

NGO Funding and Policy Bulletin
INTRAC-NGO Research Programme

Bulletin No. 6, May 2002

CONTENTS

| | |
|--|---------|
| 1. What are the Implications of September 11th for NGOs? | Page 2 |
| 2. Building the Impact on Developing Countries into the Review of the European Union's CAP Reform | Page 9 |
| 3. Development NGOs in Japan: Facing Rapid Change | Page 12 |
| 4. News from Conferences and Working Groups | Page 15 |
| - The World Summit on Sustainable Development: Irrelevant or Poverty Summit of the Decade? | |
| 5. Reviews of Publications | Page 17 |
| - 'Mastering the Machine Revisited' | |
| - 'Learning from Change: Participatory Monitoring and Evaluation' | |

This bulletin has been produced as part of the INTRAC-NGO Research Programme for the following organisations: APSO, CAFOD, Christian Aid, Concern Worldwide, Cordaid, DanChurchAid, MS Denmark, Norwegian Church Aid, Novib, Oxfam GB, South Research and the International Save the Children Alliance.

1. WHAT ARE THE IMPLICATIONS OF SEPTEMBER 11TH FOR NGOS?

By Michael Davis, Research Assistant

Introduction

The scale and the symbolism of the terrorist attacks of September 11th conveyed an instant sense that their ramifications would be felt globally. However, for many they brought an equal degree of unease and uncertainty as to what the nature of those impacts might be and what would really change. This article examines the impacts on Northern and Southern NGOs that are visible six months on. It also, more tentatively, attempts to identify consequences that may be felt over the longer-term. The scope is partial, as most available reporting and data so far relates to Northern rather than Southern NGOs and much of it is anecdotal or speculative. While six months may seem an insufficient vantage point from which to gauge accurately the impacts of September 11th and its aftermath, nonetheless, the kinds of areas in which NGOs should be monitoring for change are starting to become clearer.

The Visible Impact

The September 11th attacks and the response they provoked from the USA have significantly changed the geo-political balance internationally. The repercussions have been felt not only in Afghanistan and surrounding countries, but also much further afield. States have hurriedly revised their policy priorities in response to the demands of the global 'war on terrorism' and the Bush Administration's polarising vision of a world comprising neatly demarcated friends and foes. This has also had an impact on non-state actors across the world, in particular armed opposition groups anxious to escape the damaging stigma of 'terrorist' and the US-led clamp-down on international funding networks. Knock-on effects of this kind can be seen in conflicts as far apart as Northern Ireland and Sri Lanka, neither of which is on the front line in the US military campaign.

- **Muslim Backlash**

The predicted widespread Muslim backlash against the American response to September 11th has not materialised, although there have been a number of flashpoint incidents such as the recent violent attacks on both Western expatriate and local churches in Pakistan. The reasons for this vary from one region to another. In the Middle East, it has been suggested that the explanation lies in the lack of organisational structures capable of harnessing popular anger (Joffé 2002). In countries such as Indonesia, home to the world's largest Muslim population, broad public disquiet at US actions simply did not equate to support for the agenda of Osama Bin Laden or the exclusivist interpretation of Islam followed by the Taliban. An explanatory factor in the relatively muted reaction of Muslim populations was the rapid collapse of the Taliban and the way this enabled the US publicly to draw a line under its main military campaign in Afghanistan, even as its forces continued to battle elements of the Taliban and Al-Qaida.

- **Security and Impartiality**

These **geo-political shifts** have had immediate implications for the geographical focus of the work of many international, particularly Northern, NGOs, as the American military action in Afghanistan has exacerbated an existing humanitarian crisis and threatened to create emergency conditions in neighbouring states. It also generated new **security risks** for both Northern and Southern NGOs operating in the region. Security concerns in the immediate aftermath of September 11th led many Northern NGOs to pull out of Afghanistan altogether.

Aside from immediate physical dangers posed to NGO staff working in conflict situations in Afghanistan, the security risks relate primarily to the identification of NGOs with one set of belligerents or the other. There is a particular danger for NGOs that receive funding from Western governments of being seen as fronts for military or intelligence operations. It is, indeed, almost unimaginable that Northern governments, which admit to their lack of intelligence capacity in Afghanistan and other Muslim countries, would not seek to use NGOs workers as intelligence sources. Muslim NGOs which do not have links to Northern governments and which operate in Afghanistan and the border areas with Pakistan, likewise risk being viewed by the USA and its Allies as associated with Al-Qaida. In combating perceptions of this kind, such Muslim NGOs are hardly helped by the fact that the Al-Qaida network undoubtedly does use NGOs of various descriptions as front organisations for its activities.

The challenge of ensuring respect for **NGOs' impartiality** and minimising the related security risks is to some extent a part of any conflict situation. However, in the current context it is compounded by the lack of respect for the notion of neutral actors at an ideological level, on the part of both the Bush Administration and Al-Qaida. As a consequence of September 11th, security concerns have affected NGOs not only in Afghanistan, but also other areas of the world already (the Southern Philippines, Georgia, Yemen) or perhaps imminently (Iraq, Somalia) involved in the conflict. Security is also a factor for NGOs in other predominantly Muslim regions where local populations are angry at the US bombing of Muslims in Afghanistan or are fearful of being targeted themselves.

Given this situation, it is particularly regrettable that in Afghanistan the USA has continued the recent pattern of Northern governments appropriating aspects of the NGOs' humanitarian agenda as a means of justifying military intervention. This trend was previously most manifest in the Kosovo crisis in 1999, when NATO argued that International Law permitted it to intervene militarily to prevent a humanitarian disaster. In Afghanistan, the echoes of this scenario are neatly summed up in the title of a recent article 'Peanut Butter Falls on Kandahar': the surreal and very dangerous blurring of the distinction between US bombing and the provision of humanitarian assistance (Smillie 2002). For NGOs carrying out relief work, this hijacking of humanitarianism makes it very difficult to be seen to retain distance from the politically motivated actions of states.

