

**A STUDY OF RELATIONS BETWEEN NORTHERN AND SOUTHERN NGOS IN  
KENYA**

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**A thesis submitted in fulfilment of the requirements for a PhD**

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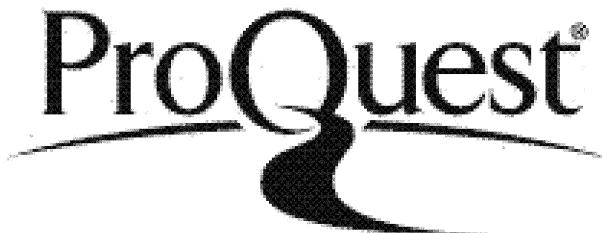
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## ABSTRACT

*For the last 30 years, an increasing proportion of development assistance funds has been allocated to non-governmental organisations (NGOs), often in OECD countries. The received wisdom is that NGO programmes make an important contribution to development. However, whilst many funds are given to Northern NGOs, increasingly development projects are implemented by Southern NGOs. Many Southern NGOs secure most of their income from Northern NGOs, often with few alternative sources of funds. This study draws on the literature on relations between Northern and Southern NGOs, theories about inter-organisational relationships and six detailed case studies of such relationships in Nairobi (Kenya) to understand current experiences, to explore the problems that exist and to analyse how agencies are responding to their situation.*

*The research findings suggest that Southern NGOs are generally dependent on a small number of Northern NGOs for most of their income. Despite this situation, Southern NGOs seek to secure their autonomy in establishing their goals and activities through three strategies: donor management, donor diversity and donor independence. A further finding is that Northern NGOs are encouraging the formalization of Southern NGO administration, with potential detrimental effects for their relationship with target groups.*

*Northern NGOs are themselves constrained by their need to identify a Southern NGO that shares their objectives. For this reason, half the Northern NGOs contacted in the study are directly initiating or encouraging the formation of new Southern NGOs. In this way, Northern NGOs are influencing the development of the NGO sector as well as the work of individual agencies. Further analysis suggests the existence of three types of relationships between Northern and Southern NGOs, with Northern NGO's attitudes being a critical determining factor: shared values (close alignment of mission), common agenda (time-bound agreements between agencies with mutual respect) and coincidental interest (temporary alliances to address different but overlapping interests).*

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## A STUDY OF RELATIONS BETWEEN NORTHERN AND SOUTHERN NGOS IN KENYA - INTRODUCTION

*Poverty remains an issue of concern for many governments and citizens throughout the world. Poverty indices indicate substantial inequalities between countries in the North (or OECD nations) and the South (Africa, Asia, Latin America and the Caribbean). The concern of Northern governments and the general public is indicated by their continuing willingness to allocate aid to support poverty reduction programmes in the South.*

*Whilst most development assistance funds continue to be allocated to the programmes of Southern governments, since the mid-1960s an increasing proportion of such funds have been allocated to non-governmental organisations (NGOs), often based in OECD countries (here termed Northern NGOs). The received wisdom is that NGO programmes have some valuable characteristics and make an important contribution to participatory bottom-up development. However, at the same time that they have received wider financial support and recognition for their work, other factors have also changed for Northern non-governmental organisations. Since the 1960s there has been the growth of the Southern NGO sector. Increasingly, Northern NGOs are not managing and financing their own poverty reduction programmes but they are funding Southern NGOs to undertake locally managed projects and programmes. As a consequence, Northern NGOs are now reliant on Southern NGOs as the implementors of development programmes. At the same time, many Southern NGOs secure most of their funds through Northern NGOs and some have few alternative sources of funds.*

*Multiple concerns have been raised by the Northern and Southern NGOs themselves about the nature of their relationships and, in the last decade, these concerns have been reflected within the development literature. This dissertation draws on the literature on relations between Northern and Southern NGOs, theories about inter-organisational relationships and detailed case studies of such relationships to arrive at a deeper understanding of the situation, to explore the problems that exist within relationships and to analyse the ways in which agencies are responding to their situation. In so doing, it seeks both to improve relationships and to extend our theoretical understanding of the interaction between organisations.*

*The dissertation is divided into two parts. Part One introduces the reader to the changing situation faced by NGOs (Chapter Two), the development literature on relationships between Northern and Southern NGOs (Chapter Three) and the theoretical literature on inter-organisational relationships (Chapter Four). Further chapters in Part One describe the research process (Chapter Five) and provide general information about Kenya and Nairobi, where the research took place (Chapter Six.). Part Two describes the findings. Chapter Seven introduces the NGOs that have participated in the research. The following three chapters discuss core research issues: the influence of Northern NGOs on Southern NGO mission and goals (Chapter Eight), the influence of Northern NGOs on Southern NGO administration and organisation (Chapter Nine), and the influence of Southern NGOs on Northern NGOs themselves (Chapter Ten). Chapters Eleven and Twelve conclude the dissertation. Chapter Eleven discusses how the findings bear on the initial research questions and Chapter Twelve goes beyond the initial focus to consider emerging issues which assist in a broader and more robust understanding of relationships between Northern and Southern NGOs. This final chapter also discusses the implications of the research findings. This introductory Chapter (Chapter One) seeks to provide an overview of the policy context relevant to the subject of the dissertation and a preview of the discussions that follow.*

## CHAPTER ONE

### THE CHANGING CONTEXT FOR NGOS

*This introductory Chapter summarises the context, identifying the issues and problems to be explored in the dissertation. The discussion begins by documenting the increase in state support to the NGO sector and goes on to identify some of the concerns related to the consequences for Northern and Southern NGOs. Later sections describe the development of the research questions and research process. The intention of the Chapter is to offer a broad sweep of the literature with more detailed references in subsequent Chapters.*

#### **Increasing Government Support for NGOs**

Northern non-governmental organisations (NGOs) now receive more than US \$1,000 million of government development aid (often referred to by its longer title, official development assistance) whilst they spend about US \$ 6,000 million on development in the South (OECD, 1996).<sup>1</sup> Even these figures may be too low. Smillie (1995, 147) argues that the figure may be as high as US \$ 10,000 million, with up to half being contributed by government agencies. Many of the Northern NGOs whose objectives and activities are primarily concerned with development and relief within the South are household names; Oxfam and Christian Aid are probably recognised by more people than the government bilateral development agency in Britain, the Overseas Development Administration (now renamed the Department for International Development).

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<sup>1</sup>

NGOs is a term used to describe voluntary organisations working in development in both North and South. Often the term is associated with those agencies that have a particular focus on poverty reduction, and measures to address poverty, rather than the more traditional welfare work associated with older and longer established charities such as taking care of orphans or offering emergency food parcels. However, this division can be a somewhat arbitrary one and many NGOs work both in welfare and development activities.

Official development assistance agencies, including both multilateral or multi-government agencies such as the UN and the development banks, and bilateral agencies such as the British or Dutch development government ministries, have been supporting the projects and programmes of NGOs for many years. In the mid-1960s, the German development assistance agency was the first to start a programme of regular support for national NGOs (OECD 1988, 25-6). During the next decade, most of the bilateral development agencies throughout the OECD countries followed this example and by 1985, 11 bilateral agencies had specific programmes to support the work of NGOs (OECD 1988, 25-6). More recently, the multilateral agencies have also initiated special programmes to enable them to fund NGOs (in North and South). Throughout the last three decades, aggregate government funding to NGOs has grown both in terms of the scale of funds and the diversity of projects for which funds can be received (OECD 1988, 16-18 and 25-29; Smillie 1995, 168-9).

To understand why official development assistance agencies have extended their support to NGOs, it is useful to review trends in global development and poverty indicators. During the 1950s and 1960s, many saw economic growth as the best means of reducing poverty (World Bank 1990, 2). However, the growing awareness of environmental limits to growth was supported by the first United Nations Conference on the Environment in Stockholm during 1972 and the vulnerability of the global economy was further evidenced by the oil price rises that took place during the early 1970s. The situation for many low-income countries became acute as the world economy experienced severe recession and balance of payments crises forced many to apply for international assistance when it became difficult to obtain commercial loans (World Bank 1990, 8). A frequent condition imposed prior to assistance being offered was a package of measures that became known as structural adjustment programmes, with many of these programmes being also accompanied by stabilization

policies. The latter were intended to address the financial crises and the former to increase national economic efficiency through liberalization of foreign and domestic trade (Bourguignon and Morrisson 1992, 11).

Whilst not all components of such structural adjustment programmes were adverse to the situation of the poor, the recessionary impacts of controls on government expenditure, liberalization of the exchange rates and tight monetary policy increased the livelihood struggles of many poor households particularly those living in urban areas (Bourguignon and Morrisson 1992, 41-50; UNDP 1990, 86). The difficulties associated with domestic policies were compounded by a continuing adverse international situation and development needs remained acute in many countries (UNDP 1990, 33-36). It is now accepted by lead development agencies that the 1980s were a difficult decade for the poor and in particular for those living in Africa (World Bank 1992, 42). The United Nations Development Programme (1990, 2) notes: "In many countries in Africa and Latin America, the 1980s have witnessed stagnation or even reversal in human achievements." Expanding on this summary, the Human Development Report argues that "...Africa has the lowest life expectancy of all the development regions, the highest infant mortality rates and the lowest literacy rates. Its average per capita income fell by a quarter in the 1980s." (UNDP 1990, 5)

Throughout this period and despite the declining levels of government aid in recent years (Randel, German and Ewing 2000, 3), the support which many governments have been prepared to offer to NGOs has been increasing (OECD 1996; Randel and German 1997, 290-7). The willingness of government development assistance agencies to fund NGOs is a reflection of the belief of many development practitioners and professionals that NGOs make a unique contribution to development, particularly in relation to strategies and programmes

for poverty reduction (Gorman 1984, 1; Clark 1995, 594-5). This trend towards supporting NGOs may have been influenced by many factors. Some have argued that it has been encouraged by the general ideological move away from support for state organisations combined with the strict spending restrictions on government departments in the North that have made it difficult for bilateral agencies themselves to increase their staff and therefore undertake staff intensive projects. However, it is also acknowledged that an important component has been the perceived attributes of NGO projects and programmes. Many of those agencies that place a major importance on poverty reduction programmes believe that NGOs add to the effectiveness of the programmes supported by that agency. The theme is discussed at greater length in Chapter Two.

One reason why Northern governments have chosen to support NGOs, despite declining absolute levels of development assistance, is because NGOs are believed to avoid the constraints that have been associated with the traditional programmes of the official development assistance agencies (Satterthwaite (2001, 141-4) explores these constraints). As befits government to government relations, bilateral agencies are expected to deal primarily with the host governments in the countries to which they have given funds even though their development programmes are generally targeted to help low-income families whose needs may or may not be addressed through government policies and practices (see, for example, the country reports in Randel, German and Ewing 2000). Therefore, some development agency staff are concerned that much of this funding does not reach the poor. Multilateral agencies face a similar problem. The bulk of their development expenditure is allocated with the agreement of the government of the country in which the programme is being implemented. Both kinds of agencies can only work with locally based non-government organisations if the government of the country agrees. However, Northern NGOs have a

greater degree of freedom to select their collaborators and determine the direction of their programmes; whilst they can work with state agencies, they can also choose to work directly with the poor.<sup>2</sup>

A number of the advantages claimed to belong to NGOs are summarised below. These are discussed at length in Chapter Two:

- ▶ NGOs innovate to improve poverty reduction strategies (Clark 1995, 594; Edwards and Hulme 1992a, 13-14). Some NGO innovations are of no great significance, but others have a national and/or global impact. For example, NGO experimentation in the area of micro-finance, i.e. small-scale savings and credit with group guarantees replacing formal collateral, has demonstrated that it is one of the more effective ways through which development assistance can help the poor (Smillie (1995, 90-2) provides a critical view of the significance of NGO innovations in micro-finance).
- ▶ NGOs secure a high quality of local residents' participation in projects and programmes (see, for example, Clark 1991, 58-9; UNDP 1993, 89). Many development practitioners believe that NGO programmes are particularly effective at securing the participation of the target communities (Gorman 1984, 1-9). Development professionals increasingly believe that it is only through such participation that the needs, understandings and perspectives of communities can be incorporated into project planning and implementation.
- ▶ NGOs are believed to be cost-effective (OECD 1988, 25-27). Their staff are

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See, for example, the discussions in the volume edited by Hulme and Edwards (1997c), which offer an overview of relations between NGOs (North and South) and the state.

thought to have a less ostentatious lifestyle than official development assistance agencies and therefore lower salaries (with the added benefit that this does not encourage high expectations among the target population); the agencies are thought to have lower overheads and administration costs, less corruption than is associated with some government agencies, and greater staff flexibility.

In summary, NGOs are considered by many to have a critical role in development activities. They are believed to have a number of characteristics that assist their effectiveness such as being innovative and cost-effective and having specific skills in securing improved participation.

### **Northern and Southern NGOs**

Since the mid-1960s, there have been considerable changes within the broad and aggregated category of organisations that are included within the term NGO. One of these changes has been the increasing number of Southern NGOs. (See, for example, the increase in the number of NGOs in Brazil and Egypt discussed in Chapter Two (Kandil 1997, 355-6; Landim 1987, 30 and Landim 1997, 332).) As a result, Northern NGOs have been under pressure to change from being implementors of development projects to funders, supporting the projects of Southern NGOs (Hulme and Edwards 1997a,13). At a time when the NGO sector has grown in size and influence, there has been a critical change in the way in which development projects are realised. These changes form the focus of the discussion in Chapter Three.

As voluntary organisations, NGOs in North and South share certain characteristics. (See, for example, discussions in Clark (1991) and Salamon and Anheier (1997b).) They do not seek

to earn profits but rather devote their activities to public interest issues. In general, they are committed to development strategies that address poverty and which offer support for those in need. The vast majority are registered in the countries in which they work under charitable law or its equivalent. These agencies are not part of government but are independent of the state. Typically, they are governed by a board of voluntary trustees or directors, or they have a membership of interested individuals. They are not self-help agencies but professional groups governed by a constitution or similar documents.

Many NGOs in both North and South have global objectives, seeking to ensure that development aid is maintained in real terms and directed increasingly at the needs of the poor. (See, for example, the country reports in Randel, Gorman and Ewing (2000).) Both Northern and Southern NGOs are concerned to address the basic needs of the world's poorest households, and the poorest members within those households. To achieve these and other objectives, both groups of agencies are likely to be concerned with the policies of multilateral agencies such as the World Bank or United Nations agencies (Edwards and Hulme 1992a, 21). Both may be concerned, again at the international level, to ensure respect for independent organisations, civil and human rights and democratic forms of governance (Clark 1991, 145-6). Within the broad category of NGOs, there may be specific groups of agencies that share an interest in areas such as global environmental treaties, or in working with children in areas such as child labour and international trade. For these specialist NGOs, there may also be a further value in joint support for international specific campaigns addressing areas of mutual concern. In some cases, international networks have been established to work across North and South in addressing such issues (such as, for example, environment and housing rights) (Leckie 1994, 141-2).

However, there are a number of critical distinctions between Northern and Southern NGOs. One factor highlighted by a number of authors is the diverging roles between Northern and Southern agencies (see, for example, the discussion in Smillie (1995, 64-7).) Several decades ago, in the post-war enthusiasm for international poverty alleviation and redistribution, many Northern NGOs undertook direct development themselves, identifying those in need, designing programmes and employing their own staff for implementation. But many no longer have an operational role and consequently Northern agencies are increasingly funding Southern NGOs to take over their operational activities in Southern countries (OECD 1998, 21-24). For these Northern agencies, the raising of public funds and the leverage of additional government funds have now become a more significant component of their work (Smillie 1993a, 27-8). Northern NGOs may seek to add value to project and programme allocations through exchanges between the organisations that they fund, support for organisational development activities, and the provision of training and technical support. In many cases they continue to undertake advocacy work related to development assistance in the North. But their withdrawal from development activities in the South means that some Northern NGOs appear to be increasingly dependent on organisations in the South if they are to realise their development objectives.

In response to the increase in government funding for development NGOs and supported by other factors, information suggests that the numbers and activities of Southern NGOs have increased many times over (Smillie 1995, 69-70). However, few have been able to accumulate significant financial assets of their own. Although there are a range of sources of funding, many assume that the single greatest source of financial support for the sector is Northern NGOs (see, for example, the collection of papers in Gordon Drabek 1987 and particularly those by Kajase (1987) and Smith (1987)).

Northern and Southern NGOs share development objectives but, as donor and recipient, they may face a difficult relationship. As donors, Northern NGOs may influence the objectives and the strategies of Southern NGOs' programmes and projects (Fowler 1990, 12). As recipients, Southern NGOs may find it difficult to define and keep to their own mission and strategies because there are a limited number of alternative sources of finance through which they might fund their projects; for the same reason, they may find it difficult to be critical of strategies and activities of Northern NGOs (Gariyo 1995, 32).

#### **From an Initial Concern to the Identification of the Research Issues**

My interest in the relationships between Northern and Southern agencies emerged from multiple contacts with NGOs in both North and South as a board member, development consultant and member of staff. This experience introduced me to a number of specific concerns that both groups of agencies have with respect to their relationships with their counterparts. From the Southern perspective, most tension in the relationships appeared to be associated with the ability of the Northern donor agencies to control or significantly influence the work of Southern agencies because they allocated the finance. From a Northern perspective, there was frustration and anxiety about their inability to control or influence local expenditure because it was being undertaken by a different organisation.

My initial interest in these relationships was then explored through a series of interviews with agency staff and further substantiated through a review of the literature on relations between NGOs in North and South (discussed in Chapter Three). An examination of the literature on inter-organisational relationships (considered in Chapter Four) offered alternative ways of considering these issues.

The literature on relations between NGOs in North and South primarily consists of anecdotal accounts written by those working for such organisations. The majority of this literature (discussed in Chapter Two) recognises that the relationship between donor and donee is a difficult one. First, there is a concern that the "giving" agency will exercise undue influence over the "receiving" agency, encouraging it to start new projects or change strategies (Gordon Drabek 1987, xi). Second, there are difficulties in dealing with uncertain sources of funding (Smillie 1993a, 25-8). Northern NGOs may be dependent on public donations and state grants related to project applications and they may not be in a position to guarantee long-term funds. The programmes of Southern agencies are, it is suggested, adversely affected as directors seek to reconcile their organisational development needs with these funding sources. Third, there are concerns that accepting government funds has bureaucratised Northern agencies and that this style will be passed onto Southern NGOs (Wallace 1997, 45).

Although many individual complaints relate to specific details and circumstances, broader issues are also raised in this literature. Concerns are expressed about the predominance of the English (or other European) language and that professional training is dominated by Northern concepts. Such factors, it is believed, may lead to difficulties in working effectively on common agendas. At a more fundamental level, reference is made to disagreements between Northern and Southern NGOs on the validity of the conditions that are commonly attached to bilateral aid, the prevalence of "development fashions" and the changes in development activities' direction dictated primarily by Northern agencies, and the role that can be played effectively by the North in the development of the South (Biekart 1995, 67).

In summary, practitioners and academics studying NGO relationships across North and South raise a number of specific concerns about the potential and actual consequences of these

relationships for the objectives of each agency and their work and performance.

Inter-organisational relationships are not new to academics. There has been a long-standing interest among organisational theorists (especially those concerned with the voluntary sector and with state agencies working in social services) in why and how organisations interact with each other and the consequences of such interaction. Such research has suggested that resources, as is the case with NGO relationships, form a critical component of their interaction (see Chapter Four). A major part of the work of such inter-organisational theorists has focused on the nature and extent of resources that are exchanged between organisations. Some attention has also been given to the significance of collaborative interaction; for example, through joint attempts to change the policy context within which the agencies are operating.

Most of the research on which current theories are based has been undertaken in the United States of America, reflecting the dominance of that geographical area on voluntary sector research. There are clearly considerable differences between this context and that of the problem that I am interested in investigating. One of the most immediately obvious differences is that the existing work is, in general, looking at inter-organisational relationships within a city or state whilst those between Northern and Southern NGOs generally span thousands of miles with considerable differences in culture and legal/political systems. Despite this, these studies and theories appeared from the outset to be potentially useful to understanding relationships between Northern and Southern NGOs, even if only through highlighting some possible areas to explore. The dissertation describes the value of these theories and approaches in the concluding chapters.

## **The Research Process**

The research process has included two main stages, the first being a review of relevant literature and the second being field-based research of a number of relationships between Northern and Southern NGOs. From the beginning, the research has been orientated to considering the problems put forward by those working in the field. The role of the more general literature has been to ensure that all possible areas of concern have been raised and to ensure that the perceptions of those working with and for NGOs are informed by experiences in other sectors and countries.

The first step within the research project was a set of pilot interviews among a number of senior NGO staff. These interviews, together with the two sources of literature, first the literature specifically considering NGO relations between North and South and second the more theoretical literature on inter-organisational relationships, formed a preliminary basis for identifying a set of important issues to be addressed. An early decision was to concentrate on a group of agencies working in the same location in the South. The reason for this was to reduce the problems associated with varying the social, economic and political context. The research process therefore concentrated on one geographical area (Nairobi, Kenya), and looked at organisations working in the broad area of urban poverty. These research issues were then further refined by a scoping study in the research location (discussed in Chapter Five), prior to preliminary interviews with a number of NGOs in order to find agencies interested in participating in this study. Box 1.1 summarises the research issues as revised following the scoping study.

A number of reasons supported the selection of Nairobi as a suitable location for the study.

First, sub-Saharan Africa is a priority for many development agencies because of the scale of need and the evident levels of poverty relative to other parts of the world. As argued in the Human Development Report for 1990: "In any concerted effort to improve human development in the Third World, priority must go to Africa." (UNDP 1990, 5). Second, there is a growing recognition that urban poverty, long neglected by most development assistance agencies including NGOs, is of increasing significance as within 20 years a majority of those living in the South are likely to be living in urban areas (and many of them are likely to be living in extreme poverty). Nelson (1999, 4-7) discusses the growing prevalence of urban poverty within Africa, noting the increasing economic hardship during the late 1980s and 1990s. Third, both the theoretical work and anecdotal reports suggest that to understand relationships between Northern and Southern NGOs, it is important to have some long-standing relationships in order to learn who might emerge during such exchanges, how issues are managed and what are the longer-term consequences for the organisations involved (some of which might not emerge during the first few years of any interaction). Consideration of these three selection criteria suggests Nairobi, a sub-Saharan African city in which there has been considerable NGO activity to address urban poverty issues with some long-standing relationships between agencies. Approaches were made to 13 NGOs from which nine (four Northern and five Southern) agreed to take part in the research.

In seeking to make a contribution to theory and practice, the study sought to take up and explore these critical issues in Northern and Southern NGOs relationships. It was, and is, hoped that the research results will be relevant to staff of Northern and Southern NGOs, staff in official development assistance agencies and to academics specialising in development, the voluntary sector and inter-organisational relationships. It was intended that the information

### **Box 1.1: Core problem areas to be considered**

**a. Mission and goals:**

- how do Northern and Southern NGOs maintain their goal(s) and mission?

