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NGOs and development assistance: a change in mind-set?

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This article asks five basic questions about non-governmental organisations (NGOs) working in development and emergency situations. The first has to do with the basic usefulness of the term 'non-governmental organisation'. Many have struggled with the appropriateness—or otherwise—of this expression, creating many new terms in the process. None has caught on. Even the distinction between organisations working primarily as service providers, and those whose role is primarily in advocacy, does not work very well. Oxfam, for example, works in development and in emergencies, and has been a fierce advocate over the years for specific political action in such places as South Africa, Cambodia and Rwanda. It might well be asked if an organisation that receives more than half its funding from government sources—as many northern NGOs today do—can actually be considered a 'non'-governmental organisation. The same question, of course, could be asked about 'private' universities, and some of the largest 'private' sector firms. Could Boeing survive without government contracts? Is it less part of the private sector than, say, the Sony Corporation, because of this 'dependency'? For convenience, therefore, the term 'NGO' will be used throughout this article, although it will refer mainly to the larger organisations working primarily in development.

The other questions relate to the comparative advantage of NGOs, the constraints to greater NGO involvement in UN programmes, the thorny issue of accountability, and the place of NGOs in civil society. This article seeks to address these questions through a discussion of the much used (and abused) expression 'transparency', examining three basic problems faced by most NGOs, and by the organisations that support and work with them: the real cost of doing business; the enduring problem of evaluation and quality control; and accountability. The basic argument is that a change in thinking on these fundamental issues is required, and that rather than simply mimicking other official development agencies, the UN system could help make NGOs a more stable and effective part of the global development assistance effort in the years to come.

As for the present, NGOs are in a period of fundamental transition regarding their roles in the delivery of development assistance, and this offers the United Nations system opportunities as well as problems. The transition emerges from several developments since the end of the Cold War:

- Dramatic cutbacks in official development assistance (ODA), combined with

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growing taxpayer demand for greater effectiveness in the most oft-stated purpose of aid programmes, ending poverty.

- A new willingness on the part of official development agencies to admit that their ability to reach the 'grass roots' with effective and direct poverty alleviation programmes is limited.
- An agreeable 'fit' between NGOs and current enthusiasms for 'civil society', a fit that also helps where NGOs are seen as a means of down-sizing and 'privatising' ODA.
- An awareness that poverty (in poor countries, and in countries with exemplary growth rates) will not be eradicated by trickle-down, market-orientated development alone.
- A growing awareness (possibly) that the effects of Third World poverty—low-level conflict, war, terrorism, the drug trade, refugees, pollution—no longer stop at international frontiers.
- The apparent success of NGOs in tackling both the symptoms and causes of poverty.
- The evolution and growth of 'transnational NGOs'—World Vision, CARE, Oxfam, Save the Children Fund (SCF) and others—some operating like tightly knit corporations, others as loose but well connected networks. These organisations are able to move quickly, have capacities and efficiencies that others (including governments) do not, and have demonstrated political (that is, taxpayer) support.
- The growing number, strength and networking capacity of southern NGOs.

Northern NGOs have, in fact, become much larger players in the delivery of official development assistance than is generally appreciated—providing as much as 30% in Sweden, 29% in Switzerland, 25% in Norway, and 14% in the Netherlands.[1] Almost 28% of US Agency International Development (USAID) spending is channelled through northern and southern NGOs combined.[2] Statistics in the South are more than a little patchy, but in many countries there has been a significant swing in official development spending towards NGOs and away from traditional government-led programming.

These trends, which appear to suggest a larger future NGO role in development assistance, are placed in question, however, by a number of factors:

- NGOs may have stretched the private donor base as far as they can with the spate of emergencies in the early 1990s. Governmental retreat from domestic social sectors has placed pressure on domestic charities, heightening fund-raising competition. Expectations that international development NGOs can significantly enlarge current levels of financial burden-sharing are probably, therefore, unrealistic. Competition between international NGOs has also increased, weakening the potential for better coordination.
- Northern NGOs may be undermining public support for, and understanding of, long-term development assistance because increased fund-raising competition has led many to emphasise emergency work, and to use increasingly emotive fund-raising approaches.
- Human rights NGOs like Amnesty International, and environmental groups such as the Worldwide Fund for Nature (WWF) have begun to transform

themselves, incorporating southern units into their ranks, and becoming genuinely transnational in the process. This is not yet true of the large development organisations, some of which are becoming surrogates and executing agencies for official development agencies. Something to watch over the next five to ten years will be the extent to which any of them transform themselves, becoming more than simply networks of northerners working in the South.

