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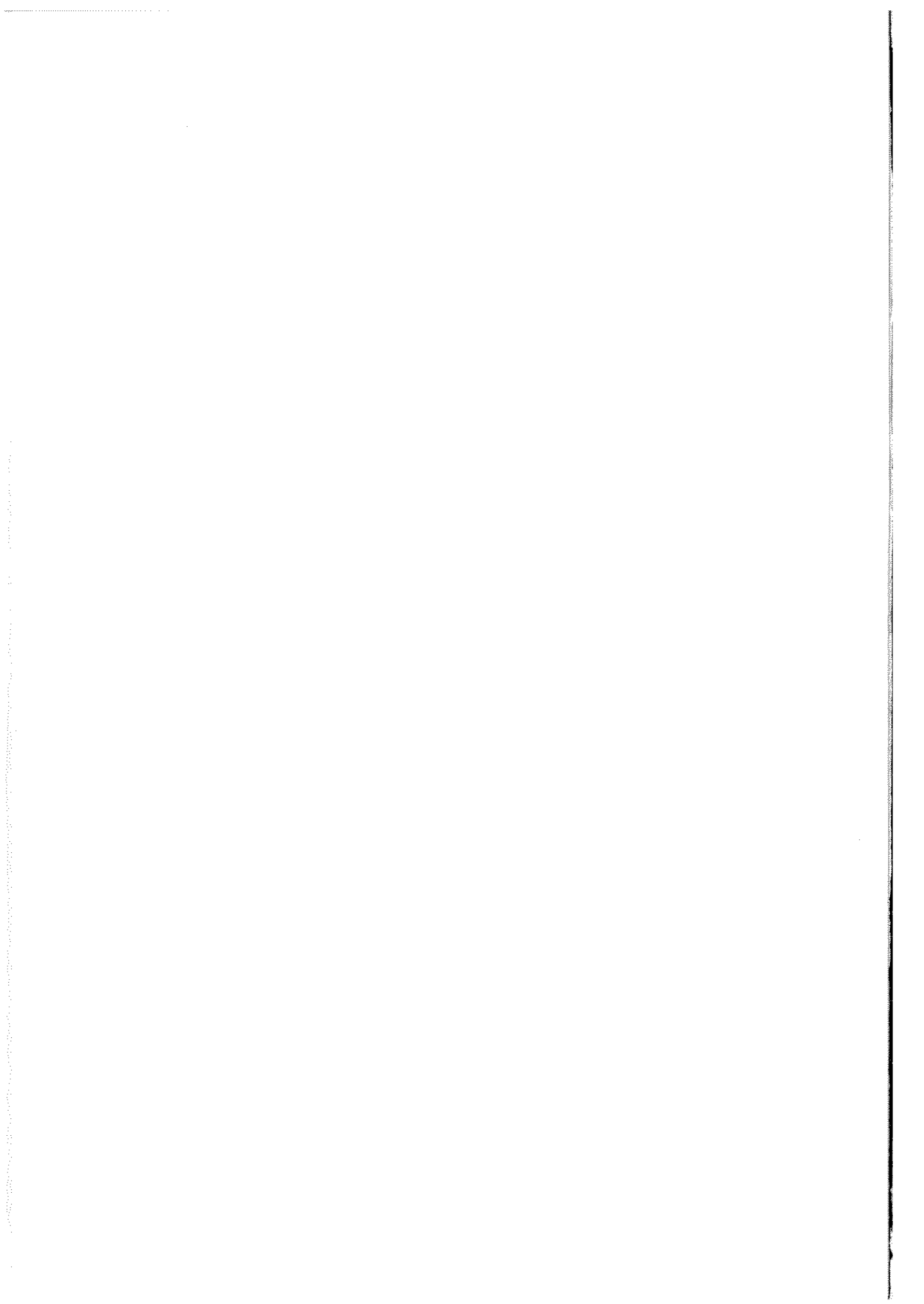
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*The Role of Southern NGOs
in Development Co-operation*

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THE ROLE OF SOUTHERN NGOs IN DEVELOPMENT COOPERATION: A REVIEW¹

Alan Fowler and Rick James

1 INTRODUCTION

Throughout the eighties the operational methods and performance of international development cooperation have been the subject of major reassessments. One important focus of study throughout countries of the OECD has been on the functioning of non-governmental organisations (NGOs).² And, as part of its policy review process, Danida requested the International NGO Training and Research Centre (INTRAC) to provide brief overviews of issues affecting the NGO sector.³ The following pages contain the analysis of Southern NGOs (SNGOs).

For the purpose of this paper SNGOs are defined as non-profit organisations providing services to others and operating specifically in the field of international relief and development cooperation. This definition does not include Southern membership or community-based organisations (CBOs) established and controlled by (poor) people for their own benefit; for example, the traditional self-help associations to be found throughout the South.

As described below, SNGOs are extremely heterogenous, ranging over a wide spectrum from small loose-knit voluntary groups with few staff, to multi-million dollar organisations employing hundreds, to national SNGO federations and to international networks that span continents and the world. A review of this nature cannot avoid broad generalizations which means that its contents cannot simply be applied to any particular country or SNGO. Be that as it may, INTRAC's extensive experience and familiarity with published material (see footnotes and references) provide grounds for believing that the issues raised would be of importance in any redefinition of Danida's policy towards the NGO community in the South.

Following the original terms of reference, this paper reviews the following areas. It begins with a sectoral overview including: typical origins of SNGOs; differing SNGO typologies; and, growth factors influencing SNGOs. Thereafter, attention turns to an analysis of SNGO funding, an item that strongly conditions their behaviour and potential for self-sustainability. Part four briefly reviews three key SNGO relationships: with their Northern counterparts, with Southern governments, with official aid agencies and with each other. The question of SNGO impact is dealt with in part five. This is a complex and somewhat disputed area where opinions and articles of faith tend to dominate over uncontested evidence. Therefore, a brief discussion on issues of NGO comparative

¹ Based on an original paper prepared for the Danish Agency for International Cooperation (DANIDA), December, 1994.

² See the recent study edited by Ian Smillie and Henny Helmich, Non-Governmental Organisations and Governments: Stakeholders for Development, OECD, Paris December 1993.

³ Danida requested INTRAC to undertake two studies; one on the relationship between NGOs and multi-lateral aid agencies, the other on the development role of Southern NGOs.

advantage and common weaknesses cannot be avoided before data on SNGO achievements is presented. Finally, part 6 provides summative and speculative conclusions that would be of critical importance in a donor policy review process.

