CHAPTER 1.   INTRODUCTION TO THE RESEARCH PROJECT

Introduction to the research in the UK

This research started in 2000, and is a first attempt to understand and assess the impact of changes in aid disbursement and increased conditionalities from international donors, and in turn UK NGOs, on development management and development relationships in selected countries of the south. The aim was to trace aid relations from donors to northern UK NGOs to southern branches of UK NGOs and southern partners to explore how the different demands being made fit together (or contradict each other) and how these are negotiated and implemented on the ground. How well do concepts of e.g. local participation, bottom up approaches, building strong local civil society organisations and gender equity, all part of the current aid agenda, sit alongside the increasing professionalisation and demands for greater accountability to donors (there are few calls for greater accountability to poor communities – which would look very different!) of NGOs? These are often manifest through the adoption of rational planning, project cycle management tools, intensive reporting systems and different ways to measure impact. How do these mechanisms foster or inhibit good relations, partnerships and ways of working effectively with poor people?

The research attempts to test assumptions about the benefits of increasing professionalisation and use of rational management tools for improving development impact. Up till now field-based evidence to explore the development impact of e.g. logframes, strategic planning and the use of tighter budgets and reporting systems and formal evaluations has not been gathered systematically. Rather these tools are adopted, often unquestioningly, because they are seen as neutral 'good management' approaches; they are now the dominant mechanisms of aid disbursement to NGOs, used by many though not all international donors and NGOs. Their very widespread use is often the justification for them, yet how they shape development thinking and the relationships at the heart of development practice has been largely ignored.

The ever changing donor fashions around critical issues believed to promote development, from participation to environment, from scaling up to advocacy, from reliance on markets, then NGOs and then a reversion to the role of the state have long been highlighted as problematic for NGOs and the beneficiaries of aid. Yet the changing donor requirements around accessing, managing, using and accounting for funding have been largely ignored. Many NGOs have welcomed them as a sign of the increasing professionalism of the sector, while other NGOs have seen the new and widely promoted procedures as often inconvenient, even unpleasant at times, but essential for securing funding. Funding conditionalities have not been seen or analysed as a critical factor in shaping development work. This research challenges that view by analysing the way funding is secured and the conditions attached to funding; the evidence shows that these do play a key role in shaping the nature of the development work undertaken.

The research presents the case by mapping and exploring the extent to which systems of planning, project management, evaluation, and accounting have changed over time. It examines what has been driving those changes, and how they shape work that UK based NGOs undertake, their relationships with their donors, and the way they affect their relationships with those they fund and work with- often called their 'partners' and 'beneficiaries'.

This research is a second phase of research started in 1995. Phase 1 set out to explore the growing number of policies and procedures around spending aid money that were evident in the larger UK NGOs, and spreading to many medium and smaller NGOs. The intention was to map changes and to understand what was driving the changes, including the shift away from relatively light procedures to more complex and demanding systems for planning, implementation, reporting and evaluation of projects and programmes. The research identified major shifts in approach and saw that these were being widely accepted across the NGO sector; mechanisms and methodologies appeared to be increasingly 'standardised'. The changes were driven predominantly from two sources: official donors of development aid, and trustees (and some new chief executives) recently drawn into the NGO sector from business and the private/corporate sectors in UK. There was little observable change being driven by field staff or partners, rather they appeared to be the recipients of these changes, which they had played no role in developing (Wallace et al, 1997).

The first phase of the research was not able to explore how these changes were affecting work in different countries, but did raise a number of critical questions about how changes in UK might be affecting and shaping development discourse, thinking and practice in country offices and with partners. Phase 2 was developed in order to extend the research to look at the effects of aid criteria and mechanisms on local NGOs, CBOs and even, where possible, local communities.

This report focuses on the changes within the UK and has the significant benefit of a baseline to highlight the key trends in donor and UK NGO thinking and practice around spending and accounting for aid money. There are separate reports on the experiences and findings in Uganda[1] and South Africa[2], and the final phase of the research will bring together all the reports into a comparative study to be published as a book. At this stage tracing the progress of funding through the aid chain from donors to local organisations, and the impact of the way it is done in Uganda and South Africa, will be presented and analysed.

The research funding

The research was funded in phase 1 by ESCOR, DFID. Phase 2 has been funded by ESCOR, DFID and also by the Nuffield Foundation. DFID funded

---

[1] This report is now available in draft form from Tina Wallace or CDRN in Kampala. It was presented to the donor and NGOs sectors in Uganda in March 2004

[2] This report is being finalised by Lisa Bornstein, the team leader, who is now working at Montreal University in Canada.

the research in UK and Uganda and Nuffield the research in South Africa, but they also contributed to some of the cross cutting work and writing up. Nuffield wanted to fund the research in a more holistic way, but DFID wanted to only fund a case study (Uganda) and an update of the UK context, so Nuffield kindly agreed to fund the parts that DFID did not select.

Reflections on the research process itself

The experiences of the research itself are relevant to the study. Many aspects of the research funding process mirror changes seen within donor-NGO relations and NGO relationships with partners. The details of these will be written up elsewhere, but a few key points now will highlight how much official donor approaches have changed, in research as well as aid funding, and how these changes have affected research relationships and learning.

This research has now spanned almost a decade and during that time the approach to research funding has changed significantly in DFID. The amounts of aid money available for research have fluctuated wildly over this period, with a complete hiatus in funding for a year occurring at one point. The amounts available in 1995 were relatively small, especially in the light of the £90 million for research being offered by DFID for 2004/5. Research money was attached to different departments and there were several routes to accessing research funding; now there is one centralised research department and all funding will be accessed and administered centrally in a uniform way.

The experience of accessing research funding from ODA in 1995 was positive. There was money available for responsive research funding, and researchers were encouraged to bring their ideas to the research co-ordinator, then a social development adviser, for discussion and further exploration. ESCOR saw themselves as supporting and encouraging research, and played an active role in ensuring that the research was sound and also of relevance to the current aid agenda. There was openness to new ideas and approaches, and the research agenda was developed in conjunction with the researchers.

The principle researcher took a draft idea to ESCOR, and after discussion worked up the draft proposal further. The final proposal was a collaboration of the research department and the development funders, designed to achieve a good and useful end result. The relationship throughout that research period was open- even with changes in lead personnel and a shift from a focus on social to more economic priorities- and ESCOR attended workshops and meetings around the research and the final findings. Indeed a donor forum was convened as part of the research process, which brought together the key donors to UK NGOs working in development for the first time. They discussed their approaches and common issues of concern, and shared experiences with each other; ODA- then DFID- played an active role in the discussions and subsequent donor meetings that followed.

In 1997 the research leader applied for an interim grant to develop phase two of the work, which was to be a complex proposal involving partners in three countries in Africa and Asia. By then the processes had changed. The procedures were more formal, and even stringent, and the relationships more acerbic, but still there was a personal interest in the quality and content of the research. ESCOR continued to come to key meetings and while there was more friction in the relationship there was certainly an intellectual discussion and contact during the research process. During this time the partners in Uganda and South Africa actively contributed to the overall research proposal and framed their country proposals. The relationship with the potential Indian partner was different, because of delays in identifying a possible partner and then the floods in Orissa. As a result the Indian partner was less active in discussions and proposal writing.

In early in 2000 the research proposal was put to ESCOR. It was delayed because of a hiccup in DFID research funding, which was suspended for a year with a devastating impact on many research organisations and projects. This time the procedure was formal and bureaucratic. While research funding had risen, most of this funding was disbursed in line with DFID priorities, and only small amounts were available for 'responsive funding', which was perceived to be inefficient, requiring high transaction costs. Proposals were put out to external consultants for assessment and DFID was no longer involved in developing or supporting the development of ideas or research proposals. It was certainly no longer seen as a joint endeavour.

Requests to discuss the ideas with the head of research were seen less as an attempt to ensure the research covered areas which DFID knew were important from their development perspective, and more as an attempt to 'steal a march' on competitors. The process had become one of bidding for scarce resources against competitors, and contact was limited for fear of biasing the process as well as lack of time for face to face discussions.

The procedures had become more formalised; they were bureaucratically rigorous and included a logframe, time lines and clearly defined outputs. The end results had to be specified; the budget was detailed and tight. When the external review of the research proposal came back it was non-negotiable, even though several issues raised seemed questionable to the research team. Lack of time and access meant that the issues raised could not be discussed and were incorporated into the research design. They changed the nature of the proposal quite significantly and had a knock on for the other funder, yet there was no-where to debate these and they had to be accepted if the money was to be given.

In 2004 the DFID research scenario has changed again. Much larger sums of money are available for research, but DFID has less management and administration time to put into running a research budget. The focus inevitably has become one concerned with cutting transaction costs, or passing these on to the research organisations. Research is defined as a public good, not necessarily for DFID's own learning and DFID staff involvement is to be minimal. One way of solving the challenge of disbursing large sums of money

(80 million rising to £100 million by 2006) with few staff and low transaction costs is to disburse very large grants to consortia to research clear themes defined by DFID.

The nature of the whole enterprise has changed hugely, from a joint learning venture where DFID was involved in helping with design as well as learning from results, to a bureaucratic exercise of disbursing large sums of money at low cost to DFID. Part of the change is a result of growth and the need to keep running costs under control. Part is about DFID defining itself in a different relationship to research and learning. Part is about a growing faith in impartial, bureaucratic and objective processes for deciding who should receive grants.

Do these changes matter? Do they affect the nature and quality of the research undertaken? How have costs been saved? Has anyone tried to evaluate the different strengths and weaknesses of different styles of research giving and the pros and cons of huge research projects and smaller responsive ones?

First, no research or evaluation has been carried out as to where the best and most innovative ideas originate and which kinds of research are the most productive. The changes follow organisational rather than research imperatives. Second, the financial implications of these shifts are uncertain; while the administration costs are no longer with DFID the overall costs of running these large research projects may be as large if not larger, given University overheads and management costs. Third, the changes certainly do affect the relationship between the funder and the research staff, to the detriment of sharing ideas and learning. Indeed it is rare now for DFID staff to have time to attend dissemination workshops to hear the results of the research they have funded, except where large workshops/conferences are organised in relation to one of the resource centres receiving large grants. The norm is that there is no longer a live debate between researchers and development specialists in DFID around research, though this can occasionally take place in other forums such as the external forum DFID has recently organised around water issues.

There were other implications for this research project. While the research team could write logframes, clear budgets and gant charts, these did not really reflect all the issues and questions raised by the research partners. The language of the proposal changed and so became less a reflection of the work of the joint team and more a management document for DFID and the team leader. While it was possible to outline some of the possible key findings as hypotheses, this approach did seem to beg the question about the need for the research if the answers were already known, and how openly the researchers could approach the research if they had to achieve pre-set goals or findings.

The budgeting was much tighter and permission had to be requested to change budget allocations between lines and over time. Yet the reviewer had said this was an ambitious project and would require flexibility and

adaptiveness to make it work. The need to ask for permission to change budgets, often in advance of really knowing what was going to be needed, made budgeting and accounting difficult. The relationships between the research team and DFID became simply one of sorting out the bureaucratic needs of accounting and reporting and trying to fit these to the rather unpredictable and erratic rhythms of research across three countries. The relationship now includes no discussions of methodology or content but is one of contractor/contractee. This places pressure on the research team, especially when flexibility is needed, and contrasts strongly with the support, interest and involvement of the other funder, a foundation. There the relationship is one of openness, sharing and jointly solving problems, and support. The dialogue has been of value to both the funder and the researchers.

DFID's approach changed many aspects of the research. Only 50% of funding was given and the whole nature of the research was changed by this budget cut. DfID were impressed with the quality of the proposal and researchers, but wanted to cut the costs and saw this as a micro study rather than a comparative one; they wanted the research to focus on one case study country. Money was raised for a second country but India had to be dropped because of lack of funds, changing the scope of the research and the comparative potential significantly.

A central focus on partnership and mutual capacity building of the research groups involved was by-passed, and some people who had worked over time to prepare the proposal were simply cut out by the donor. The funding needed for management and capacity building was inadequate for these tasks, yet they had to continue. The need for budgets to be completed prior to the end of the financial year, yet without claiming in advance for work, had all kinds of potentially negative implications for both the accounting and accountability of the grant. There has been no sense of dialogue or discussion, negotiation or sharing of information. Lack of staff and time and a large portfolio has meant that this has become very much a donor-recipient relationship, governed by a set of bureaucratic rules that are hard to change, and a set of objectives for the research, which proved hard to shift as the research progressed.

This way of working also then impacts on relationships with the research partners, resulting in constant demands for quarterly reports, budget information and invoices to very tight schedules, pressure to follow a research timetable developed in UK to fit the donor requirements. These all militate against the stated aim of developing open, equal relationship among the team. It placed pressures in the relationship that were not helpful in developing a sense of working together. The perhaps inherent sense of 'dependency' in the relationship between those in UK with access to the donors, and other researchers in Uganda was not helped or alleviated by the nature of the mechanics of the relationship around the funding.

This changing paradigm around research funding, however understandable in organisational growth and bureaucratic terms, created tensions and did not support the building of partnerships between the research team and the

official funder. This experience reflects the current experience of many UK NGOs, which is characterised by a sense of growing distance from DFID, fewer personal interactions, and much tighter procedures and bureaucratic requirements. These are significant, not only because they are irritating, time consuming and at times demoralising for the UK NGOs in their dealings with DFID, but especially because they do impact on the UK NGO relationships with NGOs and others they work with in the south.

Methodology and the key challenges of this research

Methodology

It was important to continue to explore issues raised in the first phase of the research about the compatibility or otherwise of the two languages of development. These were seen on the one hand as accountability to donors, project planning, indicators and impact assessment with a focus on achievement and on the other as the language of participation, bottom up, building strong local civil society, ownership and sustainability. Many commentators said that these can be meshed, however evidence from phase 1 suggested they cause major tensions that are hard to handle and resolve when undertaking development work on the ground.

While the focus originally was on policies and procedures, and these remained central to the research, over time the question of how these impact on and enhance or diminish cross-cultural relationships with partners and communities became paramount.

In the UK the research mapped the changing donor landscape, comparing this with the baseline information collected in the first phase of the work in 1995, and the impact of these ongoing changes on UK NGOs.   In Uganda and South Africa the research investigated how southern NGOs understand, receive and respond to or manipulate the demands that now accompany the release of money from the North.

Key research questions
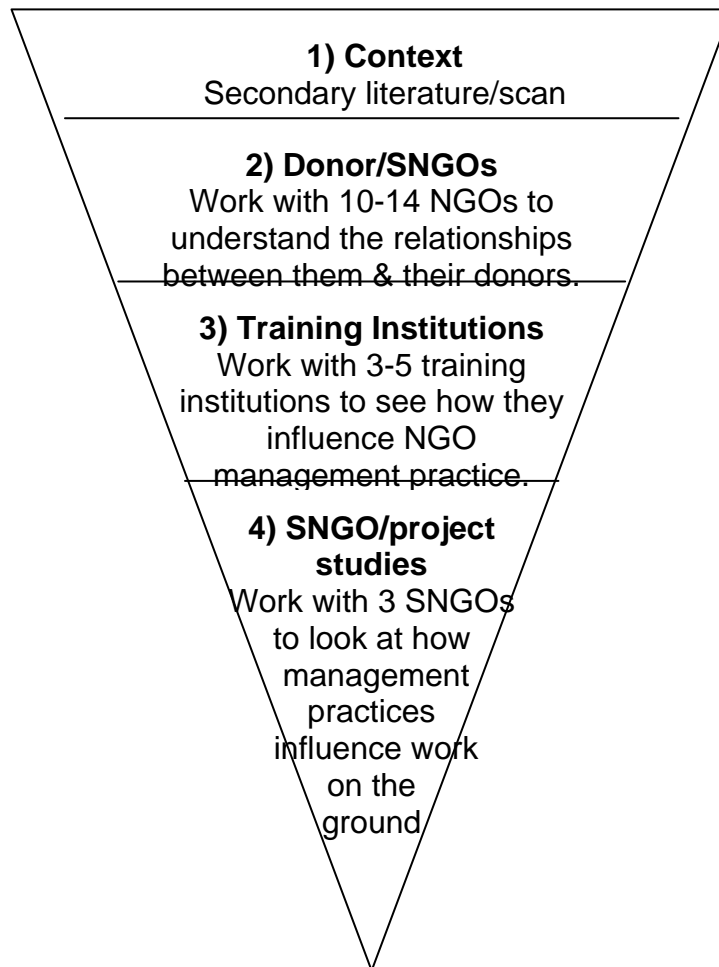
The major questions driving the research were:

1. What are current patterns of donor giving to UK NGOs? - size of funding, range of funders and their conditionalities, and new management requirements?
2. How far do conditions and requirements around the disbursement of funding from donors (institutional, bi-lateral, NGOs) influence and direct the work of NGOs? What conditionalities are being imposed? How much room is there for manoeuvre?
3. How are changes taking place in the policies and procedures of UK NGOs affecting the way in which they relate to their southern counterparts? How far do the rational planning and management tools now being promoted fit with the different organisational and developmental cultures of the south?
4. What have been the influences behind the adaptation of these tools?

