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*The Development GAP*

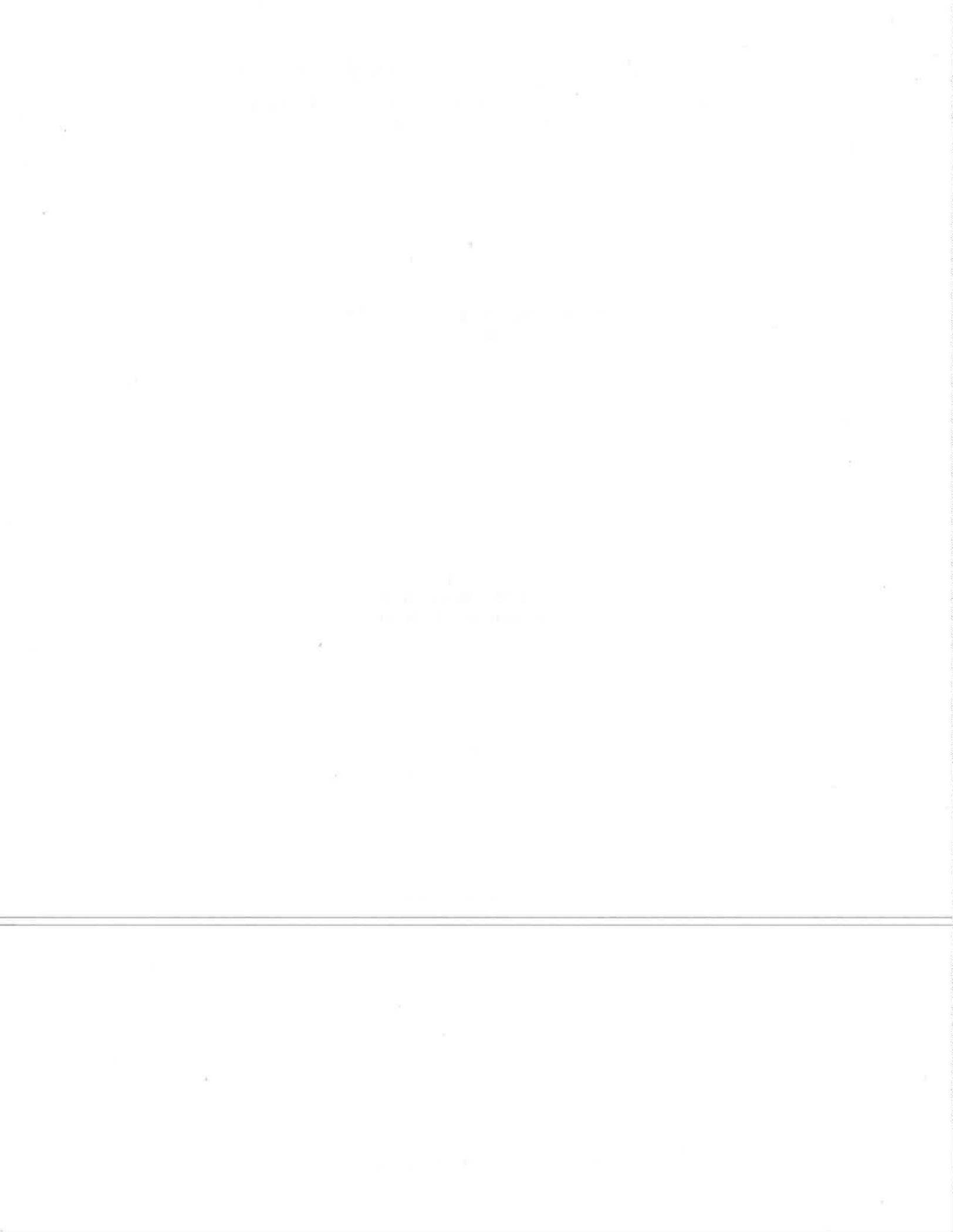
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**GUIDELINES FOR COLLABORATION BETWEEN  
MAJOR DONORS AND THIRD WORLD NGOS**

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Over the past few years, as aid programmed through Third World government agencies and the private sector has shown the limitations of its effectiveness in assisting the poor, some of the major donors have begun to take an active interest in non-governmental organizations (NGOs) as vehicles for the pursuit of this objective. At the same time, increasingly tenuous support in European and North American legislatures for the budgets of these donors has led a number of the aid institutions to actively cultivate relationships with Northern NGOs, which they view as potentially effective allies.

