Introduction
The exercise of aid dispensation from its conceptualisation to its actual handout is a complex and long process. Democratising this entire system is a challenge that the Civil Society Organisations (CSOs) are expected to embark on through public debates and accountability measures. They often educate youth and other sections of society on aid and development issues. CSOs advocate for more and better Official Development Assistance (ODA), and hold governments to account on their development commitments. Development Assistance Committee (DAC) members involve CSOs at a deeper level and consider them as major actors of sustainable international development cooperation. DAC countries and agencies have leveraged the strengths and experiences of CSOs in advancing development partnerships across different countries. The quanta for partnerships have expanded and the destinations have diversified.

There has been a significant expansion in the size and role of CSOs at the global level. Their activities have branched out and CSOs are now seen as solution providers to many economic and socio-political problems. Stimulating public debate and accountability along with proximity to beneficiaries and the ability to respond swiftly in humanitarian crises are important comparative advantages of CSOs. Northern donors have collaborated actively with the CSOs to promote the idea of development assistance. CSOs on their part have strengthened high quality expertise in diverse sectors ranging from water and sanitation, microfinance, health to capacity building and training. They have garnered experience by working at the grassroots level and have developed approaches which are innovative and impactful. Such diverse and detailed initiatives undertaken by CSOs have made them key assistance partners for DAC countries and significant actors in the
development discourse. They have varied roles in development cooperation, and have different approaches based on different models of development practice.

DAC collects data on two types of development financing related to CSOs. Under the first heading, known as core support, DAC collects data on development funds provided to CSOs and other private bodies, including contributions for financing the projects undertaken by these very organisations. In a separate collection of data, the DAC members aggregate development funds channelled through Non-government Organisations (NGOs) and other private bodies for these organisations to implement donor-initiated projects. This type of data collection activity falls under the category of earmarked funding. According to DAC statistics, in 2009, DAC members (excluding the European Union institutions) allocated US$ 15.5 billion to NGOs. DAC members provided around five times more aid to NGOs based in their countries (national NGOs) than to international NGOs and local NGOs in developing countries. Just over two-fifths of DAC members allocated more than 20 per cent of their bilateral funding to or through NGOs and just less than a fifth allocated three per cent or less. To get an even clearer picture of the aid flows for CSOs, the DAC members initiated a third category of data collection in 2010. This was termed as ‘aid allocated directly to developing country-based CSOs’.

Culmination of data under these three headings leads to the following figures. ODA channelled from DAC members to and through CSOs has been consistent over the past few years, although there are significant differences across the DAC countries. DAC members in 2011 allocated US$ 19.3 billion of ODA to and through CSOs compared to US$ 17.3 billion on average over the period 2008-2011. The equivalent of 14.4 per cent of DAC members’ total ODA was channelled to and through CSOs in 2011. On an average ODA by DAC members to CSOs is 17 per cent, ranging from Ireland’s 38 per cent to one per cent by France. Most of the growth in DAC’s ODA allocation to CSOs is seen in the funding for service delivery, e.g. in health, education and water & sanitation to meet the MDGs.

At present, a lot of official government funding is channelled through CSOs in the donor countries with the objective to strengthen civil society in developing countries; however there has been a shift in focus from donor CSOs to local CSOs in the partner countries, but the majority of funding is still controlled by CSOs in the North. International support to civil society in the South has grown considerably in the last few decades, most of the support has been - and still is - channelled through Northern/International NGOs, but donors are increasingly also providing direct support to CSOs in the South, through various modalities.

**Southern CSOs in Emerging Economies**

The CSOs in Southern economies played important role with respect to development cooperation. Providing services to the excluded and the unreached, including humanitarian assistance is one of the important tasks that have been undertaken by the CSOs in India. From undertaking pilot projects to designing and up-scaling innovations in participatory development practices to facilitating women’s empowerment and youth leadership are the few areas of their engagements. CSOs also assist in promoting active citizenship and mobilising specific development entitlements. They have also undertaken process documentation and have monitored various programmes in fellow developing countries.