5. Do current management approaches enhance the ability of local development actors to promote civil society organisations, community participation, and strong advocacy voices? Do they strengthen the work of SNGOs to deliver sustainable and poverty focused development? Are they good tools for capacity building?
6. How do southern institutions react and behave in increasingly tight donor contexts and what implications does this have for:
   - their relations to communities,
   - participation and empowerment
   - Efficiency
   - Partnership and local ownership
   - Building strong civil societies
   - Local knowledge/cross-cultural issues
   - Empowerment
7. How far do the changed policies and procedures promote upward rather than downward accountability, and with what effect?
8. Can NGOs and donors hear the voices of local women and men and community based organisations when they are phrased in language and paradigms far from those encapsulated in strategic planning, project management cycles, measurable impact indicators?
9. What other pressures for change are local NGOs responding to, especially those within their own context, and how do these interact with externally imposed agendas?

To investigate these questions, the teams in Uganda, South Africa and UK combined two elements:

- Broad research to understand the context within which NGOs are working
- Deep research to follow through the links from donor or NGO in the UK to field level work within the country concerned.

This can be presented diagrammatically:

1) Context
Secondary literature/scan

2) Donor/SNGOs
Work with 10-14 NGOs to
understand the relationships
between them & their donors.

3) Training Institutions
Work with 3-5 training
institutions to see how they
influence NGO
management practice.

**4) SNGO/project
studies**
Work with 3 SNGOs
to look at how
management
practices
influence work
on the
ground

The shape of the triangle represents the breadth of the study. Elements 1)
and 2) gave a wide perspective, elements 3) and 4) a narrower but more in-
depth one.

The context of work in each country was very different and while the research
worked to answer the common core questions above, there were also
elements that were unique to each case study. This led the research teams
to work with similar rather than identical methodologies.

Research in the UK updated the NGO context, which has changed
considerably since the first phase of the research was completed. It also
worked closely with a selection of the same NGOs involved in the Ugandan
and South African case studies to map the changes in management practices
from the UK NGO down to the field.

Activities in UK

The methodology was based on a range of approaches: broad overviews of
donors and the NGOs sector, interviews with staff in selected donors and
large, medium and small NGOs, in depth case studies of a small sample of

NGOs. There was extensive reference to existing data and research and use of documentation within these agencies. The research will be presented both horizontally (as in this paper), giving the context and findings for the three country case studies separately, and vertically tracking the relationships between the sample donors and NGOs from north to south, from donor to villager (in a later book).

The research included:
- Inception workshop with all researchers
- Inception workshop with UK NGOs and donors
- Interviews with a range of UK based NGO staff
- Interviews and data analysis of funding with donors
- Donor Roundtable
- Workshops with a few individual NGOs File research on changing policies, strategies and procedures
- Literature review
- Feedback sessions with donors and NGOs- through presentations at BOND, Royal Africa Society, Warwick University, ActionAid and Nuffield Foundation

Sampling: NGOs and donors interviewed as part of the research

NGOs and donors were selected for interview against a number of criteria:

- Involvement in phase 1 of the research
- Involvement in work in Uganda and/or South Africa
- A focus on development (NGOs working on micro credit and environment were not followed up in phase 2 because the way they work and their funding streams and accountabilities can be different to more general development NGOs)
- Agreement of their field staff and partners to participate in the research
- Ensuring a selection of faith based and non faith- based organisations
- Ensuring a spread between small, medium, large and very large UK NGOs
- Ensuring a spread of types of donors
- Interest in the key questions of research and willingness to participate

Experience showed that unless NGOs and donors are willing to participate it is not possible to do research with them, so willingness to be involved, usually through an interest in the research topic, is a key research criterion. In order to capitalise on the existence of a baseline it was important to interview many, if not all, of the NGOs and donors who participated in phase 1. Flexibility was allowed to enable some to withdraw and others to join the research process. The reasons for these shifts will be explained below. It was important that those who were part of the research were involved in work in at least one of the case study countries in Africa, to ensure the research could link the donors through to local organisations in Uganda and South Africa.

In the previous research some differences in approach and behaviour had been detected between faith based organisations and other NGOs, and the research wanted to explore this a little further. The sample is small and this

issue is one that needs separate research. However, some trends and issues were raised and followed up in this phase of the research.

Since phase 1 NGOs working on micro-credit have increasingly been turning themselves into financial institutions and they operate in many ways in line with principles of banking, while retaining a focus on the poor and a specific value base. Their funding and their lines and methods of accountability have diverged increasingly from those of more generic development NGOs and are now usually studied separately hence they were not followed up. Similarly, the focus on environment NGOs was dropped, as again they operate slightly differently and with different supporter bases to other NGOs. It is interesting to note that the often over-riding concern with environmental issues in development during the 1990s has now all but disappeared from the dominant development agenda. On the other hand the concern with gender, at least at the level of policy and discussion, continued and a gender focused NGO was brought into the sample to strengthen the research on this issue.

In 1995-6 NGOs were classified by size, because their access to funds, the range of donors, and their incomes did have a direct relationship to how they worked on project assessment and the procedures they used for supporting and evaluating projects and programmes. The sizes were defined as:
Small, less than £1m income per year and ten staff or less
Medium, 10-20 staff and £1-£5m income
Large, with 20 plus staff and over £6m. Three of the NGOs in the sample had over £80m income: SCF, Plan and Oxfam

In 2000-2 they were classified by size again, but the thresholds were raised to reflect the higher levels of income. Additional divisions were made for large NGOs because the differences now between the very large and the large are growing and are significant in shaping how NGOs behave. The categories used for this research were:
Small is less than £2m (and usually less than 20 staff)
Medium: £2-£5m
Large: £5-£20m
Very large Over £20m- this category includes 'transnational NGOs' with incomes of over £100m; in the text they are sometimes differentiated out because they do seem to be increasingly different in critical aspects of their behaviour from less affluent NGOs.

Bond uses very different categories, and divides small NGOs into many different sizes. There are many NGOs in the smallest categories according to BOND's list. It is recognised that this research has not, by and large, worked with the very smallest NGOs or diaspora NGOs and they do need to be the subject of separate research. Many of these receive little or no official funding, and may be funded in very different ways from local immigrant communities for example, or run largely through the use of volunteers or support from students. They often survive on very small sums and deserve to be studied; however they are outside the focus of this research, which took as the starting point the relationships between key donors and UK NGOs.

NGOs have changed significantly in terms of size and viability during the period between the first and second phase of the research. Many small and medium NGOs found themselves under pressure and some even closed; one of these was in the sample. At the same time a few were highly successful financially and one of these, Wateraid, was brought into the sample for learning purposes. Many of the large and largest NGOs grew significantly during this period, as ofcourse did the main official donor DFID, and Comic Relief. A new donor, Community Fund, came on the scene at the end of phase 1, and they are now included in this research study. Two foundations were also brought in to diversity the sample of donors and widen the debates around funding mechanisms and their impact on NGOs. The priorities, policies and modalities of some of the donors, especially DFID and EU, have changed significantly over time; Comic Relief funding criteria have remained relatively stable, while adding new portfolios to its grant funding and greatly increasing in size.

Cases selected for this research, compared to the 1995/6 research

NGO	1995/6	2000-2003	Comments
ACORD	yes	yes	ACORD has moved its HQ to Africa during the phase 2 of the research and changed its focus from a more traditional development NGO to one supporting social movements in Africa.
ActionAid	yes	yes	AA has recently relocated its HQ to South Africa and is moving from being a UK NGO to an international organisation
Amref		yes	Amref was included as an example of an African based NGO setting up an office in UK for both fundraising and advocacy purposes
Birdlife	yes		Birdlife was primarily included as an environmental NGO. This focus was not maintained in phase 2.
BOND		yes	BOND, as an umbrella organisation representing the NGO sector, has grown in significance and is now a key player in the sector, in training, information sharing and advocacy
CAFOD	yes	yes	CAFOD is a key faith based organisation in this sample
CfD	yes		This is a micro-finance organisation, and as they now work very

			different from development NGOs in many ways they were omitted from phase 2
Christian Aid		yes	Christian Aid is a key faith based organisation; it was omitted in phase 1 due to restructuring and lack of time
FarmAfrica	yes	yes	
Helpage	yes	yes	
HDRA	yes		This was dropped as environmental NGOs were no longer central to the focus of the research, which kept a clear focus on development NGOs
ICT	yes		They withdraw because of their despair at the way funders were relating to small UK NGOs
ITDG	yes	yes	
Opportunity Trust	yes		This was dropped as it is now a micro-finance organisation
Oxfam	yes	yes	
Plan International	yes	yes	
Population Concern	yes	yes	
SCF	yes	yes	
SOS Sahel	yes	yes	SOS closed as a UK NGO during the research period though it's work continues through new forms of organisation
Transform		yes	This NGO, which works to build capacity and give a voice to SNGOs, shared research interests with this project and so was included
VSO		yes	VSO moved from being a volunteer sending agency to becoming a development agency during this period and so was included
Wateraid		yes	Wateraid was included as a medium NGO that has been successful in growing and that has a specific sector focus and good ties to private funders through the water sector
Womankind		yes	This agency was included as one that has kept a clear focus

			on gender
World Vision	yes	yes	
DONORS selected			
Barings		yes	
Comic Relief	yes	yes	
Community Fund			
DFID	yes	yes	
EU	yes	yes	
Nuffield Foundation		yes	

In addition material was collected on other NGOs less formally, through discussions, attendance and participation in workshops, reading their literature and materials and discussing specific issues with them e.g. gender, strategic planning, learning and relating to their donors.

Key strengths and challenges of this research project

A range of conceptual and methodological challenges and snares became clear during the research. These are highlighted below.

Definitions of development, aid and development effectiveness
Issues such as defining development (a hoary but still relevant chestnut in an era of increasing globalisation) re-emerged as a critical issue. What is development and what does it involve? The literature review and the analysis of development in practice forced the researchers back to unpacking different approaches to development, from
❖ the highly technical and resource transfer approaches,
❖ to those focusing on growth and relying on trickle down for economic change,
❖ to those grappling with political issues of rights, equity and redistribution,
❖ to those focusing on the complexity of processes of social change at the local level.

Concepts and ideologies of development and how to promote positive change for poor people vary widely. In the past these have shifted from modernisation, to theories of underdevelopment, to the neo-liberal model of promoting capitalist development globally, based on economic development as the driver of change. Strategies based on leftist ideologies suffered a collapse at the end of the cold war, leading some to reject development as a process altogether and to advocate for social movements as the key to real change for poor people[3]. These more theoretical issues are often absent from the current development debates, yet it is essential to understand what

---

[3] For a comprehensive debate about the changing ideologies and theories of development and aid see T. Parfitt, The end of development: modernity, post modernity and development. Pluto press, London,2002.

development is or could be to guide NGOs in deciding who to work with, what funding to accept and how best to work to achieve benefits for the poor.

At this time the global agenda is clearly dominated by the neo-liberal belief in capitalism and economic development, and this has led agencies working in development to increasingly focus on issues around impact, efficiency and effectiveness. This pushed the researchers to grapple with concepts of aid effectiveness. This is a huge area of debate, both within the neo-liberal paradigm, and also among its critics. Yet it is an area that is characterised by a lack of clarity or workable methodologies for how to evaluate aid, or deal with critical issues such as attribution and the problems related to the slow pace of change in many contexts[4]. Is the current 'aid business' trying to measure the impossible, or are there ways of both defining and measuring development[5]? How do these debates affect the way donors chose to give aid and ask for it to be accounted for?

The forced return to partnership
The research started with a tight focus on policies and procedures around the giving and accounting of aid money. But the parameters grew as the research progressed; it became clear that the way aid is handled affects the nature of the relationships built around aid giving. Perhaps inevitably, over time, the focus became increasingly tied into understanding the way policies and procedures actually shape the nature of the relationships within the aid chain (Simbi and Thom, 2000), and the extent to which these relationships resemble any kind of partnership. As UK donors and NGOs spend more, and expand their reach and coverage they have to confront issues such as the need for upward accountability for funding, managing how money is used far away, designing systems and procedures for planning through to evaluation. These have to be undertaken at the same time as NGOs try to develop and maintain relationships of trust and flexibility, and strengthen strong local organisations.

In trying to understand the nature of the funding procedures and the nature of the relationships these foster, it became necessary to revisit and re-analyse concepts of partnership.

The need to deconstruct and problematise the key concepts in development, which are the focus of NGO work
There were other issues to address. On the one hand it was important to try and untangle and understand the nature of the relationships, and how the procedures of accessing a key resource, finance, affect these relationships. On the other hand it was also important to explore how far current ways of funding and relating do, or do not, enable NGOs to reach some of their stated goals.

Donors fund NGOs in order to address poverty, and achieve the participation of the poor in development, for sustainability reasons. They want to see local organisations skilled up, and capacity building is a key concept on the aid

---

[4] See the UNCTAD report on less developed countries, 2000, and the draft 'Development effectiveness report' from DFID, 2002.
[5] James Taylor, So now they are going to measure empowerment. CDRA

agenda. Gender equity, social inclusion and the strengthening of civil society are also stated reasons for working through UK NGOs to reach local organisations and populations in Africa. The growing sense that projects and small scale work on the ground has failed to address poverty trends and that much more is needed to achieve poverty reduction has led to a growing emphasis on advocacy; but how is that meant to work and what does it mean in practice?

It became important to deconstruct these terms and understand how they are used and measured. In order to try and answer questions about the relevance of aid mechanisms in achieving the goals of development, it became essential to understand what the current goals are and how they are defined and understood. Many of the key concepts, especially as they are adopted more widely and become 'mainstreamed' appear to be defined by many in technical ways and used in a political vacuum, omitting any analysis of power relations or contextual diversity. This research, on the basis of the existing literature and evidence, questions this approach to development goals.

Insider outsider
Both the researchers in UK have close links to NGOs within the sector in the UK. This has enabled them to have access to a wide range of players and debates, and personal relationships have built up relations of trust with many NGOs. The demand for confidentiality in phase 1 was fully respected and so NGOs were willing to participate in phase 2.

The benefits of these relationships are increased access to people, grey literature and internal debates. The challenges include not using data that was not authorised for the research project in the research report, and the inevitable biases that occur when friendships and close working relationships become part of the research methodology. The researches are aware of the issues and have tried to ensure that they do only use data that was authorised for the research project, and that their own personal biases are kept to a minimum. This has been done through discussion and checking ideas and data with the advisory committee and at public presentations of the data, where feedback has been taken very seriously.

Confidentiality
The demand for confidentiality, by most but not all NGOs, continues to dog research with NGOs. While access was not really a problem on this project, unlike many others[6], the problem of not being to name and cite specific NGOs, and having to ensure they cannot be identified from what is written about them in the text certainly limits the clarity of the final presentations. It is necessary to change names and alter contexts in order to hide identities effectively; this raises two major problems. First, the specificity and sharpness of the findings is sometimes lost. Second, it allows NGOs to dispute the findings and question data that they feel uncomfortable with, and the researchers cannot reply with chapter and verse to support their arguments.

---

[6] Janet Townsend, for example, had major problems accessing UK NGOs for her research, even though she was working alongside Intrac in UK.

Baselines

The research, has unintentionally, benefited greatly from the existence of baseline data. The research took much longer than planned because of funding problems and the complexities of putting the research together. As a result the research now spans almost ten years and provides a very powerful analysis of donors and NGOs and how they have changed over time.

The changes in the sector have been major. The context in the UK is fast changing, often reflecting the dynamic policy context of international development. The issue of how much has changed for the poor in Africa is a different one. How fast is change happening for them, how much has improved, and whether current NGO systems work better for effecting positive change for those aid aims to target are of course the subject of this research.

Chapter 2:
The wider context and concepts shaping the work of donors and NGOs, and different ways of understanding development practice

The changing development context

The global development context has changed significantly since the research started in 1995, though it is less clear whether much development practice on the ground or conditions for the poor have commensurately. There is perhaps a growing gulf between the ambitious international debates, concepts and approaches to development and the reality of deepening poverty for many.

The broad ideological paradigms and priorities within the neo-liberal agenda have shifted as new solutions to old problems are sought. In the mid 1990s the Bretton Woods institutions primed the engines for development by promoting global economic growth through liberalisation and privatisation, moving money away from supporting Governments into the private sector. Markets were seen as the key to promoting economic development and Governments were increasingly relegated to a minor role. Development was understood as economic growth, and issues such as distribution of wealth were to be left to the market.

Within this broad global agenda NGOs were seen as critical players; they were both expected to provide services for the poor that Governments were failing to provide, and to fill gaps left by market failures. NGOs were to experiment and provide successful models of working with the poor that later other donors, markets or Governments could replicate. They were seen both as critical service providers and the crucible for innovative development work, especially around economic development for the poor. NGOs were recipients of aid money for basic service delivery, replacing the Government as key players in reaching the poor with essential services. Another NGO approach that escalated throughout this period was the promotion of access to income for the poor, through expanding work in micro-finance and the provision of micro-credit. Many NGOs later became Micro-finance institutions (MFIs) working alongside the formal banking systems to reach the poorest. NGOs also had a clear political role and were also expected to promote the political pluralism that was seen as necessary for developing new liberal democracies.

In the 90s the concern about the 'overblown nature of the state', perhaps particularly in sub-Saharan Africa, and its related inefficiencies in many countries meant it was defined as a stumbling block to the economic reforms defined as necessary to achieve development. This led to a rise in funding for the role of NGOs. Many donors felt that NGOs understood the local context better than governments or official donor agencies and were better placed to reach the very poorest. They were perceived to be working at the grassroots level using more participatory approaches; the trend was for 'privatising aid'. This approach to development led to a massive rise in the number and size of

NGOs in the north and in the south, and enabled NGOs to gain an international voice and often a place at the table of powerful decision makers.