2 PROFILING SNGOs

2.1 The issue of "rootedness"

A common view of NGOs is that they are organisations through which people express a sense of their obligation or willingness to help others for reasons other than profit. The origins of SNGOs should therefore be largely determined by the particular "cultures of obligation" and the nature of philanthropy within a given society. But, because the state can also take on part of society's sense of mutual obligation, through social welfare for example, the origins of SNGOs may stem from government initiative as well as from that of people themselves.

Unlike the North, the South has been the subject of colonial penetration which can also be a source of SNGO development, as is the case in much of Africa. While the issue of origin is therefore not straight-forward, the key question to be asked is the degree to which an SNGO is rooted in its own society in terms of (a) its constituency and (b) its link to the national economic base. These points will be returned to.

At the risk of gross generalization, it would appear that when it comes to the "culture of obligation" there are salient differences between Asia, Latin America and Africa.

In Asia many SNGOs arise from a spiritually informed inspiration, where the obligation to give is part of the religious social system and the doctrines of Islam and Hinduism. (There are obvious exceptions, like the Philippines, where NGOs have been more politically inspired, as a result of Spanish colonial history and recent U.S. involvement.)

In Latin America, the obligation base of SNGOs appear to have been more ideologically informed than in Asia and Africa. Many have originated as entities opposed to autocratic military regimes, frequently catalysed by radical catholic theology and in the seventies and early eighties sheltering under the auspices of the Catholic Church.

In Africa, the *formal* SNGO system has been primarily a product of Northern intervention rather than an expression of indigenous obligation. There are four key reasons for this. (1) The basic social value of personal reciprocity tends to work against giving through an intermediary. In other words, obligation is there, and is in fact very strong, but the mechanisms are different. (2) A lack of substantial indigenous economic surplus in Africa has historically worked against the growth of local organisations that could be called NGOs. (3) Colonial penetration introduced Northern NGOs that have increasingly become mirrored by SNGOs rather than them emerging as something organic. (4) Since independence African political leaders, themselves often products of ethnic welfare associations, and their governments have tended to dominate the development arena, viewing new and autonomous SNGOs with some suspicion. In other words until recently the NGO environment has not been very encouraging.

The initiative to establish SNGOs can come from any number of sources: they may grow out of one peoples' organisation or an amalgamation of peoples organisations; they may be an offshoot of a larger organisation set up for another purpose (like church groups); or they may be established by a group of like-minded individuals in response to a perceived need.

Historically, in Latin America and sub-Saharan Africa the Christian church has had a very strong role in development, with similar impacts of Muslim, Hindu, Buddhist and Confucian belief systems in the Middle East and Asia. In terms of size and popular following even in Eastern Europe, religious institutions are usually the most significant structure outside of government. However, such institutions face the paradox of enormous potential grassroots involvement versus the fact that they are structured and organised for spiritual purposes that do not make them directly appropriate or effective as agents of relief and development.

2.2 SNGO Typologies

A number of different typologies can be used to make sense of the SNGO community. As there is no consensus on which is most appropriate each analyst must select their own. INTRAC has found the following step by step approach useful.

2.2.1 Ideology

The first step is provided by Hussain Adam who differentiates between three types of SNGO depending on the basic ideology or analysis they apply towards the nature of development in an inter-dependent world. These are:

1. SNGOs founded on the belief that there is a need to go back to and build on indigenous roots or beliefs. Six-S in West Africa or the Savadoya Movement in Sri Lanka are examples. In development they emphasise people's own values, relations and capabilities as the starting for action. These he labels "seize the past to gain the future" type of organisation.
2. SNGOs based on a political (typically *dependencia*) analysis and the need to fight injustice, exploitation and inequalities within their own societies and internationally. Their agenda is to change the structures that keep poor people in poverty and dependence. The term "back to the source" is applied to this type of organisation which stresses self-reliance, transformation and countervailing power.
3. SNGOs which believe that development can be brought about by providing the "lacks" in societies like skills, resources, knowledge, social services. Such organisations have a technological bias, tending to see what they do in terms of service delivery. These Adams calls "transmission belts".

SNGOs are most likely to contain a mix of all these three. However, for funding and other reasons discussed later, the mix will incline NGOs towards the rhetoric of emancipation and a practice of service delivery.

2.2.2 Organisational orientation

SNGOs can be further differentiated by the principal way that they go about their work. Each organisational orientation leads to different issues of performance measurement, factors determining effectiveness, management demands and so on.

1. Delivery SNGOs: are organisations providing material short-term relief or long-term services to the poor, refugees or displaced. Corresponding to the transmission-belt type, these SNGOs are logistically oriented. Their services can simply replicate or be very distinctive from those provided by the state or commercial sector. These NGOs have direct operational capabilities.
2. Enabling SNGOs: are organisations providing immaterial assistance, such as training, legal advice, information and so on. This usually entails working with and through Community-Based Organisations (CBOs), but with a goal of consciousness-raising and empowerment. Operational capabilities exist but are not logistical in nature.
3. Advocacy SNGOs: are organisations that seek to support the poor by influencing public policies through advocacy, lobbying and other means.
4. Support SNGOs: are organisations providing assistance to other types of NGOs (rather than CBOs). Their work could be in the areas of capacity building, consultancies, policy analysis, organisational development, staff training, research, etc.

These roles are not mutually exclusive -- an SNGO can undertake all three functions or it can focus on one and enter strategic alliances with other NGOs who are involved in a complementary area.

2.2.3 Issues or sectors

A third step in a typological identification is to determine if an SNGO deals with one or a number of issues or sectors. Typically, SNGOs concentrate one area such as credit, human rights, the environment, water supply, AIDS, water supply, population control, training and so on. There is some evidence to suggest that NNGOs are more likely to have multi-sector capabilities than their Southern counterparts.

2.2.4 Constituency and ownership

A final basis for constructing a typology is to determine the actual "ownership" of an SNGO. In other words, who does the SNGO belong to and what interests in society does it represent? The recent introduction of terms like GONGO, a government NGO, or BRINGO, a briefcase NGO, indicates that to be an NGO does not say anything about who it is set up by and whether it is meant to serve personal or public interests. In the first case it may be a way for government to "catch" funds that donors are redirecting to the non-profit sector. The latter case it is simply a personal business by another name. Both of these types are increasingly to be found in Africa. BONGOs are business oriented NGOs being created by banks and businesses as a tax dodge, in Latin America

particularly. Increasingly, privatization in development thinking and practice is turning the SNGO arena into a market place, pushing out mutual obligation as the reason NGOs are established.