Whatever the reason for this increased interest in NGOs, it is welcomed news as long as constructive relationships are subsequently established. Third World (or Southern) NGOs (TW NGOs) have for a long time experienced problems in securing financial support from their governments and their countries' commercial banking systems. Many have evolved and expanded in terms of their constituencies, their institutional structures, their capacities to manage credit and other resources, and their need for such resources. Most of the major aid institutions have until now either ignored this need and capacity or have marginalized their support for TW NGOs within their overall lending programs. Rarely have TW NGOs been given access to financing from these donors' mainstream operations, despite the fact that they are often the most effective development institutions in their countries and frequently possess an implementing capacity greater than that of the larger public-sector and private business organizations.

The potential for a more significant set of relationships exists, even if the rhetoric of the major donors still exceeds their willingness to forge these partnerships. The dangers in the establishment of such arrangements are numerous and serious, however, and current indications are that many of these will be realized unless the donors become more educated and responsible in their actions.

The problems that are likely to arise are related to the tendency on the part of the larger donors to view TW NGOs as agents which can effectively carry out programs designed by the donor and the government. TW NGOs, however, have generally had extensive experience working with the poor and are usually in a far better position than the government or the donor to conceptualize, design, and manage a development program that will have a constructive impact at the local level. The proclivity on the part of some of the major aid institutions and host governments to try to control the development process runs counter to the need to follow the lead of those local organizations working directly with the poor. If donors assume a directive rather than responsive posture toward TW NGOs, they will not only lose the

greatest benefit that can be derived from working with NGOs, but they will also compromise the independence, the responsiveness, and ultimately the effectiveness of organizations upon which the achievement of meaningful development is in large part dependent.

An example of an effort by a donor to reshape the environment to fit its own needs is the creation and imposition of a structure to coordinate the work of TW NGOs. In light of the diversity among TW NGOs in any country in terms of objectives, methodologies, constituencies, and relationships with their government and with donors, such an action is, at very best, presumptuous. Temporary or long-lasting consortia can develop or, if they already exist, be strengthened through a series of independent decisions by TW NGOs as to whether to participate in the development of a project. A unilateral action by an outsider, however, or, worse yet, a bilateral action by the donor and government to link private development organizations with one another and with government will stimulate resentment and a range of problems with which the TW NGOs, but not necessarily the donor, will have to live.

Problems of this sort are more prone to arise when donors lack experience in local-level development and a sensitivity to the circumstances of the local populations and organizations engaged in it. Those large donors that wish to promote development that incorporates and benefits the poor must have on staff people who know how to identify, assess, work with, and upgrade local organizations that represent the poor and their interests. Without this knowledge, it is easy, for example, to select an inappropriate institution (e.g., a TW NGO created through foreign intervention and without roots in the local environment), to overfund and thus undermine an institution, and to consume the limited time and resources of a TW NGO without ultimately providing any benefit.

Having dealt extensively with both local-level and intermediary non-governmental organizations in the Third World, The Development GAP began to work with the World Bank in 1976 to demonstrate, through on-the-ground implementation, how institutions that work responsively, directly, and intensively with the poor can be identified and supported in the design and implementation of projects. During the ensuing four years, we worked in seven Latin American and African countries with the Urban Projects Department of the Bank with responsibility for the income-generation components of urban development programs. Through these efforts we demonstrated how institutional arrangements can be made to maximize the involvement of the poor in effective, relatively large-scale projects with a few million dollars in financing. These arrangements included: an NGO programming and on-lending funds from a government bank; a collaboration among four NGOs; a large NGO acting alone; municipal governments and community organizations collaborating with a

government ministry and a national banking system; a private bank working in conjunction with an NGO and a government agency; and a collaboration among NGOs, community organizations, and credit unions.

As a result of these and other similar experiences with other donors and TW NGOs, we have learned a great deal about the pitfalls and potential that lie in the formation of relationships between major donors and non-governmental organizations. We have found that many project officers who recognize this potential have not pursued opportunities because of their unfamiliarity with the non-governmental sector. Others would be willing to venture forward if systems were in place within their organizations that reward the project officer for the deliberate selection of more appropriate implementing institutions and for the ultimate on-the-ground project effectiveness that it yields, rather than for the rapid disbursement of large sums of money through institutions that have never demonstrated such effectiveness.

Hence, we offer the following guidelines for incorporating Third World NGOs in major development programs to project officers who are interested in more promising institutional arrangements, to program directors who must provide a supportive environment and sanction this approach as part of mainstream operations if it is to be widely adopted at the project level, and to others who, like ourselves, want to see the organizations that are most experienced and effective in working with the poor become the principal counterparts of the major aid institutions.