- While the 'contracting' of NGOs by multilateral and bilateral agencies makes sense up to a point, it can undermine the essence of what makes them attractive, and what makes them a genuine alternative to the public sector. Their priorities in terms of countries and locations within countries, their target groups, their approach and their choice of sectors can all be manipulated with generous contracting terms. The trade-offs between NGO institutional imperatives (survival, visibility, retention of market share) and developmental imperatives could actually be made more invidious by the addition of UN contracting to the mix. Conversely, longer-term contracts worked out on a cooperative planning basis might reduce the negative influence of some institutional demands.
- Uncertainty about the future role of northern NGOs in development work (as opposed to emergencies) is creating tension and confusion. Some bilaterals and multilaterals are bypassing them in favour of southern NGOs, which welcome this direct approach. Tensions between southern NGOs, and between them and their governments, however, are contributing to much more controlling, if not draconian anti-NGO legislation. This also ignores and may undermine increasingly important non-governmental North–South partnerships around key policy-related development issues such as trade, the environment, weapons and human rights. In other words, an over-emphasis on service provision could reduce the NGO voice.
- Those bilateral and multilateral institutions that support southern NGOs directly often have ambiguous purposes. Some simply want effective executing agencies, while others want to learn from the experience and reduce costs. Where 'supporting civil society' is concerned, however, there can be serious problems of selectivity and bias, and important questions about whether it is appropriate for governments to 'strengthen' civil society in other countries. Soviet support for the 1984–85 British coal miners' strike, and Libyan support in 1996 for Louis Farrakhan's Nation of Islam met with contempt and even legal action in Britain and the USA.

All these issues, discussed at length in many recent books about NGOs, pose questions for an evolving relationship between UN agencies and NGOs. Should the former simply mimic what other agencies are doing with NGOs? To a certain extent, this is already happening. The UN Development Programme (UNDP), the UN Development Fund for Women (UNIFEM), the UN Children's Fund (UNICEF) and others, some of them relative latecomers to the NGO scene, all have various funds that support NGOs, sometimes on a matching basis. The UN High Commissioner for Refugees (UNHCR), the World Food Programme (WFP) and others also have direct contracts with NGOs, paying them to carry out pro-

grammes that would once have been managed by the agencies themselves. The scale of these contracts is in some cases very large, and can represent a significant proportion of the agency's overall budget.

Inevitably, these arrangements produce opportunities and strains. UN agencies have certain advantages over bilateral donors in that they are not supposed to reflect any national bias or interest. Like NGOs, UN agencies are also recipients, and know the negative side of such relationships. But at a technical level, there is no particular reason why a UN agency might handle the NGO connection better than, say, the Swedish Agency for International Development (SIDA), USAID or the European Union (EU). Beyond the basic pros and cons, however, it can be argued that the United Nations system has a greater role to play where NGOs are concerned than that of grant-maker, contractor and wannabe partner. The changing role of the state, increasingly urgent development needs in the South and less official development assistance suggest that there is a new opportunity for donor agencies, southern governments and NGOs to concede greater ground to one another, and to create partnerships based on development concerns rather than on perceptions of strategic or organisational advantage. This will require a dramatic shift in mind-set, however, especially by governments (donor and recipient), in thinking of NGOs more as a permanent, planned and negotiated part of the landscape, and less as temporary and somewhat troublesome gap-fillers. In this there is a critical role to be played by the UN family of agencies.

In order to start moving towards that role, however, some of the ritualistic cant offered by and about NGOs must be decanted, perhaps into an open drain. For the sake of discussion, this cant has been organised under three basic 'transparencies': the cost of doing business, the quality of work and accountability.

Transparency 1: the cost of doing business

Almost every recent study of NGOs calls for greater transparency. But greater than what? Greater than in Ford Motor Company? Greater than at the Japanese Ministry of Transport? In most countries, NGOs are required by law to file externally audited annual financial statements, and most will make these available to any donor with the slightest passing interest. Generally, however, annual financial statements, whether produced by an NGO in the USA, UK or Kenya, are not likely to reveal much detail, just as the Annual Report of Ford Motor Company reveals little about the chief executive officer's (CEO) benefits package or the inner workings of Lincoln–Mercury Division.

