



## Discussion Paper for the Structured Dialogue

### TOWARDS NEW INSTRUMENTS FOR CSOs

## ***I. INTRODUCTION***

### **Background**

This Discussion Paper aims at presenting CONCORD's proposal to the European Commission of new instruments for Civil Society Organisations (CSOs). These proposals are made in the context of the on-going Structured Dialogue and towards the up-coming negotiations for the next Multiannual Financial Framework (MFF) post 2013.

The Structured Dialogue process has been launched in March 2010 and one of the clear expectations of CONCORD was that CSOs need policy before funding, but funding instruments that deliver policy.

A **rights based approach to development** should also be the basis for any development cooperation activity of the European Union, in particular in the field of civil society instruments and actions.

Up until now in the Structured Dialogue process, CONCORD has made calls for:

- a. A focus on 'development effectiveness', i.e. on development outcome rather than on output;
- b. Promoting the role of civil society as an actor in development including in political dialogue, as stated in the article 20 of the Accra Agenda of Action (AAA);
- c. Recognising the diversity of civil society, creating an enabling environment and right of initiative;
- d. Prioritising local actors/local partnerships and 'bottom-up'/needs driven development;
- e. Securing longer term/predictable funding;
- f. Guaranteeing Geographic AND Thematic funding for CSOs in Europe and partner countries;
- g. Recognising the importance of development education, advocacy, campaigns work;
- h. Ensuring cooperation with local authorities at times of service provision, but this must be looked at more closely at times of actions related to good governance, human rights issues, national agricultural policies or areas restricting the space of local civil society<sup>1</sup>. Therefore CONCORD rejects the 'Territorial Approach to development' with the Local Authorities as the sole entry points for local development and suggests a more cooperative role between the two types of actors.

The results of the **supporting initiatives to the Structured Dialogue** should be systematically integrated in the process and in any kind of conclusions to the Structured Dialogue. This applies in particular to the Human Rights supporting initiative and the Development Education and Awareness Raising (DEAR) Study, which produced high quality and widely appreciated results through a broad consultation process. The follow up should also be used **appropriately** for the revision of the present NSA Communication (dating from 2002).

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<sup>1</sup> Nevertheless, the areas of cooperation between LAs and CSOs should depend on the context. For example, in Belarus the cooperation of CSOs with LAs about good governance is crucial.

### Proposal for change of terminology

CONCORD requests the **abolition of the term “Non-State Actors - NSA”**. **Civil Society Organisations (CSOs)** is the term that is used in the majority of modern development discourse and internationally accepted terminology. CONCORD welcomes improvements in the EC’s commitment to work with civil society and believes it needs to go much further and be accompanied by a proper strategy for cooperation<sup>2</sup> and to a significantly greater extent, beyond current funding.

### The link with the future Multiannual Financial Framework post 2013

The present debate is very important in view of the negotiations towards the next Multiannual Financial Framework (MFF) of the EU (post 2013). Those debates have already started (first EC public consultation in January 2011), following which the EC will produce its proposal to the Council in summer 2011. Therefore, within the Structured Dialogue it is very important that besides CONCORD proposals towards sound aid delivery mechanisms, we take the chance to give inputs towards new instruments for CSO cooperation, which respond adequately to the present needs in a globalized world.

CONCORD underlines that discussions in, and results of the Structured Dialogue must inform the debate around the MFF. These need to be based on the understanding that CSOs are looking beyond the limits of current thematic programmes and restricted possibilities for extended cooperation with the EC.

## **II. CONCORD PROPOSALS FOR FUTURE CSO INSTRUMENTS**

### ***The Rationale behind CONCORD’s Proposals***

The CONCORD proposals seek to provide a coherent, complementary and holistic approach to funding and supporting the EU’s relationship with civil society. It takes into account the changing donor environment of the aid effectiveness agenda, debates within civil society on its role, added value and development effectiveness and also what constitutes an enabling environment for civil society<sup>3</sup>. It also takes into account the changes in how civil society works and the ongoing needs for achieving the Millennium Development Goals in many countries in the world.

These proposals are not intended to detail *ALL* of civil society funding, as CONCORD supports to keep and reinforce the present Thematic Programs (including Investing in People, Food Security, Environment, Migration & Asylum).

The proposals detailed in this document are based on the careful analysis by CONCORD with its partners of the value added that civil society brings to development, the key role it plays as a development actor, facilitator of multi-actor cooperation and the significant gaps within the EU development policy. The proposals are based on the shared values and principles within CONCORD and global CSO, including, prioritizing the rights’ based approach to development, maximizing the value of the diversity of CSO (around multiple roles and different actors in different locations and types of collaboration), and diligently pursuing partnerships and solidarity based on equitable and reciprocal collaboration and cooperation (transnational, national and sectorial)<sup>4</sup>. As such these proposals are a continuation of CONCORD’s original principles paper.