This raises one of the key problems for support to SNGOs, that of legitimate constituency. While the ultimate question of who gives the Southern NGO the mandate to operate is clear for church groups, it is much less clear for most secular NGOs. In other words, who these organisations represent as opposed to who they try to serve. SNGOs need to demonstrate a social base and mandate, otherwise they are effectively owned by -- potentially self-serving -- individuals.

2.3 Growth of Southern NGOs

The late 1970s and early 1980s saw a period of rapid growth for NGOs and the last ten years one of explosive expansion. The burgeoning of NGOs is a worldwide phenomenon, although geographically not equally distributed.

For example, between 1978 and 1988 the number of indigenous NGOs in Kenya grew by over 150%. In Ecuador in 1977 there were only 3 registered NGOs, and by 1993 there were 800. The number of NGOs in Botswana grew by 60% from 1985-1989 and in association with the recent democratisation in Nepal in the two years starting in 1991 NGOs have increased from 300 to over 3000.

Not surprisingly, the growth in SNGOs is a reflection of the changing attitudes and policies of the official aid sector. Both push and pull factors are in play.

2.3.1 Increasing Aid Resources - A Push Factor

The growth of SNGOs is both opportunity and resource driven. In the case of resources, the dissatisfaction of private and governmental donors with the performance of the state in many developing countries has meant that NGOs have been seen as viable alternatives for official aid resources. There has been a growing recognition by official agencies of the potential comparative advantages of NGOs. The official aid system has therefore ploughed money into NGO sector. Expressed in 1986 prices the flow of foreign aid channelled through NGOs rose from \$2.7 billion in 1970 to \$7.2 billion in 1990. NGOs now account for 13% of all official governments' overseas aid.

2.3.2 Adjustment and Democratization - Demand Factors

In terms of opportunity, the opening up of civic space has permitted the emergence of many new non-governmental entities as service suppliers and as community-based or grassroots organisations. NGOs are increasingly expected to play a crucial role in achieving national development, especially in countries implementing structural adjustment policies (some 36 in sub-Saharan Africa). In this situation, SNGOs are usually being supported to fill the gaps caused by decreasing government service provision and picking up the areas and population groups that government cannot or will not handle.

More generally, the world-wide trend towards reducing the government's direct responsibility for providing social services is creating a space that NGOs are expanding to fill. Additionally, in many developing countries the private sector is not generating employment as fast as their populations are expanding and civil servants are being made redundant. As a new growth area, SNGOs become an obvious employment choice, for reasons that have little to do with a person's commitment to values of mutual obligation.

As well as the demand for NGOs to take over government service delivery functions, donors are attaching growing importance to the concept of civil society and good governance. As the "overbearing state" is rolled back, in the process it also needs to be made more accountable to its citizenry. SNGOs are thought to provide a vital mechanism for promoting democratic change by mediating between citizens and the state. They are believed to constitute an important countervailing force to prevent the natural tendency of government to expand in the future. With the (enforced) opening up of development space in many Southern countries SNGOs are seen to play a crucial role in a democratisation process.

3 THE FINANCING OF SNGOs: SOURCES AND ISSUES

While other factors such as ideology and history contribute to SNGO functioning, their funding sources significantly shape and steer what an SNGO is, how it operates, and what it achieves. Having inadequate funds or being dependent on others who have control over the purse strings limits the freedom of choice, the autonomy and also potentially the performance of SNGOs.

Intrinsic to the existence of SNGOs is the fact that the costs of the development services they provide are not (fully) met by income from the clients they serve. While SNGOs often require recipients to contribute to the cost of projects in cash or kind, the amounts raised seldom cover full organisational costs. If their costs were fully covered by beneficiaries, SNGOs would effectively be operating as a commercial enterprise would. The crucial point is that the client to be served is too poor to pay the full amount. NGOs in the South and North must therefore always tap into financial surpluses derived from other parts of the (inter)national economic system.⁴

The five primary sources available to SNGOs are:

- (a) donations made by the general public (the gift economy);
- (b) from Southern governments through grants (from the national tax base);
- (c) from Northern official aid sources (the international tax base);
- (d) from Northern NGOs;
- (e) from SNGO commercial self-financing activities (investment or enterprise).

Each of these sources has a distinctive **quality** - that is a set of conditions or ties that influence what the SNGO can do developmentally. For example, finance from Oxfam comes with

⁴ For elaboration on this topic see, Alan Fowler, "Distant Obligations: Speculations on NGO Funding and the Global Market", Review of African Political Economy, No. 55, November, 1992.

very different demands and expectations than a World Bank grant associated with a government loan. As a product of policy changes in the 1990's we can expect each source to have different dynamics in terms of growth or shrinkage in volume.

The behaviour of donors like Danida in this arena can be critical for SNGOs and will therefore be dealt with in some detail.

3.1 The Gift Economy

As explained in section 2, Southern countries contain complex traditional patterns of social relations providing mutual support. The question is, are people in the South able and likely to provide such support to SNGOs acting as intermediaries to the poor.

In poorer countries reciprocity in social and economic relations still provides a very significant system of support to those in need. But this informal system has little to spare for formally organised and registered NGOs providing development services. As Smillie (1987) states, "The charitable donor base in most Third World countries is tiny ...and usually flows directly from the vested interests that NGOs most threaten."

In countries with an emerging middle class and a less personalised attitude to giving there is the opportunity to mobilise significant indigenous resources through local fundraising. India, Indonesia and increasingly the newly industrialized countries being current examples.

It would appear, however, that there is little realistic prospect that in the poorest countries of Africa and Asia enough people will produce sufficient surpluses and be motivated to establish a meaningful and formal gift economy. In Africa particularly the different culture of obligation means that the concept of family extends far wider and there is less commitment to financing formal intermediary organisations such as SNGOs.

While the future picture of a Southern gift economy is very uneven, there is little likelihood that SNGOs in poorer countries will derive much finance from it.

3.2 Finance from Southern Governments (the national tax base)

Although figures have not been collated analysing the funds that Southern governments make available to NGOs, there is no indication that the poorest states in the South provide anything other than minimal finance, if at all. The only major exception is India, whose ability to include NGOs in the countries 5 year plans is not feasible for smaller, poorer and less stable countries. In fact most governments in the South regard NGOs as an important *source of additional* national income and much needed foreign exchange.

