
Aid Architecture

Reflections on NGDO Futures and
the Emergence of Counter-Terrorism

Alan Fowler

INTR▲C

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Abstract

Non-governmental organisations involved in international development (NGDOs) face unprecedented conditions that call for thoughtful responses. Three major dynamics are combining to shape NGDOs' policy and operating environments. First, in a relatively unstable and insecure world order, NGDOs must deal with demands generated by a comprehensive, interlocking architecture of international aid. This construction could homogenise NGDO thinking and practice along official lines and induce negative competition. It can also increase tensions between service delivery and governance roles. At the same time, the aid framework promotes more complex relationships that can help or hinder resourcing opportunities. All these possibilities have implications for NGDO effectiveness, accountability, identity and sustainability. A second set of pressures stem from developments within civil societies. Here, Southern NGDOs need to contemplate displacement by social movements as agents of structural change, while Northern NGDOs would do well to consider the growth of domestic, migration-driven diasporas as potentially more effective international civic resource providers, intermediaries and advocates. The uncertain, interactive effects of all these evolutionary factors are now compounded by the abrupt and still emerging impact of counter-terrorism measures (CTM) on civil liberties and human rights in general and on aid policy and practices in particular. The consequences of donor and NGDO compliance with CTM laws, policies, rules and procedures are likely to be unevenly distributed and potentially unchallengeable. CTM carries implications for change in NGDO behaviour and relationships, preliminary signs of which are identified. Responding to this new and complicated combination of circumstances will require well thought through strategies allied to insightful leadership and organisational agility. As a contribution to such processes, the paper unpacks and analyses key dimensions of contextual dynamics. The results are used to identify issues and critical questions that NGDOs could be asking about their futures and choices. The paper also indicates related topics for reflection by funders. To assist discussion, ideas about possible forward-looking options for NGDOs and donors are provided.

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1. Introduction

A recent study argues that the first years of the 21st century present a combination of characteristics that require non-governmental organisations involved in international development (NGDOs) to change more in this decade than they have in the past three.¹ While perhaps over stated, this paper supports a view that the particular mixes of components that make up today's development landscape pose an unprecedented set of challenges and opportunities for NGDOs. Three major environmental conditions stand out. One set of conditions can be traced to processes starting in the last decade of the 20th century that have created a more purposeful architecture for international aid.² To greater or lesser degrees this framework is now adopted and adhered to by most official agencies. Driven by social movements, migration and diasporas, a second set of less well-understood forces are arising within civil society. They have a potential to confront and displace NGDO roles. Third, recent government counter-terrorism measures (CTM) – legislation and bureaucratic practices – are starting to affect the NGDO operating environment in as yet unclear, but possibly very significant, ways.

This paper unpacks these and related factors so that NGDOs and those who support them can more readily see what might be strategically in play when considering responses to shifts in the environment.³ When reading, two cautions should be born in mind. First, the large diversity of NGDOs and their operational locations prevent detailed analysis of any specific organisational type or setting. The challenge for readers, therefore, is to consider the relevance of the information and analysis for their situation and use it for self-reflection before entering into discussion with others. Second, complexity and uncertainty prevent any claim to a future-oriented analysis that is predictive. There is no single, inevitable, future for NGDOs or donors. Consequently, there are trade-offs and risks in choices that need to be made.

Before focusing on the specifics of international aid and development, the following section provides a brief review of global scenario(s) NGDOs and the aid system are operating within. Section 3 reviews the architecture for international aid. NGDOs have to deal with this arrangement directly in terms of funding or indirectly in terms of the situations created by it. In other words, the aid architecture establishes a relational structure as well as the policy space and 'ambiance' for NGDO work. Irrespective of NGDO diversity, context cannot be avoided.

Section 4 reflects on the evolution of NGDO relationships. Because relations with governments and with businesses are well documented, attention is paid to less clear ways in which developments within civil societies across the world are creating organisations and (transnational) formations that can impact on NGDO self-understanding, functions and roles. Here evidence, analysis and documentation are less available, which calls for higher degrees of inference and speculation.

Section 5 is a preliminary analysis of the potential effects of counter-terrorism measures on NGDOs. It provides pointers for what may result from NGDO compliance with new

¹ *Sustainability*, 2003.

² Here, architecture means the chosen array of interests, policies, priorities, procedures, relationships and resources that form a system dedicated to international development cooperation.

³ For other development system and NGDO future-oriented discussions, see: Edwards, 1999; Fowler, 2000b, 2000d; Lewis and Wallace, 2000; Beaton et al., 2000; Bendaña, 2000; Vartola et al., 2000; Feinstein Center, 2004.

legislation. However, because CTMs are in early stages of implementation, active and directed observation and reflection on what is happening will be needed in the months to come.

While dealt with separately, areas of change and response described above are linked in complicated ways. A choice in one area can work for or against a choice in another. Section 6 therefore approaches NGDO futures from another direction. It examines options that NGDOs could consider as responses to the conditions described in previous sections. Section 7 offers additional reflections on implications for donor agencies in terms of strategy and practical operations. Finally, section 8 focuses on the year 2005 as potentially pivotal for refining the external strategic parameters that NGDOs will face in the rest of the decade.⁴

2. The Unfolding Global Environment

For many people, international aid makes a difference between life and death. However, on the world stage the aid system is a relatively small actor and is still predominantly addressing the effects rather than deep causes of poverty, injustice and instability. A sense of proportion therefore makes it important to locate analysis within a 'big picture' of global conditions.

First, there is a reasonable prospect that factors creating instability across the world will not weaken in the medium term.⁵ Forces generating global and personal uncertainty include: technological innovation; uneven economic growth rates allied to global economic integration; financial volatility; and, accentuating demographic differences between countries. These features interact with others, such as: erosion of state sovereignty; socio-political fragmentation with (violent and terrorist) assertion of sub-national or other identities; and class, religious, ethnic and cultural rivalries. To this mix can be added: competition for resources like water; migration pressures; corruption; and human and drug trafficking. Looking ahead, it seems most prudent not to anticipate major changes that will give greater stability or certainty in global affairs and human prospects.⁶

If this reading of the world's dynamics is broadly accepted, international aid can be seen and used as a means to: a) promote long-term stabilisation, and b) help address and contain short-term negative social and political consequences of disruptive global development and change. This implies that official funders will value NGDOs for their contribution to reforms that reduce systemic forces causing instability, as well as for their immediate problem-solving functions. This mix of demands and expectations may not always sit happily alongside each other. Such complex situations call for flexibility and scope for continual adjustment.

A second big picture factor informing official aid is the assertion of a causal relationship that leads from poverty to terrorism.⁷ Assuming, for the moment, that this link is real and substantive, international aid will be used to reduce the probability that political marginalisation and increased economic inequality within and between countries translates

⁴ Comments on previous drafts from Oliver Bakewell, Bridget Dillon, John Hailey, Kedar Babu and Hanne Lund Madsen are much appreciated. Naturally, the author is responsible for the content.

⁵ Rosenau, 1990; Thurow, 1996; Barbour, 1998.

⁶ The resolution, or otherwise of America's 'coalition of the willing' occupation of Iraq will undoubtedly have an influence on international conditions. But there is no firm prediction of what this will be.

⁷ OECD, 2003; IGSDN, 2003; UN, 2004b.

into frustrations that 'justify' violent tactics for gaining redress and attaining 'justice'.⁸ In other words, the original motive of aid – enabling those suffering deprivation and marginalisation to gain a stake and better place in a global future – will now be deployed to break the poverty–terrorism link and hence defend continued public funding. Subtly, this argument further shifts the justification for aid from moral imperatives through (enlightened) self-interest to playing directly on people's fears and anxieties. At the extreme, it would mean that the objective of aid becomes one of counter-terrorism, not poverty reduction as such, a goal that becomes relegated to a means.

In the scenario sketched above, official funding for NGDO work will be driven as much, if not even more, by (geo-)political considerations and expediencies than by moral imperatives. Therefore, it cannot be assumed that receivers of NGDO assistance will simply support or accept what is offered. NGDO motivations, back-donor influence, ethics, accountability and resource base will be the subject of even closer scrutiny and critique by those who should benefit – as individuals, groups or governments. Further, perceptions of the USA using its political and military power in service of uni-lateralism and empire-building means that the motives and interests of American NGDOs and the Southern NGDOs they work with will be more intensively questioned.⁹ The perception of NGDOs as part of a civilian–military axis can be seen in the kidnapping and targeting of aid workers. NGDO targeting caused Médecins Sans Frontières to withdraw from Afghanistan in 2004, and the hostage taking and subsequent murder of CARE's Country Director in Iraq are but indicative of the dangerous association being made between military and humanitarian entities. At stake is the bedrock of humanitarian action – organisational neutrality.¹⁰

Against this global, dynamic and indeterminate backdrop, how is the aid system constituted and what might this mean for NGDOs, North and South?

3. NGDOs within International Aid

After many years of inadequate coherence, lack of continuity and poor co-ordination, many bi-lateral donors and multi-lateral agencies that make up the official aid system are aligning around a particular architecture of concepts, goals, policies and priorities.¹¹ Measurable development performance targets serve as an important focus of convergence, allied to the creation of democratic political systems that are argued to be a necessary condition for poverty reduction investments to be effective.

After briefly describing major features of the architecture, this section examines areas that would merit NGDO thought and response in relation to twin thrusts of aid effort – poverty reduction and democratisation – with a brief reflection on humanitarian action from the point of view of performance standards. This analysis leads to a discussion of the growing

⁸ It is more probable that a deep sense of injustice and frustration drives the adoption of terrorism as a strategy rather than poverty *per se*, though the latter may contribute. Osama bin Laden is not poor – quite the reverse.

⁹ US State Department, 2000; Hardt and Negri, 2000.

¹⁰ Acceptance of its neutrality is the foundational principle of the Red Cross. This principle is now under serious threat from the 'if you are not with and for us you must be against us' school of US Iraq/foreign policy.

¹¹ The degree of commitment to this architecture varies across donors. USAID, for example, seems more driven by its Challenge Account and poverty reduction through economic development and democratisation than other donors that rely less on the power of the market and accord a stronger development role to the state (Salinger and Stryker, 2001).

criticism of NGDOs in terms of their legitimacy: a criticism driven by loss of moral authority in national and international governance institutions.

3.1 The Architecture of International Aid

Poverty reduction is now the primary, publicly stated rationale for international development assistance. What this means is defined by eight Millennium Development Goals (MDGs) and 18 associated targets. Attaining MDGs is almost certain to remain the way that the aid system justifies its presence, aligns its efforts, invests resources and develops ever more complicated relationships.¹² In terms of alignment of donor investment with MDGs, much still needs to be done and a process is in place to make this happen through a ten year UN Millennium Development Plan.¹³ Adoption by the UN General Assembly of this dauntingly complex and awe-inspiringly comprehensive agenda as intended in 2005 reinforces an argument that MDG goals, targets and sectors of attention will set critical parameters for NGDO access to official aid. They will increasingly determine the organisational agendas and competencies the latter require.