The sections below set out CONCORD’s **three headline proposals**, and then its **four detailed proposals**. Finally, the paper proposes technical recommendations regarding **funding mechanisms**.

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<sup>2</sup> As highlighted by the European Court of Auditors report - The Commission’s Management of Non-State Actors’ Involvement in EC Development Cooperation (2009) - <http://eca.europa.eu/portal/pls/portal/docs/1/2722293.PDF>

<sup>3</sup> The underlying principles can be found in the Accra Agenda for Action and the emerging conclusions of the Open Forum on CSO effectiveness to be finalized and presented in the High level Forum in Busan at the end of 2011.

<sup>4</sup> Istanbul principles of CSO Development Effectiveness, Open Forum, 2010.

## **HEADLINE PROPOSALS - Overall picture of the EC funding for civil society in development**

### **A. CONCORD proposes that the total annual EC funding for civil society in development cooperation should be at least 15% of the total EC ODA<sup>5</sup>.**

CONCORD has estimated that the amount the EC allocated to CSOs in development (in 2008) was: **1.3 Billion Euros** (490 Million from EDF + 710 Million from EU Budget<sup>6</sup>). We believe both in increasing the total budget for ODA and in better channelling of funds through CSOs

CONCORD believes that this general earmarking proposal for CSOs is necessary for the following reasons:

- a) **Consistency:** The Development Consensus and the Cotonou Partnership Agreement between EU and ACP countries foresee an important role for civil society at both policy and implementation levels; this should be implemented across all EC cooperation with developing countries;
- b) **Capacity:** The Accra Agenda for Action (Art. 20) recognised that CSOs are 'actors in their own right' who should therefore be given the capacity for independent action;
- c) **Effectiveness:** Previous studies on CSOs demonstrate both their *quality, impact* and *cost efficiency* as channels of aid<sup>7</sup>;
- d) **Meeting Needs:** The very low success rates for CSOs under the Call for Proposals<sup>8</sup> demonstrate clearly the need for new mechanisms to allow CSOs to fully play their roles as development actors.

### **B. CONCORD proposes that the architecture for ODA should incorporate a complementary framework of both geographic and thematic funding in order to guarantee flexibility and to best meet the varied needs of development aid.**

A complementary mixture of geographic and thematic funding is necessary in order to ensure:

- a) **Flexibility:** funding should be adaptable to different situations, and allow local decisions by EU Delegations based on full consultation with CSOs active within the country;
- b) **Innovation:** an aid architecture which includes a variety of funding mechanisms encourages innovation in aid;
- c) **Support to fragile states:** geographic bi-lateral funding is often inadequate and inappropriate within fragile states, which require a context-specific approach;
- d) **Meeting Needs:** Funding mechanisms need to support not only development initiatives, direct engagement and program implementation but also other activities such as advocacy, capacity-building, and development education. A variety of funding approaches is necessary in order to support the various roles of CSOs in development.

### **C. CONCORD proposes that the thematic programmes and instruments which are currently in place should be retained and strengthened. Furthermore, CONCORD proposes that there should be reinforced areas of thematic focus, in relation to promoting global civil society, human rights, and linking relief, rehabilitation, and development (LRRD).**

CONCORD insists that **thematic funding** is crucially important, since it is often able to deliver objectives which are not possible within the limits of geographic (bi-lateral) funding. Whereas the main focus of the geographic programmes is to support developing countries' policies (e.g. service provision, governance, infrastructures), thematic programmes are useful in enabling a focus upon cross-cutting issues, innovation, pilot actions, multi-

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<sup>5</sup> Current figures for 15% of EC ODA in 2009 would amount to **1.6 Billion Euros** (excluding humanitarian aid). Indeed, the total EC ODA in 2009 was 12 Billion Euros (of which 1.26 Billion were committed for Humanitarian Aid).

<sup>6</sup> Figures of the EDF come from the OECD DAC website, and figures of the EU Budget come from the CONCORD document "Facts and Figures 2010". Again, these figures only take into consideration the development sector and not the humanitarian aid.

<sup>7</sup> As stated in the conclusions of the Special Report n°4 of the European Court of Auditors (2009) on « The Commission's management of Non-State Actors involvement in EC Development Cooperation ».

<sup>8</sup> The 2010 statistics of all the Thematic Programmes show that success rates for Non-States Actors vary from 2.8% to 14%.

country and international actions, global public goods, as well as service provision, - especially in fragile states with weak local authorities and weak CSOs.

CONCORD proposes that there should be reinforced areas of thematic focus. Detailed proposals are made in the section below.

While CONCORD does anticipate this whole debate will have an impact on the current Non-State Actors and Local Authorities (NSA-LA) thematic programme, it supports the retention of the existing thematic programmes (i.e. Food Security, Environment, Investing in People, Migration and Asylum) and the human rights thematic instrument (with its own legal basis).

