



(NIMS)

**NUST INSTITUTE OF MANAGEMENT
SCIENCES**

MBA 2001

RESEARCH THESIS

***“The NGO Donor Partnership: Factors
Governing Dynamics of this Relationship.”***

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2001 – NUST – MBA – 133

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ACKNOWLEDGMENTS

The author wishes to express sincere appreciation to Professor Wasique Waheed Chaudhry for his assistance in the preparation of this research thesis. His insight, encouragement, direction and patronization indeed was a prerequisite for the successful completion of this study.

The author would also like to extend gratitude to other Thesis Committee Members:

- Mr. Naukhez Sarwar
- Mr. Ali Sajid
- Dr. Salma Maqbool

Dedicated to my Parents

Table of Contents

Chapter #	Page #
Preface	i
CHAPTER 1: INTRODUCTION	1
1.1 Background	1
1.2 Research Question	2
1.3 Objectives	2
1.4 Research Methodology	3
1.5 Data Collection Method	3
CHAPTER 2: LITERATURE REVIEW	5
2.1 Non-Governmental Organizations	5
2.1.1 Definition	5
2.1.2 Generations of NGOs	6
2.1.3 Typologies of NGOs	8
2.1.4 Why NGOs	11
2.2 Donors	15
2.2.1 Why Donors	15
2.2.1 Typology of Donors	16
2.3 Partnership	19
2.3.1 History	19
2.3.2 Approaches to Partnership	20
2.3.3 Types of Partnerships	21
2.3.4 Principles of Effective Partnerships	24
2.4 Government	24
2.4.1 Interactions with the State	24
2.4.2 State-NGO Relationship	25
2.4.3 Barriers to NGO-State Relationship	26
2.4.4 Fostering an Enabling Environment	28
CHAPTER 3: FINDINGS	30
3.1 The Changing Global Context	30
3.2 The Emerging Context for NGOs	32
3.2.1 Triggers to Growth of NGOs	32
3.2.2 Official Development Assistance	33
3.2.3 Trends in Partnership	36
3.3 Scenario in Pakistan	41
3.3.1 Non-Profit Sector in Pakistan	41
3.3.2 Existing Rules & Regulations for NGOs	44
3.3.3 Partnership amongst NGOs, Donors and Government	45

Table of Contents

Chapter #	Page #
CHAPTER 4: ANALYSIS	48
4.1 Institutional Development	48
4.1.2 Capacity Building	48
4.1.2 Sustainability	50
4.2 Funding Environment	51
4.2.1 Cherry Picking	51
4.2.2 Reporting	52
4.3 Performance	52
4.3.1 Accountability	52
4.3.2 Monitoring and Evaluation	54
4.4 Strategic Management	56
4.4.1 Governance	56
4.4.2 Vague Objectives	57
4.5 Political Agendas	57
4.6 Case Study: The SAP Experience in Pakistan	58
4.6.1 Why SAP?	58
4.6.2 What was SAP?	59
4.6.3 How SAP Worked	62
4.6.4 SAP in Practice	63
4.6.5 Impact of SAP	64
4.6.6 Lessons from SAP	65
CHAPTER 5: RECOMMENDATIONS/ CONCLUSION	66
5.1 Framework for Partnership	66
5.1.1 Getting the Process Started	66
5.1.2 Power and Responsibilities	67
5.1.3 Managing the Process	69
5.2 Conclusion	70
APPENDICES	
BIBLIOGRAPHY	

List of Tables

Table #		Page #
Table 1:	Three Generations of NGOs	7
Table 2:	Official Development Assistance from 1999 to 2002	35
Table 3:	Levels of NGOs Accountability	54
Table 4:	Monitoring and Evaluation Systems	55
Table 5:	Pre SAP Social Indicators	59
Table 6:	Out Put of SAP	60
Table 7:	Estimated Cost of SAP	61
Table 8:	Participants of SAP	61

Preface

The phenomenal emergence of the Third Sector in order to cater to needs of those segments which have been marginalized by the government and private sector, has been met with praise and criticism. The critics cite this development as the newest form of colonization, while the enthusiasts proclaim it to be the savior of mankind. This has been the topic of heated discussion at many forums, ranging from halls of power to drawing rooms of observers.

This thesis report is an endeavor to explain the relationship amongst the key players of the development sector. The study initially outlines the previous research on the topic, clarifying concepts and laying grounds for further debate. The second section of the report relates the latest trends in development arena effecting NNGOs and SNGOs. The study also reports the current scenario in Pakistan, thus enabling the reader to understand the domestic repercussions of this global movement.

The researcher has tried to analyze the variables that molds the relationship of different entities. A relevant case study has also been added to illustrate the arguments made by the researcher. Finally a comprehensive frame work has been presented by the researcher as guideline for NGOs, Donors and Government.

This research thesis has provided the author with the ideal opportunity to understand, analyze and comment on the social sector in general and partnership in particular. The author anticipates that this research work would not only be an enhancement to her own knowledge, but will also be considered as value addition to development literature.

Kishwar Sameen Gulzar
Rawalpindi 2004

A Participative Southern Partnership - So What Say The Funders?

Ian Henstock from Sight Savers International gives life to the Donor-NGO relationship with this dialogue between an “imaginary” donor and funding officer.

Do you ever feel like you’re chasing your tail while chasing funding? If so, you’ll recognize the spirit of this dialogue - a common conundrum, for NGOs and donors alike, simply explained:

- “- Hello, I'd like a grant please. - OK, who are you and what do you do?
- We're an NGO working with poor communities in developing countries.
- And what is the grant for?
- To work with poor people through a local partner.
- You have a good relationship with them?
- For several years now. We've supported their projects and running costs.
- So you're committed to them?
- Uh-huh! We've spent a lot of time building good relations.
- Good - so what commitments have you made to this project?
- We've both signed up to a protocol: who'll do what, what the funding is for, monitoring.
- Have you agreed to fund the project?
- Er...that's why we have the protocol. We've worked with them to get the project to here we think it's strong enough.
- You've allocated money to the project, from your existing revenue?
- Yes?
- So the project's going to go ahead anyway, whether you get our grant or not?
- Yeesss...? We've got the protocol, we think the project's good enough, we've made the commitment to our partner...any problem?
- Well, if you've already agreed to fund the project, what do you need our money for? The partner has your money, so why do they need ours?
- Because if you give us the grant, we can use the same amount of money on another project instead; something else by the partner that we can't afford right now.
- So why don't you ask us to fund that project instead, if you can't afford it?

- Because it's not ready yet; it only will be once we've worked it through with the partner, got a protocol, agreed the funding...

- So, you'll only ever come to us with projects that you've finished developing and agreed to fund?

- Yes.

- Why don't you ask us earlier then?

- Because the project won't be developed. If we're not ready to commit funding to it, you won't either - it'll only be half-formed. Besides, you normally need a lot of information, as much as we would ask for our own protocol. If we go to all that effort, then we agree a protocol, and commit to fund.

- Yes, but if you agree to fund, why do you need our money?

- I just explained that. Look, it's a lot of work for our partner, especially if we're going to ask you for money as well. By that point, they're ready to go, the community's bought into it, everything's ready. What are they supposed to do, just wait until you give your say-so?

- Well, surely you would have built that into your planning? We say clearly that nothing should happen before we agree funding.

- Sure! But even when we've planned around that, what happens if you don't give us any money?

- Well, you just cover the difference don't you?

- Where from? Does that mean we need to keep a contingency fund going just in case you don't like the project? Shouldn't we be putting our money towards our work, rather than just having it sit in the account? Or does the project just not happen? What happens to the partner? What happens to the community? We'll do all this work with the community, all this planning, then - nothing. That means dashing the hopes of a lot of people.

- I'm not suggesting that you go around doing that, but shouldn't you be managing peoples' expectations, explaining the process, that the project might not get the money it needs?

- We could, but it won't do wonders for our relationship, will it? That means we're expecting everyone to do loads of prep, be committed to doing all sorts of work, whilst telling them 'by the way, it's great that you're putting all this effort in BUT it still might not happen'. That's why we make the commitment to fund it anyway. What matters more to you? Whether the community gets what it wants and needs or whether you feel the project will stand or fall depending on your contribution?"

Donors and NGOs alike want participative and effective partnerships - but donors' very own mechanisms don't encourage NGOs to commit their funds. Add to that delays and massively over-subscribed funding schemes and you have at best jeopardized NGO partnerships, at worst the well-being of poor people."

Classifying NGOs

Darius Bartlett

SIZE	THEMATIC SCOPE	GEOGRAPHIC SCOPE
<p>SIZE: some (e.g. Greenpeace, Oxfam, International Committee of the Red Cross, Medecins sans Frontieres) are large, multinational bodies, with offices in many countries (and often multiple branches within a single country), and large full-time and salaried staffs. At the other extreme, I know of a number of "NGOs" that are in practice one- or two-person operations, dependent on and run by entirely voluntary (perhaps even part-time) effort.</p>	<p>"THEMATIC" SCOPE: in other words the types of events or activities they are primarily concerned with - is it environment/human rights/social issues/other? Are they campaigning groups? Watch-dog organizations? Are they primarily concerned with education? Emergency relief and REactive priorities, or emergency prevention and PROactive priorities? Are they concerned with single and very focused issues, or do they have a broader, multi-issue portfolio?</p>	<p>GEOGRAPHIC SCOPE: Compare large bodies such as Greenpeace, who take on issues from global to local (but anywhere in the world) scale, with, for example, a European NGO whose work focuses only on a specific country or region or issue overseas (e.g there is an Irish NGO which focuses on development issues and human rights in East Timor); and then there are purely local NGOs, concerned with purely local "on our own doorstep" issues (e.g. protesting against a specific waste dump or factory).</p>

Stagnation and Decline: Symptoms and Treatments

Source: The National Nonprofit Leadership and Management Journal, Volume 18, Number 1, January/February 2000

The signs of organizational distress in an NGO aren't difficult to identify. Here are the most typical symptoms of decline and some practical responses:

Program	
<p>Symptom Demand has declined, and capacity to deliver services is under-utilized.</p>	<p>Treatment Reassess the needs of target audiences, and revise programs to meet current needs. Or, add new offerings to the program mix, and eliminate outmoded ones. Restaffing or retraining may be required to deliver new or revised services.</p>
Management	
<p>Symptom Management is unable to think creatively about the organization's mission or approach.</p>	<p>Treatment Enlist help from external advisors to generate fresh alternatives and provide objective perspectives. A change in leadership may be appropriate.</p>
Staffing	
<p>Symptom The staff is torn by infighting and turf wars.</p>	<p>Treatment Consider reorganizing staffing structure, including reallocating responsibility and retraining people. Retain consultants to help clarify disputed issues and assess staff members' capabilities.</p>
Board	
<p>Symptom The same few board members show up at every meeting to rehash familiar issues.</p>	<p>Treatment Contact all board members and discuss their commitment to the organization. Revise the board's structure to reflect present-day needs. As part of this process, some board members may resign voluntarily and new members with critical skills can be recruited.</p>
Systems	
<p>Symptom Administrative systems are needlessly complex, confusing, and outmoded.</p>	<p>Treatment Review your systems requirements in light of changing programs and technologies. This may require the expertise of outside management and information technology consultants.</p>

Fundraising

Symptom

The organization is “chasing dollars” by inventing new initiatives primarily to attract available funding, contorting existing programs to match funders’ special interests, or responding to Requests for Proposals indiscriminately.

Treatment

Clarify the mission, and revise programs to make them more relevant. Concentrate on funding opportunities that clearly fit this new direction. Adopt a more proactive approach to funders.

Financial Management

Symptom

Cash flow problems and projected budget deficits are chronic.

Treatment

Pare expenses by dropping or curtailing non-essential services. Develop new sources of income based on revised programs.

Internal Communications

Symptom

Staff members don’t willingly speak out on critical problems and feel disconnected from important decision-making.

Treatment

Create an operational policy that outlines procedures for involving staff. Give senior staff opportunities to work with the board.

External Relations

Symptom

The organization’s reputation has diminished; there is confusion among outsiders about its mission and programs.

Treatment

Inform funders and other constituents of your progress as you revise goals and programs. Be sure that messages about newsworthy accomplishments are conveyed to key audiences.

Working with NGOs: Summary of Key Points

Source: World Bank, Working with NGOs A Practical Guide to Operational Collaboration between the World Bank and Non-Governmental Organizations . Operations Policy Department, World Bank, 1995, pp.7-9.

I. INTRODUCTION

- NGO is a broad term encompassing a wide array of diverse organizations.
- The World Bank defines NGOs as "private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services or undertake community development".
- The World Bank collaborates with CBOs, national and international NGOs in a variety of different ways.
- Achieving the full potential benefits of NGO involvement implies enhanced roles for NGOs earlier on in the project cycle.

II.WHY THE WORLD BANK WORKS WITH NGOS

- NGO involvement can contribute to the sustainability and effectiveness of Bank-financed projects by introducing innovative approaches and promoting community participation.
- NGOs can help expand project uptake and reach, and can facilitate greater awareness of diverse stakeholder views.

III.HOW THE WORLD BANK WORKS WITH NGOS

- NGOs are active contributors to the Bank's economic and sector work (ESW) and participate in lending activities from identification through to evaluation.
- Currently, NGO involvement is most frequent during implementation. Evidence shows, however, that NGOs can provide particularly valuable input during project identification and design.
- Where NGOs are expected to participate in implementation, they should also be consulted during design.

IV.KEY ISSUES IN WORKING WITH NGOS

A. Identifying an appropriate NGO partner

- Selecting an appropriate NGO partner involves: i) gathering information about the NGO sector; ii) establishing relevant selection criteria, and; iii) choosing a suitable selection process.
- Clear selection criteria should be established based on specific project needs.

- Organizational capacity should be assessed according to an NGO's proven track record, not its stated goals.
- It is important to identify "capacity-building" needs and strategies.
- Maximum transparency should be ensured in the selection process.

B. Time issues

- Be prepared for possible extra staff/time needs early on in the project cycle.
- Be aware of potential time fags/delays and the risk they pose to participatory processes.
- Ensure NGOs have an adequate understanding of project time-frame and deadlines.