With MDGs as the performance-based core, interrelated arrays of agreements and instruments have been put in place. To varying degrees, much of the official aid system is moving towards a comprehensive, layered and interlocking architecture based on the following features. First are overarching agreements and commitments made at international conferences held in Monterrey (Financing for Development), Johannesburg (Sustainable Development) and one yet to be completed from the Doha Round (Trade and Development) of the World Trade Organisation.¹⁴ Complementing and operationalising this highest layer of principles, policies and concepts of development are a set of related and reinforcing institutional arrangements, mechanisms and practices:¹⁵

- Competitive and 'Challenge' Financing Models (for countries as well as for NGDOs)
- Global Compact (GC) with corporations
- Poverty Reduction Strategy Papers (PRSPs)
- Budget support allied to Sector Wide Approaches (SWAPs)
- Results-Based Management (RBM)
- Rights-Based Approaches (RBA)
- Good Governance (GG)

Competitive allocation of aid project financing to NGDOs was standard practice for some donors, such as USAID, but is now being adopted more broadly. A variation on this principle are 'challenge funds' premised on making recipient countries 'compete' for aid by committing to and performing well in relation to a set of preferred liberal economic and political policies.

The United Nations Global Compact is a mechanism that encourages corporations to sign up for and pursue pro-development behaviours. Poverty Reduction Strategies have been introduced as a country-owned, comprehensive framework for aid investment and donor collaboration (supported by sets of donor protocols). Allied to and enabled by PRSPs is a shift from project and programme funding to donor support for government budgets and sectors of activity and delivery – particularly in health and education – that should reinforce

¹² See, Brown et al., 2000.

¹³ UN-MP, 2004.

¹⁴ These major gatherings are complemented by conferences leading to international agreements on issues such as water, racism, HIV/AIDS, etc.

¹⁵ The Millennium Development Plan draws on and integrates all of these components.

local responsibility and ownership as well as reduce aid transaction costs. MDG-defined results, rather than attaining levels of disbursement, are now informing aid management that is becoming more target-based. Finally, good governance investments and rights-based approaches are intended to work hand in hand to foster democratisation.

It is not the purpose of this paper to elaborate on these components or their individual implications. Other publications do so.¹⁶ The task is to interrogate what the components collectively mean for NGDO futures. In doing so, it is important to remember that environments (significantly) co-determined by aid influence NGDOs irrespective of whether they choose to actively engage with government or donors or not.¹⁷

3.2 The Development Agenda – Poverty Reduction

Reflecting on an international architecture tailored towards poverty reduction, four areas of NGDO questioning and decision-making stand out. They relate to: adopting official aid's practices; rethinking what poverty reduction is all about; choosing where to work; and reaching complementary roles.

3.2.1 Retaining heterogeneity and distinctive practice

Conforming to architectural concepts and instruments will tie NGDOs more closely to the priorities, practices, procedures, standards, uniformities and expectations of governments. In particular, buying into this framework has implications for the ability of NGDOs to retain the valuable heterogeneity of development competencies, and for the retention and refinement of development practice.¹⁸ For example, recent studies in Britain indicate that growing intensity of NGDO relationships with the Department for International Development (DFID) is having a negative 'standardising' effect in terms of diversity of approaches and applying a range of well-proven practices.¹⁹

A question for NGDO and donor reflection, therefore, is how to ensure that inevitably more intensive interactions and alignment with official aid through government channels do not create two negative effects. First is an erosion of NGDO practices that are developmentally effective. Second is the risk of NGDOs becoming supply-side extensions of government systems that reduce the possibility of them fulfilling demand-side or rights-based and good governance functions.²⁰

3.2.2 Rethinking poverty reduction

Linked to the MDGs is a critical issue of not simply chasing specified goals and targets. Uncritically adopting results-based management to track MDG-related progress can draw NGDO attention away from the equally compelling need to tackle causation. Avoiding the 'targeting distraction' of MDGs requires NGDOs to have their own 'theory of change'. This thinking must be allied to a clear idea about points of entry where they can make most

¹⁶ For an introductory explanation see Fowler, 2003b.

¹⁷ Unless regimes are particularly strong, a simple rule of thumb is that the higher the proportion of aid in government budgets the greater the environmental conditioning donors will exert.

¹⁸ Kaplan, 2002.

¹⁹ Wallace, 2003.

²⁰ In the words of Mike Edwards (1993), 'Can the Doormat Influence the Boot?' I am grateful to Hanne Lund Madsen for pointing out that demand-side roles using a rights-based approach (RBA) is not the same as organisations doing rights-based solidarity work, which is not an approach but their essence.

difference with limited resources. Without this critical understanding, the likelihood of co-optation into a state service delivery mode – framed as PRSPs designed to meet MDGs – is ever greater.²¹

A more fundamental point is NGDO past learning and understanding of the nature of (engendered) poverty and its reduction. Under conditions of growing uncertainty everywhere, a vital aspect of any approach to poverty reduction will be to decrease poor people's vulnerability.²² In other words, a critical NGDO task is to recognise how (global to local) forces producing change are creating and altering the distribution of risk. From here, the challenge is to adopt strategies that *redirect the risks of change* away from people who are poor and disempowered rather than towards them. This type of reframing sharpens a view of poverty as a dynamic, interdependent condition. It introduces a more holistic, *sustainability-oriented* element to development practice, because people's individual and collective capacity to cope with and exploit opportunities created by change becomes the core feature of anti-poverty interventions. In this view, for example, increasing assets is a means for enabling people's adaptation, rather than an end in itself.²³

NGDOs, particularly those aspiring to a demand-side role, must reach their own conclusions about the causes and dynamics of poverty. Without this insight, the default mode will be both deference to conventional wisdoms and inability to distinguish the organisation from others, based on a distinctive and compelling vision of change. In competitive financing environments, lack of organisational differentiation will be a major drawback in gaining a distinctive profile that supports fundraising.

3.2.3 Where to work?

Aid architecture and the redistribution of poverty globally are posing interesting challenges for NGDOs in terms of where, geographically, to focus their work.²⁴

First, driven by MDGs, donors are likely to concentrate their efforts and resources where numerical targets can be more effectively achieved. This suggests orienting towards countries with good policy frameworks, a commitment to poverty reduction and the highest absolute numbers or highest proportions of poor people. A consequent implication for NGDOs is whether to 'follow the money' or to adopt strategic choices that, for example, include a focus on inequality and categories of people who are poor within less poor or less favoured countries.

Second, in theory at least, international integration of production chains and labour markets, different rates of economic growth and the presence or absence of redistributive socio-economic policies will continue to change the profile of poverty across the world. This includes poverty within donor countries that may become more profiled around economic migrants. In a more interconnected and interdependent globe, poverty is no longer simply a North-South divide. The poor South is in the rich North as is the rich North to be found in the poor South. For Northern NGDOs, drawing on their comparative experience, this would imply an imperative to work domestically. In ecological terms, seeking domestic niches that are cross-fertilised by practices derived in the South and applying them in the North can drive NGDO evolution.

²¹ Currah, 2004.

²² UNDP, 2000.

²³ Cameron, 2000.

²⁴ As explained in section 5, counter-terrorism may make this an even more complex area for decision-making.

The general point, known for years but not consistently acted upon, is that a thorough understanding of the reality of different types of poor people everywhere – young and old, male and female, migrant and displaced, retrenched and replaced etc. – will be necessary if Northern NGOs are to be effective and valued as development actors in the North *and* the South. Increasingly there is no need to simply restrict the perspective of poverty reduction to countries other than one's own.

3.2.4 NGDO roles

Conventional wisdom states that Northern NGOs (NNGDOs) should not undertake direct service delivery in developing countries. Instead they should strengthen the capabilities of Southern NGOs (SNGDOs) to do this task. Under the new architecture, pressure from donors, Southern governments and SNGDOs on NNGDOs to stop being operational may continue.²⁵ For NNGDOs, the financial implications of becoming non-operational require significant organisational responses. But for SNGDOs, policy preferences within the aid architecture – specifically privatisation of public services – implies a larger role in service delivery, i.e. a position closer to their governments. Southern NGO proximity to government as implementers brings up issues of identity, autonomy and ability – noted previously – to be effective in demand-side tasks, such as acting as public watchdogs and advocates. The idea of many funders that a service role can be combined with advocacy is open to question. Privatisation may also lead to governments privileging some NGOs over others and of embroiling NGOs in corrupted contracting practices. Should, and how can, NNGDOs help SNGDOs avoid potential drawbacks of taking over delivery?

Some NNGDOs – and their governing bodies – take the view that if the annual budget is not growing it means that the organisation is 'dying'. Trends noted above suggest that NNGDOs holding this view will find it increasingly difficult to raise finance outside of relationships with SNGDOs. And they may find SNGDOs less and less likely to act as NNGDO sub-contractors or to accept significant expatriate costs as a legitimate component of collaboration.

Finally, there is a contradiction in the idea that NNGDOs want to succeed by 'capacity building their way out of a job'.²⁶ For many NNGDOs, financial bottom-lines have a strong influence against this ideal actually happening. This discrepancy will continue to feed and probably sharpen relational tensions and mistrust between Northern and Southern NGOs.²⁷ More worryingly, maintaining inconsistency between SNGDO capacity building and practices designed to sustain NNGDOs' operations erodes the credibility and morality of aid itself.²⁸ Donors and many NNGDOs need to honestly face the hypocrisy that underlies the relation between capacity building rhetoric and a self-survival imperative. And, it is this latter condition that feeds problems in the other NGO development task: democratisation.

3.3 The Development Agenda – Democratisation and Good Governance

Complementing poverty reduction, civil society organisations (CSOs) are expected to play a range of roles in promoting, consolidating and protecting democratic reforms across the world. The developmental concept for this is captured in the term good governance. In

²⁵ But it may also create opportunities where the capabilities of SNGDOs cannot grow at a rate equal to the demand to 'privatise' public delivery.

²⁶ van Rooy, 2000.

²⁷ Fowler, 2000f.

²⁸ An issue for donors is how long they will sustain the contradiction by expecting if not insisting, for example, on the presence of their nationals in NGO partnerships and failure to invest in SNGDO sustainability.

general, the NNGDO task is to enable SNGDOs to provide and stimulate civic engagement in political processes and foster people's assertion towards public administration in terms of rights and obligations. Success or failure in this task has consequences for one of an NGDO's most critical resources: public credibility.

Increasingly, NGDO roles in political reform are playing out at three linked levels. Locally, decentralisation of governance functions is providing opportunities for more intensive and extensive relations between civil society, local politics and public administration. Interactions across this interface are expanding the profile of competencies required by NGDOs to be facilitators and enablers of citizen engagement as well as potential suppliers of public services. It is also opening up opportunities for CSOs to gain accountability from administrators and elected representatives. However, it cannot be assumed that decentralised engagement is conflict free. For example, there is growing public action – boycotts and refusing payment – against (lender advocated) policies to privatise local public services, such as water, sanitation and electricity supplies. Southern NGDO involvement in this type of policy resistance has risks that NNGDOs are unlikely to take on board.

As 'guests' in a country, NNGDOs are typically more comfortable with partnership or 'harmony' contracts than promoting civic empowerment approaches to change. This often places the demand-side burden on SNGDOs and other civic actors. However, in asserting civic rights, SNGDOs face potentially negative consequences. Engaging in action against public policy choices and demanding accountability of public servants often leads to charges of subversion or of being in 'the opposition'. Consequently, NNGDOs face an ethical issue in engaging in democratisation indirectly and a moral question of encouraging SNGDOs to take risks in pushing for democracy that NNGDOs can avoid by withdrawing if things get rough. A futures topic, therefore, is negotiating a 'fair' distribution of roles and risks between Northern and Southern NGDOs in terms of democratisation processes.

