

International Development Committee Inquiry: FCDO and Civil Society CAFOD Response - April 2024

Summary, focusing on recommendations:

The FCDO should take the following steps to better partner and empower civil society organisations in aid recipient countries:

- Have greater transparency on funding flows to local and national agencies (LNAs).
- Adopt a Local Leadership Strategy, that champions local actors, including women leaders, underpinned by a comprehensive global strategy and partnership framework
- Hold UN agencies, INGOs and contractors that act as intermediaries accountable for quality of partnership with LNA partners
- Establish effective coordination mechanisms with LNAs, including through a Local Actors Forum and Faith Advisory Council.
- Empower diplomats through training that emphasizes faith literacy and understanding the key role that local faith-based actors play, and encourage linkages to UK FBOs that have long-term partnerships with local FBOs to best empower and leverage the skills of local faith actors.
- Engage with civil society organisations, via mechanisms suggested under these recommendations, to better understand local organisation's challenges to engaging in funding mechanisms and support in call to proposal process planning.
- Ensure local actor voice, engagement and parity when linking with FCDO and UK organisations, and ensure the richness of variety of civil society actors, is well represented in any coordination mechanisms.

About CAFOD

1. CAFOD is the official aid agency for the Catholic Church in England and Wales; part of the global Caritas confederation of national organisations, each governed by their national Bishop's conference and linked to national Catholic commissions on health, education, and peace/justice issues. CAFOD partners with diverse local NGOs in its operations, including both faith-based groups and others working on

human rights and other issues regardless of religion or culture. Support for local agency, voice and leadership, equitable partnership, solidarity and investment in strengthening local and national civil society actors are at the heart of CAFOD's mission and way of working.

2. Note: Throughout this submission, we refer to local and national civil society actors as 'LNAs'; in addition to referencing specific categories of LNA, such as local faith-based organisations (FBOs), women-led organisations (WLOs) and others.

Question 1: What are the strengths and weaknesses of the FCDO's approach to strengthening civil society in aid-recipient countries as part its wider development strategy?

3. Strength – An increased focus on local context and, to some extent, decentralized decision-making. CAFOD welcomes the shift in recent years to a stronger emphasis on local context. For example, in Myanmar, an important part of FCDO funding for civil society is channeled through the LHAMP funding mechanism. The staff responsible for managing that mechanism has an in-depth and long-term experience of support to civil society in the country, and also support from a third-party monitoring network to provide feedback on LNAs supported by the mechanism. That contextual understanding, and the commitment of that staff person to an empowering approach with LNAs, has meant that LNAs receive both direct funding from the mechanism, and INGO intermediaries involved in channeling funds to LNAs have been held accountable for quality of their partnerships with LNAs. Having the right person in the position and having a country-level funding mechanism in place is key. In East and Central Africa, FCDO has also reportedly established a limited number of country-level funding platforms to invest in sub-national climate resilience and adaptation. These have been described as supporting FCDO's commitment to scale up anticipatory action recognizing that this will require effective early warning, early action at the community level. More country contexts should benefit from skilled in-country Embassy staff with increased decision-making powers over funding, and recruiting and performance managing FCDO staff to deliver on support for local leadership and equitable partnership. These would be positive ways to build on such pockets of good practice and make them more systematic across different contexts. Increased support for country-level consortia, and promoting LNA co-leadership or leadership of these, represents another important pathway to

strengthening local leadership, agency and voice in development and humanitarian action.

4. Weakness – A lack of risk sharing and a heavy risk management approach to programming, and a lack of provision for core costs. In common with many other donors and international agencies, FCDO has developed an ever proliferating and heavier range of requirements, processes and expectations to manage risk. There is an increasing recognition amongst some FCDO staff that whilst risk management, quality and accountability cannot be compromised on, there is space for a shift away from the current tendency towards blanket risk management approaches designed for multi-million-pound funding agreements with governments or large international organisations towards a more proportionate, tiered and contextualized approach. One promising area of innovation in this regard has been the dialogue between FCDO with the BOND Safeguarding and Partnership working-group, which led – amongst other things – to FCDO investing in a Safeguarding Hub providing contextualized and partnership-based support on safeguarding and related risk management priorities for LNAs in Ukraine as the crisis response started up there. Another attempt to innovate supported by FCDO has been the Start Network’s scoping of a tiered approach to due diligence in on-boarding new LNA members to access Start funding. However, Start Network itself would recognize that this pilot is yet to make a break-through; as moving up the tiers remains challenging for most LNAs, and funding has not been secured to invest in the necessary capacity-strengthening to enable them to do so. FCDO officials supportive of localisation efforts have also encouraged the CHS, Start Network and UN country-based humanitarian pooled funds to scope the potential for due diligence passporting, which could offer another way to lessen the burden of duplicative risk management processes on LNAs. Whilst CAFOD welcomes the commitment to greater risks sharing in programming set out in the International Development White Paper, and a recent FCDO Donor Dialogue (co-organised by FCDO, CAFOD and British Red Cross) included participation by FCDO officials responsible for risk management issues, further action needs to be taken.
5. Weakness – A lack of transparency on how aid funding reaches local civil society organisations. The majority of international aid funding goes to “the usual suspects” of international NGOs, international organisations and government bodies; and there is a lack of transparency on how intermediary organisations and funding mechanisms disperse funding to local actors. For example, CAFOD research with Development Initiatives found across the Horn of Africa “humanitarian assistance within the food sector that is provided directly to LNAs