It is imperative for the South to involve CSOs at much deeper level in order to leverage
their strengths. The focus should be such involvement on improving the performance and competitiveness of specific sectors, such as poverty reduction, grassroots development, health, education and ultimately economic growth. CSOs have become significant providers of social services in some developing countries and have even influenced the development discourse. BRAC (the largest non-governmental organisation in the world) in Bangladesh, is an excellent example of development cooperation channelised through CSOs. CSOs can be seen as an encouraging radiance across the political spectrum focusing on participation and empowerment. However, CSOs in emerging economies face several challenges. Presently, the developmental engagements are confined Government-to-Government with limited inclusion of the private sector and rare involvement of CSOs. Legal and policy frameworks in many developing countries are impediments to the international cooperation of the CSOs. In countries of the global South, development cooperation more often is considered as the part of their Foreign Policy. This makes the government less open to dialogues with CSOs. Of late, the investment in South-South Cooperation by middle income countries has increased manifold. Despite such growth in investment, very few have funding windows to support CSO-led initiatives. One of the major challenges is the lack of funding; government support to CSOs in terms of funds and grants is substantially low in developing economies. Almost all funding for local and national CSOs in the developing countries comes from foreign donors; for instance Kenya, where only 1 per cent of CSO funds are channelled from the Kenyan government, either at national or local level.

Although it is difficult to replicate the experiences of DAC donor agencies and their engagements with Northern CSOs in the South as North-South Cooperation and South-South Cooperation differ in their objectives, principles and geographic distribution but it is important to learn and leverage from the experiences of DAC agencies. There is lack of an enabling network in many areas for the civil society to work closely with the government and promote the idea of international cooperation. There are also certain impediments that CSOs face in terms of expanding their work outside their home country. In this regard, the major issue is of services and relaxations granted to CSOs by the host government working abroad for development cooperation. In many developing economies the current tax framework for CSOs is not encouraging. The underlying prejudice of viewing CSOs in some emerging countries as government subcontractors and not as development actors is one of the major challenges.

Lessons from DAC Experience

DAC members value CSOs as partners, when the latter have grassroots knowledge of needs in developing countries; expertise in specific sectors, knowledge of public opinion and themes relating to fighting poverty and environmental degradation, improving public governance and making international policy more development friendly. DAC members work closely with CSOs for varied reasons. In a major survey carried out by OECD-DAC in 2011, 14 out of 26 DAC members claimed that the objective of working with CSOs was to reach a specific development objective linked to service delivery and 19 out of 26 DAC members considered CSOs to be valuable development partners owing to their proximity to the beneficiaries. The proximity to the beneficiary factor weighed in heavily with 19 members, who claimed it to be of very high importance while the rest seven categorised it as an important factor. Close
proximity factor was again palpable when 16 DAC members affirmed to CSO’s usefulness in providing humanitarian assistance quickly. CSOs capacity of providing support in fragile states and situations helped garner 15 positive responses by DAC members in considering CSOs to be valuable development partners.¹⁸ 19 DAC members were of the opinion that it is very important or important to support NGOs in order to strengthen civil society (term used in the survey was “enhance NGOs’ own capacity”). This was in line with the Advisory Group’s recommendation that donors should consider the overall strengthening of civil society as an objective worth supporting in its own right.⁹

A significant share of bilateral ODA is channelised through CSOs. Table 1 showcases various facets and levels of engagement that DAC countries have with CSOs at diverse levels. According to various DAC peer reviews, Sweden contributed around 27 per cent of bilateral ODA, to and through CSOs, while Norway channelled well over 30 per cent of its development assistance through CSOs. In comparison, Germany allocated a modest 5-6

