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NGO Funding and Policy Bulletin NGO Sector Analysis Programme

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CONTENTS

1. Overview of NGO Funding Sources	Page 2
2. Official Funding Trends in Europe	Page 7
- Denmark	
- Ireland	
- Netherlands	
- Norway	
- Sweden	
- UK	
- European Union	
3. Special Feature on UK Development NGOs' Income Sources	Page 10
4. News from Conferences and Working Groups	Page 11
5. Reviews	Page 14
<i>'NGOs in a Global Future: marrying local delivery to worldwide leverage',</i> Edwards, Hulme and Wallace 1999	
<i>'A new age of social movements: a fifth generation of governmental development</i> <i>organisations in the making?'</i> , the late Ignacio de Sevillosa (Intermón) 1999	

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OVERVIEW OF NGO FUNDING SOURCES

Introduction: Why Monitor NGO Funding Trends?

We live in a world that is constantly changing. For NGOs, working in a rapidly changing environment presents major challenges in terms of ensuring that resources are used effectively and in keeping up to date with debates on development policy and practice. Financial resources often mirror underlying priorities and values; official funding allocation, for example, reflects the priorities of governments and provides an insight into the importance of development issues in wider policy debates. Likewise, trends in voluntary income highlight the profile of development amongst the general public. Monitoring funding trends alone, however, provides a limited perspective. Funding trends have to be analysed in relation to policy debates and the question of effectiveness.

The aim of this bulletin is both to monitor NGO funding trends and to analyse the significance of the trends, in order to inform decision-making within NGOs. The bulletin is produced as part of INTRAC's NGO Sector Analysis programme which has been running since 1995. The programme operates with the active participation of 10 European NGOs, hence the focus of the bulletin will be primarily, though not exclusively, on funding and policy trends affecting European-based development NGOs. The update on funding trends will include short profiles of the six countries represented in the programme. This first issue devotes considerable attention to the UK, however the plan is to develop more detailed assessments of the other five countries in future bulletins. Systematic and reliable data on NGO funding is not easy to find; INTRAC is always interested in information about funding sources: readers are invited to send details of useful sources to Vicky Brehm at INTRAC.

How Development NGOs are Funded

NGOs are essentially funded by accessing economic surpluses produced elsewhere in the economy (Alan Fowler, 1997). Funding sources can be broken down into three main components: the gift economy, official aid and the market. The gift economy consists of voluntary income from the general public, for example donations given by individuals, groups and civil society organisations. Official aid, raised from the tax base, is channelled through bilateral and multilateral government organisations. Whilst the majority of official aid flows from northern agencies to southern and eastern governments, an increasing percentage is channelled through both northern and southern NGOs. In terms of the market, there are two main contributions to NGO financing: firstly from the corporate sector and secondly from NGO enterprise and investment. (Funding sources from the corporate sector will not be dealt with in detail here since they are the subject of INTRAC's research programme 'NGOs and the Private Sector').

In 'Striking a Balance' (1997), Alan Fowler takes the analysis of funding sources further by distinguishing between "hot" and "cold" money. Hot money is raised with a high level of personal involvement, mobilising voluntary gifts through the use of personalised

communications that address issues of interest. On the other hand cold money, which is raised via the tax system has become cold as it “has lost personal human attachment”. Fowler argues that “sustained micro-development needs hot money: assistance which is human and personalised through authentic participation”. In fact, the amount of “cold” money available to NGOs via official channels has increased dramatically in spite of falling overall official aid volumes.

“Easily US\$1 billion in [official] aid money is now spent via NGOs... and in some countries, the proportion spent via NGOs reaches 11 percent... The figures are *in addition* to the nearly US\$6 billion that Northern NGOs raise from other sources,” (Van Rooy, OECD).

The relative contribution of the three types of funding sources varies considerably from country to country and even between organisations. On average, some two thirds of northern NGO funding comes from voluntary income (Randel et al, 1994).

In this bulletin, the relative importance of the three different types of funding is analysed within the context of the UK development NGO sector: see Special Feature on UK Development NGOs’ Income Sources. Future bulletins will assess the context in other European countries in greater detail.