[local and national agencies] has not accounted for more than 5% of total food sector funding in any year between 2017 and 2022.”¹ More broadly, and as CAFOD stated in response to the International Development White Paper, there needs to be more clarity on the flows of UK aid spending, particularly on the amount that is reaching local and national non-governmental and civil society organisations. Grand Bargain commitments on aid spending via local organisations have been regularly missed and indeed the UK’s contribution to civil society organisations declined from 17% of bilateral ODA in 2020 to 15% in 2021. Only 11% of this was directed to “developing country based CSOs. Decreasing aid budgets more generally mean more competition for smaller pots of funding, with local organisations often losing out. UK aid cuts hit LNAs hardest, as most do not have the diverse funding support base/financial resilience able to cope with sudden cuts resulting in their partnerships being terminated. As HMG implemented aid cuts over recent years, a number of INGOs that had channelled funds to LNAs switched from partnership approaches back into direct programme implementation. Despite the UK government’s commitments in the Women and Girls Strategy, funding to women’s led organisations is lacking in amount and access.

6. Weakness – A lack of emphasis on the role of faith communities and faith organisations. Faith leaders, actors and communities are key players in civil society that are often present across each country context; working where other development and humanitarian agencies are not present or have withdrawn due to conflict or other factors. Faith actors are well placed to engage with communities, in humanitarian response and for longer term developmental and peacebuilding work. CAFOD and other UK faith based NGOs commissioned the [“Keeping the Faith”](#) report in follow up to the Ebola response in West Africa; the report found faith leaders were pivotal in engaging with communities to achieve required behavioural change to stop the spread of the disease, for example in adapting burial practices to reduce disease transmission. More recent research by CAFOD and its national partners in the Caritas confederation on experience in the Covid19 pandemic response and recovery echoed those findings. Key recommendations for the FCDO include engaging faith leaders in planning for recovery and in health emergencies, engaging faith leaders in restoring health systems, undertaking further research in mapping the capacity of faith leader

¹ CAFOD and Development Initiatives. (2023). Food insecurity in South Sudan: Financing to local actors. Available here: https://assets.ctfassets.net/vy3axnuecuwj/4NOemEHMC8Mz7CasKRBUc/338a9b25b003a222b7f9d5f200f0b946/Food_Sector_Financing_to_Local_Actors_in_South_Sudan.pdf

impact, and taking steps to ensure a meaningful partnership with faith leaders rather than instrumentalising them (see recommendations below on establishing a Local Faith Actors Forum as a key step towards this).

Question 2: What is the role of UK diplomats and staff in supporting civil society and civil society organisations?

7. The increase in training on development for diplomats that was outlined in the White Paper is welcomed by CAFOD. Diplomats are well placed to engage with local actors in country, and journey with them in humanitarian and development processes, and could better engage with UK INGOs to share best practices and joined up thinking on aid delivery. Faith actors are particularly important to engage with. CAFOD's [evidence](#) from fifty countries found that faith-based actors are often overlooked in policy making spaces, despite their local roots, ability to respond quickly in emergencies, and ability to foster societal change through shared values.

Question 3: Are the current processes for acquiring and reporting on funding enabling or preventing smaller civil society organisations as they seek to secure support?

8. As described above, FCDO's heavy approach to risk management represents a major barrier to supporting LNAs, and this is especially true for both smaller civil society organisations and for diverse kinds of civil society that do not resemble international development or humanitarian organisations. For some such actors, FCDO has established dedicated funding mechanisms to get support to them, such as the Equality Fund aimed at supporting women's rights organisations. But for other categories of LNA, such as local faith-based organisations, FCDO has not established a targeted or clear approach to supporting them.
9. An important lesson from the efforts of other major donors, such as USAID, to support LNAs is that when a donor sets an objective to increase funding to LNAs, it can mean funding going increasingly to an ever-smaller number of very large national NGOs (or internationalised national NGOs) with other LNAs losing funding opportunities, or becoming expected to become sub-grantees to those larger national NGOs.
10. Continuing pressure to keep overhead costs low to demonstrate competitiveness of proposals, value for money, etc, means smaller civil society organisations cannot adequately cover essential costs (and have no core funding to do this, thereby preventing them from applying). As a consequence, LNAs, especially smaller organisations, can find it hard to include vital budget lines, those related