Since September 11th, attempts by Northern governments to undermine NGOs' neutrality have been more explicit than ever. In the aftermath of the attacks, NGOs were invited by the American and British governments to join a 'military-humanitarian coalition' to fight terrorism (Smillie 2002). NGOs have been forced to ask themselves whether they should accept funds from governments involved in the military operations in Afghanistan (Brehm 2001). These

questions of NGOs' neutrality might appear to be of concern mainly to Northern NGOs involved in post-conflict humanitarian work. However, the perception that NGOs working in high-profile emergencies are not impartial can easily be extended to NGOs more generally, whether Northern or Southern, relief- or development-focused.

- **Costs and Funding Implications**

These security issues in part explain the rising costs for NGOs that operate internationally in the form of the increased costs of travel and insurance. Following September 11th, insurance premiums for travel to Central Asian countries, for example, more than doubled, as insurance companies took full advantage of the widespread panic induced by the attacks (Doward 2002). In addition, NGOs were hit by uneven, but often substantial, increases in flight costs relating to real and anticipated loss of public confidence in air travel. The inflated costs have placed severe restrictions on some Northern NGOs that operate internationally, and some simply stopped insuring their staff members.

In addition to the immediate impact on some NGOs of these increased operating costs, September 11th has had important implications on NGO funding. In terms of public and corporate funding of charitable activities, there is as yet little statistical data available outside of the USA. Limited public surveys which have taken place in the USA suggest an overall increase in public charitable giving, while the contributions by corporations and foundations towards mitigating the effects of the terrorist attacks themselves have been very considerable (Cohen 2002). At a government level, the short-term effects on aid spending in response to September 11th are easier to gauge. The decision by the USA to make Afghanistan the initial field of operation in its war against terrorism quickly stimulated pledges of aid for Afghanistan by donor governments. These amounted to around £414 million, of which the US contribution was by far the largest. This sudden hike in aid for Afghanistan stood in marked contrast to previous years, when UN consolidated appeals for Afghanistan routinely failed to raise more than 50% of the funds required.

- **New Money or Diverted Money?**

While this increased aid represents a tangible consequence of September 11th which may be good news for Afghanistan and NGOs working there, the full implications of Northern donors' new-found generosity towards Afghanistan are not fully clear. Is the funding for Afghanistan new money, or has it merely been diverted from other regions of the world and other activities? Unfortunately, the latter appears the more plausible explanation, thus potentially casting Afghanistan in a similar role to other disaster-affected locations subject to high profile international interventions and inflated, short-term flushes of aid from Northern governments. Such influxes of aid money to disaster-affected areas are often quick to dry up with the onset of the next crisis to capture the media spotlight and the attention of the 'international community'. A recent case in point is East Timor, which following September 11th and the intervention-induced aid flow into Afghanistan, is now struggling to persuade Northern donors to honour their funding pledges (Lusa 22 February 2002).

From the perspective of NGOs whose work in the South relies on support from Northern donors, such capriciousness and short-termism is extremely damaging. The **unpredictability of donor**

policies towards Southern countries can seriously undermine NGOs attempting to implement longer-term development programmes in countries emerging from conflict. An optimistic take on this problem is to predict that NGOs will recognise the flaws in this pattern, learn to be less reliant on official funding, and become more independent and innovative. Most recent indicators have pointed in the other direction, however, with Northern NGOs competing for large amounts of official funding for humanitarian or short-term reconstruction programmes, regardless of how effectively they are able to use the money in the short time-frame the donor allows (Humanitarian Initiatives et al. 2001). It will be interesting to see whether the post-September 11th relief and reconstruction work in Afghanistan continues this trend.

- **Getting NGOs' Voices Heard**

September 11th may have offered opportunities for NGOs able to take advantage of increased funding for programmes in and around Afghanistan, particularly for large Northern NGOs with expertise in humanitarian crises. However, for many the impact has been overwhelmingly negative. Over the past six months, NGOs worldwide have been encountering **new obstacles** to getting their voices heard. NGOs that focus on assisting refugees and asylum seekers, for example, have found it increasingly difficult to make their case publicly in the face of public fears of the threat posed by foreign terrorists, and exploitation of the situation by unscrupulous governments. NGOs associated with anti-globalisation campaigns, meanwhile, have felt constrained by fears that challenging US economic hegemony in the aftermath of the destruction of the World Trade Center might provoke negative public reaction. Politicians have in some cases sought to capitalise on these difficulties: Italian Prime Minister Silvio Berlusconi going so far as publicly to equate anti-globalisation groups with those behind the September 11th attacks. There has been at least one instance of a Northern-based NGO being wrongly identified as a suspected front organisation for terrorist groups (BOND 2001b, 2001c) and NGOs have been excluded from UN meetings on the basis of alleged security concerns.

Other constraints felt by NGOs in the North have been of a more self-imposed nature. Some of those working in Afghanistan after September 11th have reportedly **muted their criticism** of the US military intervention for fear of jeopardising their funding by Northern governments (The *Guardian* 17 October 2001). Given the shifts in the public mood, governments generally have felt much more confident in dismissing the view of those – such as NGOs – who are trying to influence official policies, whether these relate to refugees, the arms trade, human rights, the global economy or the idea of a humanitarian pause in the bombing of Afghanistan.

