

# **Development Policy and Development NGOs: the Changing Relationship**

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## **Abstract**

This paper reviews the changing inter-relationship between Northern development NGOs (NNGOs) and international development policy, drawing mainly on the UK context. NGOs themselves are undergoing major changes. Firstly, many NNGOs in the past decade or so have moved from implementation of development projects towards a partnership approach in which they fund and attempt to work with SNGOs. This has increasingly led to the idea of NGO capacity building as a key objective, but a significant growth in SNGO capacity in countries such as Bangladesh increasingly renders such objectives less meaningful. Secondly, official bilateral or multilateral development donors are increasingly moving towards the direct funding of Southern NGOs rather than the previous model of funding through Northern NGOs in the partnership approach. This leaves many NNGOs in an uncertain position. Thirdly, the need to respond to international emergencies in the post-Cold War order has led governments increasingly to fund NNGOs to undertake relief and emergency work on a contractual basis. UK Development policy as set out in the 1997 White Paper suggests that NGOs have themselves played a part in changing development policy priorities by bringing issues such as participation, gender and poverty – the so-called ‘reverse agenda’ - to the fore. While NGOs are constrained by shifting policy priorities, they are themselves simultaneously contributing to these changing agendas.

## **Keywords**

Non-governmental organizations    Development policy    International aid    Global social policy

## **Introduction**

The past decade has seen a rapid growth of interest among policy makers and researchers in what have been variously termed ‘NGOs’, ‘non-profit’ and ‘voluntary’ organizations in both the industrialized ‘North’ and the aid-recipient countries of ‘the South’ (Salamon, 1994; Smillie, 1995).<sup>1</sup> This has reflected the heightened profiles of these types of organizations amongst policy makers and activists in both domestic and international contexts. This paper is not concerned with organizations which work with populations in industrialized countries, but with those involved with international development assistance in poor countries. Although figures on global NGO numbers and resources are notoriously difficult to gauge with any accuracy, the numbers of development NGOs registered in Organization for Economic Cooperation and Development (OECD) countries is believed to have increased from 1600 in 1980 to

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nearly 3000 by 1993 and the expenditure of these organizations has grown in the same period from US\$2.8 billion to US\$ 5.7 billion (Hulme and Edwards, 1997).

In the field of international development, the new interest in NGOs has arisen in response to the perceived failure of state-led development approaches which were common during the 1970s and 1980s. The so-called 'new policy agenda' of the 1990s which combines neo-liberal economic policy prescriptions with a stated commitment to 'good governance' has projected development NGOs as efficient and responsive alternatives to the state and as organizational actors with the potential to strengthen democratic processes (Robinson, 1993). In addition to increased NGO roles in longer-term development work, international NGOs have also been highly visible in the response by Western citizens and governments to crises in the developing world such as the famine in Ethiopia or the ethnic violence in the former Yugoslavia. The increased profile of NGOs has also therefore reflected post-Cold War policy contexts in which international NGOs have been brought centre stage in dealing with relief and emergency efforts (Fowler, 1995).

Within the academic field of social policy, the growth of interest in the 'third sector' (so-called in contrast to the government and business sectors) has mainly been associated with the restructuring of welfare policies in the industrialized countries (eg Smith and Lipsky, 1993; Kramer et al, 1993). More recently, emerging ideas about the need to build a more global social policy perspective has led to a new interest in development policy processes including the roles of NGOs, development institutions such as the World Bank and the United Nations (Deacon et al, 1997). Across a number of other disciplines, the renewed interest by social scientists in the concept of 'civil society' in relation to the 'third world', the former socialist 'transitional' countries and Western industrialized contexts has also focused considerable research attention on the third sector in recent years (eg Brown and Tandon, 1994; Chambre, 1997; Burbridge, 1997). Combined with this has been the importance of the concept of 'social capital' for policy makers following recent work by Putnam (1993) and others.

