

# PROJECTISATION OF DONOR FUNDING: IMPLICATIONS FOR CSO SUSTAINABILITY

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## INTRODUCTION: CIVIL SOCIETY, POVERTY AND POWER

Civil society organisations (CSOs) perform an essential role in enabling social and economic justice. Their role goes way beyond projects for development ‘delivery’: their largest scale impact, and their longest term contribution, is not in the number of items of assistance that they provide, but in how they facilitate and catalyse development, and how they empower people living in poverty to claim their rights.

Traditional project work may be helpful in responding to the immediate practical needs of the poorest communities, but such responses often have lacked a sufficiently clear strategy to tackle the underlying issues more widely, not just at a village, or even a sub-district level, but beyond. On its own, project work can never eradicate poverty. Poverty and inequality are ultimately a consequence of power relationships, and the most important contribution that CSOs provide is to help shift those power relationships.

# AN EXPANSIVE ROLE FOR CSOS VS. PROJECTISATION

CSOs can't end poverty by themselves, but they can help strengthen the power of the people to challenge the people with power. So as well as supporting small farmers to earn more, CSOs make the most difference when they also support people who have lost their land to have it restored; as well as helping schools, they make the most difference when they also support communities to hold education authorities to account, and support those who pressure corporations to pay their taxes so that the government can pay the teachers. Everyone concerned about impact, value for money and making the most difference should be keen to encourage this expansive approach to development, which was perhaps once radical, but is now very much the theoretical mainstream. An active and vibrant civil society is also a sign of a healthy democratic society. When CSOs have space to challenge governments and the private sector, it promotes a more inclusive development agenda that respects human rights.

This has been recognised by several donors in, for example, strategic funding partnerships, which enable a much more effective contribution to development than more contract-based relationships, typical of shorter-term and more project-based, donor/service contractor arrangements. Strategic funding partnerships enable CSOs to innovate and test new approaches, generating learning about what works

over the longer term. They promote adaptive and responsive programme management in unpredictable, complex and fragile environments, avoiding some of the drawbacks with contracts, where the focus is often on achieving the easy wins to protect payments by results. This broader support to the implementation of a strategy is crucial if there is willingness to move from fighting the symptoms of poverty towards fighting its structural causes.

And yet we now see pressure on CSOs to retreat to being delivery vehicles of assistance projects. Amongst the forms of pressure applied is funding. At times this funding pressure takes the most crude form of threats to deny funds to CSOs that work on issues of which the donor, or the regulator, disapproves. But there is also a subtler pressure, framed in a notionally benevolent language of projects and payment on delivery: of merely wanting to achieve results, secure value for money, shrink CSO bureaucracy and ensure accountability. The consequences of this shift to projectisation are in fact to lessen results (if by results we mean real, large scale, lasting change), lessen value for money, increase CSO bureaucracy, as grant management and funds acquisition become questions of survival, and reduce real accountability to communities, as organisations shift their accountability focus to donors.

Eurodad, the European Network on Debt and Development, "assess[ed] the potential of results-based approaches to deliver long-term and sustainable results by measuring the performance of different initiatives against the aid effectiveness principles developed and agreed by all donors at high level summits," and found that they were a step backwards.<sup>1</sup>

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This is unsurprising as, indeed, the aid effectiveness principles had themselves been:<sup>2</sup>

*“a response to the failure of project-based approaches that increased transaction costs, failed to have sustainable impact on recipient countries’ systems and often collapsed once funders moved on. They [had been] an important attempt to move away from donor-driven aid that tended to promote the foreign policies of donors rather than focusing on poverty reduction.”*

In other words, the shift to project based funding is less a new approach than a return to an outdated one.

Of course, the drive for projectisation is not really about effectiveness. It is about politics. As a 2014 INTRAC study found:<sup>3</sup>

*“Donors report that working with established partners with a track record of delivery over a longer period should be a cost effective way of having a lasting impact on poverty. Secure, flexible funding should enable CSOs to tackle ambitious programmes and to innovate. Working through strategic partners also enables the donor to reach populations it cannot reach itself and to benefit from CSO knowledge and expertise. On the other hand, strategic funding is more sensitive to political changes than programme funding and has to be constantly justified and explained. It can be more challenging to*

*demonstrate the results attributable to strategic funding than for programme funding.”*

The shift to projectisation is not just about the politics of fear of criticism. It is also about the politics of an ideal in which CSOs respond to the results of poverty, but not tackle the causes, and work to help the poor cope, but not to strengthen poor people’s power.

## WHAT NEEDS TO CHANGE

CSOs across the world are seeing the funding environment become more restrictive. Grants are becoming more complex, programme periods are reducing and reporting requirements are increasing. It’s getting harder to focus on the most important work of development.

Rightly, CSOs have raised with donors their requests to halt this damaging trend. But we cannot only appeal to donors. We need first and foremost to decide what our response will be. We need to be clear on how we will work. At ActionAid we use the term ‘programme-led funding’ to describe an approach that seeks resources for work that our analysis and the communities we work with set out as key. We explicitly reject ‘funding-led programming’, in which CSOs start by looking at where the money is and offer to provide whatever projects that funders say they would like.

