Chapter 15

Civil Society and NonGovernment Organizations

Good government is no substitute for self-government.
—Mahatma Gandhi

CIVIL SOCIETY AND GOVERNANCE[1]

"Civil society" fills the space between the individual and the government. Civil society comprises voluntary groups (organized or unorganized), interacting socially, politically, and economically for the common interest of their members (UNDP 1997). Civil society has historically grown around traditional associations and religious groups, and has been fostered by political, social, and religious protest movements in different countries. It now includes organizations as varied as trade unions, professional groups and clubs and civic groups, cooperatives, community organizations, citizens' watchdog committees, human rights groups, tribal and other groups of indigenous population, and associations based on religion, gender, race, culture, and language. Civil society organizations can be intermediary or citizen-organized, are united by common needs, interests, values or traditions, and can be mobilized into many kinds of activity. A strong and active civil society is the foundation on which rest the four pillars of governance: transparency, accountability, participation, and the rule of law.

The idea of civil society as a corrective force to both arbitrary government and imperfect markets emerged in the 19th century. The impetus for better governance has come, more often than not, from grassroots movements in both urban and rural areas. Recent examples include the role of student protests in the 1960s in the United States (US) and Europe, citizen and youth protests in some Asian countries (e.g., Republic of Korea); movements organized around environmental and global issues, etc. Often

the root of such movements and organizations is a feeling of alienation and nonconsultation in the process leading to major decisions affecting the livelihood of people.

The transition from single-party to multi-party systems in many transition and developing countries has resulted in new, and often fragile, forms of representative government that are superimposed on the erstwhile colonial or authoritarian structures and have not yet taken root among the citizens. In such nations, civil society organizations play a critical role in countering arbitrary actions and consolidating the base of good governance.

Moreover, recent efforts to address social exclusion and a democratic deficit focus on the role of civil society organizations, use of volunteers, and partnerships. Democratic deficit involves the lack of voice to the people, beyond electoral franchise and periodic elections. Social exclusion refers to the marginalization of minorities, women, and weaker sections from the processes of policy making, local administration, and the delivery of services. Encouraging civil society organizations can, in time, help address both problems by fostering the involvement of people in specific activities of concern to them, and they create a new assertiveness and habit of participation (see Box 15.1 for an illustration).

Civil society should not be viewed as a benevolent homogeneous category. Civil society organizations can also include associations motivated by vice, greed, sectarian interests, ethnic hostility, and social repression, as well as various business lobbies, such as tobacco, which are not representative of the general public interest. As emphasized in the previous chapter, social capital also has an important downside. However, this chapter focuses on the positive forms of civil society.

Box 15.1
Involving Civil Society in Colombia

The national evaluation system of public management in Colombia, referred to as the SYNERGY, is intended to pull civil society into the process of improving public sector management. The requirement for national evaluation is spelled out in Article 343 of the national constitution. The Planning Department is required to define what role the civil society will play at every stage of the National Development Plan. Every presidential candidate has to register his or her intended program for the country, and the plan emanates from the program of the successful candidate. The elaboration of the plan is drawn on the basis of the advice of the National Planning Council (NPC), which represents all sections of civil society. NPC stands at the top of similar councils at territorial and local levels, and makes recommendations to the Government on the plan, based on the council's discussions with its lower level units. Thus, civil society is involved not only in the definition of the plan's objectives, but in defining its strategies, program implementation, and in evaluating the results, to check conformity with citizens' expectations at every stage. Inter-institutional working groups, called program management units (PMUs) at ministry level, bring together all the stakeholders for the purpose of harmonizing sector and national program goals. NPC is consulted on appropriate representation of different interests in PMUs.

Source: Pablo Abitbol, in Partnership. *Economic Development Institute, World Bank, 1996.*

TYPES OF CIVIL SOCIETY ORGANIZATIONS

Formal organizations, such as labor unions, adhere to codified rules and regulations governing organizational behavior. Informal organizations consist of groups of individuals, who cooperate in different ways for the benefit of their own communities, for collective action, financing, and the provision of goods and services, e.g., neighborhood committees and user groups of various types in areas such as irrigation, thrift, and credit. Cooperation in informal organizations could be short term and episodic, or long term. Community or grassroots organizations in different forms straddle the formal/informal division.

Informal organizations also include the slums and squatter associations, informal schools, local security committees, waste-pickers, and informal systems of transport. These informal activities and groupings account for a large proportion of service provision in housing, transport, sanitation, electric supply, health clinics, etc. in cities in developing countries (as much as 90 percent in Lima, Peru, for example). They fill the void left by the inability

of the formal system to meet the needs of poor and marginal groups (McCarney 1999).

Civil society organizations can also be distinguished between primary organizations and "apex" organizations. Individual primary organizations can join one another into regional and national umbrella organizations, networks, or coalitions, in order to gain strength, share experiences, provide support services, overcome isolation, and secure identity vis-à-vis donor agencies and national governments.

