A Growing Role for NGOs in Development

Increasingly, the World Bank and other development agencies are working with nongovernmental organizations

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Nongovernmental organizations (NGOs) have grown rapidly in numbers in recent years and now are taking on a larger role in development work. Their influence has grown with the growth in their numbers and in the amounts that they disburse. In 1983, NGOs from developed countries provided grants of some $3.6 billion (equal to 13 percent of official development assistance), mostly raised by themselves, to developing countries. By 1987, such NGOs were providing about $5.5 billion—nearly $1 billion more than credits from the International Development Association in 1988 (see chart).

Today, these organizations are active both in the industrialized world and in developing countries in raising funds for development and providing other forms of assistance. While the World Bank continues to work primarily with member governments, NGOs are increasingly involved in Bank-financed activities. During fiscal year 1990, NGOs were collaborating in some 50 Bank-supported projects, the most (nearly 20) in Africa. This is a substantial increase over the average 15 projects in the period 1973-87. This article reviews recent experience to provide answers to these and other relevant questions about NGOs and development.

Development NGOs

Most noncommercial institutions outside the government could loosely be termed NGOs. The Bank, however, defines developmental NGOs as those private, nonprofit, organizations that work with developing countries to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development. Such NGOs include agencies in industrial countries that support international development efforts. A number of Canadian NGOs, for instance, work with the Canadian International Development Agency in providing aid to developing countries. Nordic NGOs and those in the United States and Europe are increasing their efforts in this field.

In the developing world, too, there is heightened activity by local NGOs. Bangladesh, for example, has over 10,000 NGOs registered with various government agencies although only some 230 are authorized to receive foreign funds for development purposes. In Kenya, there are over 130 “modern” indigenous NGOs. These service-oriented or intermediary agencies, however, interact with a larger number of grassroots self-help organizations (26,000 in 1988). Brazil counted over 1,000 NGOs in 1966, but this estimate does not include numerous rural associations, unions, and cooperatives. Until recently, countries in the Middle East and Eastern Europe have had fewer NGOs than elsewhere. Nevertheless, Jordan has over 400. Civic associations, foundations, and other nonprofit agencies are being revived in Eastern Europe. NGOs in the developing countries are increasingly independent and...
assertive in their relations with funding agencies from the industrial countries.

While NGO numbers and resources are impressive, their coverage is often limited, quality varies, and their impact provokes debate and occasional skepticism. In Bangladesh, for example, NGOs cluster around Dhaka and three districts. Specialized health and family planning NGOs work in about 13,000 out of over 80,000 officially recognized villages. NGOs with strong credit programs, including 400 branches of the Grameen Bank, reach only an estimated 6 percent of the population below the poverty line.

Judging performance

NGOs should be judged, however, not so much by their numbers and resource flows as by the contribution they make to raising awareness of development issues and moving other institutions to become more responsive to the needs of the poor. But not all NGOs are well equipped for this task, despite the best of intentions. Many small NGOs still need to develop their managerial capacity. A large number are founded and managed by one leader. There is occasional mismanagement, or even misdirection, of mission in any number of countries. To encourage mutual support among NGOs in developing countries, NGO umbrella organizations are being strengthened by NGOs themselves or through external assistance.

The 1970s and 1980s saw the emergence of advocacy groups, national and international NGO consortia, and the extension of cooperation with official aid agencies in Latin America and elsewhere. In Africa, the emergence of self-help groups and their associations led to adaptations of aid flows and procedures to benefit local groups.

Overall, evaluations by donor countries confirm that international NGOs have been effective in their ability to work at the grassroots level and to operate in remote areas, or those sectors that did not have efficient development activity. Their role in sensitizing governments and development organizations to the environmental considerations of projects is well documented. But there are limitations in the area of management, local staff training, and the ability to replicate projects and collaborate at appropriate levels with government services.

Traditionally, NGOs, being voluntary organizations, have tended to keep costs down. With the professionalization of staff associated with the shift in the nature of their work away from immediate relief, administrative and training costs have tended to increase. Recently in Chad and elsewhere in Africa, questions have been raised about NGO overhead costs in comparison with the for-profit consulting sector. In Bangladesh, where NGOs are more numerous, costs seem to be within acceptable limits and NGO staff salaries and benefits are on par with those of comparable government employees. Measuring benefits from the work of NGOs is complex, particularly when the benefits are long term or intangible. Further, the absence of starting data constrains analysis of recent trends.

