

**Policy Memorandum of the Netherlands
on Civil Society Organisations**

Cooperation, Customisation and Added Value

The Hague, 14 April 2009

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Dutch Policy Memorandum on Civil Society Organisations: Cooperation, Customisation and Added Value

Introduction

Civil society has long been one of the principal channels of Dutch development assistance. It stands alongside multilateral cooperation via international organisations, bilateral cooperation between governments and partnerships in the private sector. Each of the four channels has its own strengths and plays its own part in achieving the ultimate goal of development cooperation: to help poor countries and poor people improve their living conditions, to reduce their vulnerability and to offer opportunities for development.

The challenge for development cooperation is to create links and to foster cooperation and synergy between the different channels. In so doing, the key consideration is how cooperation and streamlining can increase the effectiveness and impact of policy and reduce fragmentation of effort. After all, effective modern development cooperation is essential at a time when globalisation is exacerbating divisions in the world, when tens of millions of people are at risk of falling back into poverty as a result of the climate, food, energy and financial crises, and when it is far from certain that the Millennium Development Goals (MDGs) will be achieved by 2015.

As part of his broad-based modernisation agenda, the Minister for Development Cooperation has decided to use the opportunity of the expiry of the present cofinancing system in 2010 to examine the civil society channel in detail. Broad consultations with civil society organisations (CSOs), knowledge institutions and the private sector in mid-2008 confirmed that there was support for such an initiative and that all parties shared a common vision on how to proceed. This was particularly true of the important role that CSOs can and do play in combating the marginalisation and exclusion of poor population groups and in political, social and economic change processes.

These consultations contributed to the development of a set of principles for modernising and strengthening the role of civil society organisations in both the North and the South. The modernisation of development cooperation will involve imposing stringent requirements on CSOs in order to guarantee effectiveness. Much has already been achieved via these organisations, but there is room for improvement. The principles are set out in this policy

memorandum. At their heart is the desire to achieve a greater focus on systematic social change in support of development, greater involvement among the general public in both the North and South, customised solutions, more combined effort, more effective development cooperation and less fragmentation. The aim is also to align programmes more closely with local problems, as agreed in the Accra Agenda for Action, to focus more clearly on partner countries and to achieve more transparent accountability to all stakeholders. The watchword is: do more with fewer resources.

The Ministry of Foreign Affairs will use the principles set out in this memorandum as a guideline for its future partnerships with civil society organisations worldwide. It will also strive to further simplify, streamline and standardise its current grant schemes and (as advocated in relation to other channels), to make the 'aid industry' less of a closed shop.

1. Principles of international cooperation

Development cooperation is a matter of common concern to us all. The Dutch government is working at political level to achieve a dynamic common strategy to make up lost time in efforts to reach the Millennium Development Goals. It is taking the initiative by pursuing a coherent foreign policy. The principles established in the policy letter entitled 'Our Common Concern: Investing in development in a changing world' constitute the main guidelines for Dutch development policy. Systematic poverty reduction is the overarching aim of that policy.

Modern development policy uses aid as a lever for tackling global issues like poverty, peace and security, climate change and energy. Solidarity and self-interest dictate that 'their problems are our problems'. Development cooperation invests in areas where few others will. Modern development cooperation stresses investment in sustainable economic growth and job creation, so that countries can eventually become self-supporting and fund their own educational and healthcare systems. The new policy includes greater efforts to combat corruption and more stringent anti-corruption measures. New partners and coalitions will set about tackling world poverty. Development cooperation will emerge from its foxhole and open up to the world. It will follow up on what works and abandon what doesn't. In short, the new policy calls for all hands on deck for maximum effectiveness, based on a new understanding of development cooperation's role in the 21st century.

Modern development policy does, however, depend on striking the right balance between innovation and continuity. Modern development cooperation is directed at ensuring fairer

access to the means of production and employment, decent work and improved access to education, health care and social services. It is vital that this process be driven by governments, parliaments, political parties and civil society organisations in the South.

While sectors and development themes like education, health care, HIV/AIDS, water and sanitation, the environment, good governance, sport and culture will all remain relevant, particular attention should now be paid to the four focus areas identified in 'Our Common Concern'. The private channel will continue to be essential to ensuring that the 'searchers' in the field gain better access to the 'planners' at the top.

Four enhanced policy focuses

The first priority area is *growth and equity* to help bridge the gap between rich and poor. Sustainable growth must be given higher priority. At national level, the aim will be to promote pro-poor growth in the private sector and growth in the agricultural and informal sectors (which are particularly important to the poor). The joint memorandum on agriculture, rural entrepreneurship and food security¹ gives civil society organisations fresh support when it comes to farmer-driven agricultural development. Measures to ensure that poor populations and small and medium-sized enterprises have better access to financial services create an important basis for economic development, as set out in the recent memorandum on financial sector development and access to financial services for effective poverty reduction.²

Civil society organisations are active in the field of income generation, credit schemes and new forms of saving and could do more to address the equity issue at national level. They are already working to achieve better working conditions and equal opportunities. Internationally, the aim is to help and encourage developing countries to play a greater role in the world trade system. In times of economic crisis, it is important to strive for an open but asymmetrical international trade system. Developing countries are hit particularly hard by protectionist measures. Civil society organisations are closely involved in the international debate on the governance of the global economy and world trade, and are quite vocal on these issues.

The second enhanced policy focus is *equal rights and opportunities for women and the right to sexual and reproductive health*. Equal rights and opportunities for women and girls are both an absolute priority and a necessary precondition for achieving all the other Millennium Development Goals. The policy memorandum on HIV/AIDS and sexual and reproductive

health and rights in foreign policy³ identifies preventing human rights violations as the main theme of future Dutch efforts in the HIV/AIDS and sexual and reproductive health field. The memorandum advocates a substantial increase in access to AIDS prevention services, contraception, etc.

Political will is needed to break down established social and cultural patterns and change the existing balance of power. Civil society organisations can act as a catalyst by working to achieve equal opportunities for disadvantaged groups. Extra efforts are required in this area.

The third focus area is *peace and security*. The world's fragile states are also its poorest, and it is here that international cooperation is needed most. In conflict-sensitive societies, governments often fail to perform their core tasks adequately, such as protecting people and property, maintaining public order and security, providing basic services and maintaining economic stability. Such countries still have a long way to go to achieve good governance. Civil society organisations can make an important contribution to the establishment of basic services, to reconciliation and peacebuilding and to strengthening social institutions.

The fourth focus area is *the environment, energy and sustainability*. The current emphasis on climate change and clean energy should create new opportunities for developing countries but must not be allowed to reduce poor people's access to scarce resources, biodiversity and energy. The environment and energy problem relates both to everyday life and to the condition of the planet. Its urgency cannot be emphasised strongly enough. Civil society organisations are active at every level: for instance at local level via biogas plants and other forms of sustainable energy, and at global level as part of the international debate on climate change and emission allowances.