Trade Unions

It is appropriate to consider *public sector unions* as civil society associations with a positive potential role in policy and program implementation, instead of the conventional view of these unions as adversarial actors, with a capacity for disrupting work in public services (Tendler 1997). This has been demonstrated in the case of a number of social sector programs in Asia and Latin America. The reform program in transitional economies of Eastern Europe, such as Romania, has included strategies for enhancing the participation of trade unions and professional associations in the restructuring of government branches, drafting of legislation, and wage protocols (Ianescu 1996). In any event, as discussed in Chapter 13, lack of appropriate participation by the relevant stakeholders almost invariably slows down and often destroys effective implementation.

Educational Institutions

Universities and academic institutions can perform useful civic roles individually, or in partnership with other organizations. Universities can reach out for key roles in the administrative innovation process of the region, baseline surveys in poverty reduction programs, and the spread of extension services to the people (as in the Philippines). Universities can also collaborate with business and government in addressing skill shortages, especially in information technology, and help with retraining of redundant employees. They can also help in the process of community learning in collaboration with nongovernment organizations (NGOs) and perform a variety of other public service functions (see Box 15.2 for an illustration). Unfortunately, civil society functions are not being performed by universities in most developing countries, partly because of their internal problems, and partly because of their insulation from the broader society. Their potential contribution deserves to be explored more systematically in most developing countries.

Box 15.2
A Public Organization in the Market Place

The School of Public Policy at the University of Birmingham in England is an entirely self-financed organization that receives no public subsidy and sells its services, but works for and with the public sector. Of 90 academic staff, 20 are members of its International Development Department (IDD), which offers postgraduate programs, training courses, and research and advisory services to transitional and developing countries.

When the School of Public Policy was created in 1964, it focused on mature students, mainly practicing public officials. Normal university finance, oriented mainly to undergraduates, could not be used, and alternative sources of funding had to be found. Hence, IDD and the School as a whole have had to conform to two imperatives, one market-based and the other professional.

First, IDD has to pay its full costs, and "full" really means full. Each department of the School operates as a budget center, balancing its own expenditure against its income. Every square meter of its building, its telephone and heating services, and the university's facilities and services are paid for in an overhead charge. Staff and salary and social costs also have to be covered. The net effect is that members of staff are expected to demonstrate that they earn around two and half times their salary.

Second, the department has to demonstrate that it is a worthy member of the academic community, based on high independent ratings of both its research and its teaching. The direct payment is made by the governments, donor organizations, nongovernment organizations, and individuals who commission our services as teachers, consultants, or researchers. Who else pays? Staff also pay a price; they see university colleagues in ordinary departments having an easier life; they see that private consultancy organizations with lower overhead costs pay their staff more.

Who benefits? What clients get is a responsive provider of the service they want. IDD has to be responsive because it could not survive if it did not provide the service that clients. Clients know that IDD not only teaches organizational effectiveness but also has to practice it; that the department is profit-making unlike its consultant competitors; and that the department carries the intellectual guarantee of being part of a university. Staff also benefit by having considerable influence over the activities of the organization, managing their own future, and obtaining much more varied experience than the typical academic or consultant.

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Box 15.2 (cont'd.)

The difficulty is to manage such an organization within the constraints of both a university and of academic individualism. The organization cannot use the incentives and sanctions of the business manager—as pay levels, hire and fire procedures are governed by university-wide requirements. Organizational effectiveness therefore depends on the goodwill, energy, and mutual support of staff, and on the shared pride in winning business and influence.

Is this a model for emulation within the public service? It depends on existence of a broad market to which services can be sold, and can only work in a small organization where team spirit can be combined with a direct personal sense of responsibility for the survival of the whole. However, this experience does show that market pressures can be harnessed to the public service, and in this sense fulfill a civil society role.

Source: Richard Batley, Professor of Development Administration and Director of the International Development Department, University of Birmingham.

The Judiciary

The judiciary has indirectly become part of civil society in a number of countries. Civil society institutions have made innovative use of judicial mechanisms, for seeking effective redress of complaints, or for directing the executive to attend to improper acts of commission and omission. Sometimes, the judiciary itself also acts proactively to deal with issues of social injustice and discrimination, corruption, and nonperformance by the executive. Public interest litigation has encompassed wider issues like the condition of schools and hospitals, environmental quality, consumer rights, and violation of safe building practices. However, public interest litigation is no substitute for basic changes in governance practices and attitudes.

Grassroots Organizations and Traditional Structures

Most intermediary civil society organizations are one step removed from ordinary citizens. By contrast, *grassroots organizations,* e.g., the rotating credit associations in Africa and other regions, farmers' associations, workers' cooperatives, parent-teacher associations, and religious associations deal with the people directly. Such organizations build trust, reduce the alienation of ethnic minorities and socially disadvantaged groups, and counter the elitist orientation of many government agencies. However, they tend to face problems of narrow membership, low management capacity, and the

risk of takeover by traditional wielders of power. Many countries like India and the Philippines have initiated steps to incorporate community-based organizations into the decentralized administrative structures, either as tiers of government, or in systems of mandatory consultation. The role of customary institutions should not be overlooked either (Box 15.3).