Standards in financial reporting vary from country to country, from audit firm to audit firm and from NGO to NGO. Donation income, for example, can only be sampled by an auditor. The value ascribed to goods or services-in-kind is notoriously hard to monitor and judge. The portion of expenses allocated to administration, or the division between fund-raising and development education is handled differently from one NGO, and one auditor, to another. This is not to say that there are no standards. Some NGO codes of conduct deal with such subjects, as do some governments. For example, in the USA, commodities are usually valued by USAID according to government guidelines, but beyond that, there are few rules. In 1991 Feed the Children listed its non-government in-kind

income at 79%.[3] The following year, however, state and federal regulators began to examine in-kind donations more carefully, and found that Feed the Children had based its calculations on retail rather than wholesale prices. As a result of negative publicity, the organisation revised its 1991 figures, reducing the value of in-kind donations from $86.3 million, to $61 million. This had the effect of boosting the cost of its fundraising and administration by 30%.[4] The change brought it more into line with guidelines issued by the Association of Evangelical Relief and Development Organisations, guidelines which discourage the use of retail pricing, and which recommend discounting when a product is impaired or nearing its expiry date. The guidelines, however, developed to forestall greater government regulation, worked in this case only when government action became imminent.

This is probably an extreme case, but virtually all NGOs engage in some sort of number-fudging. The reasons are simple. Charities are supposed to be run on a shoestring. Administrative costs are supposed to be as close to zero as possible, the lower the better. The US business magazine, *Money*, 'rates' charitable organisations every year, usually against only one criterion: the cost of overheads. In its 1994 ranking of US charities, the International Rescue Committee was what the magazine called, 'the winner', because its overheads were only 7.7%. The Mennonite Central Committee and Save the Children-US came next, but the magazine offered no comment on the quality of their work.[5] Its 1996 ranking put the US Red Cross at the top of the 'efficiency' sweepstakes because it 'dedicated an average of 92% of its income to programs over the past three years—a higher percentage than any other group'.[6] This is like saying that the Lada is the best car in the world (or the most efficient) because it is the cheapest.

Another way of getting at the question of financial transparency (which is at least a partial code word for 'administrative costs'), is to look at a specific problem involving one UN agency and its NGO partners. While not specifically related to development assistance, a recent study of the funding relationship between NGOs and UNHCR reveals some interesting dilemmas in transparency for both donor and recipient.[7] The study started with a limited focus on UNHCR's growing unwillingness to contribute towards the headquarters overheads of partner NGOs. UNHCR saw 'its relationship with its implementing partners as one of, precisely, partnership, and draws a clear distinction between such partnerships and contractual relationships…UNHCR [expects]…suitable agencies…at least to cover the overhead administrative costs related to the project from their own or other non-UNHCR resources'.[8]

The principle of partnership, however, begins to come apart around the question of which elements of a project the NGO and the institutional donor should support, around the sharing of both the attractive as well as unattractive but necessary costs. The 'principle' assumes that NGOs have unrestricted funds that they can apply to overheads, or to other aspects of projects that are jointly-funded with other institutional donors. Some do. Many do not. In fact many of the very largest NGOs have difficulty in balancing the allocation of funds between situations where they can gain financial leverage (as with UN agencies that might provide a 'match' of 50% or even 95%), and situations where there

are no opportunities for matching or leveraging, but where there are very real needs.

Between 1990 and 1995, most NGOs involved in emergency work conducted major appeals on behalf of Somalia and Rwanda, and there were selective appeals for the Horn of Africa, Cambodia, Angola and Mozambique. Such appeals generate funds which may be used alone, or to co-finance projects with institutional donors. But the money generated from these appeals is both finite and restricted. Many of the NGOs that have enjoyed significant private donor growth over the past few years are currently experiencing a plateau or even a decline, because the emergencies have left the news. This means that less money is available for continuing emergencies, and even less is available for the 'quieter' emergencies that do not make the headlines.

Unrestricted funding has, in fact, been declining in many NGOs for several years. One way that NGOs have increased the reach of both their restricted and their unrestricted funds has been through bilateral and multilateral organisations. Co-financing obviously makes sense as long as there are resources available. The more an institutional donor is willing to provide, the more the NGO can accomplish. When an institutional donor is willing to fund all the programme costs, it gives the NGO a very real boost in terms of its field capacity. But when there is an unrealistic restriction or a moratorium on overheads at headquarters (HQ), as in the case of UNHCR, the institutional donor does five things.