Each of the channels has its own particular role to play in realising the policy objectives. In the current policy period, the aim is not to highlight the differences, but to look for interplay and synergy between all four channels – bilateral cooperation, the multilateral organisations, civil society organisations and the private sector. In the case of the civil society channel, the overall strategic aim is to help build a strong and diverse civil society tailored to the local situation. In this connection, strengthening the capacity of local civil society organisations is an aim in and of itself.

In the coming period, too, non-stop change can be expected to continue both in the world at large and in the specific field of development policy. We need to equip the Netherlands to respond flexibly to changing circumstances and new policy priorities at both national and international level. In this respect, close consultation and clear agreements will be more important than watertight rules and regulations. When all is said and done, nobody knows what the world will look like in five years' time.

The relationship between government and civil society organisations is based on trust and pragmatism. Desired modifications can always be agreed in the course of the annual policy discussions between the Ministry of Foreign Affairs and the organisation concerned.

2. Innovation and change

Civil society organisations will need to respond to changes not just in the North, but even more importantly in developing countries. It is hard to predict exactly how the environment in which they work will change in the years to come, but it is possible to identify a number of trends which are likely to play a role.

Economic crisis

The economic crisis is a dark cloud hanging over both the Netherlands and the developing countries. The effects there are likely to be at least as bad as here, and perhaps worse. Developing countries have few (if any) financial reserves with which to create safety nets and unemployment is soaring. Achieving the Millennium Development Goals is becoming an ever more distant prospect. Civil society organisations will have to concentrate more on job creation and income protection. In a world hit by a food crisis, an energy shortage, climate change and environmental pollution, the poor are the first to suffer. Poor people have few alternatives and civil society organisations are particularly well placed to offer new opportunities. They can fight for a more equitable distribution of the costs and benefits of globalisation. The poor should benefit from economic growth and not be excluded.

Further dramatic changes in international relations are likely to result from the rapid rise of countries like China and India, which are now demanding a bigger say in global affairs, especially where the third world is concerned. They frequently prefer a largely economic approach with less emphasis on human rights, transparency and local accountability. Civil society organisations have a vital role to play in striking a better balance between the differing approaches.

Growing confidence and power among Southern CSOs

Civil society organisations in the South will continue to grow more independent, professional and international. The dividing line between Northern, Southern and international CSOs will start to blur. South-South relations will become increasingly important. The political role of CSOs will become greater. Their role as service providers in the fields of health and education will remain important, especially in fragile states, even though the principle is that governments should bear political responsibility for providing basic services of this kind.

As part of the drive to harmonise and streamline development efforts, donor countries will tend to cooperate more on funding civil society organisations at local level. CSO funding will increasingly shift from the North to the South, where tender procedures will take place in consultation between donors and national governments. This type of decentralised funding is in line with efforts to improve harmonisation of the many CSO programmes and will be encouraged for that reason. The pressure to partner will come not only from donor countries, but also from the governments of developing countries. Those governments will set out clear requirements to CSOs.

At the same time, vigilance will be needed to ensure that the policy and operational freedoms of civil society organisations are not unnecessarily restricted by government authorities in the South. This is particularly true of sensitive areas like human rights, gender issues, and sexual and reproductive health and rights. It will also be up to the embassies to work (for example, at EU level) to champion maximum policy freedom for CSOs and to combat any restrictions placed on them.

There is an increasing number of networking organisations within which groups cooperate on an equal basis. We should pay attention to emerging social movements and spontaneously occurring unregistered groups of this kind, without necessarily trying to turn them into more formal organisations. The internet is making new kinds of partnership possible and there are increasing numbers of individual contacts between North and South which are not mediated through civil society organisations. Given these developments, the added value offered by Dutch CSOs is likely to change and require redefinition.

Philanthropy

Civil society organisations in both the North and the South will increasingly seek funding from a variety of sources. Where charitable funding is concerned, private sources like the Bill and Melinda Gates Foundation, the Dutch Postcode lottery and corporate funds will become more and more important. The philanthropic sector warrants greater recognition and better regulation. Public accountability will become a prominent issue in both the North and South. There will be increasingly strict quality standards, translated into generally accepted codes of practice for and certification of CSOs.

More public-private partnerships

New forms of cooperation will emerge within the development sector. Alliances will become more diverse, with companies of all sizes in both the North and the South making a strong contribution. Such public-private partnerships will become increasingly important. The first step will be to sit down with new partners in the Netherlands and the South and agree a common agenda. When a public-private partnership is set up, the main focus is on a specific problem. This may relate to the market, capacity or knowledge. The parties join forces to solve the problem because tackling it individually would be less effective or impossible. The risks and responsibilities are shared by all the parties concerned. The government welcomes the trend toward this innovative form of private-sector-based cooperation (e.g. the Schokland Fund).

3. Role and strategy of civil society organisations

There is strength in unity. This is certainly true in the case of people at the bottom of the social heap, who toil to earn low wages, have no savings, and find it difficult or impossible to gain access to health care and education. They have more responsibilities than rights, and suffer frequent exploitation and discrimination. To eradicate poverty, it is vital to give such people a voice and offer opportunities to both sexes, whether they are small farmers, landless peasants, labourers or street vendors.

Poverty is often the result of a process of exclusion and any improvement will have to be wrested from existing power structures. Development cooperation can only achieve sustainable results if those at the bottom of the social ladder are able to stand up for their rights and gain access to economic resources, social services, political systems and financial institutions. There is a long way to go to achieving a more equitable and dignified existence.

Within this context, civil society organisations in both the North and the South have a free-standing role as engines powering the drive to a better future. They have been set up partly in opposition to government policy and vested interests. As long as there are governments in the world, groups will get together and raise their voices in opposition to their policies, or at least in an attempt to influence them. Such criticism is not directed exclusively at government; some groups also criticise the actions of the private sector. At the same time, civil society organisations often work constructively with government authorities and engage in new alliances with the private sector. CSOs make societies more colourful and diverse.

Civil society organisations have their own ethical frameworks, represent differing interests and vary widely one from another. In fact, 'civil society organisation' is an umbrella term: it covers groups and organisations which may have traditional or modern attitudes, as well as political parties, faith-based organisations, commercial and non-commercial organisations, trade unions and occupational associations, migrant organisations, informal local groups and professional development organisations, good and bad.

The civil society organisations of interest from the point of view of international cooperation are those that seek – irrespective of size and whether they operate at a local or global level – to promote the interests of people living on or below the poverty line, who suffer oppression and discrimination, and whose voices are seldom if ever heard.