Development NGOs are an extremely diverse group of organizations which range from large formal, professional, bureaucratic agencies such as the British NGO Oxfam or the Bangladesh Rural Advancement Committee (BRAC) with multi-million dollar budgets to small, informal, voluntaristic pressure groups composed of a handful of people with little in the way of organizational structure or funds. The activities undertaken by such organizations range from self-help, assistance to members, the provision of services to particular sections of the wider community or campaigning work at the local, national or international level. NGOs may be active in the health, education, agriculture or industrial sectors, or they may be concerned with wider human rights, gender or environmental issues. They may work locally, nationally or as is increasingly the case, on a global level. This paper is concerned with formal development NGOs working in any of the above areas and makes a distinction between 'Northern NGOs' (NNGOs) which have their roots in the industrialized countries but which undertake development or emergency relief work in aid-recipient countries such as Save the Children Fund, and 'Southern NGOs' (SNGOs) which are non-governmental organizations which have emerged locally in the countries where NNGOs are active, such as Proshika in Bangladesh.

By the late 1990s, NNGOs in particular find themselves operating within an

increasingly complex and difficult policy environment. The identities of these NGOs are in a sense fragmented. They are organizations of the North and yet they work in the South. NNGOs may profess long term development principles but may be under pressure from government and their own supporters to undertake humanitarian relief.<sup>2</sup> Some NNGOs do not always have clear roots either in the 'domestic' voluntary or non-governmental sector nor recognisable roles in the countries in which they work.<sup>3</sup>

In Bangladesh, SNGOs have grown in influence and size in the period since Independence in 1971 when many organizations emerged in the wake of national reconstruction and the influx of international resources (Lewis and Sobhan, 1998). Every country's NGO sector is different and distinctive, and Bangladesh is perhaps unusual in the strength of its indigenous third sector (particularly compared say with sub-Saharan Africa). NGOs in Bangladesh grew steadily during the 1980s supported mainly by donor funds. Proshika, for example, has organised 773,400 people in 44,400 groups across the country and claims to reach nearly 4 million individuals. BRAC is an NGO with more than 12,000 staff and its rural development programme has so far reached 1.42 million households (Lewis, 1997). Both NGOs have in recent years secured aid packages with consortia of bilateral and multilateral donors worth more than US\$50 million (Hulme and Edwards, 1997). Despite the distinctiveness of the Bangladesh NGO context, there are important lessons which can be drawn for NNGOs working more widely. Three sets of changes are discussed in the remainder of the paper: the shift from implementation roles to partnership, the rise of direct funding and the new emphasis on relief and emergency roles for NGOs.

### **From implementation to partnership**

Until the 1980s it was common for many NNGOs to implement their own development programmes and projects. For example, NNGOs working in developing countries established health programmes and ran clinics for sections of the local community without access to care, undertook credit programmes for those with low incomes or worked with small farmers to improve agricultural production. Many of these organizations drew heavily on expatriate staff during this period.

Although there are still NNGOs which continue to implement development projects (such as Concern Worldwide) this implementation approach has shifted to one in which local partner organizations are identified and do most of the work with the NNGO in a funding and organizational support role.<sup>4</sup> In this way many NNGOs have become donors and have begun to define their relationships with organizations in the South in new ways. The terms 'partnership', 'accompaniment' and 'capacity building' have entered the vocabulary.

The first problem which has emerged within this new set of relationships is that the precise nature of such 'partnerships' has been difficult to define and has been increasingly questioned by SNGOs. For example, recent research in Bangladesh within inter-agency development projects indicates that partnership is a complex concept understood differently by organizations which have unequal power (Lewis, 1998, forthcoming). In the aquaculture project which was studied, the rhetoric of equal partnership between agencies was found to mask differences in motivation and power which led in some cases to partnerships being based on opportunities for resource access from international donors than on a clear sense of a joint venture and

shared learning and risks. In the same way, the relationship between Northern and Southern NGOs tend to be viewed differently by the Northern 'donor' NGO and the Southern partner 'recipient'. For example, while NNGOs talk about partnership it is not unusual for the SNGO 'partner' to view the relationship purely in terms of transfer of resources.<sup>5</sup>