Limitations of the Data

The Development Assistance Committee (DAC) of the OECD provides the major source of data on NGO funding trends. DAC publishes annual figures on NGO funding as a part of its statistics on official aid flows. There are, however, considerable gaps in the statistics on NGOs; definitions of what constitutes an “NGO” vary between countries, NGO funding is under-represented because of factors such as contributions in kind, other voluntary contributions and tax concessions (Bennett and Gibbs, 1996). Most importantly, the focus of the DAC figures is on official flows rather than NGOs per se. There is a lack of comprehensive monitoring of NGO funding sources across Europe on a regular basis, which points to “the importance of collecting consistent information over a period of time to identify trends as they emerge and to understand the social changes that are giving rise to them” (Pharoah and Smerdon, 1998).

Official Funding Sources

“Since 1992, overall flows of Official Development Assistance (ODA) have fallen by more than 20 per cent in constant dollars. Measured as a percentage of GNP, ODA volume has fallen from a historic norm of 0.33 percent of the combined national product of DAC members (until 1992) to an unprecedented low of 0.22 per cent in 1997.” (DAC, 1999).

There can be no doubt that the 1990s have seen a long-term decline in Official Development Assistance (ODA). There are some signs that the decline is finally stabilising; figures for 1998 show an increase in ODA in real terms of 8.9% on the previous year: see Table 1 below. As a percentage of DAC countries’ GNP, aid rose from

0.22% in 1997 to 0.23% in 1998 (Development Information Update, July 1999). Furthermore, there is evidence of a commitment amongst DAC members to raise ODA by 25% in real terms. For example, the German government elected in October 1998 announced a commitment to reverse the downward trend in German ODA and to move towards the UN target of 0.7% of GNP, while the Swedish government has also announced an ambitious plan to increase ODA by 25% by 2002.

Table 1: Total Net Disbursements of ODA (\$ millions)

	1996	1997	1998
ODA	\$ 55.4 million	\$ 48.3 million	\$ 51.5 million
ODA as % of GNP	0.25%	0.22%	0.23%

Source: DAC 1999 and Development Information Update July 1999.

Non G-7 countries now provide 28% of total ODA, and aid from the smallest DAC members such as Ireland, Luxembourg and New Zealand is growing in relation to clearly defined targets. In 1997, Denmark, Netherlands, Norway and Sweden remained the only donors to exceed the UN target of 0.7% of GNP.

In terms of the volume of official funds channelled through NGOs, variations between countries make it difficult to make general statements about overall trends. Table 2 (below) illustrates the variations between DAC member countries.

Table 2: Share of ODA Disbursements channelled through NGOs (%), 1995-1996

Country	ODA to NGOs	Country	ODA to NGOs
Total DAC Countries	3.4	Japan	2.1
Australia	0.6	Luxembourg	12.5
Austria	0.5	Netherlands	9.2
Belgium	0.3	New Zealand	2.0
Canada	8.5	Norway	<i>no data</i>
Denmark	0.5	Portugal	0.8
Finland	0.7	Spain	<i>no data</i>
France	0.2	Sweden	6.0
Germany	2.6	Switzerland	5.8
Ireland	0.1	USA	2.0
Italy	1.0	UK	8.6

Source: DAC 1999

Statistics on the geographical destination of funds show that the largest percentage of funding goes to Sub-Saharan Africa. Since 1986-87, however, there has been a slight shift in ODA away from South and Central Asia towards the rest of Asia and Oceania as indicated in Table 3 below.

Table 3: Regional Distribution of ODA Funds
(Net disbursements as a % of ODA, two year average)

Region*	1986-'87	1996-'97
Sub-Saharan Africa	36.1	35.2
South and Central Asia	19.3	14.3
Other Asia and Oceania	17.5	20.0
Middle East and North Africa	15.6	15.9
Latin America and Caribbean	11.4	14.6

* Does not include countries and territories in transition, particularly in Central and Eastern Europe and former Soviet Union.

Source: DAC 1999

Analysis of Official Funding Trends

Reports prepared by DAC itself suggested that official aid is moving towards a more strategic approach, with priorities based on gender equality, improving basic health and education, good governance and environmental sustainability. In addition to general references to the need to improve aid effectiveness and policy coherence, there is also a move towards internationally agreed targets of reducing poverty and child mortality and of ensuring universal access to safe water, family planning and primary education. For example, the UK government's Department for International Development (DFID) has recently reformulated its approach with the target of halving the percentage of people living in extreme poverty by 2015.

