



2015:25

Sida Decentralised Evaluation

Cecilia Karlstedt
Waddah Abdulsalam
Smadar Ben-Natan
Haneen Rizik

Effectiveness of core funding to CSOs in the field of human rights and international humanitarian law in occupied Palestine

Final Report

Effectiveness of core funding to CSOs in the field of human rights and international humanitarian law in occupied Palestine

Final Report
June 2015

Cecilia Karlstedt
Waddah Abdulsalam
Smadar Ben-Natan
Haneen Rizik

Authors: Cecilia Karlstedt, Waddah Abdulsalam, Smadar Ben-Natan and Haneen Rizik

The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

Sida Decentralised Evaluation 2015:25

Commissioned by The Swedish Consulate General in Jerusalem

Copyright: Sida and the authors

Date of final report: June 2015

Published by Citat 2015

Art. no. Sida61880en

urn:nbn:se:sida-61880en

This publication can be downloaded from: <http://www.sida.se/publications>

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: S-105 25 Stockholm, Sweden. Office: Valhallavägen 199, Stockholm

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

E-mail: info@sida.se. Homepage: <http://www.sida.se>

Table of contents

ABBREVIATIONS AND ACRONYMS	III
PREFACE	IV
EXECUTIVE SUMMARY	V
1 INTRODUCTION	1
1.1 Scope of the study.....	1
1.2 Methodology	3
1.3 Limitations	5
1.4 Brief description of the History of the joint donor mechanism for core funding	6
2 OVERVIEW OF INTERNATIONAL PRACTISES OF CORE FUNDING	10
2.1 The Aid effectiveness agenda	10
2.2 Various names and definitions FOR core funding	16
2.4 Approaches and comparative models	19
2.5 Trends and lessons learned	21
3 FINDINGS	24
3.1 The Environments of HR CSOs	24
3.2 The CSOs' Definitions and expectations.....	27
3.3 Importance and use of core funding.....	29
3.4 The mix of funding sources.....	31
3.5 Approaches among core donors	45
3.6 The Donor Consortium.....	56
4 CONCLUSIONS	60
4.1 Challenges and benefits for the CSOs.....	60
4.2 Effectiveness of the present core funding	61
4.3 Relevant levels of core funding.....	63
5 RECOMMENDATIONS	66
5.1 Overall recommendations.....	66
5.2 Specific recommendations	67
5.2 For the HR/IHL secretariat	68
ANNEX 1 – TERMS OF REFERENCE	70
ANNEX 2 - INCEPTION REPORT	75
ANNEX 3 – LIST OF PERSONS MET	95
ANNEX 4 - DOCUMENTS CONSULTED	99
ANNEX 5 - MONITORING FRAMEWORK OF GLOBAL PARTNERSHIP	102
ANNEX 6 - FRAGILE STATE PRINCIPLES	106
ANNEX 7 - SWEDISH MODEL FOR CORE SUPPORT IN UKRAINE.....	105
ANNEX 8 - COMMON OTHER CORE DONORS TO ISRAELI AND PALESTINIAN HR CSOS.....	106

Abbreviations and Acronyms

CSO	Civil society organisation
CPED	Civil Society Partnership for Development Effectiveness
DAC	Development Assistance Committee
EU	European Union
HR	Human Rights
HRBA	Human Rights Based Approach
ICC	International Criminal Court
ICCPR	International Covenant on Civil and Political Rights
ICHR	Independent Commission of Human Rights
IHL	International Humanitarian Law
INGO	International non-governmental organisation
M&E	Monitoring and Evaluation
NDC	NGO Development Centre
NGO	Non-governmental organisation
OECD	Organisation for Economic Development and Cooperation
OHCHR	Office of the High Commissioner for Human Rights
oPt	The Occupied Palestinian Territory
SDC	Swiss Agency for Development and Cooperation
PA	The Palestinian Authority
PLC	The Palestinian Legislative Council
POCAT	Participatory Organisational Capacity Assessment
Sida	Swedish International Development Cooperation Agency
ToR	Terms of Reference
UNDP	United Nations Development Programme
USAID	US Agency for International Development
USD	US Dollars
QA	Quality Assurance

Preface

The Swedish Consulate General in Jerusalem commissioned this study of “the effectiveness of core funding to CSOs in the field of human rights and international humanitarian law in occupied Palestine” through Sida’s framework agreement for reviews and evaluations. While undertaken under a framework for evaluations the nature of the study was a modality review of core funding with a strong learning focus. The study was undertaken by Indevelop between February and May 2015.

The members of the study team were Cecilia Karlstedt (team leader), Waddah Abdulsalam, Smadar Ben-Natan and Haneen Rizik. Quality Assurance was undertaken by Ian Christoplos, Indevelop’s Project Director for the framework agreement for reviews and evaluations. The project manager at Indevelop, Sarah Gharbi was responsible for ensuring compliance with Indevelop’s QA system throughout the process, as well as providing backstopping and coordination and Kristoffer Engstrand at Indevelop provided valuable support in final editing of the report.

The team would like to thank all members of civil society in Palestine and Israel who participate in the study, the staff of the HR/IHL secretariat and the members of the donor consortium, as well as everyone else who contributed to the study by generously giving their time and sharing their knowledge and experiences of core funding. A special thanks to Fredrik Westerholm at the Swedish Consulate General in Jerusalem for facilitating the study and providing valuable insights throughout the process.

Executive Summary

This report presents the findings and recommendations of a study commissioned by the Swedish Consulate General in Jerusalem of the effectiveness of the levels core funding provided to Palestinian and Israeli human rights organisations through a joint donor mechanism. The present donor consortium is composed of Sweden, Denmark, Switzerland and the Netherlands. Since mid-2013 the consultancy firm NIRAS and the Birzeit University's Institute of Law manage the joint mechanism, called The Human Rights (HR)/International Humanitarian Law (IHL) Secretariat.

The initial idea in 2004 with pooled funding through a joint secretariat was to simplify and harmonise donor procedures, align to partners' systems and promote more transparency in the donor – CSO relation. This was based on a realisation that funding to human rights CSOs was provided through excessive numbers of projects while financial control was done at an individual project level, without knowing the full financial picture. By provision of core funding the donors aimed to increase transparency, reduce fragmentation of funding and duplication of support, alleviate the administrative burden on partners, reduce transaction costs, save time and free up resources for a more strategic and qualitative dialogue in the relationship. Grantees were to be selected based on institution wide plans and organisational capacity for implementing, monitoring and reporting their own work.

Presently 24 Palestinian and Israeli human rights organisations receive core support through the HR/IHL Secretariat. The core funding is complemented with capacity building and facilitation of joint policy dialogue. Prior to the present funding cycle a maximum ceiling of contributions up to 20% of a CSO's budget was introduced. However, evidence was not available concerning what levels of core funding the CSOs' needed to remain flexible and relevant. Therefore, the Swedish Consulate General in Jerusalem decided to commission a study to look deeper into how the core funding was provided and the implications of the funding levels.

The overall objective of the study is: *“to review and analyse the effectiveness of the core support in relation to the levels of funding provided to Palestinian and Israeli human rights organisations through the HR/IHL Secretariat, as well as the previous Human Rights and Good Governance Secretariat.”* The study analyses different interpretations of core funding, the needs and the use of core funding, the CSOs' management of the mix of funding sources and any attempts for increased harmonisation and increased aid efficiency. As part of the study, the concept of core funding has been further clarified and an overview of international practise of core funding and

aid effectiveness was undertaken.

A sample of 15 CSOs located in the West Bank and East Jerusalem, in Israel and in the Gaza Strip was selected for in-depth interviews with their executive directors, board members and financial managers. The remaining nine core partners were invited to participate in a survey complementing the findings from the interviews. In total 21 of the 24 core partners contributed to the study. Interviews were also conducted with the donors in the consortium, the HR/IHL secretariat staff and external resource persons. Focus group discussions were held with the donor group on best international practises and a group of INGOs with experiences of core funding.

Findings

The study found that core funding is extremely important for all human rights organisations regardless of the geographical context they operate in. A number of reasons were found to explain this. The longevity and depth of human rights issues and violations due to the Israeli occupation necessitates long-term human rights work with continuous presence in the field for daily monitoring and long processes in courts. Endurance and a long-term perspective on goals and commitments to the people supported is a necessity. To have multi-year *predictable funding* is therefore vital for planning and implementing such work. The organisations are operating in a volatile and turbulent political environment, also taking into account the implications of the Palestinian political divide and in a constantly deteriorating human rights situation. This also requires an ability to react fast to erupting emergencies and hostilities. To have access to *flexible funds* that can immediately be used without any pre-approval is hence necessary to be relevant. Core funding provides such freedom to take immediate decisions.

While human rights work is based on the international human rights conventions and the Geneva conventions, it is nevertheless challenging for some donors to fund parts of it, particularly in the Palestine/Israel context. Having access to core funding therefore enables the CSOs to do the work they have defined as necessary according to their *own priorities* in order to address the human rights situation for the people. In addition, core funding provides some sense of *long-term stability*, job security and means for development to the organisations' often very exposed staff. This importance cannot be overstated. Furthermore, it is technically needed to *bridge financial gaps* between projects and to cover administrative costs, which are normally restricted in project funding. Finally core funding was needed *to facilitate internal development* and efficiency through staff development, increased financial transparency, administrative gains, by piloting new areas of work which can later be packaged as projects and to by some extent by facilitating networking and collaborations among core funded partners. By receiving core funding, it was perceived as easier to collaborate since competition for funding is reduced and funds can be flexibly used for joint activities.

Hence, core funding is vital for human rights CSOs and having it is a huge benefit. The joint donor mechanism has played an important role in providing continuous core funding for 10 years to them.

The study found that the CSOs, the donor consortium and the HR/IHL Secretariat shared a common understanding of core funding, defining it as flexible funding based on organisations' strategic plans. Some CSOs defined it as mission based funding, placing the focus on a higher level of strategic goals.

The highly competitive environment for funding has pushed the CSOs into increasingly fragmented and less predictable financing through a multitude of sources and created barriers for cooperation. The way funding is extended, in small pieces through numerous grants, is in stark contrast to the aid effectiveness principles. It places high demands on the CSOs' management and administrative capacity, internal systems, oversight mechanisms and fundraising abilities. The total funding situation of each CSO with a multitude of (core and project) agreements per year to manage, each with different requirements, is a major problem in terms of aid effectiveness. The study exposed a situation that is far from what Northern government donors committed themselves to in the series of high-level meetings on aid effectiveness.

Most CSOs have a number of core funding donors, whom together contribute to 40 – 50% of their annual budgets. However, core funding is getting scarcer and lost core funding generally has to be replaced with several project grants, which increases inefficiency. Despite having some 15 to 20 donors in total, most of the CSOs have not been able to fully cover their budgets. Therefore, they continuously spend time on fund raising, consuming internal capacity. Hence, the intentions to provide sustainable, secure and predictable funding so that the organisations could concentrate on the work is not reached and the intended efficiency gains are held back by the funding gaps.

Some core donors are aligning with the CSOs to make their support more effective, while others are not. Project funding is not aligned at all, and each agreement has specific requirements and necessitates individual treatment and full separation in the administration. Because of the number of grants and non-harmonised requirements, the CSOs are extensively occupied with upwards accountability to the donors. Despite this, the study found a strong sense of ownership of their own agendas.

The HR/IHL secretariat defines core funding as supporting CSOs' based on their strategic plans. However, its present approach of core funding has landed it in a hybrid approach between core funding and a more detailed project management approach in reporting, particularly in financial management. The approach is administratively heavy for all involved. The arguably large number of specific formats used and dif-

ferent timings for delivery of reports, instead of aligning to the CSOs' processes are examples of conditions that create inefficiency for the core funded partners. This approach is partly found to be a heritage from previous secretariats. It is also seen because of the past years intensive focus on the global results agenda where each donor's demands for concrete and specific results attributed to their funds have gradually pushed reporting down to the details.

The secretariat is the donor consortium's joint mechanism and the donors carry the responsibility for the approach applied. Since the present approach is not yet fully in line with aid efficiency principles, it is concluded that the donor consortium has not provided sufficient guidance to its different management set-ups. While this was not done, it is now timely and possible to adjust the situation based on informed decisions. It is concluded that the donor consortium has not assumed the wider role it could have had as a group of likeminded European donors in promoting a more enabling environment for civil society. By adjusting the approach and initiating discussions on aid effectiveness and the application of the fragile state principles for good international engagement the donor consortium may take a lead in promoting good civil society donorship among the EU donors. This would both be strategic and much needed in the highly fragmented contexts of the Palestinian and Israeli civil societies.

The study concludes that the present core funding extended by the four donors through the HR/IHL secretariat is very important for all partners despite its rather limited size. 58% are receiving a core grant from the secretariat that is below USD 150.000 per year and the secretariat is in most cases not the main core donor. During the ten years of existence of the joint mechanism, the funding levels have gradually declined, obliging the CSOs to review their strategic priorities in their strategic planning processes. While 20% of annual budgets was set as the maximum level for support in 2014, 79% of the CSOs received less than 15% of their budgets from the secretariat and the average level is 13%. Thus, the core funds provided by the secretariat are both limited in terms of absolute amounts and in relative size of the budgets. The recent reduction of funding levels in 2014 created funding gaps for the CSOs that needed to be filled through more management and advocacy time redirected towards fundraising. This in turn resulted in increased numbers of project grants to administer and funds being more tied to pre-defined activities, reducing the much needed flexibility and long term financial predictability. All together, this has contributed to making the CSOs less effective.

The study concluded that the core funding levels from the secretariat are below the CSOs' needs, partly hampering them to effectively play their intended roles in society. This is shown by the funding gaps in most organisations, by the extensive number of short-term project agreements that each organisation needs to secure on an annual basis, and by the growing reliance on income generation such as private donations to be able to follow their strategic plans. The "business models by necessity" of the CSO differ from their preferred choice of optimal funding with as much free funds as pos-

sible and limited ear-marked funding for a few strategic change projects only.

The constantly deteriorating human rights situation, not the least after the last war in Gaza in 2014, is creating increasing workloads for the CSOs. In addition, new crucial processes to address are arising due to Palestine's entry into the international treaty processes and the recent membership in the ICC. However, funding levels from the donors have remained the same for ten years. Hence, for the CSOs there is more to do and less funds from the secretariat to compete for. The donors' strategy of having a critical mass of partners in each context has led to spreading the resources thinly with less leverage on the organisations' institutional development.

The study concludes that 20% of an annual budget as a level for contributions could be appropriate in some cases, while in others, it is not sufficient. To achieve the intended outcomes, funding levels should therefore be based on individual needs rather than a set percentage for all. Aligning the core support to each CSO would require analysis of unmet funding needs and a dialogue around how the CSO could strategically restructure its overall funding puzzle to become more efficient in line with the original intentions with the mechanism. Performance in relation to the strategic plan should also be part of the discussion.

The bottom line for the donors is their level of trust in the CSOs. If they trust that the CSOs have internal systems, policies and programmes in place to use the funds efficiently, detailed control could be less pronounced and the relationship could develop more into a deeper partnership. The secretariat has a crucial role to create such a level of trust among the donors, which is why organisational assessments, deep discussion on strategic plans and financial audits play important roles in core funding.

The secretariat is perceived as professional and accommodative with high standards of transparency and fairness. Further reinforcing the partnership approach requires releasing time for forging a closer relation with the CSOs. By lessening the secretariat's involvement in detailed grant management, more time could be made available for field based monitoring and mentoring, accompanying the CSOs and supporting networking, learning and deeper dialogue. Such partnerships require good capacity in human rights and IHL at all levels.

Major recommendations

With increased knowledge of the consequences of the reduced funding levels and of the implications of the still fragmented total funding situations of the human rights organisations it is now timely to adjust the present approach in line with contemporary knowledge of aid efficiency. Therefore, three major recommendations are made:

1. Adjust the present approach and align it to the CSOs' systems

The donor consortium is recommended to take decisions to adjust the present approach for core funding toward a performance focus, applying less of a generic, pro-

grammatic perspective and focus more on the CSOs as independent actors, aligning it to the CSOs in accordance with good donorship principles. This would imply that specific requirements which make the secretariat's core funding more complicated to administrate, requiring specific measures and limiting the use of the funds, should be reconsidered. The core funding should be based on the CSOs' own key documents. In case the quality of any of these documents is judged as unsatisfactory, the secretariat should provide support and engage with the CSOs to further develop the quality.

2. Increase the total resources available and distribute them based on need

When possible for the donor consortium, increase the total resources available for core funding, if possible already during the present core funding cycle. The maximum level provided to each organisation should be based on the CSOs' needs in order for them to become more effective, instead of using a set percentage. The needs analysis should be composed of:

- The uncovered financial gaps in the CSO's budget.
- Any need for restructuring the CSO's total financial situation to shift some smaller grants into core funding for greater internal efficiency.
- Its performance in accordance to the strategic plan.

3. Regard the CSOs as long-term partners

The donor consortium is recommended to regard the group of 24 human rights organisations supported with core funds as partners, with more sensitivity to their situations. Should any major changes in the contexts happen which would warrant increased support due to erupting emergency situations or specific dire human rights needs, the secretariat and the donor consortium should immediately consult with their partners on their needs and rapidly analyse how to support them in the best way without increasing extensive administration. The partnership approach should deepen in all relations by supporting and mentoring the CSOs, accompanying them in the field, monitor outcomes, conducting deep content dialogue in various ways and facilitating mutual learning.

1 Introduction

1.1 SCOPE OF THE STUDY

1.1.1 Background

Since 2005, a group of like-minded donors in Palestine has pooled funding for support to Palestinian and Israeli Human Rights Civil Society Organisations (HR CSOs) through a joint support mechanism. The present group of donors is composed of Sweden, Denmark, Switzerland and the Netherlands. The mechanism has gone through three phases with three different management arrangements. The first secretariat, the Mu'assasat (2005 – 2007), was created through a Danish consultancy firm that went bankrupt in 2007, causing the closure of the Mu'assasat. The second mechanism was managed by the Palestinian NGO Development Centre (NDC) from 2008 – 2013. In 2013, the Scandinavian consultancy firm NIRAS was procured to collaborate with Birzeit University's Institute of Law to manage the Human Rights (HR)/International Humanitarian Law (IHL) secretariat following a tendering process.

The secretariat provides funding to Palestinian and Israeli CSOs addressing human rights and IHL violations in occupied Palestine to undertake documentation of violations, legal assistance, representation of victims and promotion and advocacy on adherence to HR law and IHL on national and international levels. In addition, the Secretariat provides capacity building support and facilitates joint policy dialogue with donors, duty bearers and other stakeholders, where the CSOs are the drivers of the processes and the Secretariat facilitates such interactions, aiming to further enhance networking and joint advocacy. Hence, the secretariat's mandate is broader than fund management and is directed by the following objectives¹:

Programme Objective: A HR and IHL Secretariat is institutionalised and considered a key player and resourceful partner in the promotion HR and IHL in the oPt.

Objective 1: An effective fund for the promotion of HR and IHL in oPt, which is transparent and reduces corruption and duplication.

¹ Fund Management Manual, December 2014, the HR/IHL Secretariat

Objective 2: Strengthened CSO environment in the HR/IHL sector through institutional development, internal efficiency, effective participation in democratic processes and improved performance.

Objective 3: The Secretariat makes meaningful contributions to policy development in the sector through evidence based measures and effective IMS for monitoring of services, and participates actively in the policy dialogue with donors and other sector stakeholders.

The donor group has made USD 12,9 million available to be distributed to CSOs over three years, 2014–2016.² 80% of the fund is earmarked for core funding to established CSOs. The remaining 20% is provided as short term and limited project funding to support new and existing organisations and initiatives in the field of human rights.³ The provision of core funding is based on the assumption that it is an effective way of supporting organisations by providing predictable funding to enable more long term planning and to focus on their defined priorities.⁴

During the present cycle of core funding a maximum ceiling of contributing up 20% of a CSOs budget was introduced, while previous secretariats had higher limits. An impact evaluation in 2013 concluded on the importance of the previous secretariat's core support to the human rights organisations. However, it did not evaluate at what levels core funding was needed for the CSOs in order to remain flexible and relevant. Therefore, the Swedish Consulate General in Jerusalem, being the lead donor for the consortium, decided to commission a separate study to look into this aspect. The results of the study will be shared with the donors in the consortium, the secretariat, the CSOs receiving core support and the wider donor community. The Swedish consultancy firm Indvelop was contracted to undertake the study under the framework agreement for Sida's reviews, evaluations and advisory services. The study was conducted by a team of four consultants; Cecilia Karlstedt (team leader), Waddah Abdelsalam, Smadar Ben-Natan and Haneen Rizik during February to April 2015, with field work in Israel and Palestine during two weeks in March 2015.

1.1.2 Scope and Objective

According to the Terms of reference, dated October 22, 2014, the objective of this

² In addition USD 277.000 was made available as emergency funding during the Gaza war 2014.

³ HR/IHL secretariat website

⁴ Terms of Reference; Study of the effectiveness of core funding to CSOs in the field of HR and IHL in the oPt, October 2014.

study is to: review and analyse the effectiveness of the core support in relation to the levels of funding provided to Palestinian and Israeli human rights organisations through the HR/IHL Secretariat, as well as the previous Human Rights and Good Governance Secretariat. The study should provide guidance for the donors' decisions regarding future support.

The objective hence focuses on exploring consequences of the recent decision to limit of the size of core funding to 20% of a CSO's total budget and seeks to understand its implications on the total funding situation of the CSOs. Based on dialogue with the Swedish Consulate the team has interpreted the intention as having a learning approach towards the modality of core funding, particularly considering funding levels. The study should advise on relevant levels of core funding as part of the total budget of a CSO, elaborate and clarify the concept of core funding, and provide an overview of international practise regarding core funding.

1.2 METHODOLOGY

1.1.3 Study questions

The Terms of Reference outline the following specific issues/questions for the study:

1. Different interpretations of core funding and its implications
2. The importance and use of core funding for the CSOs
3. If the present level of core funding meets the needs of the CSOs
4. How the CSOs combine the management of core and project funding
5. To what extent the CSOs have been able to switch from project to core funding
6. To what extent harmonised requirements and donor coordination has been promoted
7. Head office donor requirements for core funding
8. Attempts of setting up basket funding arrangements
9. CSOs' contingency planning

These issues/questions were discussed in the inception report and operationalised into interview questionnaires and survey questions. The Inception report is provided in Annex 2.

1.1.4 The process

The study was conducted in four phases:

Inception phase: During the inception phase in February 2015 the focus of the study was further clarified in a series of meetings with the Swedish Consulate. An inception report was drafted, discussed, finalised and approved, analysing the different contexts (the West Bank, East Jerusalem, the Gaza strip and Israel) specifying the methodology of the study, defining a sample of 15 CSOs to be interviewed, elaborating a work plan and discussing different methodological considerations.

Preparation: A desk study on contemporary good practises of core support based on the aid effectiveness agenda with a specific focus on funding levels was conducted. The results of the best practise study were later discussed in a focus group meeting with the donor consortium and the management of the HR/IHL Secretariat. The preparatory work also included development of study tools and an interview questionnaire, and arranging meeting schedules in the West Bank, the Gaza Strip and in Israel. Interviews were conducted in Sweden with the programme director, the QA responsible at NIRAS and with the focal point for Palestine at Sida's head office.

Data collection: From March 15 to 29, 2015, fieldwork was conducted in the West Bank, Jerusalem, the Gaza Strip and Israel. Please see Annex 3 for a list of persons met. The study aimed to take the perspective of the CSOs in order to understand the implications of core funding provided in relation to their total funding situation. Fifteen CSOs receiving core funding from the present secretariat were visited at their premises and semi-structured interviews were conducted with their executive directors, chairpersons of the Board of Directors, financial managers and in some cases fundraisers. In addition, the management of three CSOs that used to receive core funding from the previous NDC secretariat were also visited and interviewed. All meetings were facilitated by the three team members who are civil society and human rights experts in their respective contexts; Waddah Abdulsalam in the West bank and East Jerusalem, Smadar Ben-Natan in Israel and Haneen Rizik in the Gaza Strip.

Separate interviews were conducted with the four donors in the donor consortium, the staff of the HR/IHL secretariat in Ramallah and in Gaza City and the responsible person for the previous NDC Secretariat. In addition, individual interviews were conducted with external experts and reference persons, i.e. two members of the Secretariat's reference group, the acting head of OHCHR and the deputy manager of the UNDP rule of law programme. The same questions were posed in all interviews to facilitate triangulation. Two focus group meetings were conducted; one with the donor consortium on international practises in core funding and one with a group of Swedish INGOs and the civil society programme manager at the Swedish Consulate, all providing core funding to Palestinian and Israeli CSOs. A debriefing session on preliminary observations was conducted with the four donors and the management of the secretariat before concluding the fieldwork.

Analysing and reporting: Interview transcripts from all meetings were shared within the team. Thereafter an electronic survey with a more limited number of questions from the interviews was designed and sent to the remaining CSOs receiving core funding, which were not included in the sample. The results were used for comparisons and further validation of the findings. Detailed analyses of all data were made and the report was drafted in English and submitted to the donor consortium and the management of the HR/IHL Secretariat for comments and corrections. Before finalising the report, findings were presented in four separate sessions; with the Palestinian CSOs receiving core funding, the Israeli CSOs, the donor consortium and the management of the secretariat and finally to a broader group of heads of development

cooperation of EU country donors present in Palestine. Feedback and comments provided in the sessions were integrated into the final report.

1.1.5 The sample and survey

The following table illustrates the geographical distribution and selection CSOs in the sample for interviews:

	Core partners	Sample	Sample, previous core partners
West Bank and East Jerusalem	11	1. Al-Haq 2. DCI 3. PWWSD 4. JLAC 5. BADIL 6. Women Study Centre	1. Musawa 2. ATF
The Gaza Strip	4	1. Al-Dameer 2. Al Mezan 3. PCHR 4. WAC	
Israel	9	1. Adalah 2. B'tselem 3. Breaking the Silence 4. Yesh Din 5. HaMoked	ACRI
	24	15	3

The selection strove for maximum variety, as it was not judged possible to make a 'representative sample', given the different contexts. The following dimensions were used when designing the sample:

- Different locations
- Size of organisations
- Duration as a core partner
- Orientation of work and thematic representation
- Addressing violations of various groups of rights holders

The nine CSOs that were not included in the sample were invited to participate in a survey, complementing the findings of the interviews. Six replied to the survey, thus 87,5% of the CSOs presently receiving core funding have contributed to the study.

1.3 LIMITATIONS

1.3.1 The modality

The focus of this study is on *how* core support is provided to the CSOs in order to assess the effectiveness of the present level. It centres on the question of if the present level achieves the expected *efficiency gains* that core funding might lead to. Based on the aid effectiveness principles, such gains could be increased stability, predictability, flexibility, freeing capacity, ownership over own agendas, transparency and accountability and greater innovation as compared to operating with short term project funding. The study is not an evaluation of the impact of core funding or of improved per-

formances of the supported CSOs. Nor does it evaluate the present HR/IHL secretariat that has only been in operation for a year and a half. It seeks to understand consequences of the approaches used by the present and past secretariats and by other donors funding the CSOs through project and core support with the main intention of generating learning regarding the modality of core funding for the future and to make adjustments if needed.

1.3.2 Attribution

The nature of core funding is contribution to the totality, without earmarking. Hence, it is important to understand the full funding picture of the CSOs and to see the contribution from the Secretariat in that light in order to be able to see its effectiveness. The contribution from the secretariat is one of several core funding sources and determining its specific attribution goes against the nature of core funding.