Box 15.3
Traditional Institutions of Civil Society in the Pacific Islands

The institutions of civil society in the Pacific Islands include persons of chiefly rank, with customary titles and some form of traditional authority, along with the Christian churches and other religious organizations, trade unions, small business associations, women's groups, and nongovernment organizations. Community leadership in urban settlements often reflects the structure of the villages from which the town dwellers originate. People move easily between kin-group settlements in town and village, and similar authority systems operate, although modified by the urban environment.

Traditional chiefs and the churches are supposed to be the keepers of the ethical standards of society. They are able, by mobilizing their followers, to give or withhold political support or access to resources, which government and business require to survive. Therefore, traditional chiefs can have powerful growth-supporting and redistributive roles; but their contribution has been erratic, and many have been bought off by politicians or dealmakers.

In practice, institutions and individuals in Melanesia have multiple roles, in what is called the "wantok" system. Governments and churches are involved in business; churches provide public goods; trade unions run investment funds; individuals function simultaneously as elected politicians and ordained priests; civil servants and entrepreneurs; army officers and traditional chiefs; or some other combination of roles, which blurs the lines between government, business, and civil society. These multiple roles explain why the norms applying to any one role can be infringed with no apparent sense of wrong-doing. They also make it difficult to enforce accountability and prevent diversion of public funds to private pockets.

Source: Knapman and Saldanha (1998).

It is necessary to consider also citizen groups that resort to administrative lobbying, often in adversarial relation with business. The need to counterbalance the vast power and influence of business lobbies (e.g., in the US, the sugar lobby, or the gun lobby led by the National Rifle Association) has led to calls for citizen participation programs in many cities.

Public interest lobbies have played a major role in developed countries in the enactment of regulatory legislation and consumer protection laws. Right to information campaigns, as in India, have pushed hard for the disclosure of public records. Citizen advocacy has led to the closure or shifting of polluting factories. Such advocacy tends to focus on visible issues, which can bring together large numbers of citizens. However, it also tends to be ad hoc and reactive, not sustainable over long periods, and, of course, unable to cover a broad spectrum of issues, due to inadequate resources and managerial skills.

Cooperatives

Cooperatives are an important part of civil society in most countries, and fall in between grassroots organizations and larger organized groups. Cooperatives have legally defined structures and membership, and are often federated into regional and national organizations. Starting with rural areas, in many countries cooperatives extended their reach to urban areas, and there was a tremendous growth of housing associations, cooperatives for landowners as well as tenants, industrial cooperatives, cooperative finance organizations, and various forms of production cooperatives. Credit cooperatives in rural areas provide also agricultural inputs, marketing, processing, and warehousing. Cooperatives of milk producers have been responsible for a dairy revolution and rural prosperity in a number of provinces in India. Cooperatives have entered areas of agro-industry like sugar and oilseeds.

Cooperatives are often subject to government control in developing countries, and tied to government funding. There has been a tendency in some countries to co-opt the cooperatives as an extension of government machinery, instead of protecting their independence. Cooperatives have also become the subject of manipulation by powerful political interests in some countries. By contrast, in many cities of the developing world, other cooperatives are extending downwards to reach the lower income groups and slum dwellers, and use the support of formal finance institutions to build cooperative ownership and management of shelter and other activities. Government support for cooperatives can be constructive, but should be limited and avoid interference, lest the cooperative's utility as a part of civil society be destroyed.

Nongovernment Organizations

The term "nongovernment organization" (NGO) is broad and ambiguous, as it covers by definition a variety of different entities with different purposes. Generally, however, the term "NGO" has come to be understood as comprising only organizations with a public interest orientation (as opposed, for example, to a trade union or a cooperative, which provides services limited to its members). NGOs are, of course, part of civil society. However, because NGOs in the above sense have become a major interlocutor and partner for governments and international agencies in many countries, their role and capabilities merit separate discussion.

THE NATURE, EVOLUTION, AND ROLE OF NGOS[2]

Evolution of NGOs

NGOs are described variously as private voluntary organizations, nonprofit organizations, or voluntary development organizations. As usually understood, NGOs possess four defining characteristics: they are voluntary, independent, nonprofit, and aim to improve the circumstances of disadvantaged people or address broad public problems, such as environmental protection. NGOs act on issues related to the public interest, and not to the sectional interests of members. Over the past 50 years, NGOs have emerged as a major rallying point and lobby for development and for social concerns at the domestic and global level, and for representation of civil society in various forums. A significant role for NGOs was incorporated in global summits on population, habitat and the environment, women's development, and AIDS, and the Asian Development Bank, World Bank, and other international organizations have made major outreach efforts in recent years.

Apart from the factors leading to growth of civil society in general, the growth of the NGO in recent years has also coincided with concerns about big government and the need for alternative modes of service delivery. The growing exclusion of the weaker groups from development and political processes has led to a new emphasis on NGOs in many countries. However, there are political misgivings as well, and in some cases decided antagonism, about the role of NGOs and especially the large international ones. This is due to the political activism of NGOs in some cases, but also to suspicions regarding the agenda of foreign donors supporting them, and to legitimate concerns about NGO accountability.