As part of adjustment policies, governments are reducing many of their social obligations, with NGOs being expected to fill the gap without relying on state subsidy. General taxation is not generating enough revenue for governments to provide the social services needed by the majority. It is therefore highly improbable that SNGOs will be able to count on income or state subsidies raised by taxes to cover the full costs of their work.

3.3 Direct Support to SNGOs from the Official Aid System

A new phenomenon of official aid in the late 1980s is direct funding to SNGOs, most often through a type of decentralisation which delegates the necessary authority to local missions. Some push and pull reasons for increased donor funding to NGOs have been explained. However, recent trends towards direct in-country funding of SNGOs by official aid system is the subject of much debate and little systematic research (INTRAC is in the process of designing a relevant study) and needs more explanation.

The donor policy move to direct funding of SNGOs appears to stem from:

- i. the growth of capable SNGOs, some of substantial size, well able to deal with the official aid system;
- ii. agitation by SNGOs that the role of NNGOs is to support their work not replace them;
- iii. an inability of NNGOs to demonstrate the value-added they provide in the funding link, leading to the conclusion that they are an unnecessary overhead;
- iv. the intention to better incorporate SNGOs into bi-lateral and multi-lateral programmes.

Evidence to date leaves little doubt that direct official aid to SNGOs will have a greater "steering effect" on the role of the voluntary sector in a number of Southern countries.

To date, there has not been an aggregated assessment of the speed and scale of the change in official aid policies towards direct funding. A donor survey carried out in Kenya in 1988 found that direct funding amounted to about US \$35 million, approximately 10% of the amount of external aid used by the Kenyan NGO community. While the majority of official aid reaching NGOs in Kenya still comes via Northern NGOs as intermediaries, most agencies expect their greater direct funding in the future.

Direct official aid presents SNGOs with both opportunities and risks. The principal opportunity is to diversify funding (reducing vulnerability), but aside from the potential loss of autonomy, there will be new pressures from the different organisational demands of dealing directly with the official aid system and the potential friction with Southern governments as aid is diverted.

3.4 Support from Northern NGOs

Presently, most funds available to SNGOs are provided by their Northern counterparts. If the Kenyan example is representative, over 80% of SNGO funds come through Northern NGOs.

There are also indications of a trend towards a North-South division of NGO development labour that will increase SNGOs share of funds. For example, guidelines on partnership formulated by the ICVA, argue that SNGOs should steadily take on more responsibility for development in their own countries with NGOs moving away from operational functions to supportive and advocacy roles. Although the situation differs between Asia, Africa and Latin America, indigenous NGO capability is growing, leaving less and less justification for NNGOS to undertake development for local NGOs, rather than with them. If NNGOs fail to change they will leave themselves open to charges of neo-colonialism.

From perspectives of effectiveness and governance, if properly realized NNGO funding to SNGOs can continue to provide a value added. NNGO support can:

- i. help SNGOs retain their autonomy as civic institutions;
- ii. reduce the perception that SNGOs are competing with their governments for aid;
- iii. incorporate appropriate technical assistance that is based on mutual values;
- iv. be more flexibly applied;
- v. work against simple substitution of SNGOs for the state in service provision;
- vi. broaden support of Northern constituencies;
- vii. maintain plurality in the aid system;
- viii. strengthen South-North collaboration in policy influence at the international level by being rooted in and providing testimony from the lives of poor people and their struggles.

The ability to deliver on these fronts, however, depends on the type of relationship that NGOs can put in place (see 4.1 below).

3.5 Self-financing for SNGOs

Self-financing can provide SNGOs with "high quality" money which is not tied to any particular project. In addition it helps root them economically within their own society and economy, rather than being suspended on the umbilical cord of international aid. If SNGOs can at least cover their core costs from their own economic activity they are likely to be more stable and capable of negotiating on more equal terms.

Despite the clear logic and benefits of greater self-financing, the record of more than a decade of discussion and limited experiment in this area is not promising. Even the bigger, well established NGOs of South East Asia have difficulty in covering their core costs.

The reality to date is that Northern donors are just not prepared to provide the funds necessary, as endowments, or for investments, or for enterprise, that will enable SNGOs to achieve organisational security based on finances derived from their own economy. One explanation is that NNGOs are afraid to loosen their control over the development process. Accountability is the usual reason cited for the inability of Northern NGOs to actually help their Southern partners gain true autonomy.

Despite all the rhetoric, for the most part SNGOs' existence and services remain dependent on Northern donors and there seems little immediate likelihood that SNGOs will be able to derive more of their income from their own market economies. This has serious long term implications.

4 SOUTHERN NGO RELATIONSHIPS

All NGOs are heavily relationally dependent in the sense that what they set out to achieve as social change organisations -- their "products" -- occur by definition outside of themselves in wider society through their interaction with communities, policy makers, the general public, etc. In comparison with their Northern counterparts, SNGOs, and especially those in poorer countries with

autocratic rulers, have a more complex and difficult set of relationships to deal with, described in this section.

4.1 Southern NGOs and their Northern Counterparts

Development in the eighties has brought the role division and relationships between SNGOs and Northern NGOs into a state of flux. There has been a trend away from the hands-on involvement of NNGOs in development in the South towards working in "partnership" with SNGOs (UNDP Human Development Report 1993).

There have been various attempts by NNGOs to operationalise partnership by experimenting with methods such as: programme or institutional funding (as opposed to project funding); delegation of responsibility to partners; local partner "platforms"; reverse consortia; organisational decentralisation and capacity-building programmes.

The experience of "partnership" between Southern and Northern NGOs, however, has been disappointing. Partnerships have been fraught and more difficult to implement than expected. The term has suffered from being idealised, ill-defined and over-used, with the central issue of control usually being ignored (Fowler, 1991).

"Partnership" is being sought between organisations which are highly unequal in terms of their resources, power and institutional strength. SNGOs are still almost exclusively dependent on Northern NGOs for their funding and hence for their very being. This ultimate control over financial resources has always been given greater weight in the relationship than the less tangible "legitimacy" that SNGOs provide to Northern donors.

"Partnership primarily and unavoidably implies a transfer of power from Northern NGOs to SNGOs" (Malena 1992). There has been no external pressure on Northern NGOs to relinquish this power. In fact, pressure has been evolving in the opposite direction because as NNGOs receive proportionately more of their income from the official aid system and proportionally less from the general public they have faced increasing donor demands for financial accountability; conditions which translate through into the type of relationship they can negotiate with SNGOs.