1.3.3 Selection

The study is not an investigation of the HR/IHL Secretariat's selection procedures, criteria, nor the results of the selection. However it includes a small sample of CSOs which did not get core funding to better understand consequences of not having core funding any longer for CSOs.

1.3.4 Representativeness

Since the CSOs are constrained within separate geographical areas (i.e. the Gaza strip, East Jerusalem, the West Bank and Israel) with very different contexts, and as the total number of core partners is only 24, it is not possible to make a representative sample. The study has sought to overcome this limitation by complementing interviews with a survey, thus encompassing the totality.

1.4 BRIEF DESCRIPTION OF THE HISTORY OF THE JOINT DONOR MECHANISM FOR CORE FUNDING

1.4.1 The initial idea

According to a feasibility study done in 2004,⁵ prior to establishing the first joint mechanism, a group of six donors (also including the EU and Norway) had expressed interest to establish a secretariat to harmonise donor procedures line with the "OECD/DAC Guidelines on harmonisation of donor practises".⁶ The guidelines

⁵ "Common Donor Secretariat for Support to NGOs in the Palestinian Territories", Feasibility study, September 2004, J. Claussen, F. Daibes and H. Jarskog

⁶ "Harmonising Donor Practises for Effective Aid Delivery", OECD/DAC Guidelines and Reference Series, 2003

stipulated that the donors should *simplify* and *harmonise* their procedures, *align to partners' systems* and be more *transparent*. However, it should be noted that this happened prior to the Paris Declaration (2005) and principles for good CSO support had not yet been developed.

The feasibility study stated that the joint mechanism should address the following problems facing the CSOs:

- Donor driven activities through project modalities.
- Not enough time and efforts invested in establishing a systematic relationship between donors and the CSOs.
- Lack of coordination; among donors, between donors and CSOs, among the CSOs and between the Palestinian and Israeli CSOs.
- Lack of capacity among donors to deal with managerial, financial and organisational aspects in CSOs in a systematic and coordinated way, often ending up in supporting the same organisations without exchanging information, resulting in duplications.

In addition, the human rights sector in Palestine had been shaken by a corruption scandal in 2003 in one organisation.⁷ This made the donors realise that funding to CSOs was provided through excessive numbers of projects while financial control was only done at the individual project level, without knowing the CSO's full financial picture. Through this, the donors understood that they had actually "created the space for double-funding, double-dipping and inappropriate movements of funds".⁸ The group of donors concluded that they needed to change their approach for supporting HR CSOs to enhance more transparency, accountability and impact and "to allow for a more strategic approach to planning and delivery of aid, thus freeing up resources for a forward looking and qualitative dialogue with partners".⁹ The new approach was intended to alleviate the administrative burden on partners by the provisions of core funding (called general programme support in the feasibility study) and reduce their transaction costs. Time would be saved which would enable the donors to engage in a more strategic and forward-looking dialogue with partners. By providing core support the donors aimed to address the threats of corruption, as it would reduce the problem with lack of transparency, fragmentation of funding and duplication of support through projects. Grantees were to be selected based on institution wide plans

⁷ See p. 45, "Defending Human Rights in the Occupied Palestinian Territory – Challenges and opportunities", Friedrich Ebert Foundation, 2007

⁸ TOR for Assessment of Feasibility of Establishment of a Common Donor Project/Programme Screenignna dn Implementation Secretariat, March 2004

⁹ TOR for Assessment of Feasibility of Establishment of a Common Donor Project/Programme Screenignna dn Implementation Secretariat, March 2004

and organisational capacity for implementing, monitoring and reporting their own work.

After consultations with each donor regarding the size of their portfolios for support to human rights CSOs, the feasibility study estimated that around USD 10,5 million would be available per year by pooling these funds that could be distributed to some 15 CSOs. Two scenarios were proposed: the mechanism would support 15 CSOs with USD 700.000 each annually, or 30 CSOs with USD 350.000 each annually. The support was expected to be given for three years and thereafter reassessed. The second option of funding levels was further developed into a programme document. As the first mechanism was created prior to the emergence of a common global understanding of good donorship principles for CSO support, it was designed as a programme with *project* support to the partners and a project reporting schedule, while the intention was to support the organisations with core funding. This initial ambiguity in the modality might have contributed to some of the challenges observed in this study.

Another difficult issue highlighted in the feasibility study was the donors' differences in how to define the thematic area of "human rights and good governance" where some defined it more broadly than others. Similarly, the feasibility study found differences in how to define "Human rights NGOs". Should it be as according to their mandates or be based on what type of work the organisation was actually doing? These issues were left to be defined by the donor consortium, but as the study will show these issues have remained problematic.

1.4.3 The present secretariat

The present secretariat was set up in the second half of 2013 under the newly procured management by Niras Natura AB and Birzeit University Institute of Law. The focus areas were shifted from Human Rights and Good Governance to Human Rights and International Humanitarian Law. This had consequences for a few of the previously supported CSOs with broader mandates to promote democracy, which fell outside the scope of the focus. The Secretariat set up its new premises in Ramallah and Gaza City and recruited a new team. It is currently composed of five full time staff in Ramallah and three in Gaza, as well as a part time programme director in Stockholm and a QA team from both host organisations.

Following a call for proposals and an assessment process, core funding was extended to 15 Palestinian and 9 Israeli human rights CSOs in March 2014, committing a total amount of USD 10,5 million for three years. For 2014 USD 3,45 million was committed to the 24 core partners, which in average is 144.000 USD per partner. The actual annual size of the core grants vary from USD 48.000 to USD 236.000 among the partners. It should be noted that the secretariat was pushed to distribute the core funds as fast as possible to avoid creating funding gaps for the CSOs. Due to the access problems and the restricted contexts under the Israeli occupation an aim by the donors has been to support a critical mass of CSOs in each of the contexts; i.e., in the West

Bank, in Jerusalem, in the Gaza Strip and in Israel.

While the main work of the secretariat is provision of core funding, emergency project grants were provided through a separate call for proposals during the war in Gaza in the summer of 2014 and an additional USD 277.000 was made available. Project support to 20 other CSOs has also been made available through a separate call for proposals in 2014. A second call for project proposals focusing on East Jerusalem is presently open.

A pronounced focus of the present secretariat is capacity building. Organisational capacity assessments of each CSO receiving core funding were done as pre-award surveys by the secretariat team during participatory meetings with the CSOs. Several meetings to facilitate policy dialogue, information sharing and networking between the CSOs have also been conducted.

2 Overview of international practises of core funding

2.1 THE AID EFFECTIVENESS AGENDA

2.1.1 The starting point

Core funding to CSOs emerged as a concept mainly through the series of global high-level meetings between governments on increased aid effectiveness. These meetings were initiated to discuss how to improve financing and delivery of aid to reach the millennium development goals, starting with the Monterrey conference in 2002. In the Rome Declaration on Harmonisation, the following year, governments defined the need for reducing transaction costs of aid for recipient governments through harmonisation of requirements and delivery of aid in accordance with partner country priorities, providing budget support.¹⁰ However it was in the Paris Declaration of Aid Effectiveness in 2005, that governments from the North and South and international organisations agreed on five principles for increased aid effectiveness¹¹ that later have had great implications for civil society support:

1. *Ownership* - Developing countries should set their own strategies for development, improve their institutions and tackle corruption.
2. *Alignment* - Donor countries should align behind these objectives and use local systems and processes.
3. *Harmonisation* - Donor countries should coordinate, simplify procedures and share information to avoid duplication.
4. *Managing for Results* - Developing countries and donors should ensure that programmes are implemented in a way that focuses on desired results and use the results for improved decision-making.
5. *Mutual accountability* - donors and partner governments should work in a transparent and mutually accountable way and be mutually accountable for development results.

These so-called Paris Principles were established to guide the relations between donor and recipient governments and civil society was not invited to be part of the discussion. This exclusion led to a massive mobilisation of global civil society and during the coming three years leading up to the Accra high-level meeting in 2008, thousands

¹⁰ Harmonising Donor Practises for Effective Aid Delivery, OEDC Guidelines 2003

¹¹ <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>

of consultations were held within civil society to interpret the Paris principles on effective civil society development.

The high-level meeting on aid effectiveness in Accra, 2008, was considered a major success for civil society, as CSOs were recognised partners in the meeting. Principles for effective civil society support were integrated in the “Accra Agenda for Action”. The most important outcomes for civil society were that CSOs were recognised as *development actors in their own rights*, meaning that they were not to be seen as implementing partners on behalf of others. Among many things, donors committed themselves to *increased coordination to avoid fragmentation, make aid predictable* and work to *provide an enabling environment for civil society*. CSOs committed themselves to improve *their accountability*. The meeting stipulated that *demand driven capacity development* is more effective.¹²

In the preparations for the Busan meeting (2011), CSOs developed their own principles for development effectiveness, called the Istanbul principles.¹³ The Istanbul principles brought the human rights based approach (HRBA) into the aid effectiveness discussion. The high level meeting in Busan particularly reinforced:¹⁴

- Ownership and CSOs as independent development actors in their own right
- Creating an enabling CSO environment, consistent with agreed international rights and including aid efficiency in the donor-CSO relation
- Transparency and shared responsibility
- Providing more predictable aid

The Busan meeting resulted in a global monitoring framework, consisting of ten indicators to measure progress on improving effectiveness of development cooperation, building on the Paris and Accra declarations.¹⁵ The global monitoring framework is included in Annex 5. Both Israel and Palestine are signatories to the Paris Declaration, the Accra Agenda for Action and the Busan Partnership for Effective Development Co-operation.¹⁶

¹² <http://www.oecd.org/dac/effectiveness/45827311.pdf>

¹³ http://cso-effective-ness.org/IMG/pdf/final_istanbul_cso_development_effectiveness_principles_footnote_december_2010-2.pdf

¹⁴ <http://www.oecd.org/development/effectiveness/busanpartnership.htm>

¹⁵ <http://effectivecooperation.org/wordpress/about/global-monitoring-framework/>

¹⁶ <http://www.oecd.org/dac/effectiveness/busanadherents.htm>,
<http://www.oecd.org/development/effectiveness/countriesterritoriesandorganisationsadheringtotheparisdeclarationandaaa.htm>

The last high level meeting on development effectiveness was held in Mexico, 2014. The main focus related to civil society was the deteriorating environments for CSOs in terms of legislation, registration, taxation, available funding and the increasingly repressive and shrinking space for civic action seen globally since Busan.

2.1.2 Good donorship for civil society support

Through the series of high-level meetings on aid and development effectiveness and the global consultation processes the realisation of what constitutes good practises for civil society support started to emerge. The first such attempt was made by the so-called Advisory Group on Civil Society and Aid Effectiveness¹⁷, a joint civil society and donor group created during the process leading up to the Accra meeting. In 2008, it recommended the following principles as good donorship for civil society support:

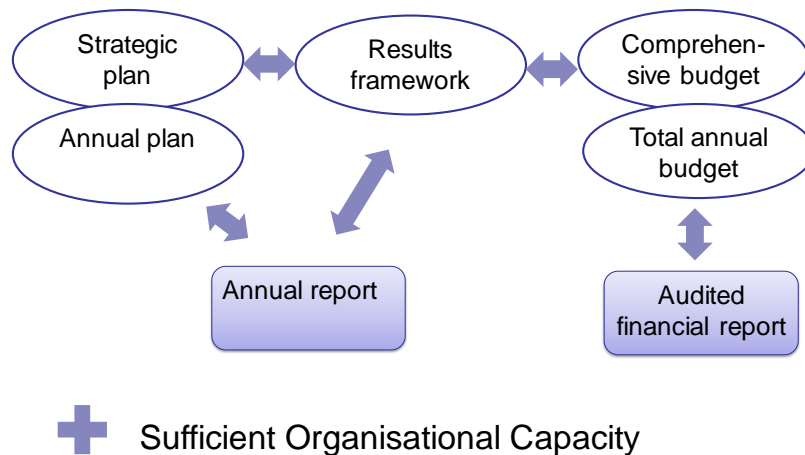
1. Donors should take measures to implement the aid effectiveness principles in civil society support meaning:
 1. respect for local CSOs' ownership and leadership;
 2. alignment with CSOs' priorities and use of local systems;
 3. greater coordination and harmonisation of donor efforts, while respecting diversity and innovation;
 4. managing for results in a dynamic, iterative way;
 5. enhanced accountability, with emphasis on CSOs' downward accountability, and greater mutual accountability in donor-recipient CSO relationships.
2. Strengthened civil society at the country, regional, and international levels should be seen as an objective in its own right.
3. Donors should implement a range of better coordinated and harmonised support mechanisms that would include core or programme support, capacity development, a long-term perspective, responsive funding mechanisms and harmonisation of contracting, funding and reporting modalities.

These good donorship principles have been further developed and revised in numerous ways by various task forces and civil society platforms but the essence of the advisory group's initial principles remains. Good CSO donorship means aligning to a CSO. The clearest way to align is to provide multi-year core support to finance the organisation rather than a particular project in order to support CSOs to operate as actors in their own rights.¹⁸ Effective funding to CSOs should be long-term, predictable core funding, based on their strategic plans, accounted for in one comprehensive budget and audited financial statements and aligned with the CSOs internal systems

¹⁷ Synthesis of Findings and Recommendations, 2008, Advisory Group on civil society and aid effectiveness

¹⁸ State of Civil Society 2013, Civicus, J. Wood and K. Fällman

and procedures. Capacity development should be an integrated component of the support and through organisational assessments, the CSOs' internal systems and governance capacity to manage the core funding should be assessed and strengthened. The donors should coordinate their support with common requirements and accept one joint annual report to reduce administration and transaction costs. By monitoring, the organisation's strategic results in social processes the support would become results based. The following picture illustrates such a set up:



A more recent set of good donorship practises are the policy guidance provided by the 12 lessons from DAC peer reviews on partnering with civil society from 2012.¹⁹ The lessons are divided into three groups:

The Strategic Framework

- Lesson 1: Have an evidence-based, overarching civil society policy
- Lesson 2: Strengthen civil society in developing countries
- Lesson 3: Promote and support public awareness raising
- Lesson 4: Choose partners to meet objectives
- Lesson 5: Make policy dialogue meaningful

Delivering Effective Support

- Lesson 6: Respect independence while giving direction
- Lesson 7: Match funding mechanisms with the purpose
- Lesson 8: Minimise transaction costs
- Lesson 9: Build strong partnerships with humanitarian NGOs

¹⁹ Partnering with civil society, 12 lessons learned from DAC Peer reviews, OECD 2012

Learning and Accountability

Lesson 10: Focus reporting on results and learning

Lesson 11: Increase transparency and accountability

Lesson 12: Commission evaluations for learning and accountability

Each lesson includes more specific recommendations and the full report is worth reading for a deeper understanding. However, e.g. in lesson 7, *multi-annual mechanisms* are recommended to provide predictability, facilitate planning, leaving more time for programme implementation, knowledge gathering and sharing, and policy dialogue. Multi-year agreements are seen to contribute to strengthening civil society, provide greater financial stability as well as job security for staff and to reduce the administrative burden for donors and the CSOs.

Core funding is in the same lesson recommended as a good way to provide funds when CSOs have the strategic, organisational and professional capacity to manage resources effectively. Core funding is seen to strengthen CSOs' ownership, provide flexibility to CSOs to manage and prioritise funding and reduces the administrative burden for CSOs and the donor. The lesson concludes that when providing core funding donors can get a better overview of a CSO partners' financial and programme management capacity. The donor should define clear eligibility criteria and assess the strategic, organisational and professional capacity of CSOs. In this sense, thorough organisational assessments of the CSOs' internal systems, policies and governance are closely integrated with core funding. The Istanbul Principles for CSO Development Effectiveness should be taken into account, as well as other relevant CSO capacity standards²⁰.

2.1.3 Intended possible gains through core funding

The basic idea is that core funding provides a CSO with predictable, sustainable and flexible funding, which gives a possibility to further sharpen and maintain a long term focus on strategic priorities and results, a space to concentrate, strategise and mature as an organisation. It provides staff security and space and means for investing in staff development. The CSO can pursue its own goals through its own priorities, plans, strategies and approaches,²¹ respecting its right of initiative.²² By freeing capacity from administration and fundraising the CSO can concentrate on the work on the ground, improve performance and its strategic development. By working more holistically, strategically and long term with core funding a number of institutional

20 Further readings on good civil society support can be found in e.g. "An Enabling Environment for Civil Society Organizations: A Synthesis of evidence of progress since Busan", by the Civil Society Partnership for Development Effectiveness (CPDE) from 2013.

21 How DAC members work with civil society organisations, OECD, 2011

22 State of Civil Society 2013, Civicus, J. Wood and K. Fällman

change processes could be triggered within the organisation²³ creating:

- Stronger ownership
- Greater transparency, governance and internal control
- Clarified division of roles and responsibilities between the strategic and executive management
- Releasing creativity and innovation
- More concern about downwards accountability to its constituency
- Increased networking and collaborations and through this improved advocacy
- Improved performance
- Increased sustainability

In a recent series of consultations aimed to deepen the understanding of sustainability, the UK based resource organisation INTRAC developed the following holistic interpretation of what constitutes a sustainable organisation: *“It is one that can continue to fulfil its mission over time and in doing so meets the needs of its key stake holders – particularly its beneficiaries. It involves the interaction between strategic, organisational, programmatic, social and financial elements.”*²⁴ Such a definition corresponds well to the intended internal changes that could be triggered through core funding. In the long run core funding could lead to more strategic organisations. This is captured well by an executive director for a private foundation: *“Unrestricted money makes an organisation work smoothly, enables innovation, and provides fuel for growth. It unlocks potential and allows people to get down to business and do what they are best at.”*²⁵

2.1.4 Fragile state principles

In parallel to the high-level meetings on aid effectiveness OEDC endorsed in 2007 a complementary set of guiding principles for actors involved in development cooperation in fragile and conflict affected states.²⁶ The so-called “Fragile state principles” complements the Paris principles, aiming to support constructive donor engagement in fragile contexts with weak governance and minimising unintentional harm. They consist of the following ten principles:

1. Take the context as the starting point
2. Do no harm
3. Focus on state building as the central objective
4. Prioritise prevention

²³ Supportive to the core, why unrestricted funding Matters, Institute for Philanthropy, 2009

²⁴ Building Sustainability of civil society: Beyond resourcing, Reflections from INTRAC staff and associates, November 2014

²⁵ “Just give ‘em the money: the power and pleasure of unrestricted funding”, K. Starr, Stanford Social Innovation Review, August 2011

²⁶ <http://www.oecd.org/dac/governance-peace/conflictandfragility/iefs.htm>

5. Recognise the links between political, security and development objectives
6. Promote non-discrimination as a basis for inclusive and stable societies
7. Align with local priorities in different ways in different contexts
8. Agree on practical coordination mechanisms between international actors
9. Act fast ... but stay engaged long enough to give success a chance
10. Avoid pockets of exclusion

Combining the fragile state principles with the aid effectiveness principles would be relevant in the context of Palestine. The fragile state principles are therefore explained in full in Annex 6.

Similarly to the aid effectiveness principles, the fragile state principles are constantly evolving through global learnings made and shared. One such example is the “New Deal for Engagement in Fragile States”²⁷ where the fragile state principles and the aid and development effectiveness principles are further elaborated. This is an initiative by 44 countries, among which the four donors in the donor consortium are members. The New Deal has three parts:

1. Addressing what matters most
2. Putting countries in the lead
3. Building mutual trust

The Trust building principles reinforce commitment to transparency, risk assessments, use of country systems, strengthening capacity of local actors and provision of timely and predictable aid. The New Deal is being tested at country level in nine conflict-affected countries but Palestine is not included. The sets of principles for good engagement in fragile states have not been specifically interpreted for civil society support but include useful guidance for such engagement in conflict contexts and would be of interest to apply in the Palestine/Israel context.

2.2 VARIOUS NAMES AND DEFINITIONS FOR CORE FUNDING

2.2.1 Different names

Core funding to CSOs has many different names with more or less the same meaning. It can be called core budget support, general budget support or operating grants. In some contexts, e.g. in Eastern Europe, it is often called institutional funding; while in the US it is called unrestricted funding. Sometimes core funding is called strategic

²⁷ International Dialogue on Peace Building & Statebuilding; New Deal Building Peaceful States, Third International Dialogue meeting

funding due to its focus on achieving strategic results by focusing on what is perceived as strategic organisations. It may also be called un-earmarked grants, as opposed to earmarked funding. Finally, some call core funding for strategic partnerships due to the often close and trustful relationship between the donor and the CSO.

2.3.2 Definitions

Through the document review, four main schools of thoughts were found regarding how to define core funding. **The first definition** is concerned with classification of different types of costs where certain types of costs that are considered “core costs” are defined and funded.²⁸ The following definition from the EU defines core funding in this way: *“Financial support that covers basic “core” organisational and administrative costs, including salaries of full-time staff, facilities, equipment, communications, and the direct expenses of day-to-day work.”*²⁹ A challenge with this approach is to draw the line between salaries that are to be considered as core costs or programme costs depending on the job descriptions.

The second type of definition defines core funding as a grant for institutional costs and capacity development, but does not include programmatic costs. This type of definition is common in Eastern Europe. The following definition by the Norwegian Embassy in Serbia exemplifies this type of definition: *“Core funding includes project development, fundraising expenses, board and management development, strategic planning, improvement of financial systems, management salaries, staff training and rent of premises”*³⁰ It hence encompasses daily general costs and costs for the CSO’s growth and institutional development.

The third definition defines core funding as a contribution to a CSO’s long-term strategic plan and comprehensive budget. According to this definition, it can include any type of costs as long as it relate to achievement of the strategic plan. The following definition by Sida is an example of this: *“No earmarking of funds. All activities of an organisation that are relevant to achieve the desired results. A contribution to the entire annual plan and budget.”*³¹

OECD/DAC is using a similar definition of core funding, elaborating it further as: *“Support to the overall strategic plan and operations of a CSO, including administrative costs. Is an un-earmarked grant to the organisation against its strategy and overall work plan, going to the main account and not separated from other funding*

²⁸ Core funding strategies, Guidance note No. 6. Bond, 2005

²⁹ Structured Dialogue, Technical Sheet – Aid modalities, Core funding/operating grants, EC 2012

³⁰ Strengthening civil society in Serbia and Montenegro Phase three, Call for applications, Royal Norwegian Embassy in Serbia, February 2015

³¹ Core support, Sida’s intranet

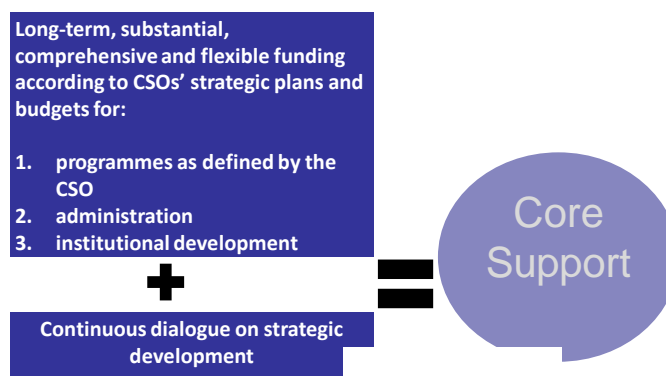
sources. Auditing, procurement and reporting use the organisations systems and procedures, not the donors.”³² According to this definition, the focus is not on classification of costs but on achievements of results as defined by the organisation.

The fourth definition defines core funding as completely free money for any purpose to help a CSO to realise its vision and mission. The following two examples from civil society resource organisations illustrate such definitions: *“Responsive, substantial, flexible multi-year core funding that is driven by local demands and strengthens the role of CSOs as independent development actors implementing their own mandates and priorities”*.³³

Unrestricted funds are “free money” that can be used for any purpose that helps the NGO to achieve its mission. ³⁴ These definitions stress the importance of respecting the CSOs’ rights to initiative and being responsive to the needs as defined by them. The definition is closely related to the holistic definition of a sustainable organisation presented in the previous section.

2.3.3 Core support

Core support is often used as synonymous with core funding. The difference between the two concepts is that core support also includes the relationship between a donor and a CSO in a healthy core funding relation. Such relationship is characterised by a partnership with a high degree of trust, continuous dialogue, moral support, encouragement and a coaching and mentoring relationship. A recent evaluation of the core support programme by the Swedish Embassy in Ukraine,³⁵ providing core support to 13 Ukrainian CSOs showed that core support was defined as shown in the figure below.



³² How DAC members work with civil society organisations, OECD/DAC, 2011

³³ An enabling environment for civil society organisations: A synthesis of evidence of progress since Busan, CPED, 2013

³⁴ Building Sustainability of civil society: Beyond resourcing, Reflections from INTRAC staff and associates, November 2014

³⁵ Evaluation of the Sida funded Programme of Core Support and connected projects in Ukraine, January 2015, C.Karlstedt, M. Bick, K. Stolyarenko, Indevlop

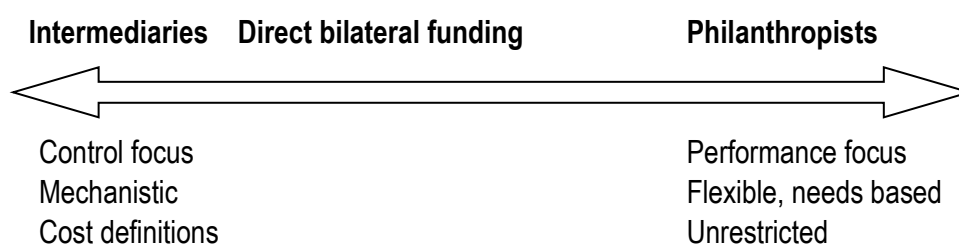
2.4 APPROACHES AND COMPARATIVE MODELS

2.4.1 Models

The literature study revealed a spectrum of approaches to core funding based on the four definitions with two extreme ends. On the one end is the approach using the first definition of core funding, where the main concern is to define and monitor compliance with agreed types of costs to be funded. Such an approach tends to have a strong control focus to ensure that the right types of costs are being included in the support. As the approach is bureaucratic, it is often also more mechanistic in its nature.

At the other end of the spectrum is core funding according to the fourth definition, where the focus is entirely on the CSO's performance and relevance. In such an approach, there is no concern about defining costs. The funds are completely free in use and are applied as needed to reach the best results at the discretion of the CSO.

The study found that intermediaries, such as multiple donor mechanisms, UN agencies and INGOs tend to fall more often towards the left side of the scale. Likely reasons are the increased length of the channel, adding on requirements and the fact that they are “administrating” someone else’s funds and therefore are more cautious in the applications. Bilateral donors engaging in core funding relations were found to be more in the middle of the spectrum, being freer and less detailed in their control, but not completely free in the funding relation due to government regulations. On the extreme right, are philanthropists who seek to identify CSOs they really believe in and are only concerned about the results. Their funding approach is completely unrestricted. The following quote illustrates well such an approach: *“Unrestricted funding on the basis of real impact is a lot more satisfying than worrying about line items in a budget.”*³⁶



2.4.2 Best practise on levels of core funding

The desk study sought to identify best practise in funding levels. There is not a large amount of literature on this subject. However, by studying different core funding schemes, four approaches were identified.

³⁶ “Just give ‘em the money: the power and pleasure of unrestricted funding”, K. Starr, Stanford Social Innovation Review, August 2011

1. Set maximum ceiling amount

Several civil society support initiatives in East Africa were found to use an approach where funding up to a maximum amount could be granted. The following three examples of this approach were found:

- Zambia Governance Foundation:³⁷ provision of strategic grants for three years with an annual maximum level of USD 170.000 per year.
- The Independent Development Fund in Uganda³⁸: providing core funding for two to three years to CSOs with an annual maximum amount of 100.000 USD.
- Tanzania Civil Society Foundation:³⁹ Provision of strategic grants for three years with an annual maximum ceiling at 80.000 USD.

