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Direct Funding from a Southern Perspective: Strengthening Civil Society?

Has the significant increase in funds to southern NGOs (SNGOs) by official agencies reinforced local civil society through the development of new partnerships or has it led to the emergence of a new generation of SNGO contractors? A recent INTRAC study funded by the Ford Foundation set out to counteract the very “northern” bias of previous studies on direct funding by incorporating a strong southern perspective into the research through commissioning case studies of Peru, Bangladesh and Kenya.

The study found that:

- 1) Many of the trends inside official agencies are contradictory. On the one hand there is a great deal of rhetoric about partnership and enhancing civil society, while the majority of funds are in fact channelled through semi-contractual arrangements for service delivery projects. An over-focus on specific sectors and services has been to the detriment of a wider strategy of funding longer-term goals, which cut across sectors, such as poverty reduction and the strengthening of civil society.
- 2) A disproportionate percentage of these funds, especially in Bangladesh, were channelled to a very small number of large NGOs, thus threatening to swamp a vigorous, plural civil society through misshapen organisational profiles.
- 3) Communities of NGOs and civil society organisations, now far larger than they were a decade ago, are becoming increasingly dependent upon external funding by official agencies. The issue of their long-term sustainability is of concern to many. There is a fear that agencies funding NGOs in resource poor societies, where there is little evidence of medium-term capacity to absorb these costs, are simply reinforcing what some have termed the “global soup kitchen” or globalisation of social welfare. We therefore need to focus our attention towards the goal of sustainability through local resource mobilisation. To date, however, there is little evidence in poorer countries of resource mobilisation through tax based state funding, local philanthropists or income generating schemes. In these cases sustainability is a myth. Some NNGOs argue that at least their support, albeit modest, has been provided over a longer time span than official agencies and is therefore sustainable in their terms and within a long term partnership relationship.
- 4) With some exceptions, SNGOs are less concerned about the source of their funds, be it be from NGOs or Official Agencies, than with characteristics they regard as positive. For example, most SNGOs prefer a physical in-country presence, whether this is an NGO office or an annex to an official mission or embassy (as opposed to infrequent visits from a distant office) since this enables better communication and understanding. Indeed SNGOs are rarely impressed by claims of partnership from NNGOs. Although there is recognition from SNGOs that the better NNGOs are more likely than official agencies to support civil society and longer term democratic development and advocacy initiatives.
- 5) There are many SNGOs who now owe their existence to external funds from official agencies; indeed far more than would be illustrated by the official statistics (due to gross under-estimates by official agencies of the proportion of their funding going to NGOs). Despite more difficult and protracted procedures, once SNGOs gain access to official funds they are generally larger than NNGO grants. This probably justifies the effort, although even the largest SNGOs have problems servicing Official Agency requirements.
- 6) One of the unexpected consequences of direct funding has been the move by larger NNGOs to place themselves in the South in order to access official funds locally. Instead of applying only to the official agencies’ head offices NNGOs are now using a variety of mechanisms, including masquerading as local organisations, to access these decentralised funds.

7) A series of important management issues confront Official Agencies. They appear to underestimate the resources required to be a good donor to SNGOs working on smaller grants, still basing their analysis on the traditional bilateral programme of large grants to government. If Official Agencies are to go down the direct funding route they need adequate resources and good local contacts to be successful. If these are not available then it is better that they do not enter this arena. This conclusion is reinforced even more for those Official Agencies now trying to fund community based organisations directly, given the scale of resources required to do a good job.

8) Official Agencies still do not fully comprehend the issues surrounding capacity building beyond that which has technical or sectorally specific aims. Most capacity building is still seen as instrumental to achieving a specific sectoral or service delivery goal, rather than contributing to longer-term organisational strengthening or the institutional development of civil society as a whole.