SNGOs do not commonly use the term "partners" to describe their Northern NGO financiers. Often SNGOs dismiss the term as mere rhetoric because donors set the conditions and define the development agenda even at the grassroots level.

Trends in funding and privatization policies indicate that Southern and Northern NGOs will be faced with a strategic choice in their relationships which will fall into two primary types:

Type 1 will be based on : inter-organisational solidarity based on real empathy, joint decision-making and transparency, shared values, negotiated agreements of shared control, common agendas and strategic alliances with like-minded organisations, in other words achieving partnership in practice; while,

Type 2 will be based on: a contracting role and relationship where NNGOs effectively pay SNGOs to deliver services, with a focus on issues of capacity and effectiveness, performance criteria, written agreements and so on.

Evidence so far indicates that reaching a type 1 relationship will have far-reaching implications for the organisation and behaviour of NNGOs which they have shied away from. Further, the trends previously described suggest that the pressure is on for type 2 relationships to become the norm.

4.2 Southern NGOs and Southern Governments: A Case of "Reluctant Partners"⁵

The relationships between SNGOs and their national governments is best described as ambivalent and dynamic. It is complex and contradictory - sometimes cooperating, sometimes in conflict, and often both simultaneously over different issues.

Governments are most likely to see and most easily accept the role of SNGOs merely as service providers.⁶ The widespread adoption of structural adjustment programmes has forced government to cut-back on social services provision and SNGOs have been welcomed to fill the gaps and mitigate the worst of the effects. SNGOs bring into the country much needed foreign-exchange and have been encouraged by governments to take the lead in potentially controversial political development issues, like family planning. Autocratic governments have also benefitted from the presence of SNGOs. In Latin America, for example, SNGOs have channelled the energies of the opponents of government away from direct political opposition into productive activities and have shown foreign governments that the regime permits a pluralistic society (Smith, 1991).

There is, however, sometimes acute government discomfort with SNGOs as a sector if some are perceived to undermine state legitimacy, threaten security, reduce government revenue, limit hegemony, and reduce state autonomy. Many NGOs have as one of their main goals the empowerment of the poor, i.e., to push for a redistribution of economic and political control. Such a strengthening of civil society by definition entails a circumscribing of government influence, which may induce control-oriented responses.

In addition, the shift of official funding away from governments and towards SNGOs has understandably given the impression that government and SNGOs are direct competitors for development finance. Furthermore, as SNGOs receive foreign funds directly, they can often operate totally independently of government and the state's "rights" as gatekeeper can be ignored. SNGOs may feel that they do not have to be accountable to host governments, but to donors and have sometimes chosen to support groups directly opposed to the incumbent government, actively working towards its downfall.

⁵ A series of books analysing NGO-Government relations in agricultural innovation carries this title. See, Farrington, Bebbington, *et al*, 1994.

⁶ For a good summary of this area see: NGO-Government Relations: A Source of Life or the Kiss of Death?, Society for Participatory Research in Asia, New Delhi.

The nature of this ever changing relationship and degree of tension within it depends on the interaction of a variety of key factors, including:

- i. the country's political structure, whether it allows true competition between policies and interest groups as opposed to simply between individuals;
- ii. the real legitimacy of the regime as this condition affects power holders' feeling of security and hence their perception of the threat posed by NGOs;
- iii. the ideology of the regime in power -- is it redistributive or not;
- iv. the significance of the aid budget for the country, and particularly of NGOs' resources as a proportion of social sector funding;
- v. the historical role of NGOs and civic organisations in the country. In Latin America NGOs frequently emerged in opposition to the (autocratic) state and are consequently still viewed with suspicion.

As institutional relations within Southern societies undergo quite fundamental change because of global economic and political trends, we can reasonably expect the relations between Southern governments and SNGOs to be unstable as each tries to feel its way towards a new division of responsibilities and power which is likely to be more weighted in favour of civic actors.

4.3 Southern NGO Relations with Bi- and Multi-lateral Donors

Both bi-lateral and multi-lateral agencies are moving towards closer relationships with SNGOs and are increasingly involved in channelling direct funding to them. For example, of the 222 World Bank projects approved in 1992, NGOs were involved in 68 of them. Between 1973-1988 NGOs participated in only 6% of the World Bank projects, but between 1989-1992 this figure was 28%. However, while NGOs have formally collaborated in 28% of World Bank projects, they have only been involved in the formulation stage of 11% of them. (World Bank 1992 Progress Report). In other words, NGOs are being treated as contractors in Bank-government designed projects rather than skilled agencies with comparative advantages that should influence official agencies' development choices, policies and methods.

The pro-SNGO policies of the official aid system are leading to a number of potentially unhealthy situations which neither party wants but which institutional limitations and interests seem destined to make worse. Some key areas of concern are:

1. There is a major danger that multi-laterals and bi-laterals simultaneously overestimate the capacity and underestimate the potential of NGOs. The push to fund SNGOs while they are not yet capable can undermine their organisational growth. Ignoring or not accommodating their ability to provide sound inputs to the formulation process wastes an important contribution they can make. The issue here is actually one of **sharing power** over the development process.
2. Official aid to SNGOs has the tendency to make them less "civic" in that they are inevitably tied more closely to the state's development system and official views of what development is about. Here the issue is one of the **degree of autonomy** that SNGOs have to forego as civic

actors with their own agendas. From a governance perspective, the paradoxical situation is that greater official aid to SNGOs may reduce their "civicness" while this is precisely a dimension argued to be vital for fostering the democratic reform associated with donor conditions.

3. SNGO collaboration with the official aid system can seriously erode their comparative advantages. Bureaucratic demands of the funding relationship and the well documented drawbacks of project-based funding for truly participatory processes can negatively impact on SNGO development behaviour. Here the issue is the **ability of the official aid system to modify their practices** so that they do not inhibit SNGOs from realizing their comparative advantages in development, which is the rationale for funding them in the first place.
4. There appears to be a mis-match between the rate at which expectations about SNGOs capabilities (which they themselves also create) are growing versus the amount of effort and time being given to strengthening the capacity of SNGOs to be effective agents of development with some prospect of self-sustainability. Here the issue is the **creation of false expectations**, manifest in the difference already seen between rhetoric and practice in the priority for capacity building of SNGOs.

The concerns listed above can be traced back to incompatibility between different organisational types with different social positions and institutional roles which may lead to reduced effectiveness of SNGOs as agents of both poverty alleviation and democratic reform.