NGDO action towards a good governance agenda at national level is typically through policy advocacy and lobbying, sometimes accompanied by civic education and electoral monitoring. This profile in the policy arena is attracting greater political scrutiny and more frequent questioning of NGDOs' right to speak. This so-called 'backlash' against NGDOs – elaborated in section 3.5 – typically rests on charges of being unrepresentative and/or serving the agendas of 'foreign masters'. These accusations are not helped by the fact that not all NGDOs are motivated by the public good. Abuse of non-profit status and privileges by one NGDO is used by opponents to accuse all of bad faith. In non-democratic states, government resistance towards NGDOs can also be fed by their role as an institutional home for opposition individuals and 'parties or politicians in waiting'. This perception – valid in some countries – leads to restrictive revisions in laws governing freedom of association and assembly. A futures issue, therefore, is how NGDOs should collectively deal with those among them that are used to justify the closure of civic space and 'disabling' of the environment, a shift that is also fed by counter-terrorism?²⁹

An associated question is how to deal with the fact that, notwithstanding their legal forms NGDOs are, inevitably, part of a political landscape? Put differently, citizens' and NGDOs' growing awareness of civic rights can lead to greater assertiveness – a sign of democracy at work.³⁰ Hence, the coming years are likely to see a greater focus on the complicated interface between civil society and political society, such as political parties and elective and legislative processes. Given that conditions for democratisation are often attached to aid,

²⁹ NGDO Codes of Conduct are a common and potentially valuable approach to self-regulation that would benefit from a detailed review of experience in terms of enforcement and its effects.

³⁰ Blair, 2002.

how NGDOs position themselves in terms of managing the 'politics of an apolitical role' requires attention and conscious donor strategy.

The third level of engagement with good governance is supra-national. International advocacy is a clear and successful feature of NGDO activity. Advocacy by NGDOs often critiques the governance of global public institutions, such as the International Monetary Fund (IMF), the World Bank and the World Trade Organization (WTO). But advocacy also involves collaboration in international campaigns, for example, to combat HIV/AIDS, promote the rights of indigenous peoples, gender equity, environmental protection and other (dot) causes.³¹ Visibility plus progressive impact is generating an international counterattack – from governments and 'conservatives'. The attack focuses on the right and legitimacy of NGDOs to speak because they are unelected and hence 'unrepresentative'. An issue for the future, therefore, is NGDOs retaining credibility and influence on the international stage, which may have peaked.³²

In terms of NGDO retaliation, accusing the accusers of their own illegitimacy and anti-democratic intentions is a defensive move backwards, not forward. Rather, NGDOs require strategies that deal with backlashes by starting with themselves in terms of ensuring that they merit public trust. This is the topic of discussion in section 3.5. However, similar problems of maintaining NGDO credibility in humanitarian practice may offer a way forward.

3.4 NGDOs in Humanitarian Response³³

Northern NGDOs are dominant in responding to humanitarian crises, particularly intra-country conflict. Typically an NGDO strategy is to view post-conflict settings in terms of transition to a developmental condition. But within this view it is difficult to find a substantive role for Southern NGDOs. This inconsistency with development principles detailed above will gain more and more attention and search for remedies that NNGDOs must face up to.

Many NNGDOs went through a 'baptism of moral fire' in their response to humanitarian needs immediately after the Rwanda genocide and Great Lakes conflicts in Africa. One result is a set of standards and processes designed to ensure that incompetence and abuse no longer feature in NGDO humanitarian responses.³⁴ No such (international) convention exists for development work. As argued later, reaching this type of agreement might illustrate a way of improving NGDO legitimacy. However, as the work of Ian Smillie and others show, the Sphere advance in improving NGDO accountability for humanitarian action has not been matched by progress in terms of enhancing SNGDOs' capabilities to deal with humanitarian crises.³⁵

A small number of NNGDOs dominate the provision of services in relief and (post-) conflict situations. These services are often a significant source of NNGDO income that can help

³¹ For a good overview, see Clark, 2003.

³² Green and Mathais, 1995. For example, NGDOs are finding great difficulty in getting adequate access and time slots at the UN Millennium +5 conference in 2005. There is also uncertainty about the adoption of, for NGOs, a minimally adequate UN Resolution resulting from the report of the High Level Panel on UN and Civil Society chaired by ex-President Cardoso of Brazil. (Personal communications, Vincente Garcia-Delgado, UN Representative, CIVICUS: World Alliance for Citizen Participation.)

³³ The recent Feinstein Center (2004) study is valuable reading for NGDOs involved in humanitarian action.

³⁴ Sphere, 2004 and its critique in *Disasters*, 28 (2), June 2004.

³⁵ Smillie, 2001; Kathina and Suhrke, 2003.

support their development agendas.³⁶ Financial considerations may therefore be one of the reasons why, unlike in long-term development, NNGDO investment in building the humanitarian response capability of SNGDOs has notably lagged behind. In complex political emergencies, for example, it may only be possible for 'neutral' foreign NGOs to provide humanitarian help. But in other conditions where humanitarian response is called for, such as natural disasters and famines, there is no clear reason why SNGDOs should not be at the forefront.³⁷

A very useful topic for an NGDO futures dialogue is to arrive at an agreed 'configuration of humanitarian response capabilities' that are distributed nationally, regionally and globally and suited to different types of humanitarian demand. For donors, this implies consideration of systematic organisational strengthening to establish a humanitarian response infrastructure across the world that reduces excessive reliance on NNGDOs.

As Afghanistan and Iraq urgently demonstrate, an additional topic for debate is the issue of NGDO positioning towards relations with military forces as protagonists, peace builders and peace enforcers. Forums are required for military–civil dialogue as are protocols to guard against NGDOs being seen as military by proxy and the military as NGDOs in uniform dispensing humanitarian supplies.³⁸

3.5 Moral Authority: Legitimacy and Accountability

This decade has witnessed more intensive criticism of the 'unaccountable power' of civil society organisations. No longer protected by the 'security of obscurity',³⁹ NGOs face harsh negative commentary and initiatives intended to contain their political influence.⁴⁰ In addressing such critiques, NGOs need to consider how their accountability could be improved, where demonstrating performance and improving organisational and collective governance feature as likely remedies. The stakes are higher than one might think because, at the heart of the counterattack, lies poor public governance.

3.5.1 Filling a moral vacuum?

Recent critical reaction to the public influence and policy impact of NGOs can be explained in at least two ways. The first is success in policy influence. International conventions on the environment, successful campaigns for debt relief and against landmines, child labour and blood diamonds, illustrate areas where NGOs can show results in advocacy.⁴¹ However, such achievements provoke reactions from regimes and others that seek to weaken civic engagement with and influence over the public domain. A common critique by opponents is that, as advocates – as opposed to as service providers – NGOs lack legitimacy. This vague concept is regarded as their Achilles' heel and a handy focus for criticism.

Second, a deeper explanation for more intensive criticism is that NGO achievement as advocates is both exposing and filling a moral vacuum in national and international governance. The successes noted above reflect the application of humane principles that

³⁶ Lindenberg and Bryant, 2001.

³⁷ I am grateful to Wendy Crane for pointing out that famines are often political emergencies in disguise.

³⁸ For detailed analysis and elaboration see Brubacher, 2004.

³⁹ An expression used by Tim Broadhead.

⁴⁰ Bond, 2000; Lister, 2004.

⁴¹ Edwards and Gaventa, 2001.

existing 'pragmatic' and oft-corrupted political systems are losing sight of.⁴² In other words, NGDOs are winning a competition for moral authority over the public arena,⁴³ an achievement fed by problems in governance located elsewhere.

Electoral politics in mature democracies shows a growing democratic deficit, reflected in popular disengagement and reducing voter participation. Mistrust of politics and politicians, gerrymandering to eliminate electoral uncertainty, disclosure of corruption and fraud abetted by complacent regulators and corporate-friendly legislators, are exposing the fact that representative governance is not producing or adhering to high ethical standards.⁴⁴ There is a serious failure in American and 'old-world' politics and the quality and accountability of representation it produces in rich countries. This unwelcome political condition is compounded by the fact that there are many far from robust, just and principled democratic systems elsewhere in the world.

Further, the international system is supposed to represent and help regulate global affairs for the public good. But its inability to operate according to principles of equity and fairness is now more apparent than ever and the system still seems unable to reform itself.⁴⁵ The fact that the United Nations has started an Ethical Globalisation Initiative suggests that something has gone seriously wrong in terms of a world moral compass.

These conditions create a moral or values vacuum in terms of guidance, standards and management of national public space and international relations.⁴⁶ A 'big' question being posed is whether civil society organisations, with NGDOs highly visible, actually enjoy more trust and support from the public than those elected by a minority of voters, often through manipulated and corrupted political set ups.⁴⁷ Is official discomfort with NGDOs actually a sign of regime 'illegitimacy' and lack of a decent grounding to exercise authority 'in the name of the people'? Is the ability of NGDOs to mobilise, voice and link local to global, and visa versa, a direct challenge or necessary supplement to inadequate politics and dishonest regimes?⁴⁸

Becoming players in deeper governance issues places a spotlight on the standing of CSOs and especially non-membership-based NGDOs engaging in the public arena.⁴⁹ Credibility of these organisations requires clear and effective accountability to a variety of actors.⁵⁰ If this condition is adequately met, challenges about their legitimacy are exposed as somewhat of a distraction. Why? Because, within the array of overt and covert rules governing engagement in the public sphere and its governance, the most fundamental resides in the Universal Declaration of Human Rights: that is for the personhood of individuals or their civic organisations to be recognised with the right to speak, to challenge public bodies and to be heard.⁵¹ Lacking a representative or other mandate does not mean illegitimacy to speak *per se*. It simply means less strength of voice and standing in the public domain according to established – if contested – arrangements and norms.

⁴² Falk, 1995.

⁴³ van Rooy, 2004.

⁴⁴ Fukuyama, 1995; Clark, 2003.

⁴⁵ NGLS, 1996; Camilleri et al., 2000.

⁴⁶ Marquand, 2004.

⁴⁷ For the role of civil society in shaping globalisation and its governance, see Perlas, 2000; Clark, *op cit*.

⁴⁸ Hoksbergen and Ewert, 2002; Knight et al., 2002.

⁴⁹ Edwards, 2000.

⁵⁰ Edwards and Hulme, 1996; Kovach, et al., 2003.

⁵¹ van Rooy, 2004:77.

Irrespective of 'back lashing' or issues of legitimacy, NGDOs need to be accountable.⁵² Credibility and reputation depend on it. This statement is certainly not new.⁵³ But tomorrow's conditions make being more accountable both more urgent and more complicated. Improving accountability calls for progress in demonstrating performance and in the quality of NGDO governance.

3.5.2 Accountability 1 – demonstrating performance

NGDO accountability is tied to programme achievement in terms of actual change realised, not effort or money expended. Demonstrating accomplishments is a *prerequisite* for being held to account for actions and resources. It is beyond the scope of this paper to detail how the difficult technical issues of performance assessment can be addressed. This area is already the focus of greater NGDO attention, albeit without as much progress as one would like, and is essential.⁵⁴

However, the problem of adequately demonstrating performance is not simply one of technical methods. To guide methodology, there is need for debate and agreement on minimum development performance categories that NGDOs should report on. This is not an argument for uniform measures, akin to international accounting standards. But it is an argument for NGDOs to be more forthcoming and similar in reporting on the key areas of development, i.e. change in the lives of their constituencies and claimants. Without this step, NGDOs will always face a reputational risk. This is the minefield of media exposure and inability to respond to unfair or unfounded criticism because organisations have not collected, do not know about or have not published countervailing evidence.