9) Much of the evidence about the role of NNGOs was not as positive as many would hope. They are not always seen as good partners or as good donors and the need for them to prove their added-value has never been more urgent. For instance, can they say that:

a) they are net contributors of funds? Or are they expensive intermediaries?

b) they are in genuinely equal partnerships, for example related to policy level advocacy, with SNGOs? Or are they merely using their contacts for legitimacy and accountability?

c) they are providing genuinely needed technical expertise? Or are they in fact limited by their own skill base?

10) Many NNGOs are still going through a series of crises internally, often related to the need for them to redesign themselves into roles required in the present climate. Yet there are contradictions both within individual NGOs as well as within the sector, such that we see some NNGOs resolutely accepting that being operational and delivering services themselves is no longer appropriate, whereas other NGOs are growing steadily larger on the back of contracts from official agencies. Some have sought to be more developmental in their thinking, whereas others are pursuing contractual emergency work or child sponsorship. We have already witnessed a good deal of re-thinking by NNGOs and expect even further reshaping of the community in the future.

The book *Direct funding from a Southern Perspective: Strengthening Civil Society?* is now available from INTRAC.

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Children's Participation: in planning, programming and research

The widespread ratification of the Convention on the Rights of the Child and the decision taken in recent years by many NGOs to make their programmes more explicitly child-centred has resulted in a growing awareness of the importance of involving children in the programme process. INTRAC recently developed a course to provide programme managers and others with a chance to reflect on and learn about the opportunities and constraints for involving children in planning, programming, needs assessment and monitoring and evaluation and some of the tools and methods available for such work. The broad aim of this course is to help development agencies institutionalise children's participation in their programme and policy processes.

A commitment to participatory development in general, and specifically with regard to children's participation, presents many challenges. How, for instance, do you ensure that your programmes target the quieter, more marginalised children rather than only those who are confident and articulate? How do you guard against your intervention placing children in an awkward or even dangerous position? Through the process of empowering children, the power of others is necessarily threatened. So how can programmes involve adults, ensuring that they work alongside children as allies?

A commitment to children's participation has profound organisational implications. For example:

1. Children's agencies quite readily involve children in base-line research but rarely in programme design and planning. Yet it is important not to dichotomise research and planning. The circular relation between research, action and reflection is often quoted in good practice, yet it is rarely implemented. One of the problems is that many of the agencies separate policy makers from programme planners and planners from the monitoring and evaluation departments with the effect that there is little cross fertilisation of skills and knowledge.

2. Even if the skills and knowledge associated with engaging in participatory research with children are effectively integrated and the action/research cycle is working well an agency with a predetermined, centralised policy might not always have the capacity to meet the expectations and needs that emerge in the process of researching and planning with children.

3. Involving children in truly participatory ways can present unexpected difficulties. For instance, how should agencies respond to situations in which children are very outspoken and openly critical of their approach? These issues need to be thought through carefully since it is all too easy to become repressive or dogmatic in a response by falling back into a position of adult power.

Institutionalising children's participation is perhaps the major challenge confronting child-centred agencies today. The ways in which organisations' might mainstream their learning with children will be a focus of our 1998 course, being held between the 5th and the 9th of October in Oxford. The lead resource people are Jo Boyden, Roger Hart and Sue Elliott. For further information or to reserve a place on this course please contact Martina Hunt at INTRAC.

NGOs and Companies: principles *and* Profits

What differentiates NGOs from companies? NGOs have a monopoly on principles while the latter focus on profits. That was never completely true in the past; and today the focus is increasingly on the intrinsic links between principles *and* profits (The Shell Report, 1998). The trick is using the word 'and' instead of 'or'; these two small words make a world of difference, and can ultimately make a difference to the world.

