

TIED AID?

RESTRICTING FUNDING TO DAC DONOR CSOs CAMPAIGN SUMMARY

BACKGROUND TO TIED AID

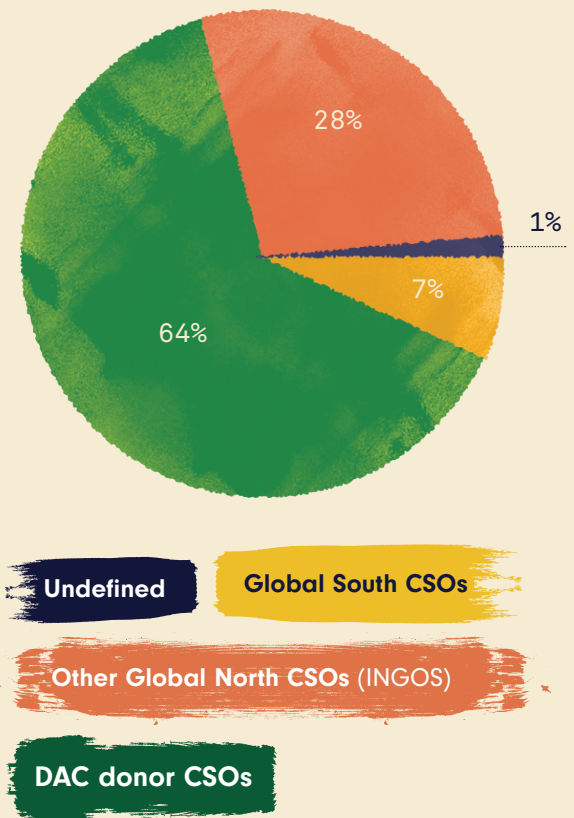
In 2001, the world's largest providers of funding for foreign aid, or Official Development Assistance, the Organisation for Economic Cooperation and Development – Development Assistance Committee (OECD DAC) **committed themselves to untying aid**. OECD DAC donors are almost entirely from North America and Europe. However, to this day, aid to Global South civil society continues to be restricted using various formal and informal practices by Global North governments.

KEY DEFINITIONS

TIED AID : The official definition of tied aid from the OECD is “official grants or loans that limit procurement to companies in the donor country or in a small group of countries.” Put simply, this means that a given OECD DAC donor only allows goods and services (for instance a contract to deliver a project) to be purchased or procured from organisations from their own country.

UNTIED AID: Removing the legal and regulatory barriers for more direct funding to move to from OECD DAC to Global South CSOs directly without restrictions to procurement.

DIRECT FUNDING FROM OECD DAC DONORS TO CSOs



WHAT'S THE PROBLEM?

There is a little-known **EXCLUSION** from the rules on tied aid that allows OECD DAC member states to classify funding to their own CSOs as untied if it is core support. Regardless of whether this funding can be officially designated as tied, more than 90% of all OECD DAC member countries' civil society support goes to CSOs from their own countries and other Global North CSOs. **Meanwhile, less than 10% goes to CSOs in partner countries in the Global South.**

WHY IS FUNDING CONCENTRATED IN OECD DAC CSOs?

- ≠ Structural racism and related issues to do with lack of trust and negative perceptions of Global South civil society
- ▮ Privileging of donor-country CSOs to support the continued growth of domestic economies.
- ⚖ Legal and technical barriers that prevent DAC donor governments from directly funding Global South organisations

WE BELIEVE THIS RUNS COUNTER TO THE SPIRIT OF THE COMMITMENT TO UNTIE AID, EVEN IF NO RULES ARE BEING BROKEN.

WHAT CAN BE DONE?

Many DAC donor governments will argue that although less than 10% goes directly to GS CSOs, a much larger percentage **passes 'through' their own domestic CSOs to fund Global South civil society**. But this is not enough: it is not only the amount of funding that matters – the **quality** and **mechanisms** also matter!

OUR CAMPAIGN CALLS TO ACTION



1 REVISE

the existing definition of tied aid to close existing loopholes that privilege DAC donor CSOs



2 INCREASE

direct, high-quality funding to Global South CSOs.



3 ADAPT

procurement and compliance processes to remove any further barriers to this direct funding



4. RE-EVALUATE

fundamentally problematic assumptions related to trust and accountability that prevent DAC donor governments from providing direct funding to Global South CSOs.

RELATED INITIATIVE

In 2021, the OECD DAC adopted a Recommendation on Enabling Civil Society. The Recommendation breaks new ground by committing to:

1. Respecting, protecting and promoting civic space;
2. Supporting and engaging with civil society; and
3. Incentivizing CSO effectiveness, transparency and accountability

DAC DONORS CANNOT BOTH COMMIT TO THE NEW OECD RECOMMENDATION AND STILL MAINTAIN SOME FORM OF TIED FUNDING TO THEIR OWN DOMESTIC CSOS!

TO GET INVOLVED OR TO LEARN MORE, CONTACT THE GLOBAL FUND FOR COMMUNITY FOUNDATIONS AT XXXXX.