2. Set percentage of the CSOs' total budgets

This approach was seen as more common in Europe and four examples were found of such schemes:

- Civica Mobilitas, Macedonia:⁴⁰ Providing core funding to CSOs up to 50% of their annual budgets.
- Balkan civil society network:⁴¹ Providing non-restrictive financial support for CSOs' annual programmes up to 50% of their total operational budgets.
- DFID's Aid Match programme:⁴² CSOs that have a Programme Partnership Arrangement with DFID can apply for matching funds, corresponding to 40% of the CSO's total income
- Strategic funding of INGOs in Scandinavian countries: providing core funding/programme funding covering up to 90% of their budgets for development work.

3. Needs based funding of strategic plans

The needs based approach was used Swedish Embassies in some country programmes:

1. The Swedish Embassy in Tanzania:⁴³ no maximum levels set, funding is based on individual assessments of the CSOs' financial needs where the largest annual contribution amounts to 70% of annual budget. Support is given for

³⁷ <http://zambiagovernance.org/types-of-support/grants/#>

³⁸ Danish support to civil society, Ministry of Foreign Affairs of Denmark, <http://netpublikationer.dk>

³⁹ <http://www.thefoundation.or.tz>

⁴⁰ Awarded financial support for 23 civil society organisations in Macedonia: <http://www.cira.org.mk>

⁴¹ Donor strategies and practises for supporting civil society in the Western Balkans, Balkan Civil Society development network, 2014

⁴² UK Aid match Proposal form (for unrestricted funding)

⁴³ Evaluation of Sweden's support to civil society organisations in Tanzania, Indevelop, 2014

- 4- 6 years, with a total maximum of 10 years.
2. The Swedish Embassy in Ukraine:⁴⁴ no maximum levels set, funding is based on individual assessments of the CSOs' financial needs where the largest contribution of core support amounts to 60% of a CSO's annual budget. The agreements are tied to the periods of the CSOs' strategic plans and vary between 2 – 4 years.

4. Needs based and adjusted annually according to burning rate

In the fourth approach, no limits were set and the amounts were annually readjusted. Two examples were found:

- ACT Tanzania:⁴⁵ No set percentage. Individual assessment based on the CSOs' financial need. 75% of previous annual disbursement must have been utilised before a new disbursement is made.
- Democratic Society Promotion, SDC Kosovo:⁴⁶ Individual assessments providing 2 – 3 years funding, every year all grants will be reassessed and re-allocated with annually decreasing sums.

2.5 TRENDS AND LESSONS LEARNED

By studying recent best practises evaluations of core funding, multi-donor mechanisms and effective civil society support a number of trends in core funding were found.⁴⁷ Below is a selection of such trends with relevance to the situation in Palestine and Israel. It was found that strategic funding schemes:

- Are becoming **more programmatic** in focus and **contractual** in nature.
- By adapting a more programmatic approach they also become **increasingly prescriptive and detailed**. Donors feel pressure to demonstrate results and use more detailed monitoring, reporting formats and generic templates.
- Involves a **heavy workload** for the staff managing it due to high number of

⁴⁴ Evaluation of the Sida funded programme of core support and connected projects in Ukraine, Indevelop, 2015

⁴⁵ Accountability in Tanzania (AcT) <http://www.kpmg.com/eastafrica>

⁴⁶ <http://www.kcsfoundation.org>

⁴⁷ The conclusions and lessons are drawn from the following evaluations:

Support to civil society: Emerging Evaluation lessons, INTRAC, 2013

How DAC members work with civil society organisations, overview, OECD/DAC 2011

An enabling environment for Civil society organisations, A synthesis of evidence of progress since Busan, CPED, 2013

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

Study on support to civil society through multi-donor funds, INTRAC, 2014

Civil society policy and practises in donor agencies, DFID/INTRAC, 2010

partners and a more complex results based approach. Strategic funding arrangements does **not reduce transaction costs** as initially expected and require high maintenance due to higher expectations on strategic results and high demands on transparency and accountability in selection and assessments of partners.

- Have cycles of 3 to 5 years, where **longer cycles** are found to allow better strategic and innovative aspects to develop.
- Shows a growing interest in **multi-donor funds**, driven by donor harmonisation ambitions and reduction of transaction costs.
- Indicates a tendency for intermediaries to adopt the **most demanding** donor requirements in order to be confident that all needs are met.
- Encourages CSOs to **divert** from their missions to obtain funding when convergence of donor priorities and reduction of number of funding sources is seen.

The following lessons were learned:

- **Potential tension** between supporting CSOs to deliver results and to strengthening CSOs through partnerships.
- Danger of **mechanistic interpretation** of the RBA towards CSOs and over-emphasis on **short-term measurable results** and reporting requirements that **limits ownership and alignment**.
- CSOs' energy and resources are consumed on **upward accountability**, rather than downwards accountability which is vital for building legitimacy.
- Competitive funding modalities may result in **more intense competition** undermining space for collaboration.
- Calls for proposals **enhance openness and transparency** compared to managed grants, but can result in **high administrative costs** for donors and CSOs as they encourage a high number of applications with a low success rates. More targeted calls could be a way to address this.
- Effective civil society support requires skilled personnel with capacity to **read and respond to changing complex contexts**.
- Donors should ensure that financing mechanisms and requirements enable CSOs to be **effective development actors in line with Busan commitments**:
 - Increase core funding which is substantial, long term and flexible;
 - Broad dialogue;
 - Coordinate and harmonise requirements;
 - Apply good practises for building capacity.

The recent evaluation of the effectiveness of core support in Ukraine also generated

some useful learning.⁴⁸ Briefly, the support model used by the Swedish Embassy is divided into a three phased approach of 1) identification and selection of partners, 2) per-core funding and 3) core support. Partners are identified and selected through invitation after a thorough dialogue process resulting in strong commitment for change from both sides. During the pre-core funding phase comprehensive systems based audits are conducted, based on which the partners undertake internal transformation projects to improve their governance and internal control. Once assessed as ready for core funding, a long-term needs based support is provided tied to the CSO's strategic plan and results framework. A partnership approach is applied where close dialogue, coaching and moral support are important components. An illustration of the model is found in Annex 5. Some of the lessons learned were:

1. **Ownership of the agenda** is key to improved performance of the CSOs. The Swedish Embassy has stood firm in trusting the principle “*what is good for the CSOs is good for us*” and restrained from the temptation to be directive.
2. **Letting go of powers is challenging.** The most difficult process for the CSOs was the internal changes to strengthen governance by separating the executive and the boards of directors during the preparation phase. However, the changed structures have made CSOs less dependent on individuals and more institutionalised.
3. **The partnership relation is labour intensive.** More guidance and technical assistance by the Swedish Embassy and more interactions among partners are needed during core phase placing high demands on the Embassy staff.
4. Using the CSOs' own **systems for results reporting** on their strategic plans was difficult as monitoring and reporting systems were weak prior to core support and CSOs were less used to report on strategic results given their previous experiences with mainly project funding.

These different sets of lessons learned provide the basis for the study on how core funding is provided by the HR/IHL secretariat in Palestine and Israel.

⁴⁸ Evaluation of the Sida funded programme of core support and connected projects in Ukraine, Indevlop, 2015

3 Findings

The following sections detail findings of the data collection and provide insights into the perspectives of participants on a range of topics related to core funding for human rights organisations in the Palestinian-Israeli context. The perspectives of the organisations in the West Bank, Gaza, and Israel are represented separately for purposes of comparison when findings differ substantially. The findings relate to the 15 CSOs interviewed in the sample. When combined with data from the survey (encompassing 21 CSOs), or when data from all 24 core partners is used, this is explicitly stated.

3.1 THE ENVIRONMENTS OF HR CSOS

3.1.1 The different and rapidly changing contexts

The overall context under the long-term Israeli military occupation is characterised by a constantly deteriorating human rights situation with military aggressions, violations of Palestinian's human rights on a daily basis in all parts, a permanent humanitarian crisis in the Gaza Strip and an increasingly precarious situation for Palestinians to remain in East Jerusalem. Each part has its own characteristics and access between the parts is severely restricted. The contexts are further aggravated by the continuous political divide between the Palestinian authority and the Gaza authority and the limited accountability by the power in the hands of the president and a non-functional parliament. The environment for human rights organisations is increasingly repressive in both Palestine and Israel. In such unpredictable contexts, marked by political fluctuations and instability, the CSOs need flexible funds to be able to respond quickly to erupting human rights situations. The depth of the problem of realisation of human rights in the oPt makes it unsolvable under the short time frames of project funding and core funding is vital for them to work on human rights with a long-term perspective.

All Palestinian CSOs interviewed in the West Bank agreed that core funding is extremely important, both in their specific contexts and for the work on the overall level. A Palestinian legal aid organisation exemplified that core funding is necessary due to the unknown time frame for resolution of a legal case, which is often not feasible within the life of a project. Another CSO stated that there are a number of issues in their specific context that are not attractive for donors, e.g. funding work in East Jerusalem or work related to Palestinian refugees, and thus core funding is needed to be able to address such human rights issues. Core funding allows them to be flexible in their target areas, while project funding often restricts or directs organisations to eligible geographical areas, especially in the fragmented context of the oPt.

The Gaza organisations further confirmed that the specific context in Gaza makes core funding extremely important, mostly because of the unsecure and precarious situation that is more intense than in the West Bank with a high risk of widespread political violence. The deteriorated economic situation makes sustainability of the CSOs in this context is very challenging and not even a relevant dimension. Core funding however, allows the human rights CSOs to continue to preserve their crucial and mere existence, with eyes and feet on the ground in an environment characterised by restricted freedoms for citizens, human rights defenders and women's rights activities, Israeli military aggressions and the blockade. During the recent assault on Gaza in 2014, for example, daily coordination between the major human rights organisations and their field workers took place in order to document human rights abuses with the aim to produce joint reports. The basis for this work was the core funding, in combination with additional emergency grants. Other CSOs shifted their regular activities and provided emergency kits or documented stories from women during the war. This kind of work would not have been possible without the flexibility of core funding.

Israeli human rights organisations working on the occupation also highlighted the need for core funding for long-term work, to be able to respond quickly to unexpected changing situations on the ground and to fund unattractive human rights work. The Israeli organisations also mentioned the war in Gaza 2014 as an example of how they changed their work plans and activities to respond to changing situations regardless of whether emergency funding was provided. In the Israeli funding context, one organisation noted that funds cannot always be raised rapidly enough to respond efficiently and expeditiously to changes, which is also a reason why core funding is crucial. A continuous reading of the political situation in Israel and adaptations of actions to correspond to new developments and gaps is needed. Core funding facilitates such flexibility.

Additionally, Israeli organisations voiced concern about their funding context in Israel in general, specifically citing the re-election of a far right wing government. It was assessed that new attempts to implement restrictive legislation to increase taxes on Israeli CSOs, further measures to intervene in CSOs affairs and to restrict foreign funding are highly likely. This would particularly affect human rights organisations that deal with violations of Palestinian rights due to occupation policies. It could have large consequences both for their ability to receive foreign funding and for the donors to provide such, e.g. as raising taxes to 45% as proposed would imply donors contributing to financing the occupation.

3.1.2 Competition

CSOs compete for money, visibility, relations, research subjects and areas of operations. When asked how competition with other human rights organisations affects their work, the West Bank CSOs were not in complete agreement. Two felt that competition was not a major issue as they were doing work that no other organisation

does. Two others stated that competition for funding is a problem, especially for core funding, since the opportunities are limited and becoming scarcer while the needs are enormous.

As for Gaza, all the interviewed organisations felt that the competition for funding has created an unhealthy environment, preventing broader collaborations. The HR/IHL secretariat was seen to be part of this competitive funding environment and to operate in an atmosphere where competition is high by using calls for proposals for core and emergency funding instead of mapping the human rights sector and supporting major actors through managed grants. The Secretariat used a targeted call for proposal for the emergency grant directed to the core partners and agreed to shifting the capacity building share of the core funds to emergency responses.

Competition for skilled staff was particularly felt in Gaza where international NGOs are competing with local CSOs for qualified staff. One organisation mentioned that lack of opportunities and tough competition for project funding (in general) created pressures on them to prepare proposals below cost recovery in order to win. This makes them even less able to pay salaries for qualified staff and less sustainable financially and institutionally.

Regarding the Israeli context, CSOs stated that being selected for core funding sets an organisation apart from others as it is seen extremely important to have it. *“Either you are in the club or not”*, they said. They also mentioned that there is competition for funding (both project and core) with Palestinian organisations, stating that more funding goes to the oPt than Israeli organisations.⁴⁹ A number of CSOs mentioned that although the work for human rights organisations has increased, funding sources have decreased and very few donors give core funding. While there is very limited cooperation between the Israeli human rights organisations one, however, stated that core funding from the Secretariat might allow them to overcome the issue of competition by facilitating mutual discussion and cooperation after receiving the support without funding being an issue. This was seen as something very positive.

3.1.3 Conclusions

As described, all human rights organisations working in the different contexts found that core funding is extremely relevant to be able to meet the specific needs of the

⁴⁹ Since 1997 Israel is not included in the DAC list of recipient countries eligible for ODA since it is not a developing country. Therefore there is less funding opportunities for Israeli organisations. See <http://www.oecd.org/dac/stats/daclist.htm>

target groups in their contexts and for them to be responsive and relevant considering the current and prospective volatile political, human rights, and socioeconomic situation. The longevity and depth of human rights issues in the oPt were mentioned as indicators of the need for long-term programmes and funding, and the propensity of the situation toward emergencies and hostilities clarifies the needs for flexible resources that can be mobilised rapidly to respond to changing situations.

The highly competitive funding environment was felt to be pushing the organisations into situations with less stability and less predictable funding, as well as creating barriers for cooperation. Calls for proposals for projects were seen as directing the work and attracting other actors to shift their focuses to get the funds, increasing competition. Calls for proposals for core funding were seen as resulting in spreading the resources thinly. This however is connected to the donors' ambition to create a critical mass of core partners in each of the four geographical contexts and through the call, a few new partners were included. To some extent, CSOs that had received core funding from the HR/IHL secretariat were more able to collaborate, as predefined projects did not prevent them from doing joint work. In that sense core funding, once received, was seen to help to reduce some barriers.

3.2 THE CSOS' DEFINITIONS AND EXPECTATIONS

Most of the CSOs interviewed defined core funding as flexible funding to their overall budgets based on their strategic plans. A smaller share of CSOs defined it according to the fourth definition as completely free mission based funding. The findings were confirmed by similar results in the survey. One example of a definition given according to the fourth definition was *“funding donated to the organisation without any restriction on its use other than to support its ‘charitable objective’.”*

Hence, no major differences were found among the CSOs in the three geographical contexts in how they define core funding. The CSOs in the West Bank generally defined core funding as financial resources that are to be used to support the organisation's strategic plan without donor interference regarding which specific activities the funds should cover. Core funding was also understood to be more long-term than project funding and to include both direct and indirect costs. Similarly the Gaza partners defined core funding as unrestricted funds that contribute to the organisation's strategic plan with flexible budget lines to respond to organisation's and the community needs. One Palestinian CSOs focused on the relation and defined core funding as partnerships, characterised by mutual objectives, joint advocacy and solidarity actions and saw equal partnerships with mutual respect, coordination in strategizing, and unconditional support as the unique aspect of core funding.

Similarly, Israeli organisations tended to define core funding as unrestricted funds that can contribute to all kinds of costs, provide staff stability and can cater for unexpected events and activities. Such funds allow organisations to implement their visions and priorities through strategies developed by themselves. In this sense the Israeli CSOs were closer to the fourth definition of mission based funding. Solid strategic plans and work plans were mentioned as prerequisites to successful core funding but it was stressed that the organisations should be given flexible in applying the funds on any activity within these plans and without pre-allocations. Core funding in the context of Israeli organisations is limited to work in the oPt, thus being more similar to programme funding. One CSO concluded that: *“with core funding an organisation can be itself and knows that donors believe in it, whereas with project funding, the organisation has to continually dress itself up and unnaturally force itself into activities to fit project requirements.”*

All CSOs in the three contexts agreed that core funding can include programme costs, general running costs and administration, costs for institutional development and costs for development and piloting of new activities. No concerns regarding the HR/IHL secretariat’s ineligible costs were found and all mentioned that they follow the accepted costs according to the work plan and previous agreements. Ineligible costs, such as loans and purchase of buildings or land were not considered relevant to their work.

None of the organisations found any marked difference between the HR/IHL Secretariat’s definition of core funding and that of the previous NDC secretariat, where both provided long-term funds based on an organisation’s strategic plan. However, it was pointed out that the present Secretariat defines a percentage based on the organisation’s income for the past three years, whereas NDC did not, and was based rather on the funding needs. The Gaza organisations appreciated that the Secretariat sought to apply lessons learned from past funding schemes. All CSOs found that the administrative burden with the core funding has increased, citing the large number of reports requested and questioning the compatibility of this with core funding.

3.2.1 Conclusions

Organisations across the three geographic areas generally have a common understanding of what core funding is and entails. The most common definition is flexible and un-earmarked funds contributing to the strategic plan. Some organisations brought up the partnership aspect into the definitions and others focused more on mission based funding. While all believed that the present and past secretariats shared the same definition of core funding, it is concluded that the CSOs perceived that the secretariat’s application of core funding did not fully correspond to their understanding of core funding.

3.3 IMPORTANCE AND USE OF CORE FUNDING

The Human rights CSOs described a number of ways in which core funding is important for their organisations.

3.3.1 Rapid response to violations

All CSOs regardless of in which context they operate, mentioned the importance of core funding to be flexible in programming and be able to respond to rapidly changing situations and emergencies. With core funding, they explained, they can quickly analyse the changing reality, strategize a response without having to wait for approval of modification of grants and take immediate action in line with their mandates. Having core funding allows them to work on the most relevant and prioritised issues immediately. The timing is extremely important, all explained, since human rights violations must be dealt with as close as possible to the time of occurrence in order to be effective. Therefore, rapid response is so critical to their work. Rapid and relevant responses not only help them to achieve their missions, but also build trusts with beneficiaries and target communities.

3.3.2 Staff security and development

The second most important reason of having core funding mentioned by many of the CSOs was to provide job stability for their employees and to contribute to lower staff turnover. Such security improves the work environment, the commitment and productivity of employees and can this sense it enhance the effectiveness of the organisations. Knowing that they have the ability to maintain permanent staff for a long time makes it also possible to invest more in their developments and build their capacity. To provide the highly needed job security and staff development is often not possible through project funding where separate staff sometimes is hired on different conditions. For human rights organisations, this is therefore an area where core funding was seen vital, especially considering the exposed situation of Israeli and Palestinian human rights activists in their respective societies. This aspect was particularly stressed by a women's rights organisation in Gaza. Since women's rights are sensitive and difficult to address in the Gazan context and changes takes time, it is necessary for staff to be sensitised and supported throughout its work. It is detrimental to the work if staff members are replaced continuously.

3.3.3 Covering gaps in programme implementation

Another commonly emphasised importance of core funding was to be able to use it for funding gaps for implementation of the programmes they have defined as their priorities. Projects are fit into the programmes, resulting in gaps between cycles. Core funding is used both for coverage between such project cycles and to cover expenses that are ineligible or difficult to fund for some donors. Both the Palestinian and Israeli CSOs stressed the importance of core funding for doing the continuous, regular and long term human rights work on the ground, like the daily documentation of violations or the long term work on court cases, with are less likely to attract project funding, but are extremely important components of their work. Some nature of human

rights work is also less attractive for donors, such as IDF impunity and international advocacy. Both Gaza and Israeli organisations emphasised the importance of having means to be able to continue the work on the ground between projects in order to preserve the continuity for the beneficiaries. They explained that core funding allows them to work according to their strategic plans, responding to community needs, as opposed to formulating projects to fit donor priorities. Closely linked to this is the inefficiency, which is sometimes created through directive project, funding. The CSOs explained that this may create double work as the organisations continue the work on the ground based on their own analysis and priorities *and* have to implement pre-defined projects according to donor priorities.

3.3.4 Internal efficiency

The importance of core funding for administrative efficiency was also highlighted. Not only can it be used to cover crucial administrative and management costs which are difficult to cover through project grants, such as rent, electricity (not the least in Gaza) as well as the necessary management and administrative salaries. While visiting the CSOs for interviews, it could be pointed out that the study found the CSOs as cost concerned and did not observe expensive premises or huge administrations. Furthermore, by having sufficient core funding the CSOs explained that fundraising and administrative and reporting efforts can be reduced, which allows an organisation to focus more on the work on the ground.

The Israeli CSOs particularly stressed that core funding is necessary for sustainability and effective planning and explained how project funding was problematic in this sense. It takes a long time to prepare project proposals and to receive confirmations, and the possibility for delaying projects or putting them on hold is great due to political aspects and other issues in the donor countries. Another aspect of how core funding can enhance internal efficiency was that it was seen to increase transparency, as budgets and financial audits cover all of the CSO's finances, not only specific projects. This makes it easier for CSOs to improve their accountability through one report for all.

3.3.5 Piloting new work

Several Israeli CSOs used core funding to develop and pilot new areas of work. One example was when a CSO expanded its public tours to a specific settlement area to be weekly to have a greater presence. Although it generated income, the increase in administrative work to manage planning and bookings had not been foreseen by the organisation and could have had negative impact, had the work been project-funded. Core funding, on the other hand, allowed them test new methods and adapt without negative consequences.

3.3.6 Networking and collaborations

Finally West Bank CSO mentioned that having core funding facilitate their networking activities, as decisions can be made jointly on grassroots level without need for approval from grant makers. Likewise, the Gaza organisations gave the example of

their collective documentation, reporting and advocacy work during and after the 2014 war as a positive example of increased collaboration through core funding that was also promoted by the secretariat.

3.3.1 Conclusions

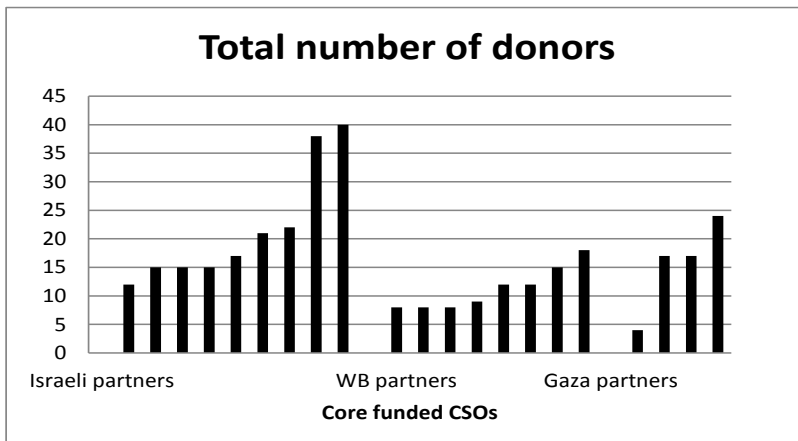
The flexibility of core funding that enables organisations to respond rapidly to changing situations was overwhelmingly the most important factor related to core funding for human rights organisations. Likewise, the importance of core funding to provide some sense of long-term stability to their often very exposed staff was seen as extremely crucial. Covering gaps between project cycles, funding costs normally ineligible through project funding, and working on activities that are less attractive in their nature to project funding were also vital reasons for the need of core funding. Core funding was seen to facilitate internal development and efficiency through staff development, increased financial transparency, and administrative gains and by piloting and testing new areas of work that can later be packaged as projects. Finally, core funding was also found to some extent make networking and collaborations more possible by removing project boundaries.

3.4 THE MIX OF FUNDING SOURCES

3.4.1 Total number of donors

Though the original intention of the joint donor mechanism was to reduce the fragmentation and the administrative burden of the CSOs by pooling funds and providing core funding instead of project support, the actual situation for the CSOs has not changed substantially. Almost all of the 15 CSOs in the sample still need to have a very large group of donors to cover their annual budgets. Their annual budgets vary from USD 0,4 million to USD 2,5 million, with 67% of them below USD 1 million. Despite this, 60% of the CSOs have 15 or more donors. This situation is a major problem in terms of aid efficiency. One CSO said: *“We have 22 active donors, 14 major ones, where seven are core donors and seven project donors. Seven in total would be more reasonable.”* The following graph 1 illustrates the present number of donors per organisation among the 21 CSOs taking part in the study:

Graph 1

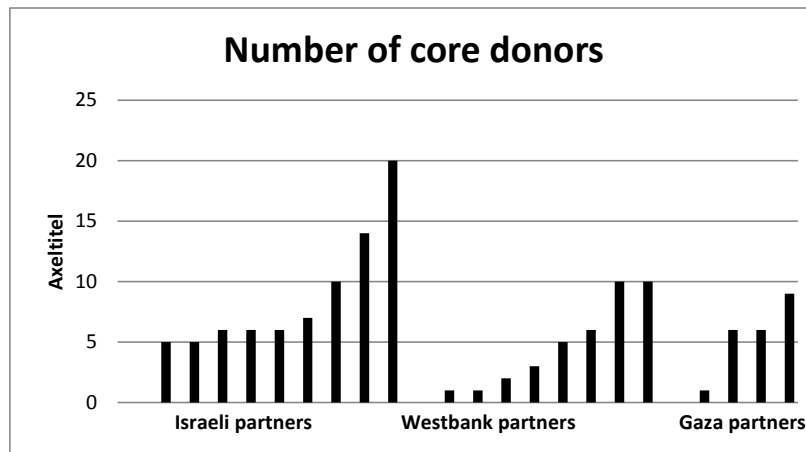


As seen, the Israeli CSOs tend to have more donors than the Palestinian CSOs.

3.4.2 Core donors

All except three CSOs (among 21 partners) have several core donors, which is shown in the following graph:

Graph 2



Two thirds of the CSOs have six or more core donors, including the HR/IHL Secretariat. The Israeli CSOs with a larger number of donors in total, have also more core donors. The 17 most common other core donors are shown in Annex 8. In addition, there are some 15 more donors, who provide core funding to one organisation each. The CSOs also have a number of long-term project donors that are considered *almost* as core donors due to the predictability of funding. This is further discussed in 3.4.3 below. There is no difference between the donors in terms of funding both Israeli and Palestinian HR CSOs. The core donors are mainly private foundations, Christian INGOs and a few bilateral government donors (Norway and Ireland). Within the 15 donors that support one CSO each, three additional bilateral government donors are found.

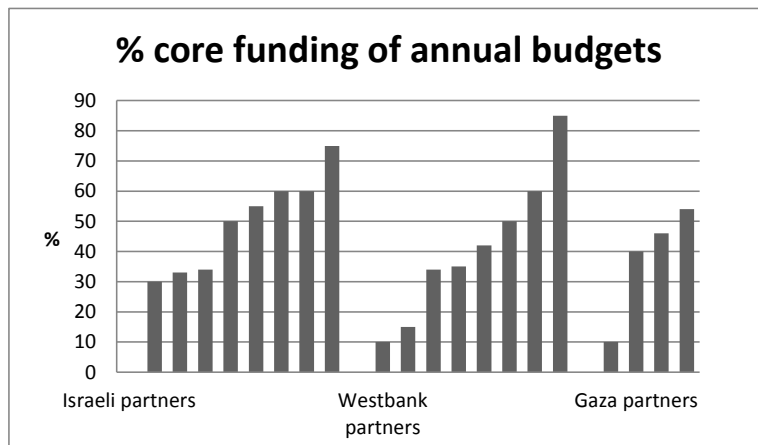
Most of the CSOs have noted a declining trend in core donors. Recently two major core donors, which were supporting several of the CSOs, left the country or switched to project funding,⁵⁰ while no new donor has moved in to fill this gap. This means that the CSOs had to compensate the loss of previous core funding with an increasing number of project grants and to cut parts of the activities that could not be funded due

⁵⁰ Explanations found were shift in priorities and higher demands for attribution.

to project donors' priorities.