While the kind of issues outlined above represent serious challenges to NGOs based in the North, the impact of September 11th for the activities of NGOs in many Southern countries has been considerably more severe. In countries in the Middle East, North Africa and South and Southeast Asia, authoritarian regimes have used the presumed threat of terrorism as the pretext for employing **repressive measures** against groups they view as sources of opposition. Such policies have not been implemented to target NGOs specifically, however they undoubtedly have negative implications for the activities of many, and for civil society development more generally. Muslim NGOs face particular difficulties. In Egypt, for example, one impact of September 11th has been to embolden the government in its repression of any organisation which it perceives as being 'Islamic', a very elastic term (Joffé 2002). Muslim NGOs and other civil society organisations face additional pressures, moreover, from more hard-line Muslim groups

which have received and taken advantage of far greater international attention since September 11th, with the result that more **moderate Muslim voices are often drowned out**. This development is visible among Muslim populations across the world, not only in Southern countries such as Indonesia but also in Northern states such as the UK.

Longer-Term Impact

- **Economic Impact**

Predictions as to what impact September 11th may have on NGOs in the longer-term have inevitable shortcomings. While military action and the humanitarian emergency in Afghanistan may soon wind down, more conflict elsewhere in the world seems inevitable, even if the nature and extent is as yet unknown. One respect in which one can assume with certainty that NGOs will be affected is if the World Bank and IMF's predictions as to the negative effects of September 11th on the global economy are proved correct. Although the financial viability of NGOs is not directly linked to global markets, any major downturn in the world economy will ultimately impact on the level of funding from public, corporate and government sources, at the same time as leading to increased poverty.

- **Northern Governments and NGOs**

More specifically, the potential longer-term impacts of September 11th on Northern and Southern NGOs' relations with Northern governments which have subscribed to the 'war on terrorism' are starting to emerge. Many expressed the hope that the attacks on New York and Washington might prompt recognition by the USA and other Northern countries of the need for greater long-term engagement with and assistance of the South, as well as more support for development and civil-society strengthening work. To what extent do these hopes look set to be realised six months on from September 11th?

On the positive side, the British Government, for one, has responded to September 11th by restating its commitment to greater spending on (untied) aid and supporting development in countries such as Afghanistan. Since September, this approach has been articulated particularly clearly by British Chancellor Gordon Brown in two speeches made in the USA at the end of last year, in which he called for a doubling of aid levels by Northern governments. Striking a similar note, James Wolfensohn, the World Bank President, has likewise issued a public appeal for greater aid spending.

Conversely however, September 11th appears to have acted as a trigger for a hardening of American policies towards the rest of the world, including those policies relating to development in the South. Speaking at the London Business School on 28th February, US Under Secretary of State for Economic, Business and Agricultural Affairs, Alan Larson, stressed his government's scepticism towards 'ambitious' plans to increase spending on aid. The Bush Administration's priorities as regards aid for development involve its more efficient, more conditional and more selective usage, which will be made subject to stringent 'benchmarks'. The USA will also push for more private sector-stimulated development and the liberalisation of international trade (a highly ironic pledge in view of the recent imposition of high tariffs on steel imports into the

USA!). Alan Larson's presentation also made explicit and candid reference to the use of aid spending to achieve political goals, particularly in the context of the 'war on terrorism'.

Although such policies are not necessarily completely new, September 11th has had a catalytic effect on the Bush Administration's view of the rest of the world, reinforcing existing proclivities for uni-lateralism and for short-term intervention over long-term engagement (Joffé 2002). Viewed from this perspective, early responses by the Bush Administration, such as the payment of UN debts and gestures towards coalition-building, were adopted as 'a tactical convenience', while the USA prepared itself to take military action on an essentially unilateral basis. This hawkish approach, which has been strengthened by the perceived success of the intervention in Afghanistan, makes further military action by the US in other countries a near certainty.

4. Conclusion

The significance of these developments for NGOs lies partly in the failure post-September 11th to forge a new engagement between North and South incorporating the kinds of development and civil society-strengthening in which NGOs play a pivotal role. Moreover, unappealing though the idea may be, the ultimate extent of the impact of September 11th on NGOs may yet hinge on the degree to which the USA chooses to extend its 'war on terrorism' to other regions of the world. A significant escalation of the conflict could see the new challenges NGOs face in terms of security, funding, and public perception, begin to take on a more long-term complexion.

In the post-Cold War environment, NGOs in both the North and the South had become more confident in their capacity to exert an influence over global forces and events. This broad trend is encapsulated by the elevation of the concept of civil society and the recognition of its importance by governments and international institutions. September 11th and the forces it has unleashed have the potential to undermine this progress, but perhaps also to offer new opportunities. NGOs must now work quickly to ensure that they are ready to respond and that their voices are still being heard.

References and Further Sources of Information

- Amnesty International (2001) '11 September' In *Amnesty*, 110:4-11, London: Amnesty International.
- Amnesty International (2001) 'The 'War on Terrorism''. In *Amnesty*, 110:22-23, London: Amnesty International.
- Amnesty International (2001) *The Arab Convention for the Suppression of Terrorism: a Serious Threat to Human Rights*. www.amnesty.org/ai.nsf/recent/IOR510012002?OpenDocument
- Atmar, M. (2001) *The Politicisation of Humanitarian Aid and its Consequences for Afghans*. www.odihpn.org/report.asp?ReportID=2335
- BOND (2001) *The Networker*, October, London: BOND.
- BOND (2001) *The Networker*, November, London: BOND.
- BOND (2001) *The Networker*, December, London: BOND.
- BOND (2002) *The Networker*, February, London: BOND.
- Bouchet-Saulnier, F. (2002) *The Theory and Practice of 'Rebellious Humanitarianism'*. www.odihpn.org/report.asp?ReportID=2340