First, it forces the NGO to cut corners on necessary and legitimate HQ administrative costs, such as planning; the recruitment, selection and support of personnel; procurement and shipping; programme monitoring, reporting and evaluation; financial management and reporting; and public relations with governments, other multilateral agencies and the media. Cutting corners is not the same thing as observing efficiencies. All donors expect NGOs to be professional, to move quickly in an emergency, to apply the best talent available to the task at hand, to be effective and to report clearly, often in a prescribed fashion, and on time. And yet somehow, this is supposed to be achievable for 5% or 7% or 10% of the programme—usually an arbitrary blanket figure, regardless of whether the programme relates to feeding, logistics, health care or water and sanitation. Any cost accountant would quickly demolish the 'principle' on which such calculations are based, and any private sector CEO guilty of such amateurism would quickly find herself without work. By refusing to pay any HQ overheads, a funding agency will simply exacerbate an already serious problem, and will add credence to the frequently-heard charge that NGOs are little more than amateurs. When donors pay for amateurs, they should not be surprised when they get amateurs.

Second, by using more and more private donor money—virtually the only source of unrestricted funds available—for administration, NGOs run the very serious risk of being charged with false advertising, and losing the very basis of their existence. A public attack on Save the Children-US in 1995 criticised the organisation's president for saying that 'In general, we use these private funds to leverage other sources of funding, thus achieving a multiplier effect in terms of our private donations'. The article went on to say that the money Save the Children raises from the US public is not used for work overseas: 'Save in fact

uses those funds to pay for administering the restricted money it gets from the government'.[9] And, no doubt, from United Nations agencies.

Third, there is an unusual double standard. It could be regarded as unethical for intermediate institutional donors—governments, the EU, UN agencies—to take overheads from the original funding source (taxpayers) and then to refuse a contribution towards the legitimate costs of organisations that are actually doing the work.

Fourth, it rewards and contributes to the growth of NGOs with unrestricted money, without questioning how they obtain it. Often those with the fewest financial restrictions are those most guilty of overly dramatic, 'starving baby' fund-raising tactics. Widely criticised by the development community at large, by UNDP's *Human Development Report* and by most NGO umbrella groups, such fund-raising nevertheless continues apace. By encouraging and working with such organisations, UN agencies could, in effect, contribute to 'the pornography of poverty', reversing the development education efforts that NGOs have struggled with for the past three decades.

Fifth, it encourages rivalry for scarce unrestricted donor funds. One of the consequences is the 'unregulated' and 'fiercely competitive aid market' described by Mark Duffield elsewhere in this issue.

NGOs deal with restrictions on overheads, a policy that is not restricted by any means to UNHCR, in a variety of ways. One is by covering as much of their administrative costs as possible through grants and recoverables from their home governments. After that, the colour of the water becomes darker, indeed less transparent. Among the techniques available for muddying the water are the following:

- The Shell Game: by deft manipulation of various institutional donors, an NGO moves the dreaded HQ expense around under a series of institutional funding arrangements. This may mean that the organisation never actually raised private donor funds for this unattractive item, or—in some cases—for anything else.
- Rubber Mathematics: the NGO assigns as much administration to 'programme costs' as possible and, where necessary, pushes HQ costs to the field if this is what an institutional donor wants. The media attack on Save the Children-US explained and censured this practice in considerable detail.
- The $10 Donor in Moose Jaw Pays: there is an impression that some NGOs are rolling in money. It is true that many NGOs have grown significantly in the past few years, despite talk of 'compassion fatigue', and despite ODA cutbacks in all but a few of the countries that are members of the Organisation for Economic Cooperation and Development (OECD). Most of the growth has, in fact, been associated with the emergencies of the past five years, and so it would appear that NGOs should be even more capable now than in the past of providing at least a modicum of support to joint endeavours with UNHCR and other agencies. What this would actually mean, were it true, is that the individual donor—the one least able to stomach overheads—is expected to pay the lion's share.[10]

Various options for dealing with the current dilemma present themselves. In the

case of UN agencies unwilling to consider a fair division of costs, NGOs could consider campaigning to reduce their governments' contributions to the agency in question, in favour of increased contributions to NGOs. In the case of UNHCR, NGOs are, in fact, handling as much as one-third of the organisation's deliveries now, with UNHCR acting more or less as an expensive broker. UNHCR could continue to play a coordinating and political role, advising and organising NGOs. But if funds went straight from governments to NGOs, the administration costs that are now being incurred by a UN organisation (with all the allowances, salaries, offices and associated costs), could be transferred instead to less expensive organisations actually working directly with refugees or in development.