## **DETAILED PROPOSALS- Specific recommendations in relation to EC funding for civil society in development**

### **PROPOSAL ONE- CONCORD requests that up to 15% of geographical (country based) funds be earmarked for civil society actions.**

1.1. The proposed **15% earmarking of geographical funds** is based on a recognition of the increased capacity in many developing countries for local civil society organisations to articulate and advocate for their needs. It also follows CONCORD's vision<sup>9</sup> that "the implementation of development projects and programmes is best done by local actors including local civil society, in partnership with European CSOs." CONCORD believes that a priority should be given to national CSOs for funding but that funds should still be open to *ALL* CSOs. **Partnerships** should always be prioritised in funding, including all kinds of partnerships (between CSOs from different partner countries or with European CSOs etc), except in very specific contexts such as fragile states where partnerships may not be possible.

1.2 This proposal suggests that local civil society can best play its role within a coherent policy framework based on strong country analysis and a free and frank debate amongst stakeholders on development policy. It also **recognises the need for budget support and sectoral support to be complemented by strong civil society activity** to ensure the 'draw down' effect of communities using and demanding services from their government. It also should allow civil society to play its roles as watchdog, alternative voice and stakeholder in democratic debate and allow local civil society organisations to prioritise their needs and identify the support that they require and can provide<sup>10</sup>. CONCORD also recognises that there are political contexts in which, due to their sensitivity and lack of human rights, civil society organisations cannot safely work with the governments or maintain their political independence, and therefore would not be able to access geographical earmarked funds. In those contexts there needs to be a far more honest debate with the EU about the lack of an enabling environment and other funding thematic instruments must be deployed.

1.3 The concept for this proposal is based on the precedent foreseen in the programming guidelines of the 9<sup>th</sup> EDF prepared by EC headquarters. Sadly however, CONCORD has noted that implementation of this earmarking proposal has been very weak in the 9<sup>th</sup> and 10<sup>th</sup> EDF programming<sup>11</sup>. Hence, **forms of positive incentive** need to be built into dialogue and negotiation between the EU and the government, including bilateral agreements governing budget support, to ensure effective access to such funds for civil society<sup>12</sup>. The 15%

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<sup>9</sup> CONCORD Principles Paper, June 2010, Working Group 1, 2.2:

<sup>10</sup>The participation of civil society organisations is important but many organisations in the developing countries lack implementing capacity, therefore their effective participation would require more support and simplification of procedures. Especially, online procedures are problematic for civil society organisations in partner countries.

<sup>11</sup> For example, the government of Kenya preferred to return EDF funds to the EC rather than to give these to CSO's.

<sup>12</sup> The TACIS regulation can provide examples, referring to the Community's basic democratic clause: it mentions these critical elements in the preamble, point 5, namely "*progress towards free and open democratic societies that respect human rights, minority rights and the rights of the indigenous people, and towards market-oriented economic systems.*" The TACIS programme promotes the spirit of partnership of local and EU-based organisations, and hence the requirement to act in such partnerships in order to be eligible for funding.

Examples from Asia show that direct contracting between the EC and the grant beneficiary is possible, provided that some overarching agreement or framework exists under the bilateral agreement between the EC and a given country, by which the National Authorizing Officer (NAO) agrees to the general existence of some sub-programmes, under which direct agreements can be made between the EC and potential grant beneficiaries, without involving the NAO for each single contract.

earmarking should be negotiated into Country Strategy Papers, which should be drafted in full consultation with, and the meaningful participation of local CSO actors.

1.4 In order to ensure that this objective is realised we will need a **strong enabling environment**. This should start with strong political support from the EU to support the role of civil society in development. The existence of the European External Action Service (EEAS) should provide greater leverage in ensuring support for increased CSO involvement in geographical envelopes. CONCORD encourages the Commission to use incentives according to local context in order to get strong policy commitment for this additional support.

1.5 This proposal also assumes that other activities proposed by the EC for effective engagement with civil society would take place within a framework of aid effectiveness and sharing with donors, so that CSOs do not find themselves responding to different donor requirements. It also assumes that mapping activities would take into account the existing mechanisms and frameworks with civil society in that country and not seek to duplicate them.

1.6 CONCORD has identified the **following types of activities** that could be funded from the earmarked funds. These are all related to the perceived added value of CSOs in particular related to: playing a watchdog role, supporting local governance by citizens and awareness raising, technical support and pilot projects in specific sectors, support to the most vulnerable groups to access services and understand their rights and responsibilities, advocacy work to change unjust or ineffective policies, capacity building to local civil society to develop their skills in the above areas. This is not an exhaustive list but identifies just a few of the many areas where CSOs can play an active role in national development.

1.7 CONCORD does not see this proposal as preventing or competing with the EC's proposals regarding decentralised funding for local governments and improving access to local services. CONCORD supports the need for local authorities to secure increased funds from national government budgets and to improve basic government services at the local level.

