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In the last decade nongovernmental organizations (NGOs) have attracted increased attention as catalysts of development. This attention is due in part to disillusionment with the effectiveness of government and international agencies as engines of development and in part it grows out of NGO successes in mobilizing the energies and creativity of the poor to solve their own problems.

NGOs are typically private, non-profit groups organized around shared values and visions for a better world. Some, such as OXFAM or CARE are based in Northern industrialized countries. Others, such as the Bangladesh Rural Advancement Committee (BRAC) or the Eritrean Relief Association (ERA), are indigenous to Southern, developing countries. While many NGOs provide relief and services, the increased interest has focused particularly on those that build grassroots capacities for self-help and self-reliance. Examples include the provision by the Grameen Bank of small loans to thousands of landless entrepreneurs in Bangladesh, the use by OXFAM of small grants in many countries to encourage local self-help, the invention of bio-intensive gardening technologies by the International Institute for Rural Reconstruction that enabled thousands of unemployed workers to feed their families in the Philippines and the creation by the Savings Development Movement in Zimbabwe of savings clubs to foster improved agriculture in thousands of villages.

NGOs mobilize substantial resources. In 1986, for example, Northern NGOs generated more than three billion dollars in private contributions and another two billion dollars from government sources. These financial resources amounted to more than 15 percent of official development assistance from the Organization for Economic Cooperation and Development (OECD). It is difficult to calculate the value of NGO volunteer resources, especially since they mobilize community resources in Southern countries that are difficult to quantify.

In recent years, official development agencies have been increasingly interested in cooperating with NGOs. For example, NGO participation in World Bank projects increased seven-fold from an average of 14 new projects a year from 1973 to 1988 to an average of 96 new projects a year from 1989 to 1990.¹ The expanding role of

NGOs has been recognized by international agencies including the Club of Rome² and

the Development Assistance Committee of the OECD³.

Why NGOs?

Why have NGOs suddenly become accepted? What do NGOs -- often small, inefficient, technically inadequate, dependent on the voluntary commitments of staff and private donors -- have to offer?

Many agencies have turned to NGOs because of disillusionment with government agencies and international donors, whose activities have often produced few sustainable improvements in the lives of poor people. Even when development activities have produced improvements in national economic indicators,⁴ these improvements have too often failed to "trickle down" to the very poor. Worse, the positive results of many initially successful development projects have proved to be unsustainable; they remain dependent on continuing infusions of scarce external resources.

These failures have often been related to the inability of projects to utilize local organizational and human resources. For example, World Bank evaluations of 25 initially-successful development projects involving farmers, found that more than half the projects did not continue to produce expected benefits, in large part because they did not develop the organizational and human resources necessary to enable the transfer of project operation to the local level.⁵ Building local capacity, especially among the poor, is essential to producing sustainable local benefits.

NGOs can make critical contributions to capacity-building because they have demonstrated a comparative advantage over government agencies and other development actors in reaching the very poor, encouraging local participation in project design and implementation, responding flexibly to local needs, and building local human and organizational capacities for problem-solving at the grassroots level.⁶ However, to expand their catalytic role in development, Northern NGOs must also expand their perspectives and capacities.

Emerging NGO Perspectives on Development

Many Northern NGOs began as providers of disaster relief or services otherwise unavailable to poor populations in Southern countries. For example, OXFAM grew out of the Oxford Committee on Famine. Child sponsorship organizations, such as Save the Children, PLAN International, and World Vision, grew out of concerns for children in impoverished communities. Figure 1 summarizes the flows of resources most commonly seen in disaster relief and service provision by Northern NGOs. Their resources come from private donors and governments, and have been used to serve beneficiaries directly or through Southern NGOs.

Figure 1: Resource flows in relief and service provision

Disaster relief and service provision are important, but they do not automatically strengthen local capacities for development. Indeed, they may be provided in ways that create or strengthen local dependency on outside resources. Emerging perspectives on development call for new assessments of the problems and different methods of intervention to solve them. One aspect of these new perspectives is a different conception of the roles of beneficiaries. The capacity-building perspective regards beneficiaries as active creators of change, rather than as victims of a disaster or as consumers of services. Active creators are potentially self-reliant participants and partners rather than passive recipients of development aid. This perspective is embedded, for example, in the pioneering work of the International Institute for Rural Reconstruction (IIRR), which has fostered self-reliant local problem-solving in several countries. While a few Northern NGO pioneers have emphasized capacity-building, until recently most have implicitly assumed that beneficiaries are victims or consumers.

Many NGOs have focused their energies on solving the technical and logistical problems of delivering relief and services. Building local capacity that can support enduring improvements requires understanding and altering local systems within which poor populations are embedded. While relief and services may be provided without understanding these systems, sustainable reforms require an understanding of local economic, political, cultural, and ecological realities. Effective work within existing institutional arrangements may require interaction with many actors over long periods. For example, World Education worked for years with grassroots groups--local NGOs, schools and ministries of education in several countries--to develop educational programs that respond to local needs as well as government priorities. Such programs require much patience and preparation, but they are also more likely to produce longer-lasting results than other projects that are more visible but less integrated into local systems.

