

INTERNATIONAL NON- GOVERNMENTAL ORGANISATIONS AND AID: NO LONGER A CASE OF LEVELLING THE PARTNER PLAYING FIELD

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THE UNREALITY OF NORTH-SOUTH 'PARTNERSHIPS'

For many years the northern non-governmental organisation (NGO) part of international civil society has been dedicated to building the capacity of southern 'partners'. Often associated with the idea of dependent partners gaining organisational sustainability are the decades of strategic commitment to level the playing field of built-in disparities between north-south NGO power, and the unequal access to resources that comes with it. Despite earnest intentions, the notion of 'partnership' as mutuality and solidarity, with a gradual shift in the weight of action, control and resources from northern to southern entities, has simply not happened at a meaningful scale (Fowler 2000; Elbers and Schulpen 2013). For reasons explained below, such an ambition is even less likely to be realised in the future.

This contribution argues that an ambition of levelling what vertical partnership means needs to be honestly discarded in favour of horizontal ideas, incentives, investments and processes to counter a post-2015 reality that southern NGOs, for want of a better label, will continue to be disadvantaged by northern 'partners' and those who support them. A radical rethink is needed if the international NGO (INGO) community is to stop increasing its own resource inequalities, which replicate the expanding inequalities in wealth and income that it criticises.

A story of enduring resource inequalities can be told in terms of quality as well as quantity. We start with some indicative numbers. Reliable figures on how many INGOs and NGOs exist and what their resources are across the world are hard to come by. At 1,800 members, Concord - an umbrella organisation for European INGOs - gives some idea of the scale of organisations accessing northern resources. According to a study by Development Initiatives (2014), in 2011, NGOs collectively provided financial resources of US\$26.2bn, accounting for 58% of private development assistance (PDA). This study notes that income distribution is concentrated through large, well known organisations.

“For example, 35 organisations in Canada received 79% of all revenue raised by non-profit organisations for international development in 2011. Over 1,000 organisations shared the remaining 21% of revenue in Canada.”

Since 2010, the top 10 INGOs by turnover account for some US\$10.1bn, equivalent to 38% of the total (UNDP 2104:346).

With the Bangladesh Rural Advancement Committee (BRAC) as a notable exception, this biased distribution of resource acquisition is replicated in the global south. Southern NGOs are financially overshadowed by their northern counterparts. For example, the CIVICUS background paper prepared for contributors to the 2015 State of Civil Society Report says that:

“According to organisational data from May 2014, just under half of CIVICUS members are

organisations subsisting on annual budgets of less than US\$75,000, and around 70% of CIVICUS’ membership is based in the south.”

WHAT LIES BEHIND NORTHERN NGOS’ BEHAVIOUR?

It is not too difficult to trace the cause of INGOs being unable to put into practice what they aspire to in terms of building southern NGOs to the extent that they gain the major hold in their country’s development and non-profit revenue streams. A basic obstacle to doing so was and still is an INGO’s economic imperative for increasing turnover, pushed by governors and underpinned by a caritas legacy where financial growth is a proxy for organisational performance. These factors, plus an interest in self-sustainability, push INGOs to ‘follow the money’ (Albertyn and Tjønneland 2010). Over the years, this has meant INGOs adjusting to donor decentralisation of funding decision-making. Hence the past decade or so has seen the establishment of INGOs as locally incorporated and governed bodies in the global south (e.g., Gibbs 2000). It takes a brave and exceptional INGO, such as EveryChild, to break this mould and move to a mutually supportive network model (Hailey 2014).

An expanding presence of INGOs as southern entities has a number of knock on effects that shape what southern civil society looks like in terms of endogeneity, public trust, government policy and domestic support. Of course, no country is an

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island, but at issue is an externally modelled layer in southern civil society ecology that can crowd out other more endogenous potentials. And when the follow the money mentality meets the practice of competitive bidding for aid contracts, local NGOs are at a further disadvantage. INGOs from the global north can rely on their intra-organisational networks, allied to lobbying official donors back home, to create preferential conditions.

