

CIVIL SOCIETY AID TRENDS 2016

Baobab Briefing No 5

INTRODUCTION

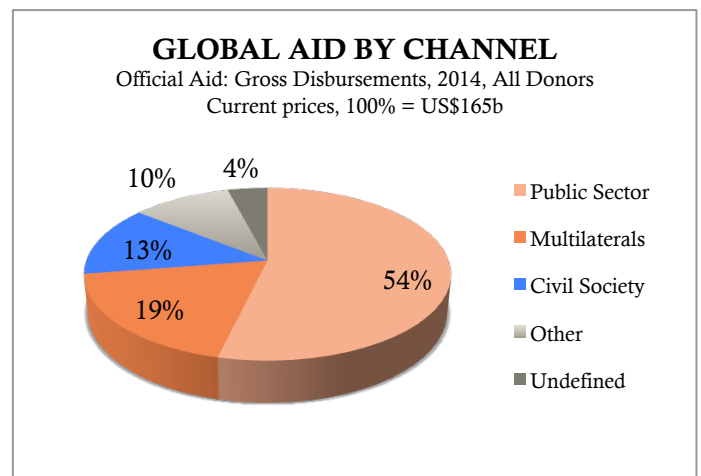
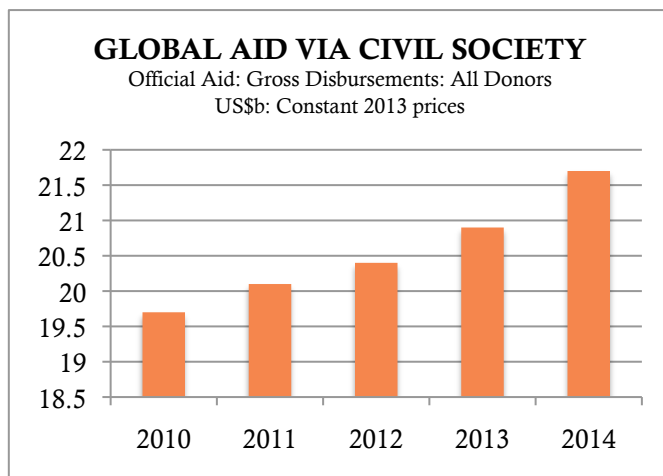
Major international civil society organisations (ICSOs) are increasingly taking a global perspective on the potential sources of government funding for their programmes around the world, looking for the best match between their priorities and the evolving interests and priorities of bilateral and multilateral aid donors.

However, until recently, it has been difficult to build up a coherent global picture of the major trends in the market for government funding of the work of civil society organisations. As a result of recent changes in aid reporting through the OECD, it is now possible to identify trends in this global market.

This Baobab Briefing identifies the key global trends in government funding of civil society organisations, based on recently released data for 2014. (Further details on scope and definitions are provided in the note at the end of this briefing.)

Global aid funding for civil society up by 4%

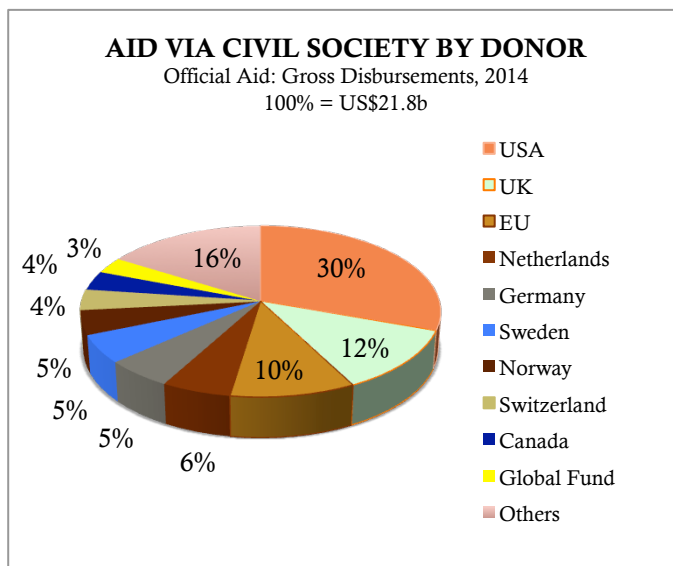
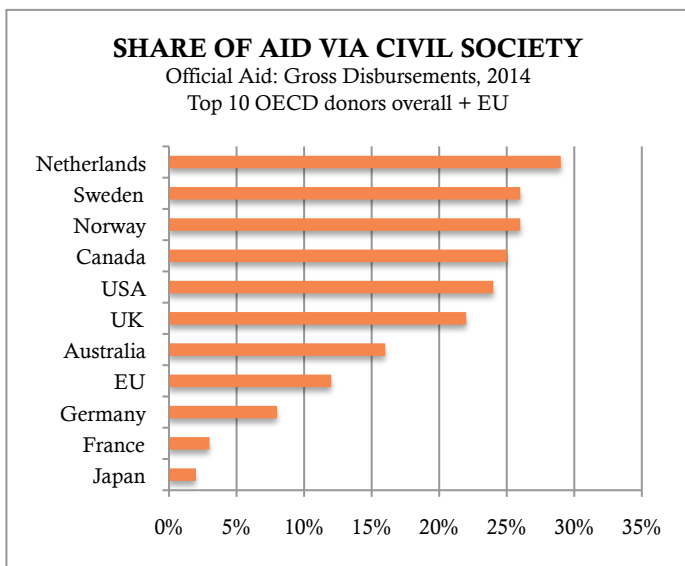
Official aid channeled via civil society grew by 4% in real terms in 2014, reaching a new high of \$21.8 billion. This total has grown by 10% in real terms over the last 4 years (chart below left). The proportion of aid channeled via civil society has remained stable over the last few years, at c. 13% of the total (chart below right).