Finally, while most Northern NGOs have focused on the problems of Southern countries, some have become increasingly sensitive to global interdependence and the role of the North in development problem-solving. Many of the most difficult development problems cannot be solved by action in the South alone. Northern NGOs with key contacts in both Northern and Southern regions may be positioned to foster better international understanding and cooperation, if they recognize the importance of more

joint action at the international level. Thus, InterAction, an association of US international relief, development, refugee, migration, and environment NGOs, has concluded that its future strategy as an association must take into account "megatrends" including the converging issues of environmental deterioration, population growth, and increasing poverty, the "turning-inward" of the United States after the end of the cold war, and the blossoming of civil society and pluralism in many countries.

NGOs as Catalysts

Northern NGOs can make contributions with large multiplier effects on sustainable development when they build on changing concepts of beneficiary roles, local systems, and international interdependence. At least three kinds of catalyst roles can be identified in the activities of pioneering NGOs.

One critical role for Northern NGOs is to act as catalysts for indigenous capacity-building. At the most basic level, this may involve delivering relief or services in ways that encourage the creation or maintenance of local capacity rather than inspire dependence on wealthy outsiders. OXFAM-America, for example, has developed an approach to disaster relief that strengthens and extends existing local and traditional systems for coping with disasters. Other NGOs emphasize building community capacity to take over programs started by outsiders. PLAN International has experimented in Latin America with village organizations that can take over administration of its community programs. Still other NGOs focus on strengthening indigenous NGOs to deliver capacity-building services at lower cost and with more cultural sensitivity than is possible for Northern agencies. Private Agencies Working Together (PACT) is working with indigenous NGOs in Bangladesh, for example, to strengthen local NGO support organizations and the national NGO sector. When NGOs build local capacity, they may greatly multiply the local energy and skills committed to development.

But the shift to a capacity-building mode poses significant challenges and risks to Northern NGOs. Some of these challenges involve external relations. For example, private donors, give less for capacity-building than for disaster relief or services, so NGOs must be cautious to avoid losing their funding base. Just one publicized case of misuse of funds by a Southern partner can undermine Northern NGO fundraising for years. Relations with Southern NGOs or beneficiaries in capacity-building programs often produce misunderstandings or power struggles, in which Northern NGOs balance commitment to empowerment and joint decision-making against worries about financial accountability and program effectiveness. Northern NGO insensitivity to Southern concerns can destroy trust in their relation as well. Capacity-building is sometimes seen as undesirable by governments, and NGOs may have to deal with Northern or Southern political fallout as a consequence of empowering grassroots problem-solving. Relations with many external constituencies encourage Northern NGOs to be cautious about local capacity-building.

The shift to capacity-building can also pose internal challenges. NGO leadership may be concerned about a capacity-building strategy that threatens to create low-cost competitors for the development role that the NGO originally fulfilled. The leadership may justifiably wonder what the NGO will do next. NGO staff with careers in relief or

service operations may also be reluctant to change--especially if that change requires very different skills.

Despite these challenges and risks, many Northern NGOs are exploring ways in which their programs can contribute to local capacity, particularly in countries where indigenous NGOs and community-based organizations are emerging as major actors in development. InterAction, the US associations of NGOs, has emphasized strengthening civil society through more links with networks of NGOs as one of its future strategic directions. This reflects an appreciation of the central importance of a sound local capacity for problem-solving in development.

A second role is emerging for Northern NGOs as catalysts for intersectoral problem-solving. By necessity, Northern NGOs develop relations with many different stakeholders in development projects: people's organizations in villages, host government ministries, Northern government project funders, private donors and international development agencies. Many development problems can be understood and solved only through cooperation among several agencies. NGOs sometimes have the credibility to bring the expertise of diverse groups to bear on the same problem, even when those groups have histories of conflict or indifference. The Synergos Institute, for example, helped organize Roda Viva, a new NGO composed of representatives of many government and community agencies concerned with street children in Brazil, and then helped to establish links to key government officials, business leaders, and external donors. Multisectoral cooperation can harness information and resources from many sources to solve problems that are unsolvable to single parties. Involvement from many sectors can also build the connections to existing political, economic, and institutional arrangements required for sustainable changes.

Catalyzing multisectoral cooperation also poses risks and challenges. Working at the center of intersectoral problem-solving puts the NGO at the center of the conflicts among different parties and subjects the NGO to many conflicting external demands. NGO mistakes may be highly visible in such circumstances, and polarizations among the parties can have serious consequences for the NGO catalyst caught in the middle.