A more sensible approach would see UN agencies agree to a simple principle: if an agency were to support 60% of a project, it would support 60% of the entire cost of the project, including 60% of a negotiated figure for HQ overheads. If it were to support 100% of the costs, this would mean 100% of all costs. UN agencies would need support from governments in such a decision because they (like most NGOs) are under considerable and often unrealistic pressure to do a lot more with a lot less.

Administrative recovery rates for partner organisations, both overseas and at headquarters, need to be established for different types of activity. The myth of the tiny overhead is a dangerous time-bomb waiting to explode in the face of NGOs, UN agencies and donor governments. It encourages false accounting and denies the need to do development work effectively and professionally. It could poison the climate for official development assistance as well as emergency aid if it is not addressed properly and soon. USAID has had a negotiated overhead arrangement with NGOs for years, the Negotiated Indirect Cost Rate Agreement (NICRA). It takes time to establish this agreement, but the resulting transparency, harmony and fairness far outweigh the time and expense involved.

A change in mindset?

The debates around money and financial transparency are mostly not about partnership; they are about leveraging. As long as a donor agency sees a financial opportunity in playing one NGO off against another (and as long as NGOs can gain advantage by undercutting one another), there will be administrative strife. UN agencies could rise above this and take a leadership role in solving some of the problems by establishing a co-financing formula, perhaps like USAID's NICRA. This would probably be more expensive in cash terms than the current *ad hoc* arrangements, but it would mean that partners could be selected on the basis of track record and expertise, rather than on the basis of false claims of financial modesty.

In the end, it would be more effective and more efficient. And it might help to better explain the real cost of doing development work to the taxpayers and small donors who have been fed a misleading public relations line for years. Whatever the formula, UN agencies could take a lead in developing greater openness and transparency in the way donor agencies deal with NGOs.

Transparency 2: the quality of work

NGOs are an expression of people's need for organisation, self-improvement and change. Those that extend beyond their own community can reach places that governments and multilateral agencies cannot, dealing directly with the poor. Using participatory techniques, they are often more effective and less expensive than traditional, top-down development efforts. They can be flexible and innovative, and have pioneered new ways of thinking about health, the environment, gender, technology, small enterprise and credit. They have become recognised as an important element of civil society, fostering citizen awareness and participation in development, and as part of a new approach to governmental accountability and transparency.

Despite the size of the NGO community, however, despite its achievements and the support it receives from ordinary people, from governments and from UN agencies, there are serious doubts about this totally untarnished image. In 1982, Judith Tendler examined 75 evaluations of NGO projects. Her findings were sharply critical of what she called 'NGO articles of faith'. Efficiency in reaching the poor in participation, in cost-effectiveness and innovation were all open to serious doubt, and were often 'more important as articles of faith than as standards of self-assessment. That participation leads to improvement in people's lives is an article of faith for [NGOs], not a hypothesis that one is interested in testing.[11]

More recently, increasing NGO allocations—sometimes at the expense of bilateral and multilateral budgets—along with greater demands for transparency, accountability and effectiveness, have combined to place NGOs under greater scrutiny than ever before. Thus, evaluation is becoming increasingly important. Large NGO omnibus evaluations have been carried out by the governments of Norway (1995), Finland (1994), Sweden (1995), Australia (1995) and the UK (1992 and 1995). The Overseas Development Institute has conducted a series of NGO evaluations and studies: on poverty alleviation, (1989–90); on NGOs, the state and sustainable agricultural development (1993); and on the changing role of NGOs in the provision of relief and rehabilitation assistance (1993–94). More books on NGOs probably appeared during the first half of the 1990s than was the case over the previous two decades.