Civil society organisations generally have their ears close to the ground and work from the bottom up. They are crucial to the development of a stable society. They also promote the good governance and democracy agenda in a globalising world. The unbridled growth of international trade has not been automatically accompanied by a fair distribution of the benefits and burdens. CSOs can influence the agenda and the outcome of international talks on subjects like trade, food, energy, climate change and the environment.

In practice, civil society organisations interpret their mission in a variety of ways, depending on the economic, social and cultural context in which they work. Roughly speaking, it is possible to distinguish the following three strategies and associated programmes. These strategies are different in nature and synergistic in effect.

- a. *Sustainable economic development and direct poverty reduction* are directly aimed at increasing people's ability to satisfy their own basic needs and achieve development on an

individual level. Health care and education programmes are used to improve standards of living. Humanitarian aid activities also fall into this category.

The strategy of direct poverty reduction has a long tradition and the majority of programmes fall under this heading. Programmes directed at economic growth and job creation foster new hope. Agriculture and credit services are two pillars of economic development.

Civil society organisations have demonstrated their ability to efficiently establish good quality healthcare services and education programmes. The risk is that parallel structures will be set up and that organisations end up competing with government authorities. In most cases, therefore, coordination, consultation and cooperation between CSOs and local and national government bodies are a precondition for the sustainability of such activities. Direct poverty reduction is primarily a government's responsibility, but this is not always feasible in practice. The provision of services by CSOs is particularly important in places where governments are failing to meet their responsibilities or in areas of particular sensitivity.

- b. *Civil society building* is aimed at strengthening diverse democratic institutions and organisations tailored to the local situation with the goal of achieving more equitable balances of power. The aim is to give marginalised groups more say in social, economic and political decisions. The objectives of social justice and democracy are the same everywhere but the action necessary to achieve them will vary from country to country. Civil society building may involve issues like human rights, the right to vote, female political participation, peacebuilding, biodiversity, access to sustainable resources and ICT development. It is aimed at organisations, movements and institutions at every level (provided that they contribute to a plural society), with a view to changing power structures and targeting corruption and repression.

By keeping the authorities on their toes and calling them to account, civil society organisations also contribute proactively to building government authorities that deserve public confidence. This is especially important at a time when the role of government is under worldwide review. Civil society building is one of the most vital tasks that CSOs can perform in the development process. They have a crucial role to play in the political process of redistributing power and wealth – a role in which they can both criticise the government and act as its partner. Civil society building is a tough and complex process in which different political, faith-based and ethnic movements may occupy opposing positions. Programmes

under this heading largely coincide with the good governance agenda, but are also concerned with strengthening client groups and 'voice' in the sectoral approach. This is becoming increasingly important in international cooperation.

- c. The third strategy is that of working to influence policy. With their experience and expertise in poverty reduction, civil society organisations can give ordinary people a voice and call governments to account, influencing processes of change and structures that maintain or even exacerbate poverty and inequality. Where exercising such influence is concerned, having sufficient insight into existing power structures and the local political and social context is more important than ever. In order to operate effectively in this area, broad-based and theme-based cofinancing organisations, partner organisations and their networks need to formulate realistic aims and strategies.⁴ By campaigning and giving people a voice they can influence both government and private-sector policies. To do this, however, CSOs must conduct a clear analysis of the existing situation, foster public support and build networks. CSOs must speak not just for themselves, but for the public at large, in rural as well as urban areas.

The role of civil society organisations is not confined to the national level; they can also influence the international agenda and the outcome of international negotiations. In a globalising world, it is increasingly difficult to distinguish between domestic and international affairs. The major problems of our time – problems like the economic crisis, food shortages, trade policy, environmental degradation and energy security – can be resolved only through international action. Dutch CSOs and their partners are playing a leading role in these areas. The international system no longer corresponds to the new balance of power and is ripe for review. CSOs are working to change existing balances of power and champion the interests of development cooperation in the international arena. In doing so, they help progress the international good governance agenda. CSOs can beat the drum at international level and are a force to be reckoned with. They increase the public's understanding of international relations. Their role can range from critical scrutiny to direct participation in negotiations. Where they are directed at achieving more equitable international relations and coupled with effective, concrete development efforts, their programmes will qualify for funding. This is also in line with efforts to achieve the eighth Millennium Development Goal.

A strategy should not be a straightjacket: social and economic processes run their own course and form the basis for what needs to be done. There must be scope to innovate and

to develop and apply new strategies. The limits of any strategy depend on the operational context – a context which will be unique every time. What is the structure of the economy and the relevant social networks? How important are faith and ethnicity? What role is played by political parties, the judiciary and the army? What is actually going on behind the scenes? The search for the right strategy calls for careful consideration and realism. The programmes of the civil society organisations will become more knowledge-intensive.

To establish the results and quality of the various strategies, independent evaluations will be not merely desirable, but essential.

4. Grant frameworks for Dutch and international civil society organisations

Over the last decade, there has been a sharp increase in the number of Dutch civil society organisations active in international cooperation. However, not all CSOs require funding from the Ministry. At the time of writing (2009), it is possible to identify the following types of civil society organisations and grant systems.

i) Broad-based and theme-based development organisations

As well as the four large, long-standing, broad-based development organisations – Cordaid, Hivos, ICCO and Oxfam Novib – there is a host of more theme-based civil society organisations. The themes and sectors with which they concern themselves are sociocultural development, sustainable economic development, democracy building, peace and security, humanitarian relief, the environment and water, children, human development, and gender equality. It is estimated that there are around 250 such theme-based CSOs with professional leadership based in the Netherlands.

The current Dutch cofinancing system for 2007-2010 (MFS) is an amalgamation of the old cofinancing (MFP) and theme-based cofinancing (TMF) programmes. It is the most important and extensive grant framework and is designed to serve both broad-based and theme-based civil society organisations. In addition, there are fairly regular opportunities for CSOs to tender for grants made available for specific purposes, such as encouraging innovation, or boosting efforts to achieve one of the Millennium Development Goals (like the MDG3 Fund for the equality of men and women or the Schokland Fund). Each year, broad-based and theme-based CSOs (including the humanitarian relief organisations) receive €684 million from the development cooperation budget.

ii) *Civil society organisations with separate grant frameworks*

There are seven of these: the trade union organisations FNV and CNV, with their Trade Union Cofinancing Programme or VMP, the National Committee for International Cooperation and Sustainable Development (NCDO), the Netherlands Institute for Multiparty Democracy (NIMD), PSO Capacity Building in Developing Countries, SNV Netherlands Development Organisation and the Association of Netherlands Municipalities (VNG) with its programme for strengthening local government. These seven organisations receive €179 million a year.