ActionAid’s agenda is one of transformation. As we set out recently in a joint statement with civil society leaders:<sup>4</sup>

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*“We will work together with others to tackle the root causes of inequality. We will press governments to tackle tax dodging, ensure progressive taxes, provide universal free public health and education services, support workers’ bargaining power, and narrow the gap between rich and poor. We will together champion international cooperation to avoid a race to the bottom.*

*“We will work together for a human rights and feminist agenda that curbs the influence of the corporate sector in defining national development agendas. We will champion living wages, the redistribution of women’s unequal share of unpaid care work, and the tackling of violence against women brought on by state repression and rising fundamentalism.*

*“We will work together with others to secure climate justice. We will take on the power of the fossil fuel companies who are undermining efforts which respond to science and protect people and planet. We will press for action that properly holds accountable those most responsible for climate change, and addresses the losses and secures the rights of those who are suffering the most from its impacts.”*

The big changes that civil society has achieved have been about challenging power. We’ve won some victories over the past 15 years, including several over big institutions: the defeat of the World

Trade Organisation’s Doha round, from which the organisation has never recovered;<sup>5</sup> the defeat of the Free Trade Area of the Americas; the International Monetary Fund and World Bank’s disavowal of harsh economic austerity programmes; and important policy changes won on equality, such as new land laws in Bolivia and Brazil’s Zero Hunger and poverty eradication programmes.<sup>6</sup>

Of course, there are consequences to CSOs taking such an approach. Clarity on the importance of challenging power means walking away from some resources. But the most important scale is the scale of impact an organisation can have, and that depends on holding to organisational strategy and values. ActionAid’s approach to development involves taking sides with the poor, and challenging imbalances of power that perpetuate poverty. For ActionAid the ‘we’ that matters most is the communities we work with and our allies at the grassroots, along with social justice movements and organisations.

Anti-apartheid leader Jay Naidoo described how his generation’s successful movement was inspired by Steve Biko:<sup>7</sup>

*“He didn’t give us a project plan, he didn’t give us a log frame, he gave us no PowerPoint presentation, and he had no money to give us at all. But what he gave us was a direction and the confidence to pursue it. Nowadays I hear organisations say ‘We have to do something about the challenges facing our society, but first we must find some funding’ – when organisations talk*

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*like this they have forgotten what they for, and forgotten how change happens. The truly effective CSOs will be those that work out how to organise people in the twenty first century.”*

on how change happens. Then we can seek funding. If we get it the wrong way round, we can survive, but as shadows only. Bluntly, only those CSOs that refuse to be projectised will escape that fate.

## CONCLUSION

The projectisation of donor funding is a threat to CSO sustainability. But more importantly, it is a threat to the contribution CSOs can make to advancing social justice. That projectisation reduces effectiveness is clear, but is also clear that the drive for projectisation is essentially political. CSOs have rightly urged donors to pull back from projectisation. But CSOs also need to be robust in their own response. We need to be clear on our purpose, clear on our values, and clear

1 Eurodad, Hitting the Target? Evaluating the Effectiveness of Results-based Approaches to Aid, 2012.

2 Eurodad, 2012 Ibid.

3 INTRAC, Comparative review of donor approaches to unrestricted funding of CSOs, 2014.

4 ‘Securing a just and sustainable world means challenging the power of the 1%: a joint call from the leaders of ActionAid, AWID, CIVICUS, Greenpeace and Oxfam on the eve of the World Social Forum in Tunisia, 13 march 2015, <http://www.actionaid.org/2015/03/securing-just-and-sustainable-world-means-challenging-power-1>.

5 “No deal better than a bad deal” says ActionAid, as last ditch WTO talks put 950 million hungry further at risk, Reliefweb, 18 July 2008, <http://reliefweb.int/report/world/no-deal-better-bad-deal-says-actionaid-last-ditch-wto-talks-put-950-million-hungry>; ‘WTO talks collapse said victory for farmers, workers’, Reuters, 30 July 2008, <http://www.reuters.com/article/2008/07/30/us-trade-wto-victory-idUSL069689920080730>.

6 ActionAid, Who’s Really Fighting Hunger?, October 2009, [http://www.actionaid.org/sites/files/actionaid/whos\\_really\\_fighting\\_hunger\\_report](http://www.actionaid.org/sites/files/actionaid/whos_really_fighting_hunger_report).

*pdf*, ActionAid, Success in Reducing Hunger: Lessons from India, Malawi and Brazil, 2011, <http://www.actionaid.org/publications/success-reducing-hunger-lessons-india-malawi-brazil>; “Organizadas Somos Fortes” – Organised we are powerful. Reflections from the landless movement in Brazil’, Global Dashboard, 28 April 2015, <http://www.globaldashboard.org/2015/04/28/organizadas-somos-fortes-organised-we-are-powerful-reflections-from-the-landless-movement-in-brazil>.

7 Speech by Jay Naidoo at the World Social Forum, Tunis, Tunisia, 2005.