“Policy reform, better targeting of interventions and programme effectiveness as well as aid volume are important in contributing to poverty reduction.”
(DAC 1999).

As a result of a series of UN Summit meetings throughout the 1990s, a consensus on establishing poverty reduction targets has emerged. The DAC countries have put the policies in place as well as working to develop a set of indicators to measure progress against the targets. However, the issues of lack of donor co-ordination and the continued concentration on short-term ad hoc projects rather than consolidated sectoral approaches remain obstacles. Furthermore, the need to ask how poor income groups will benefit from projects/programmes at every stage from planning to evaluation remains crucial. NGOs continue to have an important monitoring role in ensuring that official rhetoric and policies are translated into coherent practice (German 1999).

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“Now that most donors have issued policy statements which focus aid on poverty, NGOs are increasingly trying to look beyond the words to assess how well rhetoric is in line with reality.”
(German, 1999)

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Trends in NGO Voluntary Income

There is little systematic information on voluntary sources of income for international development NGOs. In particular, there is little comparative data between development

NGOs in Europe and much of the information on differences between countries is anecdotal. Randel (1994) estimated that overall, two thirds of northern NGO income came from voluntary contributions. The information on voluntary income given below starts by looking at statistics available for the UK development NGO sector. It is intended that comparisons between countries will be drawn out in future bulletins.

Statistics for UK voluntary organisations as a whole suggest that the decline in individual giving from donors that characterised the early 1990s turned a corner in 1998: “The rapid decline in giving that characterised the mid-1990s has levelled out with public donations rising nearly 10% between 1997 and 1998” (NCVO , 1999). Furthermore, a survey on “causes” with which the general public identified revealed that “the third world and famine relief” was the fourth most popular issue. Relief and development accounted for 11.1% of total donations amongst the survey respondents.

The survey also highlighted the complexity of factors affecting giving amongst the general public; donations to the voluntary sector varied according to gender, age and personal income. The highest levels of giving were found to be amongst women aged between 45-55 years of the top income classes. These findings were also borne out in a study of voluntary giving at the household level in the UK (Banks and Tanner 1999). Data for the period between 1978 and 1993 showed that decreases in donations to the voluntary sector were related to age and economic status, with the biggest reductions in giving concentrated in young households (ages 20 to 34), older households (65 plus) and low income households. The survey concludes that the data reflects a period when income inequalities increased dramatically within the UK. This suggests that voluntary income sources are heavily influenced by the broader social and economic environment within the country.

Concluding Comments

This section has reviewed the main sources of funding for development NGOs and provided an update on funding trends from both official donors and from voluntary sources. It has also highlighted the considerable gaps in information on NGO funding sources, particularly on voluntary and private sources of income. If anything, monitoring the trends has proved inconclusive; the very diversity of European development NGOs means that generalisations can be meaningless. Country level analysis does provide a specific picture of trends, and is more indicative of the particular context in which development NGOs operate. This theme is developed in the country profiles below. Monitoring funding trends across the board does however highlight the complexity of policy debates taking place at official levels and also amongst the general public.

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DENMARK

Van Rooy, A. (ed.) (1998) *Civil Society and the Aid Industry*, Earthscan, London.

Official Assistance: Denmark is at the top of the DAC league contributing 0.99% of GNP to aid (1998).

Top 5 country recipients: Tanzania, Uganda, India, Ghana and Mozambique.

Contributions to MEDICAL FUNDING TRENDS IN EUROPE Denmark has funded 100 million Euros through NGOs in 1996 and US\$7 million in 1997.

Policy Update: The strategy of shifting from project assistance to sector programmes is progressing more slowly than expected. Since 1996, there has been a policy of supporting multilaterals and Denmark is a major contributor to UNDP and IDA. As yet, however, there is little evidence that the aims of better targeting and efficiency in multi-laterals have been achieved.

IRELAND

Official Assistance: Ireland contributed 0.31% of GNP to ODA in 1997. Although this figure remained unchanged on 1996, the total size of the aid programme is increasing in the context of a rapidly growing economy. Between '91/92 and '96/97 Irish aid increased by 20% in real terms.

Top 5 country recipients: Ethiopia, Tanzania, Zambia, Lesotho and Uganda.

Contributions to NGOs: 0.1% of ODA was channelled through NGOs in '95-96.