iii) *Private initiatives*

The number of these small private organisations has increased sharply in recent years. They are the result of initiatives taken by individual Dutch citizens, often following personal encounters with particular forms of suffering and need either in the media or while travelling abroad. Solidarity and the desire to offer help directly are important motivations for Dutch citizens taking the initiative themselves. The Netherlands is estimated to have 7000 to 8000 such small private initiatives.⁵ They raise their own funds and may be cofinanced by Cordaid, ICCO (via *Impulsis*, a joint initiative of Edukans, ICCO and Kerk in Actie), Oxfam Novib or Hivos. These bodies support small-scale private initiatives via their 'Low-Threshold Initiatives and Knowledge Centre for International Cooperation' (LINKIS) and have established a joint fund for activities costing up to €100,000. NCDO has a similar programme for small-scale local activities (KPA). The resources made available to private initiatives via the joint fund and KPA come out of the development cooperation budget.

iv) *International civil society organisations*

There is a special Dutch government grant framework for these: the Strategic Alliances with International NGOs (SALIN) Programme 2006-2010. The aim of SALIN is to support international civil society organisations whose work complements Dutch development policy. It targets areas in which Dutch civil society organisations are not sufficiently active, or organisations offering unique products or methods. Twenty international CSOs receive a total of €28 million a year under the SALIN programme.

It is not the intention that MFS II grants be made available to international civil society organisations. This is largely because the number of applications or co-applications would become unmanageably large. There will be no sequel to the SALIN programme in its present form.

Nevertheless, in view of the enormous importance attached to the professional role of international CSOs, they will be given access to Dutch development funds in three ways: as partners working with Dutch civil society organisations either at national level or in international lobby programmes, as already happens under the current MFS; via the future standard grant framework for special purposes, themes or regions; and finally via direct funding out of the embassies' bilateral funds.

Within the context of bilateral cooperation, *embassies make funds directly available*⁶ to Dutch, international and local civil society organisations in the countries where they are located. The annual total is €115 million.

To sum up, over 20% of the 2008 development budget went to Dutch, international and local civil society organisations. This makes the Netherlands a leading donor in this area; the percentage in most donor countries is considerably lower.

The importance of civil society organisations

The very wide range of Dutch civil society organisations engaged in international cooperation reflects the clear concern and commitment felt by the Dutch public in this area. CSOs have always striven to play an equal part in international cooperation, alongside the bilateral and multilateral channels, and have found political support in this respect. Civil society organisations are an essential part of life in the Netherlands and an integral element of a plural society in both the North and the South. There are strong arguments supporting their importance; they are rooted in Dutch society and able to work close to the ground via their extensive network of partner organisations in the South. This enables them to tackle poverty more directly and to give poor people a voice. A strong civil society tailored to local circumstances helps to make society more diverse and democratic, and to ensure that responsibility for progress and development is borne by society as a whole. Since a powerful civil society can speak for ordinary people and organise opposing forces, its existence is a precondition for systematic poverty reduction. Civil society organisations play an important part in building a stable and balanced society. In the international arena too, they are generally recognised as a significant factor, whether working alongside or in opposition to the public and private sectors.

The new *MFS II grant framework* will set the tone for the relationship between the Dutch civil society organisations and the Ministry of Foreign Affairs. The overarching strategic aim of MFS II is to help strengthen civil society in the South and hence to help lay the foundations for systematic poverty reduction. The proposed duration of the new framework is five years (beginning of 2011 – end 2015) – a year longer than the present scheme. The longer grant period has the advantage of giving CSOs greater certainty and means that the scheme's expiry date will coincide with the target date for the Millennium Development Goals (2015).

MFS II will be the main channel for grants but a standard grant framework will be developed alongside it to respond flexibly to new global developments and political priorities. Such a system will be able to focus on any given theme, sector, country or region. It will be open to both Dutch and international civil society organisations. Any successors to the present single-organisation schemes will, wherever possible, be accommodated either within this standard grant framework or within the new MFS II scheme. Any sequel to the MDG3 Fund may also be part of the standard grant system. This approach will further streamline the various grant relationships and hence reduce the administrative burden.

5. Country profiles

Certain countries in the South are now capable of managing without further assistance, despite inequalities of development between and within sectors and among different regions. They have achieved a level of socioeconomic development that enables them to be self-supporting. Such progress can be seen to a varying extent in all three continents. Latin American countries like Brazil, Costa Rica and Peru are in this position, as are Asian countries like China, India and Thailand, while in sub-Saharan Africa such progress is more the exception than the rule: Botswana and Cape Verde are two shining examples.

In Dutch development policy, partner countries are now assigned one of three profiles:

Profile I: *Accelerated achievement of the Millennium Development Goals*

Profile II: *Security and development*

Profile III: *Broad-based relationship*

The idea is that in the future civil society organisations concentrate more on the partner countries. Whatever a country's profile, the CSOs will be free to employ all three strategies, though direct poverty reduction will be less obviously appropriate in the profile III countries. Where all three profiles are concerned, CSOs will play an independent role and will be expected to produce customised solutions and proceed on the basis of synergy and

complementarity.

- Profile I countries: Accelerated achievement of the Millennium Development Goals

In the profile I countries, the main focus will be on accelerating the achievement of the Millennium Development Goals. These countries are generally politically stable, with established institutions, but they also often have an intractable and widespread poverty problem. Their governments have committed themselves to poverty reduction and economic growth, but are not managing to provide essential services for the entire population, partly because of inadequate financial resources and capacity. They are all low-income countries and may be fragile states, although this is not the dominant problem. In many cases, the Netherlands has had a development relationship with them for over thirty years. The countries in this group are: (in Africa) Benin, Burkina Faso, Ethiopia, Ghana, Kenya, Mali, Mozambique, Rwanda, Senegal, Tanzania, Uganda and Zambia; (in Asia) Bangladesh and Mongolia; (in Latin America) Bolivia and Nicaragua, and (in the Middle East) Yemen.

By investing extra effort and cooperating closely with government and other donors, civil society organisations can help these countries achieve the Millennium Development Goals as well as make their governments accountable in this respect. The emphasis will be on economic development, agriculture, civil society building and influencing policy. Supporting health care, water/sanitation and education will continue to be important, but this role should be increasingly assumed by the government. This process is already under way but programmes do not simply transfer themselves. Clear arrangements must be agreed with the authorities.

Many Dutch civil society organisations have long-established programmes with partners in profile I countries. They can therefore contribute meaningfully to 'voice' and 'accountability', fostering consumer groups and decentralisation as a way of counterbalancing centralisation and government bureaucratisation. Cooperation with the private sector can also be important in this respect.

- Profile II countries: Security and development

The main problems in the second group of partner countries are fragility, inequality and conflict-sensitivity. They have pressing security issues or sharp divisions in society and their governments lack legitimacy. In these countries, the aim is to increase government responsiveness, transparency and effectiveness, maintain security, and invest in essential

social services.