**b. Organisational structure and style:**

- is project funding resulting in isomorphism, i.e. making organisations in both North and South more alike in structure?

- can Northern NGOs directly implement projects in addition to working with Southern NGOs? *Are advocacy projects different from welfare or service-orientated projects?*

**c. Organisational stability:**

- is the nature of project funding such that it results in organisational instability due, for example, to a reluctance to fund core costs, or cash flow problems?

- what is the consequence of "fashions" in project funding on NGOs in North and South?

**d. Control and Accountability:**

- how are Southern NGOs accountable to Northern NGOs for their activities?

- how, if at all, do Northern NGOs involve Southern NGOs in their decision-making structures and processes?

**e. Relations with other organisations and institutions**

- how are NGO relations with governments in North and South affected by project funding, and does this affect other NGO activity (as perceived by staff members)?

- how are NGO relations with communities affected?

- how are NGO relations with other local NGOs affected? What are the competitive pressures that result and what are their impacts?

**f. Models of relationship**

- what are the models of funding that are being used and how do they vary with respect to the length of time and the conditions with which finance is committed?

- what other support services are provided in addition to finance?

- what, if any, is the nature of the longer-term commitment between agencies?

gathered would be used to address four specific areas.

i. **What is happening** in each of the critical issues identified above?

ii. **What are the perceived consequences** of what is happening for: projects, organisations, and the institutions of Northern and Southern NGOs?

iii. **What are the implications of these consequences** for the provision of development assistance finance (voluntary, bilateral, multilateral) to Northern and Southern NGOs?

iv. **What do these experiences suggest for theories of inter-organisational relationships?**

## Conclusion

The significance given by official development assistance agencies to NGOs is partially indicated by the high level of funds that they continue to receive. The literature suggests that NGOs are important both because of the development expenditure allocated directly to them and because of their wider influence on official development assistance and the development programmes of state agencies in the South. Changes in the roles of Northern and Southern NGOs mean that relations between these two groups of agencies are more significant than was previously the case. Whilst clearly there are many factors affecting NGOs (both as organisations in their own right and as implementors of programmes), practitioners and external commentators have identified the relationships between Northern and Southern NGOs as a focus of concern when considering the work of NGOs (see, for example, the discussions in Smillie 1993a, 35-6). This concern is expressed both by external commentators considering the effectiveness of NGOs as recipients of official development assistance and as an influential force over many other development professionals, and by NGOs themselves.<sup>3</sup> It is such concerns that are the focus of this study.

The organisation of the dissertation is as follows. The background and preparation for the study is discussed in five introductory chapters which together make up Part One of the dissertation. Chapter Two discusses the context within which NGO funding has become an accepted and popular part of the work of development assistance agencies, and explores why NGOs are considered to be important in addressing poverty and how their significance has increased over the last three decades. Chapter Three focuses on what is already known about

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One of the earliest collections that evidences the concerns of practitioners and commentators is the special issue of *World Development* published in 1987, following a conference on the theme (Gordon Drabek 1987).

relationships between Northern and Southern NGOs drawing particularly on the NGO literature. The discussion examines a number of aspects of the relationships including the significance and consequences of project funding and the alternatives that are being proposed. The fourth chapter then moves outside of the immediate context to look at what has been understood in general about inter-organisational relationships and the significance of this work for the specific study being undertaken. The chapter brings together both some of the critical theories in inter-organisation theory with some more recent perspectives on these issues. The fifth chapter describes the methodology of the research, from the initial research questions to the process followed during the data collection. Finally, the sixth chapter explores the particular context in Nairobi looking at urban poverty in the city, the NGO sector and the relationships between NGOs and the Kenyan state.

Part Two discusses the findings and conclusions arising from the analysis of the primary data. Chapter Seven is an introduction to the nine agencies whose experiences provide the basis for this research project. Chapter Eight focuses on issues of mission and objective setting. It considers how Northern NGOs influence Southern agencies and how Southern agencies seek to maintain their autonomy. Chapter Nine turns to a number of issues relating to the administration of Southern NGOs and in particular financial management and accountability, governance, short-term project-based funding and the related issue of managing stability. Chapter Ten considers the influence that Southern NGOs have had on the Northern NGOs that they work with, both directly through invited interaction around objective setting and informally through regular working contact. Chapter Eleven considers the findings in the broader context of the literature introduced earlier in the dissertation and Chapter Twelve contains the conclusions of the research.

## **CHAPTER TWO**

### **THE ROLE OF NGOS IN DEVELOPMENT: PERCEPTIONS, PRACTICES AND TRENDS**

*This Chapter introduces NGOs and explores some of their organisational characteristics. It then looks at their changing role within development in both North and South. The Chapter provides an overview of the changes in the roles of NGOs, their growing significance in financial terms and their growing influence in development activities. The discussion sets out the general context within which NGOs are undertaking activities, describes some of the ways in which their working context has been changing and explores reasons for their significance to development. Section Four develops working definitions that are used throughout the discussion. The following Chapter then focuses specifically on the relationships between Northern and Southern NGOs.*

#### **Introduction**

During the last three decades, considerable changes have taken place that have influenced development options in the South, and consequently both the work and nature of NGOs. Global changes have been particularly dramatic and only a few of the most critical events can be listed here: the debt crisis of the late 1970s and recurring financial instability; the introduction of structural adjustment programmes and the withdrawal of the state from many of its traditional roles; the fall of the Berlin Wall and subsequent political changes in Eastern Europe; and the process associated with globalization. As a consequence of these and other factors, many of the institutions within development have been subject to considerable re-examination. As discussed below, in general, NGOs have benefited from increased funding

and new invitations to collaborate with both national governments and official international development assistance agencies (see, for example the discussions in Clark (1995) and OECD (1988)).

This Chapter is divided into three main sections. Section Two discusses the reasons to account for the popularity of NGOs and gives an indication of their current significance in development thinking and practice. Section Three describes the growth of the NGO community in recent years both in respect of the number of organisations and the scale of their activities, and looks particularly at the increase in financial support which Northern governments have made available to NGOs in the last two decades. Section Four reviews definitions of NGOs in both North and South and concludes with a working definition as used in this dissertation.

### **Changing Perceptions of Development - An Increasing Role for NGOs**

Many international private voluntary agencies such as OXFAM, CARE, CARITAS and the various Save the Children associations can trace their origins to the international philanthropic organisations set up in Europe and North America that sought to attend to the needs of those wounded in wars and to prisoners of war (Clark 1991, 314; Korten 1990, 116). In the years following both the first and second World Wars, there was a growing interest in expanding these humanitarian concerns beyond those suffering from war. New agencies joined some already established Church organisations that had mission based initiatives in Africa, Asia and Latin America. Hulme and Edwards (1997a, 4) note that the number of NGOs in many OECD countries expanded rapidly in the years after 1945.

Within the South itself, voluntary organisations also have a long history. Recent reviews of the non-profit sector undertaken by the Johns Hopkins Comparative Non-profit Sector Project suggest that the modern voluntary sector may date from 1810 in India, 1820 in Egypt and the late nineteenth century in Brazil (Sen 1997, 403; Kandil 1997, 353-4; Landim 1997, 325-6). In Asia and Africa, the struggle for independence from colonial powers either initiated or strengthened the role of indigenous NGOs. Their role was further reinforced by support from some Northern private voluntary organisations and a few government bilateral aid programmes, particularly in an African context, in response to the crises in the 1980s (see Aina 1997, 431-438 for a consideration of Africa).

Hence, it should be recognised that the involvement of voluntary organisations and NGOs in development is not new and that their merits have been recognised and promoted for many years (Gorman 1984, 1-9; Hirschmann 1984, 95-101). However, since the beginning of the 1980s, there has been both more funding for NGOs and an increased recognition of the significance of their models and approaches for the work of other development agencies (Dichter 1988, 183-4; Clark 1991, 3-5; Hulme and Edwards 1997a, 7; Korten 1990, 22-26; Paul and Israel 1991, xi-x). As argued by Carroll (1992, 1), in about 1985 official development agencies arrived "...at the same conclusion that a small band of aficionados had reached earlier: that the advantages of NGOs, such as flexibility, informality, commitment and participatory style outweighed their disadvantages and made them especially suited for the complex task of rural development projects aimed at alleviating poverty, in which physical capital is combined with human and organisational resources." By the end of the 1980s, reports from the OECD (1988, 5-6), Asian Development Bank (1990, 53-4 and 1991, 68-9) and World Bank (1991, 68-9 and 136) all argued that NGOs have a particular ability to work effectively with the poorest communities. As described by Smillie (1995, 42-58), the ideas

promoted by NGOs influenced the policies of official development agencies and other development institutions. Ten years on, the World Bank's 2000/01 report emphasised the extent to which NGOs are a recognised institution within development; successive examples demonstrated the role of NGOs in service provision (World Bank 2001, 85-6), holding government accountable (World Bank 2001, 102) and strengthening local community organisations (World Bank 2001, 129).

Why have NGOs grown in popularity? In the 1960s, the understanding by the more conventional approaches to development was that government would help solve the problems of poverty and the poor through promoting economic growth and integration in the world economy. By the 1980s, governments were considered to be largely responsible for the failure of growth-centred development policies. Typical macroeconomic problems were high debt to export earnings ratios, high inflation, a large (and costly) public sector and large budget deficits (World Bank 1990, 11-15). With respect to microeconomic policy, governments were considered to be preventing the growth of entrepreneurs and micro-enterprises and delivering inefficient services (see, for example, the discussion in de Soto (1989) and Roth (1987)). Hence, both bilateral and multilateral donors began to favour a more market-driven approach to development.

These criticisms of governments' ability to achieve their development goals occurred at a time when there was a growing problem of poverty in many countries in the South. In the early 1980s, many Southern countries experienced major economic problems leading to the need for debt re-scheduling. As a condition of receiving assistance, governments accepted International Monetary Fund-designed stabilisation policies and structural adjustment programmes (Bourguignon and Morrisson 1992, 21-27). The package of measures for short-

term stabilisation and long-term economic adjustment included reductions in public expenditure.

The impact of these policies was severely deflationary on domestic economies which were also suffering from the global recession. Per capita GDP fell for millions in Latin America and Africa (World Bank 1990, 10-11). The multilateral and bilateral donors became increasingly aware that poverty reduction programmes were necessary, at least in the short term (World Bank 1990, 3-4). NGOs were considered as potential implementing agencies for such a package of support (Hulme and Edwards 1997a, 5).<sup>1</sup> As noted in Chapter One, they were considered to have a number of advantages: experienced in working with the poor; low-cost service delivery; not part of the public sector; having new techniques and innovative models relevant to development; able to promote community participation, build grassroots institutions and act as an advocate for the interests of low-income groups (Asian Development Bank 1990, 53-4 and 1991, 68-9; OECD 1988 14-34).

It has been argued that the importance given to the NGO sector reflects the failure of other sectors to address the problem of poverty as much as it reflects positive attributes of the NGOs. In the words of Antrobus (1987, 95):

[I]nterest in the work of NGOs has increased markedly over the past 10 years, and with growing recognition of the inadequacy, constraints, limitations and, sometimes, inappropriateness of governmental efforts in a variety of fields. In part, this interest

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For example, NGOs have been given a prominent role with the social funds that have been developed by the World Bank. In the Bolivian Emergency Social Fund, managers recruited people with experience in the voluntary sector in order to encourage NGOs and other voluntary organisations to apply. By the end of 1989, about US\$ 33 million had been allocated to voluntary organisations and the Fund had worked with over 400 such organisations (Jorgensen, Grosh and Schacter 1992).

focuses on the search for alternative models and approaches to development in the context of frustration at the failure of conventional approaches to achieve the goals set by development planners and policy-makers.

More recently, there has been an increased recognition of the role of civil society, of which NGOs are but one part (Ibrahim 1998, 55). The rise of social movements that were so effective in pushing forward a process of democratic change in several nation states including the Philippines, South Africa and some countries in Eastern Europe alerted many development professionals to the significance of other groups within civil society. A growing awareness of the importance of institutions and institutional change is also noticeable, marked in particular by the interest shown in Putman's (1993) elucidation of the concept of social capital; and, related to this, an increased emphasis by development agencies on the political process (Helmich and Lemmers 1998, 14). A third factor encouraging a wider interest is the increased awareness of self-help organisations of the poor themselves (Mitlin 1998, 84-6; Verhagen 1987, 17-19).

At the same time that international development assistance agencies recognised the contribution of NGOs, a number of other factors were also increasing their significance. The generally depressed state of the global economy during the 1980s increased national economic problems and subsequently poverty increased; for example, between 1980 and 1989, per capita income fell by 2.2 per cent each year in sub-Saharan Africa (World Bank 1990, 11). Reductions in state expenditure and the general withdrawal of the state meant governments were unable to respond, even for those Southern nations who were not among the poorest. In the South, local organisations began to form and increase the scale of their work in response to this situation (Hellinger 1987, 135). In the North, awareness of both the increasing need to

address poverty and the ineffectiveness of government institutions in the South resulted in an increasing proportion of bilateral aid being directed to Northern NGOs during the 1980s (Smillie 1993a, 27-9). Moreover, as Northern governments themselves reduced state expenditure and levels of staffing in development assistance agencies, NGOs offered a means of funding staff-intensive poverty-related projects (Twose 1987, 1).

The poor economic performance of many Southern countries also indirectly encouraged the growth of NGOs, as reductions in the size of the public sector resulted both in redundancies among existing staff and in young newly-qualified professionals being unable to find work. Socially concerned professionals began exploring employment possibilities within the voluntary sector and some successfully established new NGOs (see, for example, Sen's (1997, 412-3) discussion of India). Win (1998, 104) also suggests that NGO careers were attractive to professionals in the fast-growing Asian economies because of the visibility of the growing social and economic inequalities. Others have suggested that donor enthusiasm for NGOs has been so great that it has encouraged a new type of profiteering NGO in the South (Constantino-David 1992, 138). All these factors suggest that there has been a greater number of people willing to establish and work for NGOs.

Third, political repression and the democratisation movement in the South have also directly affected the growth of and perceptions about NGOs. In Latin America, some of those opposing the right-wing dictatorships began to work from within the voluntary sector as they were expelled from government posts; in Brazil, for example, Landim (1997, 339) suggests that NGOs "...were born and flourished in the height of the dictatorship..." The democratisation process during the early and mid-1980s then resulted in the incorporation of some experienced NGO activists into government and has led to a series of experimental

programmes between NGOs and government in recent years (see, for example, the studies in Edwards and Hulme (1992b)).

Whilst authors such as Bebbington and Riddell (1997, 115), Smillie (1995, 246-7) and Hulme and Edwards (1997a, 8) have suggested that NGOs may not be the panacea in every situation, there has been a growing belief that NGOs might make a significant contribution to development. As a result, recent decades have seen their growing significance within the development movement. The following section discusses the growth in NGO activities both in financial terms and with respect to policy.

### **Measuring the Increase in NGO Activity and Influence**

In 1988, the OECD estimated that there were over 4,000 NGOs in member countries of the OECD Development Assistance Committee (OECD -DAC) (OECD 1988, 16). In a more comprehensive study several years later, OECD estimates were revised to over 4,700 NGOs in member countries (Smillie and Helmich 1993). The increase in NGO numbers can be illustrated by Australia, where there are now estimated to be over 60 NGOs. Forty years ago, there were about a dozen (Rugendyke 1991, 2).

Estimates of the number of NGOs in the South also suggest that the total number exceeds several thousand. Various public and private institutions in the world, national as well as bilateral and multilateral, have tried to count the numbers of NGOs and some have produced national, regional or sectoral directories. In Latin America, the Inter-American Foundation noted about 11,000 NGOs working in the region (although the term is broadly defined and the number may include community organisations) (Inter-American Foundation 1990). Win

(1998, 101) draws on Yamamoto (1995) to argue that there have been substantive increases throughout Asia. Growth rates are exemplified in the first two country studies completed as part of the Johns Hopkins Comparative Non-profit Sector Project. In Egypt, the number of non-profit organisations increased from 5,000 in the mid-1950s to 12,800 in 1989 (Kandil 1997, 355-6). In Brazil, Landim (1997, 332) suggests that the NGO sector within the Brazilian voluntary sector included about 3,000 organisations in 1992. This can be compared to an estimated 1,041 NGOs in 1986 (Landim 1987, 30).

What is particularly significant is that, following widespread recognition of NGOs' work, government funding of NGOs has increased considerably in the last two decades. Governments are now the largest single donor of many of the largest Northern NGOs. Co-financing of NGO projects is one of the major forms of government assistance to NGOs (OECD 1988, 25-29).<sup>2</sup> By 1970, six OECD countries (Australia, Canada, Germany, Netherlands, Norway and Sweden) had established some form of co-financing programme with NGOs (OECD 1988, 25). They were joined in 1974 by New Zealand, in 1975 by the EC and the UK, in 1976 by Belgium and in 1977 by France and Ireland (OECD 1988, 25-6). NGOs in six OECD-DAC member countries receive 50 per cent of the costs of projects approved by the governments for joint funding; governments in the remaining member countries all offer more than 50 per cent, with the Danish and Dutch governments offering to cover all associated costs.

In addition to co-financing programmes (also known as joint funding programmes), there are

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Co-financing programmes are a funding mechanism by which governments contribute a fixed percentage of the costs associated with NGO development projects. The NGO submits the proposed project to (generally) their own government and, if approval is granted, the project is then managed by the NGO.

several other ways in which governments provide financial support to NGOs; of major importance are delivery of food aid and emergency aid, the sub-contracting of the management of bilateral projects and, in some countries, the national volunteer programme (OECD 1988, 26-9). Good (1994, 4) explains how the UK government started to fund NGOs in the belief that they had particular expertise in small projects that benefited the poor. The significance of such funds by the early 1990s is illustrated by official development assistance funds to UK NGOs. In 1992/3, UK NGOs received £28 million through the co-financing programme, £18 million for the volunteer programme and much of the £100 million of financial support for disasters and emergencies was channelled through NGOs (ODA 1993, 45-51).

Accurate data on grants allocated to Northern NGOs by OECD-DAC member governments cannot be obtained easily. The OECD Annual Report has provided some intermittent data on the contributions of member countries to NGOs.<sup>3</sup> This information suggests that contributions increased by 60 per cent in real terms between 1980/1 and 1988/9 rising from US\$ (1990) 1,815.2 million to US\$ (1990) 2,919.0 million (OECD 1990 and 1992; with the scale of these figures being substantiated by Clark 1991, 49-51). Government grants to Northern NGOs account for a significant proportion of Northern NGOs' expenditure. Hulme and Edwards (1997a, 6) suggest that the proportion of OECD aid through NGOs has increased from 0.7

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However, Smillie (1993a, 40-41) identifies a number of problems with the OECD data and therefore the figures above should be treated with some caution. His main concerns are that there is no consistent definition of "NGO" across OECD countries, nor is there any consistent definition of what should be included as a government contribution to an NGO: for example, should donations of surplus equipment or the value of tax-deductible charitable donations be included. He suggests that further errors in estimating government support to NGOs may arise if more than one government department and/or government programme makes financial contributions to NGOs. In many OECD countries, there is no single government office responsible for aggregating all this information at a national level. Finally, he argues that support from Northern governments direct to Southern NGOs is not generally included in the data, although he estimates that the scale of such funding is increasing.

per cent in 1975 to 3.6 per cent in 1985 and at least 5 per cent in 1993/4. Marcussen (quoted in Powell and Seddon (1997, 5)) suggests that by 1997, NGOs accounted for about 13 per cent of official development assistance, although even this figure may be an underestimate. Fowler (1998, 138) suggests that the proportion of official development assistance allocated to NGOs has continued to rise in recent years.

In addition to the programme of the bilateral assistance agencies, multilateral development programmes also provide support to NGOs. The European Union initiated a co-financing programme in 1975 which now offers about US\$ 175 million of financial assistance, primarily to European NGOs (OECD 1988, 25; Commission of the European Communities 1998,1).

Although this is the most significant source of European Union support, other European Union funds can be available to NGOs. The United Nations agencies provide some further funds for NGOs. For example, in 1986, the United Nations Development Programme established a Division for NGOs to develop and increase its cooperation with such organisations and it has since launched a number of funding initiatives to support NGOs and community organisations (Arrossi et al. 1994, 35-6).

Until the end of the 1970s, Southern NGOs were funded almost exclusively through Northern NGOs, who have either raised funds from the general public or from government. More recently, a number of Northern governments have started funding Southern NGOs directly (Smillie 1993a, 35-6). Programmes may be managed by the headquarters of the bilateral aid programmes which are generally developed with the agreement of the Southern government. Alternatively (or as well), small local funds may be held at aid missions and/or embassies in the South for direct disbursement. The OECD report (1988, 93) estimates that bilateral funding of "host-country" NGOs equalled US\$ 37 million in 1983 and suggests that it grew

considerably in the following five years. One particular example of this trend can be seen in NORAD's funding allocations (NORAD is the development assistance programme of the Norwegian government). In 1984, NORAD's aid to Southern NGOs equalled 15 per cent of total financial support to NGOs. By 1991, support for Southern NGOs had increased to US\$ 38 million, and was now equal to 20 per cent of total NGO allocations and 7 per cent of the total bilateral development cooperation budget. The different national reports in the edited volume by Smillie and Helmich (1993) indicate that this level of support is higher than other OECD countries. At the same time, Southern NGOs have also been used as conduits for bilateral programmes where the donor agencies believe they are more appropriate than state agencies.<sup>4</sup>

Southern NGOs raise funds in addition to those that they receive from Northern private voluntary organisations and official donors. However, no data is available on the source and scale of these funds and their significance to Southern NGOs. Many Southern NGOs appear to receive no external support; Clark (1991, 51) cites a World Bank study of the health sector in six Indian states in which only 20 per cent of the NGOs had access to external funding, whilst Salamon and Anheier (1997c, 72) note that in Rio de Janeiro, fees and charges are more significant than funding from abroad in financing non-profit organisations.

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A specific example of this kind of official bilateral support for Southern NGOs is Sida's (the Swedish International Development Authority) support for FUPROVI in Costa Rica. FUPROVI is a non-profit foundation set up in 1987 to receive a SIDA grant of US\$ 6 million for a housing programme in Costa Rica. The project was initiated through a request from the Costa Rican government for development assistance in housing. The Swedish government proposed to implement the programme through the establishment of an NGO. There was a need to establish a new NGO because: "There were no other NGOs involved in urban development policy and existing government institutions lacked an interest in low-cost, participatory projects." (Sevilla 1993, 114)

### *The Increasing Influence of NGOs in Policy Issues*

NGO significance does not just lie in the percentage of donor finance that they account for.

The importance of NGOs on the policies of North and South has been recognised for some time. The OECD (1988, 26) argues that "...the NGO community has for many years influenced the agenda of official aid programmes." In the Scandinavian countries, for example, NGO involvement has been accepted by governments for some years; in Sweden, for example, NGOs are represented on the board of the government's development assistance agency, SIDA (Smillie and Filewood 1993, 249). By the end of the 1980s, several other OECD countries had also introduced consultation with their NGOs, and van der Heijden (1987, 107) notes that national consultative committees have been established in Australia, the Netherlands, France and the US. Covey (1992, 1-2) notes that a similar trend is evident in some Southern countries, with the formal involvement of NGOs in preparing some government policy recommendations and more informal lobbying in other cases.

