

International Development Committee: Oral Evidence Session 25/03/2025

1. Can you please introduce yourself and briefly explain the work you do?

I'm Deborah Doane, a partner at Rights CoLab, a human rights think tank. I co-convene the [RINGO Project](#), a systems-change project to re-imagine the International NGO to create a more balanced civil society ecosystem. We aim to shift power and resource to local actors, sometimes referred to as 'locally-led development'. I am the author of '[The INGO Problem](#)'.

I also work more broadly on locally-led development and civic space through my work with civil society and philanthropy, spanning almost 30 years.

2. How effective is the UK Government at working with non-governmental development organisations?

a. What impact has the recent announcement of cuts to ODA had on INGOs?

We don't yet know about the full impact of the FCDO cuts. I do understand that some INGOs with British affiliates had large contracts or grants with USAID: Save the Children International, for example, at 1.4 billion USD. Most British INGOs will have had some relationship with USAID, either directly or through their federations.

The INGO network, ICVA, surveyed their partners in late March and found, for example, that:

- 68% of the 246 NGO respondents currently receive funding from the US
- 41% of NGOs received US funding directly, including:
 - 20% from USAID
 - 23% from USAID's Bureau for Humanitarian assistance
 - 17% from the Bureau of Population, Refugees and Migration
- 81% of NGOs receive US funding indirectly through an intermediary. This comes through partnership with INGOs, UN Agencies, and other international organisations, as well as national and local NGOs. USAID had been aiming to provide a larger share of their funding, which was only at 10% prior to January 20th, directly to national and local CSOs.

For British INGOs, many of their partners will have been impacted, but you won't hear the numbers directly, because there is a complicated aid supply chain.

We have certainly already seen the shutting down of programmes impacting women, refugees and health. There have been wide-scale layoffs as well. This has led to a knock-on effect of breeding mistrust between INGOs and local actors, feeling that INGOs are 'stealing the money' or 'exerting power'. Presumably, UK Aid cuts will only further exacerbate what's already happening, especially as it happens alongside aid cuts by multiple EU donors.

b. In what ways do INGOs need to adapt and reform in order to best combat the challenges that the sector is currently facing?

The [RINGO Project](#) has been calling for INGOs to shift more power to local and national organisations, and that they should move away from direct implementation. This follows from the original calls that were agreed at the Grand Bargain in 2016, which pledge to get 25% of all funding directly to local actors, who do the majority of the work. There are

multiple reasons to shift more resources and power to local actors, including: supporting local civil societies to strengthen their own enabling environment in the face of shrinking civic space; to hold their governments to account; and to be owners of their own development, rather than observers.

Through our systems change work, which started in 2020, we have supported efforts that will ultimately result in INGOs being smaller and more ‘in service’ to local actors. We work through prototyping processes (trying new ways of working) and our most successful prototype was a ‘reverse call for proposals’ which provides a method for local actors to articulate what they want and need from the international sector; and quite often this is not aligned with what they currently provide. You can read the [case study detailing the process and our key learnings here](#).

Since the USAID cuts, conversations amongst many in the global majority have been about shifting away from Aid dependency and their reliance on Northern actors, though some roles will still be in demand. Majority world actors want INGOs to support their work by providing advocacy or training or introducing them to new donors, for example. They rarely want INGOs to deliver work directly, instead, they want them to invest in the future of local actors and work in solidarity with them.

INGOs could be looking at new business models to reduce their own reliance on Aid, too, and many have started doing this. In the humanitarian sector, they effectively became sub-contractors to the government over the last few decades. Some have argued that a social enterprise model, or a cooperative, for example, may be more effective for some INGO work, enabling different forms of finance to emerge.

Practically, INGOs can adapt by taking up the opportunity for building more shared systems to reduce some back-office costs, such as streamlined accountability and reporting processes, which would in turn reduce the burden on local actors having to manage multiple reporting systems. This could even be shared with donors, such as the innovative ‘Talk to Loop’ digital feedback system. Country programmes of different INGOs could consider merging, however we need to be careful that they don’t compete with local actors for funding. Both donors and INGOs need to actively streamline processes and reduce bureaucracy. The RINGO project has been piloting numerous ways to do this and to manage risk and accountability that is proportionate and less burdensome.

INGOs and philanthropy (and government), could be partnering to help build local civil society strength and independence over the next 5-10 years. They could be investing in systems, setting up local endowments and/or pooled funds and helping local actors build new business models whereby they can raise their own investment from domestic funding sources. Community philanthropy is a good model of this way of working. INGOs, philanthropy and government, should be looking at catalytic support, not long-term dependency.