The tendency has been for 'dependent' partnerships to be more common than 'active' ones (Lewis, 1998). Active partnerships are those built through ongoing processes of negotiation, debate, occasional conflict and learning through trial and error. Risks are taken and although roles and purposes are clear they may change according to need and circumstance. Dependent partnerships on the other hand have a 'blueprint character', with relatively rigid assumptions about comparative advantage, and are often linked to the availability of funding. NGOs in particular are vulnerable to being viewed instrumentally as agents enlisted to work to the agendas of others as 'reluctant partners' (Farrington and Bebbington, 1993). Partnership may bring extra costs which are easily underestimated such as new lines of communications requiring demands on staff time, vehicles and telephones; new responsibilities for certain staff; and the need to share information with other agencies. Building partnerships is likely therefore to be difficult.

In order to attempt to move away from the donor-recipient model NNGOs have sought to redefine their relationships with SNGOs through 'capacity building'. The motivation has been underwritten by the assumption that in many countries of the South an emerging NGO sector requires nurturing and support and the role of NNGOs has been to provide organizational support and training as well as funds to these SNGOs. James (1994) describes capacity building as '...an explicit outside intervention to improve an organization's effectiveness and sustainability in relation to its mission and context'. Capacity building can take the form of technical assistance concerned with operational issues e.g. seconded staff, advice, provision of technical resources; organizational assistance concerned with everyday organizational needs e.g. management training, strategic planning consultancy, usually short term; and finally organizational development interventions, in the form of a longer term comprehensive look at organizational capacities e.g. intermittent consultancy, facilitative rather than problem-solving in order to assist an NGO to solve future challenges itself (Sahley, 1995: 10).

The emphasis on 'capacity building' in part reflects changes in development thinking away from the simple transfer of skills and resources towards building autonomy and self-reliance (Sahley, 1995). It also may be a response to pressure from bilateral and multilateral donors to ensure that SNGOs are effective in their expanded roles envisaged under the 'new policy agenda'. However, Fisher (1994) rightly points out that much of the discourse on capacity building is tinged with a 'subtle paternalism' which assumes a comparative advantage for NNGOs in the South. While the assumption that NNGOs may be able to provide organizational strengthening to SNGOs (or at least direct SNGOs towards the specialised inputs they require) may be appropriate in some cases, the capacity building framework is increasingly unconvincing.

Firstly, it implies a one way flow of skills and expertise from North to South but it is not always clear that NNGOs have anything to offer SNGOs besides money. There is plenty of evidence to show that NNGOs themselves suffer from significant organizational weaknesses and weaknesses in capacity (Stark Biddle, 1985; Billis and

MacKeith, 1992).

Secondly, the approach implies that once SNGO capacity has been transformed, NNGOs roles may be over. In the Bangladesh case, while Swedish NGOs may have played useful roles in the early history of Bangladesh's NGO sector in the period immediately after independence in 1971, Bangladesh NGOs such as BRAC and Proshika are now ranked among the largest most professional NGOs anywhere in the world in North or South and it is difficult to see what kinds of roles NNGOs might now play in the country (Lewis and Sobhan, 1998, forthcoming).

It may be that South-South learning between NGOs is an important priority since exchanged knowledge and experience drawn from comparable contexts may be more relevant than that drawn from the North, as examples from micro-finance suggest (Hulme, 1993). An important future role for NNGOs may be the facilitation of such links. There is also evidence that Northern agencies are now also learning from those in the South, as the example of Bangladesh's Grameen Bank credit approach and the rise of participatory research and appraisal techniques might indicate Biggs, 1998; Lewis, 1998). Furthermore, James (1994) argues that NNGOs should apply the principles of 'capacity building' to their own agencies if they are to avoid accusations of double standards being applied. New skills are needed among NNGOs as well as among SNGOs. Capacity building as shared skills and ideas openly exchanged may therefore provide an opportunity to move beyond the rhetoric of partnership between NNGOs and SNGOs.<sup>6</sup> Finally, initiatives such as the NGO Resource Centre in Karachi represent the development of a 'Southern' approach to capacity building.