The internal demands of multisectoral cooperation are often high. NGO staffs are often intolerant of organizations from other sectors, and slow to understand or work with "power-hungry" bureaucrats or "money-hungry" business executives. Conflicts among external stakeholders may be played out within the NGO by staff sympathizers, and these may undermine its capacity to make or implement decisions. Working across diverse sectors demands skills for mediating conflicts or managing differences that are not always available to NGO staffs.

While the challenges of catalyzing intersectoral cooperation are substantial, the rewards of successful cooperation may be very impressive. Recent United Nations Development Programme (UNDP) studies of cooperation by NGOs and governments in several Asian countries indicate that multi-party cooperation produced creative solutions to difficult problems and sometimes increased the capacity of local grassroots organizations and indigenous NGOs.⁷

Improving Northern Awareness and Policy

A third possible role for Northern NGOs is to act as catalysts for change in Northern awareness and policy. Northern NGOs can use Southern experience to influence Northern awareness and activity. Some Northern NGOs have drawn on their experience to promote wider awareness of development issues among Northern publics. OXFAM-America has worked with hundreds of organizations to hold its annual Fast for World Hunger, sensitizing thousands of Northern participants to the experience of less fortunate peoples. Others draw on the experience of Southern NGOs and grassroots groups to influence Northern policy-makers. The Development Group for Alternative Policies lobbies the World Bank and the U.S. Congress to formulate and implement policies that are more sensitive to grassroots concerns. Still others adapt the development innovations of Southern NGOs to fit the problems of the poor in Northern countries. Working Capital in Northern New England and the Good Faith Fund in Arkansas have used a model invented by the Grameen Bank in Bangladesh to make hundreds of successful loans to small entrepreneurs who do not have the collateral needed to obtain regular loans. Northern NGOs can use their international awareness to foster development-promoting changes in both North and South.

NGOs that promote changes in development awareness, problem-solving, and policy in the North also run some risks. Donors may prefer development activities that are not too close to home; governments sometimes regard policy influence activities as grounds for revoking tax-exempt status; Northern publics may not be receptive to development innovations that are "not invented here." Also some NGO staffs see work in the North as a diversion from work in the South, or fear the financial and political consequences of development education or policy influence efforts in the North.

Despite these risks, many Northern NGOs are exploring ways to play larger roles in the North, in part because of counterpart NGOs in the South who ask, "Why aren't you doing something about poverty in your own country?" and "How can you help change US public policy that currently has a negative impact in our country?" The InterAction strategic directions explicitly recognize the importance of emphasize increasing outreach and advocacy with American publics, U.S. government agencies, and multilateral institutions in the service of just and sustainable development.

NGOs and Changing Priorities of Foreign Aid

Northern NGOs can be expected to continue to provide disaster relief and services to under-served populations, although the new roles of NGOs may ultimately eventually reduce the need for these functions. Increasing NGO activity as a catalyst for local capacity-building, inter-sectoral cooperation, and influence on Northern awareness and policy may reshape the institutional map of development activity to look more like Figure 2. If this analysis is correct, Northern NGOs will work more with Southern NGOs in a capacity-building mode and less with Southern beneficiaries directly. Northern NGOs invest more in building sustainable institutional arrangements and inter-sectoral cooperation among NGOs, governments, grassroots groups, and other private donors. They will foster more two-way influence between North and South and more awareness of and action on development issues within the North.

Figure 2: Resource flows in capacity-building

This pattern has several advantages. An emphasis on local capacity can mobilize presently-untapped resources from the grassroots. Building local capacity and fostering inter-sectoral cooperation can generate more information and resources for solving complex problems and can strengthen the institutional relationships needed to sustain changes over time. Creating linkages to Northern publics and policy makers can generate more resources and better policies to support development, as well as encourage the exchange of innovations beneficial for development problems in both North and South.

We live in a time of major political in which economic changes in countries from East Europe to Latin America and from South Africa to Bangladesh have transformed the basic model of development. Transitions from military rule and one-party states to more democratic regimes are underway in many countries, and these changes have highlighted the importance of civil society -- the networks of associations, institutions and shared practices that undergird social life and the operation of both states and markets. NGOs are important participants in creating and maintaining the institutions of civil society.

In some societies, the state has made systematic efforts to control or supplant some institutions of civil society, such as tribal leadership structures. In others, the civil society has been weakened by the long-term dominance of state or market institutions.⁸ In the absence of civil society that holds together different social elements, changes in institutional arrangements may create civil or ethnic chaos, as illustrated in recent struggles of Liberia, Somalia, and Yugoslavia.

New capacities at the grassroots can reduce the need for more extreme measures to solve local problems; new bridges across institutional differences can provide alternatives to polarization and confrontation. NGOs can contribute to solving immediate problems at the grassroots level, and they may make even more important contributions in the creation of local capacity and strengthening civil society.

Endnotes

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