Competitive bidding is now being complemented by Value for Money stipulations. This 'quality of resource' combination steers official aid even more strongly towards NGOs and INGOs with demonstrated track records, reliable reporting systems and high degrees of professionalisation. Professionalisation leads to INGOs poaching the best staff of local NGOs, with salary benchmarks and expectations that further challenge the stability and capability of local NGOs. On the plus side, INGOs bring in knowledge, skills, ideas and connections that improve the availability of human resources in a country. Moreover, a commitment to the development of local leadership seen in many INGOs increases the pool of talent that can be applied elsewhere. However, a common observation is that the aspiration of highly valued indigenous staff to leave an INGO to start or take over a local NGO is seldom in sync with their family situation - children growing up, costs of education and so on - which works against taking the risks involved. Staff migration from local to international NGOs - even if these are locally incorporated bodies - is more common than in the other direction.

Competitive bidding also reduces incentives for NGOs to accept coordination, which feeds concerns about

duplication of effort and waste of resources. Funders have tried to counter the disincentive they create by requiring joint bidding for contracts, but in these it is uncommon for southern NGOs to be in the lead. More often their role is that of a sub-contractor, which works against them learning bidding skills, budgeting know how and an acquisition track record.

Delays in payments make it common for INGOs to bridge cash-flow gaps by cross-financing from other sources, including strategic reserves and bank overdrafts. This option is typically less available for southern NGOs. Similarly, both northern and southern NGOs must cope with the uncertainties of donors' short-term funding arrangements, drawn out decision-making processes and pressures to start up too quickly to make up lost time before a curtain falls on the financial year. The resilience to do so is partly mediated by an organisation's scale of operations and total turnover. This means that a problem with continuity is less likely to have a significant disruptive impact with financially big, multi-source set ups than with smaller ones, which again favours the global north.

These tendencies by northern NGOs and INGOs to follow the money southwards, adhere to Value for Money as a performance criterion and follow competitive bidding processes offer a potent mix of factors that work against resource parity, let alone advantage, for southern NGOs.

Many INGOs have been strategically astute in establishing themselves as locally incorporated entities in countries, such as Brazil, India and Thailand, which have a fast growing middle class, who may be

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motivated to finance domestic development through an intermediary. This experience is an advantage when looking towards expanding to or in middle income countries where the majority of the extreme poor are to be found (Sumner, 2010). Without comparative experience as a resource - transferred when INGO senior staff are moved around - local NGOs need to work extra hard to capture the 'market' for domestic private giving, away from

the extent that it was ever real, an assumption that income disparity between a poorer southern NGO and richer resource-bearing northern counterparts could be offset by northern NGOs providing 'protection by association' to southern NGOs seldom holds.

Another type of political/policy outcome is restraint on advocacy and lobbying activity for NGOs receiving

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traditions of supporting welfare and direct gifting to maintain personal relational social capital.

Another knock on factor stems from the fact that the geo-politics of today and tomorrow are challenging and reducing the pre-eminence of Euro-American countries and donors on the global stage. For developing countries, south-south politics is the new game in town. This may be one reason why the expansion of INGOs in the south and direct financing to local NGOs from abroad is creating an increasing number of unwelcome political outcomes. Most publicised is the introduction of legislation or rules, e.g., in India and Russia, designed to restrict foreign financial flows to local NGOs. Whereas a southern government might once have exhibited caution in the face of northern complaints about NGO rights, they now have the confidence to shrug these off. To

more than a certain proportion of their funds from abroad, as has been introduced in Ethiopia and attempted in Kenya. These restrictive measures add to previous laws that, in the name of counter terrorism, have already shrunk civic space, as well as creating onerous financial reporting requirements for a wide swath of civil society organisations that are not up to the bureaucratic task. This also adds to overheads.

LOOKING FORWARD

It can, therefore, be argued that forces which have played out over some 40 years of NGO and INGO involvement in development cooperation have systematically disadvantaged the capability of southern NGOs to access aid resources anywhere

near on a par with their northern counterparts. In addition, northern NGO behaviours have co-shaped the evolution of civil society in the global south in both intended and unanticipated ways. Positive is a capacity to save lives, actions to protect the weak and publicity of a government's abusive behaviour. Unwelcome outcomes are the animation of forces for restrictive legislation, feeding a regimes' political wariness of their own citizens and public policies that push towards a risk-adverse priority for delivery of social services. The degree to which this shaping of civil society is significant obviously varies from country to country, and regime to regime. But this general picture largely describes southern NGO experiences.