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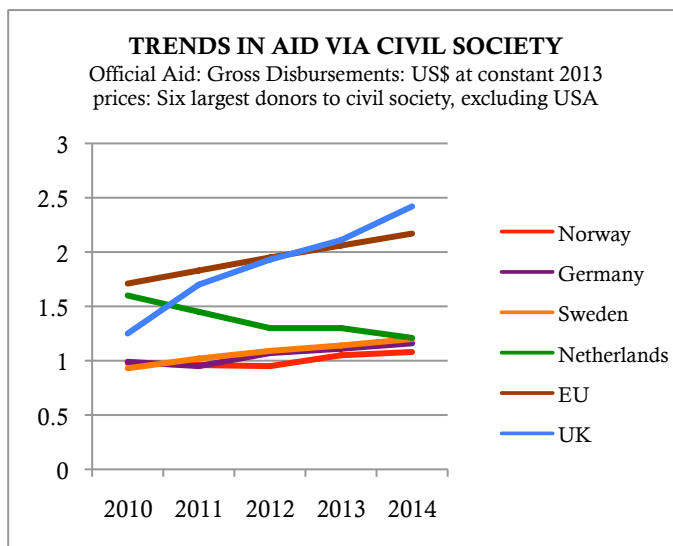
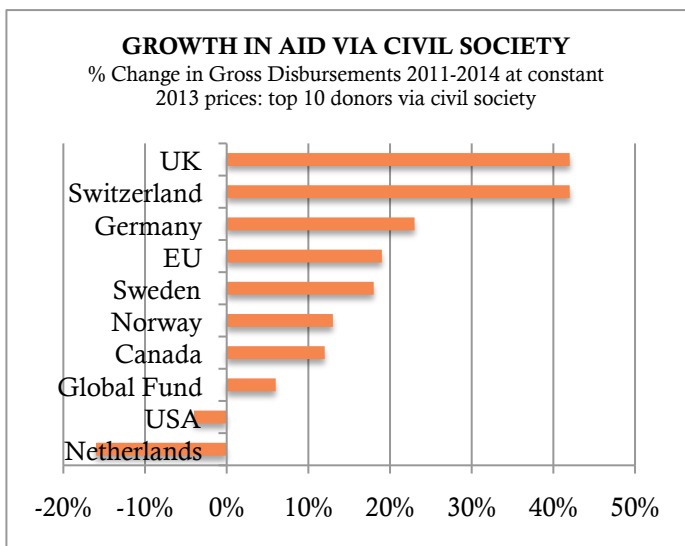
Baobab is the online hub for sharing ideas and resources on leadership and governance in international civil society organisations. This is the third in a series of Baobab Briefings on global market trends for civil society organisations, and was produced by Ken Caldwell for Baobab. We welcome your feedback and ideas on how the analysis could be improved for the future. For further information, see our website at www.baobab.org.uk or contact us at info@baobab.org.uk. Information in this briefing may be reproduced with accreditation to Baobab.

There is a wide diversity between official donors in the proportion of their aid that is channeled through civil society. Amongst the major donors, this varies from 29% for the Netherlands to 2% for Japan (see chart below left). The USA channels a relatively high proportion of its aid through civil society, and funds almost one third of total global aid to civil society (see chart below right). With the UK and the EU, they fund over half the total. Switzerland has become the 8th largest donor to civil society in 2014, rising above Canada and the Global Fund.