All CSOs in the sample state that the core donors' requirements vary substantially. There are core donors who work according to the aid effectiveness principles with full alignment to the CSOs' strategies, annual plans, overall budgets and reports and contribute with a share of the total budget. However, there is a trend that some core donors are increasingly requesting more detailed information, such as detailed budgets and specific reports according to own formats. This tendency of donors becoming more detailed and prescriptive corresponds to the global trends observed in the documentary study described in chapter 2.5. Some donors also vary in terms of deadlines for reports and audits, which entail separate reporting apart from normal procedures to meet such requirements. The HR/IHL secretariat is considered to be among such more detailed donors. As one CSO said: *"It is core but it is managed in a very detailed way. We are free to define the use of it, but the reporting is very detailed. They handle core like a project."* This is further discussed in chapter 3.6. The following graph 3 shows the percentages of the CSOs' annual budgets 2014 which were financed with core funding (among 21 CSOs).

Graph 3

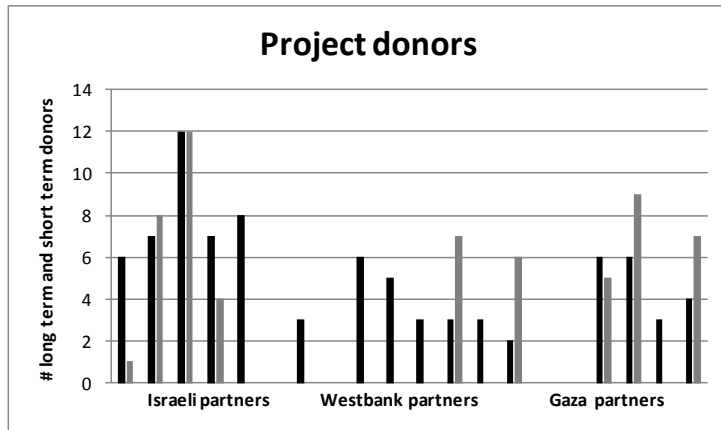


There are, as seen, large variations in the share of core funding, ranging from 10% to 85% of the CSOs' budgets. In average, the Israeli CSOs have around 50% of their budgets in core funding, while among the Palestinian CSOs it is in average 40%.

3.4.3 Project funding

All the CSOs in the sample work according to their long-term strategic plans, organised into programmes meeting their strategic priorities and broken down into annual work plans. Part of the programmes are funded through core funding while the CSOs try to cover the rest through various long and short term projects. The following graph illustrates the numbers of longer term (black) and short-term projects (grey) per CSO (among the 15 in the sample):

Graph 4



The Israeli partners have more long-term project donors than the Palestinian CSOs, while there is less difference in terms of numbers of short-term project donors. Long-term project donors tend to fund a certain part of the work, packaged as a project, year after year. In this sense, this funding is also predictable and many CSOs tend to consider it “almost as core funding” since it contributes to their stability. Some project donors, mainly INGOs have supported the organisations through partnerships for 15 to 20 years in this way. It was also mentioned that long-term project funders may transform into core funding if the relationship is nurtured and maintained appropriately. As some core funding is becoming increasingly detailed in the reporting the resemblance between the two modalities is narrowing.

Short-term projects may vary between a few months up to 18 months and come and go. However, some short-term projects can also be very substantial in size, i.e. EU funded projects. While project funding was seen useful for specific strategic change projects, the CSOs explained a long list of reasons why meeting their financial needs for their regular work through project funding is challenging for HR organisations:

- Brings smaller amount with detailed administrative requirements.
- Has shorter and sometimes irregular time frames, not following the calendar year, which are difficult to manage in the internal systems, requiring extraordinary actions.
- Has time restrictions for utilisation, creating disruptive funding.
- Requires extensive administration to keep each project separate.
- Consumes substantial management capacity for fundraising.
- Makes it more difficult to maintain professional staff for longer periods. *“If we should be a project based organisation we should stop the work when the money is not there”*
- Needs to be pre-defined in detail in advance and takes time to be approved.
- Due to the long lead times, other more urgent human rights priorities often emerge, while the project must be implemented according to the proposal, making it sometimes difficult to fulfil. If the planned activities are not any

longer relevant, the funds need to be returned, creating unfunded gaps for e.g. salaries in the total budget.

- As emerged priorities might be more urgent, it leads to double work for the CSO.
- Complicates timing of reaction since the CSOs need to ask permission for modifications.
- May force the organisations to hire more staff, e.g. project coordinators.
- Makes it difficult to direct staff to work outside “their” projects, creating inflexibility in the organisations.
- Creates tensions within the organisations and has impact on staff relations, e.g. “*who will get fired next*”?
- Pushes organisations to reinvent themselves, dress things up in a new manner and to take on new things, while having difficulty to fund the long-term continued human rights work. “*Many project donors refuse to support the overall budget and insist that we take in new things.*”
- Is based on donors’ priorities and not the CSOs’ analysis. Can lead to geographical crowding as donors direct where to work, with more CSOs going after the funds.
- Makes it difficult to cover controversial human rights work.
- Does not correspond well with the long-term characteristics of the continuing human rights problems, e.g. commitments to communities in legal cases that might last for more than 10 years.

Many of the HR CSOs are mature organisations that have worked on the ground for a long time. Despite the fragmentation created through the multitude of projects the study found a strong sense of ownership of their own agendas. It was common to hear statements like:

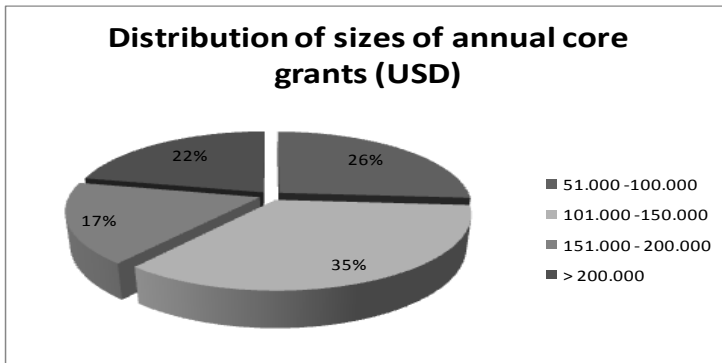
“We do what we need to do. We don’t follow the money in terms of priorities of the donors. Donors have specific ideas of what should be done but we don’t want to compromise with our principles”

“We know in advance the main issues but we also need to have a moment of freedom, not to change course, but to have room for the necessary field activities that are not covered by projects but are part of the regular human rights work as well, because of our commitment to the people we serve”.

3.4.2 The share of the HR/IHL secretariat’s contribution

The size of the annual core grants from the HR/IHL Secretariat varies from USD 48.000 to USD 236.000 among the 24 CSOs supported. 58% are receiving a core grant from the secretariat that is below USD 150.000 per year. The graph below illustrates the distribution of the annual core grant sizes during 2014 among the 24 partners.

Graph 4



None of the 24 CSOs receives a core grants from the HR/IHL Secretariat that is close to the amounts that were originally stipulated in the feasibility study for the joint mechanism in 2004, where two options of annual contributions of USD 350.000 for 30 CSOs or USD 700.000 for 15 CSOs were foreseen.⁵¹ This, despite the fact that the mechanism has been in place for ten years and the human rights situation has deteriorated constantly, increasing the work.

According to the present regulations for the HR/IHL Secretariat, its maximum contribution to a CSO's annual budget can be 20%. Among the CSOs covered in the study, 11% received a contribution equalling 20% of their budgets, while 79% received less than 15% of their budgets from the HR/IHL Secretariat. Among them 32% received less than 10% of their budgets. The average contribution of the annual budget is 13%. Thus, the core funds provided by the Secretariat are limited in terms of absolute amounts and in relative size of the budgets. The interviewed CSOs expressed disappointment that the HR/IHL Secretariat has not become a larger donor as envisaged.

“The donors promised stability with this mechanism. The whole idea was supposed to be an added value to reduce the burden with extensive administration. Instead of wasting time looking for funds we were supposed do the human rights work. This idea was good in theory but did it deliver the intentions?”

“We have not reached the efficiency that the model should produce”.

⁵¹ Common donor secretariat for support to NOGs in the Palestinian Territories, Feasibility study, final report, 2004

For four of the Palestinian CSOs in the sample, the HR/IHL Secretariat is their biggest core donor, while it is ranked as second or third in terms of size by the others. Among the Israeli CSOs, the Secretariat is ranked as third or fourth in size and is considered a middle-sized core donor. The importance of the contributions should nevertheless not be understated and are constantly stressed by the CSOs that express their gratitude to be given core funding.

3.4.3 Own income

Most, though not all CSOs, make conscious efforts to generate own income and to expand this share of their budgets. Such funds are raised from individuals or family foundations mainly from abroad, through consultancies and by letting out premises. Despite that the share is generally low, between 5% and 10% of the budgets, it is considered strategic to have own funds. Since the CSOs experience that core funding is becoming less “free” in its applications, completely flexible funds are needed by the organisations to be able to manage the cash flow over the year. The own income serves as a buffer between projects starting at different times of the year while the expenses are continuous, is used to cover remaining unfunded gaps at the end of the year or to pay for certain activities that are difficult to fund. It is also important to have own funds when an immediate reaction is required if all other funds are tied up in predefined activities. The own funds finally help in managing the cash flow when waiting for disbursements and handling arrear contributions, like payments in arrears after financial audits. Thus, it is used to cover similar needs as core funding when it is falling short. Three CSOs stand out as exceptional in generating 15% own income.

Own income was also considered important by both West Bank and Israeli CSOs to mitigate donor dependency. However, the organisations need to strike a balance in how much efforts should be given to rising own funds. Israeli CSO explained: *“Ideally, generating a significant portion of funding ourselves would remove reliance on donors. At the same time, we would not want to become over-focused on activities to generate income to the detriment of achieving our strategic objectives.”* Given the economic situation in Gaza, rising own income is not a realistic option in that context.

3.4.4 Implications of unfunded budgets

Most of the CSOs engage throughout the year to raise the funds needed for the incumbent year. In the middle of the year, budgets are usually revised to postpone activities that are not likely to be funded and at the end of the year still remaining unfunded parts of the budgets are covered with own income. Only two CSOs in the sample had secured the full budget for 2015 needed to implement their prioritised actions at the time of the study. For the rest, the share of the budgets that were unfunded varied according to the table below:

Unfunded share of the budget	No. CSOs
1 – 10%	5
11 – 20%	5
21 – 30%	2
>31%	2

The fact that most of the CSOs have not fully covered their budgets, despite having six or more core funders, means that they continuously have to spend time on writing project proposals throughout the year instead of focusing on the work. Often it is the same persons doing international advocacy and writing proposals, resulting in less advocacy work. Hence, the intentions with core funding to provide secure and predictable funding so that the organisations can concentrate on the work and have a mental space for strategising is not being reached and the intended efficiency gains are held back by the funding gaps. Instead, the organisations continue to search for short-term project funds that in the end lead to an *increase* in the total number of agreements, instead of as intended *reducing* them. The CSOs are experiencing a declining level of funding during the three secretariats, both in actual amounts and as percentages of their budgets. The previous NDC secretariat had as maximum levels 40% for big CSOs and 50% for smaller CSOs. According to a 2013 impact evaluation of the NDC secretariat, its core funding was seen as an important part of the grantees overall budgets, generally contributing to between 20% to 50% of their budget on oPt work.⁵² This is to compare with the present average level of 13%. Due to the reduction done in 2014 one CSO said: *“We needed to compensate this decline with bringing in new donors. It is both difficult and challenging to bring in more donors.”*

The partners in Gaza were found to have more difficulties in raising funds to cover their budgets than the rest. Three of them were also trying to cover deficits from several years back. In one of the three, the deficit was mainly created by the disruption of core funding during the bridging period between the Mu’assasat and the NDC secretariat in 2008 when the organisation continued its HR work based on the assumption that the funding would continue at the same level.

The three CSOs interviewed which did not receive core support from the present HR/IHL secretariat, but had core funding from the NDC secretariat, were severely affected by the loss and had to restructure, reduce staff and downscale activities. One said: *“We managed to compensate some through other grants but not all is covered*

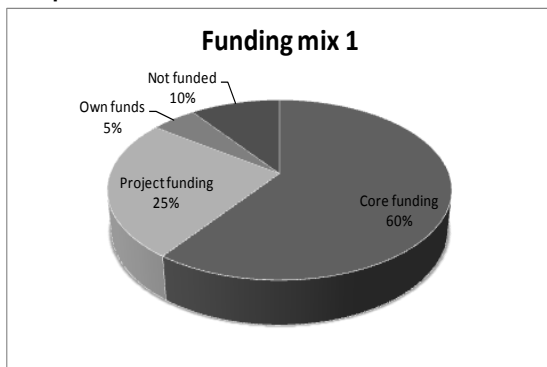
⁵² Impact Assessment of the Human Rights and Good Governance Secretariat in the occupied Palestinian territory, February 2013, MDF Training & Consultancy

and most came from project oriented grants. As most of our funds are now restricted it means we must work twice as hard, let go of some work we would have wanted to do and do some activities which are less relevant.” Hence, reducing core funding has large effects on the CSOs’ efficiency.

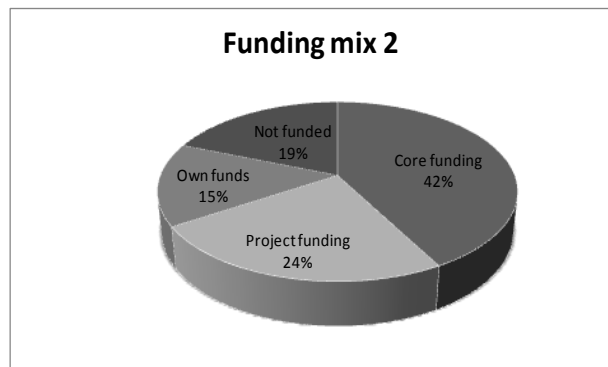
The joint mechanism’s declining funding trend is considered problematic by the CSOs also because four donors are pooling funds, making the available options for core funding fewer. Both Palestinian and Israeli CSOs compare with the situation prior to the joint mechanism when they could get higher direct support from several of the four donors. “The three donors gave 80% before, now we get 12% from them” one CSO explained. Another said: “They shrunk the money from the four donors we had before. We had direct contacts and more money before.” One CSO explained that they had experienced a gradual decline from an initial annual support from the same donor group of USD 500.000, to USD 200.000 for six years and now USD 138.000 per year. Based on such experiences there is a concern among the CSOs that other bilateral government donors might join the mechanism and further reduce their present core funding even more by pooling the funds and spreading it out on more CSOs. “It would be a disaster for us if more donors join the club with the same levels of funding”, several stated.

All CSOs are unique but the examples below from two partners illustrate the challenges with their funding puzzles:

Graph 5



This CSO has 17 donors, of which 6 provide core funding, constituting 60% of the budget. The share of the HR/IHL Secretariat is 10% of the budget. 11 project donors contribute to 25% of the budget. The CSO has limited own income and a funding gap of 10%.



This CSO has 18 donors of which 10 provide core funding. Together they cover 42% of the budget. The share of the HR/IHL Secretariat is 8% of the budget. 8 project donors provide 24% of the budget. The CSO has been successful in income generation and has raised 15%. Still it has a funding gap of almost 20%.

3.4.5 Optimal funding mixes

All the CSOs have long-term strategic plans where the work is organised into two to five programmes and where plans for institutional development are included. The duration of the strategic plans vary between 3 to 5 years. Due to the decline in funds,

the strategic priorities have been revised in each strategic plan over the past ten years. Regardless of sources, all funds are applied to cover the total costs needed for the annual work plans. Projects opportunities are applied for when they can fit into the programmes and can be used to cover parts of the total cost. All CSOs made statements like: *“Human rights needs direct us, not funding opportunities”* and *“all projects must fall into the programmes, and we only do call for proposals if they fit into the strategic plan and mandate.”*

The CSOs’ “business model” can be described as follows:

1. Allocate the predictable income from long term and stable project donors to cover part of the programmes.
2. Negotiate for as much core funding as possible to cover most of programmes, staff costs and type of work that “project donors” are not willing to support.
3. Keep some core funds unallocated for flexible use.
4. “Borrow” money from own income to temporarily cover remaining gaps during the year.
5. Compete for additional short-term projects during the year that fit into the programmes to cover some of the gaps and to replace own funds.

Several CSOs commented that successful fundraising depends on the ability to package the strategy and part of programmes into projects. Another CSO described their strategic thinking around projects as: *“projects are essentially a source of income and a big burden. We cannot say no to projects as we need the funds... but we try to direct projects to things that donors like, like training and advocacy.”* One CSO pointed out this challenge as: *“if you have 50% of your budget as projects it is an endless race to replace the projects to provide stability. There is something deeply troublesome with this, if we don’t replace the projects, should we fire the staff?”*

One CSO went as far as to set up a special project unit outside the main programmes to manage the diversity of projects separately from the organisation’s main work, outside the strategic plan due to the administrative challenges they pose, not the least regarding staff conditions. Another CSO which is experiencing severe financial problems is considering abandoning its long term strategic approach and *“putting the strategic plan aside and start to do only projects instead”* as it is struggling to maintain its staff and programmes due to lack of funds. By operating on project funds only, such staff may be dismissed when projects end. However, one fundraiser met concluded that: *“If we only had project funds, it would not be an organisation. We would be donor driven.”*

All the CSOs would prefer to have mainly core funding, combined with own income and to not be dependent on the more restricted project funds since they consider “free money” to be the most effective funds. However, none of the partners had managed to reduce the numbers of projects and replace them with core funds to increase their efficiency. On the contrary, all replied that the share of the core funding was shrink-

ing and the numbers of projects are instead increasing. However, one of the CSOs that had lost its previous core funding from the secretariat and had experienced large negative effects from losing it had managed in this pressed situation to re-negotiate with some of its project donors to increase the level of freer and more flexible funds. Its financial manager said: *“We dream of having completely free funding and not the micro-management of the money.”* The CSOs recommend the donor consortium to try to convince more donors to change from project funding to core funding. Similar statements, experiencing frustration with increasing project funding were made by all CSOs as exemplified below:

“Less free money is more administrative work for us. Projects are really bad for us but the tendency is of going towards more projects.”

“Total flexibility is the best but one should also be a realist. As long as it is not structured as a project it is OK. We need to have flexibility in the programming and budgeting.”

“Project funding is very limited and controlled. Covering utility costs from project funding is always very difficult and the reporting for project funding usually consumes a lot of time and energy.”

Preferred funding mix

The question of what would be an optimal mix of funding sources for the CSOs was explored. The CSOs’ answers ranged from most commonly wishing to have 100% as core funding to be completely flexible, to recognising some strategic importance with project funding for expansion or specific issues. This is exemplified with the following three quotes:

“60 – 70% as core, and a few projects that could be used for expansion of new activities.”

“70% since core funding, as opposed to project funding gives us the flexibility we need to remain effective, while projects are important for shorter defined goals.”

“If we had 100% free funds we could have impressive results. We would prefer 90% as core and a few special grants for special things”.

Needed share from the HR/IHL Secretariat

All the CSOs are concerned about distributing risks and not becoming too reliant on one donor. A difference was found between the Israeli and Palestinian CSOs regarding how big a share of their core funding they would feel comfortable with to receive from the HR/IHL secretariat. The Israeli CSOs were generally more cautious of receiving too much from the same source, saying, *“diversity is good for us”*, and preferred its share to be around 20 – 30% of the budgets. Statements were made like: *“to have 20% of your budget secure for three years is amazing.”* Their concerns were particularly the worry of becoming financially vulnerable as explained by the following quote: *“I would worry about the overdependence, not the control by the donor, but the worry that if the donor would leave, the organisation would be very vulnerable”*

The Palestinian CSOs' answers were more diverse and ranged from 20% to 60% where a common answer was 35 – 50% in order to cover their annual budget needs fully. Some felt that above 50% from one source would make the CSO too dependent and vulnerable. Several of the Palestinian CSOs however questioned the set percentages and wished that the funding levels were based on needs instead. One e.g. said; *“we got the best share of the funds from the secretariat and it is still short behind our needs”*.

Harmonised conditions?

Limited harmonisation of requirements among donors was seen. Some core donors have aligned to the CSOs' own plans and annual reports (see further section 3.5.1). However, no donor coordination into basket funding around a CSO was found. Only one CSO had made an attempt to coordinate their donors into a donor consortium but found limited interest among its donors and gave it up. As the CSOs have large numbers of project donors, they have to accommodate all with different requirements, different reporting dates and different dates for audits. Many have their own formats and require separate reports in addition to the CSOs' overall annual report. Particularly financial reporting is considered as more demanding since all donors have their own formats for it. All the CSOs makes an annual report that is sent to all donors, but in addition special reports also need to be produced depending on the donors' requirements. For example, one of the CSOs has 7 core donors and 15 project donors. This means 15 to 20 project applications every year (as you cannot win all), 15 annual project reports and one comprehensive annual report to the core donors, 16 financial reports, 15 separate project audits and one comprehensive financial audit in addition to additional specific requirements of the seven core donors. On top of that comes the internal reporting to management, the board of directors and finance committees, general assemblies, constituencies and authorities. The Israeli HR organisations are obliged to submit extensive financial reporting every month to the Israeli tax authorities and undergo spot inspections of their accounting. One financial manager explained that they submit 12 different monthly financial reports to the Israeli authorities. The detailed donor control is therefore particularly questioned by them: *“The reporting requirements are becoming very detailed, way more than before. Are they afraid of corruption? Why are they so interested in the details? It is the financial reporting that has changed and become more intrusive”*. The extensive numbers of separate grants, requiring separate reporting, make the CSOs heavily engaged in upwards accountability towards the donors at the expense of linking closer to their constituencies. Altogether, this consumes a lot of management and administrative capacity throughout the year and has created an inefficiency that remains to be addressed by the donor community.

3.6.2 Administration

The administrative teams, including the fundraisers, work on a daily basis to administer all donor requirements. These teams vary between two to five persons. All the

CSOs manage the separation of donors through their accounting systems where all expenditures are coded according to programmes, projects, donors and activities. Most of the CSOs try to cover programmatic staff costs with the projects, distribute shares of the management and administration salaries on projects and cover the rest of salaries with core funds. All costs that are not completely general in nature, are, as much as is allowed, distributed with a share on the projects. Project costs are predefined on detailed budget lines, pre-approved and allocated at the beginning of the year in the overall budget. They are thereafter fixed and are tracked monthly. Core funds are partly allocated at the beginning of the year on salaries, fixed expenses and some programme costs. If not restricted, the rest is used flexibly during the year to provide means for immediate reactions and responses, piloting and testing new ideas and are allocated where needed at the end of the year. All supporting documents are kept in separate files for each donor and all project donors require separate bank accounts, while core donors normally do not. Having separate bank accounts for core funding creates more work in terms of bank reconciliations and makes cash management more demanding. Cash flow management is further complicated by some donors distributing funds in advance, while others in arrear and disbursement are often tied to approval of reports, making timing unpredictable.

3.4.6 Conclusions

It can be concluded that the financial situation for the HR organisations remains very fragmented. The CSOs have large numbers of donors to cover their annual budgets, including several core donors, each one only providing a small share of the total budget. Donor conditions have not been harmonised and the CSOs have to manage large numbers of grants with different requirements, putting a heavy managerial and administrative burden on them for upwards accountability. This total funding puzzle is a main cause for inefficiency, which has not been addressed by the donor community.

A general trend observed is that core funding is getting scarcer. The loss of core funding is replaced with several project grants, each with its own requirements. This in turn increases inefficiency. This picture does not reflect the intentions of the aid effectiveness principles and indicates that there are substantial inefficiencies in the aid delivery due to:

- Half of the budgets covered by core funding and the rest through a large number of different sources.
- Increasing numbers of agreements in total to manage, administrate and to report on.
- Increasing numbers of project grants and decreasing core funding
- A constant need for finding more funds due to unfunded budgets, at the expense of doing the work on the ground and consuming management capacity
- Very limited harmonisation of requirements by the donors demanding individual treatments and reporting.
- Increasing requests for more detailed information, also by core donors.

Due to the number of grants and unharmonised requirements the CSOs are extensively occupied with upwards accountability to the donors.

These conclusions are supported by similar findings in a study of aid effectiveness in Palestine on the overall level which concluded that “aid in the oPt did not respect the principles of aid effectiveness.... and has contributed to the ‘de-development’ of the oPt”.⁵³ It finds limited application of the aid effectiveness principles in general, i.e. Weak ownership due to the asymmetrical relation between donors and local actors, being highly dependent on aid. Poor harmonisation is shown by erratic donor coordination, donor implemented projects as the preferred option for many bilateral and multi-lateral agencies and by different donor procedures remaining uncoordinated. The study furthermore analyses aid effectiveness in relation to the Fragile State Principles and finds that aid ineffectiveness takes extreme forms in Palestine. As the principles take the context as the starting point, major donors’ positions on the occupation is at the core. Using the fragile state principles show how international politics and different agencies’ agendas impede aid and development effectiveness in the Palestine/Israel context, which also affect modalities used for civil society support. The analysis according to the fragile state principles therefore provides a useful basis for understanding why the inefficient and fragmented funding situation for civil society remains.

Despite this fragmented and inefficient funding picture, the HR CSOs demonstrate a strong sense of ownership of their programmes. The HR/IHL Secretariat is one among several donors and not the major donor for most of the CSOs, despite pooling funds from four bilateral donors. Its contribution is limited both in terms of absolute amounts and in terms of relative shares of the budgets. In addition, there is the trend of declining levels of support, further increasing the inefficiency. 58% of the core partners receive a grant from the secretariat that is below USD 150.000 and the average core grant is 13% of the budgets.

Most of the CSOs account that they have unmet funding needs, showing that the present levels of funding is not sufficient compared to their actual needs according to their own analyses of the human rights situation and their prioritised actions. Efficiency gains by replacing a number of grant agreements with core funding to reduced administration have not been achieved as originally intended with the mechanism.

⁵³ Effective Aid in the Occupied Palestinian Territories, N. Ibrahim & P. Beaudet, 2012, Conflict, Security and Development, 12:5, 481 - 500

Due to the increasing requirements placed on core funding in general, the importance of generating completely free own income is increasing for the CSOs to manage the cash flow and the funding puzzle.

3.5 APPROACHES AMONG CORE DONORS

3.5.1 Core funding aligned to the CSOs

As stated, all the CSOs have some core donors that align to their system and procedures. Such donors use the CSOs' strategic plans and annual work plans as applications, contribute with an amount to their overall budget which the CSOs are free to use in the way they need during the year and account for at the end of the year, accept the CSOs' overall annual report as their report and the overall audited financial report, where all funds are accounted for, as the financial report. Some of them want to know the allocations of the core funds on the overall initial budget lines in advance, while others only request the distribution of expenditures at the end of the year. None has percentage restrictions directing the use of their funds. They do not request the CSOs to use specific formats and templates and they do not request separate bank accounts for their funds. *"It should be all the money in the same box. Six of 10 of our core donors work that way.* "This group of core donors compose of Irish Aid, the Norwegian Representation office, Christian INGOs (Bread for the World, ICCO, Christian Aid, Trocaire, Misereor, Cordaid), and private foundations (Open Society Foundation, Sigrid Rausing Foundation). Many of them have been supporting the CSOs for a long time. The CSOs describe them in terms of "completely free, flexible and true partners" and one explained: *"We don't like donors that deal with us only as donors and just give us the money. We want partners who trust us, believe in our work and respect us."*

3.5.2 A hybrid approach of the HR/IHL secretariat

Comparing the HR/IHL Secretariat with the group of core donors that are aligned to the CSOs' systems and procedures, some differences are found. In addition, some discrepancies are found between what the CSOs perceive as requested and what is explained as requested by the Secretariat. This gap can be understood by that the Financial Manual of the Secretariat has been revised several times during the present core support cycle and some initial requirements have been abolished. Hence, the core funding cycle started with more detailed requirements that have gradually been removed, while maintaining high standards for transparency and fairness.