The NGO sector in many countries has dramatically expanded not merely in number but also in diversity and types of activities. A few numbers will help illustrate. In Europe and the former Soviet Union, the number of NGOs has at least tripled compared to 1989 (World Bank 1997). India alone has over a million registered NGOs. The large NGOs in Bangladesh employ over 50,000 personnel. In some developed countries, expenditures by NGOs account for almost 4 percent of gross domestic product. Over 20 percent of official aid is channeled through NGOs, and NGO coalitions have observer status in conferences of United Nations bodies (Hailey 1999).

NGO work spans the whole spectrum of human needs and endeavor—health, education, rural and urban development, environment, population, social welfare, employment creation, training, gender, the informal sector, indigenous people rights, peace, and human rights. Their activities range from care and welfare provision to service delivery, resource mobilization, research and innovation, public information, and advocacy.

NGOs can vary widely in size, staff, resources, and type of activities. However, even the largest local NGOs, in countries like India, are small and localized relative to the reach of government or big business.

As distinction is sometimes made between developmental NGOs and the other organizations. Developmental NGOs include organizations formed to agitate for government action to meet local needs for infrastructure and social services; groups committed to securing through group action economic and social benefits for citizens, such as improved land tenure and land redistribution; and those directly involved in community activities or production.

There is also a distinction between advocacy-oriented and service–oriented NGOs. Advocacy groups are concerned primarily with influencing public policy and development. They devote themselves to social mobilization, self-help, and usually some aspect of community organizing. Service-oriented NGOs emphasize actual provision of services. Generally, advocacy NGOs tend to disband after specific goals are achieved, while service NGOs are on the whole more permanent. However, an organization can change and take on different roles. Advocacy groups sometimes mutate into service providers. Advocacy NGOs are more prevalent in developed countries, where public services are reasonably well-covered. Whistle-blower NGOs partake of both the advocacy and the service function, by investigating the efficiency of local services and investment projects, and

publicizing instances of waste, fraud, and abuse. They have been effective in several developing countries, e.g., the Philippines.

NGOs can be project NGOs, national NGOs, umbrella or network NGOs, and international NGOs. NGOs with an umbrella role, such as the Self-Employed Women's Association of India, not only perform the functions of traditional grassroots organizations but also provide networking and support services for other volunteer organizations. A number of NGOs seek a role as intermediate and support organizations at the national and regional levels to provide support and services to people's organizations.

Many international NGOs, such as the Red Cross, Save the Children, Oxfam, CARE, etc., have substantial resources, political support from within developed countries, and enjoy high standing. They in turn support networks of national NGOs engaged in similar activities, and link up with NGOs from developing countries through funding, operational links, partnerships on specific issues, and networks.

The diversity of NGOs accounts for the diverse legal forms. For example, NGOs that are sponsored by the government could have a structure and membership pattern that is imposed from above, and government appointees could sit on their management board. Even spontaneous associations need to conform to a specific legal structure, for accountability and audit purposes. This is especially necessary if the organization seeks to secure funding from domestic or foreign sources. Some NGOs affiliate themselves with parent NGOs with a clear legal structure, while remaining as loose community organizations in the field.

The membership of NGOs can be drawn from a specific group like farmers or milk producers or construction labor, or can be broad-based, within a locality or region. The procedures for membership can be formal, involving eligibility criteria and limiting the size of the membership, or informal. In most cases, membership carries a fee to cover organizational expenses.

The Potential and Limits of NGOs

The great diversity of NGOs, described above, makes generalizations very difficult. However, NGOs in both developed and developing countries are being challenged to address issues concerning their accountability, transparency, and representativeness. The debate has grown both because

of the questioning by the NGOs themselves of integrity and accountability in government, and instances of misuse of funds even by established NGOs in many countries. Accountability, through arrangements for registration and reporting to government agencies, is often poorly enforced. Private NGOs can be accountable to nobody but themselves, and even participatory NGOs can sometimes turn out to be privately controlled (or to be in effect arms of government). In addition to issues of accountability and representativeness, observers have pointed out other common problems of NGOs: bureaucratic tendencies, wasteful duplication, excessively narrow issue advocacy, closed decision-making processes, top-down management, paternalistic attitudes, and others.

To address such doubts, NGOs in many countries are instituting various measures to improve their governance and operations (Box 15.4). These measures include: clearer statements of goals; stricter management and financial processes; equal opportunities for men and women at all levels of the organization; better procedures for human resource development; better monitoring and evaluation of the organization's activities; greater access to information; and closer networking among NGOs.

NGOs have a potential to help make government services more effective by objectively and openly identifying target groups, facilitating their access to services, and coordinating the delivery of inputs from various agencies. They can help mobilize resources from the local population by relating the process to perceived outcomes and to social pressures for participation. Finally, NGOs are expected to provide checks and balances on the abuse of power at different levels, and to offer avenues for public hearings. Good government needs strong organizations between itself and the individual citizens; and the poor and disadvantaged need the crucial additional advocacy and support that only a committed and effective NGOs can provide.