### **From indirect to direct funding**

Many NNGOs have now made the transition from implementing their own projects to working with and funding Southern 'partner' NGOs. The second problem that they increasingly face is that the role of NNGOs as funders has been displaced in some areas by the growth of direct funding relationships with SNGOs by bilateral and multilateral official donors. For example, while approximately half of the Swedish government's assistance to the Bangladesh NGO sector is transferred through Swedish NGOs the other half is now provided directly to Bangladeshi NGOs by the Sida development office in Dhaka. The recent growth in direct funding of SNGOs by official donors has been noted in recent literature (Riddell and Bebbington, 1995; Edwards, 1996). Instead of working through NNGOs as intermediaries or 'brokers' (Smillie, 1994) some Northern governments are choosing instead to go directly to the SNGOs. These changes, while proceeding at a very different pace in different parts of the world, have profound implications for the relationships between NNGOs, SNGOs and donors.

This change is particularly relevant in countries such as Sweden where NNGOs tend to receive 80% or more of their funds from government sources. For the Swedish International Development Cooperation Agency (Sida) there are two main routes through which funds are transferred SNGOs: the indirect route in which resources are provided to Swedish NNGOs which then work with SNGO 'partners' in the country concerned and the direct route in which funds are given directly to Southern NGOs via the donor's country office. In Bangladesh, for example, as SNGO competence and capacity has increased through their own efforts at professionalisation, through wider

recognition and support from government and by the provision of 'capacity building' partnerships with NNGOs, these Southern organizations have taken up prominent positions within the burgeoning 'third sector' alongside the governmental and business sectors (Lewis and Sobhan, 1998, forthcoming).

However, there are risks associated with the rush by donors to fund NGOs directly. For example, Bebbington and Riddell (1995) conclude their discussion of the changing relationships between NNGOs, SNGOs and donors with three main issues for further consideration: (i) that donor support to NNGOs has tended to rest on a view of NNGOs as effective aid delivery mechanisms rather than as organizations capable of assisting SNGOs in the wider strengthening of 'civil society'; (ii) that there may be a danger in direct funding that SNGO agendas may be distorted to fit official donor objectives; and (iii) that while trends towards increased direct funding is sometimes perceived as a 'threat' to NNGOs it may also be viewed as an opportunity for creative thinking about enhancing the effectiveness of donor, NNGO and SNGO roles and relationships.

Edwards (1996) has drawn attention to a potential crisis of identity and legitimacy among NNGOs as increasingly effective SNGOs take over most of the activities previously carried out by organizations from the North. In the case of Bangladesh in the late 1990s there may be very little a NNGO can bring to a third sector which is increasingly dominated by a range of highly professional local organizations and a set of innovative development and policy ideas.

The changing environment in which NNGOs now operate therefore raises a set of important questions about their possible future roles. For NNGOs, these changes raise uncomfortable questions concerning their roles in developing countries and their legitimacy in their own countries. Can these organizations redefine their roles successfully without losing the support of Northern publics who may favour a more 'hands on' approach? Can NGOs maintain a role for themselves when they are not fully part of the 'third sector' of their own countries or those in which they work?

### **From development to emergency work?**

The third area of policy change with which NNGOs need to engage is in the changing global context of relief and development. In the post-Cold War political and economic order the growth of the concept of 'complex political emergencies' has led governments to fund NNGOs to undertake emergency work which serves the purposes both of meeting immediate humanitarian needs and 'containing' the spread of instability and disorder.