- Brehm, V. (2001) *Unpublished Notes on Discussion at INTRAC NGO Forum Meeting, November.*
- Brehm, V. (2002) *Unpublished Notes from 'World Summit on Sustainable Development: Irrelevant or Poverty Summit of the Decade?'* Development and Environment Group / BOND Workshop, London, 14 January.
- Bretton Woods Project (2001) *Bretton Woods Update.* October/November, London: Bretton Woods Project.
- Cohen, R. (2002) 'The US Non-Profit Sector in the Wake of September 11'. In *Alliance* 7, 1: 33-35, London: Allavida.
- Development Initiatives (2001) *Spending on Afghanistan.* www.devinit.org/afghan.htm
- Development Initiatives (2000) *Global Humanitarian Assistance 2000: An Independent Report Commissioned by the IASC from Development Initiatives.*
- Doward, J. (2002) 'The Winners and Losers'. In *The Observer*, 10 March, London.
- Dubrulle, C. (2001) 'Humanitarianism and International Criminal Justice'. www.odihpn.org/report.asp?ReportID=2341
- Duffield, M. (2002) 'Politics vs Aid?' In *Insights*, 39: 1-2, Brighton: ID21.
- e-Civicus (2002) ICivicus Civil Society Watch – The Aftermath of 11 September, Issue #11. In *e-Civicus*, 29 January.
- The Economist (2001) 'The Clarity of Devastation'. In *The Economist*, 1 December, London.
- Hansch, S. (2002) 'How the American Red Cross fell Victim to Sept. 11'. In *Humanitarian Affairs Review*, Winter: 20-21, Brussels.
- Hazan, P. (2002) 'Red Cross and Red Crescent Relations strained by Afghanistan'. In *Humanitarian Affairs Review*, Winter: 24-25, Brussels.
- Human Rights Watch (2001) *Human Rights in Saudi Arabia: A Deafening Silence*, December. <http://hrw.org/backgrounders/mena.saudi/>
- Humanitarian Initiatives, UK; Disaster Mitigation Institute, India; Mango, UK (2001) *Independent Evaluation: The DEC Response to the Earthquake in Gujarat*, London: Disasters Emergency Committee.
- Joffé, G. (2002) *After New York and Washington: Unilateralism, Empire, or the Clash of Civilizations?* Presentation at Oxford Islamic Studies Centre, 7 February.
- Larson, A. (2002) *Turning the Corner on Development.* Presentation at the London Business School, 28 February.
- Lusa (200) Portuguese News Service, 22 February.
- MHC International Ltd. (2001) 'CSR, Poverty and Terror.' In *Monthly Feature*, October.
- Macrae, J. (2002) *Aid in Chronic Political Emergencies.* www.odi.org.uk
- Macrae, J. (2002) 'Is Coherence the Answer?'. In *Insights*, 39:2, Brighton: ID21.
- Maxwell, S. (2002) *More Aid? Yes - and Use it to Reshape Aid Architecture.* www.odi.org.uk
- Morrissey, O. (2002) *Aid Effectiveness for Growth and Development.* www.odi.org.uk
- Morrissey, O.; Naschold, F.; Randel, J.; German, T. (2002) *Meeting Summary: Our Response to Gordon Brown (1), 'Using Aid Effectively'.* www.odi.org.uk, 6 February.
- Mushtaq, N. (2002) *Fighting Terrorism, Undermining Democracy in Pakistan.* www.fpif.org/outside/commentary/2002/0201pakistan_body.html
- Naidoo, K. (2002) *Civil Society Under Threat Following September 11.* In *Alliance*, 7, 1:42-43, London: Allavida.
- Nahra, C. (2002) *Anti-Terrorism Moves Will Take a Toll on Europe's Civil Liberties, Say Rights Groups.* www.oneworld.net, 11 February.
- Pugh, M. (2002) 'Like it or Not, Humanitarians are Political'. In *Humanitarian Affairs Review*, Winter : 4-7, Brussels.
- Smillie, I. (2002) 'Peanut Butter Falls on Kandahar'. In *Alliance*, 7, 1: 44-45, London: Allavida.
- World Council of Churches (2001) *Visions for Peace: Voices of Faith.* Geneva: World Council of Churches, unpublished.

2. BUILDING THE IMPACT ON DEVELOPING COUNTRIES INTO THE REVIEW OF THE EUROPEAN UNION'S COMMON AGRICULTURAL POLICY (CAP) REFORM

By European Research Office (ERO), Belgium. ERO is a non-governmental organisation specialising in research into EU development co-operation policy.

Introduction

In July 2002 the European Union will review the progress made in the wave of CAP reforms initiated in 2000. According to EU Agricultural Commissioner Fischler: **'This review will give us the opportunity to check where we can adapt the instruments of our CAP, in order to meet better the expectations of society'**. Unfortunately there are no indications that this will include the expectations of concerned development agencies that steps will be taken to prevent the CAP unfairly distorting trade relations with developing countries. This is a major oversight, as a reformed CAP is likely to have even deeper and more profound consequences for developing countries than the past EU system of price support and export refunds.

New Direction for the CAP

The reform of the CAP that has been underway in major sectors since 1992 involves **moving away from a system of price support to a system of direct aid to farmers**. This involves making available **direct aid** to farmers, in ways that are WTO compatible, either through "green box" or "blue box" measures. According to the EU the systems of payment are less trade distorting. However this very much depends on one's perspective

Increased EU **direct aid payments** are made to compensate for **reductions** in EU **intervention prices**. Reductions in EU intervention prices are aimed at **bringing EU prices down closer to world market price levels, without undermining farm incomes**. By reducing prices and **closing the gap between EU and world market prices**, it will make it easier for EU producers and processors to export agricultural and processed agricultural products, without any need for export refunds that are increasingly regulated within WTO agreed limits.

In the **cereals** sector where this shift from price support to direct aid to farmers is most advanced, EU cereal prices have on average declined 45%-50%. This has reduced the gap between EU and world market prices. Indeed, in the coming years the EU intervention price will be below the world market price. This has brought about a transformation in the market opportunities for European cereal based food producers. Companies like **Barilla**, the leading EU pasta manufacturers and **Balconi**, a leading producer of long shelf life cakes and pastries, have seen their sales outside of the EU increase from 5% of turnover in 1992 to around 50% of turnover in 2000.