For many years, the basic focus of evaluation of NGOs was on small projects initiated by NGOs, or the assessment of NGO components within large projects. In recent years, there has been a movement away from project-centered evaluation to assess the institutional development contributions of NGOs. In this process, there has also been greater awareness of the relevance of government actions to the effectiveness and outcome of NGO endeavors.

Relations with governments

Many developing countries’ governments are actively seeking ways to encourage more NGO action. Governments in India, the Philippines, Bolivia, Mexico, Jordan, Egypt, Uganda, and Togo belong to this group. The Governments of Guatemala and Honduras have worked closely with NGOs to design social development funds aimed at cushioning vulnerable segments of society against the shocks of economic recession and structural adjustment. Nevertheless, relationships among NGOs and between them and governments are not free of distrust.

While some governments are inclined to let NGOs take the lead on controversial development issues—family planning, for example—many developing country governments are suspicious about NGOs and their self-appointed role as agents of change. According to some observers, the growth of NGOs often poses a dilemma for the state, especially in societies where voluntary associations did not play a formative role and where the state predominated. Some governments insist on their sovereign political right to act as gatekeepers between organizations within their borders and agencies from the outside world.

The tensions in government-NGO relationships stem from the fact that they sometimes find themselves in political and economic competition. In Africa, small community groups have shown a surprising ability to raise substantial amounts of money on their own. Some governments are suspected of wanting to tax or otherwise take control of people’s organizations and resources. In addition, increased amounts of ODA are being funneled through NGOs. This has caused some governments concern, particularly in light of stagnating overall capital flows. In the political arena, the ability of some NGOs to organize people—especially the poor—around long-neglected social issues has caused concern in some governments. On development grounds, there appear to be strong arguments favoring the encouragement of collaboration between NGOs and governments. As the Bank’s World Development Report 1990 points out, development aid has not always come up to its full potential. Aid can be made more effective by linking it more directly to the antipoverty impact of countries’ overall policies. Getting experienced NGOs into national and local policymaking, program design, and project formulation may contribute to development that is more sensitive and responsive to the needs of the poor.

World Bank and NGOs

As a major international development institution, the Bank has been searching for ways to work together with NGOs and to support opportunities for governments and NGOs to work together. The Bank recognizes that such cooperation is important in addressing the social and environmental problems of development, and in meeting its basic objective of reducing poverty.

Many NGOs share these concerns, but they are quite different from the Bank in their approach. As stated earlier, in general, NGOs’ distinctive strengths are their grassroots presence and humanitarian focus. The Bank’s main strengths are its international character, broad perspective, and economic expertise.

Cooperation between them could make both NGOs and the Bank more effective. At
In this juncture, the Bank is devoting the bulk of its NGO-related effort to operational collaboration. Policy dialogue and work with NGOs involved in development education and advocacy are also important for broadening international and national support for development. But this is still a developing area of cooperation with NGOs. It is, however, expected to increase, for example, in support of efforts to build global coalitions for universal basic education or on behalf of assistance to Sub-Saharan Africa.

Policy dialogue with NGOs has been anchored in the NGO-Bank Committee, established in 1982. The Committee is composed of senior Bank managers and 26 NGO leaders from around the world (about three fifths from developing countries). The Committee provides an international forum for stimulating discussion between the Bank and the broader, worldwide NGO community, on a range of issues. It has concentrated on expanding NGO involvement in Bank-financed operations; issues of public access to Bank-generated information; popular participation in development decisions; and debates about the poverty and environmental impact of Bank-supported economic policies.

Meanwhile, cooperation with NGOs in sector or project work has been marked by remarkable growth. In 1988, the Bank began a systematic, institution-wide effort to expand the involvement of NGOs in the projects it finances. Since then, the number of Bank-supported projects involving NGOs has more than tripled, and the frequency of NGO involvement in project analysis and planning—not just implementation—has increased. Of the 228 projects approved by the Bank’s Executive Board of Directors in fiscal year 1990, 50 involve NGOs, a clear contrast to the yearly average of 16 projects during the previous 17 years.