The growing realities of poverty around the world and the voice of NGOs in the international debates has led to a refocusing of the Bretton Woods institutions on the problems of poverty- how to meet the needs of the poor within the neo-liberal agenda and increasingly globalised economies? The reality of economic growth alongside growing poverty, and the marginalisation of some countries within the new global economic paradigm resulted in the 2000 World Bank development report, which defined poverty issues as central to the development project. Issues such as safety nets and redistribution of wealth returned to the agenda; economic growth, trickle down and markets could no longer be the only approaches to the reduction of poverty. They were clearly failing in many contexts.

The focus of the development project changed dramatically and the key drivers of pro-poor change were defined now as 'enabling Governments' rather than only markets and NGOs, though they still have important roles to play within the new development agenda. The aid agenda was realigned in relation to poverty reduction, and the role of Government in this was central. Governments, NGOs and the private sector are all now charged with working together to meet clear and timed poverty targets set out in the Millennium Development Goals (MDGs). Government is to create the appropriate frameworks for economic growth, collaboration, decentralisation and responsive policy and planning that is sensitive to the needs of the poor. Governments that have good pro-poor policies will receive more aid to support their work, which has to include good democratic processes, a focus on human rights and civil society participation to ensure the benefits of economic development reach those most in need. The dominant belief is that aid that is given to Governments without appropriate policies and structures for delivery achieves little. Consequently civil society has a key role to play in poverty reduction by promoting good policies and the involvement of poor people in policy development, and by holding government to account for its actions and the use of its budgets.

Many issues of concern from what was previously the NGO agenda have now been taken up and incorporated into the language and approaches of the World Bank, DFID, EU and other major donors. Issues of debt relief have been acknowledged and partially addressed; there are now several countries meeting the Highly Indebted Poor Countries (HIPC) criteria and new frameworks for dispersing financial aid have been developed. Other perspectives drawn from largely NGO agendas of the 1990s include the focus on poverty, the concern with building local organisations and promoting local civil society, the importance of advocacy, and the fledgling rights agenda.

The new funding mechanisms

Effective government is now seen as key and essential to pro-poor development, especially in relation to the promotion of democracy, the

participation of local people in policy and planning, and in providing an enabling framework for economic growth and the delivery of essential services. To support this work most major international donors, including DFID, have been increasingly switching funding away from projects and programmes towards supporting national Government budgets. Governments that adopt good policies around poverty (i.e. policies that match those set by the major international institutions), receive increased international aid; countries where Governments resist the international agenda, including political and social conditionality as well as economic structural adjustment requirements, do not get access to this new aid. The major framework for IMF and World Bank funding (which sets the context which many bi-lateral and multi-lateral donors support) has shifted from economic structural adjustment conditionalities and mechanisms, to Comprehensive Development Frameworks, and most recently to Poverty Reduction Strategy Papers. While the former focused primarily on financial issues the latter overtly include policies and procedures around issues as wide as democracy and governance, and participation and the role of civil society in setting Government policies. They reach deep into the social, economic, political and cultural heart of countries receiving aid.

The mechanisms for funding within countries have changed significantly. The World Bank, DFID and many other donors have progressively moved away from individual project funding for work in education, health or transport for example, to Sector Wide Approaches (SWAPs); this work was pioneered in sub-Saharan Africa. Donors decided to contribute to a pool of funding for a sector on the basis of a sector strategy plan; this plan has to be agreed with the donors and often the donors have been active in developing the plan through their staff or funding consultancies. The most recent shift takes this one step further; donors (with some exceptions, e.g. USAID, Jica) now provide direct budget support to Governments in countries with appropriate policies, embedded in the PRSPs.

The PRSP framework is expected to encapsulate the new principles for development, which are that while economic growth is a necessary condition it is not sufficient alone for addressing poverty and policies must include distribution elements and involve the key stakeholders if they are to be effective. They must be developed in ways that ensure they are comprehensive, promote country ownership, are based on broad participation, and take a long-term approach, which will achieve results.

The move towards budget support through the PRSP process has been accompanied by a trend to promote decentralisation. The reasoning being that this will bring the planning and control of sectoral services closer to the people, who can then increase their voice in setting targets for the services they need, and monitoring the efficiency of the provision. As budgets are devolved to national governments it is intended to move the decisions for allocating that budget closer to the people, this reducing the power of central Government, and making services more responsive to local needs. NGOs are allocated major roles in the new scenarios. They are to develop and promote the voice of civil society within the planning and policy processes, they are to

enable the poor to participate in planning. and they are to monitor the effectiveness and transparency of budget allocation and use, questioning the government when services are not reaching the poor.

It is interesting to note a few points here. The model is based both on assumptions about the effectiveness of local government and the role of civil society in Africa, yet seems poorly rooted in research or existing realities. Maina sums up the problems for Kenya, and these apply much more widely:

His work questions

the carnival air surrounding much of the recent discussion of civil society as the midwife of democracy. It argues that the complexities of associational life in Africa are less elegant and seamier than much of the literature cares to admit. (Wachira Maina, 1998, p.134[7])

He demonstrates the power of the state in Africa in curtailing and framing the arena for civil society, and the way that the larger conflicts in political society are reproduced in civil society. He says that the State actively fragments and dissipates the energies of those that question it, and this applies at all levels. His research showed that the most distrusted institutions in Kenya were in fact provincial administration and local councils, with no respondents having high confidence in the institutions and 93% having no or low confidence in them. They fared even worse than political parties in the survey.[8]

Critical questions raised by the new aid mechanisms

The logic driving the changes behind the funding mechanisms, and the focus on local budgets and accountability, is multiple. The ideological shift within the World Bank and broad donor community is only one driving factor. Another has been a growing disillusion with the results and effectiveness of projects and the lack of sustainability built into ways of working that often set up parallel structures that are not viable beyond the end of the project. A third relates to the fact that the transaction costs of working this way have been very high, requiring many staff and myriad complex systems; donors are deeply concerned about cutting these costs as Treasuries demand more accountability about aid budgets and how they are used. Fourthly, there was evidence that while growth was occurring in some countries, poverty was not necessarily reducing accordingly, so new structures and mechanisms for ensuring poverty reduction were needed.

The evidence to support some of these shifts is lacking and their validity seems questionable; a recent paper by Tony Killick suggests that, once again, development changes are being driven more by politics and ideology than by learning from real evidence and analysis of what happens on the ground.[9] He

---

[7] Wachira Maina, Kenya, the state and the politics of democratisation in Alison Van Rooy, Civil society and the aid industry. Earthscan, London, 1998
[8] ibid, p148
[9] Tony Killick, Politics, evidence and the new aid agenda. Development Policy Review, 2004 Vol 22, No.1. Tony Killick is based at ODI

particularly highlights the push for decentralisation and the focus on budget support as issues poorly rooted in research and analysis. These changes are primarily fuelled by changing foreign policy positions, along with the outputs of think-tanks and certain key individuals - often funded by the same donors that fund NGOs- and evidence-based research does not noticeably shape this analysis. The fact that they are not well rooted in past experience suggests to him that they are likely to fail to meet the great hopes pinned on them in relation to achieving the MDGs.

These changes in thinking and practice bring new challenges for the major institutional donors. The first is the selection of countries that can be trusted, and who share policy positions; countries where this kind of work cannot be done will continue to receive aid only for projects and NGO work. Donors have developed a range of criteria for those they with 'to partner' and have made these their priority countries, but some commentators, not least UNCTAD, have questioned the wisdom and equity of working in this way. They argue that the amount of aid being given is so small in relation to need that using selection criteria based on 'good policies' will be relatively meaningless because insufficient money is given to ever enable Governments to deliver on them. [10]   Indeed UNCTAD argues that the current fluctuating aid funding flows, increasingly tied to donor conditionalities, actually disable Governments from taking responsibility for their own policies and delivery. They continue to remain deeply dependent on donor demands and funds, rather than taking responsibility for their own policies and practice. Others add to the argument by observing that this tie between donor and southern Government policies reduces the accountability of Governments to their own people. So long as donor funding continues, and donors promote certain policies, governments can remain whether or not they are popular with, or responsive to, local people. This issue was, for example, debated heatedly in the Ugandan press during 2002/3 elections, where many commentators said Museveni was ignoring the needs of many Ugandans but was able to maintain power because of his financial support from the international donor community.

This approach also raises problems for donors, because Governments may do things they do not endorse once they have been selected as a key recipient country. This dilemma was clearly seen in Uganda when Museveni, while heavily supported by the donors, displeased them by refusing multi-party democracy for many years and continued Uganda's involvement in the Congo war. In addition, rumours of corruption in Uganda remain muted but persistent. These divergences from donor policy paradigms cause real dilemmas, which donors often have to overlook or quietly undertake diplomatic lobbying. This leads donors to be accused of double standards, where for example a country not selected for budget support because of

---

[10] UNCTAD report 2000, discusses the issues of policy conditionality in some detail, questioning the logic and validity of tying aid to 'good policies'. Other commentators, such as Judith Randell of Development Initiatives reports that conditionality does not work and implies a lack of confidence that donors and recipients share goals and intentions, which does not lead to the building of strong partnerships or relationships, (Presentation at Africa Centre, 2002).

corruption (e.g. Kenya, until the recent elections) appears no more corrupt in some practices that one that is selected for such support (e.g. Uganda).

Another major problem is one of financial control and accountability. Donors are handing over money to Governments to spend according to agreed policies within the PRSP, but how can this spending be tracked? Tracking studies done by the World Bank show a high degree of seepage as money passes through Government Ministries to new decentralised systems.[11] How can this be monitored and counteracted? Donors have promoted at least two different approaches. The first is to put their own staff and supervisors into key posts, to help to develop and then monitor policy and implementation. The Ministries of Finance in many countries in Africa now have many donor staff working within them, in different roles. A second approach, adopted by some donors including the UK, is to expect local civil society to become the watchdogs and monitors of Government probity and spending. Local level organisations are now to be involved in developing good policy frameworks, through direct involvement in the PRSP process:

The UK seeks to achieve this [empowerment at the grassroots] by reinforcing the capacity of Northern NGOs to work with Southern NGOs to strengthen civil society, both by enhancing the quantity and quality of information available to poor people and by promoting their voice in local decision-making processes (DAC 1999).

They are then expected to monitor policy implementation and budget allocations. Thus the responsibility for accountability of donor funds is being shifted from the donors themselves to Government departments and civil society. This requires a huge change in role for civil society, including many local NGOs, which were until recently seen primarily by donors as service providers for the poor. Playing this role may be complicated by a parallel expectation that in future NGOs must access funding for their work directly from national or local governments and work within local and national delivery plans. NGOs are thus to be both watchdogs of government, but also dependent on funding from them for their work.[12]

These are relatively new frameworks and approaches. However, concerns have been raised already about PRSPs and the way they have been developed. Many observers argue that they are largely World Bank dictated in content and that there has been limited room for challenging or questioning IMF/World Bank economic paradigms. The time allocated for their development has often been too limited to allow real participation, and issues of who has been represented and who has not are critical.[13] The World Bank

---

[11] The WB tracking study, Uganda, 1998.
[12] Sarah Lister, The future of international NGOs: new challenges in a changing world order. BOND, London, April 2004.
[13] Jenny Richmond, Are our voices being heard? Civil society participation in African poverty reduction strategy processes. MPhil for CWAS, Birmingham and paper presented at ROAPE conference, September 2003, University of Birmingham

talks of PRSPs putting Governments in the driving seat, however, some Governments often describe themselves as chauffeurs.[14]

While civil society said to be central in developing these policies, in reality this varies between countries and in all countries many organisations are excluded because of problems of time, language, ideology, and access. While World Bank talk of PRSPs as being the key delivery mechanism the actual mechanism of funding is PRGF; this has been described by some as being a continuation of past IMF/World Bank neo-liberal economic policies. There are many deep problems with this approach and many argue that it will not enable countries to meet the commitments on poverty [15]. Others have observed that while, for example, gender inequalities play a key role in keeping many women and girls in poverty, and gender is overtly recognised in all policy documents where mainstreaming is required as essential, gender analysis is sadly lacking in most PRSPs.[16]

There is also growing criticism that donors do not pay enough attention to global issues. Poverty is the focus of the PRSPs and the donors but it is a national framework, looking only at the internal workings of a country, its Government and its institutions. It does not allow for analysis of the international trends that cause or contribute to poverty, yet many argue that these – especially restrictive trade agreements and the often low prices paid for primary commodities- are critically important in shaping the entire development agenda.[17]The lack of a focus on the global structures that are causing deepening inequalities makes PRSPs a very flawed mechanism for many commentators.

Definitions of development: what is the project?

It is important, at this stage, to stop briefly to spell out clearly the origins of the current development project and why it is the dominant paradigm shaping development today. It powerfully shapes the role of NGOs within it, and limits their room for manoeuvre in particular ways, and so needs to be well understood.

In the introduction the changing concepts and ideologies of development were briefly listed. When many NGOs started their work in development between 1940s and 1970s there were two dominant paradigms of development, both based on an understanding of history as progress. One was rooted in capitalism and promoted the five stages of development (Rostow) culminating

[14] High Commissioner for Uganda, verbal presentation at Africa centre, …….
[15] Nyamugasire and Rowden, 2002, Fraser, A. PRSPs: now who calls the shots? Paper presented at ROAPE conference, Sept 2003, University of Birmingham. Sally Matthews, 2003 also looks at the new partnership for Africa, NEPAD, and she along with many other researchers identifies a similarly problematic set of underlying assumptions and weak practice around building these new partnerships.
[16] Anne Whitehead, 2003. Failing women: a report on PRSPs for GAD network.
[17] These are the subjects of major campaigns by e.g. Oxfam, ActionAid, World Development movement around World Trade organisation agreements. Many see unfair and unequal trade as far more critical to poverty continuation than aid flows, and the Fair Trade movement highlights this continually.

in economic development mirroring the development of the most economically advanced nations. The other had a socialist goal with the aim of promoting inclusive and more equal development, again seeing history as a story of human progress towards a better future.

Since the fall of the Soviet block, with its alternative ideology and funding for development, development has increasingly been defined in neo-liberal terms where benefits will accrue to poor people and poor countries through the promotion of economic growth generated through capitalist forms of production. There are few alternatives to the dominant economic model at present, and many believe there will never be any alternatives. Others reject this view, and there are many post-modern thinkers who reject the whole concept of historical progress and the slow improvement of humanity.

Some of these thinkers go on to reject all forms of development, which they see as necessarily intrusive, dominating, carrying Northern models and ideas in to other cultures and contexts in ways that are disempowering and fail to bring about positive change. These thinkers include Sachs, Estava, Escobar [18] and many writers of post-colonial history. They feel that

development has been harmful and that consequently it should be consigned to the dustbin of history in order to make way for the new strategies of emancipation… (Parfitt, p.5).

A few of these commentators go on to see the main hope for the poor lying in new social movements, outside the influence and domination of organisations and agencies working to development agendas set by the dominant economic institutions of the powerful capitalist industrialised countries. These social movements include a wide range of forms, including ofcourse reactionary as well as progressive movements for change. Some are violent, others are rooted in peaceful approaches to fundamental change.

This context provides a difficult and challenging terrain for NGOs. In the past they were often the voice of an alternative way of doing things, challenging the relevance and value of neo-liberal approaches in meeting the needs of the poor. In recent times the hegemony of the Washington consensus brooks little opposition, even though the results of globalisation and the rigid application of IMF rules has led to massive increases in the numbers of people living in poverty, at a time when total world income has risen by about 2.5% annually Stiglitz, p.5) [19] . Stiglitz recently claimed that the SAP programmes of the IMF/WB have failed to reach the needs of the poor and result in growing inequalities and inequity in countries where they are rigorously applied. While many NGOs continue to have misgivings about the nature of globalisation and

---

[18] Sachs, W (ed) 1992. The development dictionary: a guide to knowledge as power. Zed Press London.
Escobar, Arturo. 1995. Encountering development: the making and unmaking of the Third World. Princeton University Press, Princeton.
Esteva, Gustavo, 1992. Development in Sachs, W. (ed), The development dictionary: a guide to knowledge as power. Zed Press, London.
[19] Stiglitz, Joseph. 2002. Globalisation and its discontents. Penguin books, London.

the continuing thrust of IMF/WB economic paradigms around the world, there are no easy alternative models to draw on. In fact the situation is more constrained than that, debate and opposition is actively discouraged within the IMF, the leading institution:

Alternative opinions were not sought. Open, frank discussion was discouraged- there was no room for it. Ideology guided policy prescriptions and countries were expected to follow IMF guidelines without debate (Stiglitz, op.cit. p xiv)

Many NGOs now see their job as limiting the excesses of this model, through demanding better trade rules or debt relief in favour of the poorest countries. Others do not question the larger paradigm within which they work, but rather focus down on projects that they can see might benefit poor people in the countries where they work. A few grapple with the larger questions raised by the wider context and where NGOs should sit within the current economic paradigm.[20] This is especially true of a minority of NGOs in the south, and some academic and NGOs in the north who fundamentally question the economic model and its ability to ever be inclusive or address the multiple needs of the poor in Africa. Recently debates around the model are especially to be heard around NEPAD, and whether is just 'more of the same' economically, dominated and orchestrated by the North, or does it offer any hope of a different approach politically, even though it is firmly rooted in neo-liberal economics. This is more a debate among academics, however, than the development communities of NGOs.[21]

On the whole NGOs are not challenging the status quo of the IMF/WB paradigms for development. Rather they see themselves as working to ameliorate some of the fall-out of these approaches by providing service delivery for poor people who are being overlooked, or trying to change some of the rules by which they operate through advocacy around WTO, debt and global inequalities. Others provide support to those for whom the conditions of survival have been so eroded, through conflict or environmental degradation, that they require welfare support; work in humanitarian and emergency aid has risen significantly in recent years. While many find it hard to see any real alternatives to the dominant paradigm, it is interesting that two writers looking in to the challenges for the future for NGOs have recently asked them to think about how their role is seen by poor people in the south.[22] How will they fare as new social movements arise around the world, north and south, that reject these dominant approaches and challenge the status quo? They are often

---

[20] The BrettonWoods project actively engages with the IMF and World Bank on issues of ideology, policy and practice. These are issues are further explored in Wallace, Tina. NGO dilemmas: Trojan horses for neoliberalism? In Panitch, Leo and Leys, Colin. 2004. The new imperial challenge. Socialist register, Merlon, London.
[21] See for example the discussions in Trevor Parfitt, 2002. The end of development. James Petras and Henry Veltmeyer, Globalisation unmasked: imperialism in the 21st century. Zed books, London. Joachim Hirsh, The state's new clothes: NGOs and the internationalisation of states. Rethinking Marxism, 2003.
[22] Sarah Lister, op cit. David Lewis, paper written for Christian Aid, 2003.

increasingly hostile to northern NGOs especially, who are often now being described as 'part of the problem' rather than part of the solution.