The results are mixed. The 1995 UK study found that the majority of projects were successful and that significant benefits were received by the poor, but that there had been little change in the existing social or economic status quo, and that institutional and financial sustainability had not been achieved. The Australian review covered 216 projects and found that 90% had achieved satisfactory or better achievement of objectives, but observed that sustainability, financial viability and the involvement of women in project planning and implementation could be improved.[12] The Swedish study found that 'the overwhelming majority [of projects] either have achieved, or are well on their way to achieving, the stated and immediate objectives for which SIDA's NGO Division provided the funds…[But] when the projects are judged against more and more of the nine broader criteria against which they were assessed, their aggregate performance rating dropped progressively. Indeed, very few of the projects

examined scored consistently high marks in relation to a majority of these broader criteria.'[13]

In 1977, John Sommer, writing about US NGO self-evaluation, observed that everyone talks about it, but few do anything about it. At that time, Sommer saw changes, a 'real trend toward more regular evaluation'. but much of what he described was taking place as a result of pressure from USAID. Many of the evaluations were being conducted by outsiders, and many failed to get beyond immediate project aims and objectives.[14]

Five years later, Tendler found that little had really changed: an 'emphasis on the number of people trained, the amounts of equipment supplied, etc with little real attention to processes, sequences of action and impact'. A 1986 USAID study found that NGO 'measurement of project costs and the valuing of benefits need improvement…Unfortunately, many [NGOs had] not been very effective at documenting and replicating their innovative experiences. Lessons learned by project managers are generally not shared with other [NGOs], host country institutions, and others.'[15]

In 1990 a British study found the same thing: 'For most British development-oriented NGOs evaluation is still very new. The vast majority of projects and programmes funded by British NGOs in developing countries are not subject to any sort of formal evaluation…The majority of NGOs do not carry out *any* evaluation.'[16] A 1995 review observes that 'Relatively little emphasis…seems to have been placed by NGOs, at least until very recently, on evaluations which rigorously examine the impact of their projects and which draw out lessons learned'. Where 'evaluations have been undertaken, reports on projects frequently consider only whether the project's outputs have been delivered and not the project's overall impact. Very few of these evaluations have been made publicly available'.[17]

Is all this because NGOs actually do bad work, know it, and want to cover up the terrible truth? Hardly. There are many good reasons to monitor and evaluate. Among them:

- to see what is being achieved;
- to measure progress against the objectives of the programme;
- to improve monitoring and management;
- to identify strengths and weaknesses in order to strengthen the programme;
- to see if the effort was effective;
- to analyse the cost benefit and determine if costs were reasonable;
- to collect information for better planning management;
- to share experience; to help prevent others making similar mistakes, or to encourage them to use similar methods;
- to improve effectiveness for greater impact.[18]

These and other common or garden variety reasons for evaluation can be found in a dozen books about evaluation. What is seldom included, however, is an explanation for why NGOs actually avoid evaluation so studiously. Among those provided by NGOs themselves are:

- complexity (social programmes do not lend themselves to measurement; what

counts is process and intangibles such as empowerment and capacity-building);
- inappropriateness (it is obvious we are doing good work; attempts to evaluate could undermine and demoralise the volunteers and workers upon whom we depend);
- time (it would take up valuable time from managers who are already stretched to the limit);
- cost (because our overheads are already overstretched, we can't afford it, and anyway, it would divert money from important programming).

There is some validity in these points, but not enough to warrant the overwhelming paucity of public NGO evaluation that has marked the past three decades. More fundamental reasons quickly surface at any off-the-record discussion among NGO workers:

- danger (the overheads are actually a lot higher than the organisation has made out to the funder—see 'Transparency 1', above);
- danger (the NGO 'projectised' certain activities for the funder, but in fact they are part of a larger programme and cannot be disaggregated for the purposes of evaluation);
- danger (in order to get financial support, the NGO promised the funder more than it could deliver—a problem not unique to NGOs);
- danger (in a highly competitive world, any hint of failure or under-achievement could result in major cuts);
- fear (a logical consequence of perceived danger).

A change in mind-set?

The first change has been discussed. It is necessary to reach realistic and appropriate estimates of what it costs to carry out a programme, ensuring that this is properly understood by all parties to an agreement, and sharing the burden fairly between the NGO and the funding agency.

A second prerequisite is for donors to de-emphasise the control and verification function of evaluation, and to put learning back on the agenda. If NGO learning is to be encouraged (and if others are to learn from what NGOs learn) funding decisions must be distanced from evaluation. In other words, if a failed project results in financial punishment, the incentives for objective evaluation and learning are effectively reduced to zero. There must be a tolerance for failure. Disciplinarians may have trouble with the idea of appearing to indulge failure, but it does not mean that anything and everything goes. Failure should carry a stigma when mistakes are repeated or suppressed, when available lessons are ignored and basic research is avoided, and when square wheels are continuously reinvented.