Policy Update: Policy has changed from an individual project orientation towards a thematic and sectoral approach in project design and implementation, with a movement away from external technical assistance towards and emphasis on local capacity building. Priority is given to the basic social sectors: food, water, education, health, governance and human rights.

NETHERLANDS

Official Assistance: The Netherlands contributed 0.81% of GNP to ODA in 1997.

Top 5 country recipients: Netherland Antilles, India, Bosnia and Herzegovina, Surinam and Bangladesh.

Contributions to NGOs: Official contributions to NGOs totalled US\$300 million in 1996, decreasing to US\$267 million in 1997.

Policy Update: The Dutch government has restructured aid to ensure coherence in foreign policy. Spending targets were set for the aid budget: 20% to be spent on social services and 4% on reproductive health in developing countries; in addition, 0.1% of GDP was earmarked for environmental issues and 0.25% of GDP for least developed countries. These targets were met in 1997, except for the environmental one.

NORWAY

Official Assistance: Norway contributed 0.86% of GNP to official aid in 1997.

Top 5 country recipients: Mozambique, Tanzania, Palestine, Bosnia, Bangladesh.

Contributions to NGOs: In 1998, NORAD channelled a total of 1,184 million NOK through NGOs.

Policy Update: There is evidence of a strong commitment to poverty reduction and the quality of aid, in a critical public climate. Emphasis is placed on social and environmental issues, conflict resolution, democratisation, with a focus on education and the health sector.

SWEDEN

Official Assistance: Sweden's ODA decreased from 0.84% of GNP ('96) to 0.79% ('97).

Top 5 country recipients: Tanzania, Mozambique, Vietnam, Iraq, India.

Contributions to NGOs: US\$ 109 million was channelled through NGOs in 1997.

Policy Update: The Swedish government has made a concerted effort to develop policies on international development, with action plans on poverty reduction, sustainable development, gender equality, democratisation, human rights and conflict resolution. A strong emphasis is given to strengthening the poverty focus of multilateral organisations and strengthening UN aid organisations at the field level.

UNITED KINGDOM

Official Assistance: The UK contributed 0.26% of GNP to ODA in 1997.

Top 5 country recipients: India, Zambia, Guyana, Uganda, Bangladesh.

Contributions to NGOs: Official contributions to NGO increased from US\$65 million in 1996 to US\$ 76 million in 1997.

Policy Update: The UK government has made a commitment to reverse the decline in ODA from 0.26% of GNP in 1997 to 0.30% by 2001. This is combined with the target of halving the percentage of people living in extreme poverty by 2015, and ensuring coherence and consistency in all policies affecting developing countries.

EUROPEAN UNION

Official Assistance: Member countries channelled 18% of ODA via the EU in 1997 to (US\$5,261 million) making it the second largest concessional multi-lateral donor.

Top 5 country recipients: Poland, Morocco, Egypt, Russia, Bosnia and Herzegovina
(N.B. Poland and Russia are funded from Overseas Assistance, not strictly ODA).

Contributions to NGOs: a dramatic increase from ECU 2.5 million in 1976 to ECU 174 million in 1995.

Policy Update: NGOs question the poverty focus of the EC, arguing that the priority given to countries in transition and middle income countries has diverted money from the least developed countries, who only received 41% of EU aid. Sweeping changes to the aid programme are being introduced, with the appointment of a new Commissioner for Development and Humanitarian Aid and the restructuring of the EC's NGO programme, outlined further in the 'News from Conferences and Working Groups'. Other recent developments include the renegotiation of the Lomé partnership agreement with the Africa/Caribbean/Pacific states, with the aim of enabling them to engage fully in global trade.

SPECIAL FEATURE ON UK NGOS' INCOME SOURCES

The table below illustrates the income sources of the UK's largest development NGOs. The information is taken from financial data published by the Charities Aid Foundation (1998) on the UK's largest 500 fund-raising charities. From those 500 charities, the UK's 33 largest development NGOs are shown with their sources of income by type (in £000s):

