

Collective Submission from members of the BOND (British Overseas NGOs for Development)¹ Funding Working Group²

1. What should the application process be for NGOs who want to access the Fund?

BOND members see the existing DFID Civil Society Challenge Fund as a good model for applications, with a two stage process of a concept note followed by a fuller proposal for organisations successful after the first stage. BOND suggests that there should be a reasonably thorough qualitative assessment at concept note stage, rather than simply checklist validation, with organisations only invited to submit a full proposal if they have a moderate-to-high chance of success, for example a success rate of 30-50%.

A two stage process is an efficient approach for both donor and applicant, as well as those of partner organisations in the global South, with the majority of resources being invested in the generation and consideration of a full proposal that has a reasonable chance of being funded.

Information and guidance should be clear, straightforward and accessible online, both in the UK and in the South, taking into consideration the limited IT capacity and bandwidth in many developing countries.

Lead time between concept note and full proposal deadline should be kept to a maximum of six months.

Additionally, lead time between submission of the full proposal and decisions on successful proposals should be minimised where possible. Currently the full application process to the Civil Society Challenge Fund can take a minimum of 18 months, during which time realities in the field may well have altered significantly and new factors may impinge on the delivery of the original project proposal.

Deviation from the advertised timetable can have considerable knock on effects on resource planning for organisations in the UK and their partners in the South. The Poverty Impact Fund managers should ensure that deadlines are adhered to wherever possible.

How many funding rounds should there be every year?

There should be at least two application rounds for funding each year, and perhaps as many as four, allowing enough time for proposals to be properly developed, in collaboration with partners in the South, rather than rushing to meet one or two submission dates per year.

2. What should the minimum and maximum grant sizes be?

BOND members broadly agree that the maximum grant size should be up to £5 million. However, the lower end of the scale presents a variety of options for consideration. Smaller NGOs find it increasingly difficult to access smaller sums of funding that do not require significant investment of their limited resources in proposal development or high levels of match funding. For example, EC funding is largely inaccessible for smaller NGOs because of match funding and pre-financing requirements.

Thus, BOND members suggest a minimum grant size of £50,000 to enable access for a wide range of NGOs. Larger grants may benefit from an initial development grant of up to £25,000 to conduct meaningful research, consultation and planning with Southern partners and beneficiary communities.

¹ BOND (British Overseas NGOs for Development) is the membership organisation for UK-based NGOs working in international development. For more information please see www.bond.org.uk

² The BOND Funding Working Group currently has 175 BOND member organisations, providing a forum to share experience and information, develop advocacy positions on behalf of the network towards donors, identify learning and training needs and engage in consultation and dialogue with donors. For more information please see www.bond.org.uk/pages/fwg.html

There should be flexibility in the number of years a grant runs for. In some scenarios it may be appropriate to only run a project for one or two years. However, in other cases, particularly for larger projects that aim to scale up or replicate over time, funding will be required for multiple years, up to seven years.

3. What should the eligibility criteria be?

All applicants applying to the Poverty Impact Fund should be registered as a charity in the UK with the Charity Commission and be able to demonstrate capacity, experience and ability to manage a grant of this size and nature. Additionally, eligibility criteria should follow the model of the DFID Civil Society Challenge Fund in its exclusion of, in particular:

- Projects that discriminate between individuals or groups of people on the basis of their race, sex, sexual orientation, religion, disability or age
- Evangelising or proselytising
- Civil disobedience

BOND welcomes the Fund's focus on sustainability, particularly its emphasis on demonstrating local ownership and direct feedback from beneficiaries. Whilst BOND is supportive of the Paris Declaration, and the Accra Agenda for Action commitment to national rather than donor priorities, we are concerned about strict alignment with national poverty reduction strategy plans (PRSPs) of host countries. National strategies can often not be sensitive to specific local priorities and local government structures are rarely meaningfully involved in their formulation; so flexibility to include priorities identified at a more local level should also be considered for funding, provided they are not directly contrary to national policy. Additionally, BOND is uneasy about the contradiction between the emphasis on sustainability and local ownership and the absence of a requirement for all proposals to include working with local partners in the South. Poverty Impact Fund proposals should demonstrate clearly that they are responding to needs identified by local communities in the South and that marginalised and vulnerable groups are able to participate in consultation, planning and feedback – as is often not the case with programme priorities defined by central government. If, as the consultation paper states, the Conservative Party envisage the Poverty Impact Fund being 'demand led' this demand must demonstrably come directly from those living in poverty in the South, not from the UK NGO sector.

Thus, BOND would strongly recommend the Fund does not accept applications from organisations who do not propose to work in partnership with Southern civil society organisations. Implementation should also focus on meaningfully building the capacity of a local organisation to become an active and vocal player in civil society.