The resourcing story so far invites two questions. First, do significant resource disparities between NGOs of the global north and global south matter in the south? Second, in a context that will be shaped by post-2015 development goals, will NGO resourcing history repeat itself? The answer to the first question depends somewhat on the timeframe one has in mind. In the short term, the nature of southern NGO practice will remain vulnerable to the danger of disassociation from the mass of the population, as identified by CIVICUS' analysis of people's participation patterns, which found in many cases a disconnect between citizens and formal CSOs (CIVICUS 2011). This implies that looking around, rather than looking up into vertical relations, needs to be tomorrow's strategy to deal with today's challenges.

It can be argued that resource asymmetries energise relationships, create synergies between different competencies and foster connections that work

against fragmentation and inefficiencies. Northern and southern NGOs need each other, and as long as there is respect in practice to match the rhetoric, asymmetries need not stand in the way of equity in behaviour. On the aid landscape, I have seen this quality of relationship, built up over many years of trial and error, struggle and debate. But examples of this are few and far between. Moreover, even these interactions face harder times. Reaching this high quality of relations will be more and more problematic when tied to official development assistance (ODA) that is increasingly privatisation-inclined.¹ A climate-challenged mono-paradigm of economic growth, trickledown economics, targeting and social safety nets is likely to continue. For hopes of equitable resourcing across NGOs, we will need to look beyond this singular, official framework.

Debates about financing the post-2015 development agenda offer little prospect that the systemic legacy of 40 years will not be carried forward. One indicator is the continuation of aid mechanisms that transfer donors' domestic policies into developing countries, with the structural adjustment programmes of the 1980s being a classic example of this. Within Euro-America, one response to indebted economic collapse at the end of the last decade is a reduction in public spending. This policy is to be remedied by the magic of 'innovation', where subsidised non-profits become social enterprises. Experiencing this pressure, INGOs are enhancing the income diversification capabilities of southern counterparts as a way to change the rules and expectations of the partnership game. An issue is whether or not southern NGOs can turn this north-to-south policy transmission to their advantage. In parallel, at the macro level there is a re-coupling of aid

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and trade, exemplified in the push for 'responsible' private sector involvement to generate public goods, as seen in the proposed SDG Goal 17 (UN-OWG 2014).

In my view, it is time to change tack and track, and debate NGO resourcing from a southern perspective. What might this mean? First, re-value and couple to traditional support methods practices of mutual support based, for example, on affinities seen in diaspora remittances. In 2012, diaspora flows amounted to an estimated US\$381bn - more than twice the value of ODA. However, only US\$19bn, 5%, of diaspora finance funds public services.² Though very unevenly distributed across the world, exploration by southern NGOs with the southern diasporas based in the north that are generating this finance stream would draw on the social capital and cultural norms which international migration brings, in a form of 'horizontal' thinking. Put another way, unlike the nuclear families of Euro-America, much of the rest of the world has vast, transnational social capital as a resource to draw on. The issue for southern NGOs that have based themselves on western organisational models is how to re-inscribe these inherent values and knowledges into their identity and practices.

Second, there is a need to undo a vertical mindset that sees intermediating INGOs, in a rich to poor aid chain, as the aspirational model. The EveryChild example, which entailed closing down as a separate northern entity, and transferring its assets to an international alliance with, and governed by, a majority of southern-based NGOs, is worth learning from. Though perhaps less extreme, the transition

of some northern owned INGOs to more horizontally networked and alliance-governed models offers ideas in practice.

Another horizontality is to learn from how people who are poor and marginalised are often their own philanthropists (Wilkinson-Maposa and Fowler 2009). The norms and rules applied by poor people are not just to survive together, but to develop, by collectively not succumbing to further deprivation as conditions worsen. Sensitivity to context is seen in the adaptable growth of small scale community foundations across the world, which are not necessarily located in capital cities and do not resemble Euro-American civil society models. They are increasingly clever about local resource mobilisation, and they offer an updated prospect on what building on the indigenous can look like, as well as providing lessons for the north (Marcoux and Kasper 2014).

The tectonic plates of a vertical political and economic order - the west and the rest - are moving towards a more horizontal and plural set up. The resourcing of southern NGOs needs to ride this wave.

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2 P Callan, J Blak and A Thomas, 'ODA is not Dead', Devex, 5 December 2014.