If the envisaged transition from price support to direct aid to farmers can be brought about across all sectors, this will result in **a fundamental shift in the orientation of European agriculture**. European agricultural production will **no longer be orientated towards ensuring European food security with incidental surpluses being exported with the benefit of publicly financed**

export refunds. Instead European agriculture will be geared towards providing **primary agricultural inputs into a European food and drinks industry orientated towards competitively serving world markets.**

It should be noted however that this more “competitive” European food and drinks industry would remain dependent upon the continued **provision of large volumes of public aid to the basic system of agricultural production.** For example, in the **cereals** sector, where this transition from **price support to direct aid** is most advanced, between 1991 and 1998 total EU expenditures grew from **5,477 MECU to 17,945 MECU, an increase of 228%.**

The Knock-on Effects of Cereal Sector Price Reductions

The EU has begun the process of CAP reform in the cereals sector because of the important linkages that this sector has with other agricultural sectors, most notably the livestock sector. The reduction in EU cereal prices of 45% and the further reductions planned have substantially reduced feed costs in the poultry, pig and cattle sectors. This reduces significantly production costs in other sectors and will thus make reform in these sectors much easier.

However, it needs to be borne in mind that, for example, the increased competitiveness of European poultry production arising from reduced feed costs is based on a 228% expansion in European direct aid payments to the cereals sector. The European poultry sector is thus made more competitive **not as a result of direct European aid to poultry farmers,** but because of **direct European aid to cereal producers,** that enables **major savings to be made on the feed costs of poultry farmers.**

Implications of CAP Reform for Domestic Markets in Developing Countries

The EU argues that direct aid payments are less trade distorting than price subsidies and that therefore the WTO should maintain its current tolerance of “blue box” measures. However, from a developing country perspective the significance of the less trade distorting nature of direct aid payments is relative.

If direct aid payments improve the price competitiveness of EU suppliers and enable them to win contracts and supply markets which developing country producers and processors previously served, then the fact that direct aid payments are judged, at the macro-economic level, to be less trade distorting, will provide little consolation. The net effect will remain the same: ***developing country producers will have lost markets to EU companies producing, processing and exporting with the benefit of large scale public aid payments to the agricultural sector.***

Such an endgame for the current process of CAP reform would be an **unmitigated disaster** for those developing countries in Southern Africa that are seeking to **add value to basic agricultural raw materials as a means of promoting more sustainable patterns of poverty focussed economic growth.**

There is evidence that this vision of a globally orientated European food and drinks industry is already **affecting investment flows into the Southern African food and drinks sector.** The South African food and drinks industry has already been “advised” by the European food and

drinks industry association **not to bother investing in new ‘down stream’ value added processing activities, since they will not be able to effectively compete with EU companies under a reformed CAP regime.**

As a result of the current trajectory for CAP reform the very real danger exists that:

- a) a “glass ceiling” could emerge on value added processing in Southern Africa as a result of increased competitions from EU exports;
- b) a process of de-industrialisation of agro-processing industries could occur, as “subsidised” EU food products are imported to replace local produce.

Implications for Developing Country Exports to the EU

A system of reform involving price reductions also has a direct bearing on the value of the market access granted by the EU to developing countries. As basic agricultural prices in the EU come down to world market prices levels, so the EU, with all its strict hygiene standards becomes a less attractive market.

The Agenda 2000 reforms in the beef sector have resulted in a 13% decline in average EU beef prices. This clearly affects the returns to African, Caribbean and Pacific (ACP) nations’ beef exports to the EU market. In addition, stricter EU rules on tracing the origins of beef entering its market and stricter standards on the removal of specified materials from the carcass have all served to increase costs of supplying the EU market. Increasingly, only those ACP suppliers who carefully market their beef into premium priced components of the EU market are able to take advantage of trade preferences granted in the beef sector.

Perhaps of more significance in the coming years is the prospect of an extension of current patterns of reform into the EU sugar sector. The European Commission has estimated that if reform of the sugar sector were to be pursued involving a 25% reduction in the EU sugar price, then this would result in annual income losses to ACP sugar exporters of around **US \$ 250 million**. This level of income loss would be likely to drive out of production many small island sugar suppliers in the Caribbean.

The process of CAP reform clearly has important external implications for a wide range of developing countries. **These external effects should be subject to a review as an integral part of the forthcoming mid-term review of the CAP.**

In addition, with trade negotiations between the EU and ACP due to begin in September 2002 on the establishment of a free trade area arrangement, clearly the negative external effects of the CAP on ACP economies should be high on the list of concerns to be addressed. However, to date there is no indication that the EU is willing to discuss this important issue in the context of the forthcoming ACP-EU trade negotiations. This is an issue which EU member states’ governments will need to debate and resolve in the coming months as the European Commission’s negotiating instructions are finalised.

3. DEVELOPMENT NGOS IN JAPAN: Facing Rapid Change

By Vicky Brehm, Researcher

Introduction

'Britain and Japan as Partners: Challenges for NGOs', an International Conference hosted by Links Japan and the UK-Japan NGO Dialogue, took place in London last November. The aim of the Conference was to bring together representatives from the UK and Japanese NGO sectors for a process of exchanging experiences and learning from each other's contexts. The Conference provided a fascinating insight into the little-known and rapidly changing world of Japanese development NGOs, as part of Japan's emerging civil society. This article outlines key challenges facing Japanese NGOs, drawing on the presentations at the Conference and in particular the papers by Toshihiro Menju of the Japan Centre for International Exchange and by Yasumasa Nagamine of the Japanese Embassy in the UK.