to staff security provisions for example, within funding applications when sub-grantees to larger organisations (international or national). As such, FCDO, along with other donors, should ensure that its policies on provision of fair consistent overheads costs also applies throughout the delivery chain, not just to the primary LNA partner under an FCDO grant. The FCDO NGO Humanitarian Funding Guidelines include important and welcome guidance on providing fair, consistent overheads cost support to LNA partners. However, the challenge is that these Guidelines are not consistently promoted by FCDO staff, and they have not yet been extended to wider development, climate, peace or other funding streams or funding channelled through other actors, not just INGOs.

11. Organisational capacity strengthening costs are often excluded or not allowed in proposals, or LNAs are forced to sacrifice such funding lines to meet budget restrictions and keep proposals competitive.
12. Funding information and timing are also challenges. Inconsistent information about funding proposals (e.g. budget templates for recent Integrated Security Fund Afghanistan programme) leads to a lack of clarity for all. This has a greater impact on smaller civil society organisations who often have less experience of FCDO funding and therefore reduced confidence in making judgment calls on appropriate approaches. Unreasonable funding deadlines (e.g. recent deadlines for Integrated Security Fund Afghanistan programme on 24th March 2024 (during Ramadan and immediately after Nowruz, the Afghan new year)) make it even more difficult for smaller and/or in-country CSOs to apply. High levels of risk management approaches can mean that the FCDO isn't open to funding less formalised (e.g. unregistered) organisations, who may be best placed to act. Greater flexibility is needed in funding models. Despite recent improvements in funding pipeline, it remains erratic, with some opportunities being emailed to select agencies, this does not enable smaller civil society actors to access fund easily. Commercial opportunities, which seem to be on the rise, do not lend themselves to access from smaller civil society organisations.
13. Funds being tied up in UN agencies and funding mechanisms is a further barrier to local actor access. UN agencies have increasingly sought to position themselves as being seen to act on localisation, but with highly varying levels of substantive action. Within the Grand Bargain process, it is noticeable that UNHCR and OCHA have taken some important steps to reform their funding and partnership practices to be more enabling of partnership with LNAs, whereas it is less evident how other UN agencies have taken action on this at either global or country levels. Until now, localisation has tended to feature in the "nice to have, but not essential" category of issues that FCDO factors into its oversight of UN

agencies. One exception to this is the UN country-based pooled funds, in which FCDO has been supportive of bringing in LNA perspectives to decision-making on ways forward for those funds. In contrast, CAFOD has not heard of any similar kind of strategic policy dialogue by FCDO with LNAs around governance oversight of most UN agencies until now.

Question 4: Do commitments made in the recent international development White Paper provide a sufficient foundation for the FCDO's work on promoting civil society across aid-recipient countries?

14. The White Paper outlines a welcome and ambitious agenda on support to LNAs, which CAFOD hopes to see FCDO take action to implement. As outlined in the above sections, addressing the risk management barriers to funding and partnering with diverse LNAs; hiring the right staff at a country level and empowering them to direct funding to LNAs on the basis of a contextualised and partnership-based approach to risk management; and increasing support for country-level funding mechanisms and consortia that centre leadership by LNAs are key pathways to deliver on the White Paper's ambitious vision. In addition, FCDO should adopt both global and country-specific targets and milestones to increase direct and indirect funding to LNAs, ensuring LNA voice is incorporated in decision making processes, and establish a systematic approach to accountability for quality of partnership for any intermediary agencies channelling funding to them (whether UN agency, INGO or private contractor).
15. Civil Society" groups take many different forms, such as activists, NGOs, network organisations; the FCDO must adopt a flexibility in working relationships and adopting engagement and funding models which enables all civil society actors, especially faith actors, to apply.

Question 5: To what extent has FCDO support for improving the enabling environment for civil society, and direct support for civil society organisations, aided progress towards reaching Sustainable Development Goal 16 - "Peace, Justice and Strong Institutions"?

16. A key gap here is on the missing expectation or pressure on "big players" and funding mechanisms to make sure they work with/partner local organisations in a fair, equitable and risk sharing manner, not just outsourcing to them.
17. The lack of focus and understanding of faith actors in general, and national/local faith actors in particular, represents an important barrier to more effectively supporting civil society efforts on peace, justice, and governance. For example,

the lack of continuation of funding for local peace building efforts in South Sudan, through local inter church networks, has hampered local peacebuilding progress.