1.8 **FUNDING MECHANISMS** suggested for disbursing the earmarked funds. The proposal does not define all the funding mechanisms that would be used but would recommend that the governance of the earmarked funds would follow best practices of ensuring an enabling environment for civil society organisations:

- 1 Programme funding or coalitions of CSOs;
- 2 Re-granting mechanisms to allow greater access for smaller/grassroots CSOs;
- 3 Small scale calls for proposals on a country level (following some of the best practices learned from the CSOs country based calls);
- 4 Multi-stakeholder partnerships (where deemed necessary).

## **PROPOSAL TWO - CONCORD proposes a revised Civil Society Instrument: "Promoting and supporting Global Civil Society".**

2.1 The Millennium Declaration and the Accra Agenda for Action both recognise the unique and important role of civil society organisations (CSOs) in development<sup>13</sup>. By supporting civil society (particularly in developing countries), Europe would be actively responding to the broader (often social) development rights of citizens. At the same time, the Open Forum for CSO development effectiveness (leading to the upcoming Busan High Level Meeting) is evidence of a global civil society willing to demonstrate and improve its effectiveness.

2.2 This proposal aligns with CONCORD's general demand for a flexible approach to funding, with true complementarity between geographic and thematic/horizontal approaches, so that civil society is best able to respond flexibly to a variety of contexts and complex situations. Thus, it is important to have an actor based approach that integrates the full range of roles and added value of CSO action as well as the full range of CSO actors.

2.3 A thematic civil society instrument, '**Promoting and supporting Global Civil Society**', would continue the current NSA-LA programme's support for civil society-driven actions in both partner countries and the European Union. It would also recognise the increasingly important role of civil society in a globalised and changing world and ensure the maximization of CSOs' added value. Civil society is particularly well positioned to assess and

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<sup>13</sup> "We share an interest in ensuring that CSO contributions to development reach their full potential [...]. We will work with CSO to provide an enabling environment that maximizes their contributions to development" (AAA Article 20).

appropriately address the right to development, to give voice to those that don't always have one and to adapt rapidly to change. Civil society is also well placed to co-ordinate and mobilise and to make the linkages 'from local to global', learning and benefiting from shared experience and co-operation.

2.4 This instrument contains elements of the existing NSA-LA programme, but goes beyond this, acknowledging the new globalised reality of civil society. All activities in this instrument can be proposed and implemented by all types of CSOs in EU and partner countries, based on a prioritization of solidarity and equitable partnerships, broadly understood (global, transnational, national and sectorial)<sup>14</sup>

2.5 CONCORD proposes enlarged flexibility within this instrument to enable multi-country and cross-border actions that allow an increased level of linking and learning between organisations and activities, facilitating joint learning and dissemination of best practices.

2.6 Building upon the above roles and added value of civil society in development, fully supported by the EC Structured Dialogue process WG1 and WG2 outcomes, CONCORD therefore proposes an improved and refined version of the current actor-based programme (NSA-LA). This *Global Civil Society Instrument* would:

- **Support and strengthen development initiatives for the most vulnerable in partner countries.** CSOs can use their experience of providing services and implementing development projects to contribute and improve the quality and inclusiveness of public services delivery including through building capacities of citizens, local authorities and state institutions. CSOs can also contribute to improve livelihoods, fair access to productive means as well as the sustainable management of natural resources and to present evidence-based messages to local and national level decision-makers to improve policy-making, resourcing and systems for inclusive and sustainable development. In addition, CSOs are best placed to respond to the specific local contexts at a level that other modalities cannot reach (i.e. local and grassroots levels). Where governments cannot (e.g. in fragile state contexts) or will not provide basic services for their citizens, it is often CSOs who respond to the rights of poor and marginalised people. Adequately funded, this instrument can enable flexibility, creativity and innovation, as well as reinforce collaboration in implementations between CSOs in partner countries.
- **Enable and promote Global Civil Society.** This instrument aims to deliver the strong, vibrant and globally linked civil society that is needed to respond to the challenges of a globalising, changing world. Activities under all four sub-objectives of this instrument can be implemented both in Europe and partner countries, ideally in partnership between EU and partner country CSOs. This second pillar of the instrument should contain the following elements:
  - *Co-ordination of civil society.* The work of CSOs benefits from a certain level of co-ordination, especially when taking part in multi-stakeholder processes, policy and programming dialogue at national and international level (as evidenced during the EC Structured Dialogue process). Co-ordination (sectoral, national, regional, global) leads to more effective advocacy, more sharing of lessons learned, a stronger voice and increased legitimacy towards other major stakeholders in development. In addition, it is important to foster internal analysis, organization and networking among CSO to maximize their effectiveness, especially in developing countries, fragile states and states in transition.
  - *Development education and awareness raising* to develop citizens' awareness and critical understanding of the interdependent world and one's own roles and responsibilities, and to support active engagement in local and global attempts to eradicate poverty and promote justice, human rights and sustainable ways of living.
  - *Capacity building and joint learning*<sup>15</sup> for civil society to strengthen organisational capacities, to deliver services, to strengthen its watchdog role, to hold governments and decision-makers to account and to ensure that lessons are learned and shared (including learning between European CSOs, between CSOs in partner countries and between CSOs in Europe and on other continents).

