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Joni Hillman
Donor Advocacy Officer
BOND
Regent's Wharf
8 All Saints Street
London N1 9RL



Abercrombie House, Eaglesham Road
East Kilbride, Glasgow G75 8EA

Email: p-kerby@dfid.gov.uk

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Dear Joni

Thanks for sending us a copy of the BOND review of the Governance and Transparency Fund. We very much value the views and opinions of all of our partners and stakeholders and are keen to learn from your members about any of our funding schemes. Nick and I spoke a little about this last week – and I promised we'd provide more detailed comment.

Although the GTF was always intended as a one-off fund, the comments and feedback in this report are still valid and useful for any other application-driven funding scheme we manage. We are keen to ensure that lessons learned from the GTF are used to help strengthen the processes for our other funding schemes.

Overall, comments made by the 26 respondents were perhaps more positive than one might have expected, from a fund which attracted so much interest that over 230 proposals could not be supported. We were pleased to note a 'satisfaction' rating (i.e. average or better performance) across the five survey questions which ranged from 92% (for initial information provided on the GTF) to 65% (on quality of feedback on the final proposal).

We also value the rich set of comments attached as Appendix A – representing a mixed and balanced set of opinions. Set against this, we do not feel that your report's headline recommendations (Section 2) fairly reflect either survey scores or comments. Someone reading Section 2 alone could be forgiven for coming away with a perception that respondents were generally negative about the fund – a perception that is not supported by your analysis. In addition to considering our more detailed points below, the addition of recommendations which encourage us to repeat some of the most valued aspects of the GTF would present a more balanced picture and benefit development of future funds.

Turning to each of recommendation in turn:



Switchboard +44 (0) 1355 844000

Fax +44 (0) 1355 844099

www.dfid.gov.uk

2.1.1 Ensure clear and transparent guidelines, and a comprehensive timetable of milestones and deadlines, are issued when a fund is launched and that these are kept to as closely as possible. A large number of applicants to the GTF expressed frustration at the shifting deadline for the final announcement of decisions. This caused problems in dealing with the expectations of the numerous local partners involved in all applications.

We completely agree it is important that clear and transparent guidelines, deadlines and application processes are issued when a fund is launched. In large part, these were in place for the GTF. I am pleased that with regard to information about the type of proposal supported, 92% of your respondents agreed with this. And that with regard to information about process, 84% agreed.

In support of this, we would highlight comments from Appendix 3 which included:

“...sufficiently clear, sufficiently focused and timely enough to enable us to begin developing our submission effectively.”

“The guidelines were detailed and helpful and there were additional FAQs for further guidance.”

“There was a good deal of information provided both on the website and via an initial briefing to interested applicants.”

“The information was clear...”

“The ‘Governance and Transparency – some thoughts’ document was helpful for getting a sense of where DFID was coming from with this Fund. The ‘key elements’ of the Fund were also clear from the start (e.g. larger-scale proposals only, one funding round, granting of 85% of the funds to local partners, etc.).”

“Pretty comprehensive information provided...”

“The actual information that was given was clear...”

We do acknowledge that deadlines for proposals and final decisions shifted several times. Particularly with regard to final decisions, we understand the problems this can cause for applicants, in terms of both forward planning and maintaining relations with Southern partners. For future funding schemes, we will strive to ensure more appropriate deadlines for such decisions.

It is worth noting that our deadline for proposals was actually moved back in response to a request from the sector (including BOND) – in order to give applicants longer to pull together final proposals.

The FAQs were updated frequently as and when new questions were asked. It is unrealistic to expect a donor to be able to foresee all questions which would be asked, especially for a Fund with such a wide remit both in terms of activities considered and potential applicants. Interestingly, several respondents in your report commented positively on the regular updates provided. And one of the two respondents to mention ‘drip feed’ made the point of saying it was also ‘clear and easy to understand’.

2.1.2 Wherever possible, guidelines, deadlines and application processes should not deviate from those originally issued without good reason. If amendments are made, there should be full transparency on the reasons for

this and an acknowledgement that changing information and shifting deadlines has an adverse impact on organisational planning processes.

We fully agree that it is important to ensure that over the course of managing any Fund, we do not make any changes to the guidelines or the process. With the exception of shifting deadlines (a point we fully accept), GTF process was not changed during implementation. We constantly strive to improve guidelines for funds such as the Civil Society Challenge Fund (CSCF) – but only under exceptional circumstances would make those changes during a funding cycle.

2.1.3 Consultation with potential applicants, preferably through BOND, should take place before guidelines and application processes are finalised and launched, not afterwards. Potential applicants are likely to provide constructive and practical input into the design of a fund and will be able to comment on how proposals will impact on their organisations and their partners, enabling DFID to obtain a more realistic view on time frames and fund design.

DFID supports the COMPACT and takes seriously the importance of involving stakeholders in consultation from an early stage. There was a comprehensive public consultation undertaken on the GTF before any guidelines or criteria were finalised and the views of respondents were used to refine the Fund.

We remain committed to the COMPACT and value the benefits of early consultation.