Current NGDO public reporting seldom provides a balanced picture in terms of achievement, or lack thereof, against which contributions can be seen. Competitive bidding and marketing mean that the direction of NGDO futures towards agreed standards proposed here is unlikely to stem from within the sector itself. This suggests a donor role to stimulate debate about NGDO minimum standards and public disclosure. Donors could also usefully review the extent to which competitive and 'challenge' contracting is part of the problem by inducing particular emphases in what is and is not reported.

3.5.3 Accountability 2 – improving NGDO governance and transparency

Inadequate NGDO accountability is often due to poor governance. This condition is found in individual organisations, collaborative set ups and across the sector within a society. Governance, rather than legitimacy, is the real NGDO Achilles' heel. The issues involved are complicated. At best, one can only provide a sampling of what reflection on NGDO futures would need to address.

A common feature determining the quality of NGDO governance is the division of authority between governing body and the chief executive. In particular, Southern NGDOs frequently face governance problems associated with a stage of growth that is yet to move beyond the founder-leader.⁵⁵ In general, board–CEO relations are obscured from view and too seldom the site for systematic improvement. Further, board nomination, recruitment and leadership transition are commonly non-transparent processes that would merit agreement on standards of openness. In as far as governance dimensions of NGDOs are addressed, particularly in relation to capacity building of SNGDOs, they have often focused on individual

⁵² Ebrahim, 2003.

⁵³ Edwards and Hulme, 1996.

⁵⁴ For example, Roche, 1999; Kelly et al., 2004.

⁵⁵ Smillie and Hailey, 2001.

leaders at the cost of organisational leadership, which includes governing structures and processes.⁵⁶ Improving NGDO accountability and credibility would be served by direct attention to and investment in these elements.

For Northern NGDOs, especially those federating in one or other form, the challenge of improving governance is many-fold.⁵⁷ One issue meriting attention is ethical and pivots around the inclusion of SNGDO perspectives and voice on governing bodies; inclusion, not as tokens, but as vital sources of information, experience and 'downward accountability' leading to better policy-making and oversight. Where voting power is based on relative contribution to total organisational budgets, real SNGDO influence is open to question, inviting the same complaint faced by the World Bank and IMF in terms of unfair ownership. Northern NGDO credibility in international debates and advocacy will be increasingly conditioned by board composition, as well as by power distribution between fund raisers and fund spenders, with countries that do both in an often peculiar governing position.

There is often too little public understanding about how NGDO advocacy issues and positions are arrived at. Making public the processes and protocols used to reach decisions about campaigns and similar interventions is an additional element in improved transparency that helps credibility. In terms of transparency, availability of information from transnational NGDOs is, apparently, significantly weaker when compared with other transnational institutions.⁵⁸ This condition undermines a credible profile in international debates.

NGDO communities can be plagued by organisations with motives that are not for the public good. Consequently, with continued growth in numbers, the need for adequate regulation is becoming more important for NGDO futures. Self-regulatory mechanisms and self-compliance systems to satisfy this requirement will only come about if NGDOs take the initiative.⁵⁹ Failure to do so will, of necessity, lead to government intervention. Whatever the case, identifying dependable and capable NGDOs continues to be a difficult issue for donors as well as for governments. Investments that establish fair and reliable methods for reaching this type of judgment could generate significant returns for many stakeholders.

Finally, there are few mechanisms and opportunities to share and compare country experiences in terms of defining and applying organisational and sector-wide standards, such as codes of conduct and ethics that are already in operation. Given trends noted above, NGDO futures could look at addressing this gap.

3.6 NGDO Resources: Competing to Diversify?

Conditions described above have consequences for NGDO access to funding. In terms of sources, financial options are crudely split between government, tax-based finance and a range of alternatives discussed below. Allied to decision-making about sources, Southern NGDOs face two key issues. One is rooting in the domestic economy. The other is related to donors deciding whether or not to ensure their viability: no NGDO has an implicit right to exist in perpetuity. Further, addressing future resource challenges highlights a conflict of

⁵⁶ From a very weak base, there is now greater attention to and analysis of NGDO governance (e.g. Fowler, 2001; James, 2003). But much more needs to be done if this feature of governance is to be improved.

⁵⁷ Lindenberg and Bryant, 2001.

⁵⁸ Kovach et al., 2003.

⁵⁹ In the Philippines and Pakistan, NGDO certification is now a responsibility of NGDOs themselves. More time is required to evaluate this type of self-regulatory set-up.

interest faced by Northern NGOs. A tension exists in NGOs building the capability and viability of SNGOs as eventual replacements. Here, it will be argued, the combined effects of decentralised donor decision-making and competition-based aid allocation may sharpen the relational problems involved.

3.6.1 Accessing international aid – shadows and playing fields

In terms of gaining official aid, three major factors are in play and likely to remain so. First, through budget support and SWAPs, donor funding of governments to self-supply or contract out public services will probably continue, as will the privatisation of such services from a government's own resources. Direct NGO access to donor finance for delivery of social services in parallel to government systems will therefore diminish. Second, accessing funds on a competitive basis will grow as a method for provider selection and resource allocation. Tied to this way of allocating money will be incentives for 'partnership' between NGOs as well as with businesses.

Third, decentralisation of aid decision-making to developing countries for many – but not all – donors and regions is unlikely to reverse. Allied to this trend is continued interaction, if not integration, between departments of foreign affairs and overseas aid, such as recently undertaken in Norway. In other words, the link between foreign policy and development assistance will probably become tighter. Consequently, though diminishing, nationalistic tendencies in donor funding of their domestic NGOs operating overseas will perpetuate inequitable access to resources at the cost of SNGOs. The playing field will not be level. It also implies, as noted above, a concentration of aid funds to priority countries, which will increase the difficulty of accessing finance that falls outside these priorities.

Further, growth in competitive tendering is likely to increase tensions between Northern and Southern NGOs. This will be caused by the relative disadvantage that SNGOs face in proposal writing, lacking both the up-front risk-based resources required and possibilities to draw on international experience and networks. Unless truly collaborative – and not sub-contracting – strategies are employed, it will be difficult for NGOs not to out-compete and continue to overshadow SNGOs. This situation will cause continued friction and undermine necessarily comprehensive capacity building efforts.

Finally, estimates on the amount of tax-based aid available in the years to come are subject to so many unknowns that it is a fool's errand to offer any. Unless the additional finance required to achieve the Global Plan for Realising the MDGs is forthcoming,⁶⁰ commitments made at Monterrey and other international gatherings with a sector focus – HIV/AIDS, water, information and communications, etc. – suggest that no major change can be expected in the proportion of GDP allocated to aid. But, the long-term perspective of foreign direct investment and 'trade not aid' remains an underlying strategic force and direction to be born in mind.

3.6.2 Exploring alternatives

Alongside official trends are initiatives to increase the potential for funding within developing countries. One pathway is through promotion of an 'enabling environment' of legislation that, for example, gives tax incentives for organisations established for public benefit and for donations to them. Another is through the promotion of 'philanthropy' amongst a growing middle class in developing countries and corporate social investment. The rate of growth of

⁶⁰ Estimated requirements are US\$84 billion per annum for 2005–2007, rising to US\$116 billion per annum by 2013–2015. This equates with about 0.54 per cent of donor countries' GDP, from about 0.34 per cent committed today. See also Oxfam, 2004.

local resources through these and other initiatives is likely to be highly variable between countries and modest overall. But, these sources can be disproportionately significant because of their quality – untied, flexible, etc. – rather than their quantity. Such resources offer important possibilities for retaining NGDO identity and choice in increasingly contracting and competitive environments.

Further, for many NGDOs resource diversification involves income-generating enterprises that may or may not be developmental. The implications of becoming a non-profit/for-profit hybrid on organisational identity, values, management demands and government concerns are well documented.⁶¹ A futures factor to watch and debate, therefore, is whether choices about diversification made by individual NGDOs will, over time, collectively alter the character of the sector with potentially negative implications for public perceptions, trust and support.

Pressure for corporate social responsibility (CSR) is spurring the business community to engage with NGDOs.⁶² Whether or not this is out of deep commitment or to avoid legal coercion requires a case-by-case judgement. A futures issue is the extent to which NGDO development objectives can be reached through collaboration that may entail receiving corporate finance. Put another way, in the emerging context of multi-sector partnerships, is it time for NGDOs to reposition themselves? One way of doing so is by seeing their development comparative advantages not only in terms of influencing government, but also in terms of businesses that are serious about reducing negative external impacts of what they do. Here, there may be an issue of co-optation by corporate finance. So, an alternative choice is for NGDOs to become more entrepreneurial or ‘business like’ themselves. This option is considered in section 6.

The dynamics described in previous sections suggest that resource diversification remains a major goal and challenge.

4. NGDO Relationships: Displacement as Agents of Change?

NGDO relationships are becoming more varied and complicated. This trend is set to continue as the search for solutions to a society’s problems are seen to require joint effort between all types of institutions. In other words, the operating environment is both encouraging and expecting NGDOs to expand ‘partnership’ within and beyond the aid system.

Three strands of relational advance seem to be in the foreground – towards government, towards corporations and towards other civil society actors. The first two have already been discussed in preceding sections. Less clear and documented are dynamics within civil society that could influence, or even displace, what NGDOs are and what they do. This section therefore shines an initial, speculative light on the topic of NGDOs’ relations with other civil society actors.

⁶¹ Fowler, 2000e.

⁶² Elkington, 1997; Bendell, 2000; Zadek, 2001.

4.1 NGOs Within (Civil) Society – a Perspective of Dislodgement?

Civil societies are constantly evolving.⁶³ They may be doing so in ways that could potentially complement or even possibly dislodge NGOs as chosen development actors. The factors involved are political, economic and developmental, with both similar and distinctive consequences in South and North. What may be going on is analysed in relation to two growing formations within civil society: social movements in the South and diasporas in the North.

4.1.1 NGOs and social movements

Troubling questions for many NGOs, particularly in the South, relate to their place in society. Do they belong and will they be sustained within an eventually unaided civic institutional ecology? And do other CSOs – either already around or emerging – offer more viable institutional forms allied to a development potential? Tentative indicators suggest that the answers to these two questions may, respectively, be no and yes.

First, there is a prospective watershed in the way that NGOs are viewed and perceive themselves as ‘agents of change’. A driver for this reflection is the emergence of influential member-based social movements, notably in the South.⁶⁴ These entities and the ‘tracks’ they pursue are particularly visible at regional social forums and the World Social Forum and in protests during meetings of international institutions and the Davos World Economic Forum.⁶⁵ They are also often at the forefront of group mobilisation, for example to challenge economic policies that increase the vulnerability of those already at most risk. Flexible, dynamically organised groupings of activists and disadvantaged people are growing in scale, number and political significance.⁶⁶ Shack Dwellers and Landless People are two oft-quoted examples of activist civic emergence rooted within and supported by members. They negotiate on their own terms, backed up by mass action if needs be. They are as much a civic force as an ‘organisation’. Issues of ‘legitimacy’ in terms of constituency or mandate cannot be so easily deployed against them, which provide a political and developmental robustness and leverage that NGOs may not enjoy.