C. Flexibility issues

- Seek NGO/community input early on in the project cycle.
- Establish clear mechanisms for responding to local views and needs.
- Use mid-term review process to adapt project priorities/processes as necessary according to local input.
- In areas where NGOs have a recognized comparative advantage, take steps to maximize their institutional autonomy.

D. Funding issues

- NGOs are generally cost-effective. They should not, however, be viewed as a "low-cost alternative" to other types of implementing agencies.
- NGOs should not be expected to provide services free of charge or at lower than market rates (unless according to a co-financing agreement).
- Clarify the expected status of NGO involvement (e.g.: informal unpaid advisor, paid consultant, contractor, etc.) from the outset.
- Establish mutually acceptable fees and overhead costs.

E. Procurement and disbursement issues

- Use simplified bidding documents, where appropriate.
- Consider the use of alternative procurement practices.
- If necessary, make provisions for advance payments.
- Provide training for NGOs in procurement and disbursement procedures.

F. NGO-Government relations

- Consider conducting a state-NGO relations study.
- Keep in mind that government-NGO collaboration is not possible/ desirable in all cases.
- Always seek government-NGO complementarity.

- Understand how government policies influence the NGO sector and, where possible, promote an enabling environment for NGOs.

G. Importance of clearly defined roles and responsibilities

- Share all relevant project documents with participating NGOs.
- Consider the appointment of an NGO liaison officer.
- Organize a government-Bank-NGO information-sharing workshop.

H. Contractual/legal issues

- Adapt standard contract agreements as necessary to meet specific needs of NGOs/community groups.
- Write contracts in simple language.
- Consider using a Memorandum of Understanding or other alternative form of contract.

I. Capacity-building

- Consult with NGOs on appropriate strategies to support their institutional development.
- Where appropriate, build a training component for NGOs into project design.
- Encourage partnerships between international and local NGOs.
- Promote networking and information-sharing among NGOs.

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CHAPTER 1: INTRODUCTION

1.1 Background:

The remarkable proliferation of private, non-profit development organizations in the third world marks a shift in the view of the development process, and heralds the emergence of new actors in the development arena, long dominated by the state and market. Private, non-profit organizations, popularly known as NGOs, have emerged as an alternative to the conventional liberal and neo-liberal solutions for development involving the state and market, and have become important catalysts of social and economic change.

As NGOs offer a different approach to development than the state or market, they have been collectively referred to as the Third Sector of development. Third Sector actors- NGOs- have been praised for their innovative approach, flexibility, human-centeredness, and sensitivity to the cultural context of development. NGO programs are viewed as more caring, and cost-effective than government programs that are designed to address similar problems-be it education, primary health care, rural credit, and income-generation.

But the emergence of the Third Sector has not been met with unqualified applause. NGOs have been accused of being at once too anti-government, and of being too cozy with government officials, of attempting to "replace" government functions, and of becoming no more than public service contractors, and junior partners in government programs. The increased reliance by NGOs on foreign funds has spawned fears in government circles of foreign interference in domestic affairs, particularly in the wake of direct funding of Southern NGOs by Northern governments. The NGO community in the subcontinent is not without its internal problems; it faces formidable internal and external obstacles as it seeks to develop effective programs in the face of social inertia, political opposition, and an unpredictable funding environment. Tensions over ideology, approach and funding formulas have emerged between established Northern NGOs and newer Southern NGOs. NGOs in the subcontinent have been plagued by internal problems of staffing, leadership, funding uncertainties and program development.

1.2 Research Question:

This study an in-depth analysis of the interplay between the actors of the development arena namely the NGOs, donors and government. The title of thesis is “**The NGO-Donor Partnership: Factors Governing Dynamics of this Relationship.**” The study endeavors to answer the following questions;

- What are the key variables that affect the NGO-Donor relationship?
- How is partnership perceived amongst Northern and Southern NGOs?
- What qualitative and quantitative criterion is in place and should be established to ensure optimum utilization of funds?
- How is accountability and transparency ensured?
- What is the social impact of weak regulating mechanisms?
- What role can the Government of Pakistan play in regulating the operations of NGO’s and Donor Agencies?

1.3 Objectives:

Keeping the above research questions in mind the practical significance of the study is as follows;

- The social sector and NGOs have received significant attention in recent years and many studies have been conducted in this regard. However, the scope of such studies is limited to the impact of the operations of NGOs on different walks of life. This study is distinct in the sense that it evaluates the dynamics of the NGO - Donor relationship and determines the impact of different variables on this relationship.
- It provides a detailed study into the influential and critical components related to the effective utilization of funds; hence NGO’s could employ these approaches for optimum use of their resources.

- The study is useful for NGO's and Donor Agencies as it provides both entities with a mechanism to correlate with their operations.
- Ultimately this study is an ideal opportunity for the researcher to assess the Social Welfare Sector in general and NGO Donor relationship in particular in relation to the impression it has made on the society.

1.4 Research Methodology:

The approach used for carrying out this study is based on exploratory research. As the term suggests, exploratory research is often conducted because a problem has not been clearly defined as yet, or its real scope is, as yet unclear. It allows the researcher to familiarize with the problem or concept to be studied, and perhaps generate hypotheses to be tested in future studies. It is the initial research identifying variables, before more conclusive research is undertaken.

Exploratory research can be quite informal, relying on secondary research such as reviewing available literature and/or data, or qualitative approaches such as informal discussions with consumers, employees, management or competitors, and more formal approaches through in-depth interviews, focus groups, projective methods, case studies or pilot studies. The results of exploratory research are not usually useful for decision-making by themselves, but they can provide significant insight into a given situation.

1.5 Data Collection Method:

For the collection of data both the primary and the secondary sources were utilized.

- **Primary Sources:** Primary data is collected especially to address a specific research objective. A number of methods may be employed to collect data. However, due to better suitability of group discussions and interviews, these methods were used for the study. The limitation of this source is that NGO's might not be responsive to the requests of the researcher. Secondly financial

information is usually confidential and access to such information is limited. Geographic mobility is another hurdle in this regard.

- **Secondary Sources:** Secondary sources present data that is already available for purposes other than the present issue. It is useful because certain information is available only via secondary sources. A possible limitation with this source is the lack of accuracy and the assumptions made while gathering the data.

Secondary sources were significantly used for this study. Journals, company information reports, websites and newspaper articles were extensively researched and analyzed.

CHAPTER 2: LITERATURE REVIEW

2.1 Non-Governmental Organizations:

Optimal development requires the harnessing of a country's assets, its capital, human and natural resources to meet demand from its population as comprehensively as possible. The public and private sectors, by themselves, are imperfect in that they cannot or are unwilling to meet all demands. Many argue that the voluntary sector may be better placed to articulate the needs of the poor people, to provide services and development in remote areas, to encourage the changes in attitudes and practices necessary to curtail discrimination, to identify and redress threats to the environment, and to nurture the productive capacity of the most vulnerable groups such as the disabled or the landless populations.

2.1.1 Definition

In its broadest sense, the term "nongovernmental organization" refers to organizations (i) not based on government; and (ii) not created to earn profit. While this broad definition of an NGO is correct semantically, it presents a problem in that it embraces a large number and wide range of organizations that are structurally and functionally unrelated. This broad definition of NGO refers more to what an organization is not, rather than to what it is, and can be applied to many organizations.

The terminology of an NGO varies itself: for example, in the United States they may be called "private voluntary organizations," and most African NGOs prefer to be called "voluntary development organizations." Although organizations such as universities or research institutes may be nongovernmental, this directive refers principally to private organizations that pursue activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development.

It is impossible to give one unique definition for an NGO. The World Bank's definition¹ of an NGO gives the broadest view on the third sector, *"The diversity of NGOs strains any simple definition. They include many groups and institutions that are entirely or largely independent of government and that have primarily humanitarian or cooperative rather than commercial objectives. They are private agencies in industrial countries that support international development; indigenous groups organized regionally or nationally; and member-groups in villages. NGOs include charitable and religious associations that mobilize private funds for development, distribute food and family planning services and promote community organization. They also include independent cooperatives, community associations, water-user societies, women's groups and pastoral associations. Citizen Groups that raise awareness and influence policy are also NGOs"*.

2.1.2 Generations of NGOs

A number of observers have pointed to a gradual shift in the activities of development NGOs, from a welfare orientation to a more development approach. Korten² refers to three generations of strategic orientations in the developing community: (i) relief and welfare, (ii) local self-reliance, and (iii) sustainable systems of development

¹ Maslyukivska, Olena P, 1999, "Role of Nongovernmental Organizations in Development Cooperation," *Research Paper, UNDP/Yale Collaborative Program*

² Korten, David, 1987, "Third Generation NGO Strategies: A Key to People-centered Development," *World Development Supplement*.

Characteristics	Generation		
	First	Second	Third
Defining Features	Relief and Welfare	Small-scale, self-reliant local development	Sustainable systems development
Problem Definition	Shortages of goods and services	Local inertia	Institutional and policy constraints
Time Frame	Immediate	Project life	Indefinite long-term
Spatial Scope	Individual or family	Neighborhood or village	Region or nation
Chief Actors	NGO	NGO + beneficiary organizations	All public and private institutions that define the relevant system
Development Education	Starving Children	Community self-help initiatives	Failures in interdependent systems
Management Orientation	Logistics Management	Project management	Strategic management

Table 1: Three Generations of NGOs

Many of the large international NGOs such as CARE, Save the Children, and Catholic relief Services began as charitable relief organizations, to deliver welfare services to the poor throughout the world. Relief efforts remain an essential and appropriate response to emergency situations that demand immediate and effective response. But as a development strategy, relief and welfare approaches offer just a temporary alleviation of the symptoms. The shift is inevitable.

Various factors have been cited as contributors to this shift. One is recognition of the inadequacy of trying to deal with symptoms while the underlying problems remain untouched. It reflects the constant challenge to voluntary organizations to re-examine their strategies in a rapidly changing environment.

Projects of the second generation organizations, which according to Korten are Northern NGOs, aim to increase local capacity to meet needs and to control the resources necessary for sustainable development. They do a critical analysis of structural causes of underdevelopment and the interrelationships between North and South. Policy advocacy,

where it is carried out, consists no longer of lobbying for additional aid but for the removal of barriers to Third World development at national and international levels.

A further shift, analogous to the earlier move from a welfare orientation to a more developmental focus, can now be descended, though its direction and implication is still unclear. Korten refers to an NGO role in developing sustainable systems, a policy environment favorable to participatory development. He identifies two causes for this. First NGO recognition that they can never hope to benefit more than a few favorite localities, and second the vulnerability of any self-reliant development process unless there is an appropriate institutional and policy framework which encourages and supports local initiatives.

2.1.3 Typologies of NGOs

A number of people have sought to categorize NGOs into different types. Some typologies distinguish them according to the focus of their work – for instance whether it is primarily service- or welfare-oriented or whether it is more concerned with providing education and development activities to enhance the ability of the poorest groups to secure resources. Such organizations are also classified according to the level at which they operate, whether they collaborate with self-help organizations (i.e. community-based organizations), whether they are federations of such organizations or whether they are themselves a self-help organization. They can also be classified according to the approach they undertake, whether they operate projects directly or focus on tasks such as advocacy and networking. Cousins³ distinguishes NGOs according to the orientation of their work and according to the level at which they operate.

A) NGO Types by Orientation

- **Charitable Orientation** often involves a top-down paternalistic effort with little participation by the "beneficiaries". It includes NGOs with activities directed

³ William, Cousins, 1991, "Non-Governmental Initiatives" in *ADB, The Urban Poor and Basic Infrastructure Services in Asia and the Pacific*.

toward meeting the needs of the poor -distribution of food, clothing or medicine; provision of housing, transport, schools etc. Such NGOs may also undertake relief activities during a natural or man-made disaster.

- **Service Orientation** includes NGOs with activities such as the provision of health, family planning or education services in which the program is designed by the NGO and people are expected to participate in its implementation and in receiving the service.
- **Participatory Orientation** is characterized by self-help projects where local people are involved particularly in the implementation of a project by contributing cash, tools, land, materials, labor etc. In the classical community development project, participation begins with the need definition and continues into the planning and implementation stages. Cooperatives often have a participatory orientation.
- **Empowering Orientation** is where the aim is to help poor people develop a clearer understanding of the social, political and economic factors affecting their lives, and to strengthen their awareness of their own potential power to control their lives. Sometimes, these groups develop spontaneously around a problem or an issue, at other times outside workers from NGOs play a facilitating role in their development. In any case, there is maximum involvement of the people with NGOs acting as facilitators.

B) NGO Types by Level of Operation

- **Community-based Organizations (CBOs)** arise out of people's own initiatives. These can include sports clubs, women's organizations, neighborhood organizations, religious or educational organizations. There are a large variety of these, some supported by NGOs, national or international NGOs, or bilateral or international agencies, and others independent of outside help. Some are devoted to raising the consciousness of the urban poor or helping them to understand their

rights in gaining access to needed services while others are involved in providing such services.

- **Citywide Organizations** include organizations such as chambers of commerce and industry, coalitions of business, ethnic or educational groups and associations of community organizations. Some exist for other purposes, and become involved in helping the poor as one of many activities, while others are created for the specific purpose of helping the poor.
- **National NGOs** include organizations such as the Red Cross, professional organizations etc. Some of these have state and city branches and assist local NGOs.
- **International NGOs** range from secular agencies such as Redda Barna and Save the Children organizations, OXFAM, CARE, Ford and Rockefeller Foundations to religiously motivated groups. Their activities vary from mainly funding local NGOs, institutions and projects, to implementing the projects themselves

⁴Clark, on another hand, proposed that they be divided into six categories of NGO tasks:

- **Relief and Welfare Agencies:** such as missionary societies.
- **Technical innovation organizations:** Organizations that operate their own projects to pioneer new or improved approaches to problems, generally within a specific field.
- **Public Service contractors:** NGOs mostly funded by Northern governments that work closely with Southern governments and official aid agencies. These are contracted to implement components of official programs because of advantages of size and flexibility.
- **Popular development agencies:** Both Northern and Southern NGOs that concentrate on self-help, social development and grassroots democracy.