4.4 Relationships between Southern NGOs

"In recent years NGOs have been characterised by reciprocal ignorance of one another's programmes, a certain feeling of competition and a lack of communication" (Schneider 1985). While this indictment may still hold true for many organisations, the last few years have seen a stronger trend towards SNGOs forming networks, strategic alliances and umbrella bodies with other NGOs.

During the past decade, hundreds of NGO **networks** have appeared in response to the new demands and challenges facing NGOs in the South. Networks encourage NGOs to meet and share knowledge and experiences. They act as forums within which NGOs can debate issues and work together to develop new approaches. They also provide NGOs with a sense of solidarity. By joining together, SNGOs are better able to lobby governments and challenge other powerful interest groups with a stronger voice.

As with NGOs themselves, there is enormous diversity between NGO networks which vary in purpose, size and structure.

- * They may be national, regional or global.
- * They may be oriented towards achieving a specific goal on a particular issue; for example IBFAN - the International Baby Food Action Network -- or set up to facilitate cooperation between NGOs more generally, like Development Innovations and Networks -- IRED.

- * Some networks are action oriented with a definite campaign to pursue. Others act more as 'think tanks', looking to develop new strategies to improve the effectiveness of NGOs and increase the positive impact of the projects they run. Yet other networks do both.
- * Members may be organisations or individuals; researchers, project workers or NGO directors, depending on the nature and aims of the network concerned.
- * Some networks are organised on a formal basis, with an (elected) secretariat, full-time coordinators, regular meetings and an affiliated (paying) membership. Other networks are run far more informally as gatherings of like-minded NGOs, without levels of internal authority or legal procedures to which members are held accountable.

Networks face the continual problems of (a) mobilizing funding outside of the membership and (b) the tendency for NGOs to be competitive, meaning that they do not 'dare to share'. Often NGOs maintain clearly differentiated viewpoints, shaped by the diversity of the problems particular to their culture, the aspect of development they cover, and the social sector they work in. If there is funding available, there is the tendency for networks to be swamped with the danger that they become over-bureaucratic and lose their dynamism.

In addition to networks, SNGOs have been struggling to form national and wider level **representative bodies or umbrella organisations** to promote the sector and its interests. The experience in this area is very varied, but by and large disappointing. There are both internal and external reasons for this. Inherent competition between SNGOs reduces motivation to collaborate or partially forego identity; tensions can arise between local and foreign NGOs due to their different levels of resource endowments and position towards the government; and a weak member funding base keeps the national body dependent on other sources of finance which can compromise its representativeness.

External reasons for the poor performance of umbrella SNGOs include: implementing projects in order to cover core costs that brings them into competition with their members; the inclination of donors to use them as channels for access to the NGO community; cooptation by the government; lack of adequate mandates from the members; inclination to take on a coordinating role which SNGOs do not appreciate or tolerate; and competition between different umbrella organisations to represent and coordinate.

A rule of thumb seems to be that umbrella SNGOs work best when (a) the members are predominantly engaged in relief activities; (b) there is a common concern that is negatively impacting on the sector as a whole, such as the introduction of NGO legislation; (c) it emerges from a number of sectoral collaborative bodies (health, environment, water, women, credit, etc) which have identified and want to work on common problems areas; and (d) provides services that members really want as opposed to those proposed by others.

Inadvertently, donors may subvert networks or umbrella organisations from their original purposes by trying to utilize them as channels for engaging with or funding members; expecting them to legitimize policies which they have not help formulate or had the opportunity to consult their

members on; or fund in ways that separate the organisation from its constituency. GAPVOD in Ghana and FAVDO in sub-saharan Africa are examples of this phenomenon.

5 THE IMPACT OF SNGOs

The impact of NGOs can be assessed both in terms of their potential comparative advantage over other development actors, whether these advantages are realised in practice and what the absolute impact of NGOs in development is thought to be. One serious problem in doing so is the fact that the limited information in this area is seldom dis-aggregated between Northern and Southern NGOs. In other words, it is difficult to separate out what may be important differences between the development impact of local and foreign. We have not found a satisfactory way of tackling this, which needs to be born in mind when considering the following presentation of existing information.

5.1 The NGO Comparative Advantage in Development

There are severe methodological problems in measuring comparative advantage as no two organisations face the same sets of conditions and contexts. However, some general observations can be made.

Comparative evidence indicates that the potential comparative advantages of NGOs over commercial enterprise and government in relation to sustainable poverty alleviation arise out of:

- NGOs' access to the poor
- NGO relations with intended beneficiaries
- NGOs' organisational freedom

Because of their alternative resource base and values NGOs can set a lower threshold to the poor's access to the services they need than is possible for commercial enterprise. This means that NGOs potentially are able to better target the poorest and therefore can realize a deeper poverty reach.

For government the primary relation with beneficiaries is one of control, while for NGOs it is one of voluntarism. Governments cannot avoid relating to its citizenry both as policeman and promoter. SNGOs have no formal authority over the beneficiaries and as one foundation of successful micro-development is the self-willed involvement of the intended beneficiaries this unequivocal role of SNGOs is crucial to the quality of this relationship.

Governments have no choice but to govern everywhere in the country and implement nationwide systems to do this. There is no alternative to standardised bureaucratic systems and a decentralisation of government is as likely to bring top-down development closer to the people than it is to share power with them. NGOs are unencumbered with having to work everywhere and can develop systems attuned to the purposes of micro-development rather than the organisational needs of a nation-wide bureaucracy.

NGOs also have potential comparative advantages over bi-laterals and multi-laterals agencies,

as these agencies normally implement through the state and consequently suffer from the same constraints as government. Where donors chose to set up alternative structure to circumvent government constraints evidence shows that these are seldom sustainable once the external finance comes to an end (Rondinelli, 1987; Mutahaba, 1991). Unlike SNGOs, bi-lateral and multi-lateral donors are usually unable to work in sustainable ways outside of existing power structures.

A further comparative advantages of SNGOs over businesses arise from the fact that sustained socio-economic development of poor people requires the right mix of concrete improvements in their lives and the processes by which this is achieved. While there may sometimes be little to chose between the private sector and SNGOs in terms of service delivery as "outputs", SNGOs have a differential advantage in terms of outcome and impact on human development based on their concern with participation. Put another way, it is the intention and ability of SNGOs to enable poor people to be the "producers" of their own development that stands them apart from the commercial sector's approach. Conventional wisdom and common sense suggests that with their local standing SNGOs would be better placed than NNGOs to facilitate such processes.