The following major differences between the requirements of the Secretariat and aligned core donors were found:

1. Has special formats for applications and reporting, as well as for the planning and reporting of capacity building.
2. Has set percentages for how to utilise the funds (50% as programmes, 10% for

- capacity building and 40% for general costs).
3. Requests a separate bank account.
 4. Requests semi-annual reports⁵⁴
 5. Requests the annual reports earlier in the year compared to others.⁵⁵

The financial managers and executive directors of the CSOs also explained that the Secretariat requested use of special formats for financial reporting while according to the secretariat these were abolished. Hence, there appears to be a certain communication gap regarding requirements.

All CSOs in the sample described the collaboration with the secretariat as similar to project funding and one partner labelled it as a “hybrid model” between core funding and project funding. The following quotes illustrate examples that were raised by all the CSOs:

“It is a mix of project and core funding. The application is the same as our strategic plan, but in their format. They asked us to fill their templates for proposals, budgets are flagged to their budgets, and templates for reporting are external to our reporting.”

“It is core but it is managed in a very detailed way. We are free to define the use of it but the reporting is very detailed. They handle core funding like a project.”

“They wanted pre-allocation of the costs on each budget line. We did not agree to this and argued that the funds should be flexible over the year and then we allocate the expenses at the end of the year. They accepted this. The secretariat is not free, but acceptable.”

“Only the secretariat ask for a separate bank account among core donors, they work with us like project funding. It is the same with the reporting.”

“The financial reporting has all the requirements of project funding...To do a specific budget in the beginning of the year is a problem, like we must do for the secretariat. We need to allocate on the specific budget lines. It is core funding but on the detailed budget lines.”

In the following sections, the different requirements are looked into more in detail.

Set percentages

The HR/IHL Secretariat is the only core donor that requests the CSOs to allocate the costs according to a set formula. 50% should be spent on programmes, 40% may be

⁵⁴ This requirement was abolished after the field work of the study and announced during the final presentations.

⁵⁵ This is connected to the reporting dates set by the donor consortium for the Secretariat’s annual reporting to the donors.

used general costs and 10% for capacity building. The reason for this rule is that donors do not like their funds to be used only on salaries. However, as a large part of human rights work is done by the CSOs' own staff, salaries compose a major share of programme costs and in that sense, the rule creates a little bit of an illusion. The secretariat requests salaries to be divided on programmes and general costs, depending on the nature of work of each position, which is also checked by the secretariat. This control consumes additional administration for both parties.

The CSOs are divided in their opinions regarding this request. 53% do not mind the set percentages, 33% would prefer not to have this rule, while 14 % finds it unacceptable. The distribution of answers follows the same pattern among Israeli and Palestinian organisations. Below are some of the CSOs' voices on this issue, representing the full spectrum of opinions:

"They are fine and fit with our principles. It is good management."

"We did not feel them as burdensome."

"I don't prefer to have them since it is core. It is acceptable and ok to deal with, but not preferable. We would wish there should be more of a trust in that we know our needs. They have detailed reporting at the end of the year, like a project and we hope that we can demonstrate that we use the funds effectively and in a lean way."

"The percentages are adding another burden as you have to keep track of them."

"I don't think this is core funding – it is restricted core!"

Duration

The HR/IHL Secretariat commits core funds for three years. This is a new practise as NDC used to commit the funds for one year at time. The CSOs appreciate to get the three years commitment. 33% think it is really good, 33% finds the timeframe to be fair, while 33% think it is okay, but would prefer a longer commitment for five years instead. The Israeli CSOs are in general more satisfied with the three years than the Palestinians are. Three years are seen as providing a breathing space and giving the desired predictability and stability, while for some five years would correspond better to the duration of their strategic plans. This point was also reiterated in the final presentation by a Palestinian CSO, stating that the duration is important and having secured funding for five years would provide more confidence in the strategic planning process for the CSOs. Sigrid Rausing Foundation was mentioned as a positive example where support is given for three years in three cycles and this is known from the beginning. After 10 years no more support is given. Such a long-term perspective was found as very comforting.

Flexibility

The majority of the CSOs (75%) consider the HR/IHL Secretariat to be "medium flexible" in their approach. This is qualified by the following:

- Approachable and professional staff.
- Accepting flexibility in CSOs' planning and decisions how to use the funds.
- Allowing for flexibility in discussing adjustments and possibility to do re-allocations between budget lines after written approvals.
- Having strict requirements.
- Lacking flexibility in reporting, use of formats and deadlines.
- Extending detailed control through the excessive number of many reports.

The CSOs particularly value highly the flexibility in planning, where they do not feel directed in the content. The secretariat is considered less flexible in budgeting and not at all in the reporting. The following quotes illustrate their concerns regarding the secretariat's flexibility:

"We have the flexibility to use the funds in different ways, the way we like , but the processing and reporting is not according to core funding and this bothers us."

"We miss some flexibility in the secretariat. We need to submit the budget in the beginning of the year. We are free to choose where to spend but there are limitations and we must decide in advance. With other core donors you provide the specific budget lines in the end of the year. It is difficult to allocate the funds at the detailed level it in the beginning of the year as we don't have all the funds."

"Flexibility in programming and budgeting to work effectively is very important. They are fine in the procedures but the financial reporting requirements are becoming too detailed, way more than before."

"They are not flexible in reporting times. They ask for a lot of reports in a short time and for the full financial report at too early in the year."

Formats

All the CSOs raise the issue of the secretariat's use of several special formats and templates. According to the Secretariat, the templates annexed to the Financial Manual were given as examples, while the perception of the CSOs is that they were requested. A sample of the documents submitted as the application for core funding for one CSO was reviewed. It included the following eleven documents:

Document	The CSO's format	The secretariat's format
Expression of interest for prequalification		x
Concept paper form		x
Strategic plan	x	
Proposal		x
Action plan		x

Annual work plan		x
M&E Plan		x
Organisational needs assessment format		x
Capacity development plan		x
Expenditure budget	x	
Detailed budget for core funding		x

Many of the documents contain more or less the same information, i.e. the Strategic Plan, the Proposal, the Action plan and the M&E Plan, with some variations in presentations and content. It is questioned why a separate proposal is needed since the content of the CSOs' application is their strategic plan, together with a clear monitoring framework and a comprehensive budget.

For the reporting the following ten formats exists.

Document	The CSO's format	The secretariat's format
Annual Narrative report	x	
Action plan update		x
Semi-annual report	x	x
Capacity plan update		x
Analysis of Capacity building implementation		x
Detailed capacity building plan		x
Report on M&E indicators to the Secretariat results framework		x
Bank statement reconciliation	x (bank's format)	
Accounts history	x (bank's format)	
Annual financial report	x	
Audited financial report	x	

In the semi-annual report, a separate column is added for provision of data on the Secretariat's results framework. Several CSOs remarked that they did not receive any feedback on the semi-annual report as expected and therefore were left with some uncertainty afterwards. As noted above the semi-annual report has later been abolished. The report on M&E indicators for the overall results framework of the Secretariat emerged as a special measure due to difficulties to extract information from the CSOs' annual reports. Some CSOs volunteered to provide the data separately.

In addition to the annual reporting on the core funding, the CSOs which received additional emergency support during the war in Gaza 2014, needed to, at the same time, provide narrative and financial reports on the emergency grant. The additional emer-

gency funds were very highly appreciated by all who received it. However, according to the organisations in Gaza their initial request during the outburst of the war, was to have some additional topping-up of their core funds to be able to have more field workers on the ground for documenting violations. In their extreme situation, the decision to manage the emergency grants as a separate project call for proposal was seen as insensitive to their situations. As the funds were needed for the same type of activities already funded with the core grants, this process created a lot of frustration both during the war when project applications were to be submitted and in the reporting. The relevance of the heavy results focus in the emergency reporting was also questioned.

It is apparent that communication regarding reporting requirements has been not sufficiently clear as the main complaint by the CSOs concern the reporting. All the CSOs recommend the secretariat to reduce the number of templates and forms, be more flexible in the timing of submission of the annual report and many question the need for semi-annual reports.⁵⁶

“We don’t like the reporting side of the secretariat, there are semi-annual, annual reports, summary sheet, excel summary sheet etc.” ... “They have special formats. Our regular reports which we send to all donors are not enough.”

“For financial reporting they have their own requirements. We don’t understand why they cannot use the audit report?”

“We had to submit 12 reports to meet the requirements. This does not seem to be core funding.”

“The NDC was very administratively heavy and this has continued with the secretariat and it is even worse now. There are too many documents requested. It seems as if each report is going to different persons dealing with specific issues.”

“There is a tendency to invent new forms all the time. There were eight separate forms in the last report. It is becoming a bureaucratic maze. They are gathering too much info in too many ways to be sure to please the donors.”

“They focus much more on the minutiae of financial management and reporting, require much more customised reporting information and create much higher amount of time to satisfy. Much less flexibility to fit the needs of the organisation and insists on the flexibility coming from our side to satisfy their needs. This is comparing to other major foundations that

⁵⁶ This request was abolished in May, 2015.

support the same areas of our work.”

Even if the Secretariat asks the CSOs to submit their regular annual narrative report and overall audited financial statements, the dates for submission have created problems. Due to the deadlines for the secretariat’s annual reporting to the donor consortium the narrative and financial reports from the CSOS were due in the end of January. Some of the CSOs had not been able to conclude all programmes at that time. Therefore, a *separate* annual report had to be prepared anyway for the secretariat. The Israeli CSOs have a specific problem related to the dates for the comprehensive audited financial reports, where the Israeli regulations make it difficult to close all accounts, conduct the annual general meeting, finalise the audit report and translate it to English by the beginning of May. As the intention with core funding is to align to the CSOs’ procedures and systems, these dates also matter.

The results framework

The lack of overall sectoral goals with indicators was one of the identified weaknesses in the previous NDC secretariat. The present secretariat has invested many efforts in developing such an overall results framework. It was drafted based on consultation with the HR organisations. Many of them appreciate the existence of the overall goals and to be able to see how they contribute to the HR sector as a whole. One Israeli CSO stated that they had improved their own internal reporting based on it. Some however reflect over the selection of partners and to what extent they are contributing to the objectives. They argue for a more restrictive selection of HR organisations with broader mandates that could contribute in all areas in order to have better impact.

Reporting results in human rights in general, and in Palestine in particular, is indeed a challenge due to the long term and systematic nature of the occupation where the HR situation is chronically deteriorating. *“There is no real outcome, we work as never before, but still there are no results and it gets worse”* one CSO explained. The few outcomes are often a result of long processes and many organisations’ collective work, i.e. the Palestinian Authority signing the international conventions and joining the ICC, or results of long legal processes in Israeli courts. Semi-annual progress reporting therefore does not fit well with the nature of this work. Due to the strong results focus during the past years in the development field and the challenges of reporting outcomes of human rights work, the CSOs experience that the focus in reporting in general has been pushed down onto small details which are more measurable, instead of lifting the monitoring to follow developments in longer processes. Similar concerns were raised by both Palestinian and Israeli CSOs. Based on this, some CSOs found explanations to the hybrid approach of the secretariat in the results agenda where donors were seen to push for immediate quantitative results for their constituencies.

The CSOs report on their own Strategic Plans, objectives and programmes, but are also asked to complete a special M&E sheet with the indicators of the overall results

framework for the secretariat. This was introduced after agreements were signed. Many had no objections to this, while others considered it as an extra report. As previously explained it was added due to challenges for the Secretariat to extract data from the CSOs' annual reports for the overall results reporting. It was argued that the secretariat should analyse and collect the information needed from their reports and from continuous monitoring through closer interaction with them in the field.

There is a fine balance between aggregating and analysing data in an overall results framework and perceiving the support to partners as a programme with common objectives. As found in the desk study on global practises, a trend seen is that strategic funding schemes have become more programmatic and increasingly prescriptive due to their results framework. It is important that the secretariat is cautious of this fine balance in the continuous work with objectives for the human rights sector.

Spreading thinly

An issue that has been debated since the set-up of the first joint mechanism has been the selection of partners for core support. The definition of a "HR organisation" was identified as an issue which needed the donors' decision on already in the first feasibility study in 2004. By narrowing the scope from "HR and Good Governance" to "HR and IHL" an attempt was made to focus more and the partner group was reduced from 30 to 24. There are generally three types of HR organisations among the partners:

1. Bigger HR organisation with broader mandates including IHL competence,
2. Niche HR organisations focusing on certain types of violations and rights,
3. Niche HR organisations focusing on certain groups of rights holder.

As the resources are limited and all CSOs have un-met financial needs, there is a common concern among the CSOs that the donor consortium is spreading its resources too thinly. This is seen to undermine the possible effectiveness of core funding, as it becomes too limited while all still have unmet funding needs. This is raised both among the Palestinian and the Israeli CSOs. *"We question the rationale behind spreading the funds. If you have more funds it is ok to explore new avenues, but why with so little money? This has been a problem since NDC."* In discussions with the secretariat and the donors, it was stated that one aspect had been to make sure that a "critical mass of core partners" were covering all the human rights needs and the different geographical contexts, and that a network of partners was created. Consequently, such a strategy leads to a large partner group.

However, there is also a responsibility on the CSOs to break the barriers of competition and share resources for more impact. As notes previously, having core funding makes collaboration easier. This needs to be further capitalised on. As raised by a CSO during one of the final presentations of this study, not enough sharing of resources and ensuring less duplication of work has been done by the CSOs. By using each other's research for analysis and advocacy and avoiding duplication in research

and areas of operations the limited core funds can become more effective.

Organisational capacity

Capacity building is included in the core grant, while it was previously managed outside the core fund. The CSOs are in favour of integrating it into the core grant since institutional development is an aspect of their strategic plans. The CSOs appreciate being able to develop internal systems and procedures using core funds based on their own needs and there are no major objections to earmarking 10% of the core funds for capacity building. Many point out that it is good to keep on being reminded that it is important to focus on their internal development, while some would prefer not a set percentage, but fully needs based in accordance with needs identified in their strategic plans. To have enough institutional capacity, clear governance and adequate internal control systems to manage core funding is an integral part of core funding and a precondition for donors' trust in the organisations. This study does not evaluate the capacity building. However, the secretariat's assessment of organisational needs during the pre-award survey, using a standardised questionnaire, was raised by some of the partners. They describe the assessment approach as rather formalistic, anticipating a generic approach for all. The assessment was conducted in a long meeting with the CSOs' management and board of directors using the questionnaire, without possibilities for verifications.

In a focus group discussion conducted with Swedish INGOs on their approaches to core funding, organisational assessments were discussed. They all use an organisational assessment as a starting point for the core funding and consider the CSOs' institutional development and performance as two parallel, equally important dimensions in the core support, similarly to the secretariat. As some of them realised that the CSOs had undergone several organisational assessments previously, they agreed to use other such recent studies as base lines, bases for decisions and needs assessments. External consultants, engaging in a deeper assessment process with the CSOs, did all organisational assessments of internal structures, procedures and internal control. The reports were given to the CSO who were expected to develop an action plan, prioritising needs in response to the recommendations. This formed an integrated part of the individual core support. This more individual approach of needs assessments was seen to promote ownership for change. One INGO reported that the prospect of getting core funding later on had motivated other CSOs to improve their governance and internal control systems, thus creating wider effects.

Donor relations

Considering core funding as core support also brings in the relationship with the donors. Most of the CSOs have bilateral contacts with different donors, regardless if they are funded by them or not, as the diplomatic community forms an important part of their advocacy work. Most tend to have stronger relations with the some of the four donors in the donor consortium because of the long-term commitment and mutual understanding of objectives. To some extent the secretariat is felt, unintentionally as a

filter between the CSOs and the donors. More than half of the CSOs consider that the levels of interaction with the donors have diminished over the years with the separate joint mechanisms. *“The donors transferred the administrative work to the secretariat to free themselves for the political interaction but this is not really happening as it should.”* Many wish to develop a deeper partnership relation with the donors and the secretariat where joint messaging and actions on a strategic political level are of primary interest.

3.5.3 Comparison with the NDC approach

There are some differences in the approaches between the present secretariat and the previous NDC secretariat. The following differences are registered:

Differences	Positive change	Negative change
Focus	By changing from good governance to IHL, the focus has narrowed more to legal work.	
Flexibility	The present secretariat is considered more flexible in allowing for changes in activities while the difference with NDC is not seen as major.	
Financial reporting		More extensive and detailed financial reporting becoming more like project reporting.
Funding levels		The NDC secretariat funded up to 40% of the budgets for big organisations and 50% for small organisations. The reduction to in average 13% is a major deterioration.
Organisational assessment and development	Making institutional development part of core funding, less centrally defined common training and more individual needs based internal development implemented by the CSOs with the present secretariat.	Structured but very formalistic approach in organisational assessments by present secretariat. Process not facilitated by external consultants and reports not given to the CSOs. Separate reporting for capacity development questioned.
Results framework	Positive to have a results framework to trace overall progress that lacked completely with NDC.	Extra reporting for compiling data is pushed down on the CSOs.
Accessibility	Accessible staff. More empowered Gaza office.	
Human rights and IHL competence	Good HR and IHL competence among management.	Staff perceived as fund administrators.

3.5.4 Conclusions

It is concluded that the HR/IHL secretariat is not working fully in accordance with the aid and development effectiveness principles, providing as effective core funding as it could. The approach is leaning towards a project management approach, particularly in financial management and reporting, maybe unintentionally, with many separate formats whether requested or provided as examples, frequent progress reporting and not aligning to the CSOs' internal systems, time frames and reports. Other core donors are more aligned to the CSOs than the secretariat. Because of this, the secretariat

is contributing to an increasing focus of upwards accountability rather than supporting the CSOs to strengthen their internal governance and downwards accountability.

The somewhat detailed approach, in combination with the different calls for proposals for project funding is found to have created a huge workload, centred on the role of the secretariat as mainly grant management with less time to assume a broader partnership role with the 24 core funded CSOs, in line with the intention of its three specific objectives. As an example, at the outburst of the war in Gaza in July 2014 the secretariat could have applied a more sensitive partnership approach and discussed with all any needs for additional funding. It did discuss and notified the partners that capacity building funds could be reallocated to emergency response but it could also have made suggestions to the donor consortium on how to provide some additional core funding for those with most urgent needs related to the war, showing greater sensitivity to their situations.

The large number of core partners selected has spread out the available resources thinly. This is mainly a consequence of the donors' ambition to have a critical mass of partners in the different geographical contexts. The study has found that providing rather limited amounts to each organisation, not fully meeting their financial needs, the effectiveness of the core funding has been impeded.

Why did the secretariat develop this hybrid approach to core funding? This is a complex issue with many contributing factors. The first explanation is probably because the secretariat has continued to use most of the practises of former secretariats. When the first joint mechanism, the Mu'assasat, was created, the aid effectiveness principles for CSO development had not yet been formulated and the Paris and Accra high-level meetings had not been held. Though the terms of reference for the feasibility study in 2004 referred to good donorship principles and core funding, the study itself elaborated *project* management routines in the first operational manual, since the full understanding of core funding for CSOs was not yet developed. Many of these practises have been carried forward through the three secretariats, each one adding on some aspects.

Secondly, it would have been desirable that the donor consortium being the owners of the joint mechanism had discussed the aid effectiveness principles in the context of civil society support to Israel and Palestine and provided guidance to the managements of the joint mechanism on the approach. For various reasons this appears not to have happened. Despite the commendable ambition of providing core funding for almost a decade to human rights organisations they have not provided clear guidance on how the mechanism could operate in line with good donorship practises. Therefore, the responsibility for the effectiveness of the approach rests with the donor consortium. One CSO stated: *"We are very irritated by the mechanism, not the people managing it, but we don't think that the mechanism that the donor created is not working as they promised."*

A third reason could be attributed to the past years' intense focus on concrete and measurable results in the global results agenda for development. It was confirmed by the desk study, that funding schemes were seen to become increasingly prescriptive globally and detailed in monitoring of results. Such over-emphasis on measurable results and reporting requirements could lead to more mechanistic approaches, limiting alignment. The Palestinian and Israeli human rights CSOs are working in a humanitarian context but not as humanitarian actors. They are pushed to report on a detailed activity level rather than being supported to rise the reporting to a more strategic level, and report on processes, both in terms of human rights and in terms of their internal development.

Finally as seen in the desk study, there is tendency for intermediaries to adopt or over-interpret the most demanding donor requirements in order to be confident that all requirements are met. With four donors in the consortium, this is likely to have happened over the ten years.

3.6 THE DONOR CONSORTIUM

This chapter presents some of the findings related to individual discussions with the donors on core funding. The study found that the group is in general rather fine-tuned and shares many similar views.

3.6.1 Common definitions

The four donors all define core funding as funding an organisation based on its strategic plan and comprehensive budget, including institutional development, in accordance with the third definition discussed in the best practice study. A slight variation was noted regarding views regarding whether the joint mechanism should have an ambition to also move towards more mission based funding (definition 4) or not.

3.6.2 Head office restrictions

No policy restrictions from any of the donors' head offices were found regarding providing core funding and all four donors stand behind the aid efficiency agenda. However, while it is the preferred modality for CSO support by Sida, requiring justifications in its management systems if it is *not* used and pushed for by the head office, there is a trend to be more restrictive with core funding by another donor's head office due to the political context in Israel and Palestine.

All the donors have strict regulations regarding double funding. Avoiding double funding by provision of core funding instead of contributing to less transparency through project funding was also a major reason for creating the joint mechanism. It is therefore surprising that the praxis for avoiding double funding is that if a CSO is supported with core funding, it may only have additional bilateral funding from one of the donors as project funding. The logic with this is not clear. It would actually be

more appropriate to avoid double funding by having two core grants, since the nature of core funding is that all goes into the overall budget, being accounted for through the audit.

3.6.3 The approach

The donors shared a common ambition to have an approach that align with the CSOs and were interested in developing more of a partnership approach, with the spirit of engaging with, accompanying and supporting the CSOs in the field. The donor group realised that they had not done their homework in providing clear guidance to the three secretariats on the desired approach in line with good donorship principles. They concluded that they had not fully appreciated the implications of the regulations in the financial management manual which they decided on and carry the responsibility for the limited effectiveness of the approach. Two of the donors concluded that they: *“as a group of likeminded European donors should be different in our approach from others donors, but we are not.”*

3.6.4 Set percentages

The donors were divided in their views on having the set percentages for the distribution of costs (e.g. 50% for programmes). Half of them preferred to keep the set limitations, while the other two preferred full freedom with a contribution to the consolidated budget. The percentages were seen to create a sense of comfort, knowing that *“not all funds were used on administration and salaries”*. A parallel however can be made to the same donor group’s support to the ICHR where no such limitations in use of funds are required. It is not clear why the logic should differ between the two initiatives. By working as a group, the donors have the possibility to learn from different such joint experiences.

Some donors felt that they had not yet reached a sufficient level of comfort in trusting the CSOs’ internal policies, procedures and systems, hoping that the secretariat had good knowledge of the content of the CSOs’ manuals and policies. The secretariat hence has an important role in building such a level of trust among the donors through its organisational assessments of internal systems and procedures.

3.6.5 Maximum funding levels and duration

All donors saw the value of higher levels of support and the need for making the core funding more differentiated and needs focused. They favoured individual assessments of funding needs and strategic consideration of each CSO rather than using a common percentage across the board. Three years was considered an appropriate length for the agreements. One donor argued, however, that with higher funding levels a longer period could be justified.

A common concern was whether the approach of the joint mechanism was contributing to increase competition between CSOs instead of bringing them together. Some of the donors were concerned about the size of the partner group, since supporting a

large number with the same amount of resources were seen to have contributed to increased competition. They understood the concern of CSOs of bringing in more donors while keeping the same levels of contributions, as it narrows the opportunities.

3.6.6 Flexibility

All donors supported a high degree of flexibility given to the CSOs by allowing them to revise and add new priorities in their strategic plans, shifting costs and managing their own institutional development.

3.6.7 Monitoring and Reporting

The four donors wanted the results reporting to focus on higher level results and two did not see the need for semi-annual reporting. One was concerned with the increased upwards accountability created due to the extensive reporting. All wanted the CSOs to report on their agendas only, and not do parallel reporting for the secretariat's results framework. The secretariat's role was seen to analyse the bigger picture by accompanying the CSOs more in the field and monitoring progress through a deeper dialogue with the CSOs on their progresses in main human rights processes, complementing the CSOs' reports.

3.6.8 Partnership

All donors wanted to develop a closer, deeper and more of a partnership relation with the CSOs, where they as donors could bring more added value to them and provide platforms. This was found to be much in line with expectations of the CSOs. The donor group varied in regards to wishing to have more informal, bilateral relations with partners or preferring meeting them as a group, but all wanted more interaction and a closer relation. The direct relation was seen as crucial for the core funding.

3.6.9 Institutional changes

The donors agreed that the core funding had not been fully used as leverage for greater organisational development and increased governance within the CSOs, where the limited financial contributions by the consortium were seen as a limitation. One concluded, *“we have not been concerned about providing core funding as a way to support the organisations to mature.”*

3.6.10 Conclusions

It is commendable that the four donors have provided core funding for a decade in the challenging context of Palestine and Israel. At the same time, it is also concluded that they are responsible for ensuring that their joint mechanism is working according to their desired approach and that they have not provided enough guidance to any of the secretariats on how to increase the effectiveness of the core funding. They recognise the need to make some adjustments of the present approach and shift the focus to supporting the CSOs' overall performance and development on a more strategic level.

The donors have not considered the expanded scope of work for the CSOs that have been created by Palestine's ratification of the international human rights treaties in

terms of shadow reporting, monitoring national implementation and holding the Palestinian Authority accountable for implementation of human rights. Nor have they recognised the effects of the deteriorating human rights situation on funding needs and adjusted their contributions accordingly. Instead, the resources have remained on the same level for ten years, reducing their importance as core donors.

The donor consortium was not found to have played the leading role in promoting good civil society donorship principles in the fragmented donor context of Palestine and Israel as it could have done, being a group of likeminded European donors. By adjusting, the approach to spearhead the principles on the ground and promoting the discussion among the broader group of EU donor this is an opportunity yet to capture. A recently developed Code of Practice on Donor Harmonisation by the so-called Informal Donor Group, in which Sida has played an active role, could be a useful package for further discussion among EU donors as a tool to further advance coordination and harmonisation of civil society support. The tool has recently been handed over to OECD/DAC.

4 Conclusions

4.1 CHALLENGES AND BENEFITS FOR THE CSOS

Core funding is vital for human rights CSOs. It is particularly needed due to the long-term nature of the occupation and the need for continuous human rights work, the difficulties to attract funding for parts of it and at the same time have the ability to rapidly respond to community needs. The organisations are operating in unpredictable, turbulent and deteriorating human rights situations in occupied Palestine, which requires continuous presence, endurance and a long-term focus on goals and commitments to the people supported, as well as the ability to react fast to constant violations happening on the ground. Therefore having access to core funding is a huge benefit for the CSOs.