2.1.4 DFID should have a clear position on what kind of proposals they will fund and what they envisage a fund achieving and communicate this to potential applicants. Although many applicants to the Governance and Transparency Fund appreciated the broad and open approach to defining governance, it was clear that some proposals were rejected because they did not ‘fit’ with predetermined definitions of governance that had not been communicated initially.

From the outset we were very clear in stating that we were not going to be overly prescriptive about our definition of governance and transparency and that we would be willing to consider any proposal which fitted within a very broad definition. As you state, this approach is one which was well received by the majority of applicants.

We are not aware of proposals which were rejected because they did not ‘fit’ with predetermined definitions of governance that had not been communicated initially’.

We viewed the broad criteria of this fund as one of its strengths. However, in consulting on the development of any future funds, we will invite stakeholders to say how open or restrictive they feel the criteria of the fund should be.

2.1.5 For funds that aim to attract proposals working over a long time period (such as the five years for Governance and Transparency Fund projects), across multiple countries or regions, and involving multiple organisations, DFID should take a more flexible approach to word limits in the application process to enable more detailed explanations and narrative. While word limits encourage clarity and a level playing field, some survey respondents felt that they were unable to communicate complex, long-term plans using the limited word count available.

We appreciate that setting word limits on proposals can pose a real challenge for applicants. But as you say, setting of limits encourages clarity and ensures a level playing field.

Experience has shown us that removing word limits can lead to applications which are so bulky and unwieldy that it can be difficult to undertake any meaningful assessment. Whilst 'being flexible' undermines the level playing field. What is the specific 'ask' in this case?

2.2.1 DFID should reconsider its increasingly common practice of outsourcing fund management to external, private sector consultants. This system devalues the relationship between DFID and its civil society grantees, a relationship that is potentially strong and positive. It also raises concerns about the loss of institutional knowledge and learning, which are held outside of DFID and the Civil Society Department when external consultants are employed.

DFID and other parts of central government are continuing to drive to improve efficiency. At the same time, we are committed to managing increasing levels of programme funding as effectively as possible. The GTF was a new funding channel for which we were not resourced to fully manage in-house. But we believe the benefits of learning and institutional knowledge can also be realised within well designed out-sourced arrangements. For example, the GTF learning workshop planned for 24-25 February will bring partners and DFID together to focus on this.

2.2.2 The roles and responsibilities of DFID staff and any third parties (in the case of the Governance and Transparency Fund this was a consortium led by KPMG acting as Fund Managers) should be agreed and clearly and transparently communicated from the outset, rather than being agreed after a fund has been launched.

We agree that in an ideal case, all roles and responsibilities should be in place before any fund is formally launched. In this case, concurrent concept note and fund manager selection processes were run in order to accelerate the launch of this new initiative. We do not feel that this had any adverse effect on the appraisal and decision making process.

2.2.3 Criteria for advancing from the concept note stage to full proposals should be more qualitative, rather than being based on basic administrative eligibility criteria, and more detailed and constructive feedback should be given at the concept note stage.

This approach would:

- **Enable organisations to make significant improvements to their proposals following concept note feedback, ensuring the highest quality proposal is submitted;**
- **Eliminate poor quality bids at a far earlier stage, when it is clear that the concept is not in line with DFID's objectives, therefore reducing the cost and time for both applicants and DFID staff, and giving high quality proposals a statistically greater chance of success;**

- **Enable greater learning for both successful and unsuccessful applicants. Learning could be further developed by sharing more details of the successful proposals with all applicants, with transparent explanatory notes detailing why these proposals were funded.**

We agree that a more rigorous qualitative appraisal at concept note stage may have helped sift out those proposals which were unlikely to have been funded. However, our experience also suggests it can better to give applicants who meet basic criteria the opportunity to be assessed on a full proposal rather than a short concept note. It is difficult to assess quality based on the basic information provided in a concept note.

Given the more manageable number of applicants to the CSCF, we will continue to provide detailed feedback at concept stage for this fund. The approach we take for any future fund would have to be decided upon having balanced potential number of applicants with available in-house admin resources.

2.3.1 Where applicants are encouraged to develop partnerships with organisations in the South, and to build consortium bids, sufficient time should be allocated for this to take place, enabling maximum consultation with and participation from partner organisations.

We fully appreciate that developing relations with southern partners takes time. However, our experience from the GTF suggests that there are a lot of partnerships out there which are already at least partly developed. As we have stated previously, there were many more good proposals to the fund than we were able to support.

2.3.2 Applicants selected to advance to the full proposal stage should be given an opportunity to meet with an assessor face to face to ensure they have a full understanding of their final proposal. This is in line with other donors' practices, such as Comic Relief and the Big Lottery Fund.

We can see some benefits to this approach. But there are judgements to be made as to the proportion of GTF funding which should be spent on the ground – as opposed to spent on selection process. With 272 proposals received from 272 applicants around the globe, we feel that the costs alone of carrying out face to face meetings would have consumed an unacceptable portion of the budget. However, this option will be considered in developing any future competitive fund.

I hope you find these comments helpful. We look forward to continuing dialogue.

Best wishes

Peter Kerby

Acting Head, Civil Society Department
Department for International Development (DFID)

Cc: Steve Nally