In comparison, with a few exceptions, NGOs feature less and less as agents of systemic change or offer viable alternative social and developmental models.⁶⁷ In part for reasons of architecture detailed above, there is a prevailing tendency for NGOs to act as incremental improvers within a technocratic, logical and linear framework allied to a ‘partnership’ or ‘harmony model’ of change employed by most official agencies.⁶⁸ Results of the few NGO evaluations available in the public domain offer little evidence to counter an assertion that the role of NGOs as agents of structural change for people who are poor and marginalised is perhaps more an aspirational self-image than an on-the-ground reality.⁶⁹ It is also still far

⁶³ Edwards, 2004.

⁶⁴ See for example Dalton and Kuechler, 1990; Ekins, 1992; Tarrow, 1998.

⁶⁵ Tracks are essentially an administrative device of panels and sessions around substantive areas of concern and contestation for a sufficient number of CSOs to be collectively pursued. Examples are: anti-poverty, alternative economies, peace, immigration, water, women’s liberation (Bond, 2004).

⁶⁶ Khagram, et al., 2002; Edwards and Gaventa, 2001.

⁶⁷ See for example Commins, 1999; Netherlands Government, 2000.

⁶⁸ van der Velden, 1996; van Rooy, 2000.

⁶⁹ See for example Oakley, 1999; Netherlands Government, 2000. Such evaluations are typically commissioned and published by donors and not by NGOs themselves (Fowler, 2000a). To this extent, the World Bank’s Operations Evaluation Division – which reports to the board, not to management – and its ‘Ombudsman’ function provide positive examples that NGOs do not emulate.

from proven that NGOs work predominantly with the poorest. Moreover, as noted in section 3.3, valuable past achievements in advocacy are not predictors of continuation within a potentially more reactionary future. Nor can they be argued to have changed the fundamentals of a (limitless) growth-based model of development or of inequity in international governance.

A second, more economic, indicator of the possibility of being displaced is that Southern NGOs have too seldom established financial 'niches' that can be sustained from within the country.⁷⁰ In other words, SNGDOs generally remain aid-dependent. Most are still finding it difficult to embed in their own societies and economies in terms of adequate support from the public at large or from government budgets. One study on the role of SNGDOs in relation to democratisation concluded:

It also means opening up debate on whether the Western model of professionalized NGOs is broadly appropriate in developing countries, given the relatively high costs of many such organizations relative to the local economies, and discussion of alternatives that might fit better in host societies.⁷¹

A third dimension is to understand why NGOs have yet to form strong bonds with other major civil society actors, such as Trade Unions, faith-based bodies and professional associations.⁷² And, when this array of civic associations does come (briefly) together, why is it so often at the invitation of an institution like the World Bank? In other words, why have NGOs remained relatively isolated and not at the forefront of relation building within civil society?

From the foregoing, it can be argued that aid has permitted, if not caused, a continued separation of NGOs from the mainstream of civil society in the North and South. Despite concerns for sustainability, there has not been adequate investment in the social and economic rootedness of SNGDOs. A topic for a futures debate is whether this situation is tenable and what does it say about the deep motives and commitments of donor countries? And, an agenda for action among NNGDOs is, surely and at last, to be really serious about the long-term institutional sustainability of a strategically identified group of Southern counterparts.

In sum, there is a *prima facie* case to suggest that social movements may offer better prospects for sustainability as well as legitimacy and the political influence required for structurally oriented development. And, if NGOs could be displaced by associations of poor people as the source and driver of their own structural advance, empowerment in its deeper sense requires more (donor) attention to other civic actors and formations. But such attention cannot be without very serious rethinking of mechanisms and processes for engagement that do not undermine the dynamic and fluid essence of movement life. As one leader remarked when asked if his movement could become more 'organised' to make it fundable: 'you cannot put a fire in a box'.⁷³

⁷⁰ Many governments are also not viable outside of international aid. This argument can postpone but not alter the ultimate reality that many SNGDOs have little realistic prospect of sustainability in a Western NGO form.

⁷¹ Ottaway and Carothers, 2000:309.

⁷² See Special Issue of *Development in Practice*, 14 (1 & 2), February 2004.

⁷³ Anecdote heard at the INTRAC NGO Research Forum, November 2004.

4.1.2 *NGDOs and diasporas*

Another dynamic within civil society that may complement or displace the primacy of Northern NGDOs is the mainly migration-related presence, growth and significance of Diasporas. Demographic trends towards aging populations in many donor countries indicate that this growth will probably continue. And, there are already signs that migration is moving from unskilled to highly skilled workers, to the detriment of professional person power in developing countries.⁷⁴

As civic formations, diasporas exhibit two functions similar to NGDOs. One is transnational finance through remittances that, paradoxically, has gained recognition because of counter-terrorism measures discussed below. The second function is 'voice from afar' into Northern forums for international aid as well as in domestic policy and foreign relations.

Current estimates suggest that the volume of diasporic finance should be taken into account as a 'remittance-based component of development and poverty reduction'.⁷⁵ Despite difficulties in specification and measurement, analysts of this field estimate that such transfers have increased substantially, and now probably amount to US\$100 billion per year, with up to 60 per cent going to developing countries.⁷⁶

Globally the value of remittances outweighs the overall aid transfers by more than fifty percent, although there is significant regional variation.Only in sub-Saharan Africa, Eastern Europe and Central Asia do aid flows outweigh remittances. Over time, global remittances held their position of contributing about 20 percent of financial flows to developing countries between 1991 and 1999. In the same period, aid flows have declined from 32 to 12 percent. For example, in Sri Lanka remittances formed three quarters of financial flows in 1999, whereas aid provided less than 20 percent.⁷⁷

By comparison, while equally difficult to identify and calculate NGDO transfers are – probably under-estimated – at US\$12 billion a year for 2003.⁷⁸ In terms of proportional contribution, remittances are therefore already possibly four times larger than NGDO transfers overall and twice as large to developing countries. What has to be borne in mind, however, is that recipients may not be poor, nor might funds be applied to 'development' as understood and defined by professionals. Nevertheless, current amounts and prospective growth in remittances make diasporas more important players than NGDOs in terms of financial transfers.

Using Mexico as a case study, Luin Goldring stresses the importance of understanding how individuals, families and communities use different types of remittances for different purposes through different channels. For example, are remitted funds applied to consumption, savings or investment? Development planning and practice need to be tailored to reflect this diversity.

With remittances, transfer costs can be proportionally significant, but personal affinities give high probability of use as agreed. Social norms and other means ensure processes of negotiation and compliance. This characteristic counters the need for complex and costly

⁷⁴ Dumont and Lemaitre, 2004.

⁷⁵ Goldring, 2004:799.

⁷⁶ *Ibid.* 801

⁷⁷ Bakewell, 2004:16.

⁷⁸ Development Initiatives, 2000; OECD/DAC Statistics Table 1. <http://www.oecd.org/dac/statistics>

systems to track, account and evaluate finance that is common to and demanded of NGOs.⁷⁹

Countries of departure also acknowledge the value of a diaspora. The Philippines has a special government agency for its millions of expatriate workers. Recently, the African Union has created the African Diaspora as its sixth Region with 20 out of 150 seats on the Economic and Social Council reserved for their representatives. These structural mechanisms signal the importance of diaspora as a globalising reality that NGOs would do well not to ignore or take for granted.

The Goldring study also indicates the importance of recognising the extra-economic dimensions of remittances. One such dimension – not necessarily correlated with volume of remittances – is a stronger position than NGOs in terms of legitimacy in asserting voice or perspectives of people living in countries of origin. In the Netherlands, for example, platforms for migrant organisations are already organised and vocal in public debates, both domestic and international.⁸⁰ Divorced from a neo-colonial framework, a diaspora's ties with people at home provide fast information about what is happening on the ground outside of commercially mediated media and other channels. Obviously, it would be naïve to assume that what diasporas communicate is not or cannot be distorted. But other channels of information can also distort. Diaspora channels can be more reliable because responsibility and accountability 'back home' increase vulnerability to the consequences of misrepresentation.

Binding remittances and voices are the institutions through which they are made operational. These can vary between very informal, highly personalised channels for individuals, to specifically designed formal organisations for collective transfers. One example of organisational sophistication is the Institute for Migration and Development Issues (IMDI) in the Philippines that produces a newsletter in support of philanthropic giving by overseas Filipinos.⁸¹ For NGOs, methods for interfacing across this spectrum – in both sending and receiving locations – will necessarily vary. Working out appropriate methods calls for a detailed understanding of the institutional forms used by diasporas for different purposes, some of which may not be developmental. This type of knowledge and relational investment is a precondition for debating NGO strategy and action.

The broad point is that diasporas are becoming more visible and potentially more influential as development actors – in financing and as interlocutors. They are now being seen as a valuable, complex and refined 'development resource',⁸² bringing qualities that donors and NGOs would do well to recognise. Indeed, the aid system may be pushed to do so by diasporas themselves as they realise and assert their inherent capabilities to do what NGOs do – and perhaps more effectively.

4.2 A Note on Partnership

It is impossible to consider development relationships without some direct reference to partnership. With so much written on the topic, it is hard to find any futures perspective that

⁷⁹ Which is precisely why such channels are under scrutiny as part of CTM.

⁸⁰ Personal communication from Ronald Lucardie of Cordaid.

⁸¹ *Offshore Giving*, 1 (3), December 15, 2004, Institute for Migration and Development Issues, Mandaluyong City.

⁸² Goldring, 2004.

is not already covered. But, in my view, there is a neglected area for which a strategic discussion is merited.

The issue is how to ensure fairness, justice, efficiency and effectiveness in development relationships that are set to become even more complex as governments, different businesses, various types of civil society organisation and donors try to collaborate. Each actor has combinations of incentives, motivations, resources and forms of power that are often at odds with those of the others. It is therefore difficult to envisage how to bring them together to find common and equitable grounds for collaboration.

Experience in business and public sectors demonstrates the value of independent and neutral professionals to help facilitate the development of organisational relationships at start up and when things go wrong. Partnership facilitation, mediation and adjudication are functions that can be usefully applied to produce effective, complex development relationships. This resource can also help address the persistent complaints about the disempowering gap between the rhetoric and practice of partnership for development noted previously.⁸³

5. NGDOs and Counter Terrorism

An unanticipated and still evolving feature co-determining the context for international development is the 'war against terror'. Since the Twin Tower assault, protagonists and associated vested interests continue to feed people's fear and insecurity in order to shape and sustain this global battle in ways that further political agendas at home and abroad. One effect is to establish new requirements within which NGDOs must operate.

United Nations Resolution 1373 in 2001 called all member governments to apply themselves to combating terror within their areas of jurisdiction. In some countries – the US, the UK and Australia for example – rapid responses can be seen in the form of new counter-terrorism legislation.⁸⁴ Such Laws apply across all elements of society⁸⁵ and assert to have global effect. The full impact of this agenda – which affects all parts of society and civil rights and may be applied for purposes that have little if anything to do with terrorism *per se* – are yet to be felt.⁸⁶ This section is therefore primarily speculative and not exhaustive: at this stage the landscape is too dynamic and formative. Understanding what is emerging rests on a proposition that, with respect to NGDOs, CTM effects will be both overt and covert. Put another way, large and visible waves of CTM, such as legislation, will probably obscure undercurrents and forces that operate in subtle ways on NGDO development space, decisions and relationships.