1. Research TW NGO possibilities through Northern NGO counterparts. A great deal of knowledge about Southern NGOs in most every Third World country can be found among NGOs and other relatively small donors in Europe and North America. It would be rare to find a case in which there are not one or more Northern organizations that have funded or established another form of support relationship with a TW NGO that would have the capacity to be considered for major donor financing. Furthermore, some major aid organizations have special small-scale NGO-support programs, such as the Inter-American Development Bank's Small Projects unit, which help upgrade the capacity of TW NGOs and which are thus good sources of information about them.

Many Northern NGOs will not, understandably, share information about their Southern counterparts with major donors, however, without first establishing the seriousness of the latter's intentions and their commitment to protecting the integrity of the local organizations. Under no circumstances would a responsible NGO simply provide names of TW NGOs to major donor representatives unless a relationship of trust had previously been established. Although they may be accused of being paternalistic, small donors that have nurtured TW NGOs during

their evolution are well aware of the damage that an abrupt expansion in funding, programming, organizational size, and institutional relationships can have, and they thus take seriously their responsibility to prevent this from happening.

Hence, once an NGO is convinced that the major donor will promote the interests of the TW NGOs, it will generally provide information of considerable value to all parties involved. This includes information pertaining to:

- a. TW NGO programmatic thrusts and experience;
- b. TW NGO institutional capacity, including financial absorptive capacity and functional skills ranging from group organizing to financial management;
- c. the TW NGOs most representative of local populations and their interests;
- d. the environment in which TW NGOs must operate in that particular country; and
- e. the most beneficial contacts to make in country, both within and outside TW NGOs.

This information and these contacts will save project officers a great deal of time and many wrong turns once they are in country and are indispensable unless the officers have spent considerable time already at the ground level in that country.

This process can be greatly facilitated by the establishment of a simple consultative mechanism by Northern NGOs, which would be particularly useful to larger funders in those countries in which indigenous non-governmental organizations are not organized to consult with outside agencies. The Development GAP and other NGOs first presented such a proposal to the World Bank in 1981, offering to gather TW NGO-related information from within the NGO community and to provide it through a small, structured facility to project officers about to undertake identification missions. Although the Bank did not demonstrate interest in such a service at that time, it may be incumbent upon the NGO community at this point to discuss the establishment of this mechanism (which can be accomplished quickly and at low cost) and to extend a challenge to the major donors to utilize it as a vehicle for upgrading the quality of their mainstream operations.

2. Inform government of intention to assess the capacities of both public and private institutions as potential project implementors. Ultimately all donors must account to government, whether it be to receive a government guarantee of a loan, to fulfill the terms of bilateral agreements, or simply to maintain permission to operate in country. It makes no sense, therefore,

to work clandestinely and run the risk of raising government suspicions and putting TW NGOs contacted in jeopardy. In most situations, an open relationship with government will be productive. Thus, upon entering the country, project officers should let the government know that they will be considering the inclusion of the best institutions in the project regardless of the sector in which it is found.

This is not to say, however, that officers must consult with government before they make each TW NGO contact. Officers must be able to operate freely and to engender a relationship of trust with TW NGOs through open and frank discussions. If government constrains those discussions, any subsequent project with TW NGO involvement will likely be fraught with difficulties. It is incumbent upon the donor in such circumstances to lay out clearly its position of identifying and selecting the most capable institutions and to back this up with decisive action, if necessary. This is what the World Bank did, for example, in 1977-78, when it withheld a loan to Nicaragua after The Development GAP, as Bank consultants, had selected an NGO and the Somoza government had subsequently refused to allow its funding and was unable to identify an equally capable government institution.

3. Consult with TW NGOs in country to determine interest and capabilities regarding project involvement and provide frank assessment of risks and advantages of involvement. Most TW NGOs have never dealt with a major donor organization. The experience of those who have has generally been confined to the receipt of relatively modest sums of money through special grant facilities or, more recently, through interest-free loan programs. Participation in a multi-million dollar program, with or without subsidized interest rates, is, however, a very different proposition, one that requires a clear understanding on the part of all parties before it is pursued.

The project officer must determine the capacity of the TW NGO first-hand following consultations with third parties, including local NGOs that may be organized to deal collectively with foreign assistance institutions. Some experience or appropriate training is helpful here, for the structures, objectives, and operating styles of TW NGOs are usually different from those of government agencies. If the organization can play a constructive project role, the project officer must explain all aspects of the project cycle and the demands that will be made on the organization at each phase. The TW NGO must be aware of the administrative requirements, relationships with government, financial arrangements, and the many other features that a project encompasses so as to make an informed decision regarding its involvement and to prepare itself to handle these matters if it decides to go forth. The presence on project preparation missions of a representative of a Southern NGO with experience in this area would likely be helpful here. Nonetheless, it is not

improbable that some organizations will conclude that the demands on staff time and the consequent effect on the program make participation in a sizeable loan program inadvisable.