⁴ Clark, John, 1991, "Democratizing Development – The Role of Voluntary Organizations," *London: Earthscan publications.*

- **Grassroot development organizations:** Southern locally-based development NGOs whose members are poor or oppressed themselves, and who attempt to shape a popular development process (these often receive funding from Development Agencies).
- **Advocacy groups and networks:** Organizations without field projects that exist primarily for education and lobbying.

2.1.4. Why NGOs

NGOs nationally and internationally indeed have a crucial role in helping and encouraging – and if need be, prodding and shaming – governments into taking the actions to which they have given endorsement in international fora. Increasingly NGOs are able to push around even the largest governments. NGOs are now essentially important actors before, during, and increasingly after, governmental decision-making sessions.

As mentioned the UN Secretary-General in 1995, "Non-governmental organizations are a basic element in the representation of the modern world. And their participation in international organizations is in a way a guarantee of the latter's political legitimacy. On all continents non-governmental organizations are today continually increasing in number. And this development is inseparable from the aspiration to freedom and democracy which today animates international society... From the standpoint of global democratization, we need the participation of international public opinion and the mobilizing powers of non-governmental organizations."

In order to analyze the role of NGOs in delivery basic services, one should bare in mind the advantages and disadvantages of involving them into the cooperation process. The main strengths many NGOs can bring to a project are their ability to;

- Experiment freely with innovative approaches and, if necessary, to take risks;
- Be flexible in adapting to local situations and responding to local needs and therefore able to develop integrated projects, as well as sectoral projects;

- Enjoy good rapport with people and can render micro-assistance to very poor people as they can identify those who are most in need and tailor assistance to their needs;
- Communicate at all levels, from the neighborhood to the top levels of government;
- Recruit both experts and highly motivated staff with fewer restrictions than the government;
- Reach poor communities and remote areas with few basic resources or little infrastructure, and where government services are limited or ineffective;
- Promote local participation in designing and implementing public programs by building self-confidence and strengthening organizational capability among low-income people;
- Operate at low cost by using appropriate technologies, streamlined services, and minimal overheads; and
- Identify local needs, build upon existing resource, and transfer technologies developed elsewhere. Some approaches and ideas now prevalent among official development agencies began as NGO innovations.

On the other hand, some NGOs' ability to contribute to projects are constrained by a number of factors,

- Paternalistic attitudes restrict the degree of participation in program/project design.
- Restricted/constrained ways of approach to a problem or area.
- Territorial possessiveness of an area or project reduces cooperation between agencies, seen as threatening or competitive.

- Limited replicability of many NGO-sponsored activities that are too small and localized to have important regional or national impact. In attempting to scale up their operations with public sector support, some NGOs may lose their innovative quality, and become top-down, non participatory, and dependent on external and governmental support;
- Limited self-sustainability: Like many government programs, many NGO-sponsored projects are not designed with sufficient concern for how activities will be sustained;
- Even some professionally staffed NGOs are poorly managed, have only rudimentary accounting systems, and sometimes initiate infrastructure projects with inadequate technical analysis;
- Lack of broad programming context. Although experience varies by region and sector, NGO development projects often are implemented individually, outside the framework of a broader programming strategy for a region or sector, and with little regard even to other NGOs' activities;
- Some NGOs combine development concerns with political or religious objectives that limit the extent to which donors can work with them while safe-guarding their primary relationship with its member governments.
- Sometimes nonprofit organizations function as vehicles for extending the influence of national political leaders.
- As they grow in scale and complexity, they are vulnerable to all the limitations that afflict other bureaucratic institutions – unresponsiveness, cumbersomeness and routinisation. Nonprofit organizations may be less prone to these disabilities than government agencies, but they are hardly immune to the inevitable tensions that arise between flexibility and effectiveness, grass-root control and administrative accountability.

- The nonprofit sector is subject to inefficiencies and poor incentives. Without the profit-maximizing objective, managers lack the incentives to minimize the costs. On the contrary, they may have an incentive to make themselves rich at the donor expense. The same monitoring problems that encourage consumers to choose the nonprofit sector over the private profit sector because it may be more trustworthy ensure that opportunities exist for abuse of this trust.
- The principle disadvantage of the nonprofit sector to the public sector is also its inability to deal with to the free-rider problem.

NGOs are facing a challenge to organize themselves to work in more global and strategic ways in the future. They must build outwards from concrete innovations at grassroots level to connect with the forces that influence patterns of poverty, prejudice and violence: exclusionary economics, discriminatory politics, selfish and violent personal behavior, and the capture of the world of knowledge and ideas by elites. In a sense this is what NGOs are already doing, by integrating micro and macro-level action in their project and advocacy activities. Though, the changing global context challenges to make this natural way of working. Moving from development as delivery to development as leverage is the fundamental change that characterizes this shift, and it has major implications for the ways in which NGOs organize themselves, raise and spend their resources, and relate to others.

In the dynamic environment NGOs need to find methods of working together through strategic partnerships that link local and global processes together. By sinking roots into their own societies and making connections with others inside and outside civil society, NGOs can generate more potential to influence things where it really matters because of the multiple effects that come from activating a concerned society to work for change in a wider range of settings.

The small size and limited financial resources of most NGOs make them unlikely challengers of economic and political systems sustained by the interests of big government and big business. Though, the environment, peace, human rights, consumer rights and women's movements provide convincing examples of the power of voluntary

action to change society. This seeming paradox can be explained by the fact that the power of voluntary action arises not from the size and resources of individual voluntary organizations, but rather from the ability of the voluntary sector to coalesce the actions of hundreds, thousands, or even millions of citizens through vast and constantly evolving networks that commonly lack identifiable structures, embrace many chaotic and conflicting tendencies, and yet act as if in concert to create new political and institutional realities. These networks are able to encircle, infiltrate, and even co-opt the resources of opposing bureaucracies. They reach across sectors to intellectuals, press, community organizations. Once organized, they can, through electronic communications, rapidly mobilize significant political forces on a global scale.

2.2 Donors:

2.2.1 Why Donors

Donors channel large amounts of money to NGOs, including material aid, cash grants and personnel. There are hundreds of donors, usually based in the countries of the Northern Hemisphere; each has different origins, funding sources, constituencies, and priorities. Different donors have different perceptions of what development should be and the role they should play in it. They and their staff members also have different ideas about what type of relationship they should evolve with their counterparts, the NGOs. Donors find NGOs attractive for widely differing reasons,

- NGOs respond to failures in both the public and private sectors;
- Donors have been using NGOs to support their emergency and relief activities for some time;
- Poor performance of official donor programs in reaching the poor and carrying out successful rural development projects in the late 1960s and 1970s, married with the clear popularity of NGOs for their work in the fields of education and health, and claims by NGOs that they were able to reach the poor and improve

their lives, has led donors to turn to NGOs to help them achieve a greater poverty focus in their own aid programs;

- Donors have seen NGOs as a means of getting around obstacles to aid impact caused by inefficient and corrupt governments, as well as a way of reaching people in those countries where they had suspended official aid programs. They act as a complement to the state.

2.2.2 Typology of Donors

A study conducted by Soros Foundation⁵ differentiates donors into the following types.

- **Multilateral Organizations:** These organizations are made up of members from numerous countries and are called “multilateral” organizations. The members are usually governments. Examples of international organizations are the Council of Europe, the European Union (EU), the Organization for Economic Cooperation and Development (OECD), the Organization for Security and Cooperation in Europe (OSCE), United Nations (UN) organizations, and the World Bank.

Because of their membership bases and size, international organizations often have large resources, technical expertise, and legitimacy with governments. Partnering with an international organization can yield substantial co-funding, professionalism, access, legitimacy, influence, and recognition from governments and the donor community. These organizations often play a leading role in donor coordination. Their staff are being increasingly encouraged and even required to cooperate with NGOs in the countries they serve. A relationship with an international organization does not always need to be based on co-funding. Contact can result in a valuable exchange on strategy and priorities in a specific sector and the efforts of the government and other donors in a country.

The staff of international organizations often possesses broad and comparative experience. Because international organizations operate with the resources and

⁵ Bassler, Terrice and Smit, Mabel Wisse (1997) “Building Donor Partnerships,” *Prepared for the Soros Foundations Network by Open Society Institute.*

formal consensus of their many members, their decision making on funding is bureaucratic and time-consuming. Often, the contracts for goods and services supplied to projects funded by these organizations are awarded through competitive bidding to suppliers in their member countries.

- **Bilateral Donors:** These are agents used by donor governments to fund or deliver country-to-country development assistance. They may be ministries, such as the donor country's ministry of development cooperation, foreign affairs, or education. Or, they might be bilateral agencies that are government-owned and funded, such as the British Council, the German Gesellschaft für Technische Zusammenarbeit (GTZ), the Swedish International Development Cooperation Agency (SIDA), or the United States Agency for International Development (USAID).

In general, bilateral donors have resources, technical expertise, formal diplomatic access, and legitimacy with recipient governments. Bilateral donors almost always consult primarily with the recipient government on defining their programs. In some cases, bilateral agencies also consult with the NGO community in the recipient country. They often fund NGOs from their own country that are active in the recipient country. Many donor countries provide at least some support to promote their language and culture in the recipient country. Bilateral programs are often multi-year commitments with fixed-priority program areas. The size and scope of bilateral programs reflects the economic situation in the donor country and its political, trade, and historical relations with the recipient country.

The donor country's government usually decides on priorities and on major, high-cost projects in a given country. The programs of bilateral donors do not necessarily reflect locally assessed priorities or requests. The donor country's diplomatic and bilateral agency staff in the recipient country is normally consulted in decision making. Programs may therefore be influenced by their

particular concerns and interests. Thus, building and implementing a partnership with a bilateral donor can be complex and time-consuming.

- **Charitable Organizations:** Many international NGOs are private humanitarian organizations which address emergencies created by armed conflict, civil disturbances, or national disasters. They have branches in many countries. Examples are Amnesty International, the Catholic Relief Services (CRS), the International Rescue Committee (IRC), Médecins Sans Frontières, and Save the Children. International NGOs may be registered locally or not. These NGOs also undertake longer-term economic development programs as part of a reconstruction effort or assistance to impoverished countries or regions. Although they are privately directed, international NGOs receive a large portion of their funding directly from governments and international organizations. Other sources of financing include private donors, churches, and, in some countries, the national lottery.

International NGOs and foundations may have country budgets or program budgets. They may have multi-year programs or may fund or implement ad hoc projects. They may operate country-wide or only in a designated area. The international boards or trustees of these organizations usually allocate funds and define their program priorities, such as protecting the environment, providing services to the local NGO sector, or developing higher education. The greatest opportunity for partnership with foundations and international NGOs lies in the areas where their defined priorities overlap with those of the recipient NGO. There are directories, databases, and information centers in many countries that describe the programs and list contact information for these organizations.

NGOs are attractive partners because they are easily approachable, relatively flexible, and usually less bureaucratic than other types of donors. NGO partnerships are often of an ad hoc nature. They may be formed to respond to a crisis or to fill a gap where the government, the private sector, or other donors are not yet able or willing to act. For example, NGO partnerships may deliver

emergency relief, teacher training, or credit for small business. The duration and effectiveness of these partnerships should be watched carefully. Ideally, the partnership is dissolved when its aim has been achieved. In the worst cases, an NGO partner may prolong the partnership project in the interest of its own existence and continued funding.

2.3 Partnership:

A donor partnership is created when two or more individuals or organizations find it in their common interest to work together toward a specific outcome. Donors have a basis for becoming partners if they are able to agree on a purpose, a task, a project, or a desired outcome which meets the interests of all partners and can be achieved better, faster, or more efficiently if they unite their efforts. Finding a common agenda is a fundamental starting point.

2.3.1 History

Historically, most official funds have gone to support the work of NGOs based in donor countries, even though the bulk of the funds have been spent in developing countries. An early reason for this was that there were few viable, and effective, indigenous NGOs. Yet over the past 15 years there has been rapid growth in the number, as well as the capabilities of NGOs based in developing countries: southern NGOs.

The donor view which saw increasing merit in working through NGOs, together with the growing strength of southern NGOs, has led more and more donors to supplement their support of northern NGOs with direct funding of southern NGOs. Such donor-NGO initiatives became prominent in the early 1980s and have continued to expand thereafter.

Mirroring the support given to northern NGOs, official funding of southern NGOs has taken two forms: the funding of initiatives put forward by southern NGOs, and the utilization of the services of southern NGOs to help donors achieve their own aid objectives.

Donor funding of southern NGOs has received a mixed reception from recipient governments. Clear hostility from many non-democratic regimes has been part of more general opposition to any initiatives to support organizations beyond the control of the state. But even in democratic countries, governments have often resisted moves seen as diverting significant amounts of official aid to non-state controlled initiatives, especially where NGO projects have not been integrated with particular line ministry programs.

Many international agencies like the World Bank, the United Nations Development Program (UNDP), the International Fund for Agricultural Development and others have all held discussions in the past years with NGOs about possible cooperation. The World Bank began an official program of cooperation with NGOs in 1981, although NGOs had been involved in many projects prior to this. By 1990, about twenty per cent of World Bank projects involved NGOs to some degree.

The common ground between donors and NGOs can be expected to grow, especially as donors seek to make more explicit their stated objectives of enhancing democratic processes and strengthening marginal groups in civil society. However, and in spite of a likely expansion and deepening of the reverse agenda, NGOs are likely to maintain their wariness of too close and extensive an alignment with donors.

2.3.2 Approaches to Partnership

Northern NGOs have a diverse range of relationships with their Southern Partners. These relationships are dynamic and change over time. These relationships however are based on following continuum of approaches⁶.

- **Funding-based differences:** A funding-only relationship at one end of the spectrum and a partnership based on policy dialogue with no funding at the other end.

⁶ Brehm, V. M, 2001, "Promoting Effective North-South NGO Partnership". Occasional Papers Series Oxford.

- **Capacity-based differences:** A partner with limited capacity requiring support from the Northern Partner; contrasted with a partnership with a strong, autonomous organization that contributes from its own experience.
- **Trust-based differences:** Control of the Southern Partner at one extreme and unconditional trust at the other.

2.3.3 Types of Partnerships

Partners can bring different things to their partnership. These might be funds, goods, services, technical assistance, technology transfer, training opportunities, implementation capacity, legitimacy, publicity, access, or information. Partners do not always bring equal things and equal shares. Often, they contribute complementary resources to the partnership, depending on their capacity and strengths. If partners are to collaborate successfully, however, they must bring some trust in each other and in the partnership.