5.1 Establishing an Aid–Terrorism Framework

Legislation is a common way to implement CTM. In general, CTM laws curtail civil liberties and expand grounds on which a state can define behaviour as 'terroristic' and 'manage'

⁸³ For elaboration, see <http://www.inter-mediation.org>

⁸⁴ Including: Presidential Executive Order 13224, The Patriot Act and related laws, USAID acquisition policies, various embargoes, trade sanctions and anti-boycott laws, and US Treasury Department 'Voluntary Best Practices'. As well as, in the UK, The Terrorism Act 2000, The Anti-Terrorism, Crime & Security Act 2001, and related Home Office policies.

⁸⁵ Counter-terror laws, administrative procedures and policies are referred to as 'Laws'.

⁸⁶ Sidel, 2004.

dissent. To counter arbitrariness and find common ground, there is now an attempt to gain international consensus on a definition of terrorism as:

any action, in addition to actions already specified by the existing conventions on aspects of terrorism, the Geneva Conventions and Security Council resolution 1566 (2004), that is intended to cause death or serious bodily harm to civilians or non-combatants, when the purpose of such an act, by its nature or context, is to intimidate a population, or to compel a Government or an international organization to do or to abstain from doing any act.⁸⁷

This proposal is subject to UN debate early in 2005. It presents an opportunity for NGOs to both confirm, or otherwise, that this definition corresponds (minimally) with their view and then use it – on alternatives – as a yardstick for judging state behaviour. The former task would benefit from broad-based processes and clear public statements.

The latter task is made complicated by the way in which official aid sees its agenda in relationship to counter-terrorism. A policy statement by the OECD-related Development Assistance Committee (DAC) on the relationship between terrorism and aid gives cause for concerns that have been collectively tabled by a number of NGO consortia.⁸⁸ It is beyond the scope of this paper to detail them all. Suffice it to say that disquiet focuses on a conceptualisation of the aid–terrorism relationship that: makes combating terrorism synonymous with combating poverty – they are not the same thing – with a danger of the former superseding the latter; diversion of aid commitments for anti-terrorism and security purposes; omission of a human rights dimension that informs aid policy and practice that CTM should uphold and not undermine; and compromising aid eligibility criteria – such as good governance – to serve CTM agendas.

These and other issues call for NGOs to be clear about the boundaries, standards and practices that they believe need to be applied to the relationship between aid and terrorism.

5.2 Counter-Terrorism and the Aid System – Overt Features

There are clearly visible or overt features of a counter-terrorism strategy that is impacting on international development cooperation. Examples are: new legislation on civic associations; closing off international channels of financial support; and prioritising aid and other finance to countries that join the Coalition of the Willing.

5.2.1 *Complying with legislation – know yourself and your partners*

Legal (re)definition of what constitutes terrorism is a necessary step to take in order to apply two major counter-terrorism measures. One measure is directed at the nature of civic organisations to determine if their purposes are beneficial for society. Here, denial of registration or closure may rely on confidential information from security services that cannot be challenged in court. A recent example of the invidiousness of how legislation is applied can be seen in a British charity placed on a UN list as a Specially Designated Global Terrorist (SDGT). This status was not formally communicated to the organisation. A clean bill of financial health by the British Charity Commission seems to hold little sway over the British authorities that froze the organisation's accounts.

⁸⁷ UN, 2004b:48.

⁸⁸ IGSDN, 2003.

In addition, in the United States, nonprofits are now expected to certify that they are not employing anyone on a list of proscribed persons.

The Treasury Department's Office of Foreign Assets Control (OFAC) has compiled the Specially Designated Nationals (SDN) list, which includes all persons who have been named in the Executive Order or who have been designated by the Secretary of the Treasury or Secretary of State as terrorists or supporters of terrorism. Because the Executive Order bars transactions with persons on the list, funders must decide whether their circumstances require them to check their grantee organizations – and individuals associated with grantees – against the SDN list. Because the Executive Order also prohibits transactions with persons who may be aiding others on the list, funders also must decide whether they should check lists maintained by other U.S. government agencies, the European Union, the United Nations and other countries.⁸⁹

The practicality and administrative burden of compliance are a major source of worry as are the vague guidelines issued by the US Treasury to help nonprofits comply.

In addition to knowing about your employees, akin to existing measures against money laundering based on 'know your client' (KYC), NGOs are being asked to 'know your partner' (KYP). Here, legislation introduces restrictions and requirements to better regulate and oversee the mobilisation and distribution of funds by and through 'good causes'. These requirements are also specifically applied to the overseas remittances provided by diasporas.

To ensure that official funds are not diverted to or otherwise support potential terrorist causes, laws place significant compliance burdens on Northern NGOs. The US is a good, albeit perhaps extreme, example of what this can mean.

The United States Agency for International Development has instituted certification requirements that apply to all USAID funding recipients to assure that USAID does not directly or indirectly support terrorist groups or individuals. USAID requires an applicant for funding to state that it has not provided, and will not provide, material support or resources to any individual or entity (or an agent) that it knows or has reason to know advocates, plans, sponsors, engages in, or has engaged in terrorist activity. The certification is an express term and condition of all USAID agreements for funding and violation of the certification requirement is grounds for unilateral termination of the agreement by USAID.⁹⁰

In principle, recipients of USAID finance are responsible for conformity with anti-terror legislation of any party they collaborate with. This can create significant tensions within NGO relationships as the primary recipient acts, in effect, as an agent of the US Government in terms of determining and judging what a collaborating NGO is doing.

Being fully aware of counter-terrorism conditions attached to official aid will be a necessity for future dialogues between NGOs, particularly North–South. Southern NGOs must have the information needed to make informed choices about CTM in relation to the costs and benefits of collaboration. Moreover, it behoves NGOs to be fully cognisant of being shaped by accepting aid with counter-terror strings attached. Questions still to be answered are: what does providing 'certification' mean in terms of NGOs relationships with Southern counterparts? Will this type of condition start to appear in the practices of all official aid agencies – including the United Nations – and of Southern governments?

⁸⁹ *Foundation News and Commentary*, 45 (3), May/June 2004, Washington, DC.

⁹⁰ *InterAction*, 2004:vii.

Overall, this field of environmental conditioning calls for careful accumulation and dissemination of information about what is happening to NGOs and their relationships.

5.2.2 Civil liberties and aid priorities – back to the cold war scenario?

In terms of a policy impact of CTM, the aid system begins to resemble the Cold War era where allocations were premised on the degree of regime alignment with the West versus the East. Though global conditions have changed, prioritisation of aid to countries – with questionable human rights records and no particular justification in terms of poverty – because of their anti-terrorism stance will probably interfere in complex ways with allocations based on MDGs. The ‘where to work question?’ for NGOs discussed in section 3.2.3 now invites more complicated moral and practical answers.

Countries that already possess restrictive legislation on civil liberties – common throughout the Middle East and in parts of South East Asia – may face less international pressure for reform in these areas and are therefore more likely to apply restrictions to real and imagined opponents. A potential outcome of this retrograde step will be to weaken progress in terms of good governance agendas and push NGOs towards the relative safety of service delivery. Put another way, counter-terrorism means NGOs face a heightened risk in terms of demand-side functions and rights-based approaches. However, it may also open up opportunities for NGOs that are risk-oriented as has commonly been the case with human rights organisations that are now in high demand.

Finally, without substantial increases in aid levels, diversion of funds previously seen with respect to Afghanistan and now to Iraq are likely to reduce the security or continuity of NGO access to official aid in low priority countries. Contingency plans will be both required and called upon for types of NGO anti-poverty work that are not clearly in the mainstream, such as HIV/AIDS and girls’ education. NGO country strategies need to factor-in the indirect as well as direct effects of CTM.

5.3 Counter-Terrorism and the Aid System – Covert Features

Legislation is only one way of introducing CTM. There are preliminary indications of subtler and less transparent ways in which counter-terrorism strategies are being pursued by governments. For example, in the case of aid, Northern governments are seldom challenged legally about the way public funds are allocated to NGOs. There are two common reasons for this.

First, processes and procedures for allocation rely on policies established within a government department or agency and interpreted in relation to the political position and preferences of the administration in power. As long as there is due process, compliance with applicable laws and administrative transparency in fund allocation, any regime has the right to establish how it will prioritise what it does with public money.⁹¹ Consequently, a choice can easily be made to tighten procedures and requirements, for example by demanding more information, and applying more stringent risk assessments. The OECD/DAC paper referred to previously already intimates in this direction when it talks of ‘recalibrating’ aid allocations.

⁹¹ Far-reaching reform in how the Netherlands government allocates aid between Dutch NGOs is a current example.

A second reason why fund allocation may not be challenged is risk-aversion. NGDOs seldom want to 'rock the boat' or appear too difficult or too demanding. Aid allocations are a judgement and not an exact science. Consequently, though seldom publicly expressed, there is a fear that open complaint by an NGDO about how a bureaucracy alters its rules may work against the organisation in the longer term. Thus, self-censorship by NGDOs may result in grudging compliance. Obviously, a country's political realities determine the degree to which this covert scenario plays out. But reluctant compliance and self-censorship by NGDOs must be recognised as a real part of 'doing business' – behaviours that may be reinforced by more competitive funding environments. At this stage, the issue is one of teasing out what is actually going on in terms of the way counter-terrorism requirements and measures are filtering through aid's administrative practices to NGDOs. What do NNGDOs and SNGDOs really experience? Are NNGDOs in danger of becoming a path for covert intelligence?

The facts and speculations noted above probably do not bode well for some types of SNGDOs. In reading domestic and international signs, NNGDOs and desk officers of official aid agencies could become more cautious by, for example, avoiding relationships with recently formed or innovative SNGDOs that do not have a proven track record. Caution might also slant NNGDOs away from working with existing Southern counterparts that articulate progressive agendas that are interpreted by power holders to move beyond opposition to 'terrorism'.

It remains to be seen how administrative priorities and requirements are reformed along anti-terrorism lines. In fact, this area would benefit from dedicated study, ongoing monitoring and widespread sharing of findings and NGDO 'education', perhaps by NGDO support organisations (NGDOSOs) and /or NGDO umbrella bodies.

5.4 Counter-Terrorism and New Services for NGDOs⁹²

Counter-terrorism is a new dimension in the life and work of NGDOs everywhere. The nature and severity of its effects are as yet undetermined. And it will vary among countries, types of NGDOs and regimes, relative dependencies on public funding, etc. For example, NGDOs that specialise in monitoring torture are much in demand with respect to observing the behaviour of the Military Alliance operating in Iraq and Afghanistan.

Where a public, legalistic path has been chosen for CTM, NGDO collaborative bodies have been prompted and are able to mobilise members to enter negotiations and take legal action about how laws are interpreted and applied.⁹³ In these countries, NGDO awareness of what is at stake is probably quite high – at least as to the potential and direct effects on themselves, if not on their counterparts. Where less visible processes are being adopted, slow incremental changes may create unfair or untenable conditions without this being realised before it is too late. To help understand and deal with CTM, an array of possible 'services' could be usefully located within NGDO support organisations (NGDOSOs) and/or umbrella bodies. One can think of:

⁹² This section gratefully draws on preliminary work by Joe McMahon of <http://www.intermediation.org>

⁹³ This has already occurred in the USA and Australia through the Independent Sector and the Australian Council for International Development, as well as in the UK through BOND. Probably, more needs to be done across Europe.