During the early 1990s the volume and the proportion of overseas development assistance devoted to emergency assistance increased significantly in line with the numbers of humanitarian emergencies in the Horn of Africa, Central Africa and the Balkans (Randel and German, 1997). According to Burnell (1997: 238) the quantity of aid intended for disaster relief and emergency assistance 'more than trebled' between 1988 and 1993 to reach approximately one tenth of total flows of overseas development assistance. Hoffman (1997) calculates that US\$ 5 billion worth of emergency assistance is now channeled through NGOs each year.

This has led NNGOs into a period of difficult soul-searching about the relationship between long-term development work and short-term emergency humanitarian assistance. With increased government funding available for relief, some NNGOs have been tempted to expand their emergency work while carrying misgivings about its 'political' implications and their preferences for longer-term development work. Burnell (1997: 182) for example quotes the head of one British NGO lamenting the increasing diversion of NNGOs' work towards 'emergency relief with a strong political flavour' and the associated threat to NGO independence. Other organizations such as Children's Aid Direct have evolved as specialist organizations and grown substantially to move into the emergency 'market' generated by these wider policy changes. In the words of one NGO observer there is a very real danger that NNGOs may lose their relative independence as development organizations and become merely 'ladles for the global soup kitchen' (Fowler, 1995). In this view more funding for NNGOs will become more available as levels of global stability decline:

... in a quest to guide stability in favour of those vying for power, finance will become increasingly to agencies who can deliver 'stabilising' social services' (Fowler, 1997: 229)

For NNGOs which have taken the challenge of relief and emergency work there have been difficult lessons to be learned, particularly in the period since the Rwandan genocide in 1994. They have had to face the fact that NNGOs can become substitutes for proper political solutions, that they can contribute to a worsening of ongoing conflict by providing resources, and that they can be manipulated by governments (Cushing, 1996; Hoffman, 1997).

Instead of NNGOs which are accountable in some measure to Northern publics we may increasingly see a trend towards international or 'borderless' NGOs which are accountable to governments or to supranational structures such as the UN and ready to operate at short notice around the world's trouble spots.<sup>7</sup>

## **Conclusion**

This paper has argued that NNGOs are currently caught in a turbulent development policy environment in which their roles are increasingly being redefined. This has implications for NGOs themselves, but it also reflects changes in policy at a global level which merit greater attention by those engaged in social policy research.

### *Implications for NNGO policy and practice*

Despite the convenient metaphor of the 'third sector', it has been pointed out that the sectoral boundaries are often unclear and that many non-governmental organizations are hybrid organizations which may share at various times in their histories characteristics with both government and/or business (Najam, 1996). NNGOs have often played an intermediary role between the public (and to some extent the government) in industrialized countries and communities and NGOs in the South.

This role an intermediary development organisation may now decline as NNGOs may have to choose between selling their development services (such as training, information, expertise) in the market place or becoming contractors for government

increasingly to ‘mop up’ during or after conflicts and emergencies. If they move towards the former they may reach a position where they can reduce their dependence on foreign aid or public giving and improve their organizational sustainability, but in doing so they will move much closer to the private sector and may lose some of their distinctiveness as value-driven organizations. They are likely to achieve only a low level of development impact in terms of poverty reduction because only better off sections of the community will be able to pay for such services. If they opt for the latter route, they may move closer to government and lose their ability to act as independent pressure groups, generate alternative development ideas and to pursue longer-term poverty reduction agendas. While it has probably never been appropriate to see NGOs as truly ‘autonomous’ organizations, the future may hold a significant reduction in their ‘room for manoeuvre’.

The hybrid character of NNGOs has another dimension since these organizations are formally part of the third sector of the North, but work in the South. As Smillie (1994: 184) suggests NNGOs are caught between ‘one country’s concern and the problems of people in another’ While this has allowed many NNGOs to play an intermediary role this strength may become in the end a weakness. The contradictions implicit in the partnership model with SNGOs raises questions about NNGOs’ development roles and levels of impact, the rise of direct funding in countries such as Bangladesh raises the spectre of redundancy, while donor pressure and market opportunities for an expansion of the relief and emergency side of their work may lead to a displacement away from more ‘developmental’ objectives.