The focus on innovation is positive and BOND members would like to see this taken one step further with the encouragement of consortia led by UK NGOs that include either other UK NGOs and / or other types of organisation, as well as Southern partners. It is important also to note that innovation – by definition – carries with it a higher level of risk factors than more predictable tried and tested programming approaches. Failure, identification of lessons, and dissemination of them may be an outcome of particularly innovative programmes looking for new and more effective solutions to age-old problems.

4. What should the match funding element be – what percentage of funds should DFID provide, and what percentage should be provided by the NGO itself? Should these levels vary? If so, in what circumstances?

The issue of match funding raises many problems for UK NGOs, particularly for small and medium sized organisations. BOND members do not fully understand from where it is envisaged significant amounts of match funding may be leveraged. A stringent requirement for match funding would prove exclusionary for

organisations with a low percentage of funding from individuals (i.e. smaller NGOs), which requires high investment for relatively low returns on a small scale. Neither do smaller NGOs have the access to high levels of unrestricted funding to match a Poverty Impact Fund grant that many of the largest organisations do. The main sources of match funding for UK NGOs may include donations from individuals, the private sector, trusts and foundations, or other donors. In the current economic climate it is likely that the income available from these sources of funding will be significantly reduced over the next two to three years, and it is likely that this will hit small to medium sized NGOs, who do not have significant reserves, more, thus excluding smaller to medium sized NGOs from applying.

It may also tend to exclude niche technical programmes (which often emanate from the smaller end of the sector) and innovation. An across the board match funding percentage would favour larger organisations and marginalise smaller NGOs who often work on single issues or champion unpopular causes. A significant match funding requirement will encourage UK NGOs to invest in fundraising rather than building high quality, sustainable programmes in the South. BOND members strongly suggest that the match funding approach be reconsidered, particularly as the economic downturn is expected to be long and deep and to have a significant impact on NGO fundraising.

Although BOND members share the desire to link government funded development work with leveraging support from the UK taxpayer, we feel this may be achieved more effectively by undertaking activities to build a constituency of support for development, such as public engagement and development awareness work.

5. What systems should we use to monitor and evaluate monies used by the Poverty Impact Fund?

Monitoring and evaluation raises a number of matters for BOND members. In terms of pure financial accountability, externally audited programme accounts and quarterly financial reporting (as with existing DFID grants) should provide sufficient information. All projects should submit an end of project evaluation and longer-term projects (of four years and more) should conduct a mid-term review of progress.

Quantitative and qualitative monitoring, evaluation, impact assessment and learning require a more thoughtful approach. BOND members welcome the emphasis on obtaining direct feedback from beneficiaries and suggest that participatory approaches to monitoring and evaluation are a compulsory part of the Poverty Impact Fund reporting requirements, combined with reporting from UK staff visits. Some assessment of how the grant has strengthened capacity in the Southern partner organisation would also contribute to sustainability.

Every NGO has existing internal monitoring and evaluation systems of its own so systems for the Poverty Impact Fund should reflect those existing systems, rather than applying external systems in a similar way that the Paris Declaration requires donors to use local monitoring and evaluation processes rather than imposing their own.

High quality monitoring and evaluation is expensive and must be adequately resourced by the Fund. Budget allocation for technical support on monitoring and evaluation and finance at the local partner organisation would build capacity and sustainability and is a proven model in other demand-led funds, such as the Global Fund. Sufficient monies should also be set aside for the dissemination and sharing of learning, both internally and amongst other NGOs.

There are many debates regarding the best systems and approaches to measure the success of a project and the change that occurred as a result of NGO intervention. Much time and effort has been spent on developing systems and existing DFID approaches to monitoring and evaluation are entrenched in many organisations. BOND asks that the Conservative Party acknowledges and understands this before making any changes. BOND would welcome further dialogue with the Conservative Party on this matter.

6. The Fund will be demand-led but what guidelines should we use to achieve the best balance of projects in terms of size, sector and country allocation?

Guidelines for the Poverty Impact Fund should focus primarily on the evidence of need. The Development Assistance Committee (DAC) of the OECD publishes a list of countries in receipt of Official Development Assistance (ODA) based on 2008-2010 aid flows, which may be a useful starting point for geographical focus³. Although this list is sub-divided according to per capita gross national income (GNI) it is important to remember that this does not always reflect the extreme income disparity in parts of Asia and Latin America, where higher GNI masks extreme poverty in some regions, or amongst particular sections of the population. The Millennium Development Goals (MDGs) should also be considered as useful guiding themes. Country eligibility should be based on poverty, not political or trade, considerations. BOND members would appreciate clarity and guidance on which, if any, sectors (e.g. health, education) the Poverty Impact Fund seeks to focus, while allowing flexibility and scope for innovation and response to emerging needs. However, funding should not be allocated on a purely geographical or sectoral basis, but to projects that will have the most impact on the lives of people living in poverty and achieving the MDGs. Attempts to 'balance' the portfolio may be seen as contrary to the paper's stated rejection of 'top down' approaches.