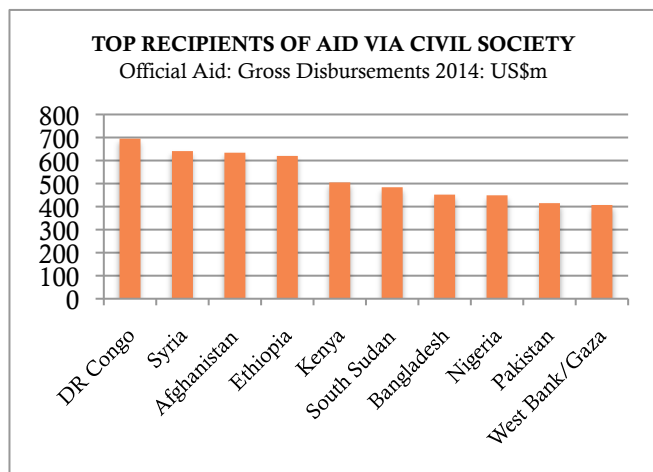
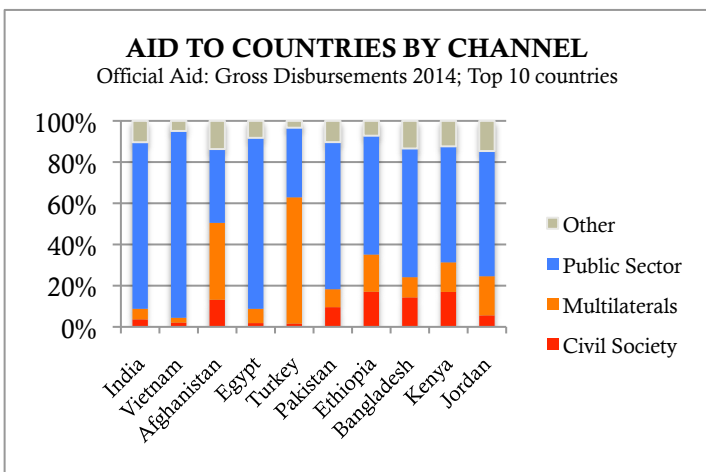
UK and Switzerland leading growth in funding of civil society

Over the three years to 2014, the UK and Switzerland both increased their funding for civil society by more than 40% in real terms (see chart below left) – much faster than the rate of growth of their aid budgets overall. 8 of the top 10 donors to civil society have increased their aid to civil society over the last three years. Aid from the USA for civil society fell by 4% over this period, primarily due to cutbacks in food aid, much of which had been channeled through NGOs. Despite cuts in Netherlands aid, they remain the fourth largest donor via civil society, although now just ahead of Norway and Sweden (see chart below right).



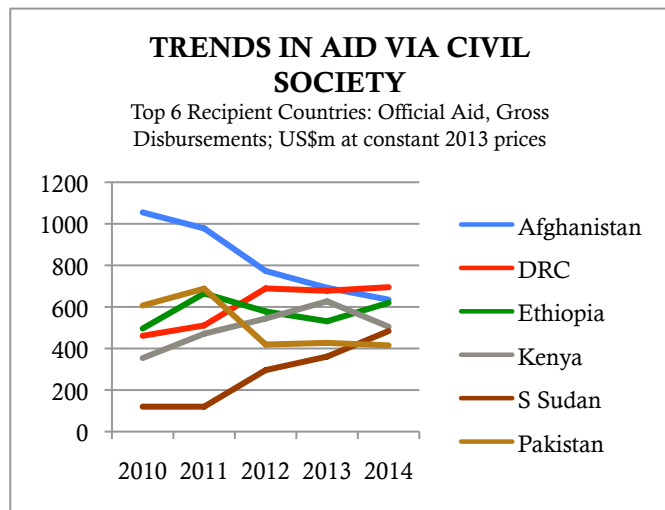
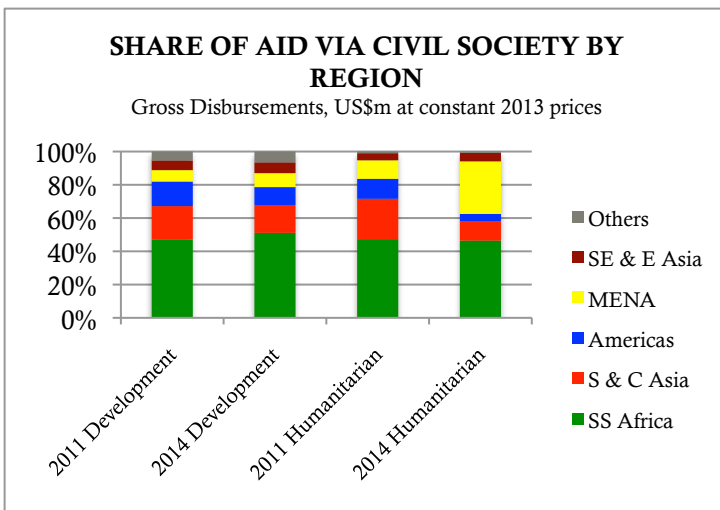
CIVIL SOCIETY AID FUNDING BY RECIPIENT COUNTRY