Multilateral agencies have also been increasingly willing to consult formally with NGOs. In the late 1970s, institutional relations were formed between the European Commission and NGOs in EC countries. NGOs are represented in an annual general assembly in Brussels and there is an elected permanent liaison committee. In some countries, specialist NGOs have been created to support United Nations activities, and United Nations agencies use NGOs to undertake some of their assignments. In 1984, the United Nations Development Programme appointed their first advisor for NGO matters (OECD 1988, 96). At the 1992 United Nations Conference on Environment and Development, 1,400 NGOs were accredited for the official United Nations preparatory meetings, often assisting in preparing draft texts for governments to consider. The World Bank established an NGO-World Bank committee in 1981, with 26 NGO members and senior Bank staff (Paul 1991, 5).

Hence, increased recognition has been given to the role of NGOs, and the size of the NGO sector has grown. NGOs are now considered to be of major significance to development activities, and hence to the success of development itself. Accompanying this growth has been an increasing specialisation combined with the emergence of a Southern NGO sector. The nature of these changes and some anticipated and perceived implications are considered in the following Chapter. Section Four now considers the question of definitions.

### Defining NGOs

There is considerable variety in the terms used for the voluntary sector in different countries. Commonly used terms include non-profit sector, charitable sector, third sector, independent sector, voluntary sector, non-governmental organisations and *economie sociale* (or social economy) (Salamon and Anheier 1997a, 12-13). Of these, the three often found in the English language literature are non-profit sector (in the US), voluntary sector (in the UK) and non-governmental organisations (in respect of organisations based in or working with the South).

An analysis of the definitions used by several widely quoted authors suggests that three particular characteristics of voluntary organisations are considered significant (Kramer 1981, 8-9 and 100-2; Brenton 1985, 9; Dobkin Hall 1987, 1-4; van Til 1988, 6-10). The first notable characteristic of voluntary organisations is that they belong neither to the state (ie. non-governmental) nor the private (ie. non-profit) sector. A second characteristic is that such organisations are considered to fulfil some public (or social) interest (benefit or purpose) (Brenton 1985, 9; van Til 1988, 8; DiMaggio and Anheier 1990, 142). In this context, the public arena is not considered to be the prerogative of the state but to be open to individuals

and groups. (However, Salamon and Anheier (1997b, 36-37) are cautious of using this as a defining feature because it may fail to be sufficiently rigorous over time and between nations.)

Finally, several writers on the voluntary sector in the North have noted the close association of voluntary organisations with some form of voluntary labour, either through management committees or in staff posts (Korten 1990, 106-7; Salamon and Anheier 1997b, 34).

Voluntary organisations based in the North and working in Southern development and emergency relief have come to be known as NGOs (see, for example, Clark 1991, 14) along with their Southern counterparts.<sup>5</sup>

A number of definitions of Southern-based voluntary organisations have been proposed within the development literature (Brown and Korten no date, 1-5; Gorman 1984, 2; Landim 1987, 30; Padron 1987, 70; Streeten 1988, 1; Hammock and Ingersoll 1990b, 74; Korten 1990, 97-8). These definitions are broadly similar to those used by authors in the North.<sup>6</sup> They emphasise the non-governmental and non-commercial aspects of their work, often with a legally defined "not for profit" registration as a part of the definition. The public interest concerns are also prominent in these definitions and are identified primarily with support for low-income communities and those facing particular difficulties. Two noticeable differences are first, that the definitions are generally broader in the types of organisations which might be included, and second, that there is less emphasis on "voluntary" characteristics although,

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A further term with relatively common usage by authors such as Fowler (1997, xii) is NGDOs (non-government development organisations) which seeks to differentiate development agencies from welfare charities. However, this distinction is not universally accepted and hence has not been adopted here.

<sup>6</sup>

They are exemplified by OECD (1988, 14): "A voluntary agency is an organisation established and governed by a group of private citizens for a stated philanthropic purpose and supported by voluntary individual contributions...the term "NGO" may include profit-making organisations, foundations, educational institutions, churches and other religious groups and missions, medical and commercial associations, cooperative and cultural groups, as well as voluntary agencies."

as noted above, this aspect has been interpreted to be voluntary members of the governance structures in the US and UK-based literature.

Some authors (initially those writing about Latin America) have begun to use the concept of "civil society" to refer to the complete set of organisations and activities which have a public purpose or concerns but which are not organised by government (Landim 1987, 30; Burbridge 1998, 6-11; Helmich and Lemmers 1998, 12-13). Within the term are encompassed all forms of organisations which are not part of the state but which are concerned with public issues and activities. Hence "civil society" can include groups which are "party political" (but not the government), philanthropic foundations, trade associations which seek to further the interests of their members, cooperatives and informal grassroots organisations.

The diversity of organisations considered to fall within the voluntary sector, the growth in such organisations and, perhaps, combined with the relative newness of these organisations for many commentators, appears to have resulted in some confusion over the use of the term "NGO". NGO may be used both as a general term to refer to all voluntary organisations in the South (akin to the formalised organisations within civil society) and as a specific term for indigenous and/or Northern-based organisations working in development, assisting self-help groups, people's organisations and individuals in need (OECD 1988b, 14; Brown and Korten 1991, 57-64; Theunis 1992, 304). It is this second and narrower definition that is used within this dissertation.

Turning to the activities of NGOs, in the case of Northern agencies, Billis and MacKeith (1993, 12) and Clark (1991, 40-1) identify a number of different activities including: direct

assistance to beneficiaries in the South; indirect financial assistance to beneficiaries in the South through another agency; campaigning and lobbying in North and South; policy development, research and publications; and development education. These activities can broadly be divided into those taking place in the North and the South. Those in the South involve projects, programmes and funding to assist those groups and individuals considered to be in particular need. In the North, NGOs may be involved in activities to help secure changes in government policy to favour the groups they support (see Black (1992) for a discussion of Oxfam's work over the last 50 years). Smillie (1993a, 32) notes that they may also undertake solidarity and development education to inform, and develop interest among, the general public. In some cases, voluntary organisations may both be involved in activities associated with Southern development and be working to assist groups in need in the North, ie. they may be both an NGO and also a member of the more general voluntary sector within the country in which the voluntary sector is based. For example, Save the Children Fund in the UK spends about 20 per cent of its funding on UK-related activities, mainly related to pre-school provision and support for young offenders (Smillie 1993b, 286).

A further theme within the literature is the difference of approach between agencies (in both North and South). Clark (1991, 40-1) and Korten (1990, 102-3) both emphasise the differences between those who work with Southern governments and official aid agencies as "public service contractors" in the delivery of assistance programmes determined by those outside the community, and those NGOs that are strongly motivated to work with local communities, households and individuals in need and who support their social development. In part, such distinctions differentiate between NGOs who see themselves as providing welfare services and those who try to empower the groups with which they work (Korten 1990, 114-124). However, the distinction is rarely clear cut and some agencies have

activities that fall into both groups.

In summary, NGOs in both North and South are, to a great degree, formal organisations working with other groups within the broad mantle of civil society. They work within the non-profit constraint because their fundamental purposes are related to public interest issues, not material reward, but they may undertake income-generating activities to earn income to subsidise their primary activities. The organisations are self-governing and are normally registered as non-profit organisations under some form of legislation. They undertake a wide range of different activities in pursuit of their objectives to (in the broadest terms) secure development. For the purposes of this dissertation, the following definitions are used:

Northern NGOs are non-governmental, non-profit organisations funding development projects, programmes and/or organisations in the South. Their primary goal is to assist low-income individuals and communities in need in all, or parts, of the Third World. Most employ professional staff and have voluntary management boards. In some cases, they also have a membership structure. Their assistance is normally provided through one or more of three channels: projects of the Northern NGOs in Southern countries; support (predominantly financial) for the activities of other organisations; and activities such as development education and advocacy (generally Northern based) to improve the opportunities open to those they seek to assist.

Southern NGOs are non-profit organisations, independent of government, offering a range of services to and/or for individuals or communities in need, or other organisations working with individuals or communities in need. Southern NGOs are NGOs established in the South, employing Southern staff, managed by a Southern board and with their own development projects and programmes. As is the case with

Northern NGOs, their primary goal is to assist low-income individuals and communities in need, generally with a regional or national focus. Most employ professional staff and have voluntary management boards (although some reimburse their members). In some cases, they also have a membership structure.

## Conclusion

This Chapter has shown the significance that has been accorded to NGOs during the last two decades. They have moved from being niche development actors to being major players in their own right as implementors of development projects, innovators of new approaches and important influences on the official development assistance agencies, both bilateral and multilateral. There are a number of reasons why NGOs have received increased recognition. Development specialists have become interested because of the failure of governments to significantly reduce the scale of poverty. NGOs and other voluntary organisations are acknowledged as having a particular expertise in working with low-income communities, and another advantage is that they appear to offer a relatively low-cost means of providing services and support to those in need. Poor national economic performance has increased the scale of poverty and reduced employment opportunities. Combined with a number of other factors, such as democratisation in a number of Southern countries, such factors appear to have further encouraged an increase in support for NGOs and NGO activity.

The following Chapter focuses specifically on relationships between Northern and Southern NGOs. As is evident from the discussion in this Chapter, Northern and Southern NGOs share much in common. They are both non-profit, non-governmental organisations working to assist those in need in the South. However, the context in which they are working is a

changing one. Notwithstanding the growing level of need, the popularity of NGOs has resulted in increasing government funding. This itself has implications both for the independence of NGOs (Northern and Southern) from the state, and for the relationships between Northern and Southern NGOs. The growth of the Southern NGO sector has also been an impetus to re-think collaboration within the NGO sector.

The Chapter has concluded with a review of definitions of the NGO sector. As a result of this discussion, the meanings of Southern and Northern NGOs have been clarified for the purposes of this study.

## CHAPTER THREE

### RELATIONSHIPS BETWEEN NORTHERN AND SOUTHERN NGOS

*As Chapter Two has shown, the last two decades have been a period of increasing growth for NGOs with respect to finance, numbers of organisations and influence. For a number of reasons that are elaborated in Section Two below, this period has also been one in which Southern NGOs have grown in capacity and stature. As the significance of Southern NGOs has grown, Northern NGOs have had to reconsider traditional approaches. Increasingly, some or all of their work has been achieved through funding local agencies. As NGO work has increasingly involved the funding of Southern NGOs by Northern agencies, the successful realization of NGO development programmes are dependent in part on the nature of relations between these agencies. This Chapter summarises how these relationships have changed, the nature of present relationships and the tensions that are associated with them.*

#### Introduction

This Chapter looks first at the reasons for the changing roles of Northern and Southern NGOs. As Section Two discusses, for a number of different reasons, some internal to NGOs and others more indicative of the broader context, many Northern NGOs have chosen to focus their activities on being funding agencies. As relations between these two groups of agencies have grown in significance, so there have been a number of attempts to classify the types of relationships that can be found, particularly in the context of the financial arrangements. Section Three summarises these typologies.<sup>1</sup>

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The typologies are returned to in later chapters of the dissertation. Chapter Five explains their significance in identifying a sample of NGOs for case study analysis and Chapter Eleven reviews the typologies in the light of the findings.

The following sections (Sections Four and Five) consider first the characteristics of funding relations between Northern and Southern NGOs as identified by researchers and practitioners and second, the characteristics of non-financial relations. In Section Six, the discussion briefly looks at what is considered to be desirable in relationships between Northern and Southern NGOs.

Prior to starting this discussion, it should be noted that much of the literature focusing on relationships between Northern and Southern NGOs is recent, suggesting that interest in this subject is relatively new.<sup>2</sup> Although Elliott (1987, 65) discusses how the World Council of Churches was concerned about relations between major church donors in the North and the church-related development agencies in the South at the beginning of the 1980s, there are few other indications in the literature that this was a subject of concern to organisations prior to the mid-1980s and very few of the identified publications precede 1985. One of the most frequently referenced earlier sources of information on North-South NGO relations is the collection of papers from the World Development conference on NGOs which took place in 1987. Dichter (1989, 1) argues that this conference was critical in establishing "...the North/South NGO construct (and dichotomy) ... as a major framework for discussing the NGO environment."

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Much of the literature is in the form of journal papers or papers, some of which were commissioned by donor agencies and/or for workshops. A second source of information is books on Southern NGOs and/or Northern NGOs; many of these texts include some comment on North-South relations although they are rarely a major focus. The most notable exceptions to this generalization are the two Private Agencies Collaborating Together (PACT) studies (PACT 1989a; PACT 1989b). A third source is the collective output of seminars and workshops whose participants have made statements on both actual and desirable characteristics of relations between Northern and Southern NGOs. In the last two years, a number of authors have started to research relationship issues ( Lewis and Sobhan 1999; Hudock 1999; Lister 2000 and Ashman 2001).

## **The Changing Relationships**

One of the most important reasons for the growth of Southern NGO and the willingness of Northern agencies to fund these organisations is a recognised need for local institutions with local knowledge who are able to interact freely with other local groups, especially those they are seeking to assist. Northern NGOs have tended to move away from direct programme involvement in the South and "towards working in partnership with NGOs and people's organisations in developing countries" (UNDP 1993, 8). In part, this reflects the general diversification of NGO activities away from welfare, a trend as evident among Southern NGOs (Minear 1987, 201-4). As NGOs recognise that they need to do more than offer immediate relief or direct assistance, they also realise that they need a local capacity to support and work with those in need to develop local communities, and improve government services, policies and legislation. Direct project implementation by Northern NGOs has been criticised for not encouraging local institutional development. For example, the International Council of Voluntary Agencies' policy guidelines to assist in relations between Northern and Southern NGOs state:

Northern NGOs should be significantly less operational in the sense of actually implementing programmes and delivering services directly to the poor... outside NGOs should facilitate the emergence and institutional growth of local NGOs with their counterparts in the South. International Council of Voluntary Agencies (no date, 2).

De Senilosa (1998, 42) goes further in arguing that Northern NGOs should withdraw as direct implementing agencies. In another illustration of changing attitudes, Brown and Moore (2001, 577) note that when Plan International wished to begin a programme in India, the government required them to work in partnership with local agencies rather than start branches of their own.

As Northern NGOs have reduced their local operational presence, they have become increasingly dependent on other organisations (primarily Southern NGOs) to realise their objectives and distribute their funds. Such an approach may be a difficult adjustment for some organisations. As Elliott (1987, 59) argues: "This approach offers a very marginal role to Northern agencies."

A second reason for the growth of Southern NGOs has already been noted in Chapter Two. The growing popularity of NGOs has been associated with the increasing availability of funds for Northern NGOs. Northern NGOs have had to identify new projects and Southern organisations through which to dispose of these funds (Theunis 1992, 8). Theunis (1992, 313) also suggests that this need to dispose of funds in part reverses the weight of dependence. The increase in funding has also increased the numbers of Southern NGOs, as Northern NGOs have looked for ways to scale up local work.

The third reason that has been proposed is that Southern experiences, values and theories in respect of development have changed. Korten (1990, 198-199) and Theunis (1992, 319-320) have both argued that the nature of Southern NGOs has been changing during the 1980s, with increasing enthusiasm for self-reliance, a growing professionalism and a move away from welfare projects towards those encouraging political awareness and action. Dependence on foreign funds, including those of Northern NGOs, does not fit easily with a desire for independence and self-reliance.

A fourth reason for the growth of Southern NGOs, also related to the growth in the numbers of NGOs, is that Southern NGOs have begun to develop similar capabilities to Northern NGOs and offer services such as training, documentation and networking (see Dichter 1989,

4-5; PACT 1989a, 15; Korten 1990, 198-9). As Southern NGOs take over some of these functions from Northern NGOs, further questions are asked about whether or not Northern NGOs should be involved in such activities.

A fifth reason to account for the growth of Southern NGOs and their new relations with the North has already been touched on in Chapter One. New sources of funding for Southern NGOs offer opportunities to reduce their dependence on Northern NGOs. Lewis (1998b, 506) exemplifies this trend when he explains that 50 per cent of Swedish government aid to NGOs working in Bangladesh is now given directly to local NGOs, with the remaining 50 per cent passing through Swedish NGOs. As Northern governments have also increased their direct funding of Southern NGOs, such funding has raised some difficult questions in the North about the role, value and future of Northern NGOs (Theunis 1992, 313; Smillie 1993a, 35-6; Bebbington and Riddell 1997, 123). In addition to Northern governments, multilateral agencies have also begun to fund Southern NGOs, further increasing their access to alternative funds (Yates 1988, 11; Theunis 1992, 8). Democratisation in some countries in the South combined with a general increased awareness of the role of NGOs has increased local sources of funding, including that from Southern governments. Bailey (1999, 103-115) illustrates the wide range of fundraising activities currently being undertaken by groups in Brazil whilst Schearer (1999, 35-6) discusses the growing number of philanthropic Southern based organisations.

These five factors are each considered to have influenced the growing significance of the Southern NGO sector and the changing relationship between North and South. The increase in the size and diversity of sources of assistance, and a changing ideology for development have supported the existence and growing independence of Southern NGOs. For reasons

such as these, Northern NGOs have become increasingly operationally dependent on Southern organisations. Fowler (1998, 150) suggests that Southern NGOs can now "...play on the fact that, in the last analysis, it is their work which holds the key to the legitimacy of northern aid agencies." Several authors have concluded that, as a consequence of such factors, Northern NGOs are now facing an "identity crisis" (see, for example, the discussions in Hulme and Edwards (1997a, 13) and (Smillie 1995, 194)).

Increasingly, NGO development activities involve the funding of Southern NGOs by Northern NGOs. The largest European NGOs (for example, Oxfam, Novib, Cordaid, Misereor) all fund Southern NGOs and do not have a direct implementation capacity. The following section considers the types of relationships that are thought to form as a result of these financial transactions.

### **Typologies to describe North South Relationships**

Before considering some of the issues that have arisen in the relationships between Northern and Southern NGOs, it may be helpful to describe the kinds of relationship that are found. Several authors have drafted "typologies" of organisational relations between Northern and Southern NGOs to describe common forms. The first set of organisational types described below emerged from a comparative study of Northern NGOs, the other three are drawn from studies of Southern NGOs. But both look at the organisational structures that are used by Northern NGOs for the funding of Southern NGOs.

Billis and MacKeith (1993, 14-16) identify four different organisational forms for Northern NGOs wishing to fund development projects in the South. The first two are grant making,

with Northern NGOs receiving applications from Southern NGOs for financial support and deciding which they wish to finance. In the first model, the NGO coordinates its operation from an office in the North. In the second model, the Northern NGO has an office in the South to assist in the selection and distribution of finance. Model three is when both the Northern and Southern NGOs are members of a global (or regional) federation. NGOs may fund other members of the federation directly or through some form of central coordination. Finally, model four is when the Northern NGO runs its own projects and programmes in the South, with no participating indigenous NGO. The authors emphasise that Northern NGOs may use more than one model within their programme of activities.

An insight into the perspective of Southern NGOs is given in a workshop organised by the Commonwealth Secretariat (1988, 22), at which participants differentiated between the kinds of resources provided by Northern NGOs to Southern NGOs. Participants suggested that such resources might include volunteers, independent finance, finance provided by a Northern government, and network and membership benefits. Participants at the workshop divided Southern NGOs into those which are "induced" and "indigenous". "Induced" Southern NGOs are "...locally incorporated chapters originating from international affiliation" that are established by Northern NGOs in order to receive funding or for other reasons; they are exemplified in the report by national Red Cross branches (Commonwealth Secretariat 1988, 23). "Indigenous" organisations are those which are established by local citizens to meet a perceived need.

Fernandez (1987, 46-7), focusing on NGOs working in rural development, identified similar types to those discussed by Billis and MacKeith (1993). However, he further differentiated model two between Northern NGOs with Southern offices in which the staff are expatriate,

local or a combination of both. Riddell and Robinson with Cornick, Muir and White (1995, 142-3) draw on research in India to identify four different ways in which Northern NGOs fund local projects. The first two are both used by Northern NGOs without a local office to fund local NGOs. The first includes the use of an intermediary which "...is responsible for identifying suitable projects, liaising with partners and for monitoring and evaluating their activities." (page 142) The second is a funding consortium model in which several Northern NGOs pool funds which are then distributed to other organisations by a local intermediary. The third way identified by Riddell and Robinson with Cornick, Muir and White (1991, 142-3) is for the Northern NGO to establish a local office to identify, fund and evaluate projects proposed by Indian NGOs. The fourth category involves Northern NGOs establishing their own projects (which may later result in autonomous Southern-based organisations).

Young et al (1999, 328) divide international NGOs into three sub-groups: corporate partnerships, federations and membership associations. Corporate partnerships refers to a single point having contracts with others groups and agencies. Federations are groups with affiliates that may be led by the centre or by the affiliates. Membership associations are structures in which the individual members have governance responsibilities. The emphasis in this discussion is on organisational structure to achieve a broad range of development goals rather than funding alone.

Drawing from this literature and in order to facilitate the developing research proposal (see the discussion of sampling in Chapter Five), I have identified four broad kinds of organisational relationships for the funding of the development projects of Southern NGOs by Northern NGOs.

1. Northern funding consortium. More than one Northern NGO funding one or more Southern NGO through a funding consortium.
2. Northern NGO without a local office. Northern NGOs without a local office funding Southern NGOs. This model is further sub-divided into:
  - a. those using a Southern NGO as an intermediary in funding for other local NGOs;
  - b. those managing without a local intermediary.
3. Northern NGO with a local office. Northern NGOs with a Southern office through which to manage the funding of Southern NGOs. (The office staffed by expatriate, local or a combination.)
4. Federations. Both Northern and Southern NGOs belong to an international federation and that Federation is used as a conduit for funding.

Very little of the literature discusses the use of consortium funding with Northern NGOs jointly agreeing funding arrangements, and the use of such mechanisms appears to be small. Most of the literature discussed in this Chapter and explored in more detail in the Sections below concerns relations between Northern and Southern NGOs as independent organisations, that is, the second and third forms identified above. Very little has been written about the relationships which develop when both Northern and Southern NGOs are members of a single organisation within a federative structure. This may reflect the fact that most NGOs are not members of such structures. Billis and MacKeith (1993, 14) suggest that the Northern branches of such organisations may focus on fundraising and grant making, leaving project management and implementation to another member of the federation in the South. However,

some federative structures are much looser than this, with each national branch operating as an independent organisation (see, for example, the discussion of the Red Cross in Egeland and Kerbs (1987, 20-21)).

Schearer (1999, 30) makes a useful addition to typologies of donor: recipient relationships when he takes a more generalist approach outlining nine types grouped into three broad approaches of the donor towards the recipient: charitable giver, market-based transaction and collaboration between two equal parties.

With this understanding of the types of relationships that frequently occur between Northern and Southern NGOs, the following Section looks in more detail at the nature of these relationships.