On balance, the substantial support for NGOs among many governments and donor agencies is amply justified. It rests on the broad perception that NGOs represent a force toward active and pluralist civil society; have particular strengths in poverty alleviation and sustainable development; and offer the prospect of more efficient public service delivery. NGOs have created or implemented new models of partnership between government and civil society.

Box 15.4
A Code of Conduct for NGOs?

The UK Foreign Policy Centre warned that advocacy nongovernment organizations (NGOs) must open up to public scrutiny to retain their credibility. Various recent events, particularly the riots in Seattle against the World Trade Organization (WTO), have generated new demands on NGOs themselves to become more accountable. The centre advocates the formulation of a code of conduct for NGOs and a program of self-regulation with external verification. According to the proposal, NGOs would be certified by a regulatory body and commit to certain standards of accountability, transparency, and internal democracy.

A similar system has been operating with some success in the Philippines, where the Philippine Council for NGO Certification is the umbrella group that can recommend withdrawal of recognition for organizations that violate accountability or other basic standards of conduct.

The quid pro quo of such certification would be enhanced access to the deliberations of governmental bodies (internally) and, for international NGOs, some appropriate participation to the deliberations of international organizations such as the International Monetary Fund, World Bank, WTO, Asian Development Bank, etc.

Source: Financial Times, *June 19, 2000.*

The Picture in Developing Countries

The potential of NGOs, mentioned above, has not been fully realized in many developing countries. In most of these countries, NGOs are small in scale and work only in areas that government and private providers hardly reach, if at all. Box 15.5 illustrates the situation in Asia, where most NGOs are of the nonmembership type.

Some developing countries consciously emphasize the mass base of NGOs and support for participatory structures. With this in mind, NGOs in those countries assist in training and project implementation (as in Kandy, Sri Lanka); provide technical inputs for community mobilization and planning (as in the Kampung Improvement Project in Indonesia); and coordinate the implementation of social sector programs at the regional or national level, if substantial mobilization of the people is involved (as in the mass literacy movement in Kerala, India).

Box 15.5
NGOs in Asia–Some Illustrations

India has large national nongovernment organizations (NGOs) operating in a single state, in a few districts, or in only a few villages. Foreign NGOs have varied roles: they support and fund national NGOs, or have networks with local NGOs, or operate directly in a few localities.

In the Philippines, NGOs generally work to address the needs of disadvantaged groups through development activities. People's organizations of forest dwellers, farmers, etc., are organized by the members themselves for community activities, and are, in some cases, assisted by NGOs. There is an extensive network of coalitions and umbrella groupings based on issues such as health and land reform. NGOs were instrumental in the downfall of the Marcos regime and may have taken on essential roles as whistleblowers and development watchmen.

In contrast, although Bangladesh has an extremely large NGO sector, the proliferation of NGOs has not led to effective mechanisms for cooperation among them.

In Thailand, cultural and religious traditions have shaped the NGO movement.

NGOs in Asia work in three broad categories of political space. Some work in an environment of political repression, as in the Philippines during the martial law regime and Indonesia until 1998. Others deal with nonantagonistic but bureaucratic government under stable but unrepresentative conditions. Still other NGOs function in conditions of relative democracy, as in Bangladesh, India, Nepal, and Philippines. The challenge in all cases is to build accountability into NGOs and make them more responsive to the demands of the poor.

Source: Farrington, Lewis, and Satish (1993); World Bank (1997).

Activist NGOs have often been reluctant to step into areas of service delivery with government funding, to act as agents of public agencies, or to accept grants to meet staff and overhead costs. They see such involvement as compromising their ability to exert pressure on government from the outside and perform their legitimate role on behalf of civil society. These concerns are entirely legitimate. Yet much productive potential lies in government-NGO or donor-NGO collaboration. One mechanism worth considering is the system of NGO funding in Denmark and the Netherlands, where NGOs gain access to unconditional grants according to transparent

criteria, without having to bid for contracts. This is one way in which NGOs can maintain their independence while assisting government in areas where they have definite advantages. Or, as in the Philippine health program, the NGOs may even offer to assist in mobilizing and supporting communities for no payment, as long as they receive government help in the form of equipment and transport.

In contrast to their service delivery role, some NGOs are emerging as entrepreneurs, in the course of delivering social and economic services. Examples are the Grameen Bank in Bangladesh, the Sulabh International of India (for low-cost sanitation and community latrines), and the low-income housing foundations in a number of Latin American countries. In many cities in Latin America, autonomous nonprofit corporations are entrusted with the implementation of public works programs. The NGOs are contracted by national and local governments to deliver social services, to channel loans to target groups, and to provide training. In many developing countries they are also associated with the operations of social funds, established at national level for lending in areas such as women's development, nutrition, literacy, and needy children. This business role of NGOs and their ability to attract donor funding without bids often draw complaints from business, apprehensive about the prospect of business units masquerading as NGOs.