3. With the recent announcement of cuts to UK ODA, do you see an increased role for philanthropic spending?

- a. *What levers do the UK government have to promote philanthropic development spending?*

- b. Should philanthropy be something that the UK government should incorporate within a central strategy?*

Aside from the fact that philanthropic spending is far lower in volume than government spending, there is a qualitative difference between the role of philanthropy and the role of government funding. Government funding is the direct use of tax-payer money by democratically elected governments and it comes with a certain legitimacy. The role of individual philanthropists, corporate and private foundations have a different starting point and almost always comes with a certain bias.

Philanthropy can't step in to fill the gaping holes left by such dramatic cuts to Aid. However, their role can be used to catalyse shifts in the wider system, take risks, and to innovate.

Thus, the first thing to consider is that there is an opportunity for more partnerships with government and philanthropy in order to share risks and innovation in shifting the system of power in civil society and in building more independence and resilience for local CSOs. This could come in the form of pooled funds, or match funding, such as the long-standing Comic Relief/FCDO partnership.

RINGO has been deploying new ways of working that shows the strength of local actors, and puts them in the driver's seat for change, rather than simply funding the ongoing priorities agreed in London or Washington or Geneva. This feels, to many in the donor community, a risky way of working. However, by working together in partnership with philanthropy, we can see a way forward through sharing risk and innovation.

If the long-term aim of Aid is to reduce dependency on Aid, then we need to invest in the civil society ecosystem. This is the networks, institutions and organisations that support stronger alliances, funding, knowledge building and capacity. Government could offer co-investment with philanthropy into the ecosystem.

Government and philanthropy can also help to grow diaspora funding opportunities. Research led by the West African Civil Society Institute, a co-convenor of RINGO, for FCDO, found that it's important to enable communities themselves to lead. They suggested that one opportunity is to leverage the resources, networks and knowledge of diaspora communities to identify and support locally-led projects and help to raise funds.

Overall, what we need is catalytic systems change investment: redesigning the traditional aid systems that we have now in order to directly support local actors and build their own strength in multiple ways, with the result of reducing long-term dependence on aid. With the unprecedented cuts in Aid leaving the current system in chaos, now is the time to invest in transformation, rather than piecing a broken system back together.

4. How does the UK perform as a global centre for development philanthropy?

- a. Foundations in the UK have been reported to have lower spend rates on charitable purposes than philanthropic foundations in other developed countries. Why do you think this is?*
- b. Is this a problem?*

c. *How can the UK Government encourage UK based foundations to deploy more of their assets each year?*

It's important to note that the UK is a centre for policy and research on development, which arises from its originating role in the development sector. We have leading academic institutions teaching development, and influential think tanks, such as ODI Global and the Centre for Global Development. These often feed government policy and philanthropic efforts.

With the exception of a few (eg. the Wellcome Trust, CIFF), the larger philanthropic funders in development are in the US, though there are a small group of leading funders who are pioneering new ways of working and thinking about development, leaning into this catalytic role that they can play.

Philanthropic and government funders have both financial and non-financial assets to offer. Government, of course, could offer more tax incentives to support philanthropy. This is far more prominent in the US. And in order to encourage a larger spend down of endowments, they could also set targets for minimum expenditure.

But the government has other levers to encourage philanthropy: they can use their power to convene, to develop multi-stakeholder partnerships, or help to structure co-investment models and build platforms like joint funding rounds with philanthropy.

We need to think of philanthropy in terms of 'transformational' funding, which can be supported with match funding or co-developed pooled funding, not as a replacement for a declining Aid budget.

Government can also play a role in supporting new philanthropy to grow and develop, through convening and education or supporting small grants to infrastructure organisations to support this growth. One such example is a platform called '[One World Together](#)' which encourages small donations from the public, with their funding going directly to local CSOs.

A new and emerging area of work is 'Trust-based' philanthropy, which moves away from direct control of funding through detailed contracts and top-down accountability. Once relationships are established, it assumes that local organisations know best how to lead their own development. Bureaucracy and costs are ultimately reduced. FCDO could be leading on this and modelling these ways of working, through providing more forms of flexible funding, or supporting participatory grant-making, which engages recipients and communities in decision-making about funding.

Whilst there are already multiple case studies and toolkits available for philanthropy. FCDO could support research, education and communication to support these shifts which will build stronger local actors and reduce costs over time. We need to rapidly move away from 'supply' driven aid to more demand driven in order to focus the work that's really needed in the system.

