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NGOs, States, and Donors Revisited: Still Too Close for Comfort?

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Summary. — Serious questions remain about the ability of NGOs to meet long-term transformative goals in their work for development and social justice. We investigate how, given their weak roots in civil society and the rising tide of technocracy that has swept through the world of foreign aid, most NGOs remain poorly placed to influence the real drivers of social change. However we also argue that NGOs can take advantage of their traditional strengths to build bridges between grassroots organizations and local and national-level structures and processes, applying their knowledge of local contexts to strengthen their roles in empowerment and social transformation.

Key words — NGOs, civil society, poverty, development, foreign aid

1. INTRODUCTION

In 1996 we wrote in *World Development* about our concerns regarding the impact of foreign aid on non-governmental organizations, arguing that despite donors investing heavily in development NGOs in order to strengthen good governance agendas and find an efficient channel for filling gaps in service delivery, these comparative advantages were based on ideological grounds rather than evidence. In fact, the increased dependence of NGOs on donor funding served to undermine the strengths that justified an increased role for NGOs in development (Hulme & Edwards, 1996). That these questions remain pertinent today was underlined when our recent working paper on the subject (see Banks & Hulme, 2012) was criticized by Duncan Green on his *From Poverty to Power* blog for being a 'generalized and ill-informed attack on NGOs'. The debate that followed, with contributions from academics, NGO practitioners and interested members of civil society, was picked up by an article on *The Guardian's Global Development* website,[1] which asked whether a fault-line was deepening between NGOs that are increasingly vocal about the problems they face and those who (at least publicly) remain passive or defensive.

Clearly we are at a point in the NGO debate at which serious questions are being raised about the ability of NGOs to meet their long-term goals of social justice and transformation at a time when the development sector is narrowly focused on short-term results and value for money. After two decades of research we are better-positioned to revisit these issues given the expanding depth and breadth of academic knowledge about NGOs, but we have yet to find a forum through which to bridge the gap that exists between NGOs and academics on this contentious subject: a space in which these issues can be discussed, debated, and deliberated through a process of collaboration and creative dialog, rather than through collision, avoidance, or mutual suspicion.

The NGO landscape has transformed dramatically in scale and profile since NGOs became prominent actors in development after the end of the Cold War. NGOs are bigger, more numerous and sophisticated, and receive a larger slice of foreign aid and other forms of development finance than ever before (AbouAssi, 2012; Africa, 2013; Brautigam & Segarra 2007; Brown, Brown, & Desposato, 2007b; Clarke, 1998; Fisher, 1997; Thomas, 2008). Other global transformations since the late 1990s have also influenced the capacities and strategies of NGOs. Rapid globalization and the spread of market liberalizing reforms across the Global South have led to the increasing influence of non-state actors on development policy and practice. We have also witnessed a staggering rise in inequality and the concentration of economic and political power in the hands of a small proportion of the world's richest countries and people (Houtzager, 2005). Alongside the roll-back of welfare states we have seen the emergence of emerging powers (Brazil, India, and China), emerging middle powers (South Africa, Turkey, Indonesia, and others), large philanthrocapitalists and private donors (Herzer & Nunnenkamp, 2013) and new actors and alliances for development (Richey & Ponte, 2014).

Elsewhere we discuss what these changes have meant for development, arguing that the entrance of new development actors remains a mask for maintaining the dominance of free market capitalism [2] and that goals of transformative social justice remain far-removed (Banks & Hulme, 2014). Here we return to our earlier questions to see whether these changes have enabled NGOs to better contest hegemonic corporate interests and drive structural change. The arguments presented

* The writers were inspired to write the article after a recent working paper by Banks and Hulme was criticized on a widely read blog, provoking discussion and debate in both the comments that followed and in the newspaper article that picked it up. It seemed like a timely point at which to take stock of NGOs and their place in the aid industry, to see how things have changed (or not) since Hulme and Edwards' 'Too Close for Comfort' was originally published in *World Development* back in 1996. The authors would like to thank all those who shaped the direction of this article by their comments in response to the earlier debate, as well as Dan Brockington for comments on an earlier draft. We would also like to thank three anonymous referees whose comments helped us to refine our argument considerably. Nicola Banks is an ESRC Future Research Leader, grant reference number ES/K009729/1. Final revision accepted: September 27, 2014.

here are based on an up to date literature review of NGOs and their activities by three researchers who have been teaching, researching and/or working in the NGO sector since the 1996 paper was published. The literature on NGOs and civil society has expanded dramatically in this time, but we believe its general direction supports our initial concerns: as a result of internal and external pressures, most NGO efforts remain palliative rather than transformative. Earlier predictions that the gradual erosion of aid would liberate NGOs and allow them to return to their earlier roots have not been realized, and many seem to lack the urgency, foresight, and courage to move out of the comfort zone in which they have found themselves (Fowler, 2000a, 2000b). However, NGOs are only one, albeit important, actor in civil society. When it comes to realizing goals of empowerment, social justice, and transformation we must be careful to distinguish between NGOs and other civil society organizations such as labor unions or social movements which act in, and are affected by, the politics of development in different ways (Clarke, 1998; Fisher, 1997; Mercer, 2002; Pearce, 1993; Uphoff, 1993). While we do not attempt to solve the unanswerable question of defining development NGOs in a way that captures the heterogeneity that exists across them, we believe that distinguishing between intermediary NGOs and membership-based civil society organizations is the key differentiation to make in understanding the limited progress that development NGOs have made in the arena of social change.