<table>
<thead>
<tr>
<th>Countries</th>
<th>Share of Bilateral ODA (%)</th>
<th>% Share of Assistance to CSOs</th>
<th>Policy Focus</th>
<th>Support to and through CSOs</th>
<th>Nodal Agency</th>
<th>Basis and Format of Reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany (2010)</td>
<td>12</td>
<td>5-6</td>
<td>Human rights, biodiversity and climate change</td>
<td>993</td>
<td>BMZ, GTZ</td>
<td>FFO/ BMZ: Contract</td>
</tr>
<tr>
<td>Sweden (2013)</td>
<td>26</td>
<td>27</td>
<td>Humanitarian assistance, health, water, urban development</td>
<td>777</td>
<td>SIDA</td>
<td></td>
</tr>
<tr>
<td>Norway (2008)</td>
<td>27</td>
<td>30</td>
<td>Climate change, energy, education and research, maternal, child and women’s health</td>
<td>863</td>
<td>NORAD: Directorate under MFA</td>
<td>Results framework and contracts</td>
</tr>
<tr>
<td>USA (2011)</td>
<td>24 (Incomplete reporting)</td>
<td>Does not report</td>
<td>Poverty reduction and grassroots development</td>
<td>6239 (Incomplete reporting)</td>
<td>USAID, The Department of State</td>
<td>Results framework</td>
</tr>
<tr>
<td>Japan (2010)</td>
<td>2</td>
<td>3</td>
<td>Capacity building</td>
<td>321</td>
<td>MOFA, JICA</td>
<td>Contract</td>
</tr>
<tr>
<td>UK (2010)</td>
<td>14</td>
<td>16</td>
<td>Health, education and urban management</td>
<td>1068</td>
<td>DFID</td>
<td>Results framework and contract</td>
</tr>
<tr>
<td>Canada (2012)</td>
<td>20</td>
<td>17</td>
<td>Poverty reduction, HIV/AIDS, capacity building</td>
<td>639</td>
<td>CIDA</td>
<td>Results framework</td>
</tr>
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Source: DAC peer reviews (for different years).
percent of its ODA through CSOs to recipient countries. The donor countries have different procedures and approaches for working with CSOs which vary widely in their nature and focus. Each donor country has a nodal agency which works as a platform for advancing funds to CSOs, and carrying out evaluation and monitoring mechanisms for the same. Most of the CSOs are asked to follow a result contract framework but some countries have different reporting mechanisms. Education, health and poverty reduction remain to be the key areas of most of the CSOs working in developing countries.

Despite the major share of ODA flowing to and through CSOs, there are a few shared guidelines, benchmarks or documented good practices that DAC members can follow when partnering with civil society. DAC peer reviews provide recommendations, evidence and examples of how different members can work with CSOs, the challenges they face and good practice. Table 2 highlights the 12 most important lessons on how DAC members should partner with CSOs. Although CSOs are more flexible, democratic and have grassroots knowledge, coordination between DAC members and their respective CSOs can be a challenging task. Despite being recognised as an important channel for promoting international aid by donors, it is imperative to form a strategic framework which would increase the effectiveness and gain efficiency.

According to the OECD report, these 12 lessons are based on evidence and experience, and identify common ground for dialogue.

Table 2: DAC Roadmap for Engagement with CSOs

<table>
<thead>
<tr>
<th>No.</th>
<th>Lessons</th>
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<tbody>
<tr>
<td><strong>The Strategic Framework</strong></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Have an evidence based, overarching civil society policy</td>
</tr>
<tr>
<td>2</td>
<td>Strengthen civil society in developing countries</td>
</tr>
<tr>
<td>3</td>
<td>Promote and support public awareness raising</td>
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<tr>
<td>4</td>
<td>Choose partners to meet objectives</td>
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<tr>
<td>5</td>
<td>Make policy dialogue meaningful</td>
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<tr>
<td><strong>Delivering Effective Support</strong></td>
<td></td>
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<tr>
<td>6</td>
<td>Respect independence while giving direction</td>
</tr>
<tr>
<td>7</td>
<td>Match funding mechanisms with the purpose</td>
</tr>
<tr>
<td>8</td>
<td>Minimise transaction costs</td>
</tr>
<tr>
<td>9</td>
<td>Build strong partnerships with humanitarian CSOs</td>
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<tr>
<td><strong>Learning and Accountability</strong></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Focus reporting on results and learning</td>
</tr>
<tr>
<td>11</td>
<td>Increase transparency and accountability</td>
</tr>
<tr>
<td>12</td>
<td>Commission evaluations for learning and accountability</td>
</tr>
</tbody>
</table>

Source: OECD (2012).
and action while respecting the distinctive objectives and roles of official donors and CSOs as these lessons focus on how DAC members and CSOs can create stronger and balanced partnerships to reach common development goals.