5. The OECD found that philanthropic spending is narrower in focus than governmental development spending. Is there a risk that other areas of development are neglected further as government development spending decreases?

b. *What areas are most at risk?*

- c. *Should the government prioritise funding for these areas?*
- d. *Do you foresee philanthropists or other organisations stepping in and diversifying their spending in areas where governments are withdrawing?*
- e. *Are there areas that philanthropic or INGO spending can work more effectively than government spending?*

Based on conversations we've been having, I would expect that for the UK and other European donors who are cutting aid budgets, humanitarian work will be prioritised over 'development' - which unfortunately is the work that builds long-term resilience and should lead to reducing the need for humanitarian aid. Where development work continues, we understand that it will be linked to the needs and interests of the donor country, not necessarily the needs of local communities.

These cuts will have knock-on effects to long-term development work, human rights and democracy, and ultimately humanitarian work, as civil societies will be weaker. Cutting areas of funding around gender-based violence, or social support for displaced people, for example, will also have further unintended consequences.

Philanthropy certainly can't step in for all of it, and most philanthropic organisations will choose a priority area of work that aligns with their own interests, too. Some critical areas of development aren't easy to fund to begin with, such as the ecosystem of networks or supporting civic space, democracy, and rights-based work. Other areas of work, such as conflict prevention and peacebuilding were already under-resourced, and this funding may disappear altogether as philanthropy re-prioritises to support the huge losses of sudden cuts in more acute areas of need, such as health.

However, it's important to note that most of the very local actors RINGO works with tell us that they rarely saw Aid funds at all. We know that whilst USAID had achieved 10% of funding to local actors (vs a target of 30%), very little actually trickled down. Amongst aid donors, research shows that of the overall 7% that goes to local organisations from aid budgets, only 1% went to core support. Thus, as cuts have happened and will continue to happen, local actors have no core funding on which to rely on in order to sustain themselves, unlike some INGOs.

Any investment going forward by philanthropy should focus on strengthening local civil society actors: core, direct, unrestricted funding, giving them the ability and flexibility to adapt to their needs. During COVID, we saw many philanthropic funders shift from restricted, project-based funding to core funding, allowing local civil society organisations to step in when the international sector was unable to.

6. What are the most important challenges and risks of relying on philanthropy for supporting development?

- a. *How can these risks be mitigated?*
- b. *What role has impact investment played in development, and does this offer value for money?*

c. *How could the UK government facilitate greater private investment towards the sustainable development goals?*

There is a significant risk of relying on philanthropy and INGOs to support development without government: aside from the fact that their resources are far more limited, it is a question of legitimacy. It's effectively the privatisation of what could and should be public expenditure. This is also important when it comes to partnerships with local governments, not just to civil society. Furthermore, both philanthropy and INGOs, as voluntary actors, are not directly accountable to local actors, unless compelled to do so. This can be partially mitigated through implementing bottom-up accountability systems; mandating better transparency, and driving more participation and trust-based philanthropy. We can also adapt to more proportionate risk models which will reduce bureaucratic burdens. Some of these risk requirements are imposed by charity regulators.

But the role of INGOs and philanthropy is to work in solidarity with local actors, not replace the work of states.

Finally, the best way to replace aid funding is to **reduce dependency on Aid and international funders** more broadly, and this should be a stated ambition. This will only come through stronger work on economic justice and root causes: taxation, debt relief, food systems and trade.

Value for money?

Philanthropic funding alone isn't necessarily 'value for money' if it isn't aimed at the right actors or imposes an extra layer of bureaucracy. Research from Shared Insight did find that funding direct to local actors was 32% more cost effective than funding through INGOs. Whereas most donors assume that it's easier to send a large grant to one INGO, than to send multiple grants to smaller CSOs directly.

But we need to be careful about 'value for money' arguments. Whilst locally-led development is less expensive, the incentive for this way of funding should be to build more resilient and independent civil societies in the long run. The driver should be about placing development into the hands of people to drive their own destinies, working with their own local governments, either through advocacy or service delivery. Cost saving is an outcome of that, not a driver. And it will, of course, be more likely to reduce the need for aid in the long-run.

The risk is that if cost saving is the starting point, then you can end up with perverse incentives for INGOs to keep more of the funding, saying that they're 'better value', sustaining their own role, even though they'll actually send less out to local actors and impose burdens on those on the front lines.

FCDO should be asking the question – if we are reducing funding to such an extent, how do we work with local actors to minimise the impact; how do we help them be free of Aid over time?

One final point not addressed in the questions, above.

Part of the reason why we don't have public support for Aid is that we let go of the need to develop the narrative about the benefits of Aid. FCDO should be supporting the public narrative around *support for development*. In the UK, we used to have the Development Education Association (later called 'Think Global'), which supported education for development in

schools and the media. This closed a few years ago, in the absence of funding. We need to step up education with the British public on why the UK government should continue to support those in the majority world. This will feed into encouraging philanthropy, too.