RELATIONSHIP BETWEEN GOVERNMENTS AND DONOR AGENCIES AND THE NGOs[3]

Nature of the Relationship

The overall trend in government-NGO collaboration is the model of negotiated relationships, which call for mutual adjustment. These relationships encompass service delivery and resource mobilization as well as activities to bring about broader social and economic change. Government-NGO relationships of the latter kind are often financed through grants.

Government-NGO relationships involving contracted service delivery and resource mobilization entail five types of partnerships. First, NGOs help in mobilizing the community, introducing participatory approaches, forming and supporting community organizations, and organizing user networks. In the second type, NGOs facilitate large government programs, such as the community mortgage program in the Philippines, the Reinsertion

Program in Colombia, the Build Together project in Mozambique, etc. Such facilitation can encompass a variety of roles from conducting beneficiary surveys, training, and evaluation. The third type consists of alternate delivery system such as the communities program in Brazil, the urban community development organization in Thailand, and the health project in Addis Ababa. The fourth type is partnership for policy and program formulation, such as the People's Dialogue in South Africa. Finally, there can be a continuing government-NGO dialogue on policy or program issues.

When government agencies entrust substantial responsibilities to the NGOs under multiple programs, some problems often arise. First, not all NGOs have the time and expertise to manage the funded services, and to ensure the delivery of services with full community involvement. Sometimes, the problem is on the government side, when too many government organizations try to deal with NGOs, often with disparate guidelines and inadequate communications. In remote areas, government staff are not well-informed about government policies and the latest instructions. As a result, relations between government and the NGO may be excellent at the level of the national ministries, but tense and conflict-prone at the local level. The reverse can also happen, with good relations at local level and misunderstanding at the center. Either way, government-NGO collaboration is hampered by mistrust and lack of coordination.

Very little support from donors or government is available for NGOs to build their own capacities. Governments do not often pause to look at the long-term effects of service delivery arrangements on the viability and service commitment of NGOs. NGOs may feel that government involvement destroy the innovative and responsive element of the projects. Each side may feel that the other side is secretive or uncooperative. Regular communication between the government and NGOs in common fora would help to address these mutual suspicions and threats.

The Need for Caution in Supporting NGOs

External funding agencies, including major international foundations, have supported many NGO initiatives and partnerships in developing countries, partly because of a justified belief that NGOs can be more efficient than government agencies for service delivery to the poor. Donor agency involvement, however, has sometimes also led to distortion and to determining the activities of NGOs by donor preferences rather than by community needs. Moreover, some donors have to exert pressure on the

host government to channel aid funds through NGOs, without ensuring that a credible system for enforcing NGO accountability and transparency is in place. Donor funding may also hamper NGOs from evolving priorities and programs consistent with their own analysis of local conditions; encourages the rise of fraudulent NGOs while leaving smaller NGOs at a disadvantage; and fosters competition among NGOs and discourages networking.

Governments and donor agencies must be especially cautious in distinguishing genuine and committed NGOs from bogus organizations formed exclusively to attract a share of the money. This is a persistent problem for governments in developing and transitional economies that wish to support the NGO movement. In addition, apparent NGOs may simply be proxies for the government itself or individual corrupt officials. Regrettably, media exposés or inquiry reports about the misuse of funds by certain NGOs tend to discredit the entire movement.

In countries with mushrooming NGOs, governments should first do a quick survey of existing NGOs, to identify those with transparent governance on the basis of criteria such as an elected board of competent persons, prudent financial management, audited and published accounts, membership in an NGO coalition, and, especially, established reputation among grassroots organizations and peer agencies. (This survey will also bring out the multiplicity of NGO types and involvement at the national and local level.)

The evidence from a variety of projects in most developing countries indicates the functional complementarity of government organizations and NGOs: up to a point, each can learn from and support the other (Farrington and Lewis 1993). The interaction between the two is bound to be dynamic and complex, however. It may take several years to dissipate mutual suspicion and build mutual trust and confidence, which is a precondition to formal collaboration. The differences between the macro perspective of government and the micro perspective of NGOs can be explained and partly reconciled through constructive dialogue.

Areas of Collaboration Between Governments and NGOs

Notwithstanding the above cautions, governments in developing countries can build mutual trust and closer links with NGOs in several ways. Governments can build their capacity to identify the NGOs that

possess development credentials, through transparent and well-understood criteria. Government at different levels could address the legal and regulatory constraints facing NGOs, reduce restrictive and arbitrary bureaucratic practices, and ensure consistency across sector ministries in their guidelines for NGOs. Governments could assist NGO coalitions in maintaining a database of NGOs, and operate guidance systems for small NGOs to help them gain access to resources, as in Mexico. To avoid bidding and negotiation, governments could also earmark funds for NGO activities, as in the Netherlands. Finally, they could provide assistance for NGO capacity building in various programs including service delivery and support to micro enterprises. In all these efforts, however, it must be kept in mind not to overload NGOs with the basic responsibility for public services, and undercut their independent capacity to mobilize resources. Examples of good cooperation are summarized in Box 15.6.