The countries in this group are: (in Africa) Burundi, Democratic Republic of Congo and Sudan; (in Asia) Afghanistan and Pakistan; (in Europe) Kosovo; (in Latin America) Colombia and Guatemala; and (in the Middle East) the Palestinian Territories.

In these countries, more direct forms of international cooperation may be necessary in order to satisfy immediate needs like food, education and health care. This is certainly important in the initial post-conflict phase, although at a later stage priority needs to be given to reconciliation and state building, institutional development and a new social contract. Living and working in these countries is a high-risk business: it involves coping with a conflict situation, widespread trauma, lack of security, absence of effective institutions and logistical problems. Working in fragile states requires realism, flexibility and level-headedness. Since it is difficult to predict wider developments in such countries and to define programmes and activities in advance, it is reasonable to operate a system of retrospective accountability, including explanation of the grounds for decisions. Risks must inevitably be taken (albeit calculated ones) when dealing with fragile states.

An analysis of the forces at work on the ground is no less important in this area: bilateral and multilateral interests are a prominent factor, as are the often coarse local relations. Political solutions are often achieved under international pressure in collaboration with the United Nations and other multilateral organisations. Tough diplomatic negotiations are necessary to achieve sustainable solutions, sometimes combined with the provision of an international peace force. To maintain control of their activities, civil society organisations will have to define their aims very clearly. All three strategies are applicable in fragile states: direct poverty reduction and economic growth, civil society building (including peace initiatives and conflict prevention) and action to influence policy.

- Profile III: Broad-based relationship

The countries assigned to the 'broad-based relationship' profile are those which have made the most progress towards achieving the Millennium Development Goals and are now ready to engage in a growing range of relationships with the Netherlands and other countries. Traditional development cooperation can gradually be phased out. They are increasingly capable of tackling poverty on their own, and of financing their own programmes. They are on course for middle-income country status. The profile III countries are: (in Africa) Egypt and South Africa; (in Asia) Indonesia and Vietnam; (in Europe) Georgia and Moldova; and (in

Latin America) Suriname. They all exhibit independent economic growth (although this is now threatened by the economic crisis). In these countries, the emphasis can shift from development cooperation to public-private partnerships. However, they still lag behind in certain specific areas, such as human rights, income distribution, gender, the environment, energy, and climate issues. Civil society organisations can play a role in tackling these problems. They can also help strengthen society and increase social diversity. In countries like these, civil society organisations can help citizens stand up for themselves although further direct poverty reduction can now be taken without foreign support.

Focus on partner countries

Civil society organisations have extensive networks in the partner countries. The nature of their programmes differs not only from one profile to another, but also from one country to another. To increase the effectiveness of their programmes, it is essential that civil society organisations conduct *thorough country-level context analyses*. What are the key problems and how do their programmes relate to Poverty Reduction Strategy Papers (PRSPs) or similar government poverty reduction strategies? How are programmes coordinated, both thematically and geographically? What is the added value of the contribution made by Dutch and local civil society organisations as formulated above? What is being done to cooperate with donors, prevent duplication of effort and comply with the Accra Agenda for Action? By producing customised solutions and basing programmes on an analysis of the baseline situation in the country concerned, civil society organisations can optimise their added value. This will be among the innovations following on from the modernisation agenda.

To increase the complementarity, synergy and effectiveness of Dutch aid efforts, programmes should be concentrated more in the partner countries. The aim is to ensure that at least 60% of government development funds (not including those spent on worldwide programmes to influence policy and strengthen the capacity of international networks) are spent in the partner countries. This means that 40% of spending will take place in non-partner countries. Within the non-partner country category, organisations will be asked to concentrate on the Least Developed Countries (LDCs).

6. Working with stronger partners and new partners

Stronger partners in cooperation

There have been great changes in the way Northern and Southern civil society organisations work together. Increasingly Southern organisations have acquired a place of their own in

international networks and have evolved into professional institutions, although there is still great variation in their organisational capacities. They are now capable of speaking for themselves, are more confident and work with multiple partners. They have also started to look beyond their own countries and have found multiple sources of income. This is one of the positive results of many years of international cooperation between civil society organisations.

The *financial relationship* between the North and the South, the relationship of give and take, has become less dominant. Financial resources alone are no longer a sufficient basis for a meaningful partnership. The partnership's substantive and strategic added value is more important. Equality between partners is now a more realistic prospect than it was; after all, they need each other. The main aim is to increase and disseminate knowledge and to promote change via a strong network. This means that there should be a systematic shift within Northern CSOs to allow partners and other representatives of society in the South to have more say and more responsibility. How this is done will vary from one organisation to another and it is clear that a number are already taking creative steps in this direction. The way civil society organisations work with Southern partners and representatives in relation to policy, programmes and organisational matters will be a criterion for the award of grants.

Partners with added value

Development is the result of a combination of factors such as initiative, a reliable and effective government, a secure environment, balanced economic policies, well-targeted public and private-sector investment, equitable income distribution, an active civil society, social cohesion, knowledge building and strong institutions. It is hard for any one civil society organisation to cover the whole territory. In a sense, the development cooperation sector is becoming less and less independent. The aim now is to develop the various elements by means of professional cooperation. Organisations intending to implement programmes need to consider which partner can offer the greatest added value. It may be a civil society organisation in the South, though this is not the only possibility. Prospective partners are available in both North and South and the choice of partner will depend on the substance of programmes and the expertise available. Where can *synergy* be achieved and which partner will make the most valuable contribution: a bank, a multinational, a small or medium-sized enterprise, a client organisation, a government institution, the military, a hospital, a university or research institute, a consumer organisation, a water authority, a migrant organisation, a trade union or a professional lobbying company? The key consideration must be the most

effective and sustainable implementation of the programme, with an eye to social rather than financial profit. Greater thought needs to be given to working with both international and local companies now that the private sector is paying more attention to social and ethical concerns and there is a greater awareness of the role that companies can play. Cooperation is a means of achieving extra value and synergy and helps to make international cooperation a common concern of society as a whole.

Mutual cooperation instead of fragmentation

In addition to North-South cooperation and cooperation between partners with differing types of expertise and different backgrounds, partnerships *within* civil society are also a major priority. The Netherlands has many civil society organisations active in the field of international cooperation, which is a good thing since it shows the general public's sense of involvement and willingness to take initiatives in this area. The danger, however, is that of fragmentation and duplication of effort in both the North and the South. It is hard to imagine, for example, that the 20-plus civil society organisations operating in Tanzania under the present MFS grant system are all contributing efficiently to the development of the country's population – especially when each organisation is funding an average of more than 10 programmes with many different partner organisations on the ground. This means that over 200 programmes are being funded in Tanzania via the current cofinancing system. On the other hand, over the last few years bilateral cooperation has been strongly focused on a limited number of programmes and sectors and the United Nations is striving to achieve a single UN representative for each country and improved coordination on the ground.