- Resources and education about legislative requirements and other forms of compliance
- Facilitation of financial transparency processes
- Providing services to assist checking list of prohibited individuals and organisations
- Undertaking site visits and providing validation of independent programme or project audits
- Monitoring the effects of grantor/NGDO conditions on SNGDOs and facilitating the voice of the latter

A consultation process amongst NGDO support organisations and umbrella bodies across the world may be merited. The task would be to reflect on how counter-terrorism might (and is) impacting on the NGDO community South and North and how to respond individually and collectively.

Of particular importance will be to ensure that NGDO governing bodies are fully aware of the responsibilities and liabilities that counter-terrorism is bringing to their table.

Counter-terrorism is a fast emerging condition on the NGDO landscape. Fed by and feeding on public anxiety about insecurity, CTM's impacts on aid and on societies more widely are likely to be long-term and structural. This perspective points towards an NGDO agenda of careful and active observation allied to discussion on ways to share information and co-construct responses to government behaviour that goes beyond acceptable limits. Part of this agenda could also usefully include concerted efforts for NGDO collaboration with CSOs dedicated to defending human and civil rights. There is an urgent need for NGDOs North and South to communicate and agree on the processes needed to support the intentions of CTM while preventing abuses in its name.

6. NGDO Options and Choices

Contextual change is a well-known fact of organisational life that has to be managed and, wherever possible, shaped to advantage. Previous sections have described factors and forces involved. Attention has also been paid to the implications of shifting conditions within and between NGDOs and with donors. Ideas for possible responses have already been given. This section of the paper focuses more directly on options that can be inferred from the previous analysis. It does so as illustrations, not as prescriptions, nor as the only set of choices available. No attempt is made to present detailed alternatives. The aim is to provoke thinking and reflection.

When contemplating organisational responses, it is worth bearing in mind that not all combinations will work easily together. For example, a choice for non-profit contracting of public services will probably make it difficult for the same organisation to function as a trusted intermediary or relational broker between poor people and governments. Uncertainty about motives towards gaining a new contract could lurk in the background. Indeed, considering options will often require discussion about trade-offs between organisational identity and economic viability.

6.1 Retaining Leverage

A first line of response for NGDOs is to retain and increase their leverage on the forces shaping their context. And, as in other fields of struggle to change structures, investment in

collaboration would be required. A few strategies could help in this direction. For example, contributing to strong representative bodies and agreeing on system-oriented agendas that will help work against the divisiveness between NGDOs that competitive aid financing can introduce or reinforce. Adopting a common front towards corrosive and impractical conditions and effects of CTM is one possible joint agenda. Another possibility is collaborating, perhaps sector-by-sector, such as HIV/AIDS, water and sanitation, early childhood development or civic education – to argue and demonstrate the value of plurality in development approaches where problems are treated as ‘indicators of complexity rather than (MDG) targets to be eradicated’. This means revisiting the idea that there is one, globally transportable ‘best practice’. Perhaps, ‘good practice(s)’ is a more appropriate idea.

Further, collective effort could be directed at improving public trust. This condition is a critical foundation for leverage and broadening domestic support.

In addition, use can be made of the fact that politicians and official agencies require endorsement by taxpayers of the way that aid funds are being allocated and used. As opinion formers in the North and the South, NGDOs can work together to ensure that their concerns are taken into account to justify their support in public promotion of tax-based aid. Given capacity constraints within the official aid system, NGDOs could also gain leverage by ensuring that they are clear about the conditions under which they will engage in activities that expand overall capacity for delivery and democratisation.

However, an ability to pursue these suggestions and other options is premised on an important pre-condition. Namely, that NGDOs operate with resource strategies that enable self-determination of negotiating principles and conditions. Attaining this position is discussed below.

6.2 Rethinking Functions

A common way to analyse responses to alteration in external conditions is through a functional lens. In other words, asking: what do external trends and discontinuities imply for the roles NGDOs play, the tasks they perform and the places where they work? Answers could mean revising existing functions, altering geographic areas of operation, and so on. The combinations are many and varied. With some repetition, the following sections highlight possible implications of factors described so far.

6.2.1 *Combining domestic and overseas development work*

One possibility for Northern NGDOs is to ‘reverse-engineer’ themselves by applying the skills and knowledge of development work overseas to poor and disadvantaged people in domestic situations. This move would positively respond to the social problems caused by interdependent economic globalisation experienced at home and abroad. Working domestically would capitalise on the comparative experience that NGDOs have built up and diversify their resource base. Migration and growth in minority groups from developing countries can reinforce the value of applying domestically what NNGDOs have learned overseas.

A parallel move and emerging potential, already being explored by a few Southern NGDOs, is to horizontally ‘export’ or share their knowledge and skills to other Southern countries.⁹⁴

⁹⁴ For example, the Bangladesh Rural Advancement Committee (BRAC) is applying its expertise in other Muslim countries, such as Afghanistan.

This direction of expansion is particularly apposite where issues of religion or cultural sensitivity towards NNGDOs are in play. In other settings, it requires an ability to compete and to generate the investment required to establish an overseas infrastructure. Donors could ask themselves if preferential South-to-South financing of NGDOs is a way of levelling the competitive playing field spoken of above?

6.2.2 *Post-conflict development and peace building*

Post-conflict development and peace building are substantial areas of humanitarian work fulfilled mainly by Northern NGDOs. The financing model for this type of work often provides an economic 'foundation' that enables more developmental tasks to be undertaken. The biggest NNGDOs all include humanitarian work in their portfolios. Growing experience indicates that peace-building processes are long-term. This condition brings a perspective of more stable contracts than is common in much development work. In turn, this view invites expansion of humanitarian service provision, with an acceptance of the human risks involved.

However, as described above, a more strategic approach would create an international configuration of response capabilities in humanitarian action that involve Southern NGDOs to a far greater degree. Are donors and NNGDOs prepared to take this route? And, are SNGDOs able to orient themselves towards playing this type of role with its urgent logistical demands and potential challenges of dealing with governments that may seek political advantage from emergency aid?

6.2.3 *Capacity concentration – using aid goals for a post-aid era*

A resource strategy would be for NGDOs to concentrate their skills and competencies on one or more of the MDG goals and targets as well as regions and countries of the world that are likely to be areas of aid priority. An even more comprehensive approach would be to develop internal systems that correspond to all elements of the architecture for aid described in section 3.1. In other words, the organisation optimises towards aid finance, its operational modalities and technical sectors.

The first six MDGs and their targets are heavily oriented towards gender-sensitive building of human capital. Other goals offer opportunities for advocacy beyond service provision. A strategic NGDO decision could be to profile the organisation as being fully conversant with the policies, priorities and practices of the international aid system, allied to a capability to deliver on some or all of them.

For Northern NGDOs, the drawback is lack of diversification and continued aid dependency. This perspective holds for Southern NGDOs as well, which is compounded by their continued over-reliance on aid and economic separation from society. Adopting a selective, long-term strategy might avert this danger. Such an approach would establish the organisation in a particular niche or area of specialisation – girls' education, health, water, HIV/AIDS, etc. – for which it could aim to become renowned, locally, nationally, or internationally beyond aid as such. In other words, NGDOs could aim to be recognised for their competence in a particular field that eventually transcends dependency on the aid system. Framed yet another way, NGDOs could use 'MDG goal-oriented capacity concentration' as an intermediate step or springboard to an eventual 'post-aid' position in society funded by local public and private sources. This longer-term, strategic capacity perspective could also be considered by funders as an approach to advancing SNGDO sustainability.

6.2.4 Local government service orientation

Increasingly, national governments are seen to be 'too big for the small things and too small for the big things'. In many countries, regionalisation and decentralisation are therefore significant features of public sector reform. Typically, this includes allocating responsibility for provision of public services to local governments and municipalities. When combined with policies towards privatisation there is a growing demand and opportunity for NGOs to provide a wide array of services, including the 'software' of community mobilisation and participation. Again, particularly for Southern NGOs, this trend offers significant opportunities for development continuity, albeit with cautions about identity and retaining distinctive competencies.

6.2.5 Multi-sector contracting

Increasingly, public policy is seeking to solve social problems through multi-sector partnerships. Often under the label private public partnerships (PPP), many donors and governments are introducing incentives and contracting mechanisms that bring together private capital, commercial enterprise, diasporas and non-profit organisations in ways that draw on and align their distinctive competencies. One example is combining the provision of public/private investment in physical infrastructure with community-based ownership and management. In addition, businesses are adopting corporate social responsibility as a credo and are, for example, signing up to the UN Global Compact.⁹⁵ A study referred to in the Introduction – entitled 'The 21st Century NGO' – puts forward a perspective of NGO futures based on collaboration with businesses as the way to attain development that can be sustained.⁹⁶ Consequently there are increasing opportunities for NGOs to adopt a strategy of corporate collaboration, particularly in the 'software' of people's engagement.

Economic integration, foreign direct investment and expansion of supply chains across the world provide a dynamic setting where NGO collaboration with businesses has a potential for significant developmental impact on a scale that is seldom reached by NGOs alone. In other words, there is an expanding overlapping terrain or middle ground where government, business and civil society can meet around socio-economic objectives and financing models. This terrain offers new opportunities and resources for Northern NGOs. However, Southern NGOs may have more difficulty in gaining from this new terrain because many businesses are foreign owned and the social pressure towards corporate social responsibility is less developed. For both Northern and Southern NGOs, choosing to follow this path will involve trade-offs in image and credibility towards existing constituencies.

6.2.6 Relational broker and facilitator

A further consequence of public policy frameworks emphasising multi-sector partnerships is the opportunity it presents for NGOs to act as 'brokers' and facilitators. This means adopting a role dedicated to establishing development partnerships between actors that would not necessarily know about each other or see how their combinations of skills would suit bidding for development and commercial contracts.

This option would require active networking and gathering of 'intelligence' about the demand for development services and the possible sources of supply that could work collectively. It calls for substantial insight about development processes and about the relative competencies of NGOs, corporations and other potential sources of expertise and experience. This fee-earning choice would also demand the ability to speak different

⁹⁵ Enderle and Peters, 1998; Zadek, 2001; <http://www.unglobalcompact.org>

⁹⁶ *Sustainability*, 2003.

institutional languages and maintain a 'neutral' position in terms of not being in the market for delivery.

6.3 Evolving Identities

Changes in functions described above can influence identity, public image and credibility. But identity is also shaped by how an organisation understands itself. In other words, identity or brand is not simply a product of the work being done. It is also determined by how an organisation understands and portrays itself to itself and to the outside world. Contemporary trends are evolving a variety of 'self-understandings' that NGOs can consider.

6.3.1 Branding towards whom?

NGOs usually profile towards either or both of two constituencies. One is the general public. The other is towards development professionals as peers or potential funders. Some Northern NGOs, like Amnesty International and Greenpeace, direct their identity and profile solely towards the public at large. This policy gives clarity and avoids apparent inconsistency or what could be perceived as opportunistic compromise.

Most NGOs try to present an attractive profile to both the general public, to official donors and sometimes towards businesses. Typically, this combination introduces complications in terms of image consistency, public stance versus informal relations, the need to avoid applying double standards and of succumbing to self-censorship. Strategically, an NGO needs to review, reaffirm or amend the constituencies it seeks to engage with and profile towards, which may now include corporations. This choice then needs to be matched with functional options described above.