### **Financial Relations Between Northern and Southern NGOs**

Many commentators suggest that existing relationships reflect the financial dependence of Southern NGOs on Northern NGOs (Gordon Drabek 1987, xi; Campbell 1989, 5; Theunis 1992, 311-312). Both Padron (1987, 76) and Fowler (1998, 142) argue that financial inequalities mean that relationships are characterised by the dependence of Southern NGOs on Northern NGOs. They both suggest that, as a result of this dependency, the Southern NGO is expected to adapt to the wishes of the Northern NGO.

The financing of Southern NGOs through Northern NGOs is generally related to development projects and programmes. Projects are generally between one and three years in length, although they may be longer. Programmes are generally composed of a number of individual

projects. Southern NGOs submit funding applications to Northern NGOs, either through project proposals sent to the local office or directly to the headquarters of the Northern NGOs. The Northern NGOs then decides whether or not to fund the projects or programmes and the level of financial support. The projects or programmes are managed locally by the Southern NGOs and subject to periodic monitoring by the Northern NGOs. Northern NGOs may support a Southern NGO for a number of years, funding several consecutive projects.

One complaint of Southern NGOs is that Northern NGOs prefer project funding to programme support (Theunis 1992, 311; Smillie 1993a, 26). Southern NGOs suggest that programme support offers them greater independence and autonomy. In some cases, Southern NGOs have succeeded in securing alternative funding agreements which offer larger amounts over longer periods (PACT 1989a, 89; PACT 1989b, 19-20; Theunis 1992, 314). However, ORAP, a large Zimbabwean NGO tried and failed to secure consortium funding (Fowler 1998, 147-9) and Saravodaya, a large Sri Lankayn NGO used consortium funds but believes that as a result they became more vulnerable to donor influence (Smillie 1995, 190; Perera 1997, 160-6).

Project funding has been criticised by Southern NGOs and those writing from their perspective for a number of reasons that are considered in the sub-Sections that follow. Prior to this discussion, it should be noted that two factors have been cited as aggravating the problems associating with project funding. Lack of knowledge of Northern NGOs by Southern NGOs may increase the dependence of Southern NGOs on their Northern counterparts. Fowler (1990, 8) argues that Southern NGOs rarely have information on the objectives of Northern NGOs and their funding constraints (especially those arising from the use of government funds). There is also a lack of transparency with regard to Northern

NGOs funding decisions. Campbell (1989, 5-6) suggests that Southern NGOs are not clear on the rules for the allocation of funds and may therefore find it difficult to challenge them. Smith (1987, 87) suggests that Northern NGOs may not select the most appropriate Southern NGOs for funding because they may lack information about a local situation. Goyder (1989) suggests that one consequence of this lack of knowledge is that some larger Southern NGOs may be over-funded and small NGOs may be ignored.

A second factor that may be thought to have increased the difficulties of project funding is the increasing importance of government contributions for Northern NGOs (Kajese 1987, 81-84). Smillie (1993a, 25) suggests that many Northern governments give all or part of their support to project funding and therefore, even when Northern NGOs recognise the problems associated with project funding, it may be difficult for them to develop alternative mechanisms to disburse funds. Wallace (1997, 35) argues that Northern NGOs' growth ambitions may result in them adopting government practices regardless of their shortcomings. Ziswa (1988, 33) and Powell and Seddon (1997, 8) are concerned that government accounting requirements combined with increased funding have resulted in growing bureaucracy in Northern NGOs and this may soon be passed to the South. Jorgensen et al. (1992) provides some evidence that this is the case in Denmark, as Danish NGOs have increasingly adopted the practices of DANIDA. Hulme and Edwards (1997a, 9) conclude that diversity in NGO approaches and policies is being reduced as a result of being more dependent on financial support from official development assistance agencies.

Finally, it should not be assumed that Southern NGOs are passive recipients in the funding process. Some believe that they avoid being over-dependent on Northern NGOs because they are able to attract more donors than they need and are therefore able to select those donors

that suit them best (AWARE 1992, 31; ORAP 1992, 270-271). Some Southern NGOs in this position do not allow any single donor to fund more than a fixed percentage of their budget (BRAC 1992, 61); or others aim for a number of donors to reduce their dependency on any single source of funds (SPARC 1990, 97).

### *Objectives and Areas of Work*

As noted above, a number of concerns have been raised about the influence of Northern NGOs, through project funding, on the objectives and development of Southern NGOs. Fowler (1990, 12) argues that Northern NGOs encourage Southern NGOs to follow a particular development path though maintaining a close control on the types of projects that are funded. Whilst much of this literature is based on anecdote rather than detailed empirical research, Gariyo (1995, 32) points out that one East African study suggested that Southern NGOs development programmes are heavily influenced by Northern NGOs.

Gordon Drabek (1987, xi), Ziswa (1988, 31) and ENDA (1992, 153) have argued that Northern NGOs may have strong priorities that do not necessarily accord with those of Southern NGOs. Theunis (1992, 312) notes that the priorities of Northern agencies may follow fashions, for example, a concern with gender or environmental issues. Clayton (1994, 122) exemplifies this trend when he describes how Oxfam require that all those receiving support comply with its requirements with respect to gender. Norgueira (1987, 170) is concerned that NGOs may focus on the preferences and requirements of donor agencies rather than their own objectives. Nyoni (1987, 55) suggests that Northern NGOs' enthusiasm for particular concerns results in a "development game", with Southern NGOs learning what is required and repackaging projects to supply it. Ashman (2001, 75) quotes the International Forum on Capacity Building who argue that cooperation with Northern NGOs

may threaten the mission of Southern agencies.

As external circumstances change, donor priorities adjust. For example, HIVOS (a Dutch NGO) allocated 65 per cent of its overseas budget to Latin America in 1987 but only 48 per cent in 1992 (Biekart 1995, 67). More significant, Biekart (1995, 68-9) argues, changes in the policies of European agencies towards local NGOs may have little to do with things that the local NGOs can directly influence although they may be deeply affected by such changes. European NGOs were initially drawn into central America for political reasons; as the political situation changed, they altered conditions and priorities with little consultation and communication with local partner agencies.

#### *Internal Management Issues*

Korten (1990, 199) argues that Northern NGOs may be anxious to assist in the development of Southern NGOs but, implicitly or explicitly, they may find it easiest to help the Southern NGOs to become more like themselves regardless of whether or not this is appropriate. Whilst few authors have argued that the effects are this significant, several others raise concerns about the impacts of project funding on the internal management of NGOs. Carroll (1992, 137-40), for example, notes that in an assessment of Southern NGOs funded by the Inter American Foundation, successful NGOs obtained a higher percentage of their funds through programme rather than project grants. In a review of four relationships between Northern and Southern NGOs, Ashman (2001, 75) argues that the barriers to effective cooperation are with the internal systems of Northern NGOs rather than external relationships.

Project funding is considered to result in a number of financial problems for Southern NGOs.

In particular, Campbell (1989, 8) and Ziswa (1988, 32) have argued that it is not helpful to the financial management of Southern NGOs. A strong project focus to financial assistance may increase the cash flow problems faced by organisations (Commonwealth Secretariat 1988, 42) as they only receive funding once a project begins and have to cover project development costs from other sources. Donors may resist any funding being allocated to reserves and core funds (Dichter 1989, 11). This refusal to cover core costs, or to restrict them to a low percentage, may place Southern NGOs in a difficult position as exemplified by the problems faced by AMREF (Smillie 1995, 184).

With respect to project management, Smillie (1995, 186) notes that Northern NGOs monitoring the disbursement of project funds may comment in detail on things that Southern NGOs can more efficiently just get on with. Other sources of inefficiency and wasted resources are the different reporting requirements demanded by different donors and, in particular, different overhead allowances; Elliott (1987, 63) calculates the donor coordination problem for seven smaller Bangladeshi NGOs; each had an average of eight donors from three countries. Ziswa (1988, 32) emphasises how Northern agencies seeking better relationships should agree to common reporting arrangements.

A further problem identified by Biggs and Neame (1995, 31) and Marcuello and Marcuello (1999, 154) is that some Northern NGOs had adopted a formal, linear, mainstream approach to development planning, in part due to their receiving government funds. Wallace (1997, 45) argues that:

Whilst the current talk among donors and UK NGOs is of participation, partnership, institution and capacity building, strengthening civil society, sustainability, the problem management tools being increasingly used, all of which are closely tied to the 'project', have come out of a different tradition concerned with control, rational planning, measurability, accountability and short-term impacts... The tools may well meet the needs of donors for the efficient disbursement of funds better than the needs

of partners/beneficiaries for taking control, participation and setting their own agendas for tackling social change.

In a study of several Northern NGOs, Wallace, Crowther and Shepherd (1997, 91) found that there had been little influence from either the Southern-based staff of Northern NGOs or Southern NGO staff on the changing approaches to project planning of Northern NGOs. They suggest that there is growing evidence that Northern NGOs (together with donors) are “...setting the agendas and parameters for ‘acceptable development work’” (Wallace, Crowther and Shepherd 1997, 96). Wood (1997, 88) highlights another aspect of this problem when he suggests that the reporting accountabilities demanded by donors make it difficult for Southern NGOs to build a culture of learning and experience sharing among junior managers. Hierarchical tendencies within the organisation are reinforced, he argues, reducing the choices that Southern NGOs have to build a more participatory holistic management style that may be considered more appropriate to their mission and objectives.

Finally, aspects of staffing and the personal practices of Northern NGOs have been criticised, particularly for their impacts on Southern NGOs as a sector, rather than their individual impacts on agencies that they are working with. Northern NGOs may influence the day to day effectiveness and eventually the mission of Southern NGOs by requesting their staff to attend meetings (Musengimana 1990, 41). Twose (1987, 9) is concerned by the practice of some Northern NGOs that recruit a Southern advisory council and thereby create an elite group of NGO activists. Finally, Northern NGOs are also criticised for employing expatriate staff who follow unsuitable lifestyles (Campbell 1989, 7).

#### *Perceived Consequences for Local Communities and Collaboration with Government*

Marcuello and Marcuello (1999, 153) and Hudock (1999, 2) argue that project funding may

have adverse effects on the groups that Southern NGOs are working with and, in particular, grassroots organisations of the poor themselves. Verhagen (1987, 131) describes the dilemma;

on the one hand ... monies arrive too late, provoking a near cash crisis, or have to be spent within certain time limits on projects which they have not been able to discuss in sufficient detail with the target population. If, on the other hand, NGO field workers have dutifully conducted such discussions, the delay in implementation while one has to wait for the cash to come from international sources, causes frustration and embarrassment.

Verhagen (1987) argues that NGOs supporting such initiatives require flexible funding that can be rapidly agreed and disbursed; almost inevitably this requires local offices or partner institutions in the South that are able to allocate funds. Fowler (1998, 146) notes that the bureaucratisation and formalisation processes are particularly damaging.

Concern has been expressed about the relations of Northern NGOs with Southern governments and the consequences for Southern NGOs. In some cases, Northern NGOs may successfully compete with Southern NGOs to develop better links with Southern governments (Ziswa 1988, 34; Campbell 1989, 6). Reflecting further on the influence of Northern NGOs on Southern agencies, Elliott (1987, 64) suggests that Northern NGOs may encourage Southern agencies to work with governments against their better judgement.

Whilst the discussion here has been, in general, critical of Northern NGOs in funding relationships with Southern counterparts, this perspective is not unanimous. Twose (1987, 8) argues that the power and influence of Northern NGOs over Southern NGOs is exaggerated and the influence of Northern NGOs may be small in important areas. Pratt (1988, 23-5) suggests that it is wrong to assume that Southern NGOs are significantly nearer the poor in the South than are Northern NGOs. Northern NGOs, in his view, may be equally able to assess the needs of the poor and identify appropriate action. Furthermore, Northern NGOs,

as outsiders, may be able to do things which local organisations would find difficult (PACT 1989a, 59; EDA 1992, 153) particularly in relation to work in countries with politically repressive governments. Edwards (1994, 72) notes that Northern NGOs can work successfully with Southern governments in policy reform. Whilst he argues that such pressure can often be best applied by local NGOs because they are seen as more legitimate, in some circumstances Northern NGOs can be effective. One Southern NGO recognises that the Northern NGOs they work with are torn by two needs: first to give partners in the South as much autonomy as possible in driving the development process; but, second, to avoid situations in which funds are abused for political favours or personal profit (ENDA 1992, 153).

### **Non-financial Relations between Northern and Southern NGOs**

In general, the non-financial aspects of relationships between Northern and Southern NGOs receive relatively little attention compared to funding relations. There are a only small number of reports of joint activities undertaken by Northern and Southern NGOs, particularly in the area of international campaigns. For example, Ingersoll and Ingersoll (1990) discuss a number of US and African initiatives in development education. Another example cited in Lemaresquier (1987, 195) is the International Baby Food Action Network which brought together agencies from both North and South to campaign against the marketing of breastmilk substitutes. In general, the scale of such activities appears small, perhaps explaining the lack of literature. Anderson (2000, 448) questions the extent of North-South collaboration when he reports that in a study of 23 of the larger Northern NGOs, 17 were undertaking advocacy programmes but only two had consulted their Southern collaborators about the focus of this work. More generally, de Senilosa (1998, 46) argues that much development education

expenditure is allocated to conferences, presentations and publications and is of minor concern to Northern NGOs. In a detailed study of the links between Swedish NGOs and the Southern agencies they fund in Bangladesh, Lewis and Sobhan (1999, 126) conclude that although a number of new development education initiatives have been undertaken, little substantive change in public thinking has been achieved.

More recently, a number of other activities have been developed, including evaluations of Northern NGOs by Southern NGOs, joint fundraising campaigns in the North, and some Southern NGOs being invited to join the boards of Northern agencies (Smillie 1995, 195). Shah and Shah (1995, 191) discuss how "...Southern NGOs should have the opportunity to evaluate their donors (Northern NGOs or other agencies)." However, as shown by Marcuso Brehm's recent study of ten major European NGOs (2001, 54-55), there appears to be relatively little shared governance of Northern NGOs and most Northern NGOs have only gone as far as limited consultation with Southern NGOs.

A further area that has recently been given attention is that of capacity building by Northern NGOs of Southern agencies. The term capacity building is rarely precisely defined. In general, it refers to support for the organisational development of Southern NGOs. Tandon (1997, 3-7) discusses the origins of organisational development from management science in the US. The report of Support Organisation Initiative (1997, 51) discusses the need and provision for capacity building by Northern NGOs and argues that, whilst initiatives by Northern NGOs address some of the needs of the South, a reorientation is needed as too much emphasis is being placed on financial aspects. The report notes:

Participants also recognised the importance of financial management and governance, but did not accord them the importance assigned to them by some donor capacity building programmes. This list also reflects growing concern with capacities at the level of the sector and its relations with other actors (eg. business, government,

international donors). This contrasts with the organisational focus of many donor programmes. (Support Organisation Initiative 1997, 53)

A similar point is made by Kaplan and Soal (1995, 58) and by Hudock (1999, 33). Kaplan (2000, 520) recommends that capacity building concentrate on building organisational capacity to innovate, reflect and adapt. Hudock (1997, 42) argues that capacity building has failed to respond to the need of Southern NGOs to develop adequate skills in raising funds; she suggests:

Capacity enhancing has traditionally focussed on changing internal structures and operations of S NGOs, rather than recognising the importance of the external environment to an organisation's success... Capacity-enhancing assistance largely has failed to address S NGOs' need to find the right number and nature of relationships with N NGOs, and to develop mechanisms to manage relationships with N NGOs to maximum effect.

It is probably in response to problems such as these that the International Forum on Capacity Building, a civil society alliance of Northern and Southern organisations, has been established (*Journal of Institutional Development* 1999, 62-68).

### **Desired Characteristics of North-South NGO Relationships**

Many of those writing on North-South NGO relationships deliberate on what the characteristics of such relationships **should be** rather than what they are at present. Consideration of the desired relationships may be helpful in gaining an understanding of some of the pressures for change in the relationships, and giving a new insight into the problems. This Section therefore briefly summarises some of these proposals.

A new division of labour between Northern and Southern NGOs is suggested by many authors; see, for example, the papers in the *World Development* Vol. 15 (supplement).

Campbell (1989, 14) argues that: "In future, Northern NGOs will have to recognise that Southern NGOs have primary responsibility, within the NGO community, for the development of their own countries." Campbell (1989, 14), Dichter (1989, 4-6) and de Senillosa (1998, 49) argue that Northern NGOs should accept a transfer of power in favour of the South.

#### *New Roles for Northern NGOs*

There is no clear consensus on whether or not Northern NGOs should manage their own projects in the South. PACT (1989a, 59-61) argue that Northern NGOs may need to remain operational to maximise their development contribution. This argument is reinforced by Elliott (1987, 59), who suggests that Northern NGOs with staff "in the field" may be more effective because they learn quicker and more thoroughly how to improve their work than those without local staff or those who only fund Southern NGOs. However, the alternative view is also well represented and exemplified by Ziswa (1988, 33):

I can't condemn enough the tendency of some Northern NGOs to set up offices and take on an operational role in the South... there is very little difference between the 18th and 19th century scramble for Africa and their own invading of the South to administer development.

PACT (1989b) suggests that Northern NGOs may need to develop the skills of leaving a country and passing over their work to a local Southern partner and describes how local foundations have been established in Costa Rica and Guatemala. But equally, a study of US NGOs future work in five Asian countries (Bangladesh, Indonesia, Nepal, Thailand and Sri Lanka) argues that the role of Northern NGOs may change but, on balance, they are likely to remain active in the country (PACT 1989a, 19-25).

Despite the concerns identified above in respect of Northern NGOs' direct contact with

Southern governments, Goyder (1989) suggests that some of the skills of Northern NGOs might be used to provide technical assistance to Southern governments and improve on the services available through conventional bilateral aid programmes. They may also be useful in developing relations between Southern NGOs and Southern governments (PACT 1989a, 61).

With respect to project funding, in the short term, Campbell (1989, 16) argues that Northern NGOs might act to reduce the burden of project funding, for example, using a common reporting format. Campbell (1989, 16), Hudock (1997, 47), Theunis (1992, 311-312) and Verhagen (1987, 15-16) all believe that present conditions on project funds are too onerous and should be reduced. These authors and others suggest a number of alternatives to project funds such as consortium and programme funds.

Smillie (1995, 194) argues that Northern agencies need to be willing to look for ways in which these relationships can be effective outside of any financial transfers, and Campbell (1989, 6) and Hammock (1990, 300-2) (among others) argue that Northern NGOs should do more in the North. In both development education and policy/advocacy work, Dichter (1989, 14-15) notes that Northern NGOs often have an advantage with good access to their own constituencies and strong local networks among the media and policy makers.

#### *New Roles for Southern NGOs*

Whilst the changing role of Southern NGOs has received less emphasis than that of Northern agencies, it has also been considered.

Fowler (1998, 151-2) argues that Southern NGOs should reduce their financial dependence on the North: "If financial transfer is a crucial difference, the solution must be to enable NGDOs

in the South and the East to become financially independent of the North - through local enterprise, investments, payments from the local tax base and so on... Informed observers within the NGOD community estimate that some 95 per cent of local NGDOs would disappear if aid stopped...."

Van der Heijden (1987, 111) is concerned that present dependency rates in sub-Saharan Africa may equal 90 per cent. As a consequence, the International Council of Voluntary Agencies argues that Southern NGOs should be helped by Northern NGOs to develop financial autonomy (Yates 1988, 14-16). Direct funding of Southern NGOs by Northern governments may help Southern NGOs to reduce their dependency on Northern NGOs (Mulyungi 1990, 55-57). Local sources of funding may be a successful strategy to secure greater independence (Garilao 1987, 118; Smith 1987, 91; Campbell 1989, 16; PACT 1989b, 10-11; BRAC 1992). The case of greater diversity of funding sources is forcefully put by Jehan Perera, Director of the Sarvodaya Legal Service, who concludes (after a bad experience with a donor consortium) that:

NGOs must recognise that when they work with donors they enter into a power relationship in which they are the subordinate. They cannot expect to be able to heavily influence donor behaviour, particularly when donors are in a consortium and, by scaring-off non-consortium donors, can become monopoly suppliers of foreign aid. (Perera 1997, 167)

Pact (1989a, 11-12) suggests that Southern NGOs improve their relations with Southern governments and the effectiveness of governments. The authors of the PACT report argue that Southern NGOs need to learn how to scale up but not necessarily with an increase in turnover and staff. In particular, PACT (1989a, 23-4) argues that they need to become better at networking with the state and voluntary sectors.

### *Partnership Relationships*

Many authors use the term "partnership" to describe existing or desired relations between Northern and Southern NGOs (see, for example, Gordon Drabek 1987, x ; Yates 1988, 5-9; Campbell 1989, 5; Martella and Schunk 1997, 283; Smillie 1993a, 14; Ashman 2001, 74).

Motivations for partnership arise from a number of reasons. Dichter (1989, 8) suggests that Northern and Southern NGOs "...operate in the same organisational field and the dynamics of the political economy of that field are the same even if the actors are different." From a more ideological perspective, Long with Diop and Cawley (1990, 110) argue that: "...partnership is viewed as reciprocal empowerment of Northern and Southern NGOs through mutual assistance and sharing of knowledge and information with the common goal being the empowerment of the beneficiaries to assist themselves." Drawing on a participative review between African and US NGOs, they note that there are many difficulties to partnerships and that they may take longer to establish than simple project agreements and can, potentially, create additional dependencies.

The debate is placed within a broader context by Smillie (1993a, 14) who proposes that the interest in more equal relations between NGOs reflects the desire for a more fundamental change in North-South relations. Participants at the seminar report of the International Council on Social Welfare (1988) also argued that the South does not require charity, only justice, and that partnership relationships must be recognised as taking place within other North-South relations such as debt and trade.

This multiple perspective on partnership has been recognised by Fowler (1990, 13) who suggests that "partnerships" have had a confusing start because interest for ideological reasons has coincided with increased collaboration due to additional funding. Fowler also argues that

partnership has been further confused by the spread of contracting and hence "a slide" towards patron-client relations, and that the term has been used far too loosely (Fowler 1998, 139).

There is a relatively strong consensus about the general conditions that are required for relationships to be partnerships. Yates (1988, 11), in an introductory article to a booklet of the International Council on Social Welfare, emphasises that "...genuine equal partnership is going to require organisational change and adaptation.." Partnership is said to require openness and transparency, mutual respect and trust, a mutually agreed product and trust plus development legitimacy (Fowler 1990, 2). A "...positive North/South collaborative relationship should include: mutual respect, trust and equality; transparency or reciprocal accountability; understanding of each others' political/economic/cultural contexts and of institutional constraints; openness to learning from each other; and a long-term commitment to working together." (Gordon Drabek 1987, x) "Ultimately, partnership means investing in the capacity of Southern NGOs and in their independence... It also means a reapportioning between those seriously committed to partnership of decision-making, evaluation and perhaps more importantly, responsibility," (Smillie, 1995, 196). Martella and Schunk (1997, 285) emphasise that partnership means a changed and less powerful role for Northern NGOs as it involves the recognition that Northern NGOs "...have only a limited capacity to influence complex development processes from outside." In a recent review of European NGO perceptions, Marcuso Brehm (2001, 13) argues that there is a consensus that partnership involves: "...mutuality; clearly defined expectations, rights and responsibilities; accountability and transparency."