Partnerships can be highly structured or less formal. Some partnerships take the form of a new, ad hoc organization or independent project built from the partnership. Other partnerships may be a less structured collaboration of efforts. Whether the structure is “tight” or “loose,” it is essential that the partners know what they expect from each other and what they want to achieve together.

The following are the forms of partnership which can be undertaken by both parties.

- **Seed funding and pilot projects:** These arrangements begin with an idea that needs to be tested, developed, or cannot otherwise be implemented widely at first. A lead partner provides resources to get the project started, with the expectation that other donors will join later. Commitments of other donors are usually dependent on the success of the initial project. It is important to identify, inform, and involve future partners in early stages of this kind of effort. Potential partners may need to be convinced that the pilot project has been successful and can be replicated. This requires documentation and sharing of information about the experience—both positive and negative—of the pilot project.

- **Program replication and expansion:** This arrangement applies when there is demand, interest, or readiness to replicate or expand a successful pilot project or small-scale program. The partnership usually involves a plan to replicate a project or expand program coverage to more people, more institutions, or a wider geographic area. The donor who initiated the program may not have the means or will to replicate or expand the effort alone. The lead partner must enlist partners. The proposal to replicate or expand can be driven by the initiator, by interested partners, or by stakeholders in the project.
- **Matching partnerships:** Matching occurs when a pledge or commitment of resources is used to encourage other donors to commit themselves to the effort or to increase their current support. The objective of a matching approach is to enlist partners in a specific program and to multiply the resources available for this program. Matching is a strong tactic because it attracts attention and creates momentum among those who could be involved in supporting a given effort. Pledging the foundations' funds on the condition that there are matches can stimulate others to move from discussion to action in committing their resources.

Although this kind of partnership is generally understood to involve funds, matching can also be used to mobilize non-monetary resources, such as goods, labor, or expertise.

- **Collaborative program design and implementation:** Partners see a common problem, priority, or need. They conceptualize and design a program together and divide among themselves the tasks of delivering the program. This arrangement can work effectively when there is little happening in a given area of activity, but there are two or more donors interested in addressing a need. Collaborative program design and implementation often requires a lead partner or designated coordinator. Facilitation, coordination, and regular communication of the partners are crucial. This arrangement is more difficult when numerous donors have already developed their own programs and established their own ways of working in a given area.

- **Comprehensive program strategy and multi-donor financing:** This arrangement involves multiple donors committing their resources and programs to a broad, strategic aim. Such partnerships emerge around large efforts, such as a humanitarian emergency response, a national reconstruction program, the reform of a sector, or a regional initiative.

This type of partnership requires a broad vision and comprehensive planning. All donor partners are not necessarily involved in designing the effort. Often, a large international agency—with technical expertise or major funding capacity—takes the lead in preparing the strategy and implementation plan, in cooperation with the national government(s) most concerned. There is usually quite formal coordination of the donors in this partnership arrangement.

Donor partners may commit a part of the funding required, implement a defined project within the broader scheme, or develop their own program, as long as they serve the common aim. Generally, the partners are not categorized by their level of contribution, but rather by their status as donors—international organizations, governments, or non-governmental organizations (NGOs).

A crucial element in this arrangement is confidence of the various donors in the broad strategy and plan, in the lead agency, and in the involved government(s). It also requires excellent coordination, communication, and cooperation. There can be frustration among partners, especially NGOs, because broad coordination and consensus building often delays implementation. This partnership arrangement can, however, eventually have a high impact.

- **NGO working alliances:** This kind of partnership usually emerges from the informal networking that occurs within the NGO community in a given country or in a given sector. NGOs may find it in their common interest to design and implement programs jointly. They may also commit or mobilize resources collaboratively. This partnership arrangement is based on the shared belief that the effort of the whole is greater and stronger than the effort of many separate parts.

NGO working alliances often act as an important voice within the donor community. Together, NGOs may be able to influence the priorities and programs of governments and major agencies. Through collaboration, NGOs can also leverage additional resources from major donors. NGO working alliances offer a powerful, credible, and well-grounded implementation structure. They often find it necessary and beneficial to incorporate the views and efforts of community-based structures and stakeholders in their alliances. NGO working alliances may be organized either loosely or in more formal associations, counsels, or consortia

2.3.4 Principles of Effective Partnerships

In general, there are a few formalized guiding principles for partnerships within the NGO Donor spectrum. Such principles tend to be a part of organizational culture and values. In general, effective partnerships are based on:

- The effectiveness of the work on both sides;
- The quality of the relationship;
- Clarity about the purpose of the relationship.

2.4 Government:

2.4.1 Interactions with the State

As it is mentioned already, one of the fundamental reasons that NGOs have received so much attention of late is that they are perceived to be able to do something that national governments can not or will not do.

However, it is important to recognize that relations between NGOs and governments vary drastically from region to region and country to country. For example, NGOs in India derive much support and encouragement from their government and tend to work in close collaboration with it. NGOs from Africa also acknowledged the frequent need to work closely with their government or at least avoid antagonizing the authorities. Most NGOs

from Latin America offered a much different perspective: NGOs and other grass root organizations as an opposition to government.

In the Third World, the difficult economic situation may force governments to yield to pressure from multilateral agencies to give money to NGOs. In these cases, the governments act as conduits of funds but in some cases try to maintain control over these NGOs precisely because of their access to funds. However, it was also recognized that through the multilateral donors, NGO cooperation and solidarity can influence policy at the national levels. Multilateral donors may serve as a kind of "buffer" between government and NGOs in order to avoid unnecessary current tensions and to promote coherent national development strategies.

2.4.2 State-NGO Relationship

A healthy relationship is only conceivable when both parties share common objectives. If the government's commitment to improving of the provision of urban services is weak, NGOs will find dialogue and collaboration frustrating or even counter-productive. Likewise, repressive governments will be wary of NGOs which represent the poor or victimized.

Where the government has a positive social agenda (or even where individual ministries do) and where NGOs are effective there is the potential for a strong, collaborative relationship. This does not mean the sub-contracting of placid NGOs, but a "genuine partnership between NGOs and the government to work on a problem facing the country or a region... based on mutual respect, acceptance of autonomy, independence, and pluralism of NGO opinions and positions."

However, as Tandon⁷ points out, such relations are rare, even when the conditions are met. The mutual distrust and jealousy appears to be deep-rooted. Governments fear that NGOs erode their political power or even threaten national security. And NGOs mistrust the motivation of the government and its officials.

⁷ Tandon, Rajesh (1987) "The Relationship between NGOs and Government," *Mimeo paper presented to the Conference on the Promotion of Autonomous Development.*

Though controversial and risky, many of the more strategic NGOs are overcoming their inhibitions and are seeking closer collaboration with governments. However, with closer collaboration comes increased risk of corruption, reduced independence, and financial dependency.

NGOs can play an important role in helping certain populations groups, or filling in the gaps in state services, or in pressing for a change in the national development strategy, but they do not offer realistic alternative pathways. Their innovations may test out new approaches, but these only become sustainable or of significant scale if they influence national development.

When both parties see that their solutions are not competing alternatives but are complementary contributions, the possibility for a genuine collaboration is opened. However, even as they do so, they may harbor very different goals. The government may be keen to harness foreign funds and the NGOs' capacity for service delivery. The NGOs may seek to reorient development priorities toward poverty reduction. Such unshared objectives may make for friction but they are not necessarily incompatible.

2.4.3 Barriers to NGO-State Relationship

Clark ⁸ identifies the major factors which impair the relationship between governments and NGOs.

- **A highly political policy environment:** NGOs often fall in the opposition camp and the government or ruling party may see itself as the sole legitimate voice of the people. The root cause of such political polarization warrants study.
- **Dialogue:** NGOs preference for isolation hence unwillingness to dialogue with government, and poor coordination with one another. Some NGOs prefer to keep well separated from the government orbit to avoid drawing attention and therefore outside control, to their activities. However, by keeping a low profile they may

⁸ Clark, John, "The Relationship Between the State and the Voluntary Sector," *From the "NGO Café" web site*.

actually be making themselves more vulnerable to government attack. Jealousy of civil servants towards the NGOs' access to resources.

- **Pressure** on successful NGOs from major donors to receive more funds, leading to a decline in performance.
- **The NGOs constituency.** If as frequently is the case it is a narrow constituency (such as one kinship group, or even just the poorest farmers) the government may consider it too selective since it must consider the common good. Similarly, NGOs have the "luxury" to pick one or two issues which dominate their attention, while governments must juggle with a multitude of concerns.
- **NGOs capacity.** NGO projects may not be as effective as claimed, the professional skill of NGO staff, the accountability of NGOs to the grassroots, and strategic planning poorly developed.
- **The public sector's capacity.** The government's commitment to improving services, eradicating discrimination and poverty may be weak; there may be a shortage of competent staff especially at local level; corruption and nepotism may be rife. In countries driven by strife there is often a legitimacy issue when much of the country is not under government control.
- **Political jealousy.** Governments may not want to foster a healthier NGO sector for fear of bolstering the political opposition. How NGOs survive and operate in an adverse policy environment is an important issue for study. In some countries they have been crushed, but elsewhere they have thrived on controversy.
- **Dependence on foreign donors.** A government might be more suspicious of NGOs which are highly dependent on foreign funds and therefore might impugn their motives as "guided by a foreign hand." Conversely, an NGO which derives a considerable proportion of its funding from its members has maximum authenticity. When the NGO sector is dominated by foreign or international there can be problems between the government and the NGOs.

2.4.4 Fostering an Enabling Environment

The State has various instruments it can use, for good or ill, to influence the health of the NGO sector. The level of response can be non-interventionist, active encouragement, partnership, co-option or control.

Official support - the government provides funds, contracts and training opportunities to give special encouragement to NGO activities in priority areas without undermining NGOs' autonomy and independence; broad agreement is sought with NGOs on such priorities by establishing formal consultation with NGO leaders

For individual NGOs the most favorable policy setting is when legal restrictions are minimized, when they have complete freedom to receive funds from whomsoever they choose, to speak out as they wish and to associate freely with whoever they select. In such a setting, the NGO sector is likely to grow most rapidly, but "bigger" does not necessarily mean "better." Loose regulations and reporting open the door for unhealthy and even corrupt NGO activities which may taint the sector as a whole. Where the expansion of the sector has been most rapid (e.g. South Asia and certain African countries) there is considerable concern about the rapid ascension of "bogus" NGOs - NGOs which serve their own interest rather than those of vulnerable groups. The individual NGOs may be healthy, but collectively there may be insufficient coordination, duplication of effort, and important gaps left unaddressed. Following illustrates the best practice lessons which appear to indicate ingredients of an enabling policy environment.

- **Good Governance** - social policies which encourage a healthy civil society and public accountability of state institutions.
- **Regulations** - designed to help, not hinder, NGO growth, but also to root out corruption and to foster sound management discipline; eliminate restrictive laws and procedures.

- **Taxation policies** - to provide incentives for activities which conform with State development priorities; to encourage indigenous philanthropy and income generation.
- **Project/Policy implementation** - State-NGO collaboration with proven NGOs in a way which allows the NGOs to remain true to their agenda and accountable to members or their traditional constituency. This might typically indicate the following roles for NGOs within government: articulation of beneficiaries' needs to project authorities, providing information about the scheme to communities, organizing communities to take advantage of the scheme's benefits, delivering services to less accessible populations, serving as intermediaries to other NGOs.
- **Policy formulation** - provision of information to NGOs for dissemination to their constituencies; offering a role to NGOs in public consultations; invitation to NGO leaders to serve on official commissions etc. (for example, the Indian NGO, DISHA, has been an influential member of the Central Government's Commission on bonded labor). Public access to information is the key to success in this area.
- **Coordination** - where the government fosters but does not dominate coordination, for example, through having NGO Units in relevant line ministries or NGO consultative committees; NGOs would be encouraged to attend to geographic or sectoral gaps, to avoid religious or ethnic bias, to avoid activities which contradict state programs or which make unrealistic promises; the government encourages training of NGO staff, for example, by ensuring that its own training institutions offer courses of relevance to NGOs; the government encourages improved attention to management skills, strategic planning and sharing of experience within the sector.

CHAPTER 3: FINDINGS

The past fifteen years have brought with them one of the most rapid paces of change in the external global environment in recent human history. Any serious analysis of "partnership", Southern or Northern, needs both an understanding of this rapidly changed and continuously changing external global environment and the resulting emerging context for non-governmental organizations and their relationships, both amongst themselves and between them and other national and international organizations e.g. national governments, bilateral and multilateral organizations.

3.1 The Changing Global Context:

The end of the Cold War; the supposed victory of the neo-liberal economic and political agenda; accelerating economic globalization, privatization and the increasing breakdown of the nation state as the fundamental unit of sovereignty in an increasing number of critical areas (e.g. business, investment and capital flows, the environment, human rights and possibly even social development); transnational capital flows of unprecedented magnitude unevenly spread across the globe which are increasingly dwarfing the role of aid; and escalating international and especially intra-national conflict in the absence of new, appropriate global, regional or national mediation institutions or mechanisms in a post Cold-War world are just some of the more evident aspects of this new scenario which some have called the New World Order and others the New World Disorder.

Salamon⁹ argues that four crises and two revolutionary changes have converged both to diminish the hold of the state and to open the way for the increase in organized voluntary action.

- The first of the impulses is the perceived crisis of the modern welfare state revealed after decline of global economic growth in the 1970s.

⁹ Salamon, Lester M., 1994, "The rise of the Non profit sector," *Foreign Affairs*.

- Accompanying this crisis has been a crisis of development since the oil shock of the 1970s and the recession of the 1980s, which dramatically changed the outlook for developing countries. One result has been a new-found interest in "assisted self-reliance" or "participatory development," an aid strategy that stresses the engagement of grassroots energies and enthusiasms through a variety of nongovernmental organizations.
- A global environmental crisis has also stimulated greater private initiative. The continuing poverty of developing countries has led the poor to degrade their immediate surroundings in order to survive. Citizens have grown increasingly frustrated with government and eager to organize their own initiatives.
- Finally, a fourth crisis – that of socialism - has also contributed to the rise of the third sector. It caused a search for new ways to satisfy unmet social and economic needs. While this search helped lead to the formation of market-oriented cooperative enterprises, it also stimulated extensive experimentation with a host of nongovernmental organizations offering services and vehicles for self-expression outside the reaches of an increasingly discredited state.