While statutory legal and tax systems keep NGOs and the Private Sector apart, the cross-fertilisation of each other's vocabulary and methods is making sectoral frontiers increasingly blurred, a breeding ground for hybrid for-profit/non-profit organisations. INTRAC's own Millennium Paper lays out this institutional isomorphism as 'NGO Incorporated':

"...we have identified... the dramatic change in the nature and form of NGOs. Even the language used to describe NGOs is changing and identities and boundaries are clearly shifting. We see NGOs with no value base, as against commercial enterprises with very strong ethical values; certain non-profit organisations run counter to the traditional spirit of voluntarism; commercial consultancy firms compete with established NGOs to operate programmes in areas formerly considered "NGO territory", and NGOs are setting up commercial consultancy wings".

The main aid agencies may be NGOs but they are run like companies, with huge turnovers, marketing strategies and revenue targets. While not on the multi-billion multinational business scale, CARE's revenue is measured in hundreds of millions of dollars, and last year the UK's 6,500 charity shops made £91m in profits (NGO Finance, Jul/Aug 1998). Some famous NGOs are not even charities (Amnesty International and Greenpeace). And WaterAid, an independent development agency with sponsorship from an industrial sector, is 'very happy to use the enormous publicity network of 22 million UK water bills for very cost effective fund-raising' (research interview with WaterAid, 1998).

Some people call NGOs non-profits, yet these non-profits are profit-making entities. They measure their success in social and environmental terms as well as financial ones. In their turn, companies have 'seen the light' of social and environmental accounting and are, with their auditors, beavering away to develop ways of measuring themselves in more than just pounds and dollars. These trends will continue as 'the focus of NGOs eyes on companies is turning away from funding in isolation towards the issue of "humanising capitalism"- perhaps the key task of

the 21st century' (Edwards, M., 1998). There is a single world market in aircraft, cars and computers, so why not in human rights or sustainable development? Given current globalising business trends, the further encouragement of corporate citizenship would seem to be a pragmatic way for NGOs to harness more of the power of all companies towards the triple bottom line of sustainable economic, social and environmental development. The variables for such principled *and* profitable engagement between NGOs and the private sector lies at the heart of INTRAC's current research in this area.

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NGO Support Organisations: pivotal builders of NGOs capacities

Will capacity building provide a focus for uniting southern and northern NGOs, or will it merely fuel the decade-long debate between them over roles and territories?

Are capacity building, or 'organisational strengthening', initiatives seen universally as important for NGOs both in the North and South / East? Or do these terms too readily conjure up an image of "weaker" southern and eastern NGOs benefiting from the services of "stronger" northern NGOs (NNGOs)?

Indeed whose capacity is to be built, and for what? We would hold that both northern and southern NGOs stand to gain from capacity building initiatives which aim to strengthen their effectiveness as organisations. As to who should provide such services - is it commercial consultancy firms, universities or NNGO staff themselves? Or are locally based NGO support organisations (NGOSOs) the natural vehicles for nationally based organisational strengthening programmes? And if they are, who is building their capacity?

INTRAC's own strategy outside of Europe has been to work with and support the development of local NGOSOs, rather than to try to work directly in capacity building at the level of communities or individual NGOs.

Indeed, organisations defining themselves as NGOSOs embrace capacity building as one of their primary functions and such groups have, in the last five years, increased in number and influence. To understand better their role and impact in the aid sector INTRAC recently organised a workshop, where 60 participants from 30 countries met in Oxford to take stock of themselves, their position, their services and their effectiveness.

In the workshop NGOSOs distinguished themselves by their dedicated role to provide support to development and relief organisations through a unique combination of features. These included: being able to provide a reading of the internal and external trends affecting the sector; being a critical companion and guide, and relating to donors and NGOs alike from their new position in the aid sector.

We feel that NGOSOs should strive to practice what they preach as they seek to provide organisational strengthening services to the NGO sector, and should be wary of taking on a funding role since it has the potential to compromise their other service functions.

It is apparent that NGOSOs' origins, (whether self-created, donor-created or formed by members) play a large part in shaping their identity. Interestingly, representatives of new organisations still finding their way and developing their own experience base outnumbered the more established groups. Many among them recounted the pressures of operating essentially as donor-created groups in countries of recent political transition. Their concerns included: how they might tackle

unrealistic expectations (both from donors and NGOs); what is essentially different about them from their fellow (equally new) NGOs, and whose agenda they are serving.