These issues are not the subject of this research and cannot be explored further here. They are, however, critical for situating NGOs within the wider global context and getting clear what concepts and approaches to development that are implicitly supporting. How far they are working within these paradigms to challenge and change them? How far are they implementing these approaches and taking them deep into the countries where they work? How far are their approaches being changed or tempered by where they find their funding and where they want to get recognition? These are questions that are at the heart of this research project.

The changing role of NGOs in development

International and local NGOs sectors are diverse and take different positions on global issues such as the role of IMF/WB in development and where to position themselves vis a vis these powerful players. They also take different views on specific issues of development delivery and whether this is best done through service provision, advocacy work, budget tracking, a focus on rights or other approaches. Some work closely with the donors, while others do challenge specific aspects of their development agenda and seek to change it in favour of the poor. Undoubtedly some of the largest national and international NGOs have contributed to of the shifts in donor thinking and language some of which have been incorporated (on paper anyway) into the PRSP approaches and the roles assigned to local civil society. The WB shift to a poverty focus and the desire to have a real impact on poverty through debt relief and debt reduction reflects the priorities of many NGOs, and they are also formally recognised now as key players in ensuring the delivery of a poverty agenda in different countries.

While some have been active in these wider debates and have had a degree of influence- over language if not in the actual practice of donors and Governments- others have played more passive roles as receivers of new donor priorities. The changing priorities of donors have included re-aligning NGO roles to complement the changing focus of DFID's work with Governments. This significant shift away from supporting NGOs' own agendas[23] to requiring all NGOs to fit in with DFID priorities has been accompanied by a desire to broaden the notion of 'civil society' and its role well beyond the development NGO sector. This has pushed NGOs into competing for funding with a wide range of other players, including the rising number of private consultancy firms. [24]

---

[23] 10 years ago DFID JFS defended strongly the right of NGOs to receive funding for their own agendas. Now all funding to NGOs, especially through PPAs explicitly requires that the NGO work contributes to DFID's development agenda directly.

[24] DFID has been trying to work with TUs, medical councils and others. They found they could not understand the language or paradigms DFID used for development, so they embarked on training courses to enable them to later access development funds.

The new roles include promoting the rights of the poor and enabling them to make their rightful demands from Government, and monitoring government responses, and undertaking advocacy work on behalf of the poor. A 'strong civil society' is seen as essential for a strong democracy. This concept of civil society is confused and problematic however (see chapter 6). Working with civil society is a political project and concerns the issue of governance directly, yet the analysis remains depoliticised. Indeed civil society supported by external NGOs can be seen often as puppets of the north and thus anti-democratic and devalued in their own countries. In addition the term democracy is used simply as it is defined in the North; it is not problematised and the Northern model of parliamentary democracy and elections are simply transposed to the south. The evident problems within democracy in countries of the north, and the democracy deficit within the organisations of northern donors and NGOs, are never discussed.

The concept of donors, including some of the largest international NGOs, setting agendas and defining roles for the NGO sectors in Europe/USA and in the south would have been abhorrent only a few years ago. Now it is so well accepted that a donor conference was convened in Glasgow in 2000 to discuss just this. The conference, Civil society- donor policy synergy and co-ordination workshop was convened by DFID and attended by people from most bi-lateral agencies in Europe, the World Bank and representatives from one African government, as well as some major UK NGOs such as Oxfam. NGOs from different countries were invited to make presentations on innovative work they were undertaking around issues such as budget monitoring and participatory poverty assessment, areas which donors thought were particularly relevant areas for NGOs to concentrate on in future.[25]

There has, of course, been recent critique of these issues, and the obvious closeness between parts of the international NGO sector and donor agencies. However, these analyses of NGOs, whether stressing their role in fostering 'a new type of cultural and economic colonialism',[26]or in becoming 'an increasingly important part of the international regulatory system' of global capitalism,[27] have painted an over-generalised picture. They have not captured well the concrete mechanisms and specific effects of what are in fact complex and contradictory relationships and processes. The broad context, however, is certainly one where development aid conditionality has moved from the strictly economic sphere into every aspect of social and political life, and from donor-recipient Government agendas to the agendas of all development players. It is now commonly accepted that aid donors, on whom development NGOs are increasingly dependent, can make demands around social policies, budget allocations, democratic structures and systems of accountability for governments and NGOs.

---

[25] Donor policy workshop on civil society and national policy, Glasgow, May 2000. Convened by DFID and run by Development Initiatives. Representatives of most European government donor agencies attended, along with invited NGOs from the north and a handful of government representatives and NGOs from the south.
[26] Petras, J and Veltmeyer, 2000, op cit. p 132
[27] Hirsh, J. op cit. 2004.

As northern NGOs increasingly rely on official donor funding and goodwill, and as the conditionalities attached to that aid increase, they are inevitably drawn into supporting and even spreading many aspects of the dominant global agenda. [28] Consequently most NGOs now have to work in a context where many of their strategies and approaches are set and monitored closely by external donor agencies. It can sometimes be hard to remember the previous preoccupations of development NGOs e.g. improving the environment, developing service delivery models, 'scaling up', promoting popular participation, micro-finance, because new ones come on stream all the time. The latest trends include advocacy to change policies, rights-based approaches, 'gender mainstreaming', accountability and transparency, and impact assessment through indicators.

Of course some NGOs in the north, and increasingly the south, officially oppose some of the dominant trends. They challenge world trade imbalances and campaign around debt -Jubilee 2000 being a notable example of co-ordinated opposition to IMF/World Bank and donor practice. They campaign for human rights, less loudly for women's rights, and for the environment. They recognise those wider processes and conditions can undermine changes achieved on the ground in development, and they campaign on specific issues that concern them most. It is noticeable, however, that few lobby around the tight conditionality governing donor aid to Governments in the south, and indeed Jubilee 2000 itself tied debt relief to a series of conditionalities set by the international NGO sector, concerning health and education spending.

These campaigning efforts are also often marred by the lack of co-ordination between NGOs. Competition for hearts and minds as well as funds, and a desire to raise NGOs' profiles, diminish the impact of some of this work,[29] as does that fact that NGOs increasingly rely on those they are critiquing for funding and for access to the corridors of power. Most campaigns, moreover, are limited to attacking specific aspects of the neo-liberal agenda; there is almost no deep questioning of the roots of that paradigm. And despite their rhetoric most NGOs campaign on behalf of the poor as part of the global elite, rather than trying to ensure that the poor get proper opportunities to be represented and voice their concerns. The desire for a high profile often means a rush to be seen as an important voice, without a concern for the wider implications of this, or of whom they may be disempowering.

Management of change: NGOs draw heavily on current UK approaches

The aid sector in the UK does not exist in isolation. It is embedded within wider political and management structures and approaches dominant in the UK. The main characteristic of these is a focus on results, and the ability to

---

[28] Ann Hudock discussed the power conferred on donors by the need for NGOs to survive and grow. The urge for growth is found even – and maybe especially- in the largest NGOs, which is one reason why large NGOs with access to untied funding often do not behave differently from NGOs highly dependent on official funding. For an analysis of what drives the global multi-million pound NGOs see Lindenberg and Bryant, 2002.

[29] Lindenberg and Bryant, 2002.

demonstrate they have been achieved. A culture of target-setting and performance management prevails. Targets, 'league tables', and 'performance indicators' dominate the domestic scene in education, health and social services, and even prisons and the police. The new public management focuses on tangible, demonstrable outcomes: organisations and individuals are assessed on their performance, which is often defined by narrow criteria chosen for ease of measurability. Pay and rewards can be related to target achievements encouraging some to tackle easier tasks or even manipulate statistics to achieve targets. These individuals may be better rewarded than those who grapple with complex, intransigent issues that might be closely related to the heart of the problem but which yield few clear and quick results.

The setting of targets and using these to measure change is an approach rooted in a linear concept of change as a controllable and managed event. The insertion of defined inputs is expected to lead to predictable outputs, and organisational and individual performance can be measured against how far the expected outcomes were achieved. However, in reality the distance between the aspirations encapsulated in defining objectives and target setting and realities on the ground are wide. The debates and tensions in the UK around education, health, and police targets are evidence of this. Those trying to implement programmes to achieve targets argue that they are often unrealistic, measure the wrong things (i.e. attendance or drop out rates rather than education quality and relevance), and do not take local reality and diversity into account.

Arguments rage about league tables and targets and how they are often quietly dropped when they are not reached or altered to meet new political agendas. Pressure is sometimes put on management to produce favourable reports, whatever the actual experiences are. This results/target driven approach has been critiqued by many others, and a small number of examples will suffice to illustrate the dangers inherent in these management approaches and the paradigm of change they represent.

A recent Demos report notes that

> *'the demands and expectations of central and local government – with their strict performance criteria, emphasis on quantitative outputs and formal participatory structures, such as local strategic partnerships – all act against community projects achieving their aims'*

> *'as this report shows, a heavy audit culture often breeds an atmosphere of distrust and risk aversion, which encourages uniformity in programme design and inhibits the distinctive contribution that CBOs (Community Based Organisations) make'[30]*

---

[30] Demos report, 2003 *Inside Out: Rethinking Inclusive Communities* http://www.demos.co.uk/uploadstore/docs/INCO_ft.pdf

They conclude that the focus should be 'extending and developing people based systems that emphasise ongoing, face-to-face contact between partners and rest on horizontal or mutual forms of accountability, or reducing the number of externally determined indicators and promoting locally determined priorities and outcomes'.

Alisdair MacIntyre[31], a moral philosopher, argues that it is a modern bureaucratic managerial illusion that people or organisations have the ability to control and shape events. Yet this belief lies at the heart of the new public management. While there is predictability and logic in the world enabling us to plan and engage in long term projects, 'the pervasive unpredictability in human life also renders all our plans and projects permanently vulnerable and fragile' (p103). He challenges the reliance on concepts of managerial expertise and effectiveness, which create an illusion of social control, but which belie the complexity of the unpredictable and the limits of social control in reality.

Yet the rational approach to change denies the limits of control, and bureaucracies assume ever greater degrees of power and dominance in an attempt to 'manage' unpredictability, which a more modest and realistic appraisal of social realities would question. When things go wrong, the belief in the centrality of the tools for achieving targets leads to efforts to invent new and better tools or new ways of measuring change. It can also lead to an insistence on even tighter bureaucratic controls in the mistaken assumption that the 'right' managerial approach will control complexity and solve problems.[32] This way of thinking is often blinkered and self-reinforcing.

O'Neill recently presented a major set of linked concerns in the Reith[33] lectures. She carefully analysed current attempts in public sector life to control and count:

> *Central planning may have failed in the former Soviet Union but it is alive and well in Britain today. The new accountability culture aims at ever more perfect administrative control of institutional and professional life. (Lecture 3)*

She argues that this approach is replacing trust and judgement, 'distorting the proper aims of professional practice and indeed … damaging professional pride and integrity'. Efforts taken to achieve better performance and results often actually threaten the quality of work, by inhibiting people from using their skills in innovative ways and hedging them in with bureaucratic controls. The

---

[31] MacIntyre, Alisdair. 2002. *After virtue: a study in moral theory*, Gerald Duckworth, London.
[32] This is evidenced in the development context by the way the World Bank blames national governments for the failure of structural adjustment programmes. Bank policies were not seen as flawed rather government failure to follow blueprints correctly was the problem. See Joseph Stiglitz, 2002. Op.cit. This belief that the policies are right and it is just the implementation that is flawed is seen again in recent speeches by Gordon Brown and James Wolfenson, World Bank on what is needed if the MDGs are to be met.
[33] O'Neill, O. (2002) BBC Reith lectures, March. www.bbc.co.uk/radio4

pressure for counting and accounting is now so strong that trust, flexibility, ability to adapt to change are often actively undermined.

Rational management and the development sector

It is clear that the wider political context and current notions of change as controlled and measurable shapes the thinking and practice of many of the larger and more influential donors to UK NGOs, especially the Department for International Development (DFID) and the European Union (EU). This is clearly evident in the Millennium Development Goals[34], which now shape the development agenda in UK and much of Europe, and the allocation of donor and NGOs resources - human and financial. While many see them as ideals, aims to be reached for and a positive mustering of energy on key issues, others see them as concrete targets against which agencies will be measured. Many say the targets will not be met because they are too ambitious and take little account of local realities, or because the political will and resources are lacking for achieving such ambitious aims.[35] The danger is that these poverty-focused targets dominate current aid spending and yet may be dropped or changed when they appear to be unreachable. Worse, spending may become skewed towards contexts where they can be achieved. For example, reaching some targets in China could dramatically affect the overall MDG percentage achievements; some donors are already saying that the MDGs can be met 'excluding Africa'. They risk generating cynicism, demoralisation and inappropriate resource allocation, as target setting has in other UK sectors.[36]

Simbi and Thom[37] describes the relations along the development chain as hierarchical and designed to meet donor requirements of accountability and control rather than the needs of the beneficiaries –women and men- at the end of the chain. The 'audit culture' is predicated on the fear of people cheating, thus undermining their sense of being valued, and the role they feel they could creatively play in their work. It is a culture that, of course, fits very well with global concerns about corruption and the misuse of funds in both government and non-government organisations in the south.

But practitioners (north and the south) are questioning how far rational approaches to development, based on linear understandings of cause and effect are appropriate in different cultural contexts. They see the barriers to change as embedded in social and political relations and working with these requires different skills from those of rational planning and evaluation. They highlight the need for reflective practitioners, highly attuned to local realities,

---

[34] DFID, 1997. Eliminating world poverty: the challenge for the 21st century. Cmd no. 3789. Stationery Office, London.
DAC ,1999. DAC scoping study of donor poverty reduction policies and practices. ODI, London.
[35] UNCTAD, 2000. The least developed countries 2000 report : aid, private capital flows and external debt: the challenge of financing development in LDCs. United Nations, New York.
[36] This language of meeting the MDGs by excluding the poorest nations, for example, was evident at the IDS meeting on power and participation and at a recent water forum at DFID, Nov 2003.
[37] Simbi M and Thom G, 2002.

facilitators and supporters, accepting and learning from failure, thinking and analysing the work within very different sets of conceptual frameworks (Harding, Kaplan, Welbourn).

In the development world Rondanelli[38],Shon[39], Senge[40] and Edgar Shein[41] among others have written about the need for open ended, flexible and responsive approaches to unpredictability and change. Yet these approaches, while often cited, do not appear to shape the way development bureaucracies and agencies undertake development work. Roger Harrison[42] describes well the impact of tight and output focused approaches on staff in development organisations, where the pressure to act, achieve and count has overwhelmed efforts to understand, analyse and learn.

CDRA in South Africa have undertaken a sustained critique of this approach to change.[43] They propose a radically different understanding of how to support positive change, and the need for a range of deep skills to work with change which is in fact difficult to control, count and measure. They warn of the dangers of reducing complex processes to 'measurables':

The dominant, competitive, market driven global paradigm dictates that power is used to the advantage of those who have the advantage. The view of practitioners closer to the periphery is that those at the centre are about to take ownership, and thus control, of what is most important to them. There is a deep fear that in order to effectively measure it, empowerment will be reduced to the level of becoming the next development deliverable or handout, provided by the more powerful through capacity building workshops, training programmes and participatory projects.
(James Taylor, 2000). p.1.

There is a contradiction at the heart of these processes at every level, and especially for NGOs. The current interventionism and models of control and accountability are in stark contrast to the stated commitment at all levels – from the World Bank, the UK Department for International Development (DFID) and USAID, to the NGO sector itself – to widening the participation of 'civil society'. The stated aims talk of bottom up planning, listening to the poor, responding to the voices of those most affected, working in partnership and learning together. But current policy and practice in development aid largely belie this commitment, and take a top-down approach reflecting an agenda heavily set by a few key institutions and players. This research found that NGOs are, perhaps sometimes unwittingly, increasingly part of this approach

---

[38] Rondanelli, Dennis. 1993. *Development projects as policy experiments: an adaptive approach to development administration.* Routledge, London.

[39] Schön, Donald A,1983. *The Reflective Practitioner: How Professionals think in action .* Avebury Press, Hampshire, UK.