Joint evaluations of common programmes are an obvious way of bridging the very large gap that currently exists between donors and NGOs. For example WFP wanted to evaluate its collaboration with NGOs in Angola at the end of 1996, with a view to finding out what had worked and what had not, and to strengthen collaboration in the future. The standard approach of the past would have been

for WFP to carry out its own evaluation, using its own staff or consultants. In this case, WFP opened up the terms of reference to embrace NGO concerns, including the question of whether NGOs could or should be complementary 'partners' or simply contractors. The team included three WFP staff, but it also included representatives of NGOs with which WFP had been working closely over the years.

One way of reducing costs and spreading the lessons learned from NGO work might be the development of sectoral evaluations conducted across the geographical and political borders that constrain donors and NGOs, as well as their projects and programmes in the South. Conducted by a neutral third party, such as a United Nations agency or a university or think-tank, such evaluations could serve the learning purpose as well as the verification imperative, informing and teaching donors and NGOs alike.

A third prerequisite is to increase the level of predictability. NGOs seldom know from one day to the next which donors are going to support them, for what reasons and for what period. The problem is especially acute for southern NGOs where the philanthropic base is weak, and where donor agency dependency is higher. Whether recipients of a grant or a contract, NGOs are vulnerable to the predilections of the latest aid manager arriving on the scene, to political considerations and to a wide variety of other donor vagaries. In 1993, USAID pulled out of Pakistan for political reasons, leaving several NGOs—and the detailed contracts that they had signed—high and very dry. In 1996 the Canadian International Development Agency (CIDA) cancelled funding to Partnership Africa–Canada with only a few weeks' notice, creating havoc among many of the African NGOs and umbrella groups for which it had been an important source of income.

To the extent that UN agencies want to work with NGOs, consideration must be given to supporting realistic planning and management coherence. Care must be taken to ensure that NGOs are treated in a professional and consistent manner, and that great fluctuations in demand are avoided. UN agencies themselves experience the problems of on-again, off-again funding. For NGOs it can be costly and even destructive. A larger role for the UN family of agencies in this regard is suggested in the following section.

Transparency 3: accountability

An oft-repeated old chestnut posits that NGOs are basically unaccountable, that many are self-appointed do-gooders, and that they have rubber-stamp boards of directors. There may be more than a germ of truth in such views, but they do not reveal the entire picture.

To whom are corporations accountable? The first answer will always be 'shareholders'. But the CEO of a private firm is also answerable in one way or another to his board of directors, to employees and their union if there is one, to a variety of government regulatory bodies, and—if goodwill and customers figure in the product—to the public at large. NGOs (like most institutions) also have multiple accountabilities. They are accountable to their boards and members. This accountability may be weak or strong, as it can be in the private sector. They are accountable to their staff. They are accountable to their donors,

both small and large. Failure to please will mean a reduction in income. They are accountable to the media, upon which they rely for much of their publicity. A scandal can be very damaging to image and income. They are accountable—perhaps in most cases more in aim than in deed—to their beneficiaries. They are accountable to their peers, an accountability sometimes expressed in a code of conduct. Such codes exist in the USA, Bangladesh, Kenya, New Zealand and many other countries. And in most countries there is some sort of government regulatory body to which they also owe a degree of accountability.

Singly, these accountabilities are often weak. Taken together, they exert a powerful influence on the behaviour of an NGO. When one of the accountabilities, however, grows out of proportion to others, problems occur. An overactive interest in pleasing the ten-dollar donor can lead an organisation to emphasise starving-baby fund-raising, possibly weakening real public understanding of broader development issues, muting NGO advocacy, and undermining long-term support for substantive change. Overweening desire to please a major institutional donor can undermine the very essence of what makes an organisation *non*-governmental. Too often bilateral and multilateral donors behave as though they, above all others, are owed the primary NGO allegiance. Codes of conduct are notoriously non-binding; for instance, a 1994 NGO scandal in Australia caused the government to demand a much stronger code than had been devised by NGOs themselves. A media scandal, a political *faux pas* or a change in government can lead to the sudden introduction of difficult new legislation. NGOs in Bangladesh, Pakistan, Sierra Leone, Kenya, Bosnia and Malawi have all struggled with new, and sometimes not very helpful legislation in recent years.