All NGOSOs are under constant pressure to maintain their relevance and quality in the face of rapidly changing circumstances. Many NGOs are now demanding a more holistic organisational approach to capacity building and look to NGOSOs as key actors to develop their practice in response to this demand. The Oxford workshop fostered NGOSOs' understanding of their own capacity building role and how best to fulfil it.

The forthcoming INTRAC publication, "*NGO Support Organisations: Role and Function*" will detail the findings from the workshop.

CAPACITY BUILDING DEBATE

Capacity building is a topical and often contentious issue.

Debates over it are multiplying.

Lessons are being learnt through practice.

The praxis of capacity building rests at the heart of our present development work.

To give more space to this significant area, INTRAC is launching a series of mini discussions on Capacity Building in future editions of ON-TRAC.

We will start the discussions by unpacking some of the tensions in the capacity building arena, highlighted in the recent inter-agency meeting on capacity building. For instance: who drives capacity building - is it official agencies, northern NGOs or southern NGOs? And does a focus on capacity building herald a fundamental change to the role and function of northern NGOs?

We will also co-ordinate the 'Capacity Building in Civil Society' panel at the forthcoming international conference - *NGOs in a Global Future* - at Birmingham University, UK, 10th-13th January 1998. If you are interested in presenting a paper at one of the sessions please write to Brian Pratt at INTRAC.

New Publications:

The Learning NGO, Bruce Britton, OPS No. 17, August 1998, £7.95 +P+P.

The concept of the "learning organisation" has spawned a number of books within the corporate sector. The ideas underpinning this concept have a generic appeal and as a result, organisational learning is the subject of increasing interest in the NGO sector. This paper sets out to examine the relevance of the "learning organisation" concept for NGOs and concludes that the ideas have significant relevance for the sector. The paper aims to provide NGO staff with a conceptual framework as well as a diagnostic tool - enabling NGOs to examine their organisations in light of these characteristics.

NGOs and Decentralised Government in Africa, Andrew Clayton, OPS No. 18, August 1998, £7.95 +P+P.

This paper explores the relationships between NGOs and local levels of government in Africa. The opportunities and challenges of NGO-Government collaboration in local service provision are discussed, drawing on examples of good practice from both East and Southern Africa. The paper also explores the role of NGOs in supporting local democracy through advocacy and civic education. Key themes of the paper will be: Civil Society and the State in Africa; Decentralisation in Africa; Government-NGO Relations; Strengthening Local Democracy.

Direct Funding from a Southern Perspective: Strengthening Civil Society?, NGOMPS No. 8, August 1998.

This book, as the lead article outlines, examines the direct funding of southern NGOs by official agencies from a southern perspective. It draws primarily on case studies from Bangladesh, Kenya and Peru and in doing so poses a number of challenges to both NGOs and official agencies concerning their practice.

For a publications catalogue or to place an order please contact Daphne Wilkinson.

INTRAC was recently commissioned by UNDP to produce a handbook on participation. The handbook is titled *"Empowering People - A Guide to Participation"*. INTRAC has 100 copies to distribute to ON-TRAC readers on a first-come first-served basis. If you would like a copy please send £5.00 (sterling cheque, bank transfer or credit card) to cover postage and packing.

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Strengthening Urban Partnerships and NGOs for Urban Poverty Reduction
Workshop 1st - 4th February 1999, Amman, Jordan

This workshop will bring together practitioners in the urban NGO sector with a view to identifying the critical factors and questions in effective partnerships for urban poverty alleviation. By examining the actual experiences of southern NGOs, CBOs and local authorities active in the field, the workshop aims to highlight ways of encouraging and strengthening partnerships. INTRAC will be working to disseminate the outcomes of this workshop and the findings of the research on which it is based as broadly as possible.