[40] Senge, Peter. 1990. *The fifth discipline.* Doubleday Currency, New York.

[41] Shein, Edgar. 1999. *Process consultation revisited: building the helping relationship.* Addison Wesley, Mass. USA.

[42] Harrison, Roger. 1995. *Steps towards the learning organisation* in The collected papers of Roger Harrison. MCGraw Hill, London.

[43] For example, Allan Kaplan, 2002. Understanding development as a living process in Lewis D and Wallace, T (eds).

to change management, which is limiting their perspectives and excluding many from drawing on new ideas and different ways of thinking and analysing.

Several commentators have looked at the management literature and asked why NGOs have taken a new public management approach and adopted some of the past practices of the private sector, rather than developing management structures and systems that reflect their own specific purposes.[44] They highlight the lack of attention NGOs have paid to emerging literature around some more exciting and innovative new forms of management in the private sector, which are more flexible and focused on ideas or people rather than control and counting.

It is important to stress here that the management literature suggests a multiplicity of managing cross culturally, over distance, and in contexts of uncertainty and threat. There are many approaches that stress the need to focus on actors rather than systems, to promote bottom up approaches rather than to-down methodologies. Commentators have for a long said:

Development management is inherently political and (requires)..the diagnosis of political context and organisational politics more than techniques. (Staudt, 1991, quoted in David Lewis, 2001. p.19)

The list of analysts taking this approach, with a focus on people, local knowledge, participation and appropriate ways of working to foster these is long, including Escobar, Long and Long, and Chambers.[45] However, the NGO sector in the UK (and elsewhere) has increasingly been drawn into a management model of control and has turned to new public management paradigms, based on models of rational and controllable change to solve the management challenges they face. Some put this down to their position in the life cycle, where they have moved to a stage where reasserting control over scattered fiefdoms has perhaps become the key priority[46]. Other commentators look elsewhere for explanations, especially to the realities of where NGOs draw their funding from and the growing power of donors as the NGOs increasingly search out official funding.

The movement of personnel may also be a relevant issue, promoting shared approaches between donors, government and the private sector. Increasingly NGO staff move between the NGO sector and working with donors, especially DFID, and ideas and approaches are shared through this movement of staff. In addition NGOs increasingly draw in staff from the business sector to their boards, and many of them are rooted in businesses that have a major concern with issues such as showing cost effectiveness, knowing what the results of money spent are, and demonstrating achievement.

---

[44] John Hailey, Measuring success, issues in performance management. Paper presented to INTRAC conference, Holland, April 2003. David Lewis, 2001.
[45] Escobar, op. cit. Long and Long, Chambers, Putting the last first.
[46] Greiner, L. 1972 on the five stages of growth of organisations

Amartya Sen[47] and many others believe that a rich mix of organisational cultures is essential for democracy to flourish. The trends identified here are undoubtedly pushing more organisations to work in similar ways; they also risk stifling the growth of those that do not fit within this paradigm. This move away from 'letting a thousand flowers bloom', which was once seen as a strength of the non-government sector seriously risks undermining the variety and diversity critical to building strong civil societies. This has been recently recognised in a speech by the UK Chancellor urging the UK voluntary sector and Government to play to their different strengths and not to become too closely entwined and merged in character as well as action.

So, I believe, with you, that the great strength of voluntary action- and why we should value your independence- is your capacity for the individual and unique rather than the impersonal and standardised approach…(you)…are far better positioned than ever a government official could be, both to see a problem and to define effective action. It is about being there….and governments should have the humility to recognise that voluntary organisations can provide solutions that governments cannot offer'
(Gordon Brown, speech to NCVO, London 18th Feb 2004.)

The management tools used to deliver measured change

The tools most strongly associated with the dominant management approaches now include logframes for project proposals, planning, implementation, and evaluation. They also include strategic planning- a very particular type of strategic planning, myriad paper based reporting systems, in English, and the use of impact indicators for measuring progress against plans.

In the first phase of the research the shortcomings of logframes were actually being widely discussed, and indeed many DFID staff said that they would have disappeared by 2000. Their limitations were well understood, even though many versions and variations had been developed to counteract their tendency to simplify reality, to squeeze out complexity and local voices, and their lack of attention to how development would actually be undertaken.[48] The problems with logframes were taken up again more recently in an IDS seminar 2001, yet the reality is that they are an almost universal tool now for most European official donors; the majority of NGOs use them in their work at all levels.

DFID requires country strategies and PPAs to be presented as logframes, they are a key tool and embody the language and thinking of current development management. They cannot easily be dismissed as they now stand as the way to conceptualise and implement projects and programmes and are used almost universally.

---

[47] Amartya Sen,
[48] See the papers by S. Biggs and S. Smith exploring modified versions of logframes, and Des Gasper for in depth analysis of their shortcomings. Lucy Earle has also analysed the strengths and dangers of the use of the logframe for development.

Strategic planning had the potential to counteract the rigidity of the logframe, and introduce a more flexible and open ended way of working. The variety of ways of conceptualising and using strategic planning and strategic management is wide, and well documented by Minztberg[49]. However, the form of strategic planning used in practice by most agencies in development is a form of relatively fixed long term planning, with clear goals and often detailed objectives, against which progress is to be measured. In some agencies it feels almost as if the strategic plan has become 'logframed', undermining the very essence of being strategic which is about being focused but also flexible, responsive, open to learning and change in the light of experience.

Reporting requirements have risen exponentially in recent years, a clear illustration of the need NGOs feel for control and ensuring upward accountability for the use of funds and other resources. Reporting is in English, an issue well-discussed in recent research by Janet Townsend of Durham University. As early as 1981 researchers identified the dangers of reporting within paradigms set by northern actors:

Information in the distinctive Northern cultural context of international development symbolises reason, reliability, security and even intelligence and is thus a matter of legitimacy. (Feldman and March, 1981, quoted in David Mosse, SOAS).

Reporting is increasingly required against expected indicators of success, taking the process of defining and measuring expected change further than previously. There is a whole industry now around developing impact indicators at every level right up to the global.[50]

Cross cultural working

It was expected at the start of the research that the issues around cross cultural management and relationships would be central to the analysis of the work. The work of Hofstede, Quinn and others was explored[51], and indeed some of their ideas will occasionally inform the analysis of the data presented. Their writing led us to expect the tensions that were found between the centre and periphery; they also highlighted the reality that issues of power are very important in cross cultural relationships, and said that the imposition of systems and tools by the most powerful player is not unusual. Similarly the ability of different organisations in different cultures to live with paradox, and how they handle the imposition of the rational goal model are well explored by Quinn.

---

[49] Mintzberg, The strategy safari.
[50] BOAG meeting, breaking new ground. BOAG agencies experience of developing systems for organisational performance. December 2002. London, UK.
[51] See the original project proposal.
Hofstede
Quinn

David Marsden[52] has written a recent paper exploring some of the dominant concepts in development from a cross cultural viewpoint, and his paper provides a good overview of many of the issues in working across cultures. The issue of concepts, and who defines the concepts and in what language are issues of critical importance, as are the assumptions underlying taking concepts from one culture to another. From the research clearly the ability to use the dominant language comfortably is central to understanding the relationships between north and south. For those able to manipulate English this is a key to working with external players, yet it is a blanket beneath which key issues such as who has access to power, culture, class, education level and race remain well hidden. While culture and gender have been discussed in different ways by different commentators, the development world tends to ignore or even deny issues around racism; this has been explored by very few writers and yet proved important in this research[53]. The researchers were pushed back to re-reading the work of Fanon and the importance of concepts such as 'the colonisation of the mind'[54], and the recent work of African scholars under a UN project entitled 'Winning the war against humilation'.[55] This short analysis documents the long term and consistent undermining of Africa and African thinking by the plunder of the continent, colonisation and on-going processes of global subordination evident in today's world.

The research also draws heavily on writers who have questioned the cultural assumptions embedded in written, linear, and logical tools. They can certainly act to prevent proper communication with people from oral and non-linear cultures[56], and impose concepts of change and development that may be far from those understood and used locally.

Ethnographies of NGOs are scarce[57] and the impact of bringing external cultural concepts and ways of behaving in to local organisations has been poorly researched by the development sector. Those who have questioned the dominant paradigms have raised concerns about the arrogance of the 'professionals' who over-ride local people- an issue discussed by Chambers for over 20 years now. They have also highlighted the reality that many of the tenets taken into other cultural contexts are not actually practised by those who preach them. Agencies promoting participation, listening and learning in southern NGOs often lack these characteristics within their own agencies[58].

The critical concepts guiding the research

---

[52] David Marsden, 2003. Rights, culture and contested modernities. Presented to Intrac, Holland, April 2003.
[53] Crewe and Harrison, 1998, Goudge, 2003
[54] Fanon
[55] Winning the war against humiliation
[56] See for example discussions and methods used by Su Braden, 2004 (participatory video), Alice Welbourn, Stepping Stones (gender work in HIV/AIDS), Long and Long 1992 and David Mosse, SOAS.
[57] This issue is well presented in recent work on the World Bank and its partnerships by David Lewis et al (2003)
[58] These issues are discussed by people such as Gita Sen and Mike Edwards. See especially Edwards, 1999 Future positive

A great deal of different literature from different disciplines was consulted and many ideas were gleaned that have informed the research. Much of the literature will be used in the development of arguments around the presentation of particular aspects of the research data. However, some concepts and insights did strongly shape and inform the research analysis.

These were:

❖ The clear dichotomy between approaches to change that define social and economic change as controllable, predictable and measurable, and those that see change as non-linear, contingent, continually evolving and often unpredictable.
❖ The importance of understanding who has the power and why, and how this is used to ensure conformance with dominant thinking, policies and procedures. The denial of being powerful by those with power means it is not addressed and strategies to counter-balance it remain poorly developed.
❖ Related to this the critical role of history in shaping power relations and behaviour, and the role played by the usually undiscussed and unanalysed issues of race and class in cross cultural development relationships.
❖ The contradiction between the current dominant management approaches wrapped in the language of accountability and targets, and what is actually required by an organisation that wants to work participatively with the poor setting their own agendas and learn from experience.
❖ The need to question all the time whose benefit certain management practices serve.

Chapter 3: Donors and the aid flow

Accurate data on complete flows of money from UK NGOs to developing countries is impossible to find. For example estimates for UK NGO income in 1998 varied between £428m and £1.1 billion with a plausible figure of £937 million[59]. Similarly it is difficult to get accurate figures of the proportion of UK NGO income that comes from official sources. Using DfID's own figures as reported to the DAC, total UK NGO income in 1998/9 was £428 million comprising voluntary income of £246 millions (57%) and contributions to UK NGOs from DfID of £182 millions (43%). Overall, compared to the picture in other OECD countries, the UK NGO sector is at the lower end of the scale in the proportion of funds received from government, although this proportion has risen significantly in the last ten years due to large contracts.

However the proportion of official funding varies dramatically between NGOs. For example in 1998/9 Oxfam received £10.1 millions from DfID out of a total income of £124.3 million – just 8.1% compared to the sector average of 43% (Development Initiatives 2000). Oxfam now funds up to fifty percent of its overseas work through institutional funding; in contrast ActionAid still receives over seventy percent of funding from direct public giving although it is striving to increase its share of institutional funding[60]. Many medium–sized and smaller NGOs, especially those providing services and specific expertise raise little untied funding and rely heavily on donor project funding for their continued existence. The NGOs without access to public donations have been very vulnerable to shifts in donor agendas, funding delays, and changing priorities.

Research and existing literature show that very few UK NGOs are entirely independent of institutional and other donors, for many it is a significant or even their only source of funding. These donors include DFID and the EU, foundations and trusts, the two largest independent funding organisations in the UK, Comic Relief and the Community Fund (National Lotteries), and a large number of small trusts including Nuffield and the Princess Diana Fund. DFID is the most significant institutional funder and has funded a plethora of NGOs in UK over the years, although its funding is heavily concentrated in a few large NGOs, with the same five agencies consistently receiving over 45% of total funds annually. The EU is the next largest donor. The UK donors and their relative sizes are shown in Figure 1.

---

59 Development Initiatives (2000) White Paper on Globalisation: Background note on Section 4.1. Global Development Assistance: The Role of Non-Governmental Organisations and other Charity Flows July 2000 Commissioned by DfID from Development Initiatives

60 It had initially been thought that agencies with significant amounts of untied funding (from the public for example) would be freer to shape their own systems and procedures. However, it became clear, during the first phase of the research, that they were heavily influenced by the new public management agenda through their trustees, and sometimes their CEOs formerly of the business sector. They were also influenced by their close relations with key donors.

Figure 1
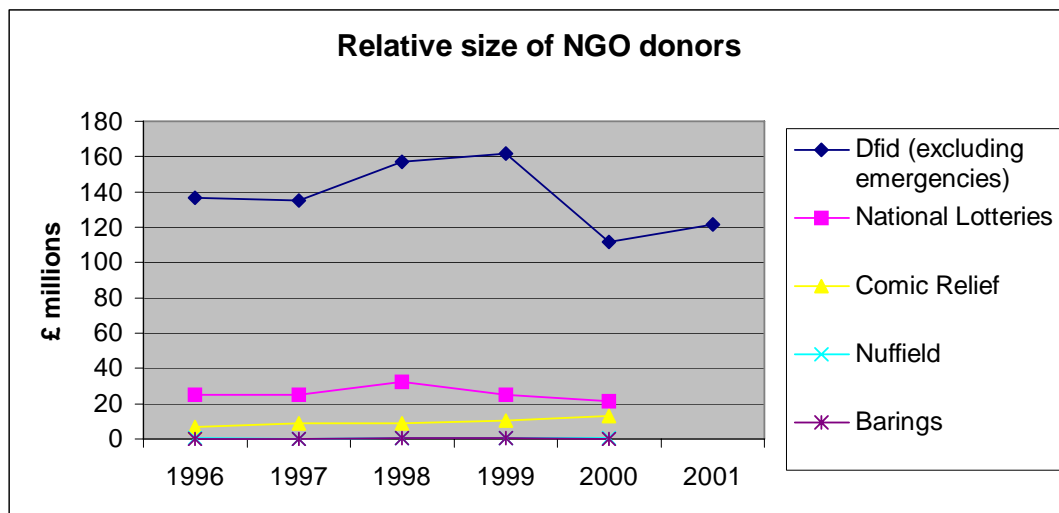
Official donor aid channelled through UK NGOs rose considerably through the '80s and 90s leading to a proliferation of NGOs to absorb this funding and large NGOs doubling and trebling in size. Much of the new funding came directly from contracts with geographical desks, departments such as health and population, and emergency money. The amounts of money available through contracts greatly overshadowed the special channels of NGO funding, and many NGO became adept at competing for contracts with DFID or the EC in UK and in country, and won access to large amounts of projects funding.

Since 1996 (when the first phase of the research was done) there have been a number of major changes on the donor front. ODA became DFID after the election in UK in 1997 and since then have introduced many changes into their relations with NGOs. The EC underwent a major restructuring in relation to NGOs after a negative review of their funding procedures, the Diana Fund came on stream as a new funder for UK NGOs, Comic Relief grew and NLCB continued to develop and is now undergoing a major review of its grants procedures. Funding streams were erratic, with Community Fund closing for almost a year, as did EU, and now the Diana Fund.

Overall funding for NGOs decreased as the focus on government to government funding rose, and donor agendas dominated where funding was to be spent. Over the last four years there has been a fall in the overall amount of donor funding available to support the agendas developed by UK NGOs. NGOs have to fit closely with donor agendas and targets to access funding. They became very responsive to donor conditionalities.   There are, however, increasing amounts of money available for UK NGOs through large contracts to directly implement the donor strategy in a country. These are often multi-million pound contracts from EU or DFID, accessed through tendering or other forms of selection, but primarily only open to large NGOs with incomes of over £20 million per annum and significant staff capacity. Many NGOs, even those with significant independent funding sources, are putting considerable effort into raising more funding from these sources, and

want to increase their share of this income by winning large contracts as well as accessing earmarked NGO funding lines.

In very broad terms since 1996 there has been a move from a project focus to a programme focus. This involved a swing away from supporting and funding scattergun projects, to a concern with being more strategic, plus stated interest among some donors in building relationships with particular NGOs – leaving a question as to whether donors are looking for more influence. There is also a trend towards larger grants for established agencies, leading to growing fears of marginalisation and exclusion by smaller, specialist and indigenous NGOs in the UK

Donors have different mechanisms for funding NGOs, from selection and application, through to planning, implementing and accounting for the project or programme funding. While the current debates focus on the importance of funding programmes, a lot of funding remains largely project based, especially for small and medium sized UK NGOs. The next sections look at each donor in more detail.

The Department for International Development

In the ten years to 1993/4 DFID increased its official funding of NGOs by almost 400% to £68.7 million, raising the share of total aid channelled to NGOs from 1.4% to 3.6% (ODI 1995). By 1998/9 DFID it had reached £181 m, 8% of ODA. 30% of this went through the Civil Society Department and the rest went through other parts of DFID, CHAD, information, and overseas offices. Between 1999 and 2002 it stayed fairly steady in financial terms with a small drop between 1999/00 and 2000/1, rising again slightly in the following year.

However if emergency funding, which is reactive to events, is taken out of the figures then the picture changes somewhat. The total funding without emergencies dropped from £162 million to £112 million between 1999/00 and 2000/01 and though it rose again the next year it was still £40 million below its peak. These figures are shown in Table 1.