Background Context

Japan's post-war economic miracle has been based on a strong visionary government and commercial sector, with economic growth stated clearly as a shared goal. Japanese society is highly centralised and hierarchical with a relatively homogeneous population, and this has been an important factor in achieving the economic goal. Within this framework of a strong state and commercial sector, there has traditionally been little scope for the development of civil society. However, the context is changing rapidly as Japanese society becomes more international. Civil society is developing in the aftermath of the economic crisis and the scandals within government that have undermined public confidence. Furthermore, there is an emerging desire in Japan to move from communal to individual values.

The 1995 Kobe earthquake proved to be a key turning point in the development of civil society generally, and of development NGOs more particularly. After the earthquake, local authorities were paralysed in their response as so much of their infrastructure was destroyed, and this highlighted the limits of government structures. Furthermore, 1.3 million Japanese people volunteered to help in the aftermath, recognising the need for citizen action. The earthquake increased general awareness of and solidarity for disaster-prone regions around the world, and fuelled interest in international co-operation issues and volunteering. The whole approach to NGOs within Japan changed as a result of the disaster.

The Emergence of Japanese NGOs

The first international work of NGOs dates to the pre-war period when Japanese Christian NGOs sent doctors into China. By and large, however, there were very few NGOs until the 1970s. 1979 proved an important year because news of the refugee 'boat people' of Indochina reached Japan. In 1980, there were some 51 NGOs; by 1989 that had increased to 186. By the 1990s 'NGO' had become a household term, and there are now some 387 international NGOs with legal status in Japan grouped together under the umbrella body JANIC. There are also a number

of foreign NGOs operating in Japan such as World Vision, Plan International and WWF, and these remain the largest NGOs within the sector.

The growing importance of the sector was underlined by the passing of a new Non-Profit Organisation Law, affecting both domestic and international NGOs. The Law set out processes for legal registration of NGOs. Registration is not, however, universal as there is no incentive to acquire legal status as it does not give tax advantages. The primary activities covered by Japanese development NGOs include: education, healthcare, rural development, income generation, environmental initiatives, emergency relief, protection of human rights, democratisation processes and development education. Advocacy work is also starting to emerge on various global issues such as campaign to ban landmines and campaign for debt cancellation (JANIC 1999).

Government Relations with NGOs

Japanese official development assistance (ODA) has its roots in post-war reparations within Asia. The reparations eventually turned into an aid programme in its own right. The emphasis within Japanese ODA has always been on concessional lending, and this has somewhat boosted its volume of aid making Japan the **world's largest aid donor**. Japan's strong economy and political stability mean that it makes an important contribution to economic development within the ASEAN countries. Japan is also looking beyond East Asia and beyond loans, with grants forming an increasing percentage of the budget.

The Japanese government is increasingly channelling funds via NGOs for the following reasons:

1. NGO programmes are perceived as being closer to local communities.
2. NGOs are able to adopt more flexible and rapid implementation.
3. The participation and support of the Japanese public is seen as important as taxpayers fund an increasing NGO budget.

Funding to NGOs is channelled via two sources: firstly subsidies to Japanese NGOs, and secondly a 'grassroots' grant programme which national NGOs can access in-country (in other words a form of direct funding). Government – NGO dialogue is a growing area, however Japanese NGOs still lack the experience and capacity to engage fully in this role. Likewise, the government programme is also learning from its emerging relations with Japanese NGOs. An important learning experience was gained from the Japanese involvement in India. For a number of years, official aid to India was stopped under Japanese government policy in view of the nuclear tests carried out in India and Pakistan. Japanese ODA through the NGO sector thus took on an increased importance within this context.

In 1997 the first formal NGO dialogue with Ministry of Foreign Affairs was initiated, co-ordinated by the Japan Centre for Sustainable Environment and Society (JACSES). The consultation meetings now take place every three months, and topics discussed have included the Asian currency crisis, multi-lateral debt and the Jubilee campaign, environmental and social issues. This has been important as a channel of communication and building trust. However, a lot of time is spent discussing projects rather than policy, and government – NGO relations have yet to mature fully in terms of constructive policy dialogue.

Issues Facing Japanese NGOs

An important factor in NGO financing has been the funds available through the Japanese Post Office, which has a banking function. Some 23 million people donate the interest from their accounts to NGOs through this system. However, the financial situation of NGOs remains difficult as income from the private sector, which was a major source of revenue, has decreased dramatically following the economic crisis of 1997. As in other parts of the world, Japanese NGOs are becoming increasingly reliant on government funding sources and this is raising questions concerning their **autonomy**. It is also easier to raise funds for emergencies than development. Japanese NGOs are still not that well known yet, and a larger proportion of donations is still given through UNICEF and international NGOs rather than through Japanese NGOs.

NGO networks are beginning to emerge, and the role of networking organisations now needs to be strengthened. Post September 11th, JANIC called together a meeting of NGOs with an interest in working in the Afghan refugee crisis and they have set up a preliminary emergencies platform within Japan. In a similar way, preliminary work has been undertaken to form an Asian NGO network to address poverty with Japanese and South Korean NGOs taking a lead as the relatively prosperous nations within Asia.

Japanese NGOs face the challenge of growing roles and responsibilities with limited resources, particularly to cover personnel and overhead costs. Whilst international awareness is growing in Japan, securing a broad-based support for international development amongst the general public remains a key challenge. NGOs have yet to come of age and confidence in engaging both with government agencies and the private sector, and there is considerable scope for developing advocacy work. What is evident is that there is a growing interest and openness amongst Japanese NGOs to learn from the experience of other practitioners around the world.

Japanese NGOs are financially fragile and the relationship with the government sector is sometimes troublesome. The future of Japanese NGOs depends on the efforts of NGOs themselves and at the same time, it is largely dependent on the maturation of Japanese society that will be able to nurture civil society as a whole. (Toshihiro Menju 2001.)