It is not possible to say that core funding is more needed in one of the geographical contexts than in another. It is equally needed for Palestinian and Israeli human rights CSOs operating in the West Bank, East Jerusalem, the Gaza Strip and in Israel, with the particular human rights challenges and violations in each context; under the Palestinian Authority, Gaza Authorities, the Israeli government and its military administration. Should anything be singled out it is the particularly constrained and precarious situation for human rights organisations in the Gaza Strip, where core funding is needed to ensure their mere existence.

The CSOs, the donor consortium and the HR/IHL Secretariat share a common understanding of core funding, defining it as flexible funding based on organisations' strategic plans. Some CSOs which have deeper partnerships with some core donors tend to define it as mission based funding, placing the focus on a higher level of strategic goals.

The highly competitive environment for funding in Palestine and Israel has pushed the CSOs into increasingly fragmented financing through a multitude of sources. Funding is basically available due to the large international presence and most organisations are therefore surviving, but the way it is extended, in small pieces through numerous grants, is in stark contrast to the aid effectiveness principles and is a major challenge for the CSOs. It places high demands on their management and administrative capacity, internal systems, oversight mechanisms and fundraising abilities. Continuous and regular human rights work needs to be packaged and re-packaged as projects and made attractive for donor funding with shifting priorities and political agendas in responses to calls for proposals. This piecemeal way of financing leads to duplication of work and competition instead of greater collaborations, joint actions and willingness to use each other's research reports. The total funding situation of each

CSO with a multitude of grants per year to manage is a main problem in terms of aid effectiveness.

Most of the organisations have managed to build relations with a number of core funding donors (including some very long-term project donors), creating in totality a somewhat predictable financial situation where 40 – 50% of their funding needs are covered through core funding. This predictable funding gives a base for providing some staff security to maintain and develop the CSOs' often very exposed human rights activists. Each core donor contributes with a small share to this picture and with its own requirements.

Harmonisation of donor requirements does not feature in most of the funding available. Some core donors are aligning to the CSOs to make their support more effective, while others do not. Project funding is not aligned at all, and each agreement has specific requirements and necessitates individual treatment and full separation in the administration. Main concerns for all human rights CSOs are trends of declining core funding, donors shifting from core funding to project funding and increasingly detailed and prescriptive core funding reporting requirements. These tendencies correspond to global trends of core funding, which are becoming more restrictive and similar to project funding. The situation is far from what Northern government donors committed themselves to in effective delivery of aid as defined in the series of high-level meetings on aid effectiveness in Paris, Accra and Busan. The Fragile State Principles using context as the starting point exposes reasons for why the inefficient and fragmented funding situation for civil society still remains and shows how international politics hamper aid effectiveness. They provide useful guidance to minimise unintentional harm in civil society support and can complement the aid and development principles in dialogue and coordination processes.

4.2 EFFECTIVENESS OF THE PRESENT CORE FUNDING

The study concludes that the present core funding extended by the donor consortium through the HR/IHL secretariat is very important for all partners despite its size. The fact that it has more or less remained for ten years is also an added value. Due to a number of reasons, however, it is not yet as effective as it could be yet. In fact, the recent reduction of the size of the core funding from the secretariat has increased inefficiency for the CSOs in that it has created funding gaps that need to be filled through more management and advocacy time spent on fundraising. This has in turn resulted in increased numbers of project grants to administrate and funds being more tied to pre-defined activities, reducing the much needed flexibility. All together, this has contributed to making the CSOs less effective.

While defining core funding as supporting CSOs' based on their strategic plans, the approach applied by the secretariat has unintentionally pushed it more towards being

concerned with detailed financial management. This has had some implications for effectiveness. However, as found in the desk study this is not uncommon among intermediaries, who tend to adopt the most demanding donor requirements of its back donors. The secretariat is ambitious and professional with high standards of fairness and transparency. The present approach is however administratively heavy for the CSOs, distancing itself in practice somewhat from the spirit of core funding and moving towards a grant management approach with elements of detailed project financial management. The extensive numbers of specific formats provided, whether requested or not, instead of only using the CSOs' own plans, budgets and reports, is the clearest example of this. This practise is partly a heritage from previous secretariats. It is also seen as a consequence of the global results agenda where donors' demands for concrete results have gradually pushed reporting down to the details. A trend of core funding becoming increasingly prescriptive was also noted on the global level, as shown by the documentary study.

Due to the focus on detailed financial monitoring and assessments of CSOs' reports, combined with several project calls for proposals, the workload has been very high for the secretariat in the fund management role. It has not yet had possibilities develop fully into "a key player and resourceful partner in the promotion of HR and IHL", in line with its overall objective, bearing in mind also its short time of operation. So far, the Secretariat has to a lesser extent been out and engaged closer in the field with the CSOs in their activities and strategic discussions. Deeper engagement and accompaniment is an alternative way to monitor the core funding by building a deeper understanding of each CSO's contributions to the overall human rights situation. As found in the desk study on global practises, there is also a growing realisation that managing core funding is complex and labour intensive. To effectively play such a role as a partner in strategic results based management to the CSOs, also requires good capacity in human rights and IHL at all levels in the secretariat.

The secretariat is the donors' joint mechanism and they carry the responsibility for its approaches. Since the present approach is not yet fully in line with their original intentions, it is concluded that the donor consortium has not provided enough guidance to the different management set-ups. There has not been a thorough discussion on how core funding should be provided in line with aid and development efficiency principles in the donor consortium. Such a discussion is needed, not only once, but continuously also due to the staff turnover in the consortium. Preferably, the donors should have formulated such guiding principles prior to changing the different management bodies. While this was not done, it is now timely and possible to adjust the approach based on informed decisions.

It is concluded that the donor consortium has not captured the wider role it could have had as a group of likeminded European donors. By integrating the aid efficiency principles in their work and promoting them further towards other donors, they could contribute to improve the efficiency of civil society support. Despite the picture of

fragmented aid described here, this opportunity remains open. By adjusting the approach as well as raising the concerns regarding the fragmented funding for CSOs within the EU donor group, the donor consortium may take a lead in promoting good civil society donorship. This would both be strategic and much needed in the contexts of the Palestinian and Israeli civil society.

4.3 RELEVANT LEVELS OF CORE FUNDING

The study has concluded that the levels of contribution of core funding from the HR/IHL secretariat to the CSOs are below their needs, partly hampering them to effectively play their intended roles in society. This is shown by the funding gaps in most organisations, by the extensive number of short term project agreements which each organisation needs to secure on an annual basis to carry on their work, and by the growing reliance on raising own income to be able to implement their strategic plans according to their own analyses and defined priorities. The “business models by necessity” of the CSOs differ from their preferred choice of optimal funding. In the optimal model, as much as possible of the income is freer funds in order to be effective and have higher impact and a smaller level of project grants is used only for specific strategic goals. A final quote on this issue from an independent expert is: *“I cannot think of any benefits for the organisations to have project funding. For the donors I can see why they would like projects, to direct and monitor a specific issue, but for the organisations there are no added values of projects compared to core funding.”*

The average core funding from the secretariat is 13% of the CSOs’ annual budgets and below USD 150.000 per year. Human rights needs are increasing and the human rights situation is constantly deteriorating, not the least after the last war in Gaza, increasing the work volume. Furthermore, new crucial areas of work are arising due to the international treaty processes and Palestine’s recent membership in the ICC. However, funding levels from the donors have remained the same for ten years. For the CSOs, there is more work to do and fewer funds from the secretariat to compete for. Through the call for proposals for core funding, the secretariat has contributed to increased competition for the funds. Some new organisations were included and some others fell out. Such a process has its merits and enhances fairness and transparency but also has a price of a huge workload for a large number of competing organisations and the secretariat and decreases the predictability. More targeted calls could be a way to handle this in the future if managed grants tied to the periods of the strategic plans are not opted for. The donors’ strategy of having a critical mass of partners in each of the constrained geographical context has led to spreading the resources thinly. This has made it less obvious that the level of the present core funding has had a significant leverage on the organisations in terms of internal transformations. Core funding is based on the “contract - we believe in your work and fund you, and you take responsibility for your performance and finding smarter ways of working to reach a more strategic and mature stage as an organisation”. To be able to reach this level of

trust, comprehensive assessments of internal systems and governance structures as well as of the quality of strategic plans and results framework are important. Thereafter the organisations should be given the space to work and develop by having sufficient means and less external control, relying on financial audits. Internal transformation processes are less likely to happen if the funding does not cover a greater proportion of the needs of the organisations. The following advice from a private foundation illustrates such a contract:⁵⁷

“Find high impact organisations working on the stuff you care about most and give them some money. Make them accountable for impact and if you like the result, give them a bunch of more money. They will respect you for it and will probably listen to you from more than politeness.”

In order to be able to provide more substantial core support to the selected 24 partners the donor consortium has two options: a) to increase the resources for core funding or b) reduce the number of partners. Since the present support is mid-way through a funding cycle the second option is not possible at this stage. For the next funding cycle, however a mix of both might be considered. The overall results framework could be more focused on the international treaty processes. Through this, main actors engaged in such key processes could be identified. This could be one way of identifying key organisations for future more substantial core support, based on their needs. Those that would not fall into this category could be supported with bridging core funds and gradually phased out, or funded to a lower level or through the project grant mechanism.

The study concludes that 20% of an annual budget as a level for contributions could in some cases be fine; while in others it is not sufficient. To achieve the intended outcomes, funding levels should therefore be based on needs rather than a set percentage for all. Aligning the core support to the situation of each CSO would require analyses and dialogue around both unmet funding needs and of how the CSO could strategically restructure its overall funding puzzle to be able to work more efficiently. Maybe replacing some particularly demanding project grants with core funding could have large impact on greater efficiency? In addition, performance in accordance to the CSOs’ strategic plans needs to be part of the discussion. The study advocates for a fully needs-based approach tied to the period of the strategic plans for predictability as the preferred option. Should the donor consortium have difficulty to agree on this, a maximum level of 50% could possibly be kept. As shown in section 3.4.5. Each CSO has clear ideas of what level of contribution from the secretariat that it would

⁵⁷ “Just give ‘em the money: the power and pleasure of unrestricted funding”, K. Starr, Stanford Social Innovation Review, August 2011

prefer to diversify the risk and not becoming too dependent. An organisation having funding needs which exceeds 50% of its annual budget might have internal problems that need to be addressed before receiving core funding at such levels.

The bottom line for the donors in judging whether to increase the core funding contributions to the CSOs is their level of trust in them. If they trust that the CSOs have systems, structures, policies and realistic strategies in place to use the funds efficiently, detailed control could be less pronounced and the relationship could develop more into a deeper partnership. How could the secretariat and the CSOs help create such a level of trust among the donors? This is where organisational assessments and financial audits play an important role in core funding. In case the CSOs have done recent comprehensive organisational assessments or systems based audits commissioned by other core donors such studies could be made available to the donors and be used as baselines for the CSOs' institutional development, complementing the findings of the secretariat's organisational scoring. If not, the financial auditors could be given an extended audit assignment to audit the internal control systems where seen needed. Adapting a partnership approach require a closer relation. By lessening the secretariat's workload in detailed grant management, more time could be made available for field based monitoring and deeper content dialogue with the 24 core partners.

5 Recommendations

5.1 OVERALL RECOMMENDATIONS

The study has three overall recommendations to the donor consortium:

The first recommendation is to as soon as possible take decisions to adjust the present approach for core funding toward a performance focus, applying less of a programmatic perspective and focus more on the CSOs as independent actors, aligning it to the CSOs in line with good donorship principles. This would imply that specific requirements which make the core funding more complicated to administer, requiring specific measures and is less free in use should be reconsidered. If possible, it would be preferable that the core funding is based on the following documents only:

- The overall results framework for the secretariat to analyse overall progress in key human rights processes.
- The CSOs' strategic plans, including their institutional development.
- Clear results frameworks linked to the strategic plans, enabling the CSOs to monitor progress at their strategic objectives and programmes levels.
- A comprehensive annual budget encompassing all programmes, projects and institutional development costs.
- The CSOs' annual work plan.
- The CSOs' annual narrative report, reporting progress in relation to the strategic plan, using the results framework.
- The CSOs' annual audited financial statements showing how all donors' contributions have been utilised in the comprehensive financial report.
- A recent organisational assessment of the CSOs' internal systems, governance structure and strategic plan (commissioned by any donor).

In case the quality of any of these documents is judged as not satisfactory, the secretariat should provide support or engage with the CSO to further develop the quality. It is of particular importance that the CSOs' strategic plans and results frameworks are seen as relevant, realistic and practical.

The second main recommendation is to, when possible for the donor consortium, increase the total resources available for core funding, if possible already during the present core funding cycle. The maximum level provided to each organisation should be based on the CSOs' needs in order for them to become more effective instead of using a set percentage. Dialogue with each of the 24 partners instead of calls for proposals to top up should be used. The needs analysis should be composed of:

- The uncovered financial gaps in the CSO's budget.

- Any need for restructuring the CSO's total financial situation to shift some smaller grants into core funding for greater internal efficiency.
- The CSO's performance in accordance to the strategic plan.

Thirdly, the donor consortium is recommended to regard the group of the 24 CSOs supported with core funds as partners with more concern about their situations. Should any major changes in the contexts happen which would warrant increased support due to erupting emergency situations or specific dire human rights needs, the secretariat and the donor consortium should immediately consult with their partners on their needs and rapidly analyse how to support them in the best way without increasing extensive administration. The partnership approach should deepen in all relations by supporting and mentoring the CSOs, accompanying them in the field, monitor outcomes, conducting deep content dialogue in various ways and facilitating mutual learning.

5.2 SPECIFIC RECOMMENDATIONS

5.2.1 For the Donor Consortium

In addition, the following specific recommendations are made to the donor consortium:

1. Agree on guiding principles for the secretariat that reflect good donorship principles for civil society support. More dialogue is needed with the donor group to develop such, but they could be in line of:
 - a. Always promoting CSOs' ownership and respect for them as development actors in their own rights, in charge of their own development.
 - b. Full alignment to the CSOs' own systems, documents and procedures.
 - c. Full financial transparency.
 - d. Needs based core support and principles for how to assess needs.
 - e. Application of a human rights based approach in all core support
 - f. A position for taking a lead in promoting aid and development efficiency in civil society support, also using the Fragile State Principles and possibly the Code of Practice on Donor Harmonisation, towards the wider EU donor community, both by demonstration through the secretariat and through dialogue in relevant donor fora to create a more enabling CSO environment. Aim to reduce fragmentation, increase sharing of information with other donors complementing each other based on each donor's possibilities and priorities and supporting CSOs in coordinating and simplifying donor conditions.
 - g. Mutual responsibility with the partners for sharing information about crucial events, key processes and aspects where the donor consortium can add value to the partners.
 - h. Mutual responsibility with the partners for analysing each one's con-

tribution to progress in major human rights processes.

- i. Long term commitment of funding linked to the periods of the strategic plans and if any changes in the composition of the partner group should happen substantial bridging funds will be made available and advance notice be given,

Furthermore, the donors are recommended to:

2. Not include more donors in the consortium unless total funding levels are raised and the consequences of such decisions are carefully analysed.
3. Revise the overall results framework and the selection criteria to focus more on the treaty regime processes for reporting, monitoring of national implementation and claiming accountability of the state actors.
4. Participate more in CSOs' activities and build a closer relation.

5.2 FOR THE HR/IHL SECRETARIAT

The following recommendations are made to the HR/IHL secretariat:

1. Explore availability of recent organisational assessments or system-based audits among the partners to be used as baselines and to strengthen donor's trust in the partners' internal systems.
2. Review all formats and templates and assess why they are needed and if similar and adequate information is already being provided in another form from the CSOs. Discuss consequences of removing them with the donor consortium. Communicate changes clearly with the core partners.
3. Review the deadlines for all processes, discuss implications with the donor consortium and align as much as possible with the timing of the partners own processes.
4. Review the financial management manual to be compatible with the guiding principles decided by the donor consortium.
5. Ensure deeper human rights and IHL competence at all levels for deeper partnership and field based monitoring.
6. Revise the M&E indicators to base them more on the convention treaty processes to capture the human rights CSOs' contributions on the national levels.
7. Release staff time from grant administration to field based monitoring and accompaniment, facilitation of networking and content dialogue. An option to consider could be to divide the relations with the partners among the staff to lessen the burdens, bearing in mind that core support is labour intensive.

5.3 FOR THE CORE FUNDED PARTNERS

Each CSO is recommended to:

1. Ensure that their strategic plan is internally owned, realistic in scope, monitorable and used continuously by all staff and the board of directors.

2. Take responsibility for sharing resources with other core funded partners through joint research, common advocacy and coordination in areas of operation. Use each other's research reports as basis instead of duplications.
3. Take responsibility for sharing information about crucial events, key processes and aspects where other partners, the secretariat and the donor consortium can add value.
4. Develop the results reporting to focus on outcomes and progress in major processes.
5. Take initiatives to invite all its key donors to discuss its total funding picture, major challenges and propose measures for harmonisation of requirements to its donors.
6. If more core funding become available take responsibility for improving internal efficiency and stronger downwards accountability.

Annex 1 – Terms of reference

1. Background

The Human Rights and International Humanitarian Law Secretariat, hereinafter called the HR/IHL Secretariat, is a joint donor programme including Denmark, the Netherlands, Sweden and Switzerland. The overall objective of the programme is to contribute to the effective realisation of adherence to human rights and international humanitarian law in the occupied Palestinian territory and to influence the behaviour of the relevant duty bearers, including Israel, the Palestinian Authority and the de facto government in Gaza to that end, through support to Palestinian and Israeli civil society organisations.

Based on previous experiences, it has been assessed that such a programme remains relevant and needed in the current context. To achieve this, the HR/IHL Secretariat, has been set up to provide mainly core support to organisations that can convincingly show that they have the competence and capacity to contribute to real and sustainable change within priority areas of the fund, applying human rights based as well as IHL based approaches in their work within the framework of a clear mandate, a long-term strategy and a results framework with relevant, realistic and measurable objectives. The focus on core support is based on the assumption that it is an effective way of supporting organisations providing predictable funding to enable more long term planning and focus on their core activities.

Few donors in the oPt are able to provide civil society with core support, which motivates for the Secretariat to fill gap where there is need. This approach is complemented by the availability of short-term and limited project funding – granted together with capacity development support – to keep open the possibility for new Palestinian or/and Israeli organisations to become operational in the occupied Palestinian territory so that the sector remains dynamic with relevant actors for change. Sweden, represented by the Consulate General of Sweden, leads the consortium of the donor countries of the HR/IHL Secretariat.

Since 2013, on behalf of the donors, the HR/IHL Secretariat is managed by the Swedish consultancy firm NIRAS Natura AB in consortium with Birzeit University Institute of Law. During the period 2008 – 2013 the Secretariat was run by the NGO Development Center, NDC. The support has up to now provided core funding to almost 30 Palestinian and Israeli civil society organisations operating in the occupied Palestinian territory. During the previous support cycle 2008 – 2013 the funding constituted between 20% to 50% of the organisations' annual budget for work in the oPt.

The last cycle in the new Secretariat the core support has had a maximum level of 20 percent of an organisations' budget. This ceiling was agreed upon with the donors before the process for call for core funding proposals was announced in December 2013. The ceiling was decided due to the limited funds available. The alternative with a higher ceiling would have been to support fewer organisations with core support. This was also important to be clear and transparent on in communication with the organisations.

An impact assessment of the Secretariat for the period 2008 – 2013 was made in the beginning of 2013. One of the conclusions was that the Secretariat's funding is enabling organisations to work in a sustainable way and helps create a stable Human Rights sector. One of the things which affects impact of the projects is the ever-changing and volatile situation in the oPt, which sometimes requires diversion from plans, delaying implementation, or working on other priorities. Core funding gives the partner organisations the much needed flexibility to respond to emerging needs or priorities. This was also a conclusion of the impact assessment.

What the study does not assess is to which level core funding is needed for the organisation to keep its flexibility and at the same time get strengthened. This can differ from organisation to organisation depending on size, age, area of cooperation, region within the oPt, but also number of donors funding the organisation. From many organisations' perspective a challenge is of course the fund raising which may result in an organisation having up to 15 different donors with following implications of reporting planning and other requirements in return.

The Consulate General of Sweden has therefore decided to contract a separate assignment to look deeper into this issue. The result of the study of the effectiveness of core funding to civil society organisations will be shared and discussed with the donors of the consortium as well as the current secretariat.

2. Objective of the assessment

The objective of the study is to provide guidance for donors' decision making for any future support by:

The assessment shall review and analyze the effectiveness of core support in relation to the level of provided funding to the civil society organisations financed through the HR/IHL Secretariat as well as the previous Human Rights and Good Governance Secretariat from 2008 until today.

Specific questions:

1. Assess if core funding is perceived as important for the CSOs and if so, why

(what is it used for)?

2. Assess if the present level of core funding support from the Secretariat meet the expected needs/intended use for the CSOs?
3. Assess how the CSOs are combining the management of project funding and core funding?
4. To what extent have the CSOs been able to switch from project funding to core funding?
5. To what extent have harmonization and coordination among donors been promoted by the CSOs and the by the secretariat?
6. Assess different interpretations of core funding among the CSOs, the donors and within international best practice and their implications for the organisations.
7. To what extent are the donors bound by HQ policies in their different views on core funding?
8. Have any of the CSOs been able to set up a basket fund? Are they promoting it? Is the secretariate promoting it as a more stable long term modality?
9. Has the CSO been able do contingency planning?

Advice on relevant level of core funding as part of the total budget of a CSO. The assessment should take into account and discuss the different conditions of the organisations within the Secretariat throughout the support. The number of other donors funding an organisation and the following required work should also be taken into consideration and be discussed. How do all these parameters or others influence the effectiveness of a core support? The advice may include a recommended maximum level as well as minimum level for core support.

Elaborate and clarify the concept of core funding How can we categorise different views of core funding? What different understandings are there of core funding? Is core funding only for administrative costs for running the CSO or does it mean non-earmarked funds? What advantages or limits do these different approaches entail, i.e. how do the different approaches affect the effectiveness of the CSO's work?

Provide an overview through a desk study of existing studies globally or locally regarding the effectiveness of core funding which could possibly contribute to the objective of this study.

The assessment shall review and analyze the effectiveness of core support in relation to the level of provided funding to the civil society organisations financed through the HR/IHL Secretariat as well as the previous Human Rights and Good Governance Secretariat from 2008 until today.

Documents (reference list)

- Terms of reference – Managing partner for support to a joint donor fund for

human rights and international humanitarian law in the occupied Palestinian territory. February 2013

- Secretariat Strategy December 2013
- Impact Assessment of the Human Rights and Good Governance Secretariat in the occupied Palestinian territory, February 2013
- Review of human Rights/Good Governance Secretariat in the occupied Palestinian territory, January 2012
- Inception report of HR/IHL Secretariat including guidelines for core support.
- Annual Report 2014 HR/IHL Secretariat
- Annual Report NDC 2013
- End of Phase Report NDC 2010 - 2014

3. Expected outputs

- An overview of different challenges and benefits the civil society organisations face regarding core support.
- An analysis of the effectiveness of the core support in relation to this.
- Recommendations of issues to be taken into account when assessing the level of core funding.
- Recommendations/guidance of maximum and minimum support for a core support of a CSO.

4. Method of Work

The consultant is free to propose the method of work but the following components shall be included:

Interviews

The consultant shall engage a sample of the core funded partners of the current and the previous Secretariat. The consultant shall interview all the donors of the consortium. The current and the previous Secretariats shall be interviewed. The interviews with the partners should be done in the oPt. This will include travel to Gaza. The Swedish Consulate General shall facilitate the permits required for entering the Gaza strip. The donors are all represented in Jerusalem and Ramallah why interviews could easily be conducted in the region too.

6. Composition of the assessment Team

The composition of the team should possess a mix of evaluation skills and thematic knowledge and should constitute of a minimum of two consultants. One of the members shall be Team Leader. The team shall have a minimum of 10 years expert knowledge of and experience of conducting evaluations of civil society engagement. The team shall have knowledge of support to sustainable civil society, a broader understanding about accountability between the citizens and the state, civil society management as well as knowledge about civil society methods of engagement in policy dialogue (advocacy, lobbying, evidence-based research, etc.). The

team shall have knowledge of the occupied Palestinian territory. All team members shall be fluent in spoken and written English

7. Timeframe

The assignment will be initiated XX January 2015 and completed no later than 31 of January 2014. An inception report that clarifies the understanding of the assignment, elaborates on methods to be used and proposes any amendments or clarifications to the assignment shall be submitted to the Consulate General of Sweden in Jerusalem. If considered necessary, a meeting with the Consulate shall take place (can be done via video link, if considered most effective) to discuss in further detail the objectives and methods for the study. The study shall be conducted and results are made available in a timely manner. Un-envisaged changes to timeframe and budget must be explained in the report. Any discrepancies between the planned and actual implementation of the study must be explained. The major findings and conclusions from the draft report shall be presented and discussed in a seminar at the Consulate General of Sweden to which all the donors of the secretariat will be invited.

8. Reporting

The consultants shall produce the inception report no later than XX September.

A written draft final report of maximum 30 pages, appendixes not included, shall be presented to the Consulate General of Sweden no later than 30th November 2014. The report shall include a summary with clear recommendations. The report shall be written in English. Within two weeks after receiving comments on the report from the donor consortium coordinated through the Consulate General of Sweden, a final version shall be submitted, the latest 31st January 2014

9. Cost

The cost for the study shall be maximum 500 000 SEK

10. Contact persons

The contact person at the Consulate General of Sweden is: Fredrik Westerholm, Tel: +972577689014, fredrik.westerholm@gov.se

Annex 2 - Inception report

Assessment of the Scope of the Study

THE HR/IHL SECRETARIAT

The Human Rights and International Humanitarian Law Secretariat (HR/IHL Secretariat) is a joint donor mechanism funded by Sweden, Denmark, Switzerland and the Netherlands, operating since 2005. It was set up as a grant mechanism to increase transparency and reduce risks of corruption and double funding to Palestinian and Israeli CSOs by provision of core funding. The overall objective of the support is to contribute to the realisation of adherence to human rights and international humanitarian law in Palestine and to influence the behaviour of the duty bearers (i.e. Israeli government and authorities, the PA and the Gaza authorities). Until 2013 the Secretariat was managed by the Palestinian CSO NDC. From mid-2013, after an open procurement process, it has been managed by a consortium of NIRAS Natura AB and Birzeit University's Institute of Law. The secretariat has offices in Ramallah and Gaza City and its work covers all parts of occupied Palestine. Support is given to Palestinian and Israeli CSOs addressing human rights and IHL violations in the occupied Palestinian territory (oPt) to undertake documentation of violations, legal assistance, representation of victims and promotion and advocacy on adherence to HR law and IHL on national and international levels. In addition to provision of funding, the HR/IHL Secretariat provides capacity building support (thematic, administrative and organisational) and facilitates joint policy dialogue with donors and other stakeholders. The latter is a new component which was introduced with the change of host organisation for the Secretariat, and which aims to further enhance networking and advocacy among the HR organisations. The work of the HR/IHL secretariat is regarded as a programme and has the following objectives⁵⁸

Programme Objective: A HR and IHL Secretariat is institutionalised and considered a key player and resourceful partner in the promotion HR and IHL in the oPt.

Objective 1: An effective fund for the promotion of HR and IHL in oPt, which is

⁵⁸ http://www.rightsecretariat.ps/files/Secretariat_Factsheet.pdf

transparent and reduces corruption and duplication.

Objective 2: Strengthened CSO environment in the HR/IHL sector through institutional development, internal efficiency, effective participation in democratic processes and improved performance.

Objective 3: The Secretariat makes meaningful contributions to policy development in the sector through evidence based measures and effective IMS for monitoring of services, and participates actively in the policy dialogue with donors and other sector stakeholders.