Beyond these four crises, two further developments also explain the recent surge of third-sector organizing.

- The first is the dramatic revolution in communication that took place during the 1970s and 1980s. The invention of widespread dissemination of the computer, fiber-optic cable, fax, television and satellites open even the world's most remote areas to the expanded communication links required for mass organization and concerted actions.
- The final factor critical to the growth of the third sector was the considerable global economic growth that occurred during the 1960s and early 1970s, and the bourgeois revolution that it brought with it. It helped to create in Latin America, Asia and Africa a sizable urban middle class whose leadership was critical to the emergence of private nongovernmental organizations. Thus if economic crisis

ultimately provoked the middle class to action, this prior economic growth created the middle class that could organize the response.

Indeed, the current economic globalization process and its concomitant effect on wealth, poverty and inequality creation is making the traditional definition of South and North (i.e. developing and industrializing countries, respectively) both less and less clear-cut and less relevant.

More clearly, South and North are increasingly being redefined as concepts to distinguish between those who are economically able to participate in and benefit from regionalized and globalised markets and those who are excluded or marginalized from them.

3.2 The Emerging Context for NGOs:

3.2.1 Triggers to Growth of NGOs

A striking upsurge is under way around the globe in organizing voluntary activity and the creation of private, nonprofit or non-governmental organizations. People are forming associations, foundations, trusts, NGOs and similar institutions to deliver human services, promote grass-root economic development, prevent environmental degradation, protect civil rights and pursue a thousand other objectives formerly unattended or left by the state. The scope and scale of this phenomenon is immense. The pressures to expand the voluntary sector seem to be coming from at least three different sources,

- From "below" in the form of spontaneous grass-roots energies,
- From the "outside" through the actions of various public and private institutions, and
- From "above" in the form of governmental policies

However, the most basic force is that of ordinary people who decide to take matters into their own hands and organize to improve their conditions or seek basic rights.

On the other hand Garilao¹⁰ approaches the causes of this growth by reasoning:

- Societal conflict and tension.
- The need to respond more effectively to crisis situations in the face of breakdown of traditional structures.
- Ideological and value differences with the powers-that-be in the planning and implementation of development work.
- The realization that neither government nor the private sector has the will, means or capacity to deal with all immediate and lingering social problems.

Numerous Northern private voluntary organizations have contributed to the growth of the third sector in the developing world. Beginning in the 1960s and 1970s, many organizations from America and especially Canada and Europe shifted from their traditional emphasis on humanitarian relief to a new focus on "empowerment." Official aid agencies have supplemented and, to a considerable degree, subsidized these private initiatives. The most noted effort however has been the Official Development Assistance Program of the UN, which has on one hand earned many laurels for its revolutionary concepts and agenda, but on the other hand bore the brunt of criticism on account of being a tool in hands of the North to further colonize the South.

3.2.2 Official Development Assistance

When the world's governments met at the Earth summit in Rio de Janeiro in 1992, they adopted a program for action under the auspices of the United Nations -- Agenda 21. Amongst other things, this included an Official Development Assistance (ODA) aid target of 0.7% of gross national product (GNP) for rich nations; roughly 22 members of the OECD, known as the Development Assistance Committee (DAC).

¹⁰ Garilao, Ernesto, 1987, "Indigenous NGOs as Strategic Institutions: Managing the Relationship with Government and Resource Agencies," *World Development*.

ODA is basically aid from the governments of the wealthy nations, but doesn't include private contributions or private capital flows and investments. The main objective of ODA is to promote development. It is therefore a kind of measure on the priorities that governments themselves put on such matters. Other aid, such as private capital flows may be for investment purposes, etc.

The Development Assistance Committee (DAC) defines ODA as¹¹ 'Grants or loans or technical support to countries and territories on Part 1 of the DAC List of Aid Recipients which are:

- Undertaken by the official sector;
- With promotion of economic development and welfare as the main objective;
- At concessional financial terms

¹¹ 1999, "Why is Aid Decreasing?" *Global Futures Bulletin*

<u>Country</u>	ODA in U.S. Dollars (Millions)				ODA as GNP Percentage			
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
1. Denmark	1,733	1,664	1,599	1,632	1.01	1.06	1.01	0.96
2. Norway	1,370	1,264	1,346	1,746	0.91	0.8	0.83	0.91
3. Netherlands	3,134	3,075	3,155	3,377	0.79	0.82	0.82	0.82
4. Luxembourg	119	116	142	143	0.66	0.7	0.8	0.78
5. Sweden	1,630	1,813	1,576	1,754	0.7	0.81	0.76	0.74
6. Belgium	760	812	866	1,061	0.3	0.36	0.37	0.42
7. Ireland	245	239	285	397	0.31	0.3	0.33	0.41
8. France	5,637	4,221	4,293	5,182	0.39	0.33	0.34	0.36
9. Finland	416	371	389	466	0.33	0.31	0.33	0.35
10. Switzerland	969	888	908	933	0.35	0.34	0.34	0.32
11. United Kingdom	3,401	4,458	4,659	4,749	0.23	0.31	0.32	0.3
12. Canada	1,699	1,722	1,572	2,013	0.28	0.25	0.23	0.28
13. Germany	5,515	5,034	4,879	5,359	0.26	0.27	0.27	0.27
14. Spain	1,363	1,321	1,748	1,608	0.23	0.24	0.3	0.25
15. Australia	982	995	852	962	0.26	0.27	0.25	0.25
16. Portugal	276	261	267	282	0.26	0.26	0.25	0.24
17. New Zealand	134	116	111	124	0.27	0.26	0.25	0.23
18. Japan	15,323	13,062	9,678	9,220	0.35	0.27	0.23	0.23
19. Austria	527	461	457	475	0.26	0.25	0.25	0.23
20. Greece	194	216	194	295	0.15	0.19	0.19	0.22
21. Italy	1,806	1,368	1,493	2,313	0.15	0.13	0.14	0.2
22. United States	9,145	9,581	10,884	12,900	0.1	0.1	0.11	0.12

Source: OECD Website

Table2: Official Development Assistance (ODA) from 1999 to 2002

Even though these targets and agendas may have been set, the following is interesting to note:

- Almost all rich nations have constantly failed to reach their agreed obligations of the 0.7% target.

- According to the World Bank, overall, the official development assistance worldwide has been decreasing about 20% since 1990.

The actual percentage of ODA channeled through NGOs is still in some doubt, but the OECD estimates that about 5% go directly to NGOs¹². The estimated percentage of ODA channeled to NGOs may be understated because OECD figures are based only on bilateral donor information. OECD estimates do not take into account multilateral contributions to NGOs through the World Bank, U.N. agencies, and the European Commission.

3.2.3 Trends in Partnership

While overarching generalizations about the extent of "partnerships" achieved by individuals or individual organizations in traditional Northern and Southern NGOs are inappropriate and impossible to make, given the wide diversity of NGO philosophical and experiential histories, at least a few generalizations about 'partnership' are possible. These include that the ideal "development alliance" between NNGOs and SNGOs should comprise at least the following ingredients, as prerequisites:

- A common organizational vision, set of objectives and methodological compatibility
- Adequate time to build a relationship which then extends over a long period of time
- Mutual transparency and accountability
- Willingness and ability on the part of both sides in the relationship to be constructively critical of each other, within an overall framework of support and solidarity
- Organization-to-organization relationships and exposure rather than relationships dependent merely on rapport between individuals

¹² Overseas Development Institute, 1995

- Funding as only one (preferably small) part of the overall organizational relationship.

These prerequisites however only spell a guideline for partners to foster a long-term relationship. The reality however is far from the rhetoric. The following trends have emerged over the years, which constantly endanger the very concept of partnership between the NNGOs and SNGOs.

A) Concerns of SNGOs:

- **Mutual Trust:** First, a widely generalizable fact is that both historical and current attempts to put the rhetoric and concepts of partnership into practice have been within what has predominantly been a donor-recipient funding relationship which has, so far, characterized so much of the interaction between Northern and Southern NGOs.

Relationships between an NNGO and SNGO, even without a funding dimension, are fraught with problems, dilemmas and inequities (e.g. access to information). Even in such situations, building genuine partnerships, which require bridging various gaps, often take years. They have to be based on, among others, a foundation of growing mutual trust and respect, recognition of the equality of different types of contributions to the relationship (e.g. knowledge and experience, money), ethical behavior and transparent, accountable processes and communication.

When funding is introduced as a major variable in this equation, achieving genuine partnership becomes much more complex and, indeed, is unattainable in most current relationships. Whilst money is not always determining in a relationship, control over such a key resource certainly provides a large part of the power and control over any development situation. Indeed, the overwhelming evidence from experience so far indicates that money is clearly not a sound basis for developing mutually respectful partnerships

While some NNGO funding agencies have clearly been more aware of the inherent inequity in relationships largely based on funding and more sensitive to its implications, the fickleness and increasing uncertainty of Northern funding as a consequence of "structural adjustment" in both Northern Official Development Assistance (ODA) agencies and NNGOs is increasingly making SNGOs less trusting of even their most sensitive Northern 'partners'.

- **Project Focus:** Second, project rather than program or 'institutional' or 'block' funding remains the predominant form of the NNGO funding relationship with SNGOs. This type of funding, in addition to being time bound and activity-centered, by its very nature often precludes discussions about broader issues of vision and alliance building for policy influencing which are prerequisites to genuine long-term 'partnership'.

When 'block' or 'institutional' as opposed to 'project' funding has been the norm, some of these problems have been mitigated. However, such relationships have sometimes resulted in a blind, unquestioning acceptance of the Southern NGO by NNGOs leading to a situation not of "development alliance" but of inverse (and oftentimes perverse) power relations which cannot, by their very nature, be conducive to a healthy 'partnership'.

- **Tight Control:** Third, since Northern NGO funding decisions have often been fickle or are heavily dependent on the whims or financial situation and proclivities of their official bilateral development assistance agencies, genuine 'partnerships' have been difficult to foster and nurture. Short timelines and the narrow financial accountability emphases of bilateral donors, and, often by extension, of NNGOs have also militated against the latter taking the time to establish relationships of trust, mutual respect and transparency or even long-term relationships based on both funding and 'non-funding' dimensions.

One thoughtful Northern writer has, in fact, likened the extremely tight outcome-based contracts between Northern NGOs and their government funders to a 'partnership' between a warden and his prisoner. If this is even partly true then

the implications for the "partnership" between NNGOs which are increasingly dependent on their governments for funding and their SNGO "partners" cannot but be negative.

- **Transparency:** Fourth, transparency and accountability requirements have largely been one-way rather than mutual i.e. from SNGOs to NNGOs, rather than both ways. This remains a major arena for change but prospects of this happening remain bleak as long as institutional imperatives which prioritize accountability to Northern donors, Boards continue to take precedence over development and empowerment imperatives which require an emphasis on accountability to the so-called 'users' or 'beneficiaries' of development assistance and the broader publics of developing countries receiving such assistance from NNGOs.
- **Individual Contacts:** Fifth, most NNGO and SNGO relationships still remain between individuals in different agencies rather than between organizations in the North and South. As a result, SNGOs have very little exposure to NNGOs in their home environment unlike NNGO individuals who make repeated and frequent visits to SNGOs in their home contexts. This largely one-way "exposure" is not conducive to "development alliance" or "partnership" building.

The trend toward direct funding of NGOs occurred as the result of a perception that government programs did not help the poor, and that channeling funds through NGO offers a better chance that aid would reach the truly needy. Initially, most of the ODA funds to NGOs went to Northern NGOs that served as intermediaries between Northern governments and Southern NGOs. The new trend is for Northern governments to fund Southern NGOs directly, and toward more limited Northern NGO involvement in direct programming.

B) Concerns of NNGOs:

- **De-operationalization from the South:** While this has, at least rhetorically, been welcomed by NNGOs deoperationalizing, as evidence that they have "done themselves out of a job" by nurturing SNGO capacity, many of the traditionally

operational NNGOs view this as a threat to their size, viability, profile and institutional survival which has depended on a longstanding direct operational role in the South.

- **Direct funding of SNGOs by bilateral and multilateral agencies:** This increasing phenomenon is viewed as threatening even by many of the more progressive NNGOs since it challenges both a key rationale for their institutional existence and the conventional wisdom that they have a "value added" to contribute to the development process in the project funding area, different or separate from SNGOs.

This will become an increasingly important issue as official Northern donors show less interest in funding Northern NGOs because of the growing experience, expertise and operational capacity of SNGOs. NNGOs will need to urgently respond to this opportunity by appropriately redefining their roles and "value added" if they wish to ensure their institutional relevance, and at least for some, even their institutional survival, well into the 21st century.

- **Decline in independent income and increasing dependency on official Northern donors:** While decline in NNGO community support income has many interrelated reasons e.g. market competition among different NNGOs, the fundamental crisis in NNGO identity and roles is the underlying disease that has exacerbated the incidence of these symptoms (their income and cash flow crises) and forced either their permanent 'downsizing' or their increased dependency on official bilateral and multilateral sources of income for an ever expanding part of their program and institutional budgets.

Suffice it to add here on this issue that dependency on official funding sources will inevitably, even if only gradually, compromise the independent institutional identity that many NNGOs have zealously guarded thus far (thereby reinforcing the ambivalence and confusion which increasingly surrounds their identity and roles). Moreover, because such funding is unreliable, especially as official aid budgets are repeatedly cut and official direct funding of SNGOs increases as

evidence continues to mount that, at least in some countries and regions of the world (e.g. India, Bangladesh), SNGOs can achieve the same or higher levels of quality in their operational work at lower cost (i.e. greater cost-effectiveness of SNGOs over NNGOs), this is an extremely risky institutional survival or growth strategy for any timeframe except the short-term.