To prevent duplication of effort and ensure a balanced spread of resources, there needs to be a geographical distribution of responsibilities between civil society organisations. CSOs operating international networks may certainly be expected to coordinate efforts in this way with their international partners. By increasing their focus, CSOs can enhance their effectiveness and efficiency. A major reshuffle involving cooperation and the transfer or phasing out of activities is required. Cooperation and alliances between different CSOs will create a broader basis and increase organisations' influence and impact. Reducing fragmentation of effort is in the interests of the developing countries, who as a result will need to deal with fewer organisations.

Dutch development policy and the associated grant frameworks for civil society organisations have so far been *insufficiently focused* on promoting national and international partnerships.

For this reason, joint applications will now be encouraged. In considering such applications, attention will be paid to the coherence, effectiveness, complementarity and suitability of the proposed partnership or consortium. Particular consideration will be given to whether proposals involve genuine, increasing levels of cooperation between the applicants and are not simply amalgamations of essentially separate activities. One CSO based in the Netherlands must still be responsible for administering the programme and acting as the contact point for the Ministry of Foreign Affairs. Other Dutch CSOs may be co-applicants and members of the partnership or consortium. A distinction will be drawn between such co-applicants and the many partners in cooperation in the North and South with which the applicant networks and implements programmes.

To encourage cooperation of this kind and reduce fragmentation, the number of civil society organisations eligible for funding under the MFS II system will be limited. A maximum of 30 CSOs (or consortia) will be selected following an open tender. These 30 will then be invited to submit complete programme proposals.

7. Harmonisation and complementarity

The independent role played by civil society organisations does not necessarily go hand in hand with a clear need for *harmonisation and coordination*. First and foremost the Dutch CSOs need to align with one another. The international cooperation sector as a whole would benefit from the presence of a powerful Dutch umbrella organisation which could contribute to effective coordination within the sector. This type of institution could also promote professionalism by setting quality standards for member organisations.

The question of who does what with which partner organisation in a particular country is not an easy one but it is important if programmes are to be harmonised and made more effective by matching them to the local situation. Programmes should be based on a thorough analysis of the working environment in the country concerned. The harmonisation of international cooperation helps to make programmes more effective. Although primary responsibility for harmonising aid flows lies with the developing countries, donor countries and CSOs also have their own obligations in this respect under the Paris Declaration on Aid Effectiveness on harmonisation and the alignment of policy and implementation for individual countries. During the Accra Agenda for Action meeting in September 2008, governments of developing countries were urged to take the lead in the field of donor coordination and to involve CSOs, research institutes and the private sector in this agenda.

In this memorandum, the primary meaning of *complementarity* is ensuring that development cooperation efforts delivered via various aid channels complement each other and are therefore more effective. (Note: In earlier policy papers, *complementarity* had a different meaning, indicating that civil society organisations were active mainly in those countries where there was no bilateral programme.) The aim is to increase the effectiveness of the various channels, based on the national development policy laid down in a Poverty Reduction Strategy Paper (PRSP) or similar poverty reduction strategy. CSOs can act both to complement and correct the work of governments and donors. Complementarity can also exist between different CSOs if they seek to reinforce each other's efforts. Complementarity begins with the recognition of differing roles and the readiness to share information and analyses, and then define concrete objectives.

Complementarity between civil society organisations and embassies is increasing steadily but still varies too much from one CSO or embassy to another. Complementarity with Dutch bilateral aid efforts is the most obvious form, but CSOs' programmes can also complement those of other bilateral or multilateral donors. In most countries, the Dutch embassy consults with CSOs (in the sense of sharing information) and in some countries this produces clear agreements. However, such contacts should no longer depend on chance. Embassies and CSOs should make extra efforts to achieve the desired complementarity in practice. Concrete steps need to be taken.

Timely thematic and geographical harmonisation can help improve the complementarity of interventions. An analysis of the existing political, economic, social and cultural situation will provide a solid basis on which to seek agreement with government authorities, multilateral organisations, embassies, civil society organisations and the private sector. For example, in the context of the sectoral approach, the embassy will offer budget support, while CSOs can champion the needs and interests of those at the bottom of the social ladder, giving them a voice and thereby helping to ensure that government services are delivered effectively. While CSOs organise the care of refugees, the embassy is in a position to insist that they are treated humanely. More generally, the Netherlands will argue more forcefully in bilateral and international forums for CSOs to be allowed maximum policy freedom.

To have any real impact, civil society organisations need to pursue country-level programmes of genuine substance. One important aim is to ensure that the presence of

CSOs is distributed evenly among the partner countries. Thereafter, the objective is policy harmonisation at national level and identifying the regions in greatest need. Depending on the nature of CSOs' activities, the added value of their contribution is often felt more in poor and remote regions than in the main cities. In new grant schemes for civil society organisations, these policy principles will be translated broadly as follows.

First and foremost, there will be a requirement for a country-level analysis based on socioeconomic circumstances and geared to the development policies laid down by the authorities in the country concerned in a Poverty Reduction Strategy Paper. Secondly, it must be clear how the proposed programme will complement Dutch bilateral policy and how it has been aligned with the work of other donors and other CSOs. The country-specific analysis and associated on-the-ground cooperation will help make CSOs' activities more dynamic and effective.

This extra effort is necessary to achieve genuine complementarity and synergy and to ensure that everyone concerned makes a transparent, feasible and realistic contribution.

8. Direct funding

The long tradition of cooperation between Northern and Southern civil society organisations has helped to produce a robust civil society in the South. As a result of this cooperation and associated capacity building, many Southern CSOs have become strong players. They also tend to enjoy a high degree of local and/or national legitimacy, are able to respond better to the local culture and are well-equipped to identify local needs. Southern CSOs are able to tap directly into potential sources of funding, such as embassies. At the same time, since the delegation of powers to the field, the embassies are in a better position to help them. As well as funding Northern CSOs in the Netherlands, embassies can now give direct funding to Southern, Dutch and international civil society organisations.

Direct funding (6) is now taking place across the various partner countries. It is common practice in the profile II (*Security and development*) countries and to a lesser extent in those in profile I (*Accelerated achievement of MDGs*) and profile III (*Broad-based relationship*). Direct funding of civil society organisations by embassies is the preferred option where democratic, political and administrative conditions are less than ideal. In addition, the shift in the bilateral policy area from project-based funding to sectoral support has increased the need to use CSOs to keep in contact with the grassroots and give a voice to people on the

ground. But that is not all: CSOs are also becoming directly involved in policy formulation and implementation, especially in areas like good governance, health care, education and the environment. The total volume of direct funding is €115 million a year.