NGO involvement in analytical or sector work has been most evident in the preparation by governments of environmental action plans. In Lesotho, Madagascar, Mauritius, Rwanda, and elsewhere in Africa, governments have worked closely with NGOs to assess environmental conditions and concerns, and to lay the ground for identifying projects. In India, an NGO has been involved in planning a resettlement program for thousands displaced by the construction of the Upper Krishna Dam in Karnataka.

In its concern for increasing beneficiary involvement and coverage, while looking for more efficient mechanisms to provide resources to the poor, the Bank has been experimenting with a variety of special funding mechanisms. Although the Bank has not gone as far as the European Community with its Development Fund, for example, in earmarking direct grants for NGOs, attempts are being made to find ways to channel funds from the Bank through governments to NGOs and hence the poor. Three IDA credits for the Emergency Social Fund in Bolivia paved the way. Over $40 million, or one quarter of this fund, was channelled through NGOs.

The Bank’s first free-standing NGO project, the Togo Grassroots Development Initiatives Project, established a flexible institutional framework for collaboration between the government and NGOs. The project provides $3 million for grants to finance community-based development projects designed and carried out by NGOs and project beneficiaries. A joint government-NGO committee, assisted by a division of the planning ministry, decides on NGO requests. The NGOs and communities are required to meet 30 percent of the costs of their projects in cash or kind. Projects designed to extend credit to women through NGOs are being considered or attempted in The Gambia, Ghana, Jordan, and Malawi.

In Bangladesh, the Bank’s interest in expanding the role of NGOs in poverty reduction led it into a discussion of unnecessarily cumbersome official regulation of NGOs. This helped set the stage for discussions between the Government and Bangladeshi NGOs and some modification of regulations and procedures that encumber NGOs. Similarly, in India, Indonesia, Nepal, and the Philippines, the Bank has been involved with both governments and NGOs in assessing policies and practices that may improve the relationships between the public sector and NGOs.

While examples of NGO collaboration have multiplied, NGO criticism of the Bank is nevertheless leveled at specific projects as well as wider Bank policies and practices. There has been long-standing criticism of the Bank’s support of some projects with serious effects on the environment or displaced communities. Bank-NGO interaction on environmentally controversial projects includes projects in Botswana, Brazil, Côte d’Ivoire, India, Indonesia, Malaysia, the Philippines, Rwanda, and Sri Lanka.

International NGOs—such as OXFAM of the United Kingdom, the Environmental Defense Fund, Survival International, and others—have repeatedly criticized poor resettlement performance under Bank-financed projects and have signaled to the Bank cases where resettlement has not proceeded satisfactorily. NGOs continue to lobby the Bank’s member governments on this issue.

Against this background, the Bank has increased its environmental awareness and has issued operational directives intended to anticipate and deal with environmental concerns. In some cases, as in India when an NGO named MYRADA assisted in planning resettlement of over 100,000 people, there has been tripartite government-NGO-Bank cooperation.

Beyond environmental issues, the policy debate with NGOs centers on economic adjustment, poverty reduction, and aid effectiveness. A large number of NGOs have seen vividly the effects of economic problems that led to the need for rigorous adjustment programs. Cognizant of dire conditions (such as high inflation) that penalized the poor, many NGOs have advocated the provision of safety nets and targeted programs to protect the poor during adjustment. Others have been far more critical, calling for reforms that would include support for land reform, debt reduction, and greater participation of the poor in decisionmaking.

The 1990 World Development Report reflects the Bank’s thinking on some of these concerns. While citing evidence supportive of the need to continue the adjustment process, the Report endorses several ideas that NGOs have advocated. These include the need for less protectionism and more adjustment in the industrial North; an approach among the poorer developing countries that encourages labor-intensive economic growth, safety nets for the poor, and strong investment in social sectors; and a recommendation to make official development assistance conditional on a recipient country’s poverty reduction performance and overall commitment to social needs. Governments, NGOs, and the international development community are likely to continue an uneasy search for ways in which to work together while attempting to maintain dialogue on how best to provide assistance for development.

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