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<sup>14</sup>Istanbul principles of CSO Development Effectiveness, Open Forum, 2010.

<sup>15</sup>One of the activities of "joint learning for development" could be to set up a **European Impact Assessment Centre** in order to improve the quality of the projects, programs and partnerships implemented by NGOs and other development actors by promoting a culture of evaluation and learning within the CSO community. Its main objective shall be establishment of a joint/multi-actor mechanism that enables impact assessment and capitalization at European level, together with actors in partner countries.

- o *Advocacy and campaigning.* Recognising the political and watchdog role of civil society, the engagement of civil society with decision-makers and political leaders (both within Europe and in developing countries) is important to ensure they play a decisive role in the fulfilment of the human rights and development priorities of people around the world.

2.7 All actions funded within this instrument shall include a capacity building element of local actors.

2.8 The total annual funding for this instrument should be **at least 25%**<sup>16</sup> of the recommended total amount allocated in the EC budget for civil society in development.

**PROPOSAL THREE - CONCORD proposes to implement an approach that links relief, rehabilitation and development (LRRD) and is able to address disaster preparedness and fill the gaps between humanitarian relief and long term development funding of the EU**

3.1 European CSOs recognise that progress has not taken place everywhere in the world, and some countries have, through conflicts and disasters, lost ground in their struggle for sustainable development. These countries, and in particular their local civil society **need extra support and often significant investment of resources** to get back on track and moving towards their development goals. The EC has repeatedly expressed its commitment to the LRRD approach. European CSOs acknowledge some progress, and that efforts have been undertaken by European institutions. Nevertheless, significant gaps remain in coordination, but also in the availability of sufficient funding for transition initiatives. The EU's investment in rapid humanitarian aid needs to be complemented with a more effective mechanism to allow EU civil society and their country based partners to fully link relief with re/construction and development, to consolidate efforts made during the emergency response and to contribute to a peace dividend.

3.2 CONCORD believes **that the Structured Dialogue is not the best place to address in details the issue of LRRD.** Nevertheless, CONCORD capitalizes on the opportunity of the SD process to flag the fact that this issue needs to be further developed and specifically tackled. Special sessions with the LRRD& DRR specialist stakeholders (e.g. VOICE, Red Cross, ECHO...) will be initiated. The recommendations of these special sessions should then input into the MFF negotiations. There are already many positive examples of efforts made by ECHO and EC staff to develop LRRD strategies and these could be used to guide decision making. First thoughts from CONCORD:

- We stress the recognition of the ongoing gap between humanitarian relief (as provided by ECHO) and long term geographic funding. It also recognises the need for funding for disaster preparedness and disaster risk reduction / management strategies in a context of increased natural disasters coupled with the need for communities to be prepared in advance. LRRD funding must cover non-traditional relief components during the relief phase (within the first six months of the emergency), including supporting education, livelihoods (seeds & tools), and protection initiatives that fall outside traditional relief interventions. Donors, however, have been traditionally reluctant to do so. The EC needs to channel some energy into supporting such interventions.
- LRRD activities are expected to target fragile contexts or exceptionally difficult context countries where populations face unstable government and regular outbreaks of conflict. LRRD funding should include work on disaster risk reduction, to support communities in areas susceptible to natural disasters to prepare themselves and improve their disaster response capacity. DG DEVCO activities in LRRD should not be in competition with disaster preparedness activities funded by ECHO, but rather take into account the policy lessons and effective programme models that could be replicated or scaled up on a wider and longer term scale. It is important to provide important funding for links between humanitarian relief and development aid and increased resources for the reconstruction phase. Food security and early agricultural recovery often remain central issues in transition situations, and these are already addressed to some extent in the Food Security Thematic Programme. However, that thematic programme alone cannot cover the gaps identified in this sector.

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<sup>16</sup>As stated earlier in this document and based on the 2009 figures, the total EC funding allocated to CSOs should amount to 1.6 Billion Euros per year. Therefore, **at least 400 Million Euros** per year should be allocated to the instrument "Promoting and supporting Global Civil Society".

- The activities to be undertaken under this programme in support of LRRD will depend upon the quality of the contextual analysis. In particular, country strategy papers should be able to take into account this analysis, and reserve sufficient funding at country level in order to execute the necessary activities.
- In order to make sure the funding for LRRD is efficiently delivered and adapted to the local needs, CONCORD calls for: (i) reliable funding (over several phases); (ii) flexible funding (in terms of selection procedures and rapidly mobilize funding in innovative ways) and timelines<sup>17</sup>; (iii) donor coordination (beyond the EU Institutions alone, at field level); (iv) better and more flexible use of existing instruments (e.g. Stability instrument, DIPECHO, geographic programmes).