- **Policy Advocacy and Influencing in the North:** Progressive NNGOs have traditionally sought to derive one crucial part of their current legitimacy from their dramatically growing role of "speaking on behalf of their Southern partners" and/or "poor and marginalized peoples". However, as Southern NGOs especially those closely linked to popular social movements, have grown in number and in their analytical, policy research and influencing capacity, the legitimacy of NNGOs directly doing policy analysis, research and influencing (on behalf of SNGOs) is increasingly being questioned. While such questioning is still in its infancy (unlike direct funding of SNGOs), it is undoubtedly likely to escalate rapidly, given both the current global environment and the growing maturity of many SNGOs.

3.3 Scenario in Pakistan:

3.3.1 Non-Profit Sector in Pakistan

According to UNDP¹³, estimates of the number of NGOs and CBOs registered in Pakistan vary from 8000 to 16000. Government and Donors are keen to promote the role of NGOs in development activities.

NGOs in Pakistan were present since 1947. Pakistan is a country which has seen many spells of military rule and which does not have a very long tradition of civil society movements and non-governmental organizations. However, under the influence of "people- centered development models" and - more importantly - due to the massive financial support from donors, the country has seen a boom of NGO activity in recent

¹³ 2000, "The NGO- Donor Axis Suggestions Towards Developing Codes Of Conduct for NGO's and Donors In Pakistan," *UNDP*

years. While this rapid evolution is encouraging, concern has arisen about the quality of NGO work. Most organizations consist of well-meaning individuals, but they often lack managerial and technical skills to design, implement and monitor programs. Yet, the easy availability of funds for NGOs in Pakistan has meant that many inefficient organizations are continuing to exist

Vast amounts of money is being channelized in to the NGO sector, even though there is often little proof of the sector's impact. Donor agencies usually are convinced that it is a good thing to support development NGOs, as those agencies can reach people and places that governments cannot and their bottom-up approach helps ordinary people to express their needs and use their own abilities.

However, it is not immediately obvious that NGOs do really reach the poor, and do so in a cost-effective and innovative way. Traditionally, NGOs are good at making big claims, but less good at critically evaluating their achievements. Many NGOs speak of evaluation, when all they do is monitor what they do. Monitoring is measuring activity; Evaluation is measuring impact. Pakistani NGOs tend to emphasize quantifiable outcomes of their projects, and ignore the more difficult issues relating to the development process. Most evaluations mention numbers of people trained, amounts of equipment supplied or number and dates of workshops held. But very few NGO evaluations answer questions such as: what was the quality of local participation? Has the target group benefited from the project? Have the poorest groups increased their self-reliance and capacity to deal with the world around them?

Many governments in developing countries feel that, with the vast amounts of aid money flowing through NGOs, these organizations are becoming a better-paid and better-equipped competitor to what would normally be government responsibilities. They are therefore reluctant to approve of aid packages that invest heavily in the NGO sector and ignore the needs of the governmental structures. Knowing they are the favorites of the international aid community, NGOs - rather than addressing these legitimate fears - usually respond by accusing the government of greediness and corruption. Hence in Pakistan there has been increasing concern on the part of NGOs that the government's

attempts to malign NGOs, avidly taken up by sections of the press, is having an impact on interaction at the community level. NGOs fear that the state is withdrawing from its responsibilities towards its citizens. Under the pressure of the World Bank and IMF's Structural Adjustment Program and their own policies favoring privatization, increased military expenditure and the maintenance of a bloated bureaucracy, successive governments have withdrawn services for the rural poor or failed to adequately invest in social development. On the other hand governments in Pakistan are concerned about the diversion of precious development aid resources to the NGO sector and that NGOs are insensitive to these fears.

Measuring the impact of the vast amounts of aid money that has flowed into the NGO sector in Pakistan is a difficult task. Donors themselves have no answers. Yet it is a gross misperception that all NGOs in Pakistan emphasize quantifiable outcomes of their projects, ignoring 'the more difficult issues relating to the development process'. The complexity of Pakistani society and its internal and external situation means that some people's consciousness can be raised with relatively little input from an NGO, while other situations may require years of sustained effort for a small change to be perceptible.

There is indeed a need for donors to assist NGOs in finding ways to assess their contribution to positive change, without creating additional paperwork and unnecessary bureaucracy. At least one-third of the time input by senior staff in a development NGO goes into endless report-writing and attempting to satisfy the inevitable question of why social development has progressed so little despite the 'vast amounts' poured in from abroad. Worryingly, the trend is towards more paperwork, more compulsory meetings with donors, more 'brain-picking' visits by donors - all detracting precious time from actual developmental activities and analysis. Some Pakistani NGOs are struggling to evolve management styles, structures and procedures conducive to efficient style of operation.

Given the corruption in Pakistani society, bureaucratic ways of the government and largely ineffective NGOs, donors have become key players, rather than supporters, in the process of development. NGOs tend to ape either the bureaucratic system of government

or the high profile lifestyles of foreign donors. Hence there is urgent need to develop a more meaningful and wide ranging partnership among all the players in development. For this purpose codes of conduct for NGOs and donors in Pakistan are urgently needed.

3.3.2 Existing Rules & Regulations for NGOs

In Pakistan, there exist several rules and regulations under which NGOs may legally register themselves. Some of these rules were prepared before the independence of Pakistan by the then British government. The registration rules and regulations are six and these are:

- The Societies Registration Act (XXI), 1860,
- The Trust Act, 1882,
- The Charitable Endowment Act 1890,
- The Cooperative Societies Act, 1925,
- The Voluntary Social Welfare Agencies (Registration and Control) Ordinance, 1961 (XLVI of 1961), and
- The Companies Ordinance under Section 42 of 1984.

The outlined Acts and Ordinances provide liberties to NGOs for working within a given frame work and area. An increasing interest amongst international and multilateral agencies to involve the non-governmental organizations (NGOs) to implement their agenda generated mushroom growth of NGOs in early 90s and alarmed the government functionaries. Consequently, steps to curb them were highly under discussion by the government and first it created own NGOs in the name of Rural Support Programs (RSPs) and then it introduced NGO-Bill (as most of the donors preferred to fund grassroots NGOs).

In 1994, Government of Pakistan (GOP) decided to introduce a new act for the registration of NGOs. It was introduced in the Senate of Pakistan as Social Welfare

Agencies (Registration and Regulation) Act, 1996 on January 25, 1996. The prime purpose of this bill was to unify various existing rules and regulation. The NGOs in Pakistan held a number of meetings throughout the country to discuss the issue of NGO-Bill. A series of meetings was also held between NGOs representatives and the concerned minister and government officials. These meetings developed a basic understanding between the two concerns. However, any concrete result has not been come out as the Bill is still under consideration in the upper house.

The NGOs term the introduction of new registration & regulation NGO-bill by the government for increasing its control on the NGOs and interfere in their internal matters. Whereas government sees the new registration bill to ensure that donor funds are used for their intended purpose. The GOP claims that her efforts are aimed at stopping political interference by various international funding agencies in Pakistan's internal affairs.

3.3.3 Partnership amongst NGOs, Donors and Government

Following is the crux of the findings of the researcher in relation to the partnership of the three pillars of social development i.e. NGOs, Donors and Government;

- Transparency and accountability are understood only in a very general sense by Pakistani NGOs. They are seen more as tools for NGO management rather than as components of good governance within the civil society.
- It is clearly indicated that Pakistani NGOS seek a supportive role for donors, i.e. the role of patron. They do not seem to be looking for a relationship based on equality, but one based on a patronage. However NGOs pointed out the need for support towards institutional development and streamlining of donor processes for funding.
- Unfortunately in Pakistan the development of the NGO donor axis has meant a lack of attention on public and private philanthropy - both in terms of its existing role and share in the total funds available to NGOs and what this role and share

could be in the future. The findings show that Pakistani NGOs are at least alive to the possibilities of collaboration between the business sector and NGOs¹⁴.

- It is very clear that the NGO bill is viewed with suspicion and seen as an instrument of state suppression of NGOs. It needs to be pointed out here that all the existing registration laws have certain inbuilt mechanisms for regularization, monitoring and action against inappropriate or criminal activities. What is needed is better implementation of existing laws, rather than new laws.
- A fair degree of influence of donors in the restatement, addition and changes in NGO objectives is indicated. Additionally many NGOs have spoken of financial dependence on donors and donor driven policies as weaknesses.
- From the donors' perspective the government sector was seen as an important partner in the development process along with the NGO sector. This is a key finding which counters the myth being perpetuated by many NGOs that donors want direct linkages with NGOs, and do not want to work with the government.
- Many NGOs are already working in ways that may not be strictly legal and not within the confines of the laws under which they are registered. It is difficult to see how accountability to donors alone can achieve widespread transparency and accountability in the NGO sector.
- The case of foreign NGOs with Pakistani branches is also problematic. Many of these branches are registered under Pakistani registration laws, as NGOs, while they actually act as donors. With links across the donor and NGO communities in Pakistan, these branches of foreign NGOs have accumulated extensive clout in the Pakistani development sector. This issue of foreign donors funding NGOs directly is perhaps the key problem in the relationship among donors, NGOs and government, and one to which the donor NGO axis in Pakistan is quite insensitive¹⁵.

¹⁴ Dr. Maqbool, Salma, Chairperson PFFB

¹⁵ Ms. Khan, Sadia, CIDA

- The government viewpoint is that NGOs should be supported and facilitated but there are reservations about the high overhead of some NGOs.

CHAPTER 4: ANALYSIS

NGO's have had a mixed experience of partnership. The word became fashionable during the 1980's as Southern NGO's became more critical of their Northern partners and traditional dependency relationships between donors and recipients were questioned. New relationships are emerging, with increasing collaboration between Northern NGO's and international development agencies, and some direct funding from official donors to Southern NGO's.

While the concept of partnership remains valid, most NGO's face real difficulties in making the concept fully operational. True partnership implies a compatibility of vision, aims, and objectives between the two sides which is all too rare in practice. However, the relationship remains essentially unequal, with one side retaining the right to disburse or withhold funding, and thus, the real power.

The researcher has tried to identify the crucial aspects which influence partnership between NGOs and donors. Following are the key variables that shape the dynamics of this volatile relationship.

4.1 Institutional Development:

In the field of development aid the concept of "institutional development" is obviously dangerous. There is a risk that various institutions which are meant to be intermediaries and means to an end will be treated as ends in themselves, and those whose welfare is supposed to be of final concern, the poorest, will be forgotten and recede into the background. The fact that there is so much uncertainty about the meaning of institutional development, and how it might be identified in practice should perhaps be seen as a warning sign, signaling a dangerous loss of direction and mission.

4.1.2 Capacity Building

Capacity-building is about changing the relationship between the donor and the recipient. It means that donors are less benefactors and more like strategic partners in development.

Donors faced with the task of disbursing large volumes of aid monies are understandably concerned about increasing the capacity of recipient NGOs (or other institutions) to manage large volumes of aid effectively. In contrast to national governments the NGO sector of many countries typically involves a large number of small NGOs and very limited number of large ones. Donors can find themselves in competition for partnerships with large NGOs capable of absorbing substantial amounts of funding; competition which is potentially very destructive of the very capacity that already exists. Development of capacity to operate on a larger scale is justifiable not only because it is expected to make more services available, but that it also helps reduce transaction costs. The alternative of funding many small NGOs involves higher transaction costs.

Funded organizations are also understandably concerned about institutional and capacity development. It can be argued that growth in the size of an organization increases administration costs unless economies of scale can be made. More horizontal integration of information needs to take place and this is typically done through the creation of additional layers within a hierarchy. Economies of scale are only likely to be available where work can be easily routinised. This is possible in theory but not so easy in the case of development projects which emphasize participatory process

Partnership as a mode of development cooperation has gained popularity at a time when the concept of capacity development has been increasingly embraced by development agencies as a strategic priority even if not as a principal development goal of technical cooperation. The link between partnership and capacity development is no accident. The concept of capacity development has to a large extent emerged from the critique of the failure of technical cooperation over the past forty years in fostering sustainable development. An essential part of the critique points an accusing figure at the relationship between providers and recipients of development assistance and at the approaches used, most notably at supply-driven, expert-led, short-term and project-based technical cooperation. It is argued that these have combined to create dependency on external resources, have failed to be responsive to locally-driven agendas and have been unable to promote and sustain local capacities.

Yet if capacity development as an approach to development, privileging notions of participation, ownership, demand-driven agendas, and the process approach has come of age, its practice has been beset by difficulties in terms of identifying appropriate mechanisms, methodologies, tools and instruments. More fundamentally, there is concern that Northern agencies are unwilling to accept the full implications of adopting a capacity development approach and to make the necessary reforms within the aid system in order to facilitate its implementation.

Capacity-building cannot be easily achieved through classic modes of technical cooperation. It challenges Northern agencies to reform the way they do business, and in this regard, partnership emerges as an alternative framework. Accordingly, it may be argued that partnership and capacity development are inextricably intertwined. The debate on partnership needs to be seen in this light. It has been heralded as a new way of engaging in development between the North and the South, and as an approach which supports the renewed focus of the development community on capacity development.

4.1.2 Sustainability

As the overall economic resource base of developing countries is poor, so is the philanthropic giving hence NGOs in the third world are dependent on foreign assistance. While major percentage of the nonprofit funding in industrial countries comes from individuals and the per capita income of the average developing societies is substantially lower, most of the NGOs in developing countries are least hopeful about domestic funding, unless economic development takes place overnight. In addition to the lower volume and volatile operation of businesses that can contribute only negligible amounts to the development of the NGO sector, government tax systems demotivate high-income people to provide donations to the charitable organizations. For an extreme, many high earning economic activities and individuals are not included in government tax systems.

While the issue of NGO self-sustainability in developing countries essentially calls for reduction in foreign dependency by generating resources within the country, it is more concerned with the development of NGOs themselves as financially self-sufficient institutions. It is because the resources available in developing countries are scarcer as the

society's needs are increasing and the NGOs involved in similar activities have been competing with each other.