But there is no clear consensus as to whether or not partnership is possible and only limited

practical experience of partnerships that are clearly identified as partnerships by both participants. Keengwe et al. (1998, 26) in a review of relationships in Kenya believe that most partnerships between Northern and Southern NGOs are "...operating as donor-NGO relationships within a hierarchical structure." ORAP (1992, 270) in Zimbabwe argue that: "The real implications of partnership between Northern and Southern partners are yet to be worked out and confronted by the two sides. At present, such partnerships exists more in theory and in declarations of intent, than in practice." In one of a very few joint considerations of partnership, African and US NGOs agreed that partnerships are long-term (5-10) years and difficult but, at the same time, possible and desirable (Ndiaye and Hammock 1990, 4). Gakwaya (1990, 242) writing in the same volume asserts the importance of "moral support" or bonds of friendship, mutual respect, trust and complementarity.

Lewis (1998b, 504), writing in the context of Bangladesh, is sceptical about the potential for partnership, differentiating between "active" and "dependent" partnerships and finding some evidence that only Northern NGOs are using the language of partnership. Lister (2000, 229-230) argues for the need for a greater analysis of power relations within partnership, suggesting that some such relationships may be falsely categorised because of the dependence of the weaker party. As noted by Robinson, Hewitt and Harriss (2000, 13) "... the language of partnership often masks a complex reality" and that relationships differ "... in terms of the way power, interests, substance and so on are organised."

## **Conclusions**

The changing roles of Northern and Southern NGOs have meant that relationships between the two agencies are increasingly significant to their work. As discussed in Section Three

above, a number of different types of relationships have evolved. Northern agencies choose whether or not to have offices in the South, to employ local staff in those offices, to contract local NGOs to provide information and coordination services.

What appears to be clear is that there are tensions in these relationships. The discussion in this Chapter suggests that three specific areas of tension are the capacity of Southern NGOs to determine their own objectives and activities: difficulties in financial management, particularly around cash flow; and the consequences of Southern NGOs relationships with Northern agencies on their relationships with government agencies and local communities. Whilst there are activities collaboratively undertaken by Northern and Southern NGOs that are not related to funding, these areas of work do not appear to be large. The nature of more ideal relationships between Northern and Southern NGOs is an active subject for consideration. In general, importance is given to more equal relationships between North and South with the latter having greater possibilities to control their own activities.

With regard to the present situation, there appears to be a contradiction between a vision of Northern and Southern NGOs as organisations with a strong common interest in their work, and a financial reality of donor and recipient in which control over resources is not equally distributed. Some (for example, Kajese 1987, 84) argue that there is a real desire to extend relations beyond the present financial flows from the North and that Northern NGOs have much to learn from the South. Others (for example, Foro 1992, 182) suggest that few Northern donors seem prepared to go further than donating financial resources.

In the context of this dissertation, it should be added that little of the literature on relations between Northern and Southern NGOs is based on extensive research; much is subjective or

draws heavily on a small number of case studies. It is therefore difficult to have a sense of either the scale or intensity of the problems that have been identified.

## CHAPTER FOUR

### UNDERSTANDING INTER-ORGANISATIONAL RELATIONSHIPS

*Inter-organisational relationships have long been of concern to organisational theorists. This Chapter explores what has been understood to date about the nature and consequences of such relationships. The discussion considers a number of theories related to how and why organisations develop relationships with other agencies, before examining how such relationships might affect the development of the organisations involved.*

#### Introduction

The focus of this dissertation is to examine the relationships between Northern and Southern development NGOs. This Chapter builds on the two preceding Chapters: Chapter Two, which considered the changing role of NGOs within development; and Chapter Three, which looked at how Northern NGOs have moved from being operational agencies to being donors, and considered what is currently known about relationships between Northern and Southern NGOs. This Chapter reviews theoretical approaches to inter-organisational relationships. Whilst the discussions do not directly address development in the South, in a few cases they draw on Southern experiences. The primary purpose of this review is to inform the study of a broader set of perspectives with regard to inter-organisational relationships.

"Inter-organisational relationships" is used here to refer to both formal and informal contact, communication and the transfer of resources between the agencies concerned.

In this Chapter, most of the studies that are referenced have focused on voluntary (or non-

profit) and government sectors in the United States of America and the United Kingdom.<sup>1</sup>

An immediate issue is the extent to which such a literature is relevant to the themes being considered here. A preliminary review of the literature on inter-organisational relations suggests that both the organisations and context are very different from those associated with Northern and Southern NGOs. For example, a number of authors have suggested that this literature has been overly concerned with issues related to the coordination of agencies' work rather than a more broadly based consideration of relations between organisations (Aldrich and Whetten 1981, 401; Benson 1982, 137; Rogers and Whetten 1982, vii; Rogers and Mulford 1982, 52). The importance of local context when developing an understanding of why and how relationships form, what such relationships include and what they mean for the involved organisations is reinforced by a number of studies. Benson (1982, 137), in particular, argues for the need for an analysis of inter-organisational relationships that takes account of a larger set of political and economic structures and processes. Gronbjaerg (1993, 291) concludes that "...it is in local communities that non-profit service fields take on their specific environmental characteristics."

The approach in this dissertation is to recognise the potential value of insights drawn from a number of contexts and countries while seeking to develop an understanding of the relationships between Northern and Southern NGOs. This Chapter explores the understanding offered by organisational theorists to the research questions being considered. However, its relevance is not assumed. The difference in context raises obvious questions about the relevance of analysis and ideas with regard to voluntary organisations in the South. The usefulness of the perspectives considered here will be discussed in the concluding

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<sup>1</sup> Abzug (1999, 333-5) demonstrates that organisational research traditions in the United States have included the non-profit sector although development has not been a significant field of study.

Chapters of the dissertation.

The discussion in this Chapter begins in Section Two with a review of major theories that have been used to explain the nature of inter-organisational relationships. The Section focuses on the fundamental factors determining the nature of such relationships: power, autonomy and independence. The following Section then considers the different motives that explain why agencies enter into these relationships. The fourth Section identifies and summarises some potential consequences for organisations that have been associated with their relationships with other organisations. Section Five concludes the Chapter.

It should be noted that the references used are, in general, those of the seminal works rather than later repetition of these theories. In some cases, further works are used where they amplify and expand these theories substantially. In general, there has been little recent study in this area. A recent review of literature on research in non-profit management (Stone et al. 1999) identifies a number of articles that consider aspects of funding and inter-organisational relationships. However, their analysis suggests that there has perhaps been a greater emphasis on how organisations collaborate rather than on the consequences of collaboration, and relatively little emphasis on more competitive organisational strategies (Stone et al. 1999, 410).

Reviewing the decades since there was first an interest in this subject in the early 1960s, three phases can be identified. In the 1960s and 1970s, much of the theoretical work was undertaken with the emergence of theories of resource exchange and resource dependency. Interest in the 1980s was relatively muted. On the one hand, there was interest related to the need for co-ordination between agencies (Rogers and Whetten 1982, vii). At the same time,

reflections on inter-organisational relationships were present as a sub-theme within broader theories of organisations and their work (Aldrich 1999, 102). In the 1990s, there has been more interest in these relationships, particularly in the context of funding. Gronbjerg (1993) in particular has undertaken notable work. In part, this emerging interest appears to be related to the increasing funding of the voluntary sector by the state. At the same time, there has been a growing interest in extending theories of the voluntary sector across the globe (Salamon and Anheier 1997d; McCarthy, Hodgkinson and Sumariwalla 1992; Lewis 1999).

### **Theories to Understand Inter-organisational Relationships**

The main focus within Chapter Three was on the existing, anticipated and desired consequences of relationships between Northern and Southern NGOs. This Chapter moves forward to examine theories that have been developed to better understand inter-organisational relationships, and the possible consequences for involved agencies. An emerging theme shared by these theories is power, the distribution of power within relationships, and the subsequent degree of autonomy and independence for the involved organisations.

Four theories of inter-organisational relationships are considered. The first explains inter-organisational interactions as reciprocal “exchange” relations between organisations that are motivated to work together to further their individual organisational objectives. The second theory introduces the idea of “dependency”, with the understanding that one organisation may be stronger than the other, with more influence over the form and consequences of the relationship. The third theory seeks to encompass theories of exchange and dependency, arguing that they are complementary rather than alternatives, both offering potentially

meaningful ways of understanding relationships in different circumstances. The fourth theory argues that the nature of the interaction is not determined primarily by the participating agencies but by more powerful social, economic and political forces that influence the nature of the interaction between concerned agencies. These theories are considered in turn below.

### *Exchange Theory*

In a seminal study, Levine and White (1961, 586-8) argue that relationships between organisations are motivated by the need for both parties to acquire resources and increase effectiveness. Hence, they develop a theory of inter-organisational relationships which places emphasis on the voluntary exchange of resources to the benefit of both parties. They note: "Organisational exchange is any voluntary activity between two organisations which has consequences, actual and anticipated, for the realization of their respective goals and objectives" (Levine and White 1961, 588). They further argue that the extent and strength of the exchange will depend on the contribution of the exchange to assisting each organisation to obtain access to the resources they need. Exploring the conditions needed for such exchange to take place, they emphasise that there must be agreement about both the specific goals of each agency and the "...functions it undertakes in order to implement its goals..." (Levine and White 1961, 597).

Reid (1969, 179) further develops this theme with the concept of inter-dependence. He suggests that inter-dependence is a necessary characteristic of inter-organisational relationships if they are to be significant to those involved and that the strength of such inter-dependence is one factor determining the intensity of collaboration (Reid 1969, 177). The theme of inter-dependence emerges as having lasting relevance to an understanding of inter-organisational relationships. Pennings (1981, 433-4) takes further the concept of inter-

dependence identifying several different kinds:

- horizontal inter-dependence, where the agencies are competing for the similar resources or providing similar goods and services;
- vertical inter-dependence, where organisations are active at different stages in the production cycle or the delivery of services;
- symbiotic inter-dependence between organisations "...that complement each other in the rendering of services to individual clients."

Aiken and Hage (1968, 914) highlight that independence and dependence can result from (rather than be a cause of) inter-organisational action; the process of being involved in relationships itself changes the position of individual agencies and therefore the way in which these relationships can develop. This perspective emphasises that such relationships are not static but change as a result of the interaction between participants, which is one factor influencing their capacities and situation.

A number of authors have verified the significance of exchange-based theories, albeit within relationships between relatively equal parties (Reid 1969, 187; Schmidt and Kochen 1977, 220; Van de Ven and Ferry 1980, 307). Aldrich (1979, 266), in particular, links exchange theory closely with a symbiotic and inter-dependent relationship between agencies.

### *Resource Dependency*

An alternative approach has been to focus on the scarcity of resources and hence on more competitive relationships between agencies which often have unequal access to such resources. The theory of resource dependency is particularly associated with the work of Aldrich (1976), although it has been explored and amplified through a number of other

empirical studies including those of Mulford (1984), Van de Ven and Ferry (1980) and Van de Ven and Walker (1984). The theory hypothesises that one agency enters into the relationship to acquire resources, with the other agency participating because its relatively stronger position enables it to further its own objectives. Hence, rather than there being an element of mutuality (or equality of inter-dependence) in the relationships, resources are given to the weaker agency in return for the stronger agency gaining influence and control. Aldrich (1976, 421) draws on a number of existing theories of resource acquisition, exchange and dependency to examine relations within a network of public and non-profit agencies working on employment and training issues. Building on the work of Yuchtman and Seashore (1967), he suggests that the two underlying assumptions of a resource dependency model of inter-organisational relationships are that resources are in short supply because of competition between organisations; and that organisations survive and prosper to the extent that they are able to outmanoeuvre other organisations in the acquisition of resources. The theory suggests that, in general, agencies seek to acquire additional resources, maintain their domains and reduce uncertainty in resource flows. (The domain of a organisation "...consists of the specific goals it wishes to pursue and the functions it undertakes in order to implement its goals." (Aldrich 1976, 423))

Aldrich (1979, 270) concludes that organisations that are "resource-dependent" have a limited range of options available to them. If they are unable to build up their own resources, find an alternative source, obtain coercive power or modify goals and activities such that they can withdraw from their initial relations, they will remain in the relationship with less power and influence than the agency with which they are interacting. Froelich (1999, 248), in a more recent discussion of funding relationships, emphasises the vulnerability of the weaker party and argues that the critical challenge is to manage such dependencies.

One difficulty in studying such relationships is that outcomes may not be evident. Aldrich (1999, 66) quotes Fligstein and Freeland (1995, 33) to emphasise that dependency may be latent. Not only may dependencies be hidden but the consequences of dependency may also not be apparent. Reid (1969, 181-2) discusses how the more powerful party may ensure that the conflict does not appear evident although it is present. Schmidt and Kochan (1977, 231) draw on a study of community organisations' relationships with employment agencies to argue that there is evidence that conflict is repressed.

It should also be recognised that inequality need not imply that the weaker organisation passively accept this relationship. Benson (1975, 241-244) argues that such organisations may follow various strategies in order to further their objectives, despite being in a weak position. Froelich (1999, 248) suggests that the critical task for resource-dependent agencies is the management of their dependencies.

Gronbjerg (1993, 310) argues for the validity of the resource dependency approach in a study of the funding relationships of non-profits; "My findings give broad support to the resource dependency model and the tremendous utility of examining resource exchange relationships in a study of organisational behavior.." Hudock (1997, 42) also believes that the model is a valid one in the case of NGO relationships in the Gambia and Sierra Leone, a situation characterised by resource scarcity and political instability. However, Aldrich (1999, 180) himself argues that changing goals should not automatically be taken as verification of resource dependency; they may reflect more broadly based pressures and be linked to such factors such as the "...declining legitimacy of an organisation's current goals."

### *Combining Exchange and Resource Dependency*

Schmidt and Kochan (1977, 228) explore an integrated model including both exchange and resource dependency in a study of relationships between community organisations and district offices of the US Training and Employment Service. Yuchtman and Seashore (1967, 899) further support this approach, suggesting that exchange relations and competitive relations (resource dependency) are both extreme ends of the scale, with most organisational relationships falling somewhere in between.

Reid (1969) draws on Litwak and Hylton (1962) to argue that there are three possible types of relationship linked to states of independence and inter-dependence. Organisations may be:

- independent of each other (ie. do not need each other to accomplish their goals), in which case inter-organisational relationships are unlikely;
- inter-dependent (ie. each organisation perceives that its own goals can be achieved more effectively with the assistance of the other), with exchange relationships; and
- dependent, and with relatively unequal and conflictual relationships which are more closely associated with resource dependency.

In a recent discussion, Aldrich (1999, 300-6) emphasises the complexity within inter-organisational dependencies when he differentiates between “symbiotic” and “commensal” relations. Whilst the former type of relations are inter-dependencies of unlike organisations, the latter are relations between similar organisations. As before, Aldrich argues that inter-dependent relationships may be associated with both cooperation and competition between agencies. Hence, both resource-dependent and exchange type relationships may be observed.

The popularity of resource dependency theories has been noted in the sub-section above. The

interest shown in this sub-section in combining resource dependency approaches with more collaborative reasons for relationships suggests that some theorists at least believe that resource dependency is not powerful enough to explain all inter-organisational relationships.

### *The Importance of the External Context*

An alternative theory for understanding inter-organisational relationships concentrates on significant external factors and the broader context within which such relationships are taking place. This theme returns to one of the early papers on inter-organisational relationships in which Litwak and Hylton (1962, 410) emphasise the importance of context in understanding the nature of such relationships. With a specific focus on community chests (a US voluntary fundraising mechanism) and social service exchanges, they suggest that a critical factor in the social service sector has been government policy (and in particular an increase in government social provision) which has subsequent consequences for inter-organisational relationships between voluntary agencies already providing social services.

The significance of the external context in inter-organisational relationships is particularly associated with the work of Benson (1975, 231; 1977, 12). Whilst recognising the importance of resource acquisition for agencies, Benson argues that an understanding of inter-organisational relationships needs to look beyond the immediate interests and perceptions of the organisations. Benson (1977, 138) argues that: "...developments within the organisation often appear to be intricately related to events occurring in the larger society." The importance of the external context is, he argues, particularly noticeable in two ways. On the one hand, the external context influences the opportunities and constraints faced by all agencies and hence agencies may be motivated to work together to control this context. On the other, any such context will differentially favour some agencies, enhancing their power

over other organisations: "...thus, inter-organisational power relations cannot be fully understood without attention to the larger pattern of societal dominance" (Benson 1975, 233). Galaskiewicz (1991, 308-9) also argues that organisations respond to the broader social pressures when making choices and forming strategies. In particular, he suggests that an understanding of organisational behaviour needs to take account of the historical context.

This theory for understanding inter-organisational relationships is sometimes referred to as the "political economy" approach (Mulford 1984, 138; Whetten 1982, 8). A number of other researchers in addition to Benson have found it to be validated through their research. Van der Ven and Ferry (1980) argue that the emergence and development of inter-organisational relationships are in part influenced by the external factors impacting on such agencies. Scott (1983, 170) emphasises the importance of the state and the associated political structures as an influence on inter-organisational activities. However, and particularly pertinent to this study, he also suggests that states differ considerably in the manner and extent to which they intervene.

### **The Motivation for Inter-organisational Relationships**

The previous Section has discussed a number of theories to explain how organisations interact with each other. One aspect that emerges as important to understanding these evolving relationships is why organisations seek to interact with other organisations. This section identifies and explores four particular motivations that seem to be important in inter-organisational relationships. These are:

- coordination to improve services or provide them more efficiently;
- obtaining funds and acquiring other resources;

- shared values and common objectives; and
- achieving a more favourable political and economic context.

Reid (1969, 176) suggests that the greater coordination of activities may help goal achievement and hence be a motivation for two or more organisations to interact with each other. The importance of mutual self-interest in coordination is stressed by Van de Ven and Ferry (1980, 301). Litwak and Hylton (1962) studied welfare service agencies actively involved in coordinating their activities. They concluded that there are benefits, including better access to external resources and the improved and extended provision of services for the clients of the welfare agencies. Further advantages may be better information and joint procurement of goods (Reid 1969, 184-5).

As noted above, a second reason for organisations to interact is that of resource acquisition. In their study of health organisations in North America, Levine and White (1961, 586-8) argue that organisations enter into relationships to acquire additional resources to further their objectives and extend their activities. Hence, inter-organisational exchange occurs because of resource scarcity.

Several authors have emphasised that it is not simply the scale of resources that is considered to be important but also other attributes. Benson (1975, 233) argues that the stability of resource flows may be as important as the total amount of financial resources received, and Aldrich (1976, 420) concludes similarly that risk minimisation may be an important motivation for interaction. Gronbjerg (1993, 149) confirms this perspective, finding that directors of medium-sized charities in Chicago were less enthusiastic than expected about donations because of the uncertainty attached to this source of financial support. Leat, Tester

and Unell (1986, 106) found, in a study of UK voluntary organisations, that the most prized attributes of financial support were flexibility and long-term commitment. Such discussions emphasise the importance of financial resources in inter-organisational relationships and indicate that important attributes of such funding include reliability, timing, flexibility and stability as well as scale.

Whilst primary focus is given to financial resources (Aldrich 1976, 446; Benson 1975, 231), the acquisition of other kinds of resources is also considered. Aiken and Hage (1968, 915) suggest that the search for innovation in programme development is one reason for inter-organisational collaboration; Aldrich and Whetten (1981, 394-5) and Gronbjer (1993, 280) suggest that information is an important resource; and Hall (1991, 228) suggests that networks and contacts are also important. Authority (Aldrich 1976, 446; Benson 1975, 232), legitimacy (Benson 1975, 232; Hall 1991, 228) and the related organisational characteristics of reputation and prestige (Reid 1969, 177; Yuchtman and Seashore 1967, 900) are all resources that agencies have sought to obtain through inter-organisational exchange.

Turning to the third motivation, the importance of shared values as a motivation for inter-organisational relationships has been raised as an incidental factor. Reid (1969, 180) suggests that the extent to which agencies have similar goals will affect the quality of their relationship. Warren (1967, 415) suggests that agencies seek to "satisfy" or achieve minimal levels of multiple objectives including those that are value related. Aldrich (1979, 269) suggests that the emphasis on the significance of domain consensus within exchange theory may arise in part from the importance of values and sentiments. In a study of local employment organisation and social service organisations, he concludes that values are important in understanding "inter-organisational transactions" (Aldrich 1976, 449). Aldrich and Whetten

(1981) also recognise the importance of the normative content to inter-organisational relationships. Kramer (2000, 8) notes that one criticism of the "political economy" approach is that it has tended to concentrate on resource allocation, ignoring the role of values and ideologies in influencing choice.

However, there is little agreement that values are important in better understanding inter-organisational relationships. Both Benson (1975, 235) and Aldrich (1976, 423) suggest that values and sentiments emerge from the need to acquire resources, and the broader context in which interaction takes place, rather than act as a determining factor influencing the nature of relationships and the way that they evolve. "[S]entiments and cooperative interactions...are hypothesised to be controlled in the final analysis by more fundamental considerations of resource acquisition and dominance" Benson (1975, 235). Hence there is no agreement about the causal relationship between values and the presence of inter-organisational relationships involving resource acquisition and exchange.

A further motivation for inter-organisational relationships is to influence a range of institutions and policies that affect the aligned group of agencies. Warren (1967, 404) studied relationships between community planning agencies in three US cities, finding that some relations between organisations were motivated by the desire to achieve common policy objectives. This theme is further developed by Benson (1975, 239) and Van de Ven and Ferry (1980, 299) who propose that one cause of organisational interaction is the need to secure changes in the external context in order to make it more favourable. Once more, the importance of resources is stressed, with a primary purpose for such alliances being to ensure that the environment is favourable to resource acquisition.

Other authors are more cautious about the significance of this motivation. Yuchtman and Seashore (1967, 902) suggest that the environment is taken as given by most agencies. Even in the case where there are benefits to collaborative action, Aldrich (1979, 316-7) believes that they may be difficult to secure because agencies often wait for others to be the first to do this work. He argues that the benefits for each organisation are generally small relative to the amount of work needed; hence, he concludes (Aldrich 1979, 317) that "...a collective strategy is likely to occur only under special conditions: extremely attractive incentives are offered, organisations are coerced into participation, or authorities subscribe to an overarching set of values stressing collective cooperation." Scott (1983, 173) is also pessimistic about how often such collaboration can occur. He argues that present tendencies in the United States are to strengthen vertical rather than horizontal links between organisations and hence it may be difficult for agencies to work together to further common interests.

In summary, there are four distinct motivations for inter-organisational relationships. The first two, the perceived benefits of collaborative work and the need to secure resources, are widely accepted as being of significance. The second two, shared values and the need to secure a more favourable working context, are not so widely accepted. The motivations related to the perceived benefits of collaborative work and the need to secure resources are respectively associated with exchange and resource dependency theories of inter-organisational relationships. Motivations related to shared values do not fit easily within present theories to explain inter-organisational relationships. The final motivation, that of seeking to change the external context, is closely aligned to the "political economy" theory of inter-organisational relationships.