In 1995 the London-based Commonwealth Foundation issued a publication entitled *Non Governmental Organisations: Guidelines for Good Policy and Practice*. The product of more than two years of effort, of regional NGO meetings in Asia, Africa and elsewhere, of extensive government consultation and of a study of NGO codes of practice in a dozen countries, it goes well beyond the standard set of NGO guidelines. Its most important innovation is its guidelines for governments and donor agencies as well as for NGOs. This is an extremely important breakthrough, one endorsed by the Commonwealth Heads of Government Meeting in Auckland in 1995. The ink was barely dry on their endorsement, however, when the rush began to violate both the spirit and the letter of the guidelines. Canada may have been the first, less than two months later, cancelling a whole range of funding mechanisms for Canadian and southern NGOs without a word of warning or consultation.

Transparency and accountability are increasingly demanded of NGOs (and of UN agencies). In many cases, however, the demands are made by withering government aid agencies that have transformed large parts of their own effort into subsidies for the private sector. While greater transparency and accountability in NGOs are undoubtedly required, care must be taken to ensure that the demands are not simply an effort by fading government bureaucracies to retain control through proxies. Ultimately, accountability is a two-way street. If governments expect transparency and accountability, they have to be bound—at least in some measure—by similar principles themselves. Otherwise they should not be surprised by its absence in NGOs. Just as NGO codes require provisions that

make them much more binding than they are at present, so do governments and donor agencies need to be held accountable for the way that they behave towards NGOs.

Here, then, is an important and timely opportunity for the United Nations. The challenge is to find a mechanism for carrying the Commonwealth Foundation's Guidelines forward into broader public discussion, and to seek ways to hold governments, NGOs and funding agencies more accountable for their actions and behaviour.

A change in mind-set?

Where a UN agency is basically interested in working with an NGO to deliver services, there are other important considerations. For example, the impact of NGO interventions can be enhanced in different ways:

- By increasing the size of the organisation or its programme, and thus its impact. In providing major support to the non-formal education programmes of several Bangladeshi NGOs, for example, UNICEF has dramatically increased their impact on children in Bangladesh.
- Through strategic alliances and strategic funding; by increasing impact through a process of influence, networking, training and legal or policy reform: the same support for the non-formal education work of NGOs in Bangladesh is designed in part to, and has succeeded in, influencing the education policies of the government of Bangladesh and other donors. UNDP's modest support for the large, World Bank-supported Janasaviya Trust Fund in Sri Lanka gave it a place at the table and a voice when it became obvious to all but the World Bank that the project had serious problems. UNDP is currently engaged in an exercise to take the lessons learned in Pakistan's Aga Khan Rural Support Programme to other countries in South Asia. In supporting the development of a gender strategy within the American NGO ACCION, UNIFEM was able, indirectly, to improve gender strategies within dozens of southern NGOs and their micro-enterprise work.
- By osmosis: where diffusion and impact are informal and spontaneous, such as the influence UNICEF has had globally on public awareness about the importance of immunisation, NGO programmes are also passive beneficiaries.

Much of what NGOs know can be promulgated in another way, by involving them in the planning and evaluation of UN programmes, even where NGOs may not have direct involvement. Thinking the strategy through before embarking on an NGO partnership might help to make the difference between modest leveraging, and something that could make a longer-term institutional difference of lasting significance.

Conclusions

In a roundabout way, this article has addressed the question of whether NGOs can share some of the UN burden in the years ahead. The answer is a qualified 'yes'. It is qualified in the sense that it is already happening, in some cases on an

impressive scale. But it is qualified also in the sense that it is not happening very well, or very consistently. UN agencies are taking advantage of the same opportunities as other multilateral and bilateral organisations, and they are making many of the same mistakes. The UN could, like the others, do better. But it could also do things differently. As a body of global institutions predicated on a rather special idea at the outset of the UN Charter, 'We the peoples', it could use its good offices to sort out some of the serious problems that currently beset an important part of civil society.

Some of these have been discussed at length: demystifying the cost of doing business; turning evaluation into a learning process rather than a tool for verification and control; enhancing the accountability of both NGOs and governments for development results; helping to put new meaning into the almost hackneyed idea of an 'enabling environment' for civil society and for sustainable development. These, more than projects and training programmes, would genuinely contribute to greater NGO capacity. And in the process, they might help to build greater public support for the United Nations.

Notes

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