundamental, proactive and systematic.

## Conclusion

There may be threats to DFID's ambitious commitments in the current fast-changing environment but, if fulfilled, they could amount to a new approach to civil society partnerships – with less bias towards UK CSOs and more attention to the longer-term health of civil society in partner countries. Actions have been planned and implemented quickly, but with well-considered cautiousness. Learning processes have been built into business plans. The only inadequate area of actions is in encouraging and recognising innovations, where an attempt to engage the wider department and external stakeholders in a structured learning system has been shelved.

While UK aid cannot address the threats to civic space on its own, a coherent and more prominent UK role, and a stronger attention to the capacity and sustainability needs of Southern CSO partners, may contribute to the preservation of civic space in DFID priority countries and globally.

Being a reliable partner to CSOs will be crucial in this time of significant stress and uncertainty due to the COVID-19 pandemic, the likely significant reductions in UK aid due to an anticipated reduction of gross national income (GNI), and the planned merger of DFID and the FCO. Support for local CSOs will need to be an important element of UK aid's support of the poorest and most vulnerable, who will feel the economic consequences of the pandemic the most.



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