**Evaluation and Assessment**

DAC members are responsible for monitoring and accounting of ODA expenditure, and reporting on the results achieved including the ODA provided to CSOs. Most CSOs are usually required to report using a template provided by the donor; some have to provide analytical reports, and a few have to go through evaluations done by external experts. The United Kingdom’s Department for International Development (DFID) and Swiss Agency for Development Cooperation (SDC), for example, are open to accepting reports submitted to other donors whereas in Switzerland, CSO reports can serve different funding partners as long as reports are analytical, contextualised and provide relevant information (including difficulties and challenges faced) on progress of the project. Generally, government pays higher attention towards managing relationships with development partners including recipient countries, multilateral agencies and CSOs while evaluation of performance of individual projects and programme grants is pushed down the priority list.

Norway has taken some initiatives to counter this problem, as its Ministry of Foreign Affairs (MFA) undertakes supervision of project funding while the Norwegian Agency for Development Cooperation (NORAD), is in the process to develop a long-term framework agreement with large Norwegian CSOs to assess the evaluation management capacities and monitoring mechanisms. The local capacity development work is found to be largely dependent on CSOs’ capacity, commitments and resource allocation to development activities. The DAC peer review for Norway (2008) mentions that currently programme managers are responsible for mainstreaming, which is determined by organisation’s preference and capacity, while it is recommended to share lessons across government agencies where mainstreaming has been effective.

The extent to which CSOs and government are interlinked in the implementation of the development cooperation are usually determined by following project specific rules and requirements covering monitoring, evaluation and audit practices. For instance, BMZ (German Federal Ministry for Economic Cooperation and Development) insists on providing annual progress and financial reports from its recipient CSOs. BMZ also has the discretion to inspect account and transaction records of the CSOs at any time during programme implementation.

The DAC peer review for the USA (2011) mentions that the USAID works with the CSOs from America as well as from developing world. This review also mentions that the choice of CSOs very much depends on the nature of the government in the particular country. USAID’s global programme on Enabling Legal and Policy Environment for Civil Society seeks to establish legal and regulatory frameworks that protect and promote civil society and civic participation and consists of three separate but inter-related project activities.

International Development Research Centre (IDRC) has an impressive system of monitoring and evaluation of programmes. IDRC’s Evaluation Department balances its time between its roles of accountability and research. Through its evaluation research, IDRC has been influential globally in promoting innovative techniques. IDRC’s Board reviews this work, along with the work of IDRC’s communications and internal audit. The board includes international experts and scientists who provide insights in each area of
the programmes with technical consultations. Each programme has to go through internal and external monitoring and evaluation procedures. On similar lines, the Civil Society Department (CSD) of Department for International Development (DFID) has carried out a Civil Portfolio review in 2009-10 to evaluate the scale and impact of engagement with civil society. The format looks into the funded projects and their management along with the results delivered.

In case of Japan also, there are various CSO funding schemes, some run by the Ministry of Foreign Affairs (MOFA) and some by Japan International Cooperation Agency (JICA), the DAC peer review for Japan (2010) mentions about the new government which has expressed interest in escalating CSO involvement highlighting their comparative advantage in many cases. MOFA has announced a five year plan called “Vision for CSO Capacity Building and Collaboration” to promote and strengthen partnerships with Japanese CSOs with the objective of increasing CSO participation.

### Emerging Dynamics and Engagements

Northern agencies have often seen CSOs as service providers for diverse projects; they have been regularly involved in the design and implementation of various approaches initiated by the DAC donors. Some of the agencies which have deeply engaged with the CSOs are given below.