4.2 Funding Environment:

4.2.1 Cherry Picking

Cherry picking refers to picking some parts of a project, and ignoring the rest. Donors prefer to provide seed-money for ground-breaking, innovative programs with a clear rationale and limited time horizon (typically two to three years). Further, donors may pick projects based on their preferences for particular groups or particular types of activities, i.e. education of rural girls and women, or working children, or bonded laborers. The effect of selective funding of projects by donors is that it promotes certain types of projects at the expense of equally worthwhile projects that are incompatible with donor requirements. Typically, integrated development projects that involve multiple components, that serve a wider community, and that take several years to mature may be less appealing because they do not specifically target a preferred group, or an activity with clear-cut outcomes.

Targeting specific activities or groups and frequent changes in funding preferences by donors creates the impression among development workers that donor funding is based on fads rather than needs on the ground. Furthermore, short term funding makes it difficult to plan ahead, and to create long-term budgets for on-going programs. Consequently, there is a tendency to move toward programs that are likely to receive funding at the expense of programs that may be worthwhile, but that are more difficult to "sell". Holistic development programs are the most difficult to sell because they tend to have longer completion times, and involve multiple components and actors. The purpose of such programs is to act as a catalyst for general community development of a community, and specific objectives may or may not be met in the short term.

Smaller NGOs often work on tight budgets with small staffs, and consequently the grant application process places a formidable burden on smaller organizations. The grant-seeking process is a time-consuming and expensive process for smaller NGOs, and the

expenses associated with grant submission are often paid by NGO personnel. The demands of grant writing, and increasingly, the expenses associated with providing evaluation reports requires larger overheads and personnel related expenses that donors seldom fund. Northern donors are often unaware of the constraints under which smaller southern NGOs labor. Office equipment that is standard issue in affluent countries is expensive to purchase, and ordinary expenses related to compiling, typing, and mailing reports can be exorbitant for smaller NGOs. Consequently, smaller NGOs often rely on larger NGOs or on consultants to help them write grants. The complex demands associated with obtaining grants from Northern sources has spawned a new category of development worker-the grant consultant who offers his or her experience with grant funding organizations to smaller NGOs for a fee.

4.2.2 Reporting

Any donor demand for information means organizational attention has to be directed to donors and not somewhere else. Given the generally powerless nature of very poor beneficiaries to command attention from any organization, donor demands for attention could be at their cost. Material resources are diverted in order to provide the information required by donors. Inappropriate units of analysis are used. Because NGOs are funded to carry out various activities to aid the poorest, they are held accountable for the success of those activities. Their reporting to donors is activity oriented both in terms of implementation and impact. A holistic focus on people, sub-groups and groups of people is lost, along with the implied requirement that the starting point for any review of project progress should be their own assessments of changes they have experienced.

4.3 Performance:

4.3.1 Accountability

The most important aspect of the role of NGOs in developmental process, i.e. providing basic services, is their accountability. Concerns about NGO accountability have been

raised by a number of NGO scholars. Najam ¹⁶ in his conceptual framework for NGO accountability distinguishes three categories of accountability considerations:

- **NGO accountability to patrons:** The most obvious NGO-patron relationship would be that between NGOs and donors. Donors may be both external (for example, governments, foundations, or other NGOs) and internal (members who contribute smaller amounts). The simplest level of responsibility is that of spending designated money for designated purposes.

A more complex kind of patronage is that provided by governments in the form of non-monetary support. This could range from the more active patronage of being provided with accreditation or some other form of privileged status which leads to an ease of operations and/or generation of extra funds (such as tax break) to the more passive patronage of simply being allowed the space in which to operate. Collaboration with other NGOs may also be a form of patronage.

NGO-patron relationships have very clear, though unwritten, lines of responsibility. The mechanisms for enforcing accountability tend to be strong: grants are cancelled, membership dues dwindle, accreditations are revoked, and collaborative agreements are reconsidered.

In many cases, however, the critical danger may be not a lack of NGO accountability or mechanisms of enforcing accountability, but a danger of being coerced, or what may be called the "puppetisation" of NGOs. The rise of quasi NGOs caused by "donor dependency" (especially of foreign patrons) some times is viewed as a danger to a national security and an external attack on local priorities, culture and values.

- **NGO accountability to clients:** The obvious line of responsibility is for the NGO to be accountable to the needs and aspirations of the community it is working with. Basically, serving community interests is the stated primary goal of much

¹⁶ Najam, Adil, 1996, "NGO Accountability: A Conceptual Framework," *Development Policy Review*

NGO activity in development. Often in practice, not only do impoverished communities lack mechanisms of holding NGOs accountable; the process of aspiration definition is also often murky and subjective. Unlike donors, communities can not withdraw their funding; unlike governments, they cannot impose conditionalities. The responsibility of the NGO to the needs and aspirations of the host community is both theoretical unclear and morally less justifiable.

- **NGO accountability to themselves:** This kind of responsibility manifests itself on several levels. NGOs are ultimately responsible to the vision that made them NGOs in the first place. They are responsible to their stated mission, to their staff, to their supporters/members, to their coalition partners, to their larger constituency, and finally to the NGO community at large. Obviously, the specific counters of accountability to themselves are likely to be different for membership and non-membership organizations.

Hence NGOs like most other institutional entities tend to focus principally on their responsibilities to their patrons, very often at the cost of their responsibility to their clients and to their own goals and vision.

Accountability category	Functional Accountability	Strategic Accountability
To patrons	High	Medium
To clients	Low-Nil	Nil
To themselves	Low	Low

Table 3: Levels of NGOs Accountability

4.3.2 Monitoring and Evaluation

Monitoring and evaluation systems are the sources of much the information that is produced for donors, but not the sole source. There are a number of typical problems

facing these which reduce the likelihood of information content having any significant impact. These problems are more likely to be evident when their development is in response to perceived donor demand rather than internal needs. The following table summarizes what seems to be the fate of many monitoring and evaluation systems:

Stages of Development	Degrees of Attention Given
Design	Extensive attention
Implementation	Substantial
Data generation	More
Data interpretation	Less
Use	Some
Evaluation	Minimal

Table 4: Monitoring and Evaluation Systems

Much M&E is as activity focused as the project implementation process it purports to evaluate. Implicitly there is a lot of symbolism and ritual involved. Doing M&E shows capacity to do it, and it shows that the organization and individuals believe in its importance.

Dissemination of research results, and of evaluation results, is typically treated as a residual matter, mentioned at the end of planning documents, but not the centre of attention. (This is less often the case with monitoring systems) Much more attention goes into the planning, especially of methodology. Few proposals for evaluations, or the design of monitoring systems, define how the impact of those M&E activities will be identified.

It may be unrealistic to expect noticeable effects. Most information generated for external use is generated with a bias towards the confirmation of people’s expectations, that everything is going as expected. Despite these negative comments about the impact of information content it is nevertheless true that producing information for donors is essential. Without it, or certain amounts of it, funding is likely to be in jeopardy, and the organizations survival will be at stake.

4.4 Strategic Management:

4.4.1 Governance

Governance, defined as the overall guidance, direction and supervision of an organization, is an area in which is often neglected by the management of voluntary organizations. Rajesh Tandon¹⁷ characterizes different types of board scenarios and presents a range of observed behavior which he terms 'board games':

- 'family boards' (the NGO founder's family members are recruited and the board takes on an informal, closed character);
- 'invisible boards' (the founder convenes a token board from time to time with little real function);
- 'staff boards' (the staff themselves form the board with the result that wider governance becomes indistinguishable from day to day management); and
- 'Professional boards' (individual board members are recruited for their special professional skills).

An organization that does not have its governance function in place not only limits its growth to the capabilities of one executive, but puts itself at risk of immediate decline should that executive depart or prove incompetent or unworthy of the position. Boards are as indispensable to the wellbeing of the NGO as a competent staff, adequate funding, and a clear and necessary mission. Indeed, competent boards ensure that these other three components are in place and working in harmony. If they are not, the board fulfills its governance function by ensuring that these elements are integrated into the organization and are mutually re-enforcing.

¹⁷ Tandon, Rajesh, 1987 , "The Relationship between NGOs and Government," *Mimeo paper presented to the Conference on the Promotion of Autonomous, Development.*

4.4.2 Vague Objectives

It is widely recognized that the achievements of many development objectives, such as empowerment, institutional strengthening and the development of civil society, are difficult to define in advance. Evidence of their achievement is not easy to agree on, and there is no one single path to their realization. Establishing pre-defined near-universal indicators for such changes is inherently difficult. NGOs usually fail to identify specific and measurable objectives. This uncertainty at the outset of the project endangers the entire concept of the operation. With no criteria to measure results, donor expectations are not met leading to confusion and chaos.

4.5 Political Agendas:

In the past, many development NGOs have had a bad reputation with developing countries because they have been seen as arrogant and going into poor countries and telling people how to do things, or doing things for them. They have also been described by some as the modern missionaries, referring to the imperial and colonial times, where things like converting people to Christianity was considered the moral thing to do by European and American missionaries. And even in recent years, some NGOs, aid organizations and development institutions from the "North" have been described sometimes as being tools or part of the objectives of the foreign policy aims of the northern nation from which they come.

There is plenty of evidence that the growth in size and number of NGOs is fed by increased governmental contributions along with greater contributions from multilateral developmental organizations such as the World Bank. On one hand, these conditions have created additional monies for NGOs and GROs [Grassroots Organizations] to develop; on the other hand, they risk becoming so dependent on governments that they have been co-opted and their independence threatened

Apart from the question of neutrality, which services to mask the distribution of power, there is also the larger question of the morality of interventionism. Is donor support to civil society another manifestation of neocolonialism in the post-Cold War era, aimed at

controlling the nature of political regimes and extending global markets? Do donors have the right, let alone the capacity, to shape other civil societies? By projecting their own visions and understandings of civil society, do they not undermine the ability of local organizations to set their own priorities and agendas, to vocalize their own imaginations of social and political change?

It is not that donor programs are entirely negative, but that they are certainly not neutral. By making various assumptions donor agencies risk becoming "creations of the outside, embodiments of external norms and goals, and materially dependent on outside rather than local sources.

4.6 Case Study: The SAP Experience in Pakistan:

The following case study aptly illustrates the interplay of factors as described above, resulting in a semi successful partnership between the Pakistan Government and Multilateral Donor Agencies.

4.6.1 Why SAP?

Pakistan's economic growth averaged 6 percent per year between 1960 and 1990. However, despite graduating to lower middle-income status, the country's social indicators were among the worst in South and Southeast Asia. Successive governments did not see social sector development as a priority. The Government allocated only 3 percent of annual public expenditure to education and health between 1986 and 1992, the lowest of any country in South or Southeast Asia. Further, around two thirds of social sector spending was directed to secondary and tertiary education, hospitals, and other higher level services that primarily benefited the upper socioeconomic groups. The situation of rural people and women generally was particularly dire. The Government started to recognize that this had to be addressed by strong affirmative action. However, projects specific to the social sectors had often produced disappointing results. Meanwhile, social sector spending remained low and was frequently of poor quality. It became apparent that a more comprehensive and coordinated approach was required.

Item	1975	1980	1985	1990
Literacy (%)	23	26	28	32
Female (%)	13	16	17	19
Rural (%)	—	17	—	31
Enrollment – Primary (%)	44	42	45	54
Girl's Enrollment – Primary (%)	27	28	32	38
Contraceptive Prevalence (%)	5	—	9	12
Population Growth Rate (%)	3	—	3	3
Infant Mortality Rate (%)	94	—	116	105
Urban (%)	74	—	92	77
Rural (%)	101	—	126	125
Life Expectancy (years)	—	57	57	57
Access to Water (%)	37	47	—	69
Access to Sanitation (%)	29	—	—	35

— = not available, SAP = social action program.

Source: *Social Development in Pakistan*, Social Policy Development Centre, 1999.

Table 5: Pre SAP Social Indicators

SAP was conceived as an integral part of the overall development planning process, not as an isolated or special program. SAP was intended to provide a policy framework and financing envelope that would cover all sector specific projects and programs in the social sectors.

4.6.2 What was SAP?

In response, the Government, assisted by external agencies, formulated a comprehensive Social Action Program (SAP). SAP covered those sub sectors that had traditionally been neglected and where increased public investment was expected to produce the greatest improvement in well-being—primary education, primary health care, population welfare, and rural water supply and sanitation (RWSS), the “SAP sectors.”

SAP Sector	Outputs
Primary Education	Construction of new schools and renovation of existing schools with an emphasis on girls' schools. Recruitment of additional teachers with an emphasis on female teachers. Increased primary enrollment with focus on girls' enrollment.
Primary Health Care	Upgrading and limited new construction of rural health centers and basic health units. Recruitment of female health workers and traditional birth attendants. Increased level of immunization and distribution of oral rehydration salts.
Population Welfare	Recruitment of additional village family planning workers. Increased contraceptive prevalence rate.
RWSS	Increased coverage of RWSS. Adoption and implementation of a uniform policy resulting in community ownership and management of schemes.

RWSS = rural water supply and sanitation, SAP = social action program.
Source: Loan 1301-PAK(SF): Social Action Program (Sector) Project, Report and Recommendation of the President, 1994.

Table 6: Out Put of SAP

SAP specifically aimed to reduce or eliminate urban-rural and gender disparities. The primary approach was to significantly increase the level of public funding for the SAP sectors and to improve the quality of that expenditure, in particular by increasing the proportion of nonsalary to salary expenditure. While the main focus was on public expenditure, it was recognized that the Government could not achieve the desired results by itself and that a coordinated effort involving the community, non government organizations (NGOs), and the private sector was necessary. It was also recognized that a number of policy reforms would be required and that public sector institutions would need to be strengthened.

SAP formed a key part of the Government's Eighth Five-Year Development Plan. The cost of the first three years of SAP was estimated at \$4 billion. Of this, the Government planned to fund \$3 billion and sought funding agencies' support for the balance.

Category of Subprojects	Three-Year Program Cost (1993/94 to 1995/96)
Education	2,382
Health	571
RWSS	576
Federal Programs	354
Total	4,020

RWSS = rural water supply and sanitation, SAP = social action program.
Source: Loan 1301-PAK(SF): *Social Action Program (Sector) Project*, Report and Recommendation of the President, 1994.