Box 15.6
Examples of Successful Government-NGO Cooperation in Bangladesh

Palli Karma Shahayak Foundation (PKSF)

The PKSF is an apex financial institution that channels budgetary funds to nongovernment organizations (NGOs) for income-generating credit programs for the poor. Established in 1990, it has so far disbursed funds to 110 NGOs, which in turn have financed about 250,000 poor people. Of the over 900 NGOs that applied to the foundation, only 110 were selected, and the repayment rate is close to 100 percent. This success is due mainly to the following:

- *An independent and professional board.* PKSF's board comprises eminent and qualified professionals mainly from the private sector.
- *Sound recruitment practices.* The large majority of PKSF's professional staff have been recruited through competition.
- *Autonomous character.* The PKSF board has full autonomy in recruitment, operating policies, and salaries that are much higher than those in government, enhancing the foundation's ability to hire good staff.
- *Clear mandate.* PKSF has a very clear mandate, which has led to a strong sense of organizational commitment.

Water and Sanitation Sector

Government-NGO collaboration in this area is an example of how local and foreign NGOs have helped improve the access of the poor to water and

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Box 15.6 (cont'd.)

sanitation facilities. In 1980–1981, sanitation coverage was about 2 percent, and NGO intervention in the sector was unsatisfactory. Since then, coverage was increased to 35 percent in 1995. Tubewell coverage has similarly increased over the past decade. Ninety-six percent of the population now use tubewells for drinking water. During the last decade the NGOs, under the aegis of an umbrella body, the NGO Forum, have made significant progress in extending safe water and sanitation facilities to 8.5 million people in rural Bangladesh. They have installed as many as 100,000 tubewells in remote rural and peri-urban areas, and set up two million latrines in rural areas and fringes of the country, largely without financial or institutional support from the Government. Recognizing their contribution, the Government provided them with additional funding, which permitted installing an additional two million latrines in six months, compared with the capacity of the Department of Public Health and Engineering of only about 100,000 a year. The NGOs also brought about a policy change. Under the Government's own program, beneficiaries are provided latrines at a subsidized rate of Tk400, involving a subsidy of about Tk250. NGOs, however, charge a full price of about Tk600, viewing the subsidy as unnecessary and uneconomical.

Source: World Bank (1996b).

There is much that NGOs themselves need to do in order to improve their capacity to assist communities and to engage in effective partnerships with government and other stakeholders.

- NGOs should not automatically assume that all government agencies are threats to their independence;
- should recognize that the citizens' interests are paramount in forming partnerships with them, directly or along with government;
- should address problems of poor communication and linkages among themselves, the attitude of mutual suspicion and distrust of public agencies, and the public perception of nontransparency and lack of accountability for the use of funds;
- like architects and other professionals, NGOs could be encouraged to adopt self-regulation (as in the Philippines where there is a code of conduct for NGOs); and
- should not allow their increasing service role to undermine their equally critical role of advocacy and empowerment.

While NGOs are not designed to be alternatives to government, their role is to build pressure to keep governments honest, open, and responsible. NGOs also have much to learn from each other, and should support the smaller NGOs, through coalitions and umbrella organizations of the type seen in South and East Asia.

KEY POINTS AND DIRECTIONS OF IMPROVEMENT

Key Points

"Civil society" fills the space between the individual and the state, and comprises voluntary groups and associations of all kinds—professional, religious, cultural, etc. A strong and active civil society is the foundation for good governance, providing contestability for the government, productive relationships among people, opportunities to influence policy, advocacy for the poor, and mechanisms for participation. Civil society organizations, however, are not necessarily intended to act in the public interest, and also include associations and lobbies formed for sectarian or vested business interests.

Civil society organizations can be formal (e.g., trade unions) and governed by codified rules, or informal (e.g., squatters' associations). Among *formal institutions*, public employees' unions are sometimes viewed as inimical to reform, but instead can often help foster administrative effectiveness. Educational institutions, too, can perform useful civic roles, e.g., in retraining redundant government employees. In some developed countries, the judiciary system has been brought into civil society by public-interest litigation, and citizens' groups have emerged to counterbalance the influence of business lobbies. Cooperatives can play a constructive role as well, provided that they are not co-opted to become in effect agents of the state. *Informal institutions* are especially important in building trust at the local level and empowering disadvantaged groups. Unfortunately, they suffer from problems of chronic mismanagement and fluctuating participation and, when successful, are constantly in danger of capture by influential elites.

NGOs are frequently identified with civil society and, like all other civil society organizations, they are voluntary and independent of government. However, unlike the other organizations that act to protect the interests of their members, NGOs are intended to help disadvantaged people or address broad public problems or both. In the last decade, NGOs have expanded substantially (they now channel over 20 percent of all official

aid), mainly because of widespread concerns about big government, the search for alternative modes of service delivery, the shift to poverty reduction as the key goal of international aid, and the need to address the exclusion of minorities and weaker groups.

