

# Empowering service providers: NGOs and aid effectiveness

*The role of NGOs in development co-operation is highly controversial. While they tend to discourage efforts towards good governance and empowerment of the poor if they are misused as a prolonged service provider arm by donor agencies, they have a crucial role to play in improving governance and empowering the poor by assisting in establishing a locally rooted and inclusive civil society.*

In the context of the Paris Declaration on Aid Effectiveness the role of Non-Governmental Organisations (NGOs) in development co-operation needs to be reconsidered. In the course of the structural adjustment and privatisation agenda of the 1980s/90s, the NGO sector experienced a dramatic expansion in most developing countries. Donor agencies, which were urged to refrain from direct project implementation on the ground while being confronted with defunct government institutions, started making use of NGOs in partner countries in order to get services delivered to the people. Thus, a considerable share of donor funds has been channelled through local NGOs. The Paris Declaration, by focusing on Good Governance, democratic ownership and harmonisation of donor interventions, may affect the role of NGOs in development co-operation in different ways: The new funding mechanisms, such as multi-donor budget support and programme (basket) funding, are strongly central

government-focused. Direct financial flows to NGOs would be reduced if the Paris Declaration were to be strictly implemented. On the other hand, the Paris Declaration puts much emphasis on *democratic* ownership, on the inclusion of a wide range of stakeholders and on civil society participation. This requires the NGO sector assuming a strong role.

In the past, the debate on NGOs in development cooperation was dominated by the question whether or not they are a more effective and people-oriented development agent than government administration or private business. Taking the experiences with NGOs of the South as development agents and the current discussion on aid effectiveness into account, the debate needs to be refocused around the question of what roles NGOs can play within a more effective aid architecture with a greater impact on poverty.

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## *Poverty Reduction and Good Governance need an inclusive civil society*

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A story from Zambia: Poverty Reduction Strategies (PRSP) were drafted by national government with strong "civil society" participation in the capital Lusaka. Programmes under this strat-

egy were funded and implemented. A local-level assessment in a couple of rural districts (Eberlei et al.) revealed that programme funds (e.g. credits) did not reach the poor but only the upper-strata of the population, traditionally enjoying access to government institutions and their support programmes. Some district officers were not even aware that the allocations from national level were part of a Poverty Reduction Strategy. People commented that PRSP was nothing but a capital city show. The NGOs involved in the PRSP drafting process definitely were capital city NGOs. They were neither involved in local level implementation, nor were they rooted in a local civil society.

The message of the story is obvious: Unless the poor are organised, unless there is an inclusive locally rooted civil society, there will be little scope for reduction of poverty. Unless the disadvantaged are empowered, they will remain the losers in a democratic struggle for access to public services and to scarce natural resources (land, water), and they will turn out to be losers in the sphere of deregulated markets (e. g. for better prices). Without such a locally based and inclusive civil

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### Definitions

#### **Civil Society Organisations (CSOs):**

Voluntary associations of private people or businesses for the sake of representing common interests (like NGOs) or the specific self-interests of their members (like trade unions, chambers of commerce, farmers associations).

#### **Non-Governmental Organisations (NGOs):**

They only include associations established for the pursuit of common or public interest (charity, social development, human rights, democracy or environment).

#### **Self-help Organisations (SHOs):**

Organisations established primarily for the immediate interests of their members (e.g. co-operatives, water user committees, youth clubs).

#### **Community-based Organisations (CBOs):**

CSOs which are locally rooted. These may be SHOs or NGOs.

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# INTERNATIONAL PLATFORM

society, local democracy and accountability will not work, and governance will not improve. Moreover, CBOs such as water user committees, health committees or marketing groups are a prerequisite for pro-poor service systems, in particular in rural areas. The masses of the rural poor can only gain access to public and private services and markets if they are organised and able to contribute. And their service requirements will only be met if they are provided with the power to demand access and to control service provision from below.

Therefore, a more conducive political and institutional framework at national level and wider democratic opportunities are not enough, if nobody is there to assist the weaker members of a society to make use of these opportunities and to demand services. Good Governance starts from the ground. And aid will only become more effective on the ground if it is prepared to face the challenge of local-level empowerment.

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## *An inclusive local civil society needs support by the NGO sector*

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NGOs, whether based in the South or in the North, have a range of well-known and uncontroversial roles in a development process: They act as lobbies in favour of public concerns. They assume a watch-dog role vis-à-vis governments and the private business sector, to achieve more transparency and accountability. And they are directly involved with their own organisational and human resources in emergency aid and charity roles. In many countries, not only in those of the North, their activities are based on a considerable degree of voluntarism and on donations. In democratic societies, where the importance of an active civil society is recognised, they tend to get financial support from the government. In poor countries, they depend to a high degree either on donations from Northern NGOs or on financial support from Official Development Assistance (ODA).

Southern NGOs are also very impor-

tant in establishing an inclusive, locally rooted civil society. This includes mobilising disadvantaged groups and assisting them in forming and managing local organisations. Formation of CBOs and empowerment of poor people will not happen on its own. This is true in particular in clientelistic societies, where the poor rather tend to rely on support from their patrons than fighting for their rights. And there is nobody except for the NGOs who can provide such empowering support: Governments are hardly the right agents to mobilise precisely those people whom they have tended to neglect. They would rather create a state-dependent civil society in line with party politics than independent partners. Neither is private business interested in empowering poor small-scale producers to become strong market partners.