4. Select institutions on the basis of their involvement with, and credibility in, poor communities, as well as their capacity for executing all or part of the project or project component. TW NGOs are important forces in development only to the extent that they represent the poor and their interests and appropriately identify and address their needs. Some Third World organizations lack this involvement and it is critical that donor representatives recognize which ones they are. Such organizations, like many public agencies, lack the community-level credibility that is an indispensable element in project success.

The size of a TW NGO need not necessarily be a factor in institutional selection. As donor-supported projects are often composed of a number of components, a Southern NGO's role can be limited to one of them. Furthermore, within that project component a TW NGO can join forces with other organizations and confine its activities to specific neighborhoods or specific functions.

The choice of the appropriate institution(s) for the design and implementation of a project is clearly the most important decision that a project officer will make. It is therefore well worth the extra time and effort that that may take at the identification stage in order to ensure that serious, time-consuming problems can be avoided later in the project cycle. A typology of TW NGOs and a more comprehensive set of criteria for their assessment should be developed to facilitate this effort.

5. Support collaboration among TW NGOs for the purpose of complementing one another's areas of expertise, skills, and geographical foci. As TW NGOs are consulted regarding the development and execution of a project, the bases for TW NGO collaboration will likely become apparent to both the TW NGOs and the donor. In some cases, one TW NGO will possess the capacity to handle an entire project component on its own. Frequently, however, no one NGO will have the breadth of community involvement, the multi-sectoral experience, or all the project skills required to achieve project objectives. (Of course, this is also true of many public agencies.) In this event, a TW NGO will probably either: suggest the involvement of other organizations, including national, regional or local government agencies, whose capabilities complement its own; accept a donor suggestion that it and other TW NGOs collaborate in order to merge their various capabilities; or agree to project involvement with sole responsibility for design and implementation in particular communities.

Whatever configuration such collaboration takes, it is of utmost importance that whenever a consortium of organizations is

required it be formed by the TW NGOs themselves. The donor or Northern NGOs can serve successfully as catalysts, but a donor attempt to impose an arrangement among TW NGOs will create divisiveness among those organizations and resentment toward the donor. In light of the promise that a major donor loan holds for TW NGOs and their constituencies, the donor can usually count on these organizations to establish a constructive set of relationships so long as it provides the opportunity and environment for frank discussions.

6. Provide guidance and support to TW NGOs in project proposal preparation and ensure priority consideration. Most TW NGOs have staffs that have some experience in project planning and in the preparation of proposals to donors for funding. Few, however, have ever written proposals for major aid institutions, and they thus often need guidance. This can and should be provided by the donor's project officer, who generally has taken an active hand in the drafting of many proposals from government agencies.

The provision of such assistance to TW NGOs is also important because of the relative scarcity of their resources and the time-consuming nature of major proposal preparation. A project officer can make an additional contribution by helping the TW NGO to identify a source of funding for its project preparation work. Of greatest importance, however, is that the donor simply not mislead the TW NGO, causing it to expend precious resources on project and proposal development when the chances of donor support are not, in fact, high.

7. Place project design and project policy determination in the hands of the implementing TW NGOs, rather than leave Southern NGOs as implementors of a government-designed and -controlled project. This is undoubtedly the most important consideration when one is arranging the involvement of TW NGOs in a project. TW NGOs' work in poor communities has given them not only an expertise in project execution but also an excellent knowledge of local needs, local capabilities, and programming requirements and an expertise in project planning and development. Their interest is to obtain resources from the major aid institutions to help expand programs that they have designed in conjunction with local populations or to enable them to design and initiate projects based on previous experience.

This, indeed, is the challenge for the donor. Donors have their own needs, their own institutional imperatives, as well as their relationships with government, and relinquishing control of the design of a project is difficult. It is essential that it be done, however, as project success depends on it. In the first place, chances are that the better TW NGOs in any country would not agree to an arrangement that has them implementing donor and government policy. They pride themselves on their independence

and are not prone to give it up. Second, if government maintains control of a project, it is bound, by virtue of its relative distance and short-term political exigencies, to come into conflict at some point with the implementing TW NGO and the interests of the constituency which it represents. Finally, and most importantly, the top-down approach implicit in a government-controlled, TW NGO-implemented project will likely result, at best, in the satisfactory execution of a project that is of questionable relevance to the needs of the poor.