Table 1: Changes in DfID funding via NGOs by budget line (£ millions)

	1996/7	1997/8	1998/9	1999/00	2000/1	2001/2	% change 99/00-00/01	00/01-01/02
CSCF						7.1		
PPA						53.7		
JFS						7.5		
JFS & CSCF	39.8	35.5	34.5	35.3	32.9			
Volunteers	27.9	28.8	27.6	29.2	28.6			
Total funding through civil society dept	**67.7**	**64.3**	**62.1**	**64.5**	**61.5**	**68.2**	**-4.7**	**10.8**
Emergency	**29.8**	**37.1**	**24.3**	**33.6**	**72.5**	**68.7**	**115.8**	**-5.3**

Country programmes	0	0	0	74.9	49.9	53.7	-33.4	7.6
Other	69.3	70.9	95.1	22.4	0.3			
Total	166.8	172.3	181.6	195.3	184.2	190.5	-5.7	3.4
total w/o emergency	*136.9*	*135.2*	*157.2*	*161.7*	*111.7*	*121.8*	*-30.9*	*9.1*

A closer look at how the funds are allocated between NGOs shows however that while the overall funding to NGOs has not significantly dropped, the way it is allocated to NGOs has shifted significantly.

Changes in methods of funding

Programme Partnership Agreements

DFID's Joint Funding Scheme, which supported a wide range of sector focused and specialist NGOs over many years, has been closed and the new Civil Society Department has replaced it with a budget of £68 million.

In 1999, following an extensive consultation with civil society in the UK, DFID introduced Programme Partnership Agreements (PPAs). The stated aim of PPAs is to maximise collaboration with particular UK NGOs who DfID see as important development players through providing programme funding to enable them realise their potential to make a significant strategic contribution to DFID's aims.

Large (and more recently a few specialist) NGOs were invited to apply for partnership funding, administered under programme partnership agreements (PPAs). These PPAs replaced the old system of block grants that were previously available only to five major NGOs (Oxfam, Christian Aid, CAFOD, Save the Children Fund and VSO).

PPAs opened up the old closed block grant relationship to a wider range of UK NGOs, currently 15 organisations have PPAs with DfID. In theory any non-profit organisation (or alliance/network) based in the UK is eligible to be considered for a PPA provided:
• There is congruence between the organisation's mission and objectives and DFID's strategic objectives
• The organisation has at least 5 years relevant track record
• The organisation has experience of working in a range of developing and/or transition countries
• The NGO can demonstrate capability to link grassroots work with wider policy/influencing/advocacy work
• The NGO has had substantial DFID funding over the previous 3 years.

The basis of the PPA agreement is that the NGO's strategic plan, or parts of it, match DFID's development objectives, especially around poverty reduction, and that funding is given against clear strategic objectives and proposed outcomes from strategic plans. Over time these frameworks have become

increasingly prescriptive about what DFID money can be used for and how it is to be accounted for. Recently NGOs have been asked to do risk assessments against these expected outcomes to enable DFID to understand the likelihood of these outcomes being achieved.

Despite the aspiration of the PPA to be a 'partnership' there is general scepticism about whether the relationship with DfID can be a meaningful partnership allowing for mutual learning:

> *I see the PPA as a contract for collaboration, not a real partnership. I am not hopeful there will be real learning or support. One problem is that there is a huge turnover of staff at DfID. The text of the PPA was agreed with one person, the Memorandum of Understanding and financial matters with another. Some are in London and some Scotland.*

These PPAs have a number of advantages for the recipient NGOs. The funding is focused at the strategic level, not tied to specific projects, allowing flexibility in how it is used: a flexibility they are not expected to pass on to their southern counterparts. Many NGOs say that not having to account project by project cuts down on paperwork and allows time for more strategic reflection.

> *The PPA seems to relieve us of a lot of bureaucratic reporting. In theory it allows us to insert our own agenda on M & E and learning. In the past we have done evaluations we wouldn't otherwise have done for DfID. The question is does it give DfID greater leverage over our strategic plan? I don't think it does.*

In most cases (VSO being the exception) the PPA agreement only provide a small percentage of the NGO's total funding. But they have a symbolic importance beyond the size of the funding:

> *DfID PPA funding is only a small percentage of our total funding, but politically it is big. It gives leverage elsewhere.*

However a close look at these new funding tools also reveals a number of tensions. Some of these are particularly pertinent to the question of to whom the NGO is accountable.

Firstly by their very nature the PPAs are intended only for NGOs that are contributing directly to DfID's own priorities and targets. The NGO must show how their global strategic goals are compatible with DfID's own. This supports a trend already seen in many larger UK NGOs, of planning strategically at the global level. While some NGOs have based this on consultation with staff around the world, others have done this work centrally, and few have consulted with partners on their strategies. Strategies developed collaboratively often change in the final drafts, when UK based staff adjust the plans to meet new global agendas set by the World Bank, think tanks, donors and other agencies. The process of strategic planning can, and does, lead to tensions between the global agendas and local realities; staff on the ground

often struggle to see the fit between the vision and over-arching strategies and their day to day work. DfID will only fund parts of the strategy, those that comply most closely with their own.

Within the PPA there is an emphasis on reporting on aggregate impact at the global level against their strategic plans. This is a huge jump from the project based evaluation and reporting that has characterised development work up to now both within DFID and within the NGO sector. This is a source of anxiety to staff in some NGOs who are working hard to work out mechanisms for assessing effectiveness at a global or strategic level. Yet reporting at an aggregate level on work that is happening in different ways in different countries remains very challenging, and can easily become distorting and misleading. DFID's inability to undertake this kind of analysis and impact assessment itself is clear from the draft Development Effectiveness Report they commissioned to explore DFID's impact on poverty reduction in 2002. Earlier attempts to assess the impact of ODA on poverty, prior to 1997, took a more complex set of analytical tools and criteria for analysing what changes ODA had been involved in promoting in four countries in the previous ten years. That study, headed by Andrew Shepherd, which tried to address many of the complex issues of definitions, measurement, what criteria and scales to employ and what data to use to measure changes was never published. Some of the findings from India (led by Andrew Shepherd), Uganda (Tina Wallace), Zambia (David Booth) and Mozambique(Mark Duffield) were, however, used in subsequent DFID country strategy papers.

Regardless of this lack of a recognised methodology for assessing impact at this level the search is on for strategic and global indicators and ways of measuring change at national and international levels. NGOs are expected to show how their work is helping DFID to achieve the Millennium Goals, especially around poverty reduction.

Each of the 5 NGOs that make up the British Overseas Agencies Group (BOAG) agencies are busy developing their own systems for gathering and aggregating data to report against global strategic objectives. These are complex and do pay more attention to upward rather than downward accountability, though they are all concerned to ensure partners are properly included. The clear purpose is to meet DfID and trustee demands for evidence of effectiveness, not partner needs for learning and accountability from the UK NGO. Where the original impetus came from for these organisation wide systems is open to debate. Some agencies claim that they were planning to do this anyway and that the PPA negotiations gave them added motivation, others are quite clear that the original impetus came from fear of imminent evaluations by DfID. Others saw expressed tensions between the desire of the international directors for information at the global level and other initiatives within the organisation designed to improve downward accountability.[61]

---

61 These evolving systems were presented at a BOAG evaluation group meeting hosted by ActionAid in Jan 2003. The representatives of the BOAG evaluation group took a report *Towards Organisational Performance Assessment: experiences of strengthening learning, accountability and understanding social change*, Dan Charlish, Ros David, Marta Foresti, Lesley-Anne Knight and Margaret Newens to a DAC meeting in Spring 2003.

The contradictions between collecting information to prove effectiveness for further funding, for developing upward and downward accountability, and for critical learning remain unresolved in all of the existing systems. The global systems are intended to prove global impact, and yet most of these large NGOs now work through partners. How they can aggregate and thus claim the work of others is not resolved. The question of the effect this has on partners is barely debated.

All the systems require considerable time and resources to set up initially and to implement. In most cases there was not prior recognition of the full implications of this in terms of the staff time and support required. All the systems make efforts to include partners in reflections in different ways, but in no cases were partners significantly involved in designing or drawing up the systems. The questions of who defines change, and whether it is positive or negative, have not been adequately addressed.

Despite the wide criticism of logframes for anything but the most straightforward event management, and their obvious unsuitability for more complex programmes, many feel logframes can be scaled up to cover global approaches. With the PPAs the thrust from DfID has been towards reporting against a logframe. While this was strongly and successfully resisted in some agencies during the initial PPA negotiations, there has been recent renewed pressure to conform. A new agency, the Performance Assessment Resource Centre (PARC), has been set up to help UK NGOs to meet DfID's monitoring, evaluation and reporting requirements, and some advisors have taken a strong logframe, quantitative bias. Those NGOs who were trying to balance learning approaches and measuring impact have to struggle against the reintroduction of uniform systems and requirements.[62]

This begs the question about why strong, large and relatively powerful NGOs, who do not receive a high percentage of their funding through the PPAs, conform to these demands. The answer may lie in several areas. First, these demands fit with those from trustees and chief executives who want data on impact- for profile and accountability purposes. Second, as organisations grow their focus and rationale shifts, and many of the large NGOs now place a high value on strong relations with DfID for influencing policy and are becoming (or wish to become) part of government delegations and discussion groups. Thirdly, while the PPA funds are small, other funds from DfID are potentially vast for these NGOs; maintaining cordial relations is a critical strategy for their aim to be included in large contracts and global debates.

It was startling to see that not one agency with a PPA agreement with DfID had passed this flexible funding mechanism on to their partners, something DfID staff were completely unaware of and shocked to hear about. The flexibility UK NGOs do enjoy vis a vis PPAs, funding by e.g Comic Relief, or foundations, are rarely passed on to their field staff or partners.

---

[62] . For a critique of attempts to combine evaluations for very different purposes see Geoff Barnard 2003, IDS working paper, and Allan Kaplan, CDRA annual reports from South Africa.

Civil Society Challenge Fund

The Civil Society Challenge Fund (CSCF) is project based funding and replaced the Joint Funding Scheme (JFS) the same time as PPAs were introduced[63]. It is a fund for non-PPA agencies, but provides much lower levels of funding than the JFS. It has increased from £3.4 million in its initial year 2000/1, to £10.6 million and £9.6 million in the subsequent years. The funding is open to a wider range of organisations than the JFS was; organisations no longer have to be registered as a charity in the UK. DFID redefined its role as working not simply with NGOs, but with civil society which includes academic institutions, churches, trade unions and so on in both the north and in developing countries with the change in name reflecting that shift. However in practice almost all the funds have gone to UK based development NGOs.

The JFS funded NGOs to work on projects they had designed and developed, in countries they selected, and major battles were fought and won to keep this fund free from constraints. It was seen as a fund supporting NGO initiatives.

In contrast CSCF funding is only available for work in DFID priority countries (though not necessarily in ones where DFID has programmes), in areas DFID wants to focus on, and incorporating approaches DFID wants to promote. New criteria govern access and the stress is on work on advocacy and rights, promoting local civil society and ensuring government accountability. The fund is also looking for innovation, where there are new types of project and new ways of doing the work. Linked to this is a stress on lesson learning and dissemination. Funding is not available to agencies doing basic service delivery only, or implementing directly although decisions about what constitutes service delivery and civil society building, and the appropriate ways to promote rights in contexts of weak, corrupt or non-existent states, often appear arbitrary. Funding is also unavailable for second phases of projects.

The list of criteria that projects and organisations are assessed against is long and complex. They need to show that the project will:
- Help poor people have more effective control over the decisions which affect their lives, locally, nationally and internationally
- Help people understand the causes of their poverty
- Help people understand their rights and entitlements
- Provide poor people with information and knowledge, which is now defined as the most important resource transfer for the poor people
- Understand development as leverage and not development as delivery; they must be able to link work on the ground to policy change
- Engage explicitly in capacity building (BOND 2000b)
- Have clear achievable objectives that contribute towards the international development targets

---

[63] Existing commitments under the Joint Funding Scheme were either subsumed into PPAs or continued to run. Thus the JFS dispersed £31.7 million in 2000/1; £8.1 million in 2001/2; and £3.5 million in 2002/3. When these figures for the CSCF and the JFS are put together they do not match exactly the figures in Table 1 as they include some figure for volunteers.

- Be implemented by an overseas civil society organisation or group that has established link with any northern organisation applying for funds

They also need to:

- illustrate that the UK partner is providing more than just a channel for the transfer of funds
- provide an explanation as to how achievement will be assessed – the methodology is expected to be participatory and include views of partners and beneficiaries
- show how it will improve understanding of effective rights based work and capacity building

This switch has had a profound effect on many medium and small NGOs, which focus on sectoral skills and undertake service delivery. They have found it increasingly hard to access DFID funds, as have those working in contexts where rights and asserting rights is almost impossible. A recently rejected small NGO asked why their proposal had been refused. They were told it was because they had not addressed the issue of poor people claiming their rights. However no-one was able to explain how or where people living under conflict and without a government in areas of Southern Sudan could possibly go about claiming their rights. Or how a population decimated by war and lacking even basic education could begin to grapple with such a requirement without first addressing issues of education, skills and organisational development – as the project proposed.

The CSCF, in contrast to the JFS makes use of a 2 page concept note which needs approval before progression to a full proposal. NGOs have indicated that this is a time saving device. Approximately 1/3 of applications are successful. The maximum grant over the whole project has fallen from £500,000 to £250,000.

Initially 50% matching funding was required to access these funds but from April 2003 100% funding became available. The number of decision rounds per year has fallen from two to one.

Local funding

DfID is decentralising with new offices opening up, increasingly on a country basis. In some cases these offices are opening up their own funding for civil society intended to be invested directly in NGOs in that country in line with DfID's country strategy; as a result different funding strategies are developing in individual country offices. The focus of funding through country offices is more about building up the capacity of southern civil society rather than funding to northern based NGOs. This approach has undermined access to DFID funding for many UK NGOs. While the larger UK NGOs are increasingly positioning themselves locally to be eligible to access this funding (often in competition with their local 'partners' in that country - a major ethical issue few appear to be grappling with seriously), smaller and medium-sized northern agencies have been largely excluded.

In some countries DFID is contracting an organisation to run their direct funding for NGOs, elsewhere an NGO is selected as lead agency in a bid and

manages the programme for DFID. The commitment to competition means that NGOs must compete with each other and with government and the private sector for donor contracts. Often this was money that was automatically channelled through the NGO sector before, yet there appears to be little analysis of the costs of time and energy incurred in this approach nor is it clear how criteria for effectiveness are judged.[64]

Contracts

Contracts form another new and expanding source of funding from DFID for UK NGOs. DFID increasingly puts out to tender contracts for work considered critical to their overall strategy in a country, a similar trend is founds across Europe. ODI estimated that in 1995 5% and more of total bilateral aid funds were commonly used for these NGO sub-contracted initiatives (ODI 1995). This approach has continued with one significant change, that NGOs now compete with other kinds of institutions such as private contractors, consultants, governments, Universities, and independent think tanks for this funding. They have to show they are the most appropriate and cost effective organisation for the work. UK NGOs also now have to bid alongside (and sometimes in co-operation with) southern NGOs for contract funding; the money will be channelled through the agency that DFID or EU finds the most competitive, with no preferences or strings to funding UK NGOs.

Only large NGOs with sufficient resources are in a position to compete for these contracts, which are often worth millions of pounds over three to five years.   While even Oxfam finds it hard at times to successfully compete with professional consulting agencies and firms, NGOs do occasionally get access to these funds, which can carry up to £15-£20 million for the agency. However even the largest NGOs often struggle at the implementation phase because the contracts are vast compared to the scale of much traditional NGO work on the ground. It is one thing for an agency to learn how to work well in a given country on water or HIV/AIDS, alongside good local partners. It is quite another to try to manage a multi-country programme, working in countries new to the agency where relationships are not yet formed and the context is poorly understood. Or to move from working with several partners at the local level to a single service delivery model designed to cover vast areas of a country.

Most emergency funding is contract funding, and although this is excluded from this study experiences of working with emergency grants do impact on the way NGOs access funds and relate to their donors.

---

[64] The problems of assessing aid effectiveness are known to all NGOs grappling with impact assessment frameworks, and also to DFID as evidenced in their recent draft Development Effectiveness Review 2002. This highlighted many weaknesses in definitions, available information and methodologies which prevents DFID having a good assessment of what makes effective development. In spite of DFID's inability to really understand the impact of its spending on development or poverty alleviation, it continues to demand that NGOs demonstrate their impact, although they are far smaller players than DFID and often working in the most challenging areas of poverty and development.

Taking on contracts inevitably ties NGOs tightly to donor agendas and reporting requirements, which has implications for both implementation and where they focus their accountability mechanisms.

Results of these changes in methods of funding

The broad trends of DFID funding are that they increasingly favour the larger NGOs; in 2000/1 the five agencies most funded by DFID received 59% of all DFID's designated NGO funding, excluding contracts (see Table 2).[65]This emphasis on large and very large NGOs is not limited to these five. Overall funding to large NGOs has increased steadily, though funding to very large NGOs having increased since 1997 has dropped again to its 1996 level (Figure 2).

This should be compared with funding to medium size NGOs which has remained fairly static up to 99/00 and dropped dramatically – by over a third – between 99/00 and 00/01 (Table 3). It can also be seen from Table 3 that the success of small NGOs in fundraising from DFID dropped by almost a quarter between 99/00 and 00/01 though it has picked up in 2001/2. This happened despite DFID's promise that the new procedures would not mean any funding gaps for any agency (BOND 1999).