Question 6: What role can the FCDO's work on improving civil society play in broader UK international policy?

18. Public understanding of international development and humanitarian crises has shifted significantly over recent years; notably in the wake of the Covid19 pandemic, the impacts of the Climate Crisis at home in the UK and around the world, and the Black Lives Matter movement bringing attention to discussions on structural racism, inequality and justice. The British public now understands how it is often national institutions and also mutual support networks at the community level, which play the most important first responder roles. This has been reinforced by the impressive courage and resilience of the Ukrainian population in the face of Russia's invasion and occupation across parts of the country. There is increasing support and appetite for a UK international policy rooted in solidarity with national and local institutions, and community groups, around the world. FCDO engagement with UK civil society supports raising the profile of positive international development engagement overseas. Better links with UK civil society organisations can help not only in spreading key messages of UK aid impact to their networks of supporters, but also in information sharing on best partnership practices with civil society organisations in developing countries.
19. UK Civil society organisations often have strong links with diaspora networks in the UK, which can be an effective way of engaging and information sharing with civil society organisations in developing countries, for the better impact of UK aid.

Question 7: What wider benefits can be harnessed from strengthened civil society?

20. In many developing countries, there is a continuing brain-drain (for example in Afghanistan, Myanmar, and Sri Lanka) as strong civil society actors are leaving. Investing in and strengthening civil society can mitigate this risk, and support in a factor that encourages civil society members to engage in development processes.
21. Greater inclusivity of the voices of marginalised groups and representation of these groups in decision-making positions at all levels, through better civil society engagement, helps to reduce barriers to inclusion and strengthen all systems

including country governance, through better accountability. A strengthened civil society has an increased local advocacy impact.

Recommendations:

1. FCDO should have greater transparency on funding flows to LNAs. Targets and milestones should be established to increase direct and indirect quality funding to LNAs (including attention to flexible, multi-year funding, and support for overheads costs to all LNA partners in consortia supported by FCDO).
2. FCDO should adopt a Local Leadership Strategy (as referenced in the International Development White Paper) that champions local actors, including women leaders, underpinned by a comprehensive global strategy and partnership framework. Until now, individual Embassies, programmes and partners of FCDO have piloted and implemented pockets of innovative or good practice in partnerships with local actors, and funding or programme models that promote local leadership. A global FCDO strategy needs to include dedicated funding instruments and percentage targets to ensure that quality funding reaches local actors for programming and capacity strengthening, including targets for funding women's organisations – in line with the Grand Bargain Caucus on Funding for Localisation, steps by USAID and other donors.
3. FCDO should hold UN agencies, INGOs and contractors that act as intermediaries accountable for quality of partnership with LNA partners. Key aspects of this should include ensuring that partnership agreement between international actors and LNA sub-grantees explicitly recognise equitable partnership and support to local leadership as a priority that will be monitored and evaluated, and that there are regular stock-takes between the partners and FCDO towards promoting mutual accountability and a dialogue about how to maintain and strengthen partnership health. In addition, a dialogue about risk management, towards understanding the risks faced by LNAs and identifying steps to help them mitigate those risks, should be part of this. As referenced in the White Paper, a partnership-based approach to risk management should be adapted to better enable relationships with LNAs; including through proportionate and tiered approaches to compliance and other bureaucratic processes. Funding for slow onset crises should empower and maximise local actors' ability to engage, building on their embedded position within communities.
4. Establish effective coordination mechanisms with LNAs, including through a Local Actors Forum and Faith Advisory Council. Within each country context, a Local Actors Forum should be created to ensure a more systematic approach to policy

and programme dialogue; building on the online platforms for dialogue that emerged during COVID-19. Embassies should designate civil society liaisons to organise a structured approach to dialogue and coordination with other donors at country level. Recognising the unique role of faith actors, a Faith Advisory Council should also be established so representatives of faith groups can advise on policy and programmes at both national level, and across Whitehall, providing insights into opportunities and challenges to consider in key contexts.

5. Empower diplomats through training that emphasizes faith literacy and understanding the key role that local faith-based actors play, and encourage linkages to UK FBOs that have long-term partnerships with local FBOs to best empower and leverage the skills of local faith actors. FCDO should aim to ensure Embassy staff are increasingly long-term and local, to increase local voice within international structures.
6. FCDO can engage with civil society organisations, via mechanisms suggested under these recommendations, to better understand local organisation's challenges to engaging in funding mechanisms and support in call to proposal process planning. Issues of overhead, security and capacity strengthening costs should be of particular focus.
7. FCDO should ensure local actor voice, engagement and parity when linking with FCDO and UK organisations, and ensure the richness of variety of civil society actors, is well represented in any coordination mechanisms. Local Embassy staff should be further empowered in decision-making on funding.