NGOs vary widely in mandate, size, and resources. The main distinctions are between advocacy NGOs (concerned with influencing public policy) and service NGOs (concerned with social service delivery, and generally more permanent), and between international NGOs (e.g., Save the Children) with large resources and political influence, and national or local NGOs. Even the largest national NGOs in developing countries cannot match the resources and reach of government and big business. However, international NGOs typically link up with national NGOs through funding and partnerships.

NGOs can help make government services more effective; mobilize local resources; provide checks and balances on the use of government power; and give the poor and disadvantaged the special advocacy they need. On the other hand, NGOs can also suffer from loose accountability, narrow perspective, opaque decision making, top-down management, and other problems. On balance, the substantial support for NGOs from government and donors has been amply justified, but is in danger of eroding unless these issues are credibly addressed (as many NGOs are currently doing).

NGO collaboration with government and donors can be helpful to both sides, but requires attention to several issues. On the NGO side, limited management capacity and dispersal of attention can compromise their effectiveness in service delivery. On the government side, too many actors are frequently involved, and coordination between central ministries and their local staff can be weak. Financial support from donor organizations has been important, but in some cases it has distorted the priorities of the NGOs themselves, and in other cases it has gone to NGOs created solely to get the money or to NGOs that were in effect proxies for the recipient government itself. Nevertheless, collaboration with NGOs has been effective on balance, and can expand much more, provided that the practical issues are carefully managed.

Directions of Improvement

Active civil society organizations strengthen the interface between the citizens and their government and are thus important both for the quality

of governance and for improvements in public services. General directions of reform especially relevant for public administration include:

- strengthening the roles of formal civil society organizations, e.g., by involving educational institutions in retraining and other implications of administrative change, or by attempting to relate to public employee unions as a constructive agent of change rather than an adversary;
- supporting grass-roots organizations, e.g., farmers' groups and neighborhood groups, by strengthening their management capacity and protecting them from capture by local vested interests;
- encouraging the growth and efforts of informal voluntary groups, which are particularly important for the poor and disadvantaged;
- recognizing the roles of traditional customary institutions; and
- facilitating the emergence of public interest citizens' groups to counterbalance organized business lobbies.

In particular, governments in most developing countries should improve their relations with NGOs, which are not only voluntary and independent like other civil society organizations, but also nonprofit and public-interest oriented. Most developing countries have not yet realized the potential of NGOs to prod public administration effectiveness, mobilize local resources, provide checks and balances on the use of government power, and give the poor and disadvantaged the special advocacy they need.

The generic requirements for improved relations with advocacy NGOs are open channels of communications and the willingness to listen to diverse points of view. And service NGOs can help considerably in the design of government programs and the delivery of public services. It is especially important in this context to encourage and be responsive to whistle-blower NGOs, which investigate the efficiency and integrity of local services and investment projects.

NGOs, for their part, also need improvement in certain respects. They should be:

- accountable for the use of funds and the effectiveness of their operations;
- more flexible and cost-conscious in their procedures;
- more willing to recognize a wider range of viewpoints;
- more participatory and bottom-up in their management style; and
- more willing to network with other NGOs.

NGOs can be excellent partners for government, particularly vis-à-vis the poorer and marginal groups, mainly by:

- mobilizing the community and introducing participatory approaches;
- facilitating large government programs;
- running alternative service delivery systems;
- contributing to government program and project formulation; and
- participating in dialogues on policy issues.

Financial support from government and, equally significant, assistance in building up the NGO's management and operational capacity are important, but the organization must be careful not to allow such support to weaken its independence, critical attitude, or capacity to exert pressure on the government. Similarly, donor support should not distort the mission and mandate of the NGO, and partnership with a large international NGO should always leave the local NGO stronger rather than more dependent. Developing countries should therefore explore neutral funding mechanisms such as those developed in Denmark and the Netherlands, whereby NGOs gain access to unconditional government grants on the basis of transparent criteria, without having to bid for contracts. (Donors should consider providing external assistance for such funding.)

On the other hand, government and donors, too, should be careful in their dealings with NGOs, and not inadvertently support NGOs created solely to benefit from public funds or to provide a cover for vested interests. External donors should, in addition, be mindful of the possibility that an NGO may in fact be a proxy for the host government or public agency. For this purpose, it is advisable to conduct and keep up to date a survey of NGOs, to identify those with:

- transparent governance;
- prudent financial management;
- audited and published accounts; and especially
- established reputation among grassroots organizations and peer agencies.

NOTES

[1] This section is drawn from United Nations Development Programme (UNDP) (1997), World Bank website on civil society; the British Council published data on civil society, Public Affairs Center (1999), Mehta (1997), World Bank (1997), Pope, ed. (1996), and Robinson and White (1997).

[2] This section is drawn from Farrington, et. al. (1993) and Commonwealth Foundation (1996).

[3] This section was drawn mainly from ADB and World Bank project profiles; Internal ADB memoranda and country reports; Farrington, et. al. (1993); and the UNDP *Human Development Report* (1997).