**Agence Française de Développement (AFD)** has been working in partnership with civil society organisations since the beginning of 1990s. These partnerships came about during the implementation of projects and programmes, in the agricultural and urban development sectors for example, and have gradually been reinforced and extended to sectors such as health, education and the environment. AFD recognises CSOs’ “right of initiative” and independence. It consequently contributes to financing projects and programmes initiated by French NGOs. In 2011, AFD was allocated a €42 million budget for this purpose by the Ministry of Foreign and European Affairs.¹⁶

In 2007, AFD had also set up a new instrument to finance projects and programmes initiated by the international solidarity organisations which was known as “The Sectoral Innovation Facility for NGOs”. Under this instrument, two or three calls for proposals were launched on topics jointly defined by AFD’s sectoral departments and non-governmental organisations represented by coordination suds (French National Platform of international solidarity NGOs) aiming to mobilise NGO support for AFD’s priority issues, while exploring their capacity to innovate.¹⁷

As per the commitment from the French government, AFD has continued to increase funding for civil society organisations. The Agency granted €48.7 million to 56 French NGOs, for an average of €667,000 each, to finance 73 projects. 80 per cent of the organisations receiving funds were small to medium-sized, having total revenue of less than €15 million. Three-quarters of this funding (€36.5 million) went to in-country projects. These included multi-organisation programmes in Algeria, Guinea, and the Republic of Congo, where funding aimed to strengthen civil-society capacity and its participation in public policy design. The year 2013 saw a steep change in dialogue between AFD and civil society, as the Agency's governing board adopted its first multidisciplinary civil-society intervention framework, the result of discussions between the Agency and several NGOs.¹⁸

**Japan International Cooperation Agency (JICA)** is the nodal agency for Japan responsible for international cooperation and development, while the assistance of JICA
is basically on a government-to-government basis, in recognition of the importance of the roles of Civil Society Organisations for the nation building and human development; however, JICA has been working with NGOs in various ways. JICA launched a Partnership Programme in 2002 to increase the role of CSOs in their development activities. This is a technical cooperation programme implemented to contribute towards the social and economic development at the grassroot level, in collaboration with partners in Japan. Many Indian CSOs are working in collaboration with a Japanese partner as part of this programme. Some of the examples include “Vocational Education Support for Visually Impaired”, this project is being implemented by University of Tsukuba and National Institute for the Visually Handicapped/National Association for Blind in Gujarat and Uttarakhand. An Indian CSO Asha and a Japanese organisation Sam Higgimbotton are undertaking a joint project on “Improvement of Integrated Mother and Child Health” by collaboration between rural health volunteers and government health staff in Uttar Pradesh. Another project, viz. “Regional horticulture Promotion Project”, is currently being implemented by Miyazaki International Volunteer Centre (MIVC) and Dr. Graham’s Homes (DGH) in West Bengal.

These working experiences with the CSOs include augmentation of project activities, participation in JICA studies and research, and sending Japanese Volunteers to the partner country. In addition to these collaborations, JICA has also been providing direct support to CSOs through different programmes.

The Department for International Development (DFID) is a prime agency for the UK to reduce global poverty. DFID engages with CSOs through a range of UK- and country-based mechanisms, and the major funding schemes are set out in different ways. These have a variety of purposes and operate in different situations. Some UK-based schemes, such as the Civil Society Challenge Fund and the Development Awareness Fund, allow DFID to provide project funding linked to the achievement of highly specified criteria. Whereas others, such as Partnership Programme Agreements and Strategic Grant Agreements are administered from the UK and provide funding for more strategic purposes.

DFID funds CSOs through the mechanism of Programme Partnership Arrangements (PPAs). In the period 2011-2014, DFID had pledged £120 million a year to 41 organisations worldwide, with grants ranging from £151,000 to £11 million. Through the PPAs, DFID supports CSOs that share its objectives and have strong delivery capacity. DFID claims to provide CSOs with ‘unrestricted’ funding, giving them the flexibility to follow agreed strategic priorities. While much of DFID’s work in India is through national and state governments, DFID also works with CSOs. DFID plans to spend 2 per cent of its aid budget through CSOs every year. It funds two programmes – the Poorest Areas Civil Society Programme (£25 million from 2009-14) and the International NGOs Partnerships Agreement Programme (£20 million from 2009-14). In Orissa the social audit was led by a CSO without the cooperation of local government.