In illustrating this we explore three key issues that have been drawn into sharper focus and help to explain why there has been so little change in the NGO community over the past two decades. The first concerns the weak roots of the majority of NGOs in civil society in the countries they work in and in which they generate resources, a weakness which greatly limits their impact and influence over the drivers of social change. The second concerns the rising tide of technocracy that has swept through the world of foreign aid over the last 10 years, which has driven NGOs as "clients" to work on a limited set of agendas biased toward service-delivery and "democracy-promotion" instead of the deep-rooted transformation of politics, social relations, markets, and technology. In doing so it has threatened to erode the vibrant civil society necessary for structural change (Choudry & Kapoor, 2013). The third is the national and international political environments which continue to constrain NGO activities. We also discuss how NGOs have tried to overcome some of these obstacles through 'strategic stealth', building partnerships with governments and other NGOs in order to build voice and illustrate alternative forms of service delivery. We conclude by exploring possibilities for using the traditional strengths of NGOs as intermediaries to build bridges between more locally rooted grassroots organizations and local and national levels, and to apply their knowledge of local contexts in an increasingly inter-connected world.

The classification problem of NGOs on theoretical and empirical fronts (Vakil, 1997) remains. While generalizing about NGOs as a "sector" is problematic, we believe that some degree of generalization is inevitable since the rise to prominence of development NGOs has itself been based on a set of general arguments about their strengths and distinctive competences as providers of 'development alternatives' that offer more people-centered and grassroots-driven approaches to development (Drabek, 1987). If we can justify a sector on the basis of shared strengths and objectives, we must also be able to explore and assess its achievements in this way (Bebbington, 2004; Tvedt, 2006).[3] This means that in our discussion of NGOs we refer to development NGOs whose goals go beyond service delivery to include transformative missions of empowerment and social justice.[4] One important distinction we need to make when assessing transformative potential is between development NGOs and membership-based organizations. As the following section outlines, NGOs lack some of the defining attributes of membership-based organizations. Despite the important role they continue to play, this has limited the role that NGOs can play as countervailing powers against dominant state and market interests.

2. NGOS AND CIVIL SOCIETY

When it comes to safeguarding, protecting, and promoting the position of marginalized or excluded groups, civil society – the space in which people mobilize to bargain, negotiate, or coerce other actors in order to advance and promote their interests – is key. The global development agenda has shifted markedly over the past three decades, placing different emphases on the relative roles of the state, the market, and civil society according to the ideologies underpinning the development agenda at each specific time (Hulme, 2013). Large-scale reductions in public expenditures and state-provided services alongside displeasure at the perceived failures of 'top-down' development opened up new spaces for NGO growth and expansion in the 1980s and 1990s. Viewed favorably for their ability to connect with beneficiaries and their role as innovators in working with the poor, NGOs became the new "sweethearts" of development (Barr, Fafchamps, & Owens, 2005; Gill, 1997; Hearn, 2007; Kamat, 2004; Lewis, 2005; Murray & Overton, 2011).

The withdrawal of structural adjustment programs from the mid-1990s onward marked another shift, returning the state's role in development back to center stage, but this time with an explicit focus on 'good governance'. While this 're-governmentalization' of aid drew attention away from NGOs, the language of democracy, human rights, participation and "strengthening civil society" that accompanied it consolidated their role as proxies for broader processes of citizen engagement that would enable them to act as a countervailing power against local and national governments (Lewis & Kanji, 2009; Murray & Overton, 2011). As we will discuss, the extent to which NGOs have opened up this space remains questionable given the difficulties they face realizing their civil society functions.

Although recognizing the need for a vibrant civil society, the donor community's narrow emphasis on NGOs and 'results' has curtailed its effectiveness when it comes to facilitating transformative development. Aid has enabled NGOs to expand access to services among marginalized and excluded groups, but this has been through channels that are weakly connected to deeper processes of political, economic, and structural change in which marginalized or excluded groups search for alternative ways of organizing the economy, politics, and social relations (Mercer, 2002; Mitlin, Hickey, & Bebbington, 2007; Rahman, 2006; Wiktorowicz, 2002). Despite using their identity as civil society organizations to consolidate their legitimacy, NGOs in Bangladesh, for example, have increasingly divorced themselves from their civil society roots (Lewis, 2004; Rahman, 2006; White, 1999). In the growth of funding to NGOs in order to foster a 'vibrant' civil society, civil society has been treated as political magic bullet without a nuanced understanding of how it fits into a more complex network of relationships with the state, political parties, and citizens within diverse country contexts (Sabatini, 2002).