Table 7: Estimated Cost of SAP

Led by the World Bank, a number of funding agencies, including the Asian Development Bank (ADB), agreed to jointly support SAP. As part of this support, ADB approved the Social Action Program (Sector) Project (SAPP I). Its goal was to improve the social well-being of the population of Pakistan, in particular of those in rural areas and of women. The objectives were to (i) increase absolute and relative funding for the SAP sectors, as well as the timely release and protection of this funding; (ii) increase funding for the non-salary component of SAP expenditure; (iii) reduce gender and urban-rural disparities; (iv) decentralize SAP sector finance and administration; (v) increased community involvement; (vi) increase private sector and NGO participation; (vii) adopt and implement a series of policy reform measures; and (viii) create effective intersector linkages and coordination.

Source	Amount (\$ million)
Borrower-Financed	3,050
ADB	100
World Bank	200
Ministry of Development Cooperation, Netherlands	13
Department for International Development, United Kingdom	17
Others	88
Umbrella Projects	552
Total	4,020

ADB = Asian Development Bank, SAP = social action program.
Source: Loan 1301-PAK(SF): *Social Action Program (Sector) Project*, Report and Recommendation of the President, 1994.

Table 8: Participants of SAP

4.6.3 How SAP Worked

SAPP I was the first attempt to adopt a cross-sector approach to improving basic social indicators in Pakistan. Prior to SAP, funding agencies and the Government had focused on individual sector projects. SAPP I was a response to the reality that sector-specific initiatives were performing poorly and that a different approach was needed. SAPP I was innovative and, irrespective of the outcome, credit should be given for a willingness to experiment with a new approach. The underlying logic for bundling the SAP sectors as a program had three elements to it.

- First, and most important, it aimed to create a quantum gain in political and bureaucratic acceptance of the importance of social sector development and the need to allocate more resources to these sectors. SAPP I is widely credited with being extremely successful in this regard.
- Second, it was seen as an effective way of dealing with broader policy issues that cut across all the social sectors, namely, community participation, decentralization, private sector and NGO participation, cost recovery, and the common need for improved planning, monitoring, and evaluation systems. Results in these areas were mixed
- Third, the program approach aimed to capture synergies between the SAP sectors—between health, population, education, and RWSS—but little, if anything, was achieved in this regard. The relevance of the program-wide approach was high, but the results were mixed.

In the first year SAP was a planning and financing exercise in which some policy initiatives were taken and the extremely low budgets were increased significantly. Government recognized that it couldn't sustain this commitment to reverse the decades of neglect of its basic social services without external support and sought donor assistance. Donors, who were already providing support to the four sub-sectors to little effect, saw an opportunity to have greater influence on policy and implementation for the whole of basic social services, and responded positively.

The SAP process was quite simple. At a macro level there was a five-year financing plan and policy framework covering sector policy, strategies and reforms, which were reviewed annually. The donor financing reimbursed a proportion of all expenditure, recurrent and development, agreed under the financing plan. Reimbursement encouraged increased budgets and ensured they were maintained. In return, the donors were involved in discussion and agreement on the sector strategies, operational practice and policy reforms.

4.6.4 SAP in Practice

From the outset the World Bank acted as lead donor, coordinating other inputs and managing the dialogue with the government. Particularly during the first project, the World Bank's resources and style dominated. The policy dialogue, which was at the heart of SAP, became focused on the World Bank led supervision missions. The distinction between SAP as a government program and the project supporting it became blurred. SAP was seen as a donor, and often a World Bank, construct. The donors paid undue attention to the detail of operational plans taking the initiative away from the Provincial Government service departments. The pattern became one of detailed scrutiny of these implementation plans through traditional project supervision with less attention paid to the sector policies, strategies and reforms.

At Federal level there was a continuing emphasis on the macro financing issues but a gulf emerged between this national perspective on the financial envelope and the reality in the Provinces. The donor leadership militated against increased ownership particularly amongst Federal and Provincial politicians. The key interlocutors were the Provincial Department Secretaries and the Federal Planning Commission. Ownership, energy and commitment here was not reflected at the political level and as most of the effort was put into the donor dialogue understanding was not spread down to implementation level and on to the public. Donor co-ordination and World Bank management arrangements were reviewed at the end of 1997. For the second project the World Bank appointed a senior social sector team leader in Islamabad, finally shifting all the management of SAP to Pakistan, and the donor group agreed a more collaborative and participative approach.

4.6.5 Impact of SAP

A project completion report (PCR) was prepared in June 1999. The PCR rated SAPP I successful. On the positive side, the PCR noted that

- Incremental SAP expenditure targets were largely met;
- Girls' enrollment increased;
- Health service provision improved;
- The contraceptive prevalence rate improved;
- A uniform policy on RWSS was adopted; and
- Coordination of external funding was good.

It also noted that

- There was opposition to the reforms in the lower levels of the bureaucracy;
- Progress with community empowerment was slow;
- There were deficiencies in monitoring the ambitious targets; and
- Weak institutional capacity and high staff turnover were major impediments.

The overall rating was partly successful. SAP I was an ambitious attempt to improve the social conditions of the Pakistan people, particularly women and those in rural areas. SAPP I was an innovative and relevant concept. Despite the rapid population growth and inflation and the Government's fiscal constraints, SAPP I helped preserve, or even slightly increase, per capita social sector spending in real terms. In some sectors, the investment component performed below expectations as more than half of the funds were directed to the education sector where results were disappointing. The focus on incremental expenditure and a greater share of non-salary expenditure channeled

exclusively through existing public sector systems improved outcomes less than envisaged. The program component had mixed results.

SAPP I had its greatest success in the substantial dialogue generated and the consequent commitment to social sector issues and development. A useful start was made to greater community participation and decentralization but little progress was made in involving NGOs and the private sector. SAPP I's lack of support for private sector service provision was a drawback. Where there were positive results, as in the health sector, it was not always possible to attribute these to SAPP I initiatives.

Notwithstanding the partly successful rating, SAPP I was a creditable performance within the context of Pakistan.

4.6.6 Lessons from SAP

SAP demonstrated that it is possible to begin to reform basic social services through a sector wide approach to financing and planning even where many of the prerequisites for change are not present. However progress is slow and takes time, patience and persistence. Unless Government ownership and leadership is acknowledged and strengthened progress will remain limited. SAP was opportunistic. A timely initiative was taken to raise the profile of social services, which gained sufficient government support to become viable. Donors, aware of the failure of existing projects to make an impact responded. However, in an environment of extreme political abuse and poor institutional development, improved governance and institutional reform may not have been preconditions for starting SAP but were essential prerequisites for its success. Although initial expectations were modest they grew amongst all stakeholders to unrealistic levels. Ambitious expectations, accountability, attribution, and individual donor policy objectives may have to be sacrificed if policy development, owned and led by the Government is to be achieved.

CHAPTER 5: RECOMMENDATIONS & CONCLUSION

5.1 Framework for Partnership:

The researcher in light of the findings and analysis of the topic proposes the following framework for establishing, fostering, nurturing and developing a fruitful partnership. This framework can act as a guiding document to NGOs and Donors in order to maximize the benefits and minimize the shortcoming of the double edged relationship.

5.1.1 Getting the Process Started

- **Concepts, content & capacities.** A partnership is most effective between organizations sharing a sufficiently strong value base and having similar conceptual orientations. Respective interests do not have to be identical, but should be sufficiently close as a base for identifying common interests and facilitating mutual cooperation. The comparative strengths each partner can bring into the process should be recognized and clarified. Subsequently formulated programs of work should reflect these and divide responsibilities between the partners. As a general rule, the principle of ‘not forcing an organization into partnership work for the sake of partnership’ should be applied.
- **Incentives for partnering.** Partnerships between organizations are normally not entered into for idealistic reasons. Enlightened self-interest should be the starting point for discussion, which implies that respective motivations and self-interest for partnership need to be recognized and taken account of from the outset. The decision to go for partnership should be part and parcel of an organization’s strategic plan and should not be driven by the motivations of individuals. Partnerships working with hidden agendas are bound to be short-lived.
- **Formalizing partnerships.** The negotiation of partnerships should lead to the formulation of agreements, such as letters of intent or memoranda of understanding with attached work plans and budgets. But these agreements should

not be too formal, since over-rigid formulations approximating to contracts will be counterproductive. These memoranda of understanding can surely not be taken as the ultimate indicators of successful organizational relationships. But one has to acknowledge their use in terms of giving expression to an intense inter-organizational process of exchange, serving as a starting-point from which further action can be taken. Such agreements should state the basic reason for partnering, and clarify the partners' respective viewpoints and approaches.

- **Envisioning the future but starting small.** A long-term outlook combined with a shared vision on where the partnership could lead to will be needed from the beginning. But to get the process rolling, it is advisable to start small and progress in a step-by-step manner. Concrete cooperation on very selected topics, or around a fairly specific work agenda, combined with a phasing of activities based on realistic time frames and work plans, has proven to be an effective way of building up joint track-records. Building partnerships should be regarded as a gradual process, requiring a pilot period at the beginning to verify the respective understanding of the partnership concept and to test commitment and capacity on both sides.
- **Time.** Working through a genuine partnership arrangement is more complex and time-consuming than engaging directly with a contracted partner for the execution of specific tasks. Time needs to be reserved for a proper initiation process during which informal individual contacts or ad-hoc collaborations can be nurtured into an organization-wide partnership, built on trust and common interest. During the process, a relative high level of contact time is needed to keep the process alive. This time dimension is frequently a problem for those partners who are required to stick to rigid planning cycles, reporting procedures or monitoring criteria.

5.1.2 Power and Responsibilities

- **Funding and power relations.** In the context of North-South partnerships, the inequality in the distribution of resources has to be recognized and dealt with. Genuine partnerships can only be realized if both partners are able to bring

resources to the process, or are able to influence the partnership process through other mechanisms. In the absence of opportunities for funding the process on an equitable basis, alternative ways of establishing mutuality and reciprocity are required. So-called ‘power shifts’ in favor of Southern organizations in order to keep relations more balanced, e.g. the control and management of budgets, should be considered as a viable option. Alternatively, attention should be given to mechanisms for joint fund-raising in which the Southern partner plays a leading role. Equally important, however, is a more flexible application of financial reporting and accountability procedures, which very often govern a relationship in favor of the North.

- **Responsibilities and leadership.** A ‘junior-partner’ relationship in which the Southern organization follows its Northern counterpart is no basis for partnering. Both organizations should be equally involved in the process, based on a division of tasks and responsibilities. In terms of empowering the weaker partner, the equity principle must be given concrete expression, in particular through the ability to control resources. As a consequence, leadership and task management of specific activities must be agreed upon. Sensitivity to organizational cultures and management styles is essential as a basis for making concessions and respecting organizational differences.
- **Organizational structures and hierarchies.** Before a partnership is established, a careful analysis should be made of hierarchies, procedures and management systems of the respective organizations, as a basis for designing a system of program management that is acceptable to all sides. Both sides should be responsible for performing this self-assessment, as well as analyzing their counterpart. Special attention should be given to this aspect in situations in which organizational structures are not transparent – this might be the case with young organizations, or organizations trying to experiment with new forms of organizational structuring.

- **Build relations with organizations and not individuals.** The process of establishing partnerships between organizations tends to lean on the motivation and initiative of individuals. Careful attention should be given to building individual contacts into organization-wide support and to ensuring that individuals and their particular involvement in a partnership can be replaced by other staff. Thus, the respective organizations should be seen as the basis on which to build relations. This organisation-to-organisation approach, however, should not lead to an overload of work or an additional strain on resources. A careful balance needs to be sought in this regard.
- **Internals and tension.** Partnership arrangements can have an impact on the organizational dynamics of the respective partners and may evolve into major change processes. The greater the intensity of the partnership, the more likely one partner is to become confronted with or involved in the other partner's internal affairs. Potential internal tensions, conflicts and power struggles within the partner's organization need to be recognized and taken account of in managing the partnership.

5.1.3 Managing the Process

- **Physical distance and communication.** Physical distance between partners is in itself no reason for the success or failure of effective partnering provided that means of communication are found to compensate for the non-availability of personal interaction. If applied properly, new information technology can function as an asset in this regard. It is important that the partners should share a common understanding of effective ways of working, as well as an acceptance of each other's working culture, in particular towards the use of modern information tools for effective communication and information exchange.
- **Manage the partnership process carefully from both sides.** Account should be taken of interpersonal relationships, individual attitudes and potential cultural differences. Do not underestimate small set-backs or misunderstandings caused by whatever reason – these can easily result in suspicion and mistrust and can break

the process. Even considerable time inputs and other up-front investments cannot prevent such problems from occurring.

- **Matching rhetoric and deeds.** The partnership concept and terminology is bound to create considerable expectations. ‘Doing what has been agreed’ is important and is valued as the guiding principle on which to build trust. Consequently, there should not be a long time span between discussing and formalizing concepts, and the subsequent realization of activities. Outputs and outcomes need to be shown after a reasonable period, as the credibility of the approach will otherwise be called into question.
- **Creating transparency and openness.** Partnerships advance best with a continuous flow and sharing of information between the partners without holding back essential facts and figures. This will provide a sound base for reporting on tangible and non-tangible results to the upper levels. In addition, transparency on what has been undertaken and realized should be shared with clients and stakeholders in order to facilitate their feed-back on the utility of products and services. Only through this downward accountability can the usefulness of the partnership be judged and decisions be taken on its continuation.
- **Sharing profits and failures equitably.** In order to maintain the partnership process, the respective sides should share profits attributed to the partnerships, but should also take shared responsibility for failures. A potential imbalance in power between the partners should not be misused to shift either a negative result to the weaker side, or to pass on honors to the stronger partner. The setting up and administering of a joint monitoring and evaluation system, with agreed indicators and time frames, might be helpful in this regard.

5.2 Conclusion:

Although the concept of partnership is new to the development lexicon, yet it has generated much debate and discussion. In rhetoric partnership proclaims to be the panacea of all evils, however in reality it is fraught with many hurdles as outlined by this

report. NGOs, Donors and Government agencies must realize that there exists a symbiotic relationship amongst them. Degeneration of any one of the entities would lead to the fall out of the whole social welfare system. The ultimate objective of voluntary service and development aid is the uplift of the underprivileged classes of the society. The welfare sector in any country must realize that they are the hand of God; therefore a divine responsibility lies on their shoulders. To fulfill this obligation the elements of this partnership must ensure that all their synergies are combined. Only then can partnership be the savior of mankind.