### *Implications for social policy research*

In a recent overview of global social policy issues Deacon et al (1997) point to the need for the study of social policy to take a more international perspective. As national governments have undergone relative decline in relation to private capital flows, the authors suggest, the traditional frameworks for social policy analysis are in need of rethinking. In particular they point to the role of global policy actors beyond rich country welfare states in explanations of changing social policy. Supranational ‘public’ institutions such as the International Monetary Fund (IMF) and the World Bank and supranational NNGOs have key roles in policy formation and implementation particularly in areas of the world with high concentrations of poverty and conflict. The concept of a ‘globalising civil society’ outlined by Macdonald (1994) may become more relevant as new types of NGOs from both North and South work locally and transnationally to safeguard human rights and democratic processes.

The globalisation of social policy instruments through the redistributive actions of multilateral donors such as the European Union in transferring development and humanitarian aid at a global level is an important new field of study within social policy, as human and welfare rights take on meanings beyond the unit of the nation state. Deacon et al (1997) suggest that social policy as a discipline needs to draw upon work in development studies in order to make sense of these global issues and this paper has argued that the analysis of the changing roles of NGOs is an excellent example of this new priority.

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## Notes

<sup>1</sup> The terms ‘non-governmental’, ‘non-profit’, ‘third sector’ and ‘voluntary’ organizations tend to be used inconsistently by different researchers. Each term has its own advantages and disadvantages for different types of organisation in different contexts. The present paper uses the term development NGO to refer to organizations which are neither government nor commercial businesses and are linked with the international development community of organizations and institutions - the aid industry. NGOs are viewed as part of a ‘third sector’ along with trade unions, religious groups etc (cf Najam, 1996) which despite its blurred boundaries can be seen to have local, national and international dimensions.

<sup>2</sup> A good example of this tension lies within the UK NGO Action Aid, which has traditionally raised money from the British public through offering child sponsorship, yet its own development analysis has led it to redefine its approach towards partnerships and community programmes. It still uses the language of child sponsorship in its advertisements because it remains a potent fundraising tool but makes it clear in the ‘small print’ that donations will be used to benefit the community more widely.

<sup>3</sup> In order to adjust to the new challenge of globalisation there are some NNGOs such as Oxfam which have in the last few years begun to work with excluded or marginalised communities ‘at home’ rather than working to an agenda which implies that poverty is only found in the ‘third world’ (Lewis, 1998, forthcoming).

<sup>4</sup> It should also be remembered that some NNGOs such as Save the Children Fund (UK) also work in partnership with governments as well as with SNGOs.

<sup>5</sup> Based on the author’s experience in South Asia, it is common for many SNGOs to view all Northern agencies as donors rather than ‘partners’, ranking official donors such as Sida or the Department for International Development (DFID) in the same category as NNGOs such as Oxfam or SCF, a view which is completely at variance with the NNGOs’ own insistence on ‘partnership’.

<sup>6</sup> There are exceptional cases in which NNGOs have developed a more innovative, even-handed approach to capacity building. James (1994) presents two interesting case studies. In the Dutch NGO NOVIB’s institutional support model money is provided to a partner SNGO for five years for institutional costs and programmatic activities, with the SNGO relatively autonomous in deciding contents. The US NGO Katalysis works with five partners (over an indefinite time period) in Central America and undertakes board exchanges, joint strategic planning and shares financial information openly. World University Service’s (WUS) TRANSFORM programme seeks to creating ‘space’ through dialogue for African NGOs to identify and address their own organizational weaknesses mainly through local consultants.

<sup>7</sup> An organisation such as Medecins San Frontieres (MSF) may be an early precursor of such a future trend.