Swedish International Development Agency (SIDA) is the nodal agency for Swedish Ministry of Foreign Affairs, responsible for the bulk of official development assistance to developing countries. SIDA supports civil society actors as they have a key role in reducing poverty, contribute to democratic development and increase respect for human rights (SIDA 2012). A significant part of SIDA’s support goes to development cooperation conducted by the civil society through the framework organisations, strategic partner organisations, and through special
support for democratisation and freedom of expression, among other things. Sida provides direct support to Swedish, international and national/local organisations for the implementation of SIDA’s cooperation strategy in various countries and regions.23

The CSO community has enriched its global footprint with its rich contributions all over the world. As discussed earlier, they are not new to this scene; however with the Accra agenda for Action (2008), their role and horizon has expanded multifold. It is imperative that the CSO community should not be seen as mere project partners in the process. They might also play an important role in establishing and strengthening people to people contacts, which actually is the key spirit if not the main objective of the development cooperation. They may prevail in areas where governments may not always be very successful. There are also possibilities that the CSOs which are open and absorptive could bring back certain practices and experiences which may in turn benefit donors’ own development efforts.

Way Forward
In the background of the foregone discussion it becomes clear that CSOs appear to be an essential development actor in elevating the potency of development compact. They are now progressively being recognised as key actors upholding issues of democratic supremacy and equitable development. In many countries they face institutional, legal and political challenges to operate, but on the other side, many countries have adopted a model that de-institutionalises the aid structure, setting up parallel administrative apparatus for effectual development cooperation. One such apparatus is the involvement of CSOs in promoting aid infrastructure abroad.

Along with the emergence of CSOs as development partners, the debate has also hovered around the legitimacy and accountability of CSO participation. DAC members have developed impressive mechanisms for monitoring and evaluation of the ODA transferred to CSOs and service delivery. Evaluations may include sectoral, thematic or meta evaluations that look at examining types of support and overall impact rather than focusing on the evaluation of projects or the activities of single CSO.

Developing countries can utilise the valuable skills, expertise and experience of the CSOs to overcome development challenges and replicate similar development projects in partner countries as there are strong similarities in the objectives and the mandates of South-South Cooperation and Southern NGOs. This can help Southern economies to establish more effective partnerships with CSOs and understand the CSO environment, the potential contributions of various development actors and their priority programmes both in the recipient country as well as in their own.

On similar lines, the Indian government can evolve methods to engage with CSOs (including Indian, international and local in partner countries) to capitalise on this unexplored pathway of development cooperation. A demand-driven project based approach can be suitable for the partnership emerging under the framework of South-South Cooperation (SSC). Learning from the experience of OECD-DAC countries, a well-defined monitoring and evaluation arrangement under a robust framework will help raise the effectiveness of Indian development assistance efforts. However, it is pertinent to note that the Indian government’s engagement with CSOs dates back to 1956. The First Five Year Plan in India recognised CSO participation as the most effective way of enlisting public cooperation in the process of economic development. In 1956, a separate public cooperation division was set up within the Planning Commission to identify the scope and scale of engagement of CSOs in...
various development programmes, and to evolve methods and techniques towards this end. Also in the First Five Year Plan a National Advisory Committee (NAC), which included leading CSOs of that time, was established under the Prime Minister’s chairmanship as a way for the government to emphasise public cooperation in the planning process. Though there has been a paradigm shift in the way the CSOs carry out their activities, in 1950s the focus was not on how much money would be provided for CSOs, but rather on how well voluntary contributions in terms of labour and in-kind support might supplement the plan’s resources. In the first plan the monetary equivalent of the contribution made by the people in the shape of voluntary labour, cash and kind was roughly estimated at INR 200 million. Since then CSOs have proliferated and movement now is in a completely opposite direction. CSOs’ dependence on government and other external sources for budget and activities has greatly increased. This is not the place to explain the evolution of the Indian CSO sector but it is interesting to note the stark contrast between the current state of play and that in 1956. Most CSOs are now fully or partially dependent on grants from central or state governments, so much so that between 2003 and 2009 the central government gave CSOs Rs. 4.7 billion.