**PROPOSAL FOUR - CONCORD proposes the creation of a revised and enlarged “Instrument to promote Human Rights and Democratic Processes” that increases support to all human rights and the UN Conventions.**

4.1 The primary objective of Europe’s development policy, made binding under the Lisbon Treaty, is the eradication of poverty and the protection of human rights. Yet currently only 1.3% per year of EC ODA is allocated under the European Instrument for Democracy and Human Rights (EIDHR). This is insufficient funding if Europe is to be ambitious in promoting the principles on which it is founded, that is respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights (Article 2 and 3(5) of the TEU). CONCORD, therefore, calls for a significant **increase of the budget**<sup>18</sup> to enable support for all human rights as defined within UN Conventions and Treaties.

4.2 CONCORD, in partnership with the Human Rights and Democracy Network (HRDN), believes that **Human Rights will always require special attention and legal protection** through a separate Instrument with its own legal basis to fulfil the EU’s vision of a world where human rights are upheld and protected. The intention is to increase funds to tackle the significant gaps in implementation of human rights conventions and special rights problems faced by specific countries. The proposed instrument should apply to *ALL* human rights as defined under the UN Declaration of Human Rights.

4.3 CONCORD asserts the need for a separate legal basis for this instrument to ensure the protection of civil society partners’ right of initiative and independence. It is essential to ensure that the EU’s development partners can work in countries without the necessity of a bilateral aid agreement and to preserve the flexibility of the EU’s aid budget to respond to needs.

4.4 There are several advantages of the current EIDHR which need to be retained.

- The **flexibility** of this instrument needs to be preserved in order to support CSOs in authoritarian regimes.
- The programme must remain **accessible** to organisations that are not legally registered or are not recognised by authorities.

4.5 Additionally, CONCORD proposes that some of the current objectives that have been funded under the Thematic Programmes could form part of an enlarged human rights budget line. For example, the instrument could include sub-objectives to cover more adequately cross cutting issues, including human rights capacity building, support to gender, women’s rights, child rights, rights of those with disabilities, land reform and indigenous peoples. If these objectives were to be funded under a revised Human Rights Instrument, further increased funding would be required given the acute need for supporting these issues.

4.6 CONCORD also notes that at present around 25% of EIDHR is dedicated to **Electoral Observation Missions (EOMs)**. CONCORD believes that EOMs should be funded under this programme where the need is directly linked to the local human rights situation. However, the overall programme budget should be increased accordingly to take account of this need, and funding for other human rights areas should not be reduced to enable increased support for EOMs.

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<sup>17</sup> It takes a long time in order to effectively reduce risk in communities, therefore projects or programmes of 18 months or less are not adequate.

<sup>18</sup> CONCORD asks to double the present amount of funding available for human rights activities, excluding the Electoral Observations Missions (EOMs), which currently represent 25% of the total EIDHR envelope.

**4.7 FUNDING MECHANISMS.** This instrument needs a flexible administrative approach in order to properly support CSOs in difficult situations, authoritarian regimes or fragile states. The following are suggested mechanisms for use in this instrument. CONCORD recommends these as the most appropriate but would recommend a discussion based on objectives to identify the most appropriate funding mechanism for a particular budget line or context:

- Programme funding with longer term funding cycles (up to 5 years)
- Permanently open call for proposal targeting human rights at risk and human rights defenders (as is currently the case in the EIDHR)
- Re-granting mechanisms to allow greater access for smaller / grassroots CSOs.

### **III. CONCORD PROPOSALS FOR FUNDING MECHANISMS**

CONCORD supports the following key principles regarding implementing mechanisms:

- ✓ **Access to funding:** alternative funding solutions to calls for proposals must be found for CSOs. These alternative solutions should build upon the lessons learned during the current financial perspectives, be adapted to current needs, improve cooperation between the EC and CSOs, and fully respect the actions of CSO actors within the EU and developing countries.
- ✓ **Funding should be made available along both geographic and thematic lines,** in order to promote aid effectiveness and ensure that there are no gaps in aid delivery. Geographic and thematic funding should be regarded as complementary to one another.
- ✓ Base new aid delivery modalities upon the **analysis of the recommendations from reviews of the current financial perspective.** The specificity of CSOs should be taken into account, including whether they are new or more well-established, (e.g. new versus old Member States) making sure that new mechanisms accommodate the specificity and added value of a wide range of CSO actors (from Europe and partner countries).
- ✓ **Earmarking of funds for CSOs** should be promoted in order to increase effectiveness of aid delivery.
- ✓ **Encourage collaboration amongst CSOs:** Donors should enable CSOs from Europe and partner countries to collaborate amongst each other and with other actors in development (private sector etc) through multi-stakeholder approaches rather than competing for funding.
- ✓ **Single country and multi-country:** both single country and multi-country approaches are legitimate and complementary to each other.
- ✓ **Respect of the right of initiative:** The right for CSOs to initiate, define and conceptualize projects, as their capacity of innovation and response to the problems of the local populations is restricted when the guidelines of the calls for proposals are too specific.
- ✓ **Information** on EC funding to CSOs should be **transparent and clear.** A clear, precise and detailed financial report on the nature, the amounts and the beneficiaries of EC development aid should be published every year.
- ✓ **Targeted, transitional support mechanisms** are needed for organisations within New Member States which have been aid recipients, in order to assist their transition to donor status, and to assist them in engaging in EU policy-making.