Core funding by the HR/IHL Secretariat

To contribute to real and sustainable change within its priority areas, the Secretariat is providing core budget support to CSOs as its main function. Provision of core funding is rare within the donor community in Palestine and places the Secretariat in a special niche. MUS\$ 13,2 has been made available by the donor group to be distributed to CSOs over three years, between 2014 – 16. 80% of the fund is earmarked for core funding to established CSOs. The remaining 20% is provided as short term and limited project funding to support new and existing organisations or initiatives that will further improve the HR and international humanitarian law (IHL) situation and ensure that the situation in the oPt remains dynamic with relevant actors/programmes for change.⁵⁹

To meet its first objective the HR/IHL secretariat provides core funding based on a pre-qualification process and a call for proposals. 72 CSOs expressed interest in early 2014 and 35 were prequalified to present full proposals. Among these, contracts for core funding were finally closed with 24 CSOs in March 2014. These are located as follows:

CSOs receiving core funding	
In the West Bank	10
In East Jerusalem	2 ⁶⁰
In Gaza	4
In Israel	8
Total	24

The selection process is elaborate and documented in a Fund Management Manual.⁶¹

⁵⁹ HR/IHL secretariat website

⁶⁰ One Palestinian and one Israeli CSO are located in East Jerusalem

It stipulates three basic principles for core funding:

1. Be directed to established Palestinian or Israeli HR and IHL organizations (HR/IHLbased Organizations) applying a human rights based approach (HRBA) with a clear mandate, long term strategy and a results based framework that clearly contributes to the Secretariat’s results based framework;
2. Is expected to cover up to three years, and not less than two years; and
3. Is expected to cover up to 20% of the organisation’s entire budget and not to exceed \$300,000 per year over the grant period, according to certain budgeting criteria and distribution.

According to the Fund Management Manual of the Secretariat the following general criteria apply for all CSOs seeking funding from the secretariat, regardless of if it is core or project funding:

1. Be a Palestinian or Israeli CSO, legally registered with the Palestinian or Israeli authorities, and operating actively in the oPt, with an HR/IHL mandate, or its mandate includes significant programmes or components dedicated to ensuring adherence to and respect for HR/IHL in the oPt;
2. Is operating under “the going concern assumption”⁶² and sustainable for the foreseen future;
3. Has a management structure with clearly defined and divided roles and responsibilities;
4. Has sufficient technical and institutional capacity necessary for the efficient and effective implementation of their programme/project;
5. Adopts and uses transparent processes and systems, involving governance best practices and minimum standards;
6. Has documented a sufficient administrative and accountability capacity;
7. Has proposed activities that respond to the goals, objectives and result framework of the Secretariat;
8. Has an internal control system in place with adequate internal manuals and financial guidelines;

⁶¹ http://www.rightsecretariat.ps/files/Fund_Management_Manual.pdf

⁶² The meaning of the assumption is not clear to the consultants

9. Abides to nonviolence and non-discrimination in its work;
10. Has a bank account operated by more than one signatory, and can open a separate bank account to be devoted for the Secretariat provided fund;
11. Strongly and clearly coordinates and cooperates with other CSOs in the sector;
12. Willing to address its capacity development needs if necessary; and
13. Willing to participate in and contribute to policy dialogue activities.

In addition, the CSOs should meet following specific criteria for core funding:

1. Be legally registered with the Palestinian or Israeli authorities, for a minimum of *three years*;
2. Has a clearly defined HR/IHL mandate which falls within the scope of the Secretariat in the oPt;
3. Strategic plans and operations informed with key features of the human rights based approach (HRBA), and the CSO applies HRBA principles (participation and inclusion, accountability and rule of law, non-discrimination and equality, legality, transparency and empowerment) in practice internally and within its work;
4. Has annual statements of accounts audited by a qualified external auditor for the last three years;
5. Has a long term strategic plan (for a minimum of 3 years) and a clear corresponding results framework that contains a thorough stakeholder analysis, and built in participation of stakeholders;
6. Is able to describe its specific role and added value in its relevant context (with reference to what other organisations do in the same field);
7. Documented capacity in advocacy and/or any other method for achieving real and tangible results;
8. Documented record and/or a clear strategy for coordinating and cooperating with other civil society, state or international organisations and actors in its field;
9. Has a clearly defined local or national outreach experience;
10. Can show a clear policy and/or strategy for efficiency and cost effectiveness;
11. Has a clearly defined strategy for and a documented record of gender mainstreaming, and protection of vulnerable groups (including women, children, disabled and those living in remote areas of its work); and

12. As a plus, the CSO previously received and successfully managed core funding.

Considerations are also taken regarding the CSOs' areas of operations to create a portfolio of partners working in the following thematic fields, in line with the HR/IHL secretariat's priorities:

- a. Legislative and policy reform
- b. HR monitoring and documentation
- c. Advocacy and campaigning
- d. Networking
- e. Enhancing gender mainstreaming and combating discrimination
- f. Conflict resolution
- g. Promotion of Human rights
- h. Litigation against duty bearers
- i. Service delivery; legal aid, psychosocial aid and counselling

As part of the selection process, and in order to address its second objective, the CSO and the HR/IHL Secretariat conduct a Participatory Organisational Capacity Assessment (POCAT) to identify capacity development needs which will feed into the Secretariat's Capacity Development Plan. Parts of the priorities can be included in the CSO's proposal, while others may be provided separately. Finally, a number of documents should be provided by CSOs to be eligible for further consideration together with their proposal. These include:

- a. An updated strategic plan and results framework and/or M&E plan covering the period of the funding, or at least the first year;
- b. A consolidated budget;
- c. An action plan for the first year of the proposed funding;
- d. Audited financial statements (external audit reports) from the last three years; and
- e. List of board members according to last board elections.

Applying all these criteria and considerations the HR/IHL secretariat ranked the received proposals and awarded funding to the 24 CSOs, which are all mature and well established human rights organisations. The extensive number of criteria and several types of assessments indicate that selection is complex.

THE CONTEXT

The Palestinian and Israeli human rights organisations are operating in an extreme context where respect for Human Rights, International Humanitarian law, space for civil society, freedom of expression and any prospects of peace and security continuously deteriorate due to the 48 years of on-going Israeli military occupation. The context also continues to deteriorate due to the political divide between the PA and Hamas. Despite the reconciliation agreement in June 2014 and the instalment of a new unity government, the integration process with the two parties is slow. It is hindered by the continuous blockade of Gaza, but also due to lack of political will of the parties. Particularly complicating is the salaries of civil servants in Gaza. The former Hamas government paid cadres of civil servants in Gaza while the new unity government is not paying and these civil servants are now working without salaries. Meanwhile the PA continues to pay former civil servants who have not been working since 2007. This is a major obstacle to the integration process. 2014 has been described by many as the worst year for Palestinians in long time.⁶³ According to the Palestinian Independent Commission of Human Rights (ICHR) the internal Palestinian division that has persisted since 2007 have resulted in undermining public rights and freedoms to such a large extent that it has become the dominant feature.⁶⁴

The war in Gaza in the summer of 2014, where 2147 Palestinians were killed, a third of them children, hundreds of thousands of persons displaced and thousands of homes destroyed, were the deadliest events in the Gaza Strip since the start of the Israeli occupation in 1967.

According to UNWRA over 100,000 Palestine refugee dwellings were damaged or destroyed and more than US\$ 720 million is required to address this need. Only 2% of donor funds pledged in October 2014 for reconstruction of infrastructure have arrived and border crossings basically remain closed. More than 20,000 people displaced by the war still live in schools or temporary shelters. On January 29th, 2015 UNRWA announced⁶⁵ that due to lack of funds, it had suspended its cash assistance programme for repairs and rental subsidies to Palestine refugee families in Gaza. Its Director of Operations in Gaza, Robert Turner said: “People are literally sleeping

⁶³ ARIJ, December 2014, Reporting on Israeli Activities in the occupied Palestinian Territory

⁶⁴ The status of Human Rights in Palestine, 19th Annual report, ICHR 2013

⁶⁵ UNRWA:

<http://unispal.un.org/unispal.nsf/47d4e277b48d9d3685256ddc00612265/890cf37824b5f5c685257ddc00513213?OpenDocument>

amongst the rubble; children have died of hypothermia. US\$ 5.4 billion was pledged at the Cairo conference last October and virtually none of it has reached Gaza.” A rise in crime and escalating lawlessness in Gaza has also been documented by ICHR since the war last summer. Since November 2014, there has been a rapid increase in bombings, car burnings, kidnappings, thefts and shootings creating a security chaos for its citizens, similarly to the situation in 2007. The deteriorating security situation is considered caused by the non-payment of salaries.⁶⁶

In the West Bank, the Israeli government continues its restrictions to access and movement of people and goods, its land confiscation policy and house demolition strategy based on military orders and rapid expansion of settlements. More than 16,000 new housing units were approved in 33 settlements during 2014 and 36% of these were in East Jerusalem.⁶⁷ Over 1200 Palestinians were displaced due to home demolitions during 2014.⁶⁸ This is the highest figure during the past six years since OCHA began to systematically monitor it. An escalation of settler violence against civilians was also reported during 2014. In the end of 2014 an Israeli plan to relocate around 7,000 Palestinian Bedouin residing in 46 small residential areas in Area C, in contravention of international law, was announced. OCHA states in its monthly report for December 2014 that the continuation of these negative trends into 2015 will likely increase frustration and tensions and could trigger new rounds of violence across the oPt and Israel especially in the absence of a political resolution on the horizon to end the occupation and conflict.⁶⁹

Not only are the Israeli and Palestinian CSOs working on the military occupation. They also operate in societies where human rights are violated by their respective authorities. The space for civil society and civil rights continues to be challenged both within Israel and in Palestine. In December 2012 the Palestinian President Mahmoud Abbas signed a presidential decree for the Establishment of the Civil Society organisation affairs Commission. This was seen as a legal intervention to undermine and curb the freedom of civil society in Palestine. The commission was considered an attempt to increase the level of control over civil society in Palestine and infringe on Palestinians’ constitutional right to freedom of assembly and CSOs’ freedom to oper-

⁶⁶ Al Monitor, February 19, 2015, Internal Unrest threatens Gaza

⁶⁷ ARIJ, December 2014, Reporting on Israeli Activities in the occupied Palestinian Territory

⁶⁸ http://www.ochaopt.org/documents/ocha_opt_the_humanitarian_monitor_2014_01_27_english.pdf

⁶⁹ http://www.ochaopt.org/documents/ocha_opt_the_humanitarian_monitor_2014_01_27_english.pdf

ate and network.⁷⁰ The following two years have witnessed a deteriorating culture of respect for citizen's rights and freedoms within the PA, the police and Palestinian Security Forces⁷¹. Increasing crack downs are seen on demonstrations, journalists, human rights activists, student groups and trade unions.

In its last report of the Status of Human Rights in Palestine, covering 2013⁷², ICHR monitored patterns of violations of freedom of opinion and expression. Palestinian journalists and media were reported to suffer suppression and restriction of the press and media freedom by the security agencies in the West Bank and the Gaza Strip. Journalists were pursued, detained illegally and pressured, and publication of some newspapers were prohibited. Many of the detained journalists claimed that they were subjected to torture and ill-treatment. ICHR also reported that the right to freedom of opinion and expression by citizens in the West Bank was subjected to several violations by the security agencies. Citizens were summoned by the General Intelligence Agency and questioned for statements published e.g. on Facebook. The security agencies in the West Bank and in the Gaza Strip continued to prohibit the organization of peaceful assemblies such as sit-in protests, public meetings and marches.

Since the formation of the unity government in June 2014 attempts to stifle student political movements in the West Bank has been seen. Raids and political arrests of student wings of political parties have taken place at several universities during November and December 2014.⁷³ Likewise a crackdown on trade union leaders escalated in November 2014 amid a series of strikes by public sector workers over wages and conditions. On 6 November, leaders of the Union of Public Employees were arrested and President Abbas declared the union illegal. The crackdown escalated further when it was taken up by the Palestinian Legislative Council (PLC) which issued a statement holding the prime minister responsible for the measures and declared an open-ended strike and sit-in by PLC employees in solidarity with the arrested trade unionists.⁷⁴

⁷⁰ Al Haq, February 18, 2013, Unconstitutional Presidential Decree Seeks to control Civil Society Organisations

⁷¹ Al Haq, August 2013, Palestinian Human rights Organisations Council Calls Upon the Palestinian Authority to Respect Citizens' Rights to Freedom of Expression and Assembly

⁷² The status of Human Rights in Palestine, 19th Annual report, ICHR 2013

⁷³ Al Monitor, December 2014, Student Political Groups face crackdown in West Bank

⁷⁴ The Electronic intifada, January 15, 2015, Why is the Palestinian Authority Arresting Trade Union

In January 2015 two death sentences were issued in Palestine, one by the court of First Instance in Gaza City and one by a military court in Hebron in the West Bank, strongly condemned by the international community.⁷⁵ Since taking office in 2005 the President has not ratified any death penalty sentences and none have been carried out in the West Bank. The courts in Gaza have continued to issue and carry out death sentences without approval of the President, in breach of Palestinian Basic Law, human rights conventions and the international commitment to abolish the death penalty.⁷⁶

In Israel freedom of expression and funding of human rights CSOs also continue to be challenged. In March 2014, an amendment to the Israeli Non-Profit Organizations Law was reviewed by a Ministerial Committee, under which the state would be able to prevent registration of CSOs if parts of their objectives contradict the definition of ‘Israel as a Jewish and democratic state.’ According to ACRI the proposed amendment would be a substantial departure from the current law and would among numerous things, prevent activities of human rights organizations working for Palestinians in Israel, the Occupied Territories or Gaza.⁷⁷ In December 2013 a law to limit foreign donations to CSOs was approved by the Ministerial Committee for Legislative Affairs. The bill would tax grants from international donors to certain Israeli NGOs which implicitly or explicitly support actions such as: calling for boycotts, divestment or sanctions against Israel, calling for the prosecution of Israeli soldiers at international tribunals, etc. These bills are part of an ongoing campaign in recent years to limit international funding to various causes disliked by the government.⁷⁸

Palestine’s accession to key international treaties in April and December 2014, including the International Covenant of Civil and Political Rights (ICCPR) and the Rome Statute of the International Criminal Court (ICC), including the jurisdiction of the court starting from June 2014, presents a number of legal and political challenges to the PA and the Israeli government.

This has opened up new venues for Palestinian and Israeli CSOs terms of monitoring, documentation and reporting to the international treaty bodies and holding their governments accountable. However, the challenges are enormous for all CSOs working

Leaders?

⁷⁵ <http://www.swedenabroad.com/sv-SE/Ambassader/Jerusalem/Aktuellt/Nyheter/EU-s-representanter-i-Jerusalem-och-Ramallah-fordomer-de-dodsdomar-som-utfardats-i-Hebron-och-Gaza-sys/>

⁷⁶ The status of Human Rights in Palestine, 19th Annual report, ICHR 2013

⁷⁷ <http://www.acri.org.il/en/2014/03/02/regev-amuta-bill/>

⁷⁸ <http://www.acri.org.il/en/2013/12/19/ngo-bill-dec13/>

on human rights and international humanitarian law related to the military occupation of Palestine and respect for human rights in Palestine and Israel.

THE ASSIGNMENT

The objective of the study

According to the Terms of reference, dated October 22, 2014, the objective of this study is to: review and analyse the effectiveness of the core support *in relation to the levels of funding* provided to Palestinian and Israeli human rights organisations through the HR/IHL Secretariat as well as the previous Human Rights and Good Governance Secretariat. The study should provide guidance for the donors' decision making regarding future support.

The objective is hence specifically focused on exploring consequences of the recent decision to limit of the size of core funding to 20% of a CSO's total budget.

Based on several meetings with the Swedish Consulate the team have interpreted the Consulate's intention that the study should have learning approach towards provision and use of core support, particularly considering funding levels. Synergies with other studies of core support should be sought.

Intended users of the study

The main users of the study are the present donors supporting the HR/IHL secretariat and the secretariat itself. Other stakeholders are the 24 Palestinian and Israeli CSOs receiving core support.

Study questions

The main study questions are:

1. Different interpretations of core funding (*relevance*)

- Variations in definitions among donors and CSOs
- Best international practise of core funding models and synergies with other studies
- Possibilities to harmonise definitions of core funding among donors
- Comparison of different models and approaches of provision of core funding, including the past and present models of the two secretariats
- Core funding in relation to the HR/IHL Secretariat's RBM

2. How well present and past core funding levels meet the needs of supported CSOs (*relevance*)

- Perceived importance of having (and not having) core funding for the CSOs

- The present and past use of core funding (given different levels of core funding)
- Implications for the CSOs of donors different understandings of core funding
- Consequences of different contexts of CSOs resulting in different needs for core funding
- The implications of different financial limitations and eligible costs set in the present model
- Degree of flexibility and constraints in the use of core funding

3. The effectiveness of the present core funding for the CSOs (*effectiveness*)

- The adequacy of the level of core funding (maximum 20%) in relation to CSOs' needs
- CSOs' ability to financially manage core funding combined with a number of project grants and other sources of income.
- Number of donors funding a CSO affecting the effectiveness of the organisation.
- Effects of the present core funding within supported CSOs on their:
 - Overall project portfolios
 - Governance structure, transparency and internal control in the CSOs
 - Institutional development
 - External relations, accountability and legitimacy
 - Ownership and long term strategic focus
 - Sustainability and donor dependency
 - CSOs' promotion of donor coordination and harmonisation of other donors' requirements
 - Contingency planning

Clarifications

In the proposal Indevelop asked for further clarifications regarding including CSOs in the study which previously received core support from the previous HR and Good Governance Secretariat but were not granted core support by the new secretariat. After discussions with the Swedish Consulate General, it was decided to include a limited number of such CSOs as cases for reference.

We hence conclude that there are two separate groups of stakeholders:

- CSOs presently having core funding
- CSOs previously having had core funding

Limitations

The focus of this study is on the effectiveness of the present level of core funding in relation to the intended *benefits* with receiving core funding such as stability, predictability, flexibility, freeing capacity for strategic directions, ownership over own agendas, transparency and increased accountability rather than operating with short term project focuses. However the study is not an evaluation of the impact in relation to the performance of the supported CSOs. Given the extreme context, a word of caution is needed regarding the ability of the team to determine contribution and attribution of the core funding modality to changes within the organisations, not the least given the volatile situation, emergency needs and the unfulfilled donor commitments (for Gaza reconstruction) which most likely influence how the CSOs have had to use available resources.

The study will seek to understand differences in the models/approaches used of the present and past Secretariats while it is not considered an evaluation per se of the past model, since it was already evaluated. Hence effectiveness of core support in relation to the levels of funding of the past secretariat will not be the subject of the study per se. The main intention is to generate learning for the future.

Nor is the study an investigation of the HR/IHL Secretariat's selection procedures. However it will include a small sample of CSOs which did not get core funding to better understand consequences of not having core funding any longer for CSOs.

Since the CSOs are constrained into four separate geographical areas with very different contexts and as the total number of core partners is only 24, it is not possible to make a *representative* sample.

Since the study addresses funding levels of the CSOs' budgets, and as they are operating in a very competitive environment for funding, it is foreseen that this will place some limitations on choice of methodologies and that the CSOs might not be willing to discuss such matters in groups. The team has assumed that comprehensive budgets of all supported CSOs will be made available by the secretariat, showing the respective distribution of donor funding as this information might not be easily collected from the CSOs.

Finally, it should be stated that while the Israeli partners are said to receive core funding, in reality this funding can only be used for their work related to the occupation, being one part of their human rights work. Therefore the support to the Israeli CSOs should more correctly be termed "programme funding".

Proposed Approach and Methodology

APPROACH

This study will apply two main approaches. The first is to use critical and comparative reviews of documents and studies in order to compare the present approach and funding levels with other models for core support. The present model will be compared to others through:

- a documentary study of international best practises of core support models prior to field work;
- a comparison with the approach of Sida’s core support modalities in Ukraine and Tanzania which were recently evaluated; and
- a comparison with the approach of the previous secretariat as documented in the impact evaluation from 2013.

The second main approach of the study will be to use stakeholder perceptions, i.e. collect the views of supported CSOs, not supported CSOs and donors. Findings from these groups will be triangulated with external experts’ perceptions and findings from document reviews. It should be noted however that applying these methods, gives limited scope for independent verifications of results within the CSOs, which would require direct assessments of each supported CSO per se, which is beyond the scope of this study.

Since analysis of stakeholder perceptions is used as a main approach, the team has been composed to facilitate the interactions with the stakeholders for maximum benefit. Working on HR and IHL in Palestine and Israel is extremely context specific for the CSOs due to the military occupation and the denial of free access. Three national consultants are therefore part of the team who are civil society experts in their specific contexts, i.e. in Gaza, in Israel and in the West Bank and East Jerusalem. Their understanding of the specific needs and requirements which each context place on the CSOs will facilitate a deeper understanding of the CSOs’ needs and applications of the funds.

PROPOSED METHODOLOGIES

Several study techniques will be used, i.e.:

Document review of documentation from the HR/IHL Secretariat, the donors, the CSOs, other models of core support (Ukraine, Tanzania) and best international practice on funding levels (e.g. Open Forum, Reality of Aid, INTRAC, OECD/DAC)

A questionnaire /survey to core supported CSOs which will not be interviewed to collect basic data. It will be further assessed if this should be done as an on-line sur-

vey or by e-mail, depending on the nature of information to be collected.

Interviews with a sample of 15 of the supported 24 CSOs, divided according to the four geographical areas: The West Bank, East Jerusalem, the Gaza Strip and Israel. Please see further section 2.4 below for the suggested sample. Interviews will be held with the executive directors and the chairpersons of the boards together as well as with the financial managers of each CSO. Semi-structured interviews following a common interview guide will be used for most consultations. As far as time allows, triangulation of data will be done. Interviews will also be conducted separately with each donor, as well as with the past and present Secretariat in Ramallah and in Gaza city and with a handful of selected key informants who are external experts. *Triangulation* will be done by comparing information from various sources and continuously internally in the team by comparing team members analysis. Finally interviews with a sample of 3 CSOs which were not awarded core funding (2 Palestinian and 1 Israeli) will be conducted.

As competitiveness for funding is harsh in both Palestine and Israel the team has concluded that it might pose challenges to discuss funding aspects in focus groups. As part of the preparations the team will further explore possibilities to conduct *focus groups* with the core supported CSOs before a final decision is made if this method is suitable. One focus group discussion will however be conducted with the donor group to explore findings from the documentary study of best practises.

As the key focus of the study is on funding levels, *budget analyses* will be made of each supported CSOs' comprehensive budget to assess numbers of project grants, funding sources and how the organisation distribute costs on the different modalities. Preferably this will be done prior to the field work if such information can be made available from the secretariat.

At the end of the field mission a *validation workshop* will be held with the donor group and the HR/IHL Secretariat. They will also be asked to provide written feedback and corrections of the draft report. The draft report will be discussed in three *group meetings* with all stakeholders (one with the donors, one with Palestinian partners with video link and one with Israeli partners).

Quality assurance of the process and content is conducted through interaction and critical review of drafts by Indevelop's QA team.

DESCRIPTION OF THE STUDY PROCESS

The study process was elaborated in Indevelop's proposal and is slightly adjusted and briefly repeated here. It will be divided into the following steps:

- (1) *Inception phase*: clarification of assignment and methodology, definition of samples of CSOs among the different sub-groups to be interviewed, methodo-

logical considerations, initial study of relevant documentation from the past and present Secretariats, preparation of inception report and finalisation of work plan.

- (2) Comments, discussion and approval by the Consulate General of Sweden on the inception report in order to reach an agreement on how to proceed with the study.

Data collection:

- (3) Desk study on good practises of core support internationally with a specific focus on funding levels. The desk study needs to be done prior to field work to form a basis for discussions and comparisons.
- (4) Finalisation of study tools and questionnaires.
- (5) Interviews in Sweden with NIRAS and Sida Stockholm.
- (6) Field work in the West Bank, Jerusalem, the Gaza Strip and Israel.
- (7) Debriefing/validation meeting with the donor group, including the HR/IHL Secretariat at the end of the field work, presenting preliminary observations and findings.

Analysing and reporting:

- (8) Drafting of the report in English and submission of draft report to the donors and the HR/IHL Secretariat for comments and corrections of factual errors.
- (9) Presentation of the draft report in seminars with the donor consortium, the HR/IHL secretariat, the Palestinian and the Israeli core partners.
- (10) Receiving written feedback from the stakeholders.
- (11) Preparation and submission of final report.

SELECTION OF SAMPLE CSOS

At present 24 CSOs have multi-year core funding contracts with the HR/IHL Secretariat.

The following table indicates the size and distribution of organisations in the suggested sample for individual interviews.

	Core partners	Sample	Non-core sample
In the West Bank	10	5	1
In East Jerusalem	2	2	1
In Gaza	4	4	
In Israel	8	4	1
	24	15	3

It is very difficult to define criteria for selecting the sample as each organisation is unique with its specific focus in its context and financial situation and not representative of others. However it will not be possible to meet all. The following dimensions have therefore been used when selecting a sample with as far as possible maximum variety in it.

- Different locations
- Size of organisations
- Duration as a core partner
- Orientation of work and thematic representation
- Addressing violations of various groups of rights holders

The team is eager to discuss and further adjust the composition sample in dialogue with the Swedish Consulate if needed. It is proposed that in some of the geographical areas all partners are interviewed as the number is limited i.e. in East Jerusalem and in the Gaza strip, while in the West Bank and Israel the following samples are suggested:

	Core partners	Sample	Non-core sample
In the West Bank	10	1. Al-Haq 2. DCI 3. PWWSD 4. JLAC 5. BADIL	Musawa
In East Jerusalem	2	1. HaMoked 2. Women Study Center	ATF
In Gaza	4	1. Al-Dameer 2. Al Mezan 3. PCHR 4. WAC	
In Israel	8	1. Adalah 2. B'Tselem 3. Breaking the Silence 4. Yesh Din	ACRI
	24	15	3

POTENTIAL KEY INFORMANTS TO BE CONSULTED

The following key informants are proposed:

1. In each of the selected CSOs interviews will be conducted with the Chairperson of the Board together with the Executive Director, as well as a separate interview with the Financial Manager.

2. Responsible Programme Managers/Officers in:
 - The Consulate General of Sweden
 - The Representation office of Denmark,
 - The Representation office of the Netherlands
 - SDC
3. Separate meetings will be conducted with the Secretariat Manager, Dr. Mustafa Mari, the Fund Manager, Emad Alhwaitat, the Finance and Administration Manager, Bashar Qara', the CSO Facilitator and Capacity Building Advisor, Rania Kutteneh of the HR/IHL secretariat in the West Bank and with the CSO Facilitator and Capacity Building Advisor, Jawad Harb Gaza and the Admin and Finance Officer, Rami Murad Admin and Finance Officer, of the Gaza office
4. The Executive Director of NDC and the former Programme Manager of the previous HR and Good Governance Secretariat
5. External informed persons e.g. Ibrahim Shammalah, UNDP Gaza, James Turpin OHCHR, PNGO in Gaza and the West Bank and one person from the HR/IHL secretariat's reference group in Ramallah.
6. Other donors providing core funding or similar; i.e. Diakonia, Kvinna till Kvinna and We Effect and Fadia Salfiti, National Programme officer for civil society and gender, the Swedish Consulate,
7. The Programme Director Khalil Ansara and the QA/Capacity development Director Marjo Nevala Löfkvist at NIRAS in Stockholm
8. Head of Institute of Law, Birzeit University
9. The focal point for oPt at Sida Stockholm, Camilla Redner
10. The consultant to the HR/IHL secretariat who developed its strategy and undertook the impact assessment of the previous secretariat
11. One or two financial auditors who have audited several of the core partners, e.g. PWC in Ramallah

Division of responsibilities and Proposed Work plan

DIVISION OF RESPONSIBILITIES

The team leader Cecilia Karlstedt has the responsibility for communication with the Swedish Consulate on technical issues, methods development, and data collection, meetings with donors, analysis and report writing. She will work closely with the

three national experts in different parts of the assignment. Waddah Abdulsalam will be responsible for planning the programme in the West Bank and East Jerusalem, facilitating group meetings, conducting interviews with the Palestinian CSOs in the West Bank and in East Jerusalem, partly together with Cecilia, as well as conducting joint analysis and report writing with her.