## **Consequences for Organisations Arising from Inter-organisational Relationships**

Aiken and Hage (1968, 914) argue that organisations sacrifice autonomy when they enter into organisational relationships. They argue that organisations participate in joint programmes because of their need for resources, increased efficiency and/or a more favourable external environment. However, the subsequent loss of autonomy may have other, negative, impacts on participating agencies. This Section identifies and explores some of the anticipated consequences of inter-organisational relationships. The discussion focuses on three areas which appear, from the discussion in the previous Chapter, to be particularly relevant to relationships between Northern and Southern NGOs: goal deflection (or displacement), organisational style and structure, and managing funding relationships.

### ***Goal Deflection (or Displacement)***

The concern about the displacement of Southern NGO goals as a result of the activities of Northern NGOs has already been noted in Chapter Three. This theme is also identified and widely discussed within the literature on inter-organisational relationships. Levine and White (1961, 590), Yuchtman and Seashore (1967, 898), Aldrich (1979, 267-273) and Rogers and Mulford (1982, 14) all suggest that goal deflection or displacement may be a possible consequence of inter-organisational relationships as the dependent agency is forced to compromise its position in order to secure the resources that it requires. Benson (1975, 234) summarises it thus: "Power permits one organisation to... determine policies and practices in weaker organisations." To cite one example of empirical findings, Brint and Karabel (1991, 355) conclude, following a study of change within community colleges, that the more powerful organisations can determine development patterns for weaker members. Looking from the other direction, DiMaggio (1991, 277) stresses the capacity of a funding agency to

influence the development of one organisational field, with a study of the Carnegie Corporation's support for museums in the United States.

In a study of funding relationships, Gronbjerg (1993, 292) concludes that there is some support for those who are concerned about goal deflection: "...an organisation that depends heavily on an exchange relationship with one particular funding source will be subject to considerable influence from the same source." She also argues that the search for new funding sources may lead voluntary agencies to adopt additional goals and hence it may be difficult for them to maintain mission and focus (Gronbjerg 1993, 313). However, drawing from a study of 12 voluntary agencies in Chicago, she emphasises that an organisation will seek to minimise such consequences of dependency through attempting to gain greater control over the dominant agency and/or by protecting itself from these effects (Gronbjerg 1993, 32). Leat, Tester and Unell (1986, 103) look specifically at local and national government aid to voluntary agencies in the UK. They find that some voluntary agencies believe that their independence has been reduced (Leat, Tester and Unell (1986, 133). However, they also note that agencies do not appear to be seeking to diversify their funding base in order to protect their autonomy (Leat, Tester and Unell 1986, 72-5). More generally, the authors conclude that there is little concern about goal deflection perhaps because agencies see a lack of funds as a much greater problem but also because they do not have to rigorously account for the funds they receive.

Several authors discuss how organisations that participate in these inter-organisational relationships recognise these dangers and seek to minimise them. One such response is to avoid the relationships; Levine and White (1961, 590) suggest that some organisations do not interact with others explicitly because of their fears that they will be drawn away from their

mission. In a study of the operation of the community chest (a US voluntary funding mechanism), Litwak and Hylton (1962, 406-7) find that some of the more financially secure social service organisations prefer to remain outside of the community chest, despite the subsequent need for individual fundraising campaigns, because of their wish to avoid the loss of autonomy associated with participation. A second response is for agencies to work with organisations that they judge to be similar to themselves. Schmidt and Kochen (1977, 231) find that in a situation where one agency is dominant, interaction is more likely where there is considered to be comparability of goals and hence the dangers of goal deflection are believed, by the weaker party, to be reduced. Aiken and Hage (1968, 916), Gronbjerg (1993, 293) and Reid (1969, 179) argue that agencies believe that relationships with agencies that share similar goals will minimise their loss of power and autonomy and the possibility of conflict. An alternative strategy is to change goals. Aldrich (1979, 268-272) discusses the relationship between power and dependency, suggesting that one strategy for organisations in a dependent position may be to adopt new goals in order to remove themselves from such relationships. Yuchtman and Seashore (1967, 898) also argue that goals may change as a result of interaction between organisations. These perspectives suggest that there are evident problems in establishing causality: are goals similar because agencies work together or do they work together because they share similar goals?

Specifically in relation to funding, one organisational strategy is to reduce dependency on traditional sources of funds (government grants and charitable donors) through providing goods and services for sale (Gronbjerg 1993, 294-6). Gronbjerg (1993, 23) identifies multiple funding strategies for a group of non-profit agencies in Chicago that include special fundraising events; donations from individuals, corporate sponsors and charitable foundations; public funding; and contracts. Tyminski (1998, 275-286) discusses how one small local US

charity sought to diversify its funding base as it was over 90 per cent dependent on government agencies for funds. In the context of development agencies (NGOs) specifically, Hudock (1999, 83-84) suggests that multiple donors may not help if transaction costs are too high. A further strategy, suggested by Benson (1975, 243), is for the agency to accept the resources but to avoid fulfilling the agreement, diverting the resources for other activities.

### *Organisational Style and Structure*

Aiken and Hage (1968, 912-29) draw on a temporal study of cooperation between 16 US social welfare and health organisations to examine the consequences of inter-organisational relationships. They conclude that organisations participating in joint programmes with other agencies have more professional staff, introduce more innovative programmes, have more committees (which meet more often) and have relatively more centralised decision-making structures. The authors suggest that the increase in the frequency of internal communication that is observed may reflect the fact that the problems of communication increase as a result of inter-organisational relationships. They also suggest that some of the internal impacts may not be immediately apparent. In a study of US child development organisations, Van der Ven and Ferry (1980, 344) conclude that greater resource dependence appears to be associated both with more formal relationships and more frequent contact between agencies.

DiMaggio and Powell (1991, 64) emphasise that organisations are increasingly homogeneous (isomorphic) within particular organisational “fields” once they are established.<sup>2</sup> Moreover, they argue that the more dependent an organisation is on another, the more similar it will

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They define a field to include a number of aspects, including the presence of interaction within organisations in the field, the emergence of inter-organisational relationships which involve both dominance and coalition, an increase in information between and for participants in the field and the development of a mutual awareness that they are involved in a “common enterprise” (DiMaggio and Powell 1991, 64-5).

become (DiMaggio and Powell 1991, 74).

Such homogeneity, they suggest, occurs for a number of reasons, including formal state regulations which influence what agencies can and cannot do, a tendency for organisations to mimic each other to reduce uncertainty and to seek to prevent competitive advantage, and increased professionalisation linked both to education and an increase in professional networks (DiMaggio and Powell 1983, 150). Hall (1991, 106) suggests that such discussions emphasise that changes in organisational structure are "...not a rational process...but rather one of both external and internal pressures which lead organisations in a field to resemble each other over time."

Looking directly at the relationship between non-profit agencies and their funders, Gronbjerg (1993, 294) argues that exchange relationships may tend to become isomorphic to fulfil the mutual expectations that agencies have of one another. She explains how a voluntary organisation specialising in the placement of interns from minority groups within the corporate sector adopted the language and procedures of the companies in which the clients of the agency were being placed. This conclusion is reinforced by Froelich (1999, 255-6), who suggests that whilst government funding may cause less goal displacement than private contributions, it may result in "...professionalisation, bureaucratisation and loss of administrative capacity."

However, Leat (1995, 182) argues that it may be wrong to assume that substantive changes in working practices, including increased formalization and professionalism, are a result of pressure from specific funding agencies. She suggests that more general changing trends about the way in which organisations should manage themselves, as well as the maturing of

specific agencies, may be more likely to be responsible for these findings (Leat 1995, 183). Billis and MacKeith (1993, 30) in their review of management trends and challenges in UK NGOs also suggest that contextual factors are resulting in growing similarities between agencies. In particular, they note that specific agencies are becoming more generalist, there is an increasingly common understanding of the priority areas of work and NGOs are adopting similar fundraising messages with subsequent implications for their activities.

### *Managing Funding Relationships*

As noted in Chapter Three, a distinct feature of North-South NGO relationships is that of funding. This sub-section looks particularly at findings that have explored the influence of funding through inter-organisational relationships on organisations.

Gronbjer (1993, 298) notes that funders seek to control internal policies and practices because they have a limited influence over how their funds are spent. Hence they may: “...place limits on acceptable expenditures, require particular types of procedures or staff qualifications, and demand idiosyncratic and highly detailed reporting systems.” The recipient organisations that Gronbjer (1993, x) observes actively seek to develop a set of funding relationships that enable organisations to secure some degree of autonomy.

However, she also argues that raising funds itself involves large transaction costs and that there are additional complexities in managing multiple sources of funds (Gronbjer 1993, 312). For example, there is likely to be a need for financial management to secure the reserve funds necessary to deal with cash flow problems and for information managers to ensure effective communication. The heavy administrative burdens associated with the management of multiple funding sources, Gronbjer suggests (1993, x), increases the bureaucracy within such organisations. Leat (1992, 7) also raises concerns about the costs

and benefits of managing multiple funders.

In a study of funders' perspectives, Gronbjer et al. (2000, 25) note the lack of interest of philanthropic funders in offering medium and long-term funding commitments. The authors also report on the importance of personal contacts in funding allocations (Gronbjer et al. 2000, 29), a theme repeated by Lister (2000, 236) in the context of North-South donor relationships.

With respect to the management of government grants, there are some concerns that accepting public sector contracts may shift power away from the board and towards the executive director (Smith and Lipsey 1993, 72). Both Smith and Lipsey (1993, 79-83) and Gronbjer (1991, 14 and 21-22) argue that the increase in the level of accountability demanded by public and private agencies in the United States has resulted in rising levels of professionalism and bureaucracy in voluntary organisations in order to deal with the complexity of funding applications, fund management and reporting. Leat (1995, 167-173) identifies some possible difficulties with state funding in a UK context, including financial uncertainty related to tendering processes over contracts, a less independent voluntary sector and the practices and procedures of voluntary agencies becoming similar to those of their funders.

In the United States, the scale of public support for voluntary organisations may have resulted in "mutual dependency", with the government needing the services of the non-profit sector to carry out the functions for which it is responsible (Smith and Lipsey, 1993, 4-5). The dependency of the government on the sector has resulted in a situation in which government "...even creates providers where they otherwise do not exist" (Smith and Lipsey 1993, 9). They emphasise further concerns around goal deflection when they conclude that "... a

critical source of goal succession in voluntary organisations is the preferences and behavior of government" (Smith and Lipsey 1993, 163)

Part of the complexity in funding relationships arises because different funders offer different opportunities and are associated with different constraints. Turning to the management of grants and donations, Gronbjaerg (1993, 149) suggests that there are two particular advantages of such funds: "...nonprofit managers generally view donations as having a range of desirable characteristics... especially flexibility and matching the mission of the organisation." However, she also notes that managers emphasise the uncertainty involved in obtaining donations. Floelich (1999, 260) suggests that grants and donations are associated with high revenue volatility and more pressure on goal deflection than other sources of funds. Agencies, she argues, must manage different revenue streams to take account of their positive and negative characteristics. (Although she notes that complex revenue diversification can itself be a source of goal and mission uncertainty (Floelich 1999, 263).) Ashford and Clarke (1996, 284), in a study of grant-making trusts in the UK, emphasise that monitoring requirements are often relatively light with "...28 per cent of the charities in the study indicated that they did not collect any information about grants once they were given." Such factors may increase their attractiveness, particularly if government funding is becoming increasingly associated with high monitoring costs. However, Leat (1995, 175) returns to the problems associated with trust funding when she concludes that it is "...small, in total and usually in size of grant, and short-term. Furthermore, it is usually only available for certain types of purpose... and is not equally available in all parts of the country or in all fields of work" (page 182). Nevertheless, she also acknowledges that, unlike other forms of funding, it may (in the UK context) have fewer risks of goal deflection.

## Conclusion

The theories of inter-organisational relationships discussed in Section Two emphasise the need to understand the nature of dependency and inter-dependency between agencies and hence this discussion has touched on some of the themes already identified in Chapter Three. The literature explored in this Chapter identifies a number of potential consequences for organisations that need to be further explored in the process of the research. Section Four adds conceptually to the discussion in Chapter Three by drawing on a range of experiences to see how agencies have been affected both generally during the course of inter-organisational relationships and, more specifically, during funding relationships. The discussion suggests that it is important to look not just at how the weaker agency is influenced but also at how agencies seek to protect their interests and activities.

The external context emerges as important in many respects. It influences both the need and the opportunity for resource acquisition, helps to determine the relative position of agencies in the relationship and provides incentives for working together. Within this dissertation, the potential relevance of the external context is recognised and further considered. Chapter Two sets the scene within which NGOs are undertaking their development work. Chapter Six looks in more detail at the nature of poverty and NGO-state relations in the city and country within which the research has been undertaken.

Whilst there is a coincidence of themes and interests between the literature on inter-organisational relations and relationships between Northern and Southern NGOs (as recognised by Billis and MacKeith 1993, 40), it seems to be wise to remain cautious about the relevance of this literature to the focus of this dissertation. There is a major emphasis placed

on coordination between agencies and, in this context, it is striking that many of these texts appear to be primarily concerned with relations between equals, ie. horizontal rather than vertical relations which are associated with funding (Scott and Meyer 1991, 111). Where discussions do concern organisations in vertical relationships, this is most often between the state and the voluntary sector rather than within the voluntary sector itself. Moreover, much of the literature also concentrates on "networks" of organisations and organisational relations rather than on the interaction between two agencies that is characteristic of NGO relations (Van de Ven and Ferry 1980, 301; Aldrich 1979, 316-7; Benson 1975, 239-241; Hall 1991, 217-223). The final Chapter, Chapter Twelve, returns to consider the relevance of this body of literature to understanding the findings of the research.

## CHAPTER FIVE

### METHODOLOGY

*A particular methodological issue is that the field is relatively new and thus under-researched with no clearly appropriate body of theoretical literature on which to draw. This Chapter describes how developing the research process involved the merging of theoretical work on relationships between organisations in the North with more problem-orientated literature related to development issues, plus discussions with key informants in order to ensure a research process that was both theoretically sound and appropriate to the context and issues to be addressed. Whilst this research process is described here in a linear fashion, developing the process required iteration between theoretical constraints and questions, the literature and pointers offered by the anecdotal reflections of practitioners. Due to the newness of the field and the use of theoretical literature from a somewhat different context, I have sought to ensure that the discussion in this Chapter offers a comprehensive description of the process followed.*

#### **Introduction**

This Chapter describes the methodology used in studying relationships between NGOs in the North and South. The Chapter is divided into two main parts that are further sub-divided into several sections. The first part (Sections Two to Five) describes the research approach as planned, and the second part (Sections Six to Eleven) describes the research process as it took place.

Section Two below describes how a number of sources were brought together to identify an

appropriate methodology to address the research problem. Section Three describes how, having decided that the methodology for the study should be qualitative, it was concluded that the subject matter should be explored through case studies. The Section also discusses the methods used for these studies. The fourth Section focuses on the boundaries for the selection of case studies. The fifth Section summarises the research approach and considers some potential limitations.

Miles and Huberman (1994, 10) emphasise the importance of the research process in influencing the conclusions that are drawn and hence Part B gives a detailed account of how the research strategy was realised in practice. The discussion in the second part begins by describing my prior perspectives and experiences as the researcher. The following section (Section Seven) discusses the development of the research instruments, including a scoping study in Nairobi. Section Eight describes the identification of the case studies. Sections Nine and Ten respectively discuss the data gathering and data analysis, and Section Eleven considers the issue of confidentiality. Section Twelve briefly concludes the chapter.

## **Part A: The Research Approach**

### **Defining the Problem**

This dissertation seeks to better understand the relationships between Northern and Southern NGOs, an area which has received relatively little scholarly attention although it is of concern to a number of NGOs as described in a body of anecdotal literature. The dissertation also provides an opportunity to consider the appropriateness of a set of theories primarily developed to characterise the relationships between Northern voluntary agencies (and

Northern voluntary agencies and public agencies) to a Southern context.

Three sources have been used to develop the broad objective of the thesis into an appropriate research process. The first source is the theoretical work on inter-organisational relationships discussed in Chapter Four. The second is the body of literature discussed in Chapter Three which considers a number of practitioner and commentator perceptions of the relationships between Northern and Southern NGOs. The third source has been preliminary research interviews with senior staff in Northern and Southern agencies.

The theoretical work on inter-organisational relationships indicates a number of potential areas of exploration. The theories identify structural factors that might be significant in explaining the kinds of relationships that are found. However, and as noted in Chapter Four, much of this work concerns relations between organisations in the North and particularly North America. Whilst some is concerned with relationships between government funding agencies and those receiving funds, there is relatively little that is concerned with donor and recipient when both are voluntary agencies (with major exceptions being Gronbjerg (1993) and some more recent works such as Hudock (1999)).

Turning to the second source, the literature on relationships between Northern and Southern NGOs has a primary focus on some of the specific problems to have emerged from the experience of these relationships. The majority of this literature has emerged from practitioners reflecting on their experience, rather than researchers using a rigorous methodology. What emerges from these perceptions is an awareness that relationships are potentially problematic for many agencies although the extent to which these individual perspectives can be generalized is not clear.

During the initial stage of the research, interviews were held with a range of individuals working in senior management in Northern and/or Southern NGOs to aid an understanding of the research issues and to assist with instrument development. In addition, a staff member responsible for NGO funding at DFID (the British government's overseas development agency) was also interviewed. These interviews provided an opportunity to explore further relationships between Northern and Southern NGOs and to understand the perspectives and strategies used by agencies in such interactions. The role of these interviews in the research process is elaborated in Section Six.

These three sources led to the conclusion that the research methodology should be a qualitative rather than quantitative. Qualitative research appears to be better suited to an exploration of the processes that are considered relevant by the groups involved in these relationships (Denzin and Lincoln 1994, 4-6; Miles and Huberman 1994, 10). A qualitative study may help to analyse how easily Northern-based theories of inter-organisational relationships can be generalised to the South. Creswell (1994, 7) argues that research processes dealing with such issues need to be open and exploratory. Shipman (1988, 26) emphasises that (in the context of research into educational institutions) "... the researcher must get to know the symbolic world of those studied - not ignore it whilst concentrating on overt behaviour." He goes on to suggest that society is "... a network of meanings subject to continuing change as individuals interact and interpret" (Shipman 1988, 27). An analysis of his experiences indicates that interpretivist methodologies (ie. qualitative) are required if complex social issues are to be understood.

Furthermore, uncertainty about the theoretical positioning of the study means that the adoption of a theory cannot be taken for granted but needs to be further investigated.

Creswell (1994, 10) suggests that in a qualitative study, “... a theory base does not guide the study because those available are inadequate, incomplete, or simply missing.” Whilst the literature includes a number of theories of potential use in understanding the research findings, these are used to suggest lines of inquiry and are not treated as definitive. Whilst Creswell (1994, 98) suggests that in qualitative studies it may be more normal to consider the theory only towards the end of the study, Yin argues (1994, 8), that it is helpful for the research process to be sensitised to existing theories.

The need to explore meanings and the lack of a clear theoretical base are not the only factors suggesting a qualitative approach. In the context of funding relationships, there is a strong emphasis in some of the literature on the importance of contextual understanding (see, for example, Gronbjerg (1993, 290-1) in her discussion of the situation facing non-profit agencies in Chicago). As Creswell (1994, 7) argues, a qualitative methodology “...provides rich context-bound information leading to patterns and theories that help explain a phenomenon.” The significance of context as an explanatory factor is a further reason favouring a qualitative methodology (Yin 1993, 13; Miles and Huberman 1994, 102-5).

Finally, and drawing on the literature on relationships between Southern and Northern NGOs and more generally on aspects of relationships between NGOs, values may be an important component of the relationships and a critical issue to understanding both the motivations for relationships and the consequences of such relationships. The exploration of values (and their meaning) may be most appropriately done through a qualitative study (as argued by Shipman 1988, 27; Denzin and Lincoln 1994, 4; Miles and Huberman 1994, 10.) Hence, it was decided that this should be the approach taken in this dissertation.

## **A Case Study Approach**

Once the decision had been made in favour of a qualitative study, it was necessary to determine the tools through which the study might best be realised. Creswell (1994, 11-12) identifies four distinct methods within the general qualitative approach: ethnographies or prolonged interaction with a social group in a natural setting; grounded theory in which the researcher undertakes an interactive process between data collection and the “emerging categories of information”; case studies which involve the exploration of a specific entity bounded by a constraint; and phenomenological studies in which the experiences are understood through analysis of the descriptions of those living through them. Given the research questions, it seemed likely that case studies would prove to be the most effective approach.

The case study is defined by Robson (1993, 52) as: “... a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence.” Whilst Yin (1994, 10-11) argues that the acceptance of case studies within qualitative methodologies is to be relatively recent, it appears that already it is well established (see, for example, Gronbjerg (1993)).

Yin (1994, 1) describes the value of case study strategies to research, suggesting they are particularly productive when the primary questions being considered relate to “how” and “why” events are taking place, and when the research has both a contemporary focus and little likelihood of control over the events. The case study, Yin (1994, 3) suggests, “...allows an investigation to retain the holistic and meaningful characteristics of real-life events - such as individual life cycles, organisational and managerial processes, neighbourhood changes,

international relationships, and the maturation of industries..." To better understand such a strategy, he differentiates between exploratory, descriptive and explanatory case studies. In this study, my ambition is to seek to incorporate elements of each of these types through describing, exploring and, potentially, explaining characteristics and events within these relationships. Stake (1994, 237) continues the refinement of this research strategy arguing that an "instrumental case study or studies" that is/are undertaken can "...provide insight into an issue or refinement of theory."

Yin (1994, 13) further suggests that case studies may be particularly appropriate when context-rich data is sought (see Section Two above). Gronbjer (1993, 34) emphasises that case studies offer both more detail than is available in quantitative approaches such as surveys and "...more careful attention to dynamic processes." The emphasis on the need to study dynamic processes resonates with discussions in the preparatory interviews. Other relevant considerations are that case studies may be particularly helpful when considering an investigation involving a "real life" situation (Robson 1993, 5) and that they may also draw out the meaning of events for actors which may also assist understanding (Stake 1994, 242).

In summary, the advantages of case studies are that they offer the possibility of an understanding which includes the meanings attached to real life events, enabling context-rich exploration with a potential to understand the dynamics of interaction resulting in theoretical insights.

Further consideration suggests that the case study should focus on the relationship (that is the two organisations and their interaction) as the unit of analysis.<sup>1</sup>

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<sup>1</sup> See Yin (1994, 20-14) for an elaboration of units of analysis.

Earlier discussions characterising the different types of relationships between Northern and Southern NGOs suggest that there may be an advantage to including several different types of NGOs within the case studies. Yin (1994, 45) argues that the multiple case studies should be considered within the same “methodological framework” and suggests that this approach may be advantageous because of the “...more compelling, and... more robust” results. This perspective is confirmed by Robson (1993) and Stake (1994). In the context of the framework developed by Yin (1994, 46), there is a need in this study for case studies that offer the potential for producing “contrasting results but for predictable reasons...”