In some instances, Indian development assistance has stalled as a result of several associated impediments. CSOs may be unsure of exactly what to expect in the current framework, which has stopped many of them opening operations beyond India’s borders. One of the main obstacles is the legislative framework and the broad scope for interpretation that it offers. Criteria for assessment are very vague and opaque. In this context, the case of the Bharata Kalanjali Trust (BKT) came before the Income Tax Appellate Tribunal (ITAT) in Madras. The trust’s aim was to promote Indian classical and folk arts, particularly Kathakali (classical dance). BKT was invited to give dance performances by the government of Nigeria, a request passed on by the Indian government. Accordingly, BKT artistes travelled and performed. It involved process spending of Rs. 10.5 million, which was duly reimbursed by the government. The income tax officer took a view that the BKT trust deed did not imply promotion of dance outside India, hence any expenditure not incurred in India would not qualify for any kind of exemption; therefore, the BKT tax assessment for the 1983 year should be recomputed with no exemption on this expenditure. BKT’s appeal against this ruling was turned down by the tax commissioner and the matter ultimately appeared before ITAT. The case lasted for more than seven years; in the end ITAT ruled in favour of BKT on the premise that the money in question was actually paid to the Travel Corporation of India, which was a domestic expenditure. Section 11(1) (c) (ii) provides that income applied outside for a purpose such as that of BKT is exempt from tax provided the trust was created before 1 April 1952, subject to the approval of the Central Board of Direct Taxes (CBDT).

Episodes, such as that, do not inspire CSOs to expand their frontiers beyond India. Similarly, on the face of it there is no restriction under the Foreign Contribution Regulation Act (FCRA) on expanding activities outside India. In fact Rule 9 of the FCRA (2011) allows the opening of overseas secondary bank accounts subject to permissions from CBDT and India’s Reserve Bank (RBI). However, it is an drawn process and according to several CSOs is less transparent. Even some bigger organisations face challenges. For instance, the Industrial Development Bank of India (IDBI) was encouraged to play an active role in instituting modalities for establishing a SAARC Regional Council of Development Financing Institutions to manage a US$ 5 million fund to finance identification and development of regional projects. The fund
was made up of proportionate contributions from member states. Due to restrictions on money transfer and accounting, however, the matter did not move forward.24

Another emerging area with recent rulings in respect of the Corporate Social Responsibility by the Ministry of Corporate Affairs through the Company’s Act has immense potential. Emergence of different foundations with the backing of industrial houses and Public Sector Undertakings and their engagements with CSOs on a local level is expected to increase in the near future. Their role can be integrated to government’s plans, policies and development objectives.

There are certain lessons which can be learnt from DAC members in terms of deeper engagements with CSOs, the first and foremost objective should be to have an evidence based overarching civil society policy which clearly lays down objectives and a set of principles to guide CSOs on their engagement mechanism. A two way communication is required for effective delivery of outputs; CSO community should also be involved in the planning processes. There is a plethora of literature which talks about the insufficient funding provided to CSOs in developing economies. This makes it imperative that sufficient amounts of funds are channelled through CSOs. A stronger partnership with the CSOs would enhance the effectiveness of development discourse and increase interface with partners in other developing countries. CSOs can be involved in the implementation of developmental programmes in order to ensure optimum use of allocated funds.

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Forum for Indian Development Cooperation

The Forum for Indian Development Cooperation (FIDC) is a platform launched to explore various facets of Indian development cooperation policy with its partner countries. The objective is to encourage debate and analytical research on all the broad constituents of India’s development partnership spectrum in order to bolster policy making process in this field of critical importance. Thurst of the forum would be to substantially contribute in facilitating an informed debate on policy framework of India and other developing countries.

The FIDC would also try to follow broad trends in South-South cooperation and analyse contributions and impact of Indian policies. The Forum will establish dialogue with the relevant government agencies and academia with a focus on South-South cooperation. The FIDC would also establish linkages and dialogue with international agencies, experts from the partner countries and advanced countries with a view to meet its comprehensive multi-faceted objectives. The FIDC is housed in RIS, New Delhi.

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Strengthening Indian development cooperation policy towards promoting South-South cooperation