#### **Calls for proposals**

Calls for proposals are not necessarily CONCORD's favoured funding modality given the level of costs and competition witnessed in the current system. Nevertheless, CONCORD is in favour of the calls for proposals system (2 phases – "restricted"), as one funding mechanisms among others. Regarding human rights at risk and human rights defenders (and other sectors where it might be needed), the EC should continue to allow permanent open calls for proposals. CONCORD believes that longer term project funding (for a period of up to 5 years) is essential to meet our concerns, and the issue was also raised in the European Court of Auditors

report<sup>19</sup>. CONCORD also supports a project management approach that favours support based on results, over reporting on financial expenditure, and welcomes a funding modality that would build partnership with the EC at local level.

The ongoing challenge for CONCORD is that this funding modality do not sufficiently take into account the current management issues and working relationships with the Delegations. EU Delegation's staff would have to be given time to understand the project and skills to focus on quality not purely a regulatory compliance approach. In addition partnerships demand regular communication which would represent an increased burden on Delegations. CONCORD continues to request a clear arbitration/ 'third party' system to resolve disputes, where they occur.

### **Simplified calls for proposals for low value grants**

CONCORD agrees that simplified calls for proposal should be put in place (and not only for low value grants), as the current calls for proposals system is not cost effective and has heavy administrative burden. This mechanism could be particularly relevant for small local structures.

However, allowing simplified calls for proposals for low value grants has risks: (i) danger to over-stretch the EU Delegations' capacities by asking them to administer many small calls for proposals and need for intensive monitoring (n.b. alternatives might be re-granting / block grants); (ii) risk of lack of connection between small projects; (iii) risk to support 'briefcase NGOs' (i.e. NGOs which are not truly emerging from community) instead of supporting small organisations.

### **Follow-up grants**

The criteria CONCORD identified for targeting could apply in this case, e.g.: value added of the specific partner, meeting a particular gap in development in the country/sector, pilot/successful approach to be replicated elsewhere. CONCORD has identified that increased flexibility by the EC in its funding modalities and longer funding periods (up to 5 years) would allow the EC to try more innovative projects with the opportunity to increase/ replicate /extend them later. This modality could allow successful ongoing projects to maintain funding and prevent loss of impact by the non-continued funding of key projects; this is particularly true of fragile states where cuts can results in negative impact. Follow-up grants can also be useful for Post-period Assessment Funding, allowing doing a follow-up evaluation tracing the results of a project, a year or several years after a project has ended.

However, CONCORD's experience to date raises a number of questions regarding the implementation of these follow-up grants on an objective basis. Based on CONCORD's current experience of EU funding, the limited total funds available would limit the possibilities for new projects to be funded and reduce the usefulness and sustainability of the modality. In addition careful evaluation would be required to ensure that projects are not funded on the basis of their existence but on the basis of need/impact. Accompanying measures should be defined for this mechanism to fit certain actors/ roles/sectors. Another ongoing reality is the lack of donor harmonisation on procedures and coordination, which could imply that projects that should receive follow up funding may not be able to, due to differences between donor approaches/ regulation. It can be difficult to 'modify' an existing project to a new donor's demands. As a conclusion, follow-up grants should not become the norm but should be used on a case by case basis (e.g. for certain sectors like agro forestry when even 5 years' programming is not enough and the best combination would be 5 years + follow up grant).

### **Programme funding**

CONCORD's membership has indicated several times its preferences for the programme funding modality (open to CSOs from Europe and developing countries), given that programme funding does not exclude other funding mechanisms (e.g. calls for proposals) as not all organizations will have the capacity to access programme funding.

CONCORD recognizes that there are challenges still to be addressed within the EU funding context as it is a broader donor than most individual EU Member States. Of course issues like criteria selection, monitoring, evaluation and reporting must be solved and this must be done in consultation with CSOs.