The proportion of official aid channeled through civil society varies widely from country to country (see chart below left), depending on whether the country has a stable governments trusted by donors and/or weak national civil society. In 2014, further cutbacks in aid to Afghanistan saw it drop to 3rd largest recipient of aid, having been the largest since 2006. With a higher share of funding channeled via NGOs in fragile countries, five of the top ten countries for aid via civil society are fragile countries (see chart below right). Four countries – Congo (DRC), Syria, Afghanistan, and Ethiopia – received over \$600m in funding via civil society in 2014. The scaling up of the humanitarian responses in Syria and South Sudan have seen them rise to 2nd and 6th largest recipients of aid via civil society in 2014.



DRC becomes largest recipient of aid via civil society

Over the last three years, the proportion of development aid to civil society that went to Africa continued to rise, reaching over 50% in 2014, offset by reductions in South Asia and the Americas (see chart below left). The proportion of humanitarian aid to civil society going to MENA rose from 11% in 2011 to 31% in 2014, with the scaling up of the Middle East crisis (especially Syria), partly offset by a scaling down of humanitarian aid to South and Central Asia (especially Afghanistan and Pakistan). Overall, DR Congo has now replaced Afghanistan as the biggest single recipient of aid via civil society (see chart below right). The fastest growth in aid via civil society has been in South Sudan, which has risen fourfold over the last three years.



AID TRENDS COUNTRY PROFILES

For civil society organisations seeking to strengthen their understanding of trends in aid for specific countries, Baobab produces a series of Aid Trends Country Profiles. These are designed to help busy NGO leaders working at country level to make more informed choices about which donors they should be talking to about which types of work. You can find further details of Country Profiles available and order online at www.baobab.org.uk/sector-reports/aid-trends

CIVIL SOCIETY AID FUNDING BY SECTOR

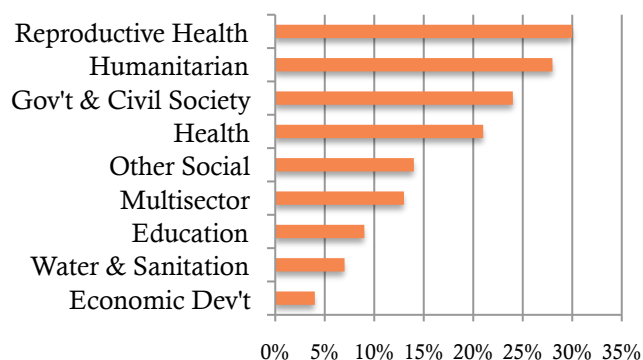
The proportion of official aid channeled through civil society varies widely by sector (see chart on right), depending on the perceived areas of expertise of civil society organisations, compared to other options.

The highest proportion of aid channeled through civil society is for reproductive health, at 30%, followed by 28% of aid for humanitarian work.

By contrast only 4% of aid for economic development is channeled through civil society, and 7% of aid for water and sanitation.

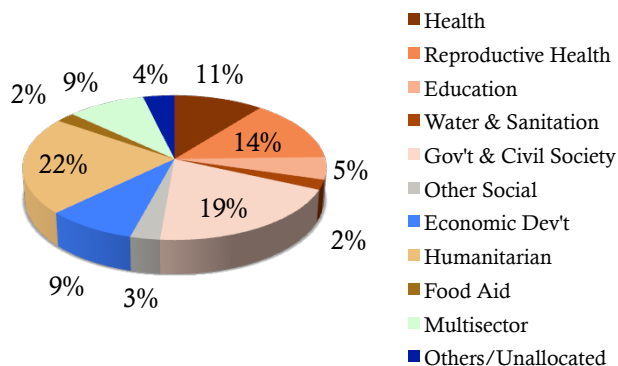
SHARE OF AID VIA CIVIL SOCIETY

Official Aid: Gross Disbursements: 2014



AID VIA CIVIL SOCIETY BY SECTOR

Official Aid: Gross Disbursements, 2014
100% = US\$21.8b



The balance of aid between sectors therefore looks quite different for aid channeled through civil society than for total aid.