Organisation	Total Income* (£000s)	Voluntary Income	Grants - Public Bodies	Trading, Fees & Contracts
Oxfam	£ 123,907	£ 98,188	£ 24,479	£ 4,112
Help the Aged	£ 81,876	£ 50,817	£ 1,687	£ 7,690
Save the Children Fund	£ 60,683	£ 36,594	£ 23,369	£ 6,860
Christian Aid	£ 39,741	£ 23,625	£ 11,790	£ 667
ActionAid	£ 36,008	£ 29,405	£ 3,945	£ 1,105
Vol. Service Overseas	£ 26,846	£ 4,791	£ 21,171	£ 105
WWF UK	£ 26,018	£ 18,281	£ 4,646	£ 2
Tear Fund	£ 24,212	£ 20,828	£ 1,712	£ 1,118
Sense	£ 22,658	£ 6,071	£ 909	£ 14,809
Care Intl. UK	£ 20,205	£ 2,214	£ 17,891	
Marie Stopes Intl.	£ 18,047	£ 1,796	£ 5,192	£ 10,764
Children's Aid Direct	£ 16,255	£ 5,920	£ 7,535	£ 90
CAFOD	£ 15,364	£ 10,590	£ 3,959	£ 60
World Vision UK	£ 15,058	£ 10,606	£ 4,220	
Order of St. John Intl.	£ 13,675	£ 2,529	£ 275	£ 9,809
ACORD	£ 10,476	£ 6,040	£ 3,351	£ 12
ITDG	£ 9,751	£ 2,925	£ 2,865	£ 1,410
Plan Intl. UK	£ 9,550	£ 7,066	£ 1,103	£ 742
Sightsavers Intl.	£ 8,170	£ 7,313	£ 505	£ 15
Wateraid	£ 7,551	£ 4,550	£ 2,319	£ 310
Leprosy Mission Intl.	£ 7,162	£ 6,798		
CIIR	£ 4,265	£ 1,410	£ 2,176	£ 570
CCF GB	£ 4,109	£ 3,798	£ 248	£ 10
LEPRA	£ 3,374	£ 2,874		
Farm Africa	£ 3,348	£ 978	£ 1,383	
SCIAF	£ 2,490	£ 2,136	£ 267	£ 19
BookAid	£ 2,362	£ 1,951	£ 394	
Health Unlimited	£ 2,304	£ 523	£ 1,762	£ 7
Population Concern	£ 2,070	£ 828	£ 1,191	£ 16
ACET	£ 1,412	£ 541	£ 848	
ADD	£ 1,305	£ 558	£ 695	£ 3
Opportunity Trust	£ 831	£ 608	£ 220	
Karuna Trust	£ 804	£ 677	£ 110	
Total	£ 621,887	£ 373,829	£ 152,217	£ 60,305
Percentage of total	100%	60%	24.50%	9.70%
Average	£ 19,433	£ 11,682	£ 4,757	£ 1,885

Source: Charities Aid Foundation, 1998. Figures are for 1996/1997. Figures are in UK £000s.

*Total income includes other sources such as grants from non-public bodies, rent, investment and general.

The above statistics published by the Charities Aid Foundation do not make a distinction between development organisations and other types of charities. In order to extract information on development NGOs, organisations that are members of BOND (British Overseas NGOs for Development) were selected. BOND is the recognised membership organisation for British development NGOs. This is evidently a fairly simple way of classifying organisations as “development NGOs” or not. However, it does give an indication of those NGOs who consider themselves to be involved in development. It should also be noted that some of the NGOs listed are involved in development activities as one part of wider activities. Help the Aged, for example, works primarily in the UK with a small proportion of its work taking place overseas. This is also the case with the Order of St. John International.

On average, UK development NGOs raise 60% of their income from voluntary sources, 24.50% from government sources and 9.7% from their own income activities (trading, fees and contracts). In fact, all but 10 of the 33 organisations raise a greater proportion of their income from voluntary sources compared to government grants. Of those 10, there is a predominance of NGOs working in public health. Overall, this suggests that UK NGOs have a varied income base, with a predominance of funding coming from voluntary donations. Lastly, the income of the UK’s 500 largest fund-raising charities grew by 11% in real terms between 1995/1996 and 1996/97.

NEWS FROM CONFERENCES AND WORKING GROUPS

Development Studies Association Conference, University of Bath, September 99 Conference Theme: The Inter-Generational Bargain

The annual DSA Conference explored the theme of resource transfers between generations. Starting from a demographic perspective, David Collard presented a model of resource transfers between the working population and the young and old. A particular generation’s quality of life depends on transfers in youth and old age; when one generation is missing (through war or disease), the generational bargain breaks down. Naila Kabeer of IDS looked at the generational theme in relation to Children, Education and Child Labour, addressing the question of whether education should be made compulsory when parents are not actually demanding the right of their children to be educated. The Convention on the Rights of the Child recognises a child’s rights both to education and to a livelihood.