7. How should we strike the right balance between encouraging innovative projects and ensuring concrete outcomes?

Innovative does not necessarily mean new. BOND members feel that concrete outcomes that have been achieved by taking a particular approach, and learning that has emerged from past work, can be applied to subsequent 'innovative' projects. More clarity on what is defined as 'innovative' would be helpful. Innovation, in some senses, is anathema to concrete, pre-defined outcomes and comes from taking (calculated) risks and trying new approaches. Demonstrating that a proposal will draw on learning and experience is one way to mitigate against a project failing to meet its objectives. It is also important to take into account the benefits that unintended outcomes can have.

As discussed in the response to question 2, smaller grants to conduct scoping exercises, consultation, research and pilot projects is a potential method to identify where innovation could lead to positive impact on the lives of those living in poverty.

8. Do you have any other comments you would like to make?

BOND members welcome this opportunity to respond to consultation questions on the proposed Poverty Impact Fund and look forward to more discussion with the Conservative Party on funding for NGOs and the vital role that civil society, in both the UK and the global South, has to play in development.

BOND would be interested in further dialogue with the Conservative Party around the following points:

- Approaches to development – BOND members question the implied assumption in the consultation document that taking a rights-based approach to development, focusing on governance and raising awareness of development issues in the UK are not adequate guidelines for development work. Taking a rights-based approach empowers people living in poverty and builds their capacity to hold their own governments to account on, for example, service delivery. Equally, governance is central to development and to building a strong civil society, a vital tenet of a functioning democracy. Raising awareness of development in the UK is imperative to build continued support for development spending by the UK government and is part of our responsibility to educate citizens about the complexities and challenges of the world we live in. Development paradigms are moving away from traditional service

³ This list is available at <http://www.oecd.org/dataoecd/62/48/41655745.pdf>

delivery approaches towards a more progressive agenda that puts Southern citizens at the heart of the development process, whether their role is as participants in work that effects social change, or as advocates for their own rights and needs. BOND would value more debate on perspectives on effective development practice as it would be widely seen as regressive to revert to conventional service delivery, and substituting for government, unless this were by way of imaginative collaborative working with government and other actors to look for new models.

- Advocacy – BOND members would be interested to hear more about the Conservative Party's views on funding advocacy work. Although advocacy impact can be more challenging to quantify than conventional service delivery, this should not deter the Conservative Party from recognising its importance and allocating resources accordingly. Advocacy, and particularly building the capacity of Southern organisations to advocate, is crucial to Southern civil society's ability to hold their governments to account on their responsibility to provide basic services, and strengthens the fight against corruption and lack of transparency. Advocacy work in the North has, of course, also been critical to some of the achievements in advancing the interests of the poor with regard to climate change, aid, trade and debt policy at a global level.
- The role of consultants – Civil service reforms have focused on lowering the headcount in government departments, leading DFID to employ consultants as fund managers, at greater cost to the taxpayer. This trend has had some adverse effects on relationships between NGO grant recipients, consultant fund managers and DFID staff and has often meant that learning and valuable experience has been held outside of DFID and therefore effectively lost to the institution.
- Proposal assessment panel – BOND members would be interested in exploring the idea of an assessment panel made up of representatives from NGOs and the private sector, as well as civil servants. BOND looks forward to input on the make up of this panel but would like to express concern that NGO representation is not drawn only from large, influential NGOs. Specifically, we would ask the Conservative Party to consider BOND secretariat representation on this panel as a more neutral party with the mandate and ability to speak on behalf of a broad range of 350 UK NGOs (including all the largest players) with no vested interest in any member NGO in particular. BOND members would also like to express concern over private sector involvement and suggest strongly that it should be drawn from those with a robust understanding of the complexities of international development work.
- Adding to existing funds – BOND welcomes this new source of funding for UK NGOs, in addition to existing DFID funds. However, BOND members question whether it is necessary to set up a new fund and whether similar objectives could be achieved by revising the guidelines and eligibility criteria of the Civil Society Challenge Fund and increasing the monies available in, and the scope of, that Fund.
- Learning – BOND strongly urges the Conservative Party to commit to learn from the experiences of past and present funding schemes targeted at UK NGOs, not only those from the UK government, but other donors too (such as BIG Lottery Fund – International Programme, Comic Relief, etc).

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