54% of aid for civil society is in the social sectors (first six sectors listed in the chart on the left), compared to less than 40% of total aid. Humanitarian aid accounts for 22% of aid through civil society, but only 10% of total aid.

By contrast, aid for economic development accounts for 25% of total aid, but only 9% of aid channeled through civil society

SECTORS EXPLAINED

The sector definitions are those used by OECD DAC. In this profile:

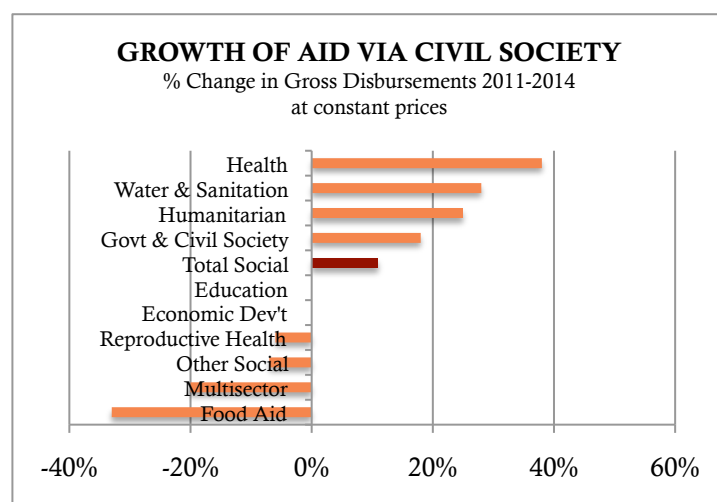
- Economic Development includes Economic & Production Sectors (OECD Codes 200 and 300)
- Government & Civil Society is aid to strengthen the functioning of government and civil society, including conflict resolution and peacebuilding
- Other Social includes social welfare, employment and housing programmes
- Multisector is aid for cross-cutting programmes, mainly for urban and rural development, environmental protection, and research that is not sector specific

Health projects attracting rapid growth in funding for civil society

Most of the growth in aid via civil society over the three years to 2014 has been in the social sector, growing by 11% in real terms in this period (see chart on right).

Within the social sector, the fastest growing sector is health, which has grown by 38% over this period, led by growth in funding from the USA, UK, and Global Fund.

By contrast, food aid channeled via civil society has dropped by 33% over this period, as the USA and EU have scaled back their food aid programmes.



LARGEST DONORS TO CIVIL SOCIETY IN KEY SECTORS

This table highlights the five largest donors to civil society in selected key sectors in 2014. Figures are gross disbursements in US\$.

RANK	HEALTH	REPRODUCTIVE HEALTH	EDUCATION	ECONOMIC DEVELOPMENT	HUMANITARIAN
1	USA (\$749m)	USA (\$2187m)	USA (\$208m)	USA (\$497m)	USA (\$1319m)
2	Global Fund (\$385m)	Global Fund (\$283m)	UK (\$126m)	UK (\$229m)	EU (\$1001m)
3	UK (\$375m)	Netherlands (\$122m)	Canada (\$92m)	EU (\$194m)	UK (\$535m)
4	Canada (\$178m)	UK (\$119m)	Australia (\$76m)	Canada (\$131m)	Sweden (\$257m)
5	EU (\$95m)	Sweden (\$62m)	Norway (\$71m)	Netherlands (\$105m)	Canada (\$238m)

EXPLANATORY NOTES:

- The data used in this profile is drawn from the OECD Creditor Reporting System. It covers official aid only (ie not aid raised from the public, corporates, or other non-government sources), and all countries who participate in the OECD DAC reporting system (this covers all major established donors, but does not include emerging new donors such as China, Brazil, Russia, or India).
- This data is based on the latest available data in 2016, and covers gross disbursements by donors up to December 2014. Details of 2015 disbursements are expected to be available in January 2017.
- Channel means the type of organisation through which the official donor is channeling the funds. "Undefined" is mostly aid from multilaterals who do not yet define their aid by sector, notably UNICEF, IMF, and some regional development banks. Civil society covers all types of non-profit organisation, including local, national, and international non-governmental organisations, trade unions, industry associations, etc.
- All figures quoted are US\$. Year on year comparisons in this profile are all provided at constant 2013 prices and exchange rates. This removes the effects of inflation and exchange rate changes on the year on year comparisons