Table 3: DfID funding by size of NGO

size of NGO	96/7	97/8	98/9	99/00	00/01	01/02
small	22.3	22.4	27.0	29.9	22.5	31.1
medium	20.3	18.5	19.3	21.8	14.1	14.2
large	46.1	56.5	53.6	55.7	62.4	64.9
Very large	78.1	75.0	81.6	87.9	85.3	80.3
Total	166.8	172.3	181.6	195.3	184.2	190.5

Money is also now tied to DFID's agenda and priorities much more closely than it was five or six years ago, when DFID still accepted that NGOs should be helped to work in countries where DFID itself did not work. It is tied to a range of conditionalities, shaped by DFID's analysis and understanding of the role it wants NGOs and the wider civil society to play in development. That role has changed from the one applauded in the 1990s - service delivery and how to 'scale up'[i] - towards a watchdog, advocacy and monitoring role for NGOs in countries DFID prioritises. As DFID moves away from project funding to support for governments, it has huge anxieties about how to monitor and account for the use of its aid money and has designated NGOs as guardians of government spending and promoters of rights in contexts where democracy is often weak.

Formal contracts are very tightly regulated and defined. Strategic plans, policies around e.g. gender, advocacy and conflict, detailed reporting requirements, tight and difficult-to-change budgets, and retrospective funding have all become part of DFID funding.

---

[65] These agencies are Red Cross, VSO, CARE, Save the Children and Oxfam

Table 2: The top five UK NGOs by DfID funds received in 2000/1

NGO	% of DfID funds to NGOs going to this NGO					
	96/7	97/8	98/99	99/00	2000/1	2001/2
British Red Cross Society	11	15.4	14.3	11.8	17.4	19.4
VSO	15.2	13.3	13.8	11.6	12.6	12.5
CARE	8	8.1	9.4	8.1	11.8	12.4
Save the Children Fund	9.4	11.9	7.6	8.8	9.3	7.9
OXFAM	7.1	6.9	6.3	5.2	7.9	3.4
Total % taken by top 5	**50.7**	**55.6**	**51.4**	**45.4**	**59.0**	**55.6**

Figure 2
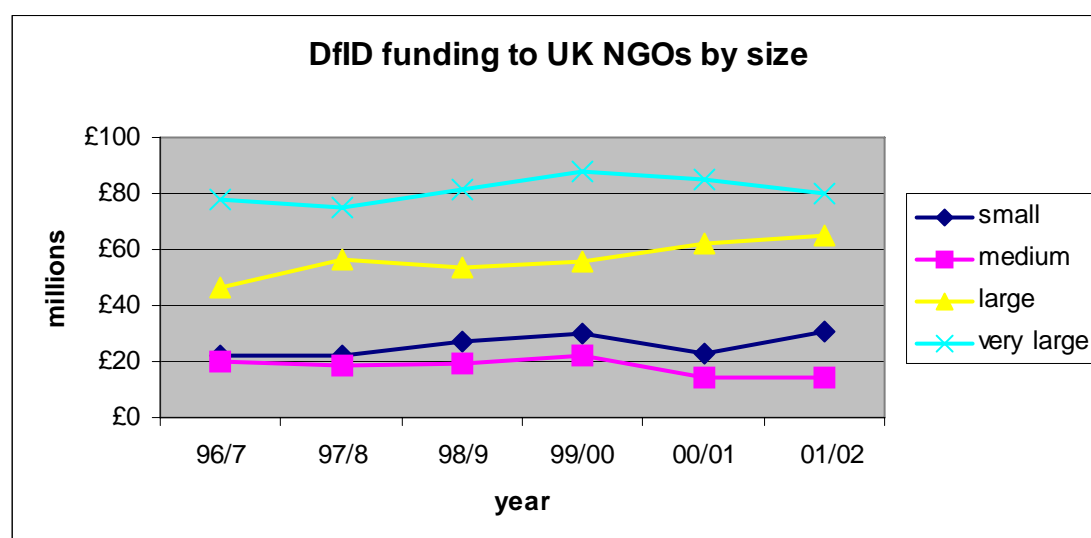
European Union

The EC is the next largest donor to UK NGOs. It supports their work both by 'contracting' NGOs to provide particular services and through particular budget lines. The former is accounted within figures for aid to that particular sector and cannot be accounted for separately, as a result it is hard to get an accurate figure for total EC aid through NGOs. This research has therefore focused on the main budget lines for NGOs which are *Co-financing operations with EU NGOs* (B7-6000) and *Support for decentralised co-operation in the developing countries* (B7-6002 or B7-6430). The co-financing scheme dates back to 1976 and goes mainly to ACP and Latin American countries. Only European based NGOs can apply on behalf of partners.

EC Aid to NGOs through the co-financing scheme doubled in volume between 1986 –90 and 1991-5 to around 200m euro a year, keeping pace with the overall programme and thereby maintaining a constant 2.5% share. It subsequently rose to 3.1 % of total allocable aid for 1996-98 (Cox & Chapman 1999).

In 1997 it was agreed by the Council of Ministers that NGO co-financing should aim at poverty reduction as well as on enhancing the target group's quality of life and development capacities. It is seen as a response to the commitment and support shown for years by the European public towards NGO efforts to improve the living conditions of the poor. (Cox & Chapman 1999)

In the past the Commission has perceived NGOs as vehicles for targeting the poorest and most marginalised sections of the population, which tend to be neglected by official policies or have difficulties to access bilateral aid. Also NGOs were seen as playing a vital role in encouraging participatory development and the creation of a democratic base at grassroots level. In addition there was a belief that development is best served by a diversity of approaches, innovation and experimentation. It was seen to be important that NGOs can work out their own vision, programmes and projects which they regard most appropriate for addressing poverty (Loquai et al 1998). Current changes however are seen to challenge this. For one the growing trend to 'contract' NGOs to provide particular services for the execution of Commission designed projects and programmes has led many NGOs to fear this could lead to a situation where NGOs become mere 'sub-contracting agencies' for the delivery of mainstream development aid. (Loquai et al 1998)

Furthermore the co-financing scheme underwent a period of crisis around administration in late 1999 and between Nov 1999 and 27th June 2000 no new applications for co-financing were accepted. It was then reshaped, echoing many of the trends seen in DfID. From June 2000 new applications could only be submitted under a call for proposals published by the Commission. This new system was driven by a number of factors including the need: to reduce the number of projects handled to about 500 (In 1999 759 NGO Co-Financing contracts were processed and this led to a huge backlog of grants waiting for decisions); to ensure funds were fully committed, something that had been found difficult in the past; and to reduce the project appraisal process to the 6 month period foreseen in Council Regulations (1658 , 17th July 1998 governing the management of the Budget Line)- these have taken an average of 13 months in the past.

It is also intended to introduce greater transparency and accountability by standardising and harmonising all appraisal criteria and ensuring that they fully conform to the requirements set out in the Commission's Grant Management rules. One implication of this is that EC staff are no longer able to hold any discussions with NGOs about their project applications. The EC is now also able to define political priorities and set targets in line with its development priorities and strategies, again taking the initiative away from the

NGOs. The first call for proposals allocated 60 million Euros from the year 2000's 200 million Euro Co-Financing Budget. The new system led to an increase in the number of NGOs applying for funds with applications totalling more than four times the value of the Call[66].   However many NGOs, which in the past received regular EU funding through the NGO budget line, no longer find it possible to access funding. This is due to increased competition, the complexity of the bids, new contract conditions[67], lack of staff time and capacity, and the fact that their work no longer falls within the designated themes. As yet there is no published timetable of issues or sectors for this, making it difficult for NGOs to plan ahead to access these substantial grants. The new funding regime appears to favour large, complex agencies able to meet the bidding and contract requirements and with the staff capacity to respond quickly to new themes. It thereby undermines the stated aim of the budget line to increase the EC's capacity to support risk.

Discussions with European NGOs reveal that because the selection system allows no dialogue, project applications take a lot of preparation and then face only a small chance of selection due strong competition. They are scored against a checklist so that they tend to only submit those that they know will score highly – thus there is a likelihood to self-censor more innovative work, or at least not to approach the EC for that.

Further discussions continue between the EC, Member States and Concord about the future of the NGO co-financing budget line. There are debates about whether it will be opened up for applications by organisations beyond European NGOs.

---

[66] European Commission, (no date) Information Note Subject: Management of the NGO Co Financing Budget Line B7-6000 http://europa.eu.int/comm/development/sector/ngo/b7-6000en.htm

[67] In Jan 2002 a standard contract was introduced that imposes new conditions drawn up with the private sector in mind. For example for any project of 1 million Euro or above the implementing organisation needs Bank guarantees that they could pay the money back if they did not meet the terms of the contract.

Figure 3
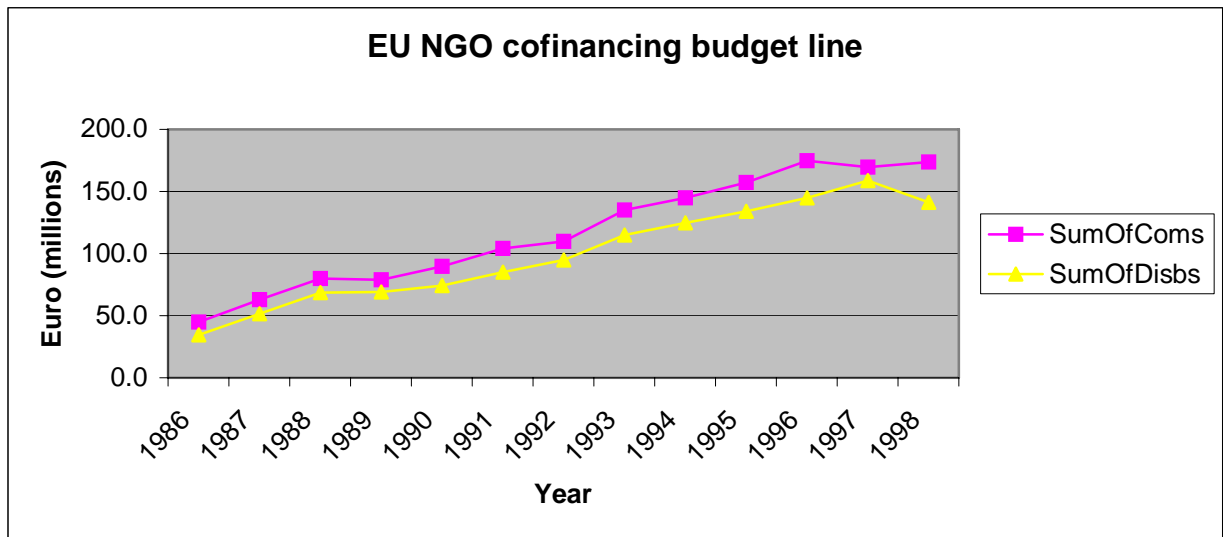
The other main budget line is that for decentralised co-operation in the developing countries[68]. Decentralised co-operation emerged in the 1980s with the aim of enabling the EC to contribute outside the conventional external aid framework. In decentralised co-operation activities the central government facilitates but does not have a direct involvement. Funds are channelled directly to NGOs and organisations outside the formal governmental apparatus and to local public authorities. A specific decentralised co-operation budget line was introduced in 1998, which set aside 18 m euro to finance decentralised co-operation for the period 1999-2001.

Decentralised co-operation activities are designed to promote a more participatory approach to development, responsive to the needs and initiatives of the population in the developing countries. This makes a contribution to the diversification and reinforcement of civil society and grassroots democracy and mobilisation of decentralised co-operation agents in the Community and the developing countries in pursuit of these objectives. (Cox & Chapman 1999)

South Africa is a special case for the EC as it was not part of the Lome agreement until 1997. From 1986 until 1994 EC aid to South Africa was provided through a specific budget line, the Special Programme for Assisting the Victims of Apartheid, channelled through NGOs and church organisations. With the advent of democracy, the Community's approach changed to a more usual channelling of aid through government, which was more clearly defined in a Council Regulation in 1996. However the civil society channel was maintained, with the full agreement of the government with a target of 25% of the annual EU aid budget to be administered through NGO partners. The EC programme was retitled the 'European Programme for Reconstruction and

---

[68] It has been quite hard to get data on the EU and we are still awaiting data on the decentralised co-operation budget line

Development in South Africa' This has largely focused on education (33%) and governance and civil society (21%). (Cox & Chapman 1999)

Medium sized UK donors: National Lotteries/Community Fund and Comic Relief

National Lotteries (now called Community Fund, CF) and Comic Relief are both medium sized donors for UK NGOs with awards of 17 and 13 million pounds respectively in 2001. Since 1998 the total awarded by the National Lotteries has fallen steadily due to the decline in popularity of the lottery so that the £17.0 million awarded in 2001 is only just over half the amount awarded at its peak in 1998 (£32.6 million). At the same time the average size of National Lottery grants has been rising steadily meaning that far fewer organisations are now receiving funding: 73 in 2000 compared with 158 in 1998.

The Community Fund's international programme came under scrutiny in 2002 and was unable to maintain continuity: there was a total hiatus in funding for eighteen months. Funding resumed in 2003, with new criteria, guidelines and application cycles. The sum to be disbursed was around £11 million, a further drop.

Comic Relief funding, in contrast, has risen and is becoming one of the few real alternative sources of funding for many small and medium–sized NGOs. They disbursed almost £20 million to NGOs working in Africa over the two years 1999 and 2000.   After a large rise in average size of grants after the first grant round, average grant sizes have fallen slightly. Comic Relief raises funds every two years and has been committing 2/3 of money raised to Africa and 1/3 to UK projects, though in the last grant round the proportion of funds going to Africa has dropped slightly to 60%. In 2000 a few grants went outside Africa from the CPROM grant programme. Comic Relief grants are very much focused on small organisations, with a recent significant increase for medium sized organisations. Comic Relief thus provides and important lifeline for these organisations. Comic Relief are currently rethinking their strategic approach and aiming to reduce the number of grants per organisation – preferring one large grant to many small ones.
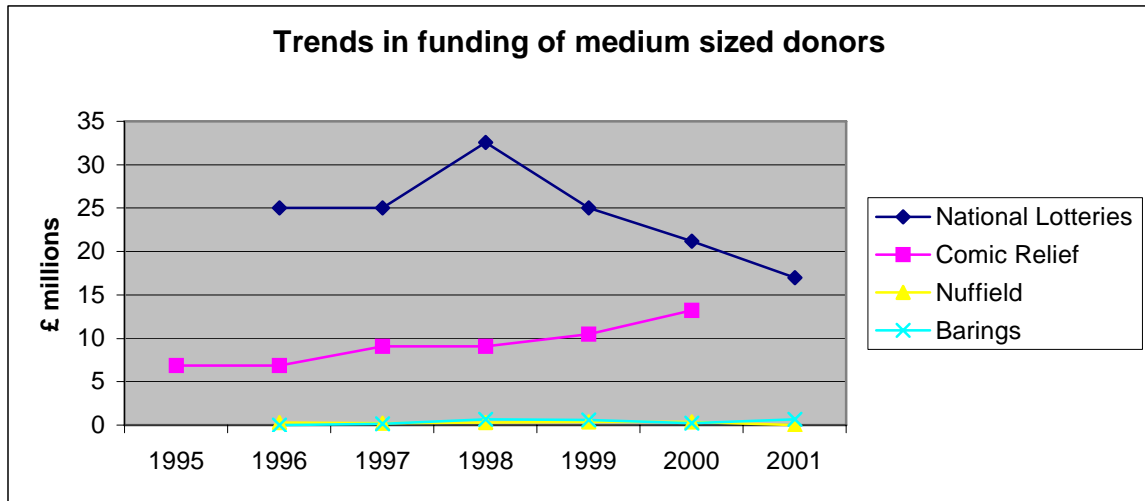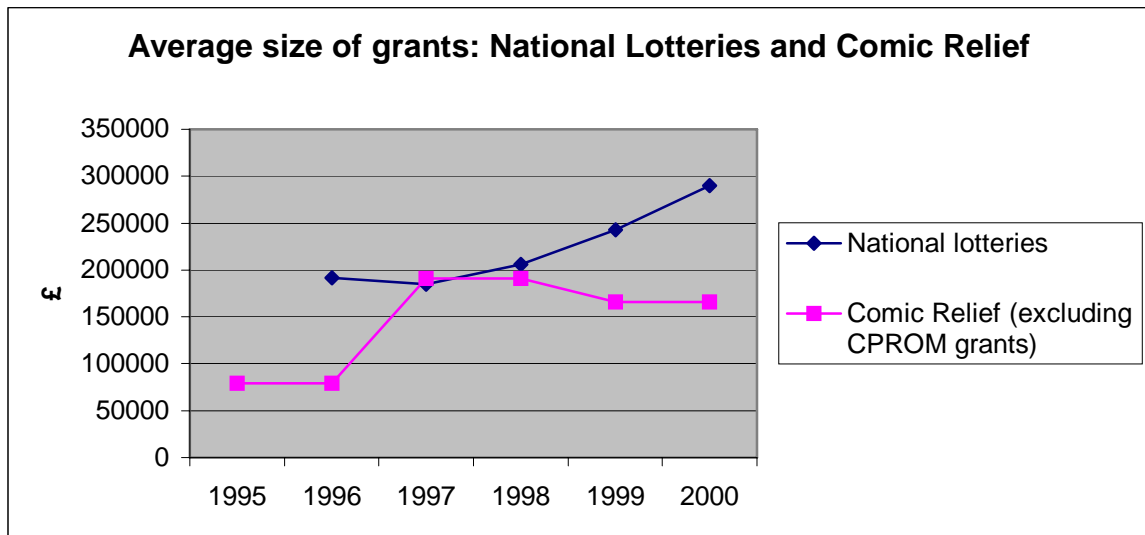
Figure 4

Trends in funding of medium sized donors

£ millions (y-axis, 0–35)

Legend: National Lotteries, Comic Relief, Nuffield, Barings

X-axis: 1995, 1996, 1997, 1998, 1999, 2000, 2001

Figure 5

Average size of grants: National Lotteries and Comic Relief

£ (y-axis, 0–350000)

Legend: National lotteries, Comic Relief (excluding CPROM grants)

X-axis: 1995, 1996, 1997, 1998, 1999, 2000

Table 8: Comic Relief grants by size of organisation

Size of NGO	£ millions					2000	% change in last year
	1995	1996	1997	1998	1999		
Small	3.05	3.05	3.04	3.04	6.24	7.48	**19.82**
Medium	1.11	1.11	1.53	1.53	1.85	2.61	**41.34**
Large	1.58	1.58	1.69	1.69	1.14	1.51	**32.73**
very large	1.16	1.16	2.82	2.82	1.31	1.61	**22.94**
Total	**6.90**	**6.90**	**9.08**	**9.08**	**10.53**	**13.21**	**25.37**
Size of NGO	%						
Small	44.2	44.2	33.5	33.5	59.2	56.6	-2.6
Medium	16.1	16.1	16.9	16.9	17.5	19.8	2.2
Large	22.9	22.9	18.6	18.6	10.8	11.5	0.6
very large	16.9	16.9	31.1	31.1	12.4	12.2	-0.2

Comic Relief (CR) and the Community Fund (CF) are more flexible about
funding criteria. However, as CR grows and staff are under increasing work

pressure, an external team of assessors has been appointed and trained[69], and they are often drawn from a pool of people versed in DFID assessment and reporting requirements. CR has to work hard to ensure their assessment processes remain as open and responsive as possible, and do not mirror too closely the increasingly tight funding procedures of EU and DFID.   Comic Relief does grapple with complex, hard to measure issues such as assessment of and support for risk taking; understanding the strengths and weaknesses of relations with southern partners and how to improve these relationships. It also looks at how to enable organisational strengthening and improve development work and how to ensure the work is responsive to local people in the context of written project plans. However, external donor trends and UK management thinking inevitably impact on staff and assessors and tend to push them to adopt more dominant approaches.