The transfer of debt burdens between generations was the theme of the session on Debt Relief. Presentations were made by Paul Spray of DFID (UK Department for International Development) on the new agreement reached at Cologne and by Ann Pettifor of Jubilee 2000, who provided a critique of the Cologne agreement.

Meanwhile the **NGO Study Group** looked at the theme 'Generations of NGOs and the Nature of Organisational and Leadership Change'. INTRAC Associate John Hailey presented a paper on 'Charismatic Autocrats or Development Leaders: Characteristics of First Generation NGO Leadership'. This assessed the characteristics needed for effective leadership of NGOs throughout their stages of development, based on research from 9 South Asian NGOs. The study concluded that NGO leaders demonstrated a combination of inter-related intelligence, skills and competencies. Chief amongst these were interpersonal and aspirational leadership skills combined with rational, analytical skills and an ability to understand and adapt to the complexities of the development environment.

The group explored the nature of change within NGOs as organisations, concluding that the nature of leadership must be seen in relation to change within the organisation as a whole. Furthermore, case studies of NGOs have a tendency to focus on successful organisations, whilst there is potential to look at NGOs that have disappeared and the reasons they did not succeed.

At the Conference, Mary Hilderbrand of Harvard University presented a report on the Development Studies Sector in the UK (commissioned by DFID). This major study looked at the strengths of the UK Development Studies sector and the financial pressures it is facing. The report made recommendations to DFID and the development studies institutions on the future of the sector. The Development Studies Association is considering the outcomes of the report, in consultation with its members (including INTRAC) and with DFID. From the perspective of NGOs, the absence of analysis of the needs of development practitioners was very noticeable within the study. The study concentrated on the supply of development research by academic institutions without assessing whether the research supplied meets the needs of practitioners, particularly NGOs.

The 1999 DSA Conference Papers can be viewed on the conference's web page. The address is:

<http://www.bath.ac.uk/Centres/CDS/dsa99-papers/>

The conference pages are accessible via the DSA main pages. The papers are divided into Plenary and Parallel sessions, including the NGO Study Group sessions.

DSA NGO Study Group: Learning from Development Experience, 2nd November

The NGO Study Group held a one day seminar looking at different ways of learning from development experience. A wide range of case studies was presented, including grassroots level experience in areas such as HIV/AIDS, the use of community video in influencing local development policy, and working with older people. Organisational level material was also presented, with a case study of working with a government department.

A theme that emerged in the seminar was the boundaries to learning from experience, both within and between organisations, and the personal nature of the learning process. Nevertheless, the importance for NGOs to document and learning from good practice was recognised, given that a failure to document good practice means that experience is lost. A case study was presented of how to document good practice, defining appropriate methods and processes. Within good practice, although operational details cannot necessarily be transferred between contexts, ideas and concepts are often transferable.

***BOND Network Fair: ‘Tunnelling Your Way In - NGOs and the European Union’,
23rd September (BOND is the British Overseas NGOs for Development)***

This one day meeting provided an introduction and update on the European Union’s development work, particularly in relation to NGOs. George Foulkes, the Under Secretary of DFID UK, gave a thought-provoking presentation on the UK government’s development strategy. The UK wishes to influence the European Commission to focus aid on poverty reduction and specifically to reach the target of 70% of EU money allocated to low-income countries by 2006. This target is controversial in that “low-income” is a fairly rudimentary way of defining poverty, and other measures such as the UN human development index would give a more integrated approach to defining “poor” countries.

George Foulkes issued a challenge to NGOs to become more proactive in lobbying the European Union on the targeting of aid, improved efficiency of expenditure and ensuring that the renegotiation of the Lomé Convention does not undermine development. These are issues which European NGOs would be well advised to pursue at the moment within the scope of their policy and advocacy work, given the changes taking place.