Smadar Ben Natan is the main consultant relating to the work with the Israeli core partners. She will plan, facilitate and conduct interviews and groups meetings with these partners, partly together with Cecilia, as well as contribute to the report and final presentations. Haneen Rizik will plan and facilitate all the meetings and interviews with CSOs and stakeholders in the Gaza Strip, conduct the meetings together with Cecilia and interpret if needed, take care of all logistics during the field mission to Gaza as well as contribute to the final reporting.

On the following page a detailed work plan for the assignment with joint and individual responsibilities is presented:

TENTATIVE WORKPLAN

Phase	Study Team Members			
	Cecilia	Waddah	Smadar	Haneen
Inception phase (January 27 – February)	3			
Internal planning and communication				
Start-up meeting with NIRAS				
Study of basic documents and framing the assignment				
Preparation and submission (Feb 11) of inception report				
Discussions with the Consulate General and finalisation of the inception report (approval Feb 27)				
Data collection/preparations (March 1- 15)	4	1	0,5	0,5
Desk study on good international practices				
Documentary studies				
Preparation of questionnaire and interview guides				
Setting up programmes for the three parts				
Interviews at NIRAS and Sida HO Skype interview with consultant (Mervat Rishmawi)				

Field work (March 15– 28)				
March 15: Travel to Palestine and Start up dinner meeting with Fredrik Westerholm, Swedish consulate	1	0,25		
March 16 Interviews at the HR/IHL secretariat Interview with James Turpin, OHCHR (pm)	1	1		
March 17: Joint interview with one WB CSO and the Palestinian East Jerusalem CSO Cecilia: interview with financial auditor (PWC?), evening	1	1		
March 18-19: Joint interviews with 4 Israeli CSOs in Tel Aviv (3 core and ACRI)	2		2	
March 18 – 19: Individual interviews with 4 CSOs in the WB		2		
March 20: 9.00 – 10.30 Focus group with the donor group on best international practise study Individual interviews with Denmark and Holland in Ramallah	1			
March 22: Joint interviews with 2 Israeli CSOs in Jerusalem	1		1	
March 23: Joint interview with WB CSO not receiving core Interview with NDC (WA) Interview with SDC in Jerusalem (CK) Interviews with Johan Schaar and Fredrik Westerholm Swedish Consulate (CK)	1	1		
March 24 -26 (Gaza): Joint interviews with 4 core partners + 1 not receiving core in Gaza, the HR/IHL secretariat + UNDP Gaza	3			3

March 24 -26 (Ramallah): Interviews with: QA person, Birzeit University, Institute of Law, Raja Shehadeh, IHL/HR Secretariat reference group Interview with one CSO not receiving core funding in Jerusalem		1,75		
March 27: a.m: Focus group with other donors providing core support or similar (Diakonia, Kvinna till Kvinna and We Effect) and Fadya Salfiti, Swedish Consulate p.m: Debriefing meeting with donors and HR/IHL secretariat	1	1		
March 29: Travel to Sweden	x			
Analysis and reporting (April – May)				
Drafting and submission (May 8) of report	5	5		
Seminars for discussions of findings (May 19 – 20)	2	1	0,5	0,5
Incorporating comments on draft report	1			
Submission of final report (June 5)				
	27	15	4	4

Annex 3 – List of persons met

Donors

Swedish Consulate General

Johan Schaar, Head of Development Cooperation

Fredrik Westerholm, Consul, Human Rights and Democracy

Swiss Cooperation Office Gaza and West Bank (SDC)

Ségolène Adam, Deputy Head

Terry Boullata, Senior Advisor

Royal Danish Representative Office

Miral Al Far, Programme Manager

Representation of the Kingdom of the Netherlands to the Palestinian Authority

Annemieke van Soelen, First Secretary - Policy Officer

UN Agencies

Office of the High Commissioner for Human Rights (OHCHR)

James Turpin, Acting Head of Office

UNDP Gaza,

Ibrahim Abu Shamala, Deputy Programme Manager, Rule of Law programme

HR/IHL Secretariat

Niras, Stockholm

Khalil Ansara, Programme Director

Marjo Nevala Löfkvist, QA team

Ramallah:

Mustafa Mari, Secretariat Manager

Emad Alhwaitat, Fund manager

Rania Kutteneh, CSO Facilitator and Capacity Building Advisor

Bashar Qara', Finance and Administration Manager

Raghda Shamali, Administrative Assistant

Gaza City:

Jawad Harb, CSO Facilitator and Capacity Building Advisor

Rami Murad, Admin and Finance Officer, Gaza

Lina Al Tunsie, Administrative Assistant,

HR/IHL secretariat's referece group

Jamil Salem, Head, Institute of Law, Birzeit University

Jessica Montell, Independent consultant

Core funded CSOs*The West Bank:**Al Haq:*

Shawan Jabarin, Executive Director

DCI:

Khaled Quzmar, General Director

Sukaina Khalawi, Coordinator

Sana Ansfour, Financial Manager

Women's Study Center:

Sama Aweidah, General Director

Niveen Massou, Finacial Officer

PWWSD:

Riham Halaseh, Deputy Director

Niaz Khaled, Financial Manager

JLAC:

Issam Arouri, Director

Tayser Arouri, Chairperson, Board of Directors

Badil:

Nidal Al-Azeh, Director

Loubna Shoumali, Financial Manager

*The Gaza Strip:**Al Mezan:*

Issam Younis, General Director

Mahmoud Abu-Rahma, Coordinator

Rose Al Azaiza, Accountant

Palestinian Centre for Human Rights

Hamdi Shaqqura, Deputy Director

Issa Sabaa, Member of the Board of Directors

Bassma El Misshan, Financial Manager

Rawan Abu Shala, Institutional Funding Officer

Rawan Saqqa, Accountant

Al-Dameer Association for Human Rights:

Khalil Abu-Shammala, Director General

Samer A. Mousa, Coordinator Legal Assistance Programme

Wael Al Qarra, Former Financial Manager

Women's Affairs Centre – Gaza:

Amal Syam, Director

Salima Zumani, Financial Manager

Rainia Baiso, assistant, reporting and monitoring officer

Israel

Yesh Din:

Neta Patrick, Executive Director

Edith Schlesinger, Chairperson, Board of Directors

Alexandra Vinokuro, Financial Manager

Breaking the Silence:

Yuli Novak, Executive Director

Micki Kratsman, Chairperson, Board of Directors

Adalah:

Rina Rosenberg, International Advocacy Director

Hassan Abu Hussein, Chairperson, Board of Directors

Ghassan Kharaoubeh, Finance Director

B'tselem:

Hagai El-Ad, Executive Director

Ety Dery, Chief Financial Officer

Sol Refael, Coordinator

HaMoked:

Dalia Kersten, Executive Director

Joshi Schwartz, Chairperson, Board of Directors

Curt Leova, Financial Manager

Previously core funded CSOs

ACRI:

Sharon Abraham-Weiss, Executive Director

Steven Beck, Director of International Relations

Tamar Feldman, Director of HR in the oPt Department

Musawa:

Ibrahim Bargouthi, Executive Director

Arab Thought Forum:

Abdel Rahman Abu Arafah, General Director

Previous NDC Secretariat

Jamileh Salieh, Grants Programme Manager

Resource persons

Fadiya Salfitti, Swedish Consulate General

Diakonia:

Ingrid Uddén, Regional Manager

Ghada Harami, Deputy Regional Manager

Safa' Abu Assad, Programme manager

Tony Tabban, Financial Manager

Kvinna till Kvinna:

Magnea Marinosdottir, Field Representative

Jenny Sundberg, Coordinator

IM/Soir:

Lillut Sarras, Country Representative

Randa Salhout, Financial Officer

SCI:

Mazen Hashweh

Annex 4 - Documents consulted

Internal and external documents, manuals, reports and formats by the HR/IHL Secretariat

Audited financial statements provided by interviewed CSOs

“Common Donor Secretariat for Support to NGOs in the Palestinian Territories”, Feasibility study, September 2004, J. Claussen, F. Daibes and H. Jarskog

“Harmonising Donor Practises for Effective Aid Delivery”, OECD/DAC Guidelines and Reference Series, 2003

“Defending Human Rights in the Occupied Palestinian Territory – Challenges and opportunities”, Friedrich Ebert Foundation, 2007

“Synthesis of Findings and Recommendations”, Advisory Group on civil society and aid effectiveness, 2008

“State of Civil Society 2013”, Civicus, J. Wood and K. Fällman

“Partnering with civil society, 12 lessons learned from DAC Peer reviews”, OECD 2012

“An Enabling Environment for Civil Society Organizations: A Synthesis of evidence of progress since Busan”, by the Civil Society Partnership for Development Effectiveness, 2013.

“How DAC members work with civil society organisations”, OECD, 2011

“Supportive to the core, why unrestricted funding matters”, Institute for Philanthropy, 2009

“Big on Opinions and tight on core funding”, S. Borren, Alliance Magazine, 2006

“Building Sustainability of civil society: Beyond resourcing”, Reflections from INTRAC staff and associates, INTRAC, 2014

“Just give ‘em the money: the power and pleasure of unrestricted funding”, K. Starr, Stanford Social Innovation Review, August 2011

“Core funding strategies, Guidance note No. 6.”, Bond, 2005

“Structured Dialogue, Technical Sheet – Aid modalities, Core funding/operating grants”, EC, 2012

“Strengthening civil society in Serbia and Montenegro Phase three,” Call for applications, Royal Norwegian Embassy in Serbia, February 2015

“Core support”, Sida’s intranet

“Donor strategies and practises for supporting civil society in the Western Balkans,” Balkan Civil Society development network, 2014

“UK Aid match Proposal form (for unrestricted funding)”, DFID

“Evaluation of Sweden’s support to civil society organisations in Tanzania”, Indevelop, 2014

“Evaluation of the Sida funded programme of core support and connected projects in Ukraine”, Indevelop, 2015

“Support to civil society: Emerging Evaluation lessons”, INTRAC, 2013

“Comparative review of donor approaches to unrestricted funding of CSOs”, INTRAC, 2014
 “Study on support to civil society through multi-donor funds”, INTRAC, 2014
 “Civil society policy and practises in donor agencies”, DFID/INTRAC, 2010
 “Impact Assessment of the Human Rights and Good Governance Secretariat in the occupied Palestinian territory”, February 2013, MDF Training & Consultancy
 “International Dialogue on Peace Building & Statebuilding; New Deal Building Peaceful States”, Third International Dialogue meeting
 “Effective Aid in the Occupied Palestinian Territories”, N. Ibrahim & P. Beaudet, 2012, Conflict, Security and Development, 12:5, 481 - 500

OEDC websites:

<http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>
<http://www.oecd.org/dac/effectiveness/45827311.pdf>
http://csoeffectiveness.org/IMG/pdf/final_istanbul_cso_development_effectiveness_principles_footnote_december_2010-2.pdf
<http://www.oecd.org/development/effectiveness/busanpartnership.htm>
<http://www.oecd.org/dac/effectiveness/busanadherents.htm>,
<http://www.oecd.org/development/effectiveness/countriesterritoriesandorganisationsadheringtotheparisdeclarationandadherents.htm>
<http://www.oecd.org/dac/governance-peace/conflictandfragility/iefs.htm>

web sites:

<http://zambiagovernance.org/types-of-support/grants/#>
 “Danish support to civil society”, Ministry of Foreign Affairs of Denmark,
<http://netpublikationer.dk>
<http://www.thefoundation.or.tz>
 “Awarded financial support for 23 civil society organisations in Macedonia”:
<http://www.cira.org.mk>
 “Accountability in Tanzania (AcT)”: <http://www.kpmg.com/eastafrica>
<http://www.kcsfondation.org>

Annex 5 - Monitoring Framework of Global Partnership for Effective Development

INDICATORS AND TARGETS

The set of global indicators (see table below) includes some indicators which are based on the previous indicators from the Paris Declaration that developing countries have identified as particularly important. Other indicators capture some of the broader dimensions of the Busan Partnership agreement.

INDICATORS	TARGETS FOR 2015
1. Development co-operation is focused on results that meet developing countries' priorities	
Extent of use of country results frameworks by co-operation providers	<i>All providers</i> of development co-operation use country results frameworks
2. Civil society operates within an environment which maximises its engagement in and contribution to development	
A preliminary assessment of CSO Enabling Environment building on qualitative, multi-stakeholder information	<i>Continued progress over time</i>
3. Engagement and contribution of the private sector to development	
A three-dimension index providing a measure of the quality of public-private dialogue	<i>Continued progress over time</i>
4. Transparency: information on development co-operation is publicly available	
Measure of state of implementation of the common standard by co-operation providers	<i>Implement the common standard</i> – All development co-operation providers are on track to implement a common, open standard for electronic publication of timely, comprehensive and forward-looking information on development co-operation
5. Development co-operation is more predictable	
(a) annual: proportion of development cooperation funding disbursed within the fiscal year within which it was scheduled by co-operation providers; and	<i>Halve the gap</i> – halve the proportion of aid not disbursed within the fiscal year for which it was scheduled (Baseline year 2010)
(b) medium-term: proportion of development cooperation funding covered by indicative forward spending plans provided at country level	<i>Halve the gap</i> – halve the proportion of development cooperation funding not covered by indicative forward spending plans provided at country level.
6. Aid is on budgets which are subject to parliamentary scrutiny	
% of development cooperation funding scheduled for disbursement that is recorded in the annual budgets approved by the legislatures of developing countries	<i>Halve the gap</i> – halve the proportion of development cooperation flows to the government sector not reported on government's budget(s) (with at least 85% reported on budget) (Baseline year 2010)
7. Mutual accountability among development co-operation actors is strengthened through inclusive reviews	
% of countries that undertake inclusive mutual assessments of progress in implementing agreed commitments	<i>All developing countries</i> have inclusive mutual assessment reviews in place (Baseline year 2010)
8. Gender equality and women's empowerment	
% of countries with systems that track and make public allocations for gender equality and women's empowerment	<i>All developing countries</i> have systems that track and make public resource allocations for gender equality and women's empowerment
9. Effective institutions: developing countries' systems are strengthened and used	
(a) Quality of developing country PFM systems; and	<i>Half of developing countries move up at least one measure</i> (i.e. 0.5 points) on the PFM/CPIA scale of performance (Baseline year 2010)
(b) Use of country PFM and procurement systems	<i>Reduce the gap</i> . [use the same logic as in Paris – close the gap by two-thirds where CPIA score is >=5; or by one-third where between 3.5 and 4.5] (Baseline year 2010)
10. Aid is untied	
% of aid that is fully untied	<i>Continued progress over time</i> (Baseline year 2010)

Annex 6 – Fragile State Principles



PREAMBLE

A durable exit from poverty and insecurity for the world's most fragile states will need to be driven by their own leadership and people. International actors can affect outcomes in fragile states in both positive and negative ways. International engagement will not by itself put an end to state fragility, but the adoption of the following shared Principles can help maximise the positive impact of engagement and minimise unintentional harm. The Principles are intended to help international actors foster constructive engagement between national and international stakeholders in countries with problems of weak governance and conflict, and during episodes of temporary fragility in the stronger performing countries. They are designed to support existing dialogue and coordination processes, not to generate new ones. In particular, they aim to complement the partnership commitments set out in the Paris Declaration on Aid Effectiveness. As experience deepens, the Principles will be reviewed periodically and adjusted as necessary.

The long-term vision for international engagement in fragile states is to help national reformers to build effective, legitimate, and resilient state institutions, capable of engaging productively with their people to promote sustained development. Realisation of this objective requires taking account of, and acting according to, the following Principles:

THE BASICS

- 1. Take context as the starting point.** It is essential for international actors to understand the specific context in each country, and develop a shared view of the strategic response that is required. It is particularly important to recognise the different constraints of capacity, political will and legitimacy, and the differences between: (i) post-conflict/crisis or political transition situations; (ii) deteriorating governance environments, (iii) gradual improvement, and; (iv) prolonged crisis or impasse. Sound political analysis is needed to adapt international responses to country and regional context, beyond quantitative indicators of conflict, governance or institutional strength. International actors should mix and sequence their aid instruments according to context, and avoid blue-print approaches.
- 2. Do no harm.** International interventions can inadvertently create societal divisions and worsen corruption and abuse, if they are not based on strong conflict and governance analysis, and designed with appropriate safeguards. In each case, international decisions to suspend or continue aid-financed activities following serious cases of corruption or human rights violations must be carefully judged for their impact on domestic reform, conflict, poverty and insecurity. Harmonised and graduated responses should be agreed, taking into account overall governance trends and the potential to adjust aid modalities as well as levels of aid. Aid budget cuts in-year should only be considered as a last resort for the most serious situations. Donor countries also have specific responsibilities at home in addressing corruption, in areas such as asset recovery, anti-money laundering measures and banking transparency. Increased transparency concerning transactions between partner governments and companies, often based in OECD countries, in the extractive industries sector is a priority.

THE ROLE OF STATE-BUILDING & PEACEBUILDING

3. **Focus on state-building as the central objective.** States are fragile when state¹ structures lack political will and/or capacity to provide the basic functions needed for poverty reduction, development and to safeguard the security and human rights of their populations. International engagement will need to be concerted, sustained, and focused on building the relationship between state and society, through engagement in two main areas. Firstly, supporting the legitimacy and accountability of states by addressing issues of democratic governance, human rights, civil society engagement and peacebuilding. Secondly, strengthening the capability of states to fulfil their core functions is essential in order to reduce poverty. Priority functions include: ensuring security and justice; mobilizing revenue; establishing an enabling environment for basic service delivery, strong economic performance and employment generation. Support to these areas will in turn strengthen citizens' confidence, trust and engagement with state institutions. Civil society has a key role both in demanding good governance and in service delivery.
4. **Prioritise prevention.** Action today can reduce fragility, lower the risk of future conflict and other types of crises, and contribute to long-term global development and security. International actors must be prepared to take rapid action where the risk of conflict and instability is highest. A greater emphasis on prevention will also include sharing risk analyses; looking beyond quick-fix solutions to address the root causes of state fragility; strengthening indigenous capacities, especially those of women, to prevent and resolve conflicts; supporting the peacebuilding capabilities of regional organisations, and undertaking joint missions to consider measures to help avert crises.
5. **Recognise the links between political, security and development objectives.** The challenges faced by fragile states are multi-dimensional. The political, security, economic and social spheres are inter-dependent. Importantly, there may be tensions and trade-offs between objectives, particularly in the short-term, which must be addressed when reaching consensus on strategy and priorities. For example, international objectives in some fragile states may need to focus on peacebuilding in the short-term, to lay the foundations for progress against the MDGs in the longer-term. This underlines the need for international actors to set clear measures of progress in fragile states. Within donor governments, a "whole of government" approach is needed, involving those responsible for security, political and economic affairs, as well as those responsible for development aid and humanitarian assistance. This should aim for policy coherence and joined-up strategies where possible, while preserving the independence, neutrality and impartiality of humanitarian aid. Partner governments also need to ensure coherence between ministries in the priorities they convey to the international community.
6. **Promote non-discrimination as a basis for inclusive and stable societies.** Real or perceived discrimination is associated with fragility and conflict, and can lead to service delivery failures. International interventions in fragile states should consistently promote gender equity, social inclusion and human rights. These are important elements that underpin the relationship between state and citizen, and form part of long-term strategies to prevent fragility. Measures to promote the voice and participation of women, youth, minorities and other excluded groups should be included in state-building and service delivery strategies from the outset.

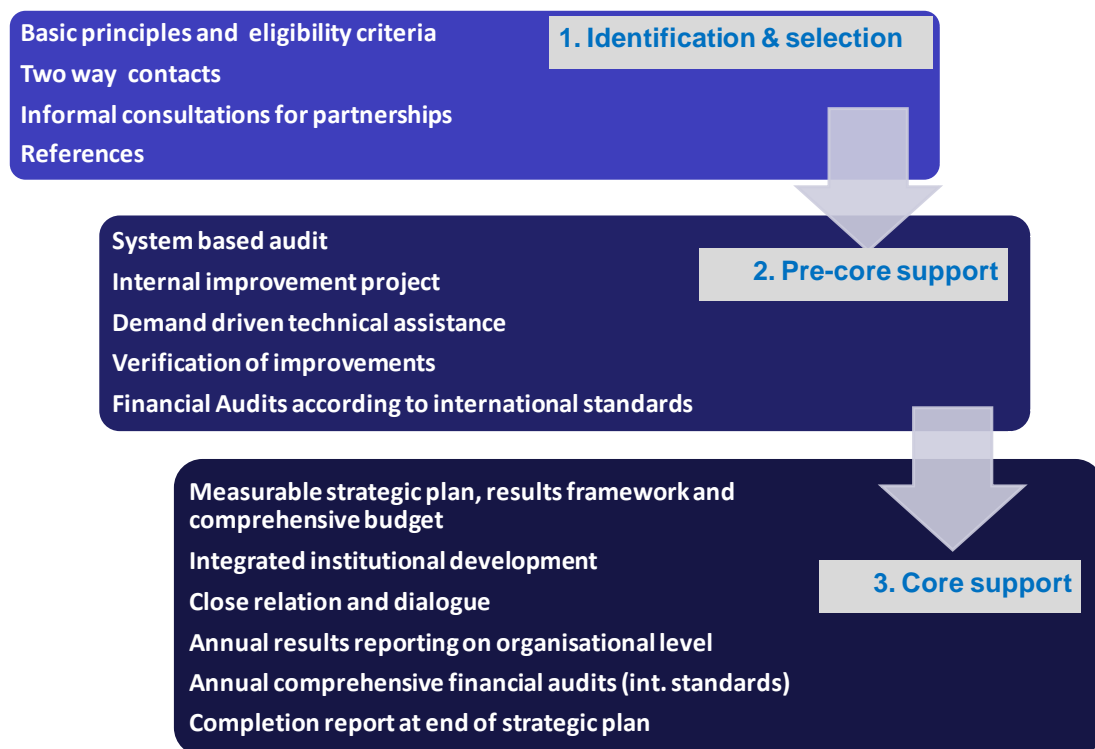
¹The term "state" here refers to a broad definition of the concept which includes the executive branch of the central and local governments within a state but also the legislative and the judiciary arms of government.

THE PRACTICALITIES

7. **Align with local priorities in different ways in different contexts.** Where governments demonstrate political will to foster development, but lack capacity, international actors should seek to align assistance behind government strategies. Where capacity is limited, the use of alternative aid instruments—such as international compacts or multi-donor trust funds—can facilitate shared priorities and responsibility for execution between national and international institutions. Where alignment behind government-led strategies is not possible due to particularly weak governance or violent conflict, international actors should consult with a range of national stakeholders in the partner country, and seek opportunities for partial alignment at the sectoral or regional level. Where possible, international actors should seek to avoid activities which undermine national institution-building, such as developing parallel systems without thought to transition mechanisms and long term capacity development. It is important to identify functioning systems within existing local institutions, and work to strengthen these.
8. **Agree on practical coordination mechanisms between international actors.** This can happen even in the absence of strong government leadership. Where possible, it is important to work together on: upstream analysis; joint assessments; shared strategies; and coordination of political engagement. Practical initiatives can take the form of joint donor offices, an agreed division of labour among donors, delegated co-operation arrangements, multi-donor trust funds and common reporting and financial requirements. Wherever possible, international actors should work jointly with national reformers in government and civil society to develop a shared analysis of challenges and priorities. In the case of countries in transition from conflict or international disengagement, the use of simple integrated planning tools, such as the transitional results matrix, can help set and monitor realistic priorities.
9. **Act fast ... but stay engaged long enough to give success a chance.** Assistance to fragile states must be flexible enough to take advantage of windows of opportunity and respond to changing conditions on the ground. At the same time, given low capacity and the extent of the challenges facing fragile states, international engagement may need to be of longer-duration than in other low-income countries. Capacity development in core institutions will normally require an engagement of at least ten years. Since volatility of engagement (not only aid volumes, but also diplomatic engagement and field presence) is potentially destabilising for fragile states, international actors must improve aid predictability in these countries, and ensure mutual consultation and co-ordination prior to any significant changes to aid programming.
10. **Avoid pockets of exclusion.** International actors need to address the problem of “aid orphans” – states where there are no significant political barriers to engagement, but few international actors are engaged and aid volumes are low. This also applies to neglected geographical regions within a country, as well as neglected sectors and groups within societies. When international actors make resource allocation decisions about the partner countries and focus areas for their aid programs, they should seek to avoid unintentional exclusionary effects. In this respect, coordination of field presence, determination of aid flows in relation to absorptive capacity and mechanisms to respond to positive developments in these countries, are therefore essential. In some instances, delegated assistance strategies and leadership arrangements among donors may help to address the problem of aid orphans.

The OECD Principles for Good International Engagement in Fragile States and Situations were formally endorsed by ministers and heads of agencies at the Development Assistance Committee's High Level Forum on 3-4 April 2007.

Annex 7 - The Swedish model for core Support in Ukraine



Annex 8 - Common other core donors to Israeli and Palestinian HR CSOs

Core donors	Palestinian CSOs	Israeli CSOs	Total
Open Society Foundation	5	4	9
Irish Aid	4	3	7
Sigrid Rausing Foundation	1	5	6
Christian Aid	3	3	6
EED/Bread for the World	3	2	5
Danchurch Aid	2	2	4
New Israel Fund		5	5
Norwegian Rep. Office	4		4
ICCO	3	1	4
Moriah fund		4	4
Medico International	1	2	3
Norwegian Embassy		3	3
Misereor	1	1	2
Trocaire	1	1	2
CAFOD	1	1	2
CCFD		2	2
Save the Children	2		2
Norwegian MoFA		2	2



Effectiveness of core funding to CSOs in the field of human rights and international humanitarian law in occupied Palestine

The study commissioned by the Swedish Consulate General in Jerusalem reviews the effectiveness of a core funding modality, supporting Palestinian and Israeli human rights organisations. The study concludes that core funding is very important for human rights CSOs working in the volatile and unpredictable conflict context of Israel and Palestine. To have flexible and predictable long term funding for their programmes as defined in their strategic plans and for immediate reactions is fundamental. Core funding also provides stability for staff and means for institutional development and piloting new ways of working. The joint mechanism has played an important role in providing core funding during 10 years to this group of CSOs. The highly competitive environment for funding has however pushed the CSOs into increasingly fragmented and less predictable financing with a multitude of sources. Each CSO manages 15 to 20 grants per year, each with different requirements. This is a major problem for aid effectiveness and in contrast to donor commitments. The donor consortium's reduction of funding levels has contributed to funding gaps for the CSOs which need to be filled by spending more management time on fundraising and resulting in increased numbers of projects. Hence, the intended efficiency gains remains to be realised. The study recommends a revised approach with full alignment to the CSOs, if possible increased core support and a deeper partnership approach with closer engagement with the core partners in the field.

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: S-105 25 Stockholm, Sweden. Office: Valhallavägen 199, Stockholm

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

E-mail: info@sida.se. Homepage: <http://www.sida.se>