Comic Relief has worked with five themes for several years and the only change has been to add two new themes, HIV/AID and an innovations grant which has since been withdrawn again. The guidelines have remained fairly constant, though there have been shifts in the assessment process, moving from a pool of assessors working on a short term basis to recruiting and training a more permanent smaller pool of people to work very closely with the grants officers. There has been a growing concern with issues around reporting and how NGOs and Comic Relief can learn from their experiences. There is a bi-annual review of the grants process and achievements and problems and while adjustments and improvements have been made Comic Relief has not undergone any seismic changes during the period. Comic Relief places a lot of value on face to face meetings and discussions with NGOs. In addition to assessment meetings it has occasional meetings around the key themes, and Valentine's day meetings where learning is pooled from NGOs working within the same theme, or with one key NGO and their staff.

The CF has a much more rigid assessment system based on a long questionnaire approach used by external assessors. Over the years the Community Fund has increased its demands and tightened its focus on strategic themes; the application form has expanded to almost 50 pages in response to both NGO concerns and changes in donor agendas. They require NGOs to show wide coverage, impact and effectiveness, and ability to link service delivery and policy work; also to show that their work gives good value for money and takes into consideration current development issues. The form is designed to try and explore as far as possible issues around the financial health and management of the UK organisation and the southern partner, the purpose and expected outcomes of the proposed project. CF also looks at how the project/NGO addresses key issues such as gender, advocacy, whether participation is part of the approach and so on are also covered. The application form is often accompanied by a business plan, which is required for projects over a certain size. Each application that meets the basic criteria for funding is then assessed by an assessor drawn from a large external team, recruited and trained on an annual basis. They use a scoring system for

---

[69] Community Fund uses temporary assessors in large numbers while Comic Relief now has a relatively small number of long term assessors working with their grants officers.

each question and assign a cumulative score to each application. The assessment is then checked and signed off by a grants officer in the Community Fund, and grants are ranked by their scores and taken to an advisory panel which decides which grants should receive funding, and makes recommendations to the Board.

The turnover of assessors, the length and complexity of the forms, and again the fact that NGOs themselves, and many assessors, are well versed in DFID approaches, means they risk following those procedures, even though the principles of the CF are very different. There is a tendency to focus more on quantitative issues that can be checked – e.g. evidence of clear policies, procedures and systems that can be scored by their complex system of numerical scoring- rather than difficult qualitative issues.

This approach has been undergoing a fundamental review in the Community Fund and new guidelines with a new narrower set of themes were published in July 2002. The changes were partly brought in because of diminishing funds, but also because of the appointment of a new Board and a concern to find ways to assure impact from the use of Community Fund money.

The Community Fund and Comic Relief also have face to face discussions with NGOs applying for funds, though this may be through grants staff or more likely, the external assessors.

Both these donors grapple with finding ways to assess the quality of relationships, the realities on the ground, the degrees of involvement of local people in project development. These are difficult issues to assess from afar, made even more difficult when NGOs use professional fundraisers to develop and submit the projects. They are far removed from the concrete realities but deeply versed in donor requirements and associated development concepts, often couched in jargon, which can at times confuse more than it enlightens.

Comic Relief experimented with partnership funding in the late 1990s, but this ran into difficulties and was shelved. They are now looking in to other new ways of funding including investment funding, and innovative funding, though this is still largely project based.

Small UK donors: Nuffield and Barings

Figure 6:

Trends in funding: small donors
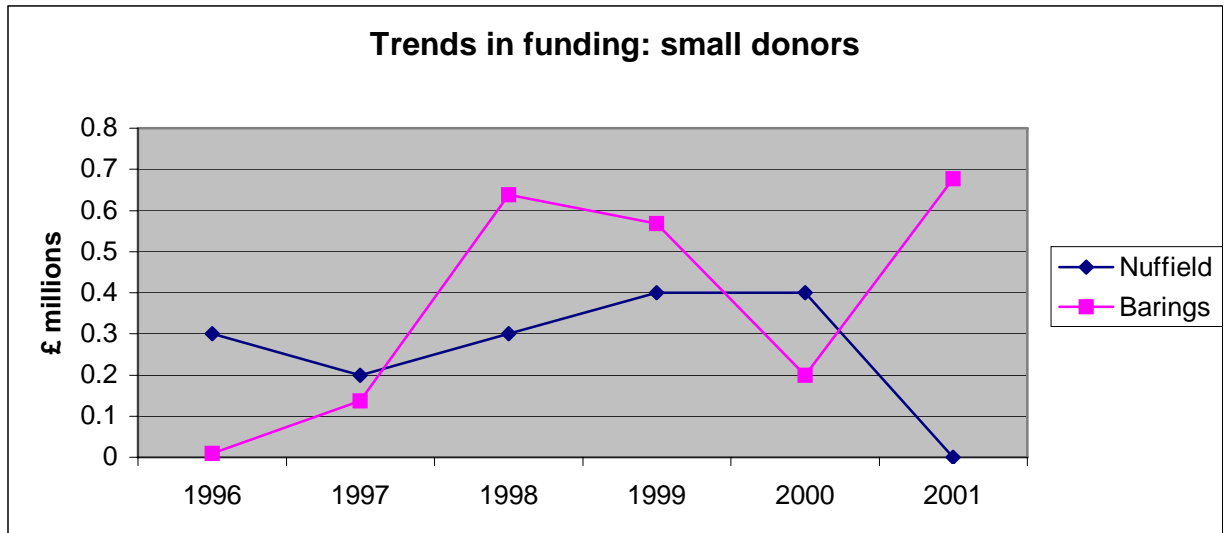
The money available from Foundations and small donor trust funds, which are often more flexible and responsive to NGO requests and more prepared to take risks, has been declining because of the slowdown of economic growth and declining stock market values. Barings, especially, has seen a decline in funds available with the fall of the stock market and internal organisational problems.

Some have revised their strategic focus and changed their funding to four or five large grants under more coherent guidelines, in a belief that larger grants will increase impact and coherence rather than peppering a lot of agencies with smaller grants (e.g. Barings and Nuffield). This again has impacted on many small and medium NGOs.

The two sample foundations, Barings and Nuffield, have refocused their grant giving to concentrate on very specific issues. To ensure the fewer, larger grants are well selected and can achieve what the foundations hope from them the selection process includes a two staged process. A short listing process follows submission of short summaries, written following clear guidelines. (CSCF also follows this two tiered approach, intended to reduce the time spent on applications by NGOs that will not qualify for funding). NGOs shortlisted are invited for interview to present their proposals in detail and to answer questions: at Barings from trustees and two external advisors, and at Nuffield by an advisory group that then makes recommendations to the trustees. Both foundations find this direct personal interaction with the applicants very useful, and it often changes their understanding and perception of the project or the organisation. Time is taken especially to probe around relationships with southern partners, and how involved local people were in generating the project. These are extremely difficult to assess from UK and even more difficult to assess from paper applications.

Overall trends in donor funding

The complexities of the NGO sector and the changing priorities of different funding regimes available to UK NGOs mean that these changes impact differently on NGOs according to their size, origins, and focus.[70] One of the most significant funding shifts that has affected the sector has been DFID's move away from funding NGOs as key conduits of aid for service delivery, and a return to greater reliance on government. Funding to governments has greatly increased through both budget support and sector wide funding, especially in sub-Saharan Africa. Poverty Reduction Strategy Papers (PRSPs) now govern aid disbursement to many countries world-wide, and NGO roles are expected to shift from direct provision of services and support for the poor, to building local civil society and ensuring the accountability of governments for their use of funds. They are also expected to provide some services within the broad government plan framework, and to access funding for this directly from government and not from donors.

The overall trend of funding for NGOs in the UK is towards larger grants to large and very large organisations. In some cases, such as DfID and EU, this is driven partly by concerns about transaction costs. There is also an assumption among many donors that fewer bigger grants will produce more significant impacts. However most grants remain project based though some funding is tied to global strategic plans (through partnership agreements) or to contracts which NGOs bid for and which follow the donor strategic priorities

What the donors have not considered is the aggregate effect of these changes in funding on the NGO sector. There is no deliberate strategy to reduce the number of NGOs in the UK – indeed the CSCF of DFID experimented with a micro-grant window to encourage organisations new to the donor funding scene.   But the drop in DFID funding to small and medium NGOs and the common trend to fewer larger grants are collectively having a major and perhaps unforeseen impact on the work of UK NGOs.

These changes are particularly worrying for medium sized organisations as the group includes a number with significant dependency on government funding. Raising money from voluntary sources is a time consuming, competitive and expensive business and many medium sized agencies have not developed this funding base. As a consequence many of these medium sized NGOs are currently in a very precarious financial position. A recent study of 10 such organisations found that six of them had reserves of less than one month of turnover. All had great difficulty in securing sufficient unrestricted funds.

There are also a large number of very small NGOs, who again have neither the resources to invest in fundraising nor the capacity to tap increasingly restricted official funding sources. These very small scale NGOs however do not have the overheads of the medium sized organisations and may be in a better position to ride out variations in funding.

---

[70] See Wallace, Tina and Chapman, Jennifer, *The donor landscape for UK development NGOs,* Work in progress: Draft For ISTR Conference, July 2002, Cape Town, South Africa.

CR and CF, along with small foundations such as Barings and Nuffield, have nonetheless provided a lifeline to many small and medium NGOs hit hard by the changing focus and priorities of the EU and DFID.

So what? Many have been predicting the demise of some NGOs, or the need for mergers and alliances for a long time now. Does it matter? The critical question arising from the research is not does it matter, but has anyone studied the implications of the demise of a range of medium sized UK NGOs? It remains to be researched whether small UK NGOs attempt to do their development work differently from the larger NGOs. They are certainly as constrained by donor policies and procedures, indeed probably more so. There has been little analysis of what they bring to development, nor why they should or should not continue. The research hints at some issues that require proper analysis, including their specific expertise often built up from years of experience, their often close working relations with partners who may feel less intimidated by them, their highly regulated use of their funds with no room for wastage or slack. Are they able to remain more value based and less 'corporate driven'? Do they use money more prudently? Do they work more equally with partners or not? Are they so donor dependent that they have lost their independence? These questions remain unanswered. Yet leaving these questions unexplored and allowing the possible demise of many NGOs in UK provides an clear example of what is seen repeatedly throughout the development sector: change is not based on an analysis of what works well and what does not but on changing theory and ideology.

Up to now all of these changes have been carried out with donors working in isolation from each other. The key donors do not meet regularly to share their ideas systematically[71], or to discuss changes in approach and implications for the NGO sector. This means that there is no clear donor position or conceptualisation on the role for the UK NGO sector in development. The impact may perhaps in some instances be intended and in others unexpected, what is clear is that the impact of changes made at donor level on the NGO sector is not analysed or planned for.   Despite this lack of reflection on their cumulative effect, some donors are quite happy about the amount of power they wield:

> The NGO market is quite unregulated – donors play a sort of regulating role. [donor]

Recently Comic Relief, the Community Fund, and the Civil Society Challenge Fund at DFID have started to meet together to discuss issues of common interest.

There is also no donor co-ordination around procedures. Every donor has its own set of procedures and guidelines; its own financial timetables and reporting systems; its own evaluation criteria. There is no agreed process or

---

[71] Intrac have facilitated two international donor workshops in UK, Development Initiatives hosted a global workshop of donors for DFID in 2000, and this research project has facilitated two small donor workshops. Bi-lateral meetings take place and there are continuing attempts to meet more regularly on the part of some UK donors.

set of processes for different kinds of projects. While donors are aware of the need to streamline and co-ordinate their procedures in relation to budget support to government, they are not discussing how best to support NGO work. The implications of diverse and myriad systems for NGOs are not discussed.

Conditions are also becoming tighter, despite clear evidence that project flexibility is essential for effectiveness. Funding carries with it requirements for timetabled spending and accounting, and often extra conditions or requests for extra work are attached to the funding. Donors may change aspects of the project during the decision-making process around whether to fund the project. To fit these clear timetables and outputs proposals are often simplified and streamlined before and during the funding allocation stage, losing much of the complexity of the problems and needs of the communities needing the aid.

It is interesting to note here that those NGOs who do manage to access core or block funding, when they in turn become funders to southern NGOs the funding they offer them is almost entirely project based. There are few examples of programme, block or investment funding being extended beyond the UK NGOs to their partners. Whatever the funding source, UK NGOs then pass on the funding to their offices/partners within their own funding disbursement frameworks, all with their own conditions for accounting, monitoring and evaluation and impact assessment

For all sizes of NGO increasingly funding is agreed in line with each donor's priorities, strategies, principles, criteria and guidelines rather than the independence of NGOs being given value in its own right. However these donor priorities constantly shift.   A few of the smaller foundations question this move for greater influence but they are isolated voices:

> *I fear that a lot of donors are moving towards being development agencies and want a relationship. It adds another layer. I worry it means fewer people at the bottom layer.   [donor]*

It is quite likely that some of the critical changes in recent times may adversely affect the ability of NGOs to reach the chronically poor. These include a shift away from service delivery; a decline in the focus on gender issues; and a rise in interest on advocacy, especially at national and international levels

However it was clear from donor workshops attended during the course of the research that the donors present did not really see that the way they give funding affects the way programming is done. They were not clear about relating their mechanisms, from grants to contracts, to what they hope to achieve through the funding. They did not appear to choose different funding methods according to what they expected to achieve. Often it was not clear whether they were funding NGOs for themselves, or using NGOs to deliver on their own strategy. Were NGOs seen as implementers of donor strategies, or as independent players, advocates and programmers? While a very few were

clear they wanted to maintain NGO uniqueness and independence, many more appeared to see NGOs as one instrument of their own policies, and had delineated clear roles they expected NGOs to play, from service delivery to advocacy and policy work, to holding governments to account.

Yet funding mechanisms need to be different if the end goal is service delivery (where many argue that LFA is most appropriate), advocacy, facilitation, or government monitoring. While there is a lot of discussion on the need for programmes and new approaches to the work, in fact most procedures are still tied to projects which is still the main vehicle through which donor funding is channelled. The rhetoric of what donors want from NGOs and the new policy agenda is not supported by changes in funding practice, far from it. The old tools of tight aims and objectives, defined activities, pre-set indicators tied to the project cycle remained dominant.

It is noticeable that for all the talk of the need for capacity building, high skill levels to address the new challenges, donors do not on the whole give money for institutional support or long term organisational development. Despite all the talk of 'partnership' donors still maintain tight financial controls, show little or no trust in NGOs and allow no transparency of their own procedures and decision making. Yet for organisations to work on e.g. budget monitoring they need support to build sophisticated and enduring skills. They need more authority from donors for their work and support for research as well as advocacy work. Indeed organisations that are trying to work in more decentralised manners and give more local ownership and decision making are sometimes seen as abdicating responsibility:

> *It is a bit of a grey area what decentralised agencies are doing about reporting to donors. This is coming out more in grant applications – for some donors this is moving away from their comfort zone in terms of accountability. In some organisations the level of control devolved smacks of abdication of responsibility. [Donor]*