References and Further Sources of Information

- JANIC (2000) *Directory of Japanese NGOs Concerned with International Co-operation*. JANIC.
- Menju, T. (2001) *Historical Background and Current Issues for NGOs in Japan*. Conference presentation at 'Britain and Japan as Partners: Challenges for NGOs', unpublished. Japan Centre for International Exchange.

4. NEWS FROM CONFERENCES AND WORKING GROUPS

World Summit on Sustainable Development: Irrelevant, or Poverty Summit of the Decade?

Development and Environment Group / BOND Workshop London, 14th January 2002

Attended by Vicky Brehm

This Workshop, hosted by BOND (British Overseas NGOs for Development), aimed to enable UK NGOs (including development, environmental and human rights groups) to be informed about the forthcoming UN World Summit on Sustainable Development in Johannesburg this September. The Workshop also offered the opportunity for NGOs to express their views and concerns to the official UK delegation to the Summit, and as such there were representatives of a number of government departments present. The World Summit on Sustainable Development (also known as Rio Plus 10 and Earth Summit) combines an environmental agenda with a broader sustainable development and poverty agenda. As such, it will be a direct follow up to the UNCED Earth Summit held in Rio de Janeiro in 1992.

Poverty and the Environment in the Era of Globalisation

Presentation by David Reed, Head of Macroeconomics Programme WWF

David Reed addressed three themes:

- Globalisation and changing economics according to the integrationist model
- Poverty and the environment in marginalised countries
- Challenges and opportunities at the World Summit.

According to the latest analysis by the World Bank, in relation to globalisation three economic groups can be identified:

1. The OECD countries.
2. Globalisers (24 countries) who have benefited from globalisation and have taken advantage of trade opportunities. There are some surprises amongst this group, such as Haiti.
3. Marginal countries, who often have a negative growth rate and hardly any foreign direct investment (FDI). These countries suffer from a continued reliance on commodities. Although many have increased their volume of trade and implemented economic reforms, because of declining terms of trade and the protectionism of OECD countries they are still not advancing economically.

FDI is concentrated in the OECD and globaliser countries. In the globalisers, urban poverty is decreasing but this is offset by increases in rural poverty elsewhere; 70% of the world's poor are now in rural areas.

The structural reforms of the last ten years have sought to support neo-liberal regimes internationally. The beneficiaries of the reforms have tended to be the wealthy, including foreign, domestic and political elites. In fact what has happened is that the poor have experienced a loss of control of natural resources combined with declining living standards and increased vulnerability. Meanwhile, with the scaling back of the state there has been an increase in the informal economy and a decrease of employment in the formal sector.

Limits of Current Economic Models

- There remains a lack of recognition of the limits to the integrationist model.
- There is a lack of recognition of the links between Northern zones of safety and Southern zones of turmoil.
- There remains an unwillingness to make reducing inequality a public objective (poverty reduction is where the objective stops, not tackling inequality per se).
- There has been a failure to forge alliances between social development, environmental and human rights groups despite the strong links between poverty and the environment.

WWF and Care International have recently issued a joint document highlighting the need for the rural poor to gain control over their natural resources and to develop their capacity for management of those resources. The rural poor also need to be compensated for their role as stewards of rural environmental functions.

Links between the Summit and other Major Political Processes

Presentation by Alex Wilks, Co-ordinator, Bretton Woods Project

Alex Wilks assessed the links between the World Summit and other processes, such as the International Development Targets (IDTs), Poverty Reduction Strategy Papers (PRSPs) and the World Trade Organisation (WTO) processes. The link between environment and poverty concerns will be key at Johannesburg, as will links between sustainable livelihoods and equity issues.

The Rio Summit of 1992 highlighted issues of sustainable development; however, since Rio the sustainable development paradigm continues to be sidelined by the globalisation paradigm. For example, the WTO mechanism has been instituted since Rio; whilst WTO has very strong enforcement mechanisms the Rio processes have had very weak implementation mechanisms. The WTO was founded at Marrakech in 1994 and aims at the unrestricted flow of capital and goods, however this conflicts with the Rio sustainable development agenda and the idea of protecting the global commons. Johannesburg could provide a forum for debate on what type of political and economic systems are needed. The climate change and debt debates could also be taken on to a new footing. Furthermore, the Financing for Development process in Monterrey, Mexico will have an important bearing on the final outcome of the World Summit.

In terms of trends in aid, the danger with the new aid co-ordination frameworks such as the IDTs is that they will simply add to the old way of doing things rather than replacing them. New mechanisms are needed such as a global public goods fund to provide a tangible means of funding health and education. In conclusion, the World Summit will test how serious the North is about bringing about an equitable world and a critical factor will be the US government's commitment.

5. REVIEWS OF PUBLICATIONS

The INTRAC-NGO Research Programme aims to monitor policy debates amongst development NGOs. Reviewing the current literature related to NGOs is an important part of this process. This section of the bulletin is designed to provide summaries of recent publications, drawing out discussion points and reflection on NGO debates.

‘Mastering the Machine Revisited: Poverty, Aid and Technology’

Ian Smillie (the classic 1991 study, re-examined for a new century)

Intermediate Technology Development Group, London, 2000

Reviewed by Emma Harris-Curtis

Development practitioners tend to have short memories! With a new Director of an NGO, or a new Chair of an EU body, we tend to brush away the mistakes of the past rather than using them to analyse our future decisions. Therefore, this book is as relevant for practitioners with thirty years experience as it is for undergraduates new to the field because it reviews what is going on now in light of what has gone before. Ian Smillie is not dismissive of anything he “got wrong” in the original of ‘Mastering the Machine’ (1991); he accepts he was writing at a specific time in history and that the future is hard to predict.