Both the importance and scale of direct funding are set to increase. This is in line with international trends. Direct funding offers good opportunities to reach on-the-spot agreements with all the parties involved (civil society, central and local government, the private sector and other donors) and this allows the role of civil society organisations to be placed in a broader country-specific context. In future, Dutch embassies will make greater use of their power to provide direct funding for local CSOs. Various modalities are available:

- Strategic partnerships can be established with a limited number of CSOs in order to strengthen contacts at the micro-level. This method is labour-intensive and should be confined to a select number of organisations.
- Direct funding is a more powerful tool when, for example, a number of donors set up a joint fund, to which CSOs can then apply. This approach is being used, for instance, in Zambia, where a number of like-minded donors have set up a Civil Society Governance Fund. Multidonor agreements can be reached on the division of responsibilities in order to make this option less labour-intensive.
- A third option is to support local CSOs via a national umbrella organisation. This enables the embassy to provide support for grassroots organisations.

Direct funding makes relationships at local level more open and transparent and promotes cooperation between different civil society organisations. Country-level coordination is in line with the policy framework for harmonisation and coordination agreed in the Paris Declaration and the Accra Agenda for Action. Which method an embassy adopts will depend on circumstances in the country concerned. Embassies will be asked to explain their choices in their annual plan and provide an accompanying budget.

9. Public support

There are few areas of government policy which inspire as much discussion about 'public support' as international cooperation. It is an area that is both far away and close to home. Increased discussion of development cooperation both in the political arena and in the media is helping to create a more realistic public view of the importance of international cooperation. There is a clear demand for accountability in this policy area and international cooperation will need to continue to show tangible results if it is to maintain its public

credibility. Credibility begins with a balanced identification of both the problems and achievable solutions. Expectations are still frequently too high and out of touch with the reality: that poverty reduction and democracy building are laborious processes with often unpredictable results. The clear and balanced presentation of results is nevertheless the best way to maintain and increase public support. In early May 2009, the Government will publish a memorandum on public support for development cooperation.

No grants will be offered in the coming period for fund-raising projects or activities in the Netherlands and a restrictive policy will be pursued with regard to the funding of activities designed to foster public support. The best way to foster support for policy in this area is to achieve and demonstrate results and to ensure transparent means of accountability.

10. Monitoring, evaluation and accountability

When establishing programmes, it is important to think not only about timing and implementation, but also about monitoring and evaluation. A good *monitoring and evaluation system* is essential to proper accountability. Over the last few years, a system of customised monitoring has been introduced in a number of civil society organisations. This allows organisations to decide for themselves how they want to organise monitoring and enables them to obtain the management information they need from the system they introduce. Various evaluations have suggested the importance of customised monitoring but also shown that it increases the administrative burden. To reduce that burden, all unnecessary bureaucracy in the monitoring protocols and annual reporting system will be removed. The CSOs will, however, be expected to have the necessary data available for the drafting of Ministry of Foreign Affairs results reports and MDG progress reports.

Evaluations produce findings on the effectiveness, efficiency and relevance of completed programmes. Used alongside monitoring, they are therefore another important aspect of the accountability mechanism. Since evaluations are becoming more important than statistics alone, details of them should be published. A proper evaluation should meet basic quality criteria with respect to validity, reliability and usefulness. It is essential, moreover, that they should be conducted by external evaluators and be independent both of the CSOs concerned and of the programme or subject concerned. In this respect, evaluation is entirely different from monitoring, which is a management task that needs to be performed in the closest possible proximity to the programme's implementation.

Greater emphasis will now be placed on effective evaluation. A distinction may be drawn between evaluations focusing on the programmes of individual civil society organisations and cross-organisational evaluations, focusing for example on specific themes. Quality criteria will be formulated for use in programme evaluations. Agreements will be made on the scope and frequency of the evaluations that CSOs are expected to perform. At the end of the grant period, each CSO should have conducted programme evaluations covering 75% of the total grant awarded to it.

The purpose of evaluation is to determine results and impact. This is essential both to accountability and to learning. All parties concerned, as well as their many different support bases and networks stand to benefit from the same thing: the most accurate possible assessment of the results they have achieved. This will enable civil society organisations firstly to be accountable to all stakeholders, whether 'upward' or 'downward', and secondly to learn valuable lessons.

The annual policy talks between the civil society organisations and the Ministry of Foreign Affairs are an important benchmark. An approved annual plan, including budgets, provides the basis for annual accounting. As a minimum, the annual report and accompanying accounts must comply with the Guideline for Fundraising Institutions (RJ650). At the end of the grant period, CSOs will be required to produce final reports containing a final evaluation and accounts.

The importance of *accountability* cannot be stressed enough. It is not merely an obligation. We *want* to know how the project progressed, whether results were achieved, whether financial records are in order, how problems can be resolved and what lessons can be learned. This is all the more pressing where public money is involved and there is a duty to account for its use in a clear and open way: to the government, to parliament and to the public. The architecture of cooperation complicates accountability, since grants are awarded to individual civil society organisations, which tend to work in coalition with other bodies. Most of the funds are channelled to partner organisations in the South, which are responsible for implementing the programmes on the ground and spending the money available. Southern partner organisations often have their own relationships with various donors, to which they are also accountable. CSOs in both the North and the South have their own support bases and networks. In the case of those in the North, this means their volunteers, donors and the general public. For those in the South, it includes the people and

organisations with and for which they work, the local authorities and the Northern partner organisations which act as their donors.

In the past, priority has been given to accountability to donors and support bases. From now on, greater emphasis needs to be placed on the Northern CSOs' accountability to their Southern partners and that of the Southern partners to their support bases, their target groups and the authorities. With so many parties involved, accountability for programmes cannot be properly exercised without clear-cut advance agreements on who is to be responsible for what. Ways of exercising accountability include holding public meetings in which organisations answer for the policies they have pursued, publishing information on the internet, and consistently specifying the costs of each activity or programme and the source of its funding.

Mutual accountability is one of the main principles of the Paris Declaration. It means three things. First, civil society organisations must be transparent about their aims, policies and procedures in their relations with donors and partner organisations. Second, they should have complaints and objections procedures (including systems for lodging and recording complaints) for use by donors and by citizens and organisations in developing countries. Third, when the newly proposed complaints desk – to be set up under the aegis of the National Ombudsman – is introduced, CSOs will need to pass the information and documentation regarding the complaints they receive about their actions or about activities funded by them.

To increase transparency, the Wijffels Code on the governance of charities will be declared applicable to civil society organisations in receipt of a grant. The Code contains rules on matters such as the prevention of conflicts of interest, the role of supervisory boards and management remuneration. Grant award decisions will include a clause to the effect that the grant must not be used to pay managers' salaries in excess of the standard remuneration for a director-general in the public service.

A code of practice will also be agreed in relation to activities aimed at influencing policy.

11. Finance

In the current MFS and TMF systems (in force on 1 January 2009), the target amount that civil society organisations must raise from private donors, sponsors and other donors is 25%.