As argued by Stake (1994, 243), it seems likely that achieving the research objectives will at least partly depend on the careful selection of cases. The selection of the case studies requires both a general identification of the boundaries of the group from which the studies will be drawn and a specification for the different kinds of agencies that will be sought within these boundaries, and this is the subject of the following Section.

Within the case studies themselves, both the research issues and practical constraints suggest that the main method for data gathering should focus on semi-structured questionnaires, supplemented by agency documentation where available (Gronbjer 1993, 36; Robson 1993, 159; Yin 1993, 80.) In particular, there is a need for research tools that are exploratory, allowing unanticipated issues and experiences to emerge, and for one that is efficient given the desire for multiple case studies whilst using only one researcher. Whilst it might be beneficial to have a longer process which included participant observation, this does not appear possible if the study is to explore relevant issues through contrasting several relationships. There appear to be advantages to interviews that are relatively open-ended asking for facts, opinions and interpretations of events (Robson 1993, 157; Yin 1994, 84.)

Hence, a semi-structured questionnaire developed for the interviews was used to ensure that a wide range of possible lines of inquiry was explored.

Yin (1994, 81) suggests that there are multiple uses to a study of documents: "...the most important use of documents is to corroborate and augment evidence from other sources." In addition, he argues that they can be valuable in suggesting productive areas of inquiry to further explore through interviews. Hence, documents relevant to the issues being studied would also be sought from participating agencies.

### *Verification*

The importance of verification of the findings in such qualitative methodologies is emphasised by Shipman (1988, 43). The research design sought verification in two ways. First, multiple interviews would be undertaken in each individual agency (Gronbjerg 1993, 36; Creswell 1994, 158-9; Denzin and Lincoln 1994, 2; Stake 1994, 241; Yin 1994, 91-94). At this early stage, it was not clear which staff members would be most appropriate and, moreover, information describing the research process in other studies suggested that the most relevant post-holders (board and/or staff) may not be the same in the case of each agency (Gronbjerg 1993, 36). Hence, it appeared appropriate to leave the actual specification of the posts to an initial inquiry with those agencies agreeing to participate in this study. A target of three or four individuals for each agency seemed from the outset to be both practical and desirable.

A second verification strategy, adding independently to the gathering of data, would be a request for access to internal documentation (in addition to the collection of public reports) of relevance to the study of the specific relationships being considered. This documentation

would assist with the gathering of specific information relevant to the case, would give insights into questions to further explore during the interviews, and would provide an opportunity to check the style of correspondence by the agencies in the relationship. As suggested by Yin (1994, 92), such a procedure offers data triangulation, or the verification of facts from multiple sources, a common method of verification in qualitative studies (Cresswell 1994, 158; Denzin and Lincoln 1994, 2).

### **Defining the Boundaries**

As noted above, the selection of case studies is a critical stage in the research process. In order for the research issues and themes to be addressed, boundaries have to be established together with a method for selecting case studies within these boundaries. Drawing on the earlier discussion on multiple case studies, there are advantages if the case studies are complementary to each other, with the set of case studies including relationships with a number of different characteristics that are indicated as being of potential importance Robson (1993, 162) and Stake (1994, 242).

In Gronbjerg's (1993, 27 and 35) study of funding relationships in voluntary organisations in Chicago, she sought cases from two sectors, one very dependent on public sector funds and the other less so. Within each sector, she drew cases from agencies with stable and less stable funding. In this study, influencing factors are less clearly defined but a number are suggested by the discussion in Chapter Three.

With respect to the identification of boundaries, the emphasis on the significance of context suggests that the NGOs should be working in one country in the South, so that the general

economic, political and social context is constant. Factors such as the strength of the NGO sector in the country, the policy of government towards NGOs and the scale of development agencies' assistance to local NGOs may all be important contextual factors influencing the ways in which relations between Northern and Southern NGOs have developed and can continue to develop. Furthermore, the studies (as discussed in Chapter Four) that have provided the basis for inter-organisational theory are almost universally concentrated in one or a small number of cities. At the same time (as discussed in Chapter Two), most Northern NGOs face a broadly similar situation and there does not appear to be the same need for all the Northern NGOs in the study to be drawn from a single country. As Chapter Two describes, they have all been influenced by the growing willingness of government development assistance agencies to co-finance their work, generally on a project basis. Therefore, a first boundary to be established is that the research should draw on Southern NGOs from a single country, but might consider any of the Northern NGOs with which the Southern agencies have a relationship.

A second proposed "boundary" is that the geographical focus should be a city and the sectoral focus should be urban development. The reason for this sectoral focus is pragmatic. My current field of experience (see Section Six below) is in urban development in the South, hence I believe that I can more rapidly understand the political and social context in which the NGOs are working if there is a focus on urban work.<sup>2</sup> Moreover, many of my contacts who might assist in gaining access are also in this area. For the purpose of this study, urban development is broadly defined as those agencies involved in any one of: the direct provision

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Whilst the major focus of development assistance has been for some years on rural development, most agencies now recognise that the underlying trends are towards more and more people living in urban areas. Relationships between NGOs working in urban areas are already relevant to a large number of agencies and increasingly relevant as more and more NGOs start to work in urban areas.

of infrastructure and services (including water, garbage, roads and pathways, education and health), housing improvements and income-generation (including loans, training or the provision of market-based services) or the lobbying for improved provision from state agencies. This definition was proposed prior to the scoping study and examined during that study to ensure that the field was sufficient large and clearly defined.

A further boundary is that the research focus should be in sub-Saharan Africa. There is a consensus among many agencies that Africa is a priority need for development assistance. Hence, and given the interest in undertaking research with a practical policy focus, it seems appropriate that the city should be drawn from sub-Saharan Africa. A number of further consultations were undertaken with development experts broadly familiar with urban development in Africa and the emerging consensus suggested that Nairobi would be a suitable location for the data gathering. A scoping study was then planned to substantiate this proposal.

A further related consideration that did not specifically emerge from the literature but which came out particularly in the preparatory interviews with key informants is that there should be some longer-term relationships, broadly defined as those lasting for more than three years. More generally, Benson (1975, 245) and Van de Ven and Walker (1984, 619) have also suggested the importance of a longitudinal analysis when seeking to understand such relationships.

Once the boundaries were established, the next task was to consider how the case studies should be identified within the boundary. As noted above, there appear to be some advantages in choosing a complementary set. The alternative approach would have been to

search for a set whose members appear to be as alike as possible in order to see if similar relationships emerged (Yin 1993, 46). However, the literature on relationships between Northern and Southern NGOs already highlights some factors that consistently appear to be important in understanding problems and tensions in relationships. These factors are whether or not the Northern NGO has Southern offices, whether both parties belong to federative structures, and the size of the organisation. Hence, the most productive strategy appears to be to look for a number of case studies which together offer a range of experiences, particularly with regard to these factors.

### **Summary and Consideration of the Limitations of the Research Approach**

In summary, preparing the research approach suggested that the location for the research should be a city in sub-Saharan Africa with a substantive amount of Southern NGO activity, funded (in part) by a sufficient range of Northern NGOs to offer the opportunity of studying a number of relationships which vary according to pre-defined criteria. The approach to the research should be qualitative in order to explore the actual nature of the relationships, taking full account of the context in which the relationships are evolving and allowing those taking part in the relationships to freely consider both facts and meanings. This methodology should enable an exploration of the relevance for development of existing theories about inter-organisational relationships developed within the North, and primarily the United States. An understanding of the relationships might best be obtained through multiple case studies of a number of different relationships involving a range of Northern and Southern NGOs. The NGOs themselves should vary in size and in organisational characteristics. Two methods will be used to gather information, namely focused interviews and agency documentation.

A number of limitations to the research approach can immediately be identified. The decision to follow a qualitative rather than a quantitative research approach means that the results may not easily be generalisable. Creswell (1994, 159) argues that "...the intent of qualitative research is not to generalize findings, but to form a unique interpretation of events." Others are less restrictive in their understanding of qualitative research. Yin (1994,36) suggests that findings from case studies may offer analytical generalisability with the theory emerging from the study. Gronbjer (1993, 34-5), whilst noting the difficulties of generalising from multiple case studies to the wider population of experiences beyond that represented in the case studies, also proposes that it is possible to "...address key conceptual issues and develop a set of theoretical interpretations..." In the light of these discussions it is necessary to be careful about the possibility of generalising from the findings. As Stake (1994, 238) and Gronbjer (1993, 289) argue, it may be possible to generalise from the case studies but this is not an inevitable part of the research process and clearly any generalisation has to be done cautiously.

With respect to generalisation in this specific study and looking ahead to the following Section, it is possible to say something about the sample of agencies with regard to the population from which they are drawn. Matrix Development Consultants (1993) gives an overview of the NGO sector working in Nairobi. Fifty-eight per cent of the agencies are small, working in only one district of the city. Sixty per cent were working in only one sector (such as AIDS or education). Broadly, the sample used in this research fits with the scale of work of the broader population, with perhaps the experiences of the smaller agencies, particularly Children in Need and Community Health, being more representative. Habitat Network and Legal Education are characteristic of those agencies that have diversified away from a single sector into two or more (40 per cent of the population). Whilst the mix of funds

used by these agencies may not be perfectly representative, there appears to be a good range of experiences both with respect to the scale of dependency on the specific donors included in this study (see Table 7.3 in Chapter Seven) and the dependence on foreign donor funds (see the discussion in Section Four, Chapter Eight). Hence, there is reason to believe that these conclusions may have some wider applicability within Kenya, but clearly there is no statistical certainty.

A quantitative approach would have the added benefit of statistical measures to give an indication of the reliability of the findings. With a limited number of case studies, it is not possible to accurately assess and measure the conclusions that emerge from the interviews with precise levels of confidence. Reliability has been sought in the verification of data through the use of more than one source of information. Whilst this will help the accuracy of the information, it will not assist in understanding the consistency of the conclusions that are drawn within the sample. It may be that this study will enable a following study to define precise areas of exploration that can be followed up with structured questionnaires that enable a more statistically valid picture of an NGO population to be drawn. At this stage and given the scope of the study, it appears that knowledge may be best informed by a more in-depth approach that increases our understanding of the issues at stake.

A further and related concern is the difficulty in developing a sufficiently deep understanding of the cases from what is a limited interaction with them due to the decision to include multiple case studies (Yin 1993, 11). It might be argued that a better approach would be an in-depth ethnographic study with considerable participant observation. However, this would restrict the number of cases that could be considered. On balance, the nature of the research questions suggests that they can be sufficiently addressed by information gathered through

focused interviews and agency documentation. In this situation, I believe that the issues and themes can be better understood through increasing the breadth of experience rather than increasing its depth, and this suggests the approach should include multiple case studies.

To increase the likelihood of understanding the observed processes, I sought to sensitise myself to the perspective of Southern NGO staff and board members through a number of preparatory interviews and the scoping study. The use of interviews presupposes that interviewees would be open and honest about their experiences. My previous involvement in NGO organisational activities, including funding issues, made me confident that I would be able to probe sensitive areas successfully. Shipman (1988, 38) emphasises the importance of flexibility and the semi-structured questionnaire was designed to enable the interviews to touch on areas of importance without defining precisely the areas that would be explored.

At the same time as going for breadth in the number of cases, the methodology seeks to maintain some contextual consistency through selecting all the case studies from a single city. As explained above, this choice was partly made in order to follow a methodology similar to that used in other studies of inter-organisational relationships. However, a further reason was so that the characteristics which differ across the sample of case studies would be those that are determined by the NGOs themselves, rather than those set by external factors. This further increases the difficulty of generalising from these results as there is a possibility that the findings will be context specific. However, it reduces the difficulty of distinguishing between contextual and relationship influences.

I believe that the chosen approach offers the best balance between detail and scope, flexibility with the likelihood of comparative data, desirability and practicality.

## Part B: The Research Process

### **The Researcher**

Cresswell (1994, 147) and Miles and Huberman (1994, 9) suggest that the background and perspectives of the researcher may be a significant factor influencing the development of the research. This Section briefly summarises my disciplinary and professional experience and reflects on their influence on my approach to this study. The Section also considers how those being interviewed may view me and the potential impact on the study.

I began my professional life as a public sector economist after completing combined honours in economics and sociology. I have a masters degree in economics with a high proportion of econometrics. My disciplinary experience has been wide-ranging and has included anthropology, sociology and political science in addition to a number of distinct areas in economics.

Whilst undertaking the research, I was working at an independent research institute looking at a range of development issues related to the improvement of low-income settlements in Southern towns and cities. Much of my work involved an interface with official development assistance agencies and, on a regular basis, Southern NGOs. Through these contacts, I became aware both of the important roles that NGOs play as innovators and advocates for poverty reduction and people-centred development; and the significance of Northern NGOs as funders of Southern NGOs as well as operational agencies in their own right.

During the last ten years, I have had limited but regular contact with a range of Northern

NGO staff. In addition, I have served on the boards of one small and one medium-sized UK NGOs. Through such contacts, I gained a working knowledge of the organisational challenges that they face, in particular in identifying an effective role within development in the South. Hence, my interest in this issue grew from my understanding of the problems facing staff and board members of both Northern and Southern NGOs.

My background offers a number of specific perspectives on the research issues and process. With respect to the process, Creswell (1994, 8) suggests that the researcher's background may be important in selecting the methodology. My past training and work experience have given me experience in both qualitative and quantitative approaches to understanding social and economic issues and events. In this respect, the methodology chosen for this study has been guided by the needs of the subject matter rather than my own experience.

With respect to the research issues, work-related activities gave me a number of initial insights into potential problems. It was these experiences that first encouraged my interest in the research theme and hence my orientation from the start has been problem-focused. Somewhat unusually for a researcher based in the North, my contacts have been primarily with Southern-based institutions rather than those located close by. However, I have also gained some understanding of Northern NGO perspectives. Hence, I was exposed to the perspectives of both Southern and Northern NGO staff and board members prior to beginning the research process.

From the beginning of this study, I was aware that many of my previous experiences and perspectives were derived from development agencies much larger than those being considered in the course of this study and hence I felt a need to sensitise myself to the issues

that might need to be considered in this research. More generally, an awareness of development writings has given me both a continuing reluctance to generalise from one social and economic context to another and a sensitivity to a dominance of Northern-based theories and concepts in both understanding issues and events in the South and in approaches to understanding such issues and events.

With respect to the ways in which others see me, I am aware that as a white UK development professional I may be viewed with caution by Southern NGO staff. I sought to reduce any possible bias that might arise from myself, as a Northern individual, by undertaking the research in two ways. First, I was able to use a number of personal contacts to gather general information and to obtain access to agencies. As Creswell (1994, 148) suggests, and as is explained further below, this proved helpful in moving forward the study. I sought to link to the Southern groups through personal independent contact, wherever possible, rather than through the Northern funding NGO. Second, I offered both an introductory interview to explain the purposes and process of the research and I sought to ensure confidentiality of any views expressed. The research institute where I was working was known to many of the Northern and Southern NGO staff that I interviewed as a reputable organisation but few had an intimate knowledge of the organisation.

The following Section describes the development of the research instruments and, in particular, the preparatory interviews and the scoping study.

### **Instrument Development**

In addition to the study of relevant literature, I felt that the approach to this study would be

enhanced with a number of preparatory interviews that would seek the opinions of NGO staff on the issues involved and strategies that might be successful in obtaining the required information. These interviews were undertaken with senior staff of both Northern and Southern NGOs who had an interest in this subject.

The Southern participants in this group were deliberately chosen so that there would be at least one from Africa, Asia and Latin America. Four of the Northern NGO staff members were British and one was German. They included the director of a small NGO and senior staff members of four larger NGOs. In addition, I interviewed a staff member of the Joint Funding Scheme (the NGO co-financing unit of DFID). Two of the Southern NGO directors received funding from three of the Northern NGOs represented in this preparatory process and therefore I was able to observe relationships from both "sides" during this preliminary stage.

The perspectives given during the interviews were somewhat different from those which might have been expected, given the literature on North-South relationships. In particular, those interviewed from Southern NGOs illustrated ways in which they sought to have successful management strategies for inter-agency relationships. This suggested that there is a need to consider the relationships as a dynamic process, with a continuous and ongoing interaction which changes as the relationship develops. Second, the interviews helped to adjust for any biases in approaching these relationships which had arisen from the interface arising from my work (Miles and Huberman 1994, 265) and from the literature.

Third, the information gathered during the preparatory interviews was helpful to the research design and instrument development. The interviews reinforced the suggestions drawn from

the theoretical literature that the research should have a spatial concentration within a city as the national and local context is important to the way in which Northern and Southern NGOs undertake their activities. Whilst this spatial concentration may limit the extent to which findings can be generalised, it reduces the problems of understanding what is particular to the relationship and what is influenced by a varying local context. The interviews also helped to define the categories for the case study selection and to prepare the pilot questionnaire.

The next stage in defining the research process was a scoping study to Nairobi which took place in January 1996. This visit was to explore the feasibility of the methodology and to determine the suitability of the city as the location for the research. The further objectives were: to collect information about urban development and NGO activity in the city, thereby examining if there is a distinct set of "urban development" activities; to review the key issues in relationships between Northern and Southern NGOs; and, as suggested by Cresswell (1994, 148), to verify that agencies would be prepared to talk to me about their relationships. It also provided an opportunity to pilot the semi-structured questionnaire that I intended to use for the focused interviews with a number of NGO staff who, for one reason or another, were unlikely to be included in the core research activities.

The scoping study demonstrated that the research process was likely to be effective. Specifically, the boundary for urban development NGOs was feasible, the characteristics identified for the selection of the case studies seemed to be valid and NGOs based in Nairobi, both Northern and Southern, were interested in the key issues of the research. The study helped to extend my understanding of the local context for both NGOs and urban development. Specifically with respect to relationships between Northern and Southern NGOs, a number of insights were provided and the format for the focused interviews

modified accordingly. These insights included the following issues:

- what are the **demands related to organisational structure and staffing that Northern donors attach to finance** such as special project boards or Northern volunteers?
- what is the **nature of competition** between, and within, the groups of Northern and Southern NGOs?
- what is the implication of Northern NGO dependence on the sector of Southern NGOs rather than on individual Southern agencies? In particular, how significant is their interest in creating new Southern NGOs rather than supporting those currently established?

The boundaries that had been defined prior to the scoping study were examined during discussions in Nairobi. The definition of “urban development” had been drawn to include all those agencies working in the fields of land and housing, and services and infrastructure such as sanitation, drainage and water. A group of agencies working in the field of urban development was identified as a clear sector with informally established and accepted boundaries. Informants repeatedly identified a similar group of organisations as members of the sector. In addition, a local consulting firm had drawn together a directory of these agencies just a few years previously (Matrix Development Consultants, 1993).

As already noted, the preparatory interviews had suggested that at least some relationships included in the study should have already lasted a number of years for the research process to effectively address the research questions. The scoping study confirmed that there are many relationships between Northern NGOs and Southern agencies working in Nairobi that meet this criterion.

In summary, these interviews undertaken in Nairobi established that NGO relationships in the city were potentially suitable for the study. These interviews were also important in providing a better understanding of local context, revising the list of research issues and assisting in an understanding of how these issues were manifesting themselves within the context. Based on the scoping study, the Research Summary was revised and the list of issues to be considered in the focused interviews finalised. (Text in italics in Box Two was added after the scoping study.)

The revised Research Summary is given in Box 5.1; additions to the original are indicated by the text in italics. As shown, the Summary is divided into two. In the first section, six issues highlight the main areas of concern in relations between Northern and Southern NGOs. The second section defines the contribution that the research seeks to make to both theory and practice.

**Box 5.1: Issues in Relationships between Northern and Southern NGOs****I. Critical Issues****a. Mission and goals**

- how do Northern and Southern NGOs set and maintain their goal(s) and mission?

**b. Organisational structure and style**

- is project funding resulting in isomorphism, i.e. making organisations in both North and South more alike in structure?

- what are the implications of Northern NGOs directly implementing projects in addition to working with Southern NGOs? *Are advocacy projects different from welfare or service-orientated projects?*

**c. Organisational stability**

- is Northern NGO funding of Southern NGOs resulting in organisational instability due, for example, to a reluctance to fund core costs or the uneven flow of funds?

- what is the consequence of "fashions" in project funding on NGOs in North and South?

**d. Control and accountability**

- how are Southern NGOs accountable to Northern NGOs for their activities?

- how, if at all, do Northern NGOs involve Southern NGOs in their decision-making structures and processes?

**e. Implications for relations with other groups**

- how are Southern NGO relations with governments and local communities affected by project funding?

- how are NGO relations with other local NGOs affected? *What are the competitive pressures that result and what are their impacts?*

**f. Models of relationship**

- *what are the models of funding that are being used and how do they vary with respect to the length of time and the conditions with which finance is committed?*

- *what other support services are provided in addition to finance?*

- *what, if any, is the nature of the longer term commitment between agencies?*

**II. Contribution of the Research to Theory and Practice**

This research will take up and explore critical issues in Northern and Southern NGOs' relationships and use the information gathered to address three specific areas. The research results will be relevant to staff of Northern and Southern NGOs, and to those in official development assistance agencies, and to academics specialising in development, the voluntary sector and inter-organisational relationships.

i. **What are the consequences of what is happening for: projects, organisations and the institutions of Northern and Southern NGOs?**

ii. **What are the implications of these consequences for the provision of development assistance finance (voluntary, bilateral, multilateral) to Northern and Southern NGOs?**

iii. **What do these experiences suggest for theories of inter-organisational relationships?**

## The Selection of the Case Studies

A group of agencies to be approached was selected using a number of criteria. First, they had to fall into the broad boundaries defined in Section Four. Second, they had to be participants in long-term relationships. Third, the group should include both large and small NGOs. Fourth, the Northern NGOs sample should include those with and without Southern offices. Fifth, and ideally, some Northern and Southern NGOs should be represented more than once so that the research process would be able to observe how agencies interacted with more than one partner.

It should be said immediately that, within the boundaries discussed in Section Four and summarised above, there was nothing systematic about who was approached and how. Starting with individual contacts known to me, I approached a number of agencies which, to the best of my knowledge, potentially fitted the criteria outlined above. In some cases, both parties had been previously identified by me and they were approached simultaneously. In other cases, only one was known to me with the other party emerging during my preliminary discussions with the first agency. As one or other agency turned me down, I identified a further relationship which appeared to complement the case study relationships that already had been secured, and approached another pair of agencies.

This process was, perhaps inevitably, a slow one. Finding agencies to participate in the research was more difficult because a "pair" was needed and once one agency had been identified, it was then necessary to approach either their donor or recipient agency and ascertain if they were also willing to collaborate. In most cases, at least one preliminary meeting was held to explain the purpose of the research and gather basic background material

about the agency, including public documentation (leaflets, annual reports and, in some cases, project-specific information). In total, I had preliminary meetings with at least one of the agencies (and in general with both agencies) in ten relationships between Northern and Southern NGOs that met the criteria required.