Smillie re-examines technology and its role within development historically, in the same way as he did in the original text. He has endeavoured to get new input from contemporary analysts such as Andrew Scott of ITDG, Garry Whitby, Alex Mugova, Paul Calvert and Satish Babu. This evidence, together with his own viewpoint, blends into a successfully contemporary approach to the issue. The book explores debates such as the dizzy growth of information and communication technology (ICT) and its relevance within development, the dramatic reduction in development budgets by Northern nations, the consequences of globalisation and the new realisation of the validity of the South’s direct inputs.

The book reflects the same three parts as the original: ‘The Failure To Learn From Failure’, ‘What We Know’ and ‘An Enabling Environment’. Smillie suggests that technology is not a miracle cure-all, but a complex, yet potentially practical means to an end when taken advantage of in context. The first part gives a background to the actions of aid agencies, institutions, governments and NGOs; it does not in itself deal with technology because it acts as the basis for the rest of the argument of the text. Smillie provides background material on current poverty, emphasising throughout that poverty is worsening rather than improving. He dispels the belief that economic growth has little to do with poverty and argues cogently as to why the two are related.

‘What We Know’, the second part of the book, is an interesting, but not groundbreaking, summary of why history can tell us what to do and what to avoid with technology in development. Smillie debunks the concept of ‘transfer of technology’, the modernisation obsession and the process of technological development. This is followed by a re-exploration of ‘Small is Beautiful’ that has some interesting facts about Schumacher and his work that may be new to readers. This naturally progresses to the evolution of ITDG (Intermediate Technology

Development Group) and the belief that original technological ideas can be superior in particular situations.

In the last part, 'An Enabling Environment', Smillie attempts to unravel the myths of sustainability, re-explores women and technology and employment and the informal sector again. It is this last section that is a little disappointing in that he fails to explore diversity rather than gender alone, that would have been particularly useful given current debate on the issue.

Smillie is always a great read: the original 'Mastering the Machine', 'The Alms Bazaar' and his numerous articles are all accessible and this new text is no exception. His constant attempts to challenge preconceptions and examine issues in a new way make light reading of powerful content. His practical and well-substantiated approach refers to a host of writers, both historical and contemporary, from within the field of development and outside. This book, either read alongside the original 'Mastering the Machine', or alone, is a strong historical assessment of the role of technology in the fight against global poverty.

Learning From Change: Issues and Experiences in Participatory Monitoring and Evaluation

Marisol Estrella (editor), Participation in Development Series, Intermediate Technology Development Group: London, 2000

Reviewed by Emma Harris-Curtis

'Learning from Change' is a true romp around the globe, stopping off to review participatory monitoring and evaluation (PME) in specific places. The book does not attempt to be the oracle of PME, but is a platform for contrasting conceptualisations and experiences of the process involved, including twelve case studies. The book dates to the International Workshop on PME at the International Institute of Rural Reconstruction (IIRR) Manila, Philippines, in November 1997, when a group of practitioners and academics from some twelve countries planned the dissemination of ideas concerning PME. The contents of this book are based on the papers given at the workshop. However, the collaboration on PME did not stop with the workshop and the book; spin-offs from working together include training workshops on a smaller scale and a Latin American grassroots development framework of PME for NGOs that is being developed.

With a forward by Robert Chambers and a preface by Julian Gonsalves and John Gaventa, people are likely to take notice of this publication; and rightly so. It has the strength of looking at the gaps in PME practice, not merely concentrating on general overviews. It suggests ways of improving performance not for donors, but for the poor and powerless. Furthermore, because it is so geographically inclusive, the reader, who is most likely to be a practitioner, can dip in and compare and contrast examples from many NGOs and nations. There has been much rhetoric about participatory monitoring and evaluation, but this book attempts to show how it can, and is, being done. With its digestible chunks of information, its many graphs, frameworks, tables and constant questioning it is a usable tool.

The introduction concentrates on different terms associated with PME, the different uses of PME and the distinctions between informal and formal PME processes. It explores the purpose of

PME and whether it is used as an end in itself, or as part of the wider context of evaluating an organisation's development.

The first part, 'Methodological Innovations', gives a particularly fascinating and practical case study from the Nepal-UK community forestry project. The authors explore self-monitoring, evaluation and the process of PME in their context and recount their actual experience. In 'Changing Institutions', the second part, development of organisations and institutions is the focus. It includes a Mexican case study based on the experience of introducing PME amongst low-income farmers. Also in this part, two donor-funded participatory research programmes are compared. The Bolivia case study involved an NGO working with a government agricultural research institution, and in Laos the NGO was working with the provincial government support service for livestock and fisheries.

The last part, 'Conclusions', actually presents as many questions as conclusions raised hitherto in the book. As such the book would have benefited from an overall conclusion. The overall style of the book is to question everything about PME, including whether it is relevant at all in the field of development. One of the most important questions is whose voices and knowledge are used to define success? Another aspect of the questioning is that those involved in PME should continually question what they are doing, why they are doing it and whether it is truly participatory. Through its questioning style the case studies are very honest about their failures and how these failures are dealt with. The case studies are also very practical: many have forms and written material used on programmes, others provide pictorial information, but none of them stray into self-absorption. The style of the language is accessible, jargon is kept to a minimum and excellent notes, author details and an index ensure easy use of the material presented.

About informed NGO Funding and Policy Bulletin

The aim of this bulletin is to monitor NGO funding and policy trends and to analyse the significance of the trends, in order to inform decision-making within NGOs. The bulletin is produced as part of the INTRAC-NGO Research Programme, which has been running since 1995. The programme operates with the active participation of 11 European NGOs, hence the focus of the bulletin is primarily, though not exclusively, on funding and policy trends affecting European-based development NGOs

INTRAC

International NGO Training and Research Centre
P.O. Box 563, Oxford OX2 6RZ, United Kingdom
Website: <http://www.intrac.org>
Email: v.brehm@intrac.org and e.harris-curtis@intrac.org
Tel. (0044) 1865 201 851
Fax. (0044) 1865 201 852