An area-wide social mobilisation is a costly task which cannot be afforded by South NGOs alone. But it is a temporary task leading to sustainable empowerment. Thus, donor support is required, and it is justified. As it is unlikely that MDGs will be achieved on a lasting basis without empowering the poor, the costs for social mobilisation need to be financed via ODA through direct funding of NGOs doing the job of social mobilising. Genuine and inclusive democratic ownership, as envisaged by the Paris Declaration, can only emerge on the basis of investments into the social capital of the poor, into a strong, locally-rooted civil society.

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## *The disempowering effect of misusing NGOs as service providers*

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Many donor agencies tend to engage NGOs in partner countries in a very different role: as providers of regular public or private services to their target groups. Thus, local NGOs provide water supply systems, credits, fertiliser, transport services or public health facilities to communities – all financed by donor agencies. In other words: Donors, who are no longer directly involved in



project implementation, tend to misuse NGOs as their prolonged arm for a disguised continuation of their by-passing practices. On paper, these NGOs are engaged for “social mobilisation” and “empowerment”, for capacitating poor communities to gain access to government or private services. But in reality NGOs and their international donors – being under pressure to quickly present effects of their activities – tend to go the easier way: Rather than taking the cumbersome effort of linking their target groups to the state or private service providers in charge, they please their groups by starting to provide those services themselves to get things going. Many local NGOs feel comfortable to be misused by their funding partners in this way for several reasons: It is in line with their philosophy to consider themselves as an alternative to the state (or private business) rather than as a complementary player. Moreover, many of their staff are former government officers who see their strengths in the provision of physical services rather than in organ-





Photo: Global/Alvarez

*Without a locally based and inclusive civil society, there will be little scope for a reduction of poverty.*

contract-based providers of regular public or private business services are highly problematic due to a number of reasons:

- This kind of service is neither sustainable nor replicable. All disadvantages of the conventional project approach ("projectitis") of development co-operation apply to it.
- It creates dependency of local people on external donors rather than empowerment and democratic control from below.
- It reinforces traditional patterns of clientelistic dependency and patronage between poor people and NGO staff, rather than promoting the process of transforming such relations into systems of democratic decentralised governance or of (fairer) market relations.
- By replacing the state, it discourages efforts to improve governance, public participation and the role of elected councillors.
- As donors prefer to select good NGOs with a strong record as genuine and dedicated civil society organisations, they tend to side-track these NGOs from their genuine watch-dog

and advocacy roles. At the end of the process, political organisations with a highly motivated membership have been transformed into consultancy companies fetching for contracts.

Thus donor-funded service-providing NGOs counteract efforts towards empowerment of the poor, improved governance with inclusive and reliable provision of public services and towards strengthening the civil society.

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*Conclusions: More ODA for civil society promotion but not for service-provider NGOs*

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While a higher share of ODA funds should be allocated for local-level capacity building and organisational support, donors have to refrain from the practise of channelling funds for provision of public and private services through local NGOs. External funds for regular public services have to be channelled through the government system via programme-based basket funding facilities. NGOs need to be funded for enabling communities to get access to those state-financed public services. NGOs which act as providers of public services, e.g. faith-based NGOs in the health or education sector, should do so only on behalf of the government or based on donations, but definitely not on behalf of donors.

isational development. And last but not least, for NGOs it is good business. So all partners involved, the donor agency, the local NGO and the target groups, will be happy until the question of 'phasing-out' and sustainability comes up during the last project phase.

Such widespread arrangements between donors and local NGOs as

## Zusammenfassung

Im Rahmen der Debatte um die Erhöhung der Wirksamkeit der Entwicklungszusammenarbeit gilt es, die Rolle von Nicht-Regierungsorganisationen zu überdenken. Die in der Paris-Erklärung angestrebten Formen von Budgetfinanzierung stellen die verbreitete Kanalisierung von ODA-Mitteln über NGOs tendenziell in Frage. Andererseits erfordert eine demokratische Verantwortlichkeit der Partnerländer eine starke Rolle von NGOs beim Aufbau einer echten Zivilgesellschaft. Allein NGOs sind dazu geeignet, benachteiligte Bevölkerungsgruppen in demokratische und marktwirtschaftliche Prozesse zu integrieren. Hierfür benötigen sie eine

direkte Finanzierung aus ODA-Mitteln. Damit sie diese Empowerment-Rolle effektiv erfüllen können, dürfen sie allerdings nicht weiterhin von Geberorganisationen als verlängerter Arm zur Bereitstellung von öffentlichen Dienstleistungen missbraucht werden.

## Resumen

En el marco del debate sobre el incremento de la eficacia de la cooperación para el desarrollo, cabe reflexionar sobre el rol de las organizaciones no gubernamentales. Las formas de financiamiento presupuestario preconizadas en la Declaración de París cuestionan la muy difundida canalización de fondos

de AOD a través de las ONG. Por otro lado, una responsabilidad democrática de los países contraparte demanda un rol preponderante de las ONG en el establecimiento de una verdadera sociedad civil. Las ONG son apropiadas para integrar a los grupos poblacionales desfavorecidos en los procesos de la democracia y la economía de mercado. Para ello requieren un financiamiento directo a través de fondos de AOD. Sin embargo, a fin de que las ONG puedan cumplir a cabalidad con este rol de empoderamiento, se debe impedir que las organizaciones donantes sigan abusando de ellas como medio para extender el alcance de los servicios públicos.