Set against the total MFS grant budget (€525 million), the annual amount to be raised by all MFS recipients therefore totals €130 million. It is interesting to consider this figure in the context of the entire market for charitable donations in the Netherlands.

The total amount of charitable donations in the Netherlands is in the region of €4 billion⁷ a year. This does not include the substantial remittances sent back by migrants to their countries of origin, but the figure covers company and private funds, donations by church-goers and other individuals, public collections, the proceeds of charitable activities and events, and bequests. For example, wealthy Dutch citizens have established around 20 private funds that include support for international cooperation in their aims. A comparison of the two figures shows that the 25% rule means that the CSOs concerned need only attract about 3% of the total funds donated for charitable purposes.

The 25% target has generally proved to be achievable, although charitable giving is now under threat due to the economic crisis. The rule is a useful way of encouraging civil society organisations to diversify their sources of income and the intention going forward is to keep the target at its present level.

As regards the overall size of the MFS II budget, the present assumption is that it will lie somewhere between €425 million and €500 million a year. This is less than the current sum. The reduction is primarily motivated by the substantial reduction in the ODA budget, which is tied to Dutch GNP. The total ODA budget for 2009 will be €384 million less than the amount announced by the government at the state opening of parliament in 2008, but will gradually increase to €847 million in 2013. The private-sector channel will face a similar reduction. In view of the uncertainties surrounding the medium-term evolution of the ODA budget, the present assumption, as stated, is that it will be somewhere between €425 million and €500 million a year and no exact sum will be specified. Depending on the quality of proposals, the final total awarded under MFS II may ultimately be somewhat higher.

In addition, there will be scope within the ODA budget for direct funding of Southern, Dutch and international civil society organisations via the embassies. In the case of direct funding, the aim is to encourage such initiatives. It is impossible to say in advance what volume of budgetary resources will be involved. This will depend on decisions made at country level. As an indication, this form of funding currently totals approx. €115 million a year and the aim is to increase it by 10% to 15% a year.

As regards the funding of new developments, a standard grant framework will be introduced to fund the activities of civil society organisations on the basis of specific priorities. Current initiatives like the MDG3 Fund will become part of this standard framework. The aim is to keep the amount available over the 2011-2015 period at around the current level (approx. €50 million a year) though it may be increased if future priorities and budgetary scope permit. The new system will be open to both Dutch and international organisations.

12. Conclusions regarding the MFS II grant framework

The principles set out in this policy memorandum will be translated into future grant frameworks for civil society organisations, including a sequel to the present MFS (to be known as MFS II) and a new standard grant framework that can respond flexibly to new priorities as they arise. In order to streamline and harmonise grant schemes, single-organisation arrangements will, wherever possible, be integrated either into MFS II or into the standard framework. The number of separate grant frameworks will be reduced.

In devising the MFS II grant system, the following principles will be applied. In the case of new grant schemes for civil society organisations, the same set of principles will be used (wherever possible) as a guideline.

1. The funds available are intended for programmes that meet the criteria for international cooperation laid down in 'Our Common Concern' and the policy memorandums announced in that document. Particular emphasis will be placed on the four enhanced policy focuses identified in 'Our Common Concern'. As regards MFS II, the overarching strategic objective will be to help strengthen civil society in the South on the basis of the modernisation agenda: Development Cooperation 2.0. Particular emphasis will be placed on aspects like effectiveness and preventing fragmentation of effort.

2. Programmes will be based on an analysis of the country-specific context coupled to a carefully thought-out strategy. Where possible, programmes will be fleshed out at country level, with an emphasis on complementarity and synergy. Against this background, it is envisaged that programmes should cost at least €500,000 a year per country and per civil society organisation or consortium.

3. Vision, effectiveness and the capacity to learn lessons will be important assessment criteria. Accountability in the developing country itself and public evaluation will be obligatory.
4. Each civil society organisation/consortium must spend at least 60% of the grant in the partner countries (not including spending on global programmes). The remaining ODA funding may be spent in non-partner countries but organisations will be asked to concentrate on the Least Developed Countries.
5. The increased strength of civil society organisations in the South must be clearly reflected in their level of practical involvement, say and influence. Practical arrangements for ensuring this will be taken into account when considering the award of grants.
6. Consortium arrangements and coalitions between Dutch civil society organisations will be favourably considered, provided that the joint working arrangement is appropriate, effective and likely to produce added value. Individual civil society organisations may also submit programme proposals on their own.
7. Encouragement will be given for new initiatives involving partners outside civil society, such as private-sector parties, universities, institutes, professional bodies, consumer organisations and – last but by no means least – migrant organisations. This will be given particular weight when assessing applications.
8. There must be solid arrangements for accountability, a reliable monitoring system and sufficient emphasis on objective evaluation by external experts. Conditions will be devised concerning evaluations' representativeness. The objective provision of information and transparent arrangements for accountability should be based on modest and realistic ambitions. At the end of the grant period, the civil society organisation should have conducted programme or other evaluations covering 75% of the total grant awarded to it.
9. No further grants will be awarded for projects and activities directed specifically at fund-raising in the Netherlands. A restrictive policy will be pursued with regard to the funding of activities designed to foster public support.
10. There will be a two-stage system for the assessment of grant applications. The first round will consist of an overall organisational assessment of the CSO nominated to administer the

programme and, where relevant, the quality of the consortium as a whole (including the co-applicants). A short summary of the proposed programme will also be required. In the second round, a maximum of 30 organisations or consortiums will be invited to submit complete programme proposals. This streamlining of the procedure will help to simplify the grant award process and reduce the administrative burden for applicants.

11. The Minister for Development Cooperation will appoint an advisory committee to assess the proposals submitted in the first and second rounds.

12. Organisations must have an impeccable track record and be clearly rooted in Dutch society. A single CSO must administer the programme and accept final responsibility for it. A CSO may administer no more than one subsidised programme.

13. The principles of the Wijffels Code on the governance of charities will be declared applicable to all civil society organisations in receipt of a grant. Grant award decisions will include a clause to the effect that the grant must not be used to pay salaries in excess of the standard remuneration for a director-general in the public service.

14. Each civil society organisation must have a complaints and objections procedure (including a system for lodging and recording complaints) for use by donors and by citizens and organisations in developing countries.

15. Minimum and maximum amounts will be set for the amount of the grant to be awarded to each applicant. The proposed minimum is €10 million for five years. The maximum per organisation or consortium will continue to be 25% of the total grant amount available under MFS II. The fund-raising norm will also remain at 25% per organisation or consortium. Disproportionate dependence on a single source of funding is not considered desirable.

16. As regards the overall size of the MFS II budget, the present assumption is that it will be between €425 million and €500 million a year. Depending on the quality of proposals, the definitive amount may be somewhat higher.

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