The commonly cited comparative advantages of NGOs which Tendler (1982) refers to as "articles of faith" arising from the above three factors are:

- 1) ability to reach the poor, ie, target their assistance to chosen groups;
- 2) obtain true, meaningful participation of intended beneficiaries
- 3) achieve the correct relationship between development processes and outcomes;
- 4) work with the people and thus chose the correct form of assistance to them;
- 5) be more flexible and responsive in their work;
- 6) work with and strengthen local institutions;
- 7) achieve outcomes at less cost;
- 8) the ability and preparedness to experiment with unorthodox ideas and practices (Esman and Uphoff 1984);
- 9) patience coupled to a strategic perspective (ibid);
- 10) ability to undertake people-centred research (Chambers 1987);
- 11) faster learning through and application of experience (Korten 1980);
- 12) better ability to articulate rural reality (OECD 1988).

But what must not be lost from sight is that SNGOs' comparative advantage over other actors, however, is only a **potential** feature of SNGOs and is not systematically realised by them. There are many examples of SNGOs being unable to realise their comparative advantages because of:

- internal organisational weaknesses and self-interests;
- the nature of funding;
- government control.

5.2 Weaknesses Typically Inhibiting SNGOs from Realizing their Comparative Advantages

5.2.1 Internal limitations

A number of factors are found to commonly constrain SNGOs in achieving their full potential

in promoting sustainable development. SNGOs are often weak because they rarely have core funding to cover their own institutional development costs and build their internal capacity. Because SNGOs are seldom not rooted in their own economies, they are dependent on outside funding and can be undermined by outside agendas and project-based development methods. Relying on a surplus from outside is insecure and destabilizing, making a meaningful negotiation with communities an uncertain affair. In addition, planning and execution of long-term interventions become difficult.

SNGOs also face serious management problems arising from their multiple accountabilities to various stakeholders like clients, donors, staff and boards, all of whom feel they have a right to ownership of the organisation. While NGOs receive money in the name of the poor, there is very little accountability or follow-up to the supposed "beneficiaries". Accountability is seen in terms of reports to donors.

SNGOs often suffer from poor organisational structures and management approaches, in part because of a traditional aversion to professionalism and resulting haphazard organisational growth. As organisations, most SNGOs are not designed they just happen.

Further, the rate of change of SNGO capacity has not matched the rate of change of expectations about them. SNGOs are expected to do better, more, and different. But SNGOs have limited management capacity and no resources to build it up through systematic organisational and human resource development. Limited human capabilities leads to poor planning, a lack of overall strategy, and poor follow-up.

SNGOs (and NNGOs) suffer due to the lack of measures on which they can assess their performance. One reason for this is that SNGOs are action-oriented and not reflective or analytic in their approach. "Most NGOs have no clear sight into the relationship between costs and benefits" (Dutch Impact Study 1991). Partly this is because the confrontation with grinding situations of poverty leaves little room for time-consuming base-line surveys and the systematic recording of project costs and results. Partly, too, by not defining success, the possibility of failure is avoided.

5.2.2 The Nature of Funding

The project-based funding methodology has a blueprint approach to development which undermines many of the comparative advantages that arise from the participative nature of NGOs work. Furthermore, if SNGOs have the financial security of multiple donors, this often means that SNGOs have to manage multiple criteria and timescales, in itself a significant burden

One of the main criticisms of NGOs by official donors is their limited scope of impact and the inherent problems of scaling up. As Sheldon Anis stated so forcefully "In the face of pervasive poverty: "small-scale" can merely mean "insignificant"; "politically independent" can mean "powerless"; "low-cost" can mean "underfinanced" or "poor quality"; and "innovative" can mean "temporary" or "unsustainable".

He goes on to say, "If NGOs do not try to increase their impact through policy reform and multiplication of models, then they will ultimately be meaningless". However, when NGOs are forced into being "scaled-up" by considerable outside funding, the nature of their work and

organisation changes and their inherent comparative advantages are diminished.

We come back again to the fact that the "quality" of funding sets many of the parameters that make SNGOs effective or otherwise.

5.2.3 Satisfying Government Needs

A third factor curtailing SNGO effectiveness is the administrative and other requirements set by their governments. Government controls on SNGOs often inhibit their autonomy and the bureaucratic requirements of government stifle flexibility and dynamism. For example, NGOs in Nepal used to have to submit 72 copies of their six-monthly reports to government.

Obviously it is perfectly legitimate of a Southern government to want NGOs to fit within their development strategy and framework. However, the instruments they use to do so can reduce NGO effectiveness and tie them into unaccountable systems of public administration, in short turning them into part of the state system rather than capitalize on their positive differences.

5.3 Areas of SNGO Impact

An uncritical stance towards NGOs as agents of development has been revised in the last few years as NGOs have been seen to not totally fulfil their own aims and others' expectations of them. While there is little systematic evidence of NGO overall impact, the growing number of evaluations tend to call into question the implicit assumption that to be an NGO was synonymous with better local development. Some studies, notably by the EEC in 1985, the Dutch Ministry of Foreign Affairs in 1991, Carroll 1992 and Riddell and Robinson 1993 provide more than just anecdotal evidence of NGO impact, which paints a mixed picture of NGOs performance.

The EEC Evaluation of 18 NGOs involved in micro-projects concluded that, "a substantial majority have either achieved or appear to be in the process of achieving what they set out to within the intended time-frame", but admits the impact has been "not wholly positive". Similarly, the Dutch Cofinancing Impact Study came up with some ambivalent evidence about NGOs's development achievements.

The performance of NGOs can be looked at in terms of their three main objectives:

- 1) Service delivery and poverty alleviation
- 2) Impact on civic capacity and empowerment
- 3) Policy impact

5.3.1 Service delivery for poverty alleviation

The studies known to us generally point to a positive impact of NGOs in the area of service delivery and poverty alleviation. In Latin America Carroll concludes that there are high scores for NGOs in these areas. The Dutch Impact study concluded that with the credit and agricultural programmes "In most cases there is indeed an increased employment and growth in income and production", and in the provision of social services (health and education) "in the cases where they can be quantitatively compared with plans the results are generally reasonably effective". Riddell and

Robinson conclude that "12/16 projects broadly achieved their objectives and had a positive impact on poverty alleviation. Many of the projects, however, failed to reach the poorest."

One of the main tenets of NGOs impact, that of poverty reach, has been questioned from a number of sources. Tendler's assertion that "many NGO interventions do not reach the bottom 40% of the population" is fairly extreme and the UNDP calculated in 1993 that this figure was nearer 5-10%. As well as missing out on the poorest, "in a number of cases it has been concluded that the not so poor have also benefitted" from NGO programmes.