8. Inform government of the selection of, and support for, TW NGOs as project designers and implementors, and exercise this support throughout the life of the project. Major aid institutions have considerable leverage with most governments which they utilize in various ways. One constructive use of this leverage is in the selection of appropriate implementing organizations. Most governments, even those hostile to independent organizations, will accept donor determinations in this area, particularly if public agencies are not excluded from all the project's components and if considerable amounts of foreign exchange are involved. If, however, government refuses to permit TW NGO participation and is unable to recommend an equally capable public institution to take its place, the donor should be prepared to withhold project funding until a change in policy occurs.

It is important that the donor reiterate its support for the implementing institution as the project evolves, as it is not unlikely that the government will in time attempt to assume some measure of control. Usually this occurs through the manipulation of resource flows from the donor through a public financial institution. In such instances, the donor may have to play an active role to ensure that the implementing TW NGO receives its funds on the agreed-upon terms and on a timely basis.

9. Allow TW NGOs to work out their relationships with government regarding program latitude, cooperation with public agencies, financial arrangements, and the terms of programmatic and financial oversight. Virtually all of the TW NGOs with which a major donor will come into contact have dealt with government in some manner. Some may work closely with public agencies in the design and promotion of development programs. Others, operating in less friendly environments, have frequently had to reach accommodations with public officials that enable them to continue their activities unimpeded. All, however, have formed informal relationships with officials at various levels of government, and it is such relationships, especially in most Third World contexts, that often enable seemingly difficult obstacles to be overcome.

It is generally the wish of a TW NGO to utilize these established relationships to reach an understanding with government

regarding the project in question, and the donor should respect this desire. Constructive arrangements that will facilitate project implementation can be made far more easily in this manner than through formal negotiations at the highest ministerial levels. It is incumbent upon the donor, however, to ultimately translate these arrangements into formal agreements and to lend support to TW NGOs whenever intractable difficulties arise in their mid-level discussions.

10. Maintain project flexibility so as to enable implementing TW NGOs to determine appropriate project scale and sectoral and geographical parameters in response to changing local needs. During the life of a project, local conditions change, the potential and interest in replication in other communities often develop, and the capacity of the implementing institution evolves. TW NGOs are particularly accustomed to making project adaptations in midstream in response to community needs. If the donor can maintain a degree of flexibility in its sectoral and geographical delineations and allow for the expansion of project size if and when appropriate, it will have helped to foster constructive changes, in terms of institutional development, community initiative, and project replication, beyond the original, limited objectives of the project.

11. Incorporate TW NGOs in future program and policy planning with government in order to give voice to local perspectives and needs on a structured and ongoing basis. TW NGO participation in projects supported by major aid institutions will usually result -- by virtue of the TW NGOs' continuous on-the-ground presence -- in project design, development, and implementation that are directly relevant to the needs, interests, and capabilities of local populations. This project experience should demonstrate to donors and to government the significant contributions that TW NGOs can make to the process of program and policy planning. Not only have they developed an expertise that is pertinent to these activities, but they also constitute channels of communication between poor community groups and public officials. To the extent that donors successfully advocate the participation of TW NGOs in national-level and regional planning and programming, the development results will be significant and far-reaching.

Underlying these guidelines is a fundamental principle, adherence to which is essential if relationships between major donors and Third World NGOs are to be productive. This principle, alluded to continually in these pages, is that the donors should respond to, promote, and build upon the interests and strengths of the TW NGOs. The latter are generally the most effective agents of constructive change, incorporating the participation of the poor in the determination of the development avenues that they take. As the shortcomings of conventional

institutions in the public and private sectors become increasingly apparent, the importance of TW NGOs as major forces in development has also become clear. The large donor institutions have a responsibility to work actively and respectfully with these organizations.

We have prepared these guidelines in the hope that they will assist in the establishment of constructive donor/TW NGO relationships and out of a concern, shared by others who work in the Third World, that the major aid institutions will, even with the best intentions, unwittingly undermine Southern NGOs and their development efforts. Signs still exist that these donors view TW NGOs as vehicles for the accomplishment of donor-determined objectives. The distinction between this directiveness and the responsive posture that is required may appear subtle, but it is fundamental to Southern NGOs, Northern NGOs, and all those who seek to promote participatory development. It implies a need for the major donors to alter their operating methodologies in a manner that reflects a perception that the change agents are not the donors but the organizations of the poor themselves.