***UK Platform EC-NGO Network Annual General Meeting, 29th October
Presentation by Tim Clarke, Head of the European Commission’s Civil Society, NGOs
and Decentralised Co-operation Unit (A4)***

Tim Clarke is the Head of Unit A4, colloquially known as the “NGO Unit”. One of the main functions of the Unit is to disburse funds via NGOs; it is the biggest Unit within the Development Directorate and its budget has grown 100 fold in the last twenty years. However, it is still using the same grant processing mechanisms set up in 1976 and has a limited capacity both in terms of financial management and policy dialogue with NGOs. The presentation was about the major changes and “shake-up” of the NGO Unit as part of the wider re-structuring within the Commission. The main issues he emphasised were:

- The new Development Mission statement will emphasise poverty reduction and the links between relief and development.
- Engaging in policy dialogue: the Commission needs to engage in dialogue with NGOs and civil society, seeing them as much more integral to its development strategy.
- Increasing transparency and visibility: improving basic communication with NGOs (setting up a website, phone help-desk and a development report).

- Launching the new NGO general conditions and calls for proposals.

Facts about the European Commission's NGO Resource Allocation

- The top 20 recipient NGOs have a heavy Northern European bias: Germany, UK, Italy and France collect most of the funds with very little funding channelled through Southern European NGOs. Should contributions to NGOs by country reflect the relative contributions of member states?
- The top five recipient countries were: Brazil, India, Peru, Kenya and Bolivia.

The session highlighted the substantial implications of these changes for European NGOs, particularly those who regularly apply for funding from the EC's co-financing budget. Detailed information about the changes can be obtained through the national branches of the EC-NGO Network.

REVIEWS

The NGO Sector Analysis programme aims to monitor policy debates amongst development NGOs. Reviewing the current literature related to NGOs is an important part of this process, and INTRAC endeavours to keep up to date with new publications and information. This section of the bulletin is designed to provide summaries of recent publications, drawing out discussion points and reflection on NGO debates. In this issue, two recent articles about the future direction of development NGOs on the eve of the new millennium are reviewed. NGOs are seen in the context of the wider debate on civil society and changing forms of development co-operation, a theme that was discussed at the last NGO Sector Analysis Meeting in September.

*'NGOs in a Global Future: marrying local delivery to worldwide leverage',
Edwards, Hulme and Wallace 1999
(Public Administration and Development 19, Wiley and Sons, London)*

This article addresses the changing nature of civil society in the context of economic and cultural globalization, arguing that new forms of solidarity and development co-operation need to be created in relation to new opportunities: "Civil society can act as a countervailing force to the expanding influence of markets and the declining authority of states". In the twenty-first century, divisions between "north" and "south" will give way to a rapidly changing patchwork of poverty and exclusion. NGOs need to find new frameworks to address these key challenges:

1. Mobilising a genuinely inclusive society at all levels.
2. Holding other institutions accountable in relation to social and environmental issues.
3. Monitoring the implementation of international regimes or systems: ensuring they work to the benefit of the poor and poor countries.

4. Ensuring gains at a global level are translated into concrete benefits at the grassroots.

NGOs need to make links between micro and macro level forces in a coherent way, particularly in relation to advocacy and influencing mainstream politics, and need to develop a sophisticated understanding of the context in which they work. The role of NGOs will change from delivery towards capacity building and “learning for leverage”, building international constituencies for co-operation and change.

2. ‘A New Age of Social Movements: a Fifth Generation of Non-Governmental Development Organisations in the Making?’

By the late Ignacio de Sevillosa (Intermón) 1999

(Development and Social Action, Development in Practice Readers, Oxfam GB Oxford)

“Many NGDOs [Non Governmental Development Organisations] - North and South - have fully integrated into what, following Korten (1990), we shall call the Fourth generation, and are maturing and co-operating with each other to form a Fifth.”

The changing nature of NGDOs is explored in relation to Korten’s model. “NGO” is an imprecise term and the Francophone term - international solidarity organisations - provides a clearer alternative. The term also hints that co-operation is more than the exchange of resources; it is also about the exchange of cultures. Analysis of NGDO activity needs to be seen in this context of north-south relations.

For the future, Sevillosa suggests that NGDOs need to be aware of the risk of co-option through increased state funding. Fundraising campaigns must resist the temptation of being sensationalist and northern NGDOs should share fundraising experience with southern NGDOs. Northern NGDOs will become increasingly involved in poverty eradication in their own societies as boundaries between “north” and “south” become less clearly defined.

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