The studies concur that improvement in economic status of those reached has been modest and there is little evidence that beneficiaries had really managed to break out of self-reproducing spirals of impoverishment. Even people helped by successful projects still remain poor. NGOs do, however, reduce some of the worst forms of poverty and while this may be a modest achievement, for the people helped it can be very significant.

For two reasons, it is not surprising that the overall impact is limited. First, despite their growth in resources, NGOs still represent only a minor financial contribution to development and second, NGOs work in particularly inhospitable environments.

While in an absolute sense large amounts of money are channelled through NGOs, per capita this is relatively small. The Dutch study estimated NGOs spent only \$0.50 per head and "dramatic effects such as the alleviation of poverty in general as a result of investments made by NGOs with foreign aid can, therefore, not be expected".

The overall impact of NGOs is limited by the size of the sector. In the early 1980s it was estimated that NGOs "touched" 100 million people (Schneider 1985). Today this figure is nearer 250 million and is growing steadily, but it still only represents 20% of the world's poor (UNDP 1993). For all its recent growth, NGO funding is still only 13% of official aid. An example of the limited scale of NGO activity, is the well known Grameen Bank in Bangladesh which despite its scale and influence only provides 0.1% of total national credit.

Second, NGOs take on a very tough task in very difficult, "unmanageable" environments and deteriorating economic circumstances. If NGOs can help people hold incomes steady in Africa where per capita incomes are falling as in much of sub-Saharan Africa, this is a considerable achievement (although it would probably not be recognised as such).

Overall, SNGOs are not an alternative for government in the execution of social and economic policies - they will never play more than a complementary role in service delivery.

Part of social value of SNGOs lies in their function as catalysts in processes of change rather than in the possible replacement of other organisations. It is argued that in the last analysis, more significant than the direct impact is the provision of models and success in changing government in pro-poor directions. SNGOs have been important in making the point that poverty can be tackled, rather than actually tackling it themselves to any great extent. Examples now exist where this strategy has led governments to use NGO models of group formation and other development methods.

5.3.2 Civic Impact and Empowerment

While assessing performance in material change is difficult enough, there are even more problems in evaluating the less tangible gains of civic impact. The studies consulted suggest NGOs are correct in their self-characterisation of having a more participatory and empowering approach to development, even if it does not entirely match up to the rhetoric. "NGOs play a unique and largely successful role in assisting and strengthening local groups and associations" (Schneider 1985). The UNDP report points to a "number of cases where projects strengthen the capacity of communities to improve their bargaining position vis a vis government" as well as having "had a significant impact in empowering the poor, especially women". Other studies, however, claim that NGOs have had very little impact in meeting the specific needs of women in the poverty alleviation programmes.

The mobilisation aspect of development, in the sense of forming strong groups and civic associations, appears to be successful, but there is little insight as to their durability or impact in altering the power structures in society. The Dutch study in 1991 stated, "there are no examples of principle change in power relations, nor of an essentially changed way of decision-making".

NGOs are believed to have had a significant empowering role under autocratic regimes, particularly in Latin America. Here they have nurtured and supported a range of popular movements opposing the state and have in a real sense kept democracy alive.

More generally, however, SNGOs' role in helping people mobilise to assert their interests and their rights towards the bureaucracy or the political system exhibits strong regional difference between Latin America, Asia and Africa. These differences can be partially explained by the factors set out in part 2.

The key point to consider is that unlike NNGOs, Southern NGOs role in empowerment is more likely to be sustained because they remain part and parcel of the civic landscape. While they may need to compromise more because they cannot decide to pack up and go, SNGOs are a component part of civil society not simply located within it as are their Northern counterparts.

5.3.3 Policy Impact

Evidence on SNGO impacts in the policy arena is not easy to find. Both Riddell and Carroll's studies indicate that SNGOs have been weak in going beyond the locality and achieving wider impact in terms of changes in government policy or strategy.

When SNGOs do realize impact on national policy it appears to be in narrow technical areas and on particular issues like informal sector laws and regulations. Their influence seems greatest when government's need advice or seek inputs in new areas that they have to tackle. In other words, where SNGOs have experience which the government thinks it could benefit from the former's impacts can be significant. The situation is reversed when SNGOs wants government to modify policies which already exist. On broad macro-economic policies SNGOs have had little or no impact.

There is, however, emerging evidence of a growing role for NGOs in monitoring government's adherence to its own policies and to implementing international agreements which it signs. Influencing policy through a watchdog role in assessing government performance against the decisions its says it has made is a relatively new area for developmental NGOs. This is not the case for some of the SNGOs focussing on holding states to human rights which are enshrined in international laws signed by them. Development SNGOs are not (yet) able to draw on such legal frameworks but there are signs of increasing collaboration between rights and development SNGOs that offer prospects for their greater impact in both areas.

6 SUMMARY CONCLUSIONS

From the perspective of an official donor review the following issues appear to be relevant when considering policy reforms towards Southern NGOs.

1. Funding methods and the donor-NGO interface should not inhibit SNGOs realizing their comparative advantages as is often the case at present. This applies specifically to not limiting:
 - a. their operational advantages in working with the poor;
 - b. their "civicness", i.e., their role in democratization processes.
2. Direct funding of SNGOs has important implications on their relationships with Southern governments, Northern NGOs and for taxpayers' continued support for aid that need to be fully considered if this channel is to be further expanded.
3. Priority in assistance should be considered for:
 - a. ensuring that SNGOs are rooted economically and socially in their own societies;
 - b. ensuring that SNGOs are organisationally capable of fulfilling the expectations that accompany restructuring in many of the poorer southern countries;
4. A funding strategy should acknowledge the "solidarity" and "contracting" dimensions of SNGOs relationships and the potential benefits of both.

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The Role of Southern NGOs in Development Co-operation

Southern NGOs are undergoing great changes in their numbers, role and relationships in the development community. This paper presents an overview and analysis of SNGOs, highlighting issues of critical importance to their future role and work.

The paper begins with a very informative sectoral review and then turns to an analysis of SNGO funding, an item that strongly conditions their behaviour and potential for self-sustainability. Parts 4 and 5 review the four key SNGO relationships (with Northern NGOs, with Southern governments, with official aid agencies and with each other), and the complex question of SNGO impact.

The paper concludes by providing summative and speculative comments that will be of interest to all concerned with the role of SNGOs in development.

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