In four cases, I was unsuccessful in securing the agreement of both parties to participate. In all four cases, the Southern NGO was willing to participate in the study but the Northern NGO declined. In two cases, the preliminary interviews had already identified specific reasons for the Northern NGO to be sensitive about the specific relationship. In one case, the relationship had recently broken down and the funding of the Southern NGO had been stopped. In the second case, there were evident disagreements between the agencies concerning the direction of the project. These problems only emerged once preliminary interviews had been completed. In both cases, I collected fairly extensive information, interviewing staff in both the Northern and Southern NGOs prior to the Northern NGO deciding that they did not wish to participate. In the third and fourth case studies with which I was unsuccessful, the Northern agencies declined to take part due to pressure of work and a concern that the research would involve too much staff time. Whilst no information on these relationships is included in the discussion below, inevitably the knowledge that I gained through these preliminary interviews influenced my understanding of critical issues and tensions.

The final set of case studies includes nine agencies (four Northern NGOs and five Southern NGOs) and six relationships involving the transfer of funds from North to South. I later identified two further relationships within this set of Northern and Southern NGOs which had previously involved funding. Whilst there was no current funding, monies had been received

by the two Southern NGOs within the three years prior to this research. Hence, it also proved possible to explore these relationships. The agencies and their relationships are introduced in Chapter Seven.

### **Collecting the Data**

In all the Northern agencies, decision-making is decentralised, with responsibility for specific relations being delegated to a desk officer or sectoral specialist. Whilst the terms and conditions of the contract such as reporting requirements are usually consistent throughout the agency, in general, the responsible staff were given considerable latitude to determine the scale and time of project funding for specific NGOs within country budgets. However, in each case, more than one individual in the Northern agency had been involved in the relationship, providing support and advice either as a more senior staff member or as a specialist consultant/staff member. In two of the Northern NGOs, the executive director/country director was not interviewed as they were not involved in the relationships; however, the most senior members of staff involved in decision-making with regard to the relationship were included.

In the case of Southern NGOs, the relationships generally involved directors and more junior staff members. In every case, the executive director of the Southern NGO was interviewed. In several of the Southern agencies, board members were also involved in donor relations. However, most of those interviewed were staff of either the Northern or Southern NGO. I did not interview any board members of Northern agencies. Hence, the group of staff interviewed is similar to that of Gronbjerg (1993, 36), that is "...executive director, other key staff members, and occasionally board members..."

As suggested by Miles and Huberman (1994, 266), I made an effort, wherever possible, to include more junior staff members. I also sought to meet with those within the agency who were considered (by the others being interviewed) to have an alternative perspective. Wherever possible, further information was obtained from other professionals in a privileged position to comment on the relationships (as evaluators, volunteers or staff members of sponsoring agencies for one or other of the parties involved in the relationship). In general, it was easy to meet with those whom I was seeking to interview. In a few cases, it was very difficult because of the large number of other commitments that very senior NGO staff faced. However, over four visits to the city, I was able to meet with all of those who I was seeking to interview.

In nearly every case, I approached staff directly, having been given a number of names when the senior staff member agreed that the agency would participate. In many cases, I followed up further staff members as a result of information I obtained during the first round of interviews. All interviewees were given a summary of the research stating the objectives, areas of potential interest and the methodology.

The average number of people interviewed for each case study was 6.8. The average number of Northern NGO staff interviewed per case study was 3.1 with the corresponding figure for Southern NGOs being 2.7 and with an average of one person in the "other" category (evaluators, volunteers or staff members of sponsoring agencies) being interviewed. In general, the larger the organisation, the more people are involved in decision making and hence the larger number of interviews. As noted already, in each case, a preliminary interview was undertaken to explain the purpose of the research and to gather basic information (including public information) about the agency. These preliminary interviews

are not included in the numbers given above.

The average length of time for the interview was between one and a half to two hours. (The questionnaire is given in Annex One.) In a few cases, the interviews were much shorter as the interviewee felt that they could only comment on a limited number of areas. This is particularly true for those who were not staff members of either Northern or Southern NGOs. Notes were taken during the discussions, which were typed up within 24 hours.

Access to internal documentation varied considerably between the different agencies. For the two Northern agencies with which I had direct personal contact prior to the research, I was granted open access to internal documentation. That is, I was allowed to look through the files as needed, helping myself to those documents that I considered to be relevant to the study. For the two other Northern agencies, I was allowed limited access. Selected items said to be relevant to the study were given to me. In the case of the Southern NGOs, in one case I was allowed open access, in two cases I was allowed limited access and in the remaining two cases I was given copies of public documentation but I was not given access to the private correspondence of the organisation.

### **Data Analysis**

As suggested by Yin (1994, 103-126), the data has been analysed in a number of ways. Yin's (1994, 103) objective and strategies for data analysis are summarised thus: "The ultimate goal is to treat the evidence fairly, to produce compelling analytic conclusions and to rule out alternative interpretations." His first strategy for data analysis is "relying on theoretical propositions," with a second strategy being "developing a case description." Yin (1994, 105)

further suggests: "... a descriptive approach may help to identify the appropriate causal links to be analysed." Whilst I did not, at any stage, rule out explanatory findings, I remained cautious about such possibilities. Hence, my initial strategy for data analysis is close to Yin's second strategy, with the development of a descriptive framework that emerged from the preliminary interviews and the literature on relationships between Northern and Southern NGOs. The theoretical propositions emerging from the literature on inter-organisational relationships were then considered in a search for possible explanatory factors.

Drawing on the discussions in Miles and Huberman (1993, 245-252) and (Yin 1994, 106), the main strategies for analysis have been theme and pattern searching together with clustering. Whilst Yin (1993, 110) emphasises that pattern matching procedures are not well developed, the ideas suggested by him and Miles and Huberman were helpful to this research process. Analysing the evolution of relationships through following time lines and looking at critical events has been an important complementary form of analysis.

The core issues of the research provided entry points for the data analysis when combined with the broad parameters used for the selection of the case studies. For example, through analysing the different experiences with respect to the setting and maintenance of mission and goals it became possible to study the influence of Northern NGO local offices on their relationship with their local counterparts. The six core issues taken together with the selection parameters provided a number of insights into the data, which are elaborated in the chapters below. Moreover, the issues also had a relationship to each other, such as the link between the setting of mission and goals and the stability of the organisation.

As I sorted and considered the data, a number of patterns emerged around each of the issues

and these are highlighted in the discussions that follow. For example, a number of patterns emerged around issues such as financial reporting and strategies for Northern NGOs seeking to realise their own objectives. Clustering enabled the concentration of cases within each pattern to be examined (Miles and Huberman 1994, 249-50). However, clustering was limited by the small number of case studies.

A further strategy, also suggested by Miles and Huberman (1994, 270), has been to follow up on "surprises" or outliers to the pattern-matching process, seeking to better understand why and how they have occurred. A number of such surprises are noted in the findings' chapters that follow. For example, the ability of one young NGO to manage a situation of uncertain funding without seeking additional financial stability has been an important example.

The time-line strategy for data analysis suggested by Yin (1994, 113) has also been used to explore a different set of insights into current tensions in the relationships being studied. In three cases, staff members no longer with the organisation were interviewed in order to get a better understanding of the evolution of relationships. In each of these cases, staff changes had taken place within the last three or four years. Such time lines provided for a more neutral exploration of relationships than was possible through the issues identified through the literature and the study of critical events. This historical analysis helped to identify a range of events and experiences that proved insightful when understanding the data.

Using the documentation and the interviews, critical events emerged in each of the relationships being studied. These critical events included an evaluation which culminated in a change of Chair, a change of personnel in the Northern NGO, hostile Kenyan government intervention in NGO activities, the more active involvement of the local community in the

project, a change in policy for the Northern NGO and a financial crisis for the Southern NGO. Many aspects of the relationships between Northern and Southern NGOs were illustrated through the responses of both agencies to such critical events. There was almost complete unanimity among those interviewed on both sides of the relationships with respect to these events, and their exploration played an important part in the data-gathering process.

As Miles and Huberman argue (1994, 262), the testing and confirmation of findings is a critical stage and therefore a further note should be added on the ways in which the verification strategy emerged through the research process. Miles and Huberman (1994, 266) suggest that a number of potential biases may enter the research process and I have sought to minimise these through the process of verification. Multiple sources have been used to understand the "story" of each relationship. These multiple sources were explored against each other. In some cases, similar interpretations emerged, in other cases the interpretations differed and I sought to ensure that I understood such differences in so far as I was able. The use of agency documentation was extremely helpful in suggesting lines of inquiry for the focused interviews. Access to such documentation (even where it was only partially available to me) helped to deepen the level of exploration of the detail of the relationships. Finally, the multiplicity of the case studies also facilitated verification, particularly when one agency was represented in more than one case. For those cases in which there is current funding, this was true for two Northern and one Southern agency. If the cases in which funding had recently been stopped are also included, this was true for two Northern and three Southern NGOs. The cross-checking of experiences around procedures and processes enabled the exploration of critical differences in the evolution of relationships from similar starting points.

Written documentation was available to verify a number of the details reported in the

interviews, including financial details, reporting requirements and the critical events that were used by interviewees to exemplify aspects of the relationships. However, in general, verification took place through interviews with different individuals within the same organisation. Whilst interpretation of events and influences varied, in general there was agreement about the factual details of what happened.

The findings are reported in Chapters Eight to Ten. A lengthier consideration of the rival theoretical explanations for understanding inter-organisational relationships is given in Chapter Eleven.

### **Confidentiality**

Confidentiality was offered both on a personal level and for the agencies participating in the research. The small size of some of the agencies, combined with the relatively small number of agencies involved in urban development in Nairobi, necessitated the double layer of confidentiality.

In the context of the subject being studied, I believe it to be important that the individuals being interviewed were confident that their remarks could not be traced back to them. As suggested by Yin (1994, 143), there is a need to protect both agency and individuals. Perhaps more importantly, given the sensitivity of funding relationships, there is good reason to believe that, unless interviewees believe their anonymity will be protected, they may not be honest in the interviews.

Yin (1994, 143-4) argues that confidentiality should only be used when necessary, both because it makes it harder for the reader to develop their own interpretation of the case

studies and the conclusions of the research and because of the practical difficulties in analysis. However, in addition to the pragmatic needs summarised above, I believe that there are ethical issues involved and that I should minimise any risks associated with the research, particularly the loss of funding and an increase in tensions within any relationship (Cresswell 1994, 148; Stake 1994, 244.)

Hence, I have sought to disguise the agencies by giving minimal information about their activities where it does not appear necessary to an understanding of the relationships being studied. With respect to quotations, these are attributed to post holders rather than to specific individuals. Occasionally, when a comment seems potentially problematic, small changes have been made to help disguise the source of quotations (Lee 1993, 178). In these situations, quotes have not been attributed to any organisation but rather to a generic post or some other post if the generic post does not appear to be sufficiently discrete.

### **Summary and Comments**

As already noted in Section Five, the research approach seeks to be appropriate to the subject matter of the research. The approach uses multiple case studies in a qualitative study of relationships within a group of Northern and Southern NGOs. The research process followed the expected path. A scoping study confirmed the selection of the city for the study. A number of NGOs (from both the North and South) were approached and nine agencies with six ongoing relationships involving project funding were identified. Within this group there were two relationships which no longer involved funding although there is still regular interaction between the Northern and Southern NGOs. Data was collected through multiple interviews in each organisation and through the study of relevant agency documentation.

Data was verified through cross-checking between sources, and was analysed through theme and pattern searching, time lines and critical events. Due to the sensitive nature of some of the subject matter, confidentiality was respected at all times.

Through such a research process, the relationships between Northern and Southern NGOs have been identified, explored and analysed. The following Chapters discuss the findings that have emerged from this research process.

## CHAPTER SIX

### NGO WORK IN NAIROBI

*Relations between Northern and Southern NGOs do not take place in isolation. As Chapters Two and Three have discussed, relationships have been influenced by development trends and the policies of state-financed development assistance agencies. Also important is the local context in which NGOs are working. This Chapter sets the general context for agencies working in Nairobi. It describes the growth of poverty in the city and the development needs of its poorer citizens. Drawing in part on the scoping study, Section Three presents an overview of the NGO sector working in Nairobi. Section Four looks more broadly at relations between NGOs and the government in Kenya. This general political situation is a difficult one as recent NGO legislation has sought to extend state control over the sector.*

#### **Urban Poverty in Nairobi**

Nairobi was founded in 1896 as a caravan trading depot (Lamba 1994, 165). The location proved a good one, attracting railway investment, and the settlement expanded rapidly. By 1905, it had a population of over 10,000 people (Lamba 1994, 165) and some eight years later, in 1907, it became the capital of the newly formed British East Africa.

During the colonial period, there were considerable restrictions on the physical mobility of Kenyans. In Nairobi, as in other colonial cities, zoning ensured the segregation of the three racial groups: Africans, Asians and Europeans. Only Asians and Europeans were allowed to own land within the city, and even business development was restricted for Africans. These early zonal areas that arose from colonisation are still reflected in the residential areas that

exist within the city. Today, these "African" areas contain some of the major low-income settlements in the city. Pumani, the oldest low-income settlement in Nairobi, was established in 1919. Kibera, now one of the largest low-income areas in Nairobi, developed from a site that was originally offered to Sudanese soldiers who had fought with the Kings African Rifles. The tenure of these early settlers was never entirely secure as the government reserved the right to reclaim the land at any time, and only semi-permanent structures were permitted (Lamba 1994, 167).

In 1948, Nairobi's population was about 120,000. Fifteen years later, at independence in 1963, the city had grown to 350,000. Rapid growth continued after independence and the population at the census in 1989 equalled 1.346 million (Amis 1996, 273). As the city has grown, so too have the low-income settlements and the problem of urban poverty. The informal settlements range in size from Kibera (commonly held to be the largest with an estimated population of 250,000 (Matrix Development Consultants 1993, 6)) to smaller settlements with just over 1,000 houses. The total population in low-income settlements is estimated to be 750,000, about 55 per cent of the city's population, and most are located in the larger informal areas, occupying just over 5 per cent of the city's land area (Matrix Development Consultants 1993, 6). The major problems facing the poor are access to houses and income-earning opportunities.

Access to land is a difficult issue throughout Kenya and particularly in Nairobi. From independence until the late 1970s, informal settlements in Nairobi and other cities were regularly demolished. During the 1980s, there was a greater policy of tolerance towards these areas and evictions did not occur on any great scale. In the 1990s, due perhaps to rising land prices, evictions started again in Nairobi. Most of these people were not squatters.

Instead they paid a well-placed individual to be allowed to stay. Those residing on public land generally live in the houses of those who have obtained temporary occupation licenses from the local authority or secured the agreement of the local chief (an administrative post in government) (Matrix Development Consultants 1993, 4-5). This system of insecure tenure and payments for rental space is a part of the ruling party's strategy to remain in control, as local powerful individuals are rewarded with allocations of land.

Infrastructure and services are poor. Government institutions are unable to provide basic facilities and low levels of ownership mean that, in many settlements, it is difficult to initiate community improvements. Water supplies to low-income areas are unreliable and inadequate (Alder 1995, 102). An estimated 85 per cent of households have to buy water from private water vendors, generally at considerable cost, with prices being substantially higher than those paid in areas served by public supplies (Matrix Development Consultants 1993, 9). There is generally no mains sanitation or drainage (excluding self-help efforts among the communities). An estimated 94 per cent of those living in squatter areas do not have access to adequate sanitation. Drainage is non-existent in most areas, leading to pools of stagnant water. Where drains do exist they are often choked with garbage. The City Council is responsible for infrastructure and services including water, sanitation, drainage, roads, garbage disposal and health care, but they have never serviced the informal settlements. Basic services are poor and garbage is rarely collected. Nairobi City Council has been unable to provide regular garbage collections in all areas of the city for some years and in the informal settlements they do not make regular collections (Matrix Development Consultants 1993, 10). Education and health services are also lacking (Matrix Development Consultants 1993, 11-12).

There is considerable poverty in Nairobi. Average incomes are below KSh 2,000 per month and many earn less than KSh 1,000 (Matrix Development Consultants 1993, 6-8; Lamba 1994, 169). In 1996, a report for ActionAid estimated that 30 to 40 per cent of those living in low-income settlements in Nairobi were considered to be the absolute poor (Malombe et al., 1996). Whilst income estimates are extremely difficult, there is a consensus that the majority of those living in the informal settlements of Nairobi are living in extreme poverty (Matrix Development Consultants 1993, 6-7). Amis (1996, 281) reports data demonstrating the extent to which children in Nairobi are suffering from malnutrition. He suggests that poverty may have increased in the 1990s, with the average wage in 1992 equal to half that in 1980.

The number of women-headed households is estimated at between one-quarter and one-third of low-income households (Amis 1996, 279). The difficulties associated with low incomes for women are compounded by the breakdown in family structures, the traditional gender roles in household care which leave little time for income generation and difficulties faced by women seeking access to more lucrative trades. Most earn their living in the informal economy in a range of productive and trading enterprises located within these settlements. Informal trading (known as hawking) of vegetables and fruits, sweets, cigarettes, charcoal, clothes, household items and cooked food is an important source of income. More generally, a high proportion of the urban labour force works within the informal economy (SNV 1993, 16-7).

Local government is weak. For many years, the councillors elected to Nairobi City Council showed little interest in furthering the general interest of urban dwellers (Alder 1995, 89). In 1983, the City Council was abolished by the national government (due to gross

mismangement and poor delivery of services) and replaced by an appointed Commission with members nominated by the Ministry of Local Government (Bubba and Lamba 1991, 46-7). Bubba and Lamba (1991, 47) suggest that the new Commission struggled to manage the city and, between 1983 and 1991, the Commission had five different chairs and five town clerks; in general, services declined and little progress was made in other areas such as urban management or economic development. City administrators argue that they have no mandate to service informal areas and to do so would be to give legitimacy to illegal residential developments (Lamba 1994, 168). However, more recently, there seems to be some willingness by the state to consider such problems and a Working Group on Informal Settlements has been convened by the Provincial Commission.

In part, the difficulties in local democracy may reflect national politics. In 1992, following a decision to return to multi-party democracy, the state agreed that Nairobi's City Council would once more be elected. However, whilst the winner of the national election was KANU (the dominant and previously the only political party), the opposition parties took control of Nairobi. Gradually, government institutions adapted to this situation with joint commissions exploring a number of critical issues related to urban management and urban poverty. A public meeting in Nairobi (July 1993) resulted in citizen's views being drawn together in a comprehensive plan for improved urban management. Whilst the plan as such has never been implemented, Alder (1995, 89-91) argues that the convention and follow-up proposals illustrated the depth of public concern about urban management issues within the city.

As shown here, in its efforts to address urban poverty, the NGO sector has to contend with a history of colonisation and a segregated city. There is a lack of secure tenure and poor housing that is itself a function of the political system and its need to offer financial benefits to

its supporters. Local government does not have the capacity to provide services and has alternated between appointed and elected members, in part reflecting broader political pressures.

### **NGO Activities Related to Urban Poverty in Nairobi**

In the absence of government provision, a number of Kenyan NGOs have been working in Nairobi's informal settlements. Their work includes a wide range of different issues such as land and eviction, infrastructure and services, income generation and special assistance to groups particularly in need. Matrix Development Consultants (1993) illustrates a number of different NGO activities including:

- assisting in the development of 14 public water kiosks and community-built ventilated pit latrines;
- installing cement-lined drains in one area of Korogocho;
- developing income-generation programmes for women hawkers who have recently been released from prison for hawking illegally; and
- offering micro-finance for housing and income-generation.

In an inventory of NGO activities, Matrix Development Consultants (1993) identifies NGOs working in all but the highest-income administrative division in Nairobi. In total, 80 voluntary organisations are working in the informal settlements of Nairobi.

Matrix Development Consultants (1993) analyses each agency's activities both by geographical area (divided into the seven administrative divisions in the city) and by the sectors in which the agencies are working. Many are geographically concentrated, with 36

agencies working in one administrative division. Twenty-four are working in more than one area with no information being given for the remaining 20. The sector categorisation includes: education, health, housing, recreation, waste disposal, water and welfare, plus several other individual entries. Forty-nine of the 80 agencies work in education and 31 work in health. Many agencies are small, with some 47 of the agencies working only in one sector. Thirteen are involved in housing, five in water and sanitation and two in waste disposal. Most of the remaining 33 agencies work in two or three sectors. Only one of the 80 agencies for which information has been collected is working in five or more sectors whilst seven are working in five or more geographical areas.

Matrix Development Consultants (1993, 33-44) provides some general information on NGOs' origins. Of the 80 NGOs from whom information was obtained, 41 are local, 29 classify themselves as foreign, no indication is given for nine of the organisations and one is said to be a community-based organisation. Some of the 80 agencies covered in the report are Northern agencies that only fund Kenyan NGOs whilst others are operational in the South.

The report suggests that the NGO working in urban areas is typically an agency that works in one administrative division and is involved in the distribution of one (or possibly two) primary services. A minority group of NGOs tend to be bigger, working in more than one area and more than one sector. Most of those working in more than one administrative division are working in more than one sector, although there are also several agencies only working in one administrative division but in multiple sectors. Most agencies are spatially and sectorally concentrated.

Thurman (1994, 2-3) identifies a number of concerns related to donor and NGO relations in

Kenya. She argues that there are a number of shortcomings with Northern funds: too much pressure for the delivery of products and therefore a lack of support for institutional capacity; and short-lived donor priorities that change annually resulting in rapid changes in direction for Southern NGOs and a lack of competency in any single area. The NGO Council (Annual Report 1994/5) indicates that it is concerned that donor agencies are too influential with respect to the internal agendas of Kenyan agencies. In a regional study of the perceptions of both NGOs and grassroot organisations, a staff member of one Kenyan agency was quoted thus:

They [the donor agencies] should give us money but should not dictate what we should use the money for. Sometimes we want to set up our own income-generating activities such as consultancies, training centres or services such as accommodation units but donors would not hear of it. (Gariyo 1995, 133)

Relations with the state are difficult. As noted above, for many years the government has done little about urban poverty, allowing the informal settlements to develop with little concern about the quality of housing, service provision and employment opportunities. More recently, with the setting up of the Working Group on Informal Settlements, some of the specific government agencies with responsibility for urban development are showing a greater willingness to respond to the needs of the poor. However, many NGOs believe that the state places little priority on addressing the needs of the poor. For these and other reasons, there is a long-standing tension between NGOs and the state in Kenya. The following section considers the broader political context within which NGOs are working.

## **Kenyan NGOs and their Relations with the State**

The general political context within which NGOs are working in Kenya is considered by many to be a difficult one (Adiin Yaansah 1995, 24; Holmquist and Ford 1995, 177; Kathina 1994, 45; Ndegwa 1996, 25-6; Southall 1999, 108). Holmquist and Ford (1995, 177) suggest that these tensions need to be understood within broader political and economic trends. In particular, they argue, the global recession in the 1980s resulted in declining real incomes for most Kenyans. Frustration among the Kenyan middle classes and the growing popularity of opposition to KANU (the leading political party) led to increasing political tension