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<sup>19</sup> The Commission's Management of Non-State Actors' Involvement in EC Development Cooperation by the European Court of Auditors Report (2009) - <http://eca.europa.eu/portal/pls/portal/docs/1/2722293.PDF>

## Re-granting / Block grants

CONCORD welcomes the possibility for block grants or re-granting procedures as it targets a number of CONCORD concerns regarding support to civil society, particular smaller CSOs, human rights activities or Community Based Organisations (CBOs). CONCORD also recognises that re-granting could allow for much wider coverage of a country and range of actors, but contain the challenge of management problems. Nevertheless, re-granting should not be a means in itself as it should not be the main aim of the action.

Nevertheless, CONCORD is against networks and umbrella organisations providing re-granting to their members as it would undermine their primary activity of advocacy and member representation, facing the risk of becoming mere “re-granting agencies”. It could cause conflict of interests for the disbursement of sub-grants and overburden the umbrella organisations.

CONCORD also recognises the following issues around re-granting/block grants and would expect that they are addressed in discussions with the EU counterparts:

- Will sufficient costs be allowed for the intermediary organisation to administer and support the beneficiary organisations?
- What will be the regulatory requirements placed on the local / beneficiary organisations? Will these also take into account the diversity of contexts?
- What will be the size of grants (maximum and minimum values)?
- How would the process for criteria be set? Would CBOs be able to participate / express their views on their needs? Would CBOs be able to have a representative on the evaluation committee?
- What levels – national/international - are envisaged for the use of this funding modality?

## Ring-fencing

CONCORD is in favour of ring-fencing funds as it is a positive discrimination to increase access to funding for local CSOs and new players (e.g. CSOs from EU 12). CONCORD also defends ring-fencing funds for CSOs in general, e.g. earmarking 15% of geographical funding for CSOs or ring-fencing funds for CSOs within the human rights instrument. Nevertheless, CONCORD does not support the idea that local calls should be reserved for local applicants with global calls for international CSOs, as it is not a relevant distinction in a global civil society.

Ring-fencing should be *both* actor and activity oriented. Actor-based criteria could include country of origin, expertise or partnerships with European CSOs to build capacity of CSOs in partner countries. Activity-based criteria could include LRRD, human rights or disaster risk reduction (DRR). The size of the organisation should not be a factor of selection, but rather the area of expertise (or any other criteria above mentioned).

However, in order to meet its objective, ring-fencing needs to be combined with other measures like co-financing in full, re-granting or simplified calls for proposals for low value grants.

## Core funding

CONCORD supports the principle of core funding for CSOs on a multiyear basis, but would advocate that this funding mechanism is made available mainly for networks or other advocacy organisations, rather than for individual organisations (except in the case of human rights organisations). Core funding should not be used to create new networks where existing networks are in place – instead core funding should be used to strengthen such networks. Nevertheless, CONCORD is against reducing funds available for projects / programmes in favour of core funding for networks.

CONCORD is in principle in favour of the degressivity clause (at least in relative terms) for core funding. Nevertheless, the focus should be on reducing the dependency of an organisation upon one single funder, rather than on ongoing degressivity of the EC funding.

## Pool funding

CONCORD is in favour of pool funding for CSOs, as one of the possible funding mechanisms, as long as the participation of CSOs is ensured in the programming and consultation. The first step for the EC to allow this funding mechanism would be to change its Financial Regulation. The EC should also become more flexible and change its regulations to allow speedier set up procedures for setting up pool funds, as overly-lengthy procedures are currently a problem to pool funding.

However, CONCORD also recognises the following issues around pool funding and would expect that they are addressed in discussions with the EU counterparts:

- Strict standards are needed to avoid pool funding expanding beyond its original intentions
- Need to establish criteria for success in pool funding based on an evaluation of past experiences
- Perceived politicisation of key UN agencies during the implementation of some pool funding is a problem

### **Direct Award of grants**

CONCORD is in favour of direct award grant as long as their scope does not extend beyond the three following criteria: monopolies de facto / de jure, humanitarian emergencies and fragile states. There have been some problems with direct grants in past regarding transparency, so in order to extend this funding mechanism, clearer and transparent procedures are needed, as well as a proper consultation on the revision of the Financial Regulation. In order to improve predictability, direct grants should be awarded on a multiyear basis (and not annually as is the case today) but each organisation should still be required to publish annual work programmes (for the sake of transparency).

### **100% funding**

CONCORD agrees with the principle of enlarging the possibility for 100% project financing through EC funding, particularly for local CSOs. Indeed, it is increasingly difficult for CSOs to find match-funding for their EC grants; and this is the case for local but also for European CSOs. In addition, the absence of matched funding provisions for the project's eligible costs<sup>20</sup> does not prevent CSOs from contributing extra resources to projects (e.g. contributions in kind). However, there is a risk of putting too much pressure on control and monitoring of the organisation, which would undermine the benefits of the 100% funding.

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<sup>20</sup>The project budgets presented to the EC should only be composed of eligible costs, but the real budget of the project is often higher and includes non-eligible costs that add to the matched funding needed for the EC project budget.