Southern NGOs appear to have an enduring problem of reorienting their image away from the aid system towards the local 'gift economy'. Unless there is a serious reorientation of NGOs towards the sustainability of their counterparts, it looks as if a major route to economic embedding for many SNGOs will be via government contracting. This calls for organisational profiling based on technical competence.

An alternative is to become a for-profit/non-profit hybrid. In other words, to become part of the overlapping terrain discussed above based on fulfilling dual functions. Micro-finance is a common for-profit element of this approach that is directly developmental. But, NGOs can also take up commercial enterprises that are not directly developmental in nature. The trade-offs involved are complicated and explained in detail elsewhere.⁹⁷ A strategic question for funders is whether and how to support this type of approach to SNGO sustainability if endowments and similar methods are not on the cards?

6.3.2 From voluntarism to social entrepreneurship?

Related to reviewing important constituencies is the issue of organisational self-understanding. It is increasingly difficult, if not misleading, to see NGOs as 'voluntary' organisations guided by an altruistic ethos. This is as true in the South – where supply-induced growth, opportunism and organisational ethics often leave a lot to be desired – as it is in the North. Consequently, it is probably more honest and appropriate to consider today's NGO-ism as forms of social entrepreneurship.⁹⁸ Taking this step in self-understanding would help clarify what values should guide organisational actions, competencies and

⁹⁷ Fowler, 2000e.

⁹⁸ Fowler, 2000c.

internal and external relations. It is a way of proactively influencing the external context by profiling a new organisational category or 'niche' in the eyes and understanding of the public at large; in other words, not simply being dependent on contextual change but capitalising on it and shaping it.

Adopting social entrepreneurship as the framework for identity and image evolution would have implications for many aspects of organisational resourcing, profiling, messages and behaviour. It may alienate existing constituencies and not convince potential supporters. A calculation of such a re-understanding requires substantial consultation and reflection, including whether public cynicism about NGO 'voluntarism' makes this image a tenable way to continue.

6.3.3 Choosing for Northern localisation?

Unlike Southern NGOs, Northern NGOs can make a strategic choice with respect to 'localisation'. This process involves the creation of a locally governed SNGDO as part of an international family. Typically this choice is made for both principled and pragmatic reasons. In terms of principle, this shift counters complaints about foreign organisations doing development themselves rather than enabling local organisations to do so. Becoming a local organisation can remove this complaint and 'create' local capacity at the same time. Practically, localisation can increase eligibility for donor funding that gives preference to SNGDOs over NGOs from the North.

One issue associated with this option is whether or not, because of international origins and family ties, the result is unfair competition with 'truly' local NGOs. Another consideration is the extent to which localisation reduces NNGDO credibility because it is simply seen as a pretext for improving resource access, but without the vulnerability faced by local NGOs. A third tricky issue is a NNGDO looking 'smaller' if finance raised locally by its affiliate does not appear on its accounts. A further source of problems can be whether or not SNGDOs should repatriate a share of locally raised finance to the parent NGO or the family.

In sum, localisation is a possible response to criticisms NNGDOs face. But is not a straightforward choice, requiring careful consideration of implications and trade-offs.

7. Implications for Donors

The previous text has already indicated areas that would benefit from donor reflection. It provides suggestions for topics that merit donor reflection and possible value for dialogue with NGOs. Topics can be mixed and matched depending on the donor and NGO concerned. There is no necessity to address every item with every NGO. And, some topics, such as standards, are probably better addressed in consultations involving NGOs collectively.

This concluding section does not repeat what has already been suggested. Rather, it reviews implications for donors from two other perspectives: strategic and operational. This exercise identifies additional implications that donors face.

7.1 Strategic Perspectives

A strategic view across the issues raised so far offers further ideas about implications. First, the evolution of NGOs suggests that, as in nature, some should die while others emerge

and grow. For donors, this calls for an appraisal of the mix of NGDOs in a country and a clear understanding of their place in relation to wider civil society as development actors. For example, donors need to get a fix on the other components of civil society – such as social movements and diasporas – that may be better rooted, trusted, historically understood and financially viable. Insight is also required on emerging forms of civic drivers. Where is civic energy for development to be found and how is it being directed? A long-term view may elevate or relegate (some types of) NGDOs in terms of effective development investment. It is not sensible or necessary to assume that more NGDOs are always better than more of other types of civil society organisation.

Related to this assessment, is to critically question the extent to which the NNGDO model copied within the South is appropriate to local conditions outside of continued aid. Supporting and learning from variations on the NGDO model, as well as from Southern home grown varieties, seems to be called for. But this has operational implications discussed below.

There is an important implication for donors in terms of promoting NNGDOs, but more critically SNGDOs, into roles that are meant to have an impact on democratisation and good governance. In terms of financing towards these processes and goals, closer attention must be paid to the relationship between civil society and political society. How can support be provided that does not lead NGDOs to undermine weak or embryonic democratic political systems? In addition, donors must cope with the fact that greater democracy involves citizens increasing their claims on the state, giving more, not less, contention about public policies.⁹⁹ Put another way, a partnership model may be at odds with democratisation processes where robust political institutions are built through conflict and its resolution. A false contradiction between democratisation and socio-political conflict needs to be thought through in terms of NGDO financing. If dealing with this issue is not well conceived, contradictions in the forces and processes being assisted could be mislabelled as supporting emergent ‘terrorism’, waste money and set back processes necessary to embed political change.

Third, and perhaps most importantly, donors need to directly address problems arising from rapid supply-driven expansion in NGDO numbers that is not being matched by adequate progress in terms of attaining minimum standards. Performance-based standards are required if NGDOs are to retain or regain public understanding, trust and increase the possibility for local financing. This balancing process requires priority donor investment to help: a) establish collective standards; b) improve NGDO governance; and c) significantly strengthen monitoring and evaluation systems.

Finally, there are many ways that donors’ funding policies can shape NGDO behaviour and relationships. This calls for a clear position on a number of issues. One is how best to encourage multi-sector collaboration. Is tendering the best way ahead or is support to brokering another option that could reduce negative outcomes of competition? Another question is the extent to which aid architecture described previously should be the sole framework for financing NGDOs. Is greater flexibility required to ensure that their comparative advantages are not eroded but used to the full? Reaching a conclusion about these choices is a necessary condition if donors are to clearly communicate about what their finance recognises as vital for effective development.

⁹⁹ Blair, 2002.

7.2 Operational Perspectives

Practical conditions tied to NGDO financing can work for or against their effectiveness. The following paragraphs highlight areas where the practice of donor funding could, from an NGDO futures perspective, be reviewed. Suggestions highlight the importance of improving possibilities of demand-led financing driven from within the South.

There is, as yet, little firm evidence that introducing more competitive ways of allocating official aid to NGDOs is enhancing development performance. What it is doing is separating out those NGDOs with the untied resources and capabilities to make proposals from those that cannot. Typically, this works against direct financing to Southern NGDOs, where their inclusion in bids is usually in a secondary role. What donors could consider is a more demand-led system that requires all proposals, based on collaboration between Northern and Southern NGDOs, to come from a Southern partner. The task of NNGDOs becomes one of investing to create systems within SNGDOs that satisfy accounting and reporting requirements instead of fulfilling this function themselves. This change would help remove a dependency position of SNGDOs in competitive bidding.

A further operational change would be in SNGDO capacity building. SNGDOs require a funding system that allows them to select the capacity building service provider considered most appropriate. Greater attention could therefore be given to demand-led financing of capacity building through, for example, locally managed Trust Funds that SNGDOs can access.

Finally, donor criteria determining NGDO eligibility for funding could accelerate the establishment and adoption of minimum standards.¹⁰⁰ For example, requiring compliance in public reporting and accountability standards can send important signals and create incentives for change that increase public understanding of and trust in NGDOs. Satisfying these conditions can improve the likelihood that NGDOs will become a part of civil society instead of a vulnerable presence within it. Ensuring the sustainability of some crucial SNGOs is probably the most significant challenge facing both the NGDO community and donors today and tomorrow.

8. A Concluding Prospective – 2005 as a Pivotal Year

The year 2005 may prove pivotal for aid/poverty and counter-terrorism agendas. A number of international events and initiatives merit attention in terms of refining or redefining external parameters for NGDO strategies.

First, the United Nations has to debate and decide about the Secretary General's recommendations and submissions in response to the recent report on collective security. This step will include proposals to deal with terrorism and reform global governance, most notably the structure of the Security Council. Whatever is decided will have implications for civil society in all countries.

This year will also see consideration of recommendations and resolutions resulting from the work of the High Level (Cardoso) Panel on the United Nations System and Civil Society.¹⁰¹

¹⁰⁰ An example of a process towards this end is the Global Reporting Initiative for voluntary use by corporations. Its set of principles and content could provide a basis for reflection about an NGDO equivalent. <http://www.globalreporting.org>

¹⁰¹ UN, 2004a.

Attaining a structural and, for civil society, really meaningful change in this complex interface would appear to hang in the balance.

A particularly significant event will be the General Assembly's 2000 +5 review of progress towards the Millennium Development Goals. Here, the ten year UN Millennium Plan will be a critical document for (re)negotiating financial commitments, strategies, approach and responsibilities. Results of the gathering will also have a bearing on debt relief and other aid initiatives such as the International Financing Facility promoted by the British Minister for Finance.

Africa is the continent of countries with least prospect of attaining the MDGs. Hopefully, therefore, improved institutional conditions – such as the New African Partnership for Development (NEPAD) – mean that the British Prime Minister's Commission for Africa's report to be launched in the spring of 2005, will not go the way of the 1908s Global Coalition for Africa (GCA).¹⁰² This, initially locally supported, initiative simply ebbed away. Depending on what the proposals look like, it behoves NGOs not to let this happen again.

Finally, the World Trade Organization's meeting in December may 'provide the truest test of whether the will exists to make poverty history'.¹⁰³ Whether or not the UN Millennium Plan is the advent of a finale of aid as we know it, the greater significance of a just trade system on the prospects of developing countries and poverty reduction is not in doubt, but not at any price.¹⁰⁴

Throughout 2005, NGOs would do well to keep their strategic eyes and ears open with their critical faculties on full alert.

¹⁰² GCA, 1992. This initiative was championed by Jan Pronk, then Netherlands' Minister for Development Cooperation.

¹⁰³ *The Economist*, 18–31st December, 2004:14.

¹⁰⁴ Oxfam 2002; World Bank, 2002.

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Alan Fowler

Two conditions affecting non-governmental organisations involved in international development (NGDOs) require vital attention. One set of conditions is formed by interlocking pieces that make up today's architecture of international aid. And, within and beyond the aid framework, the growth of social movements and diasporas within civil societies suggest that NGDOs may be displaced as agents of structural change. A second set of conditions is tied to the emerging impact of counter-terrorism measures on NGO choices, operations and relations. Reacting to the demands and opportunities created by these complex and interrelated conditions requires well thought through strategies and also calls for new NGDO services. This discussion paper, therefore, critically analyses these contextual features to identify major issues and forward-looking questions that NGDOs need to be asking themselves. It also poses questions for reflection by funders. To assist debate, ideas about implications and possible responses by NGDOs and donors are provided.

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Postal address: PO Box 563, Oxford, OX2 6RZ

Registered and visiting address: 65 George Street, Oxford, OX1 2BQ

Tel: +44 (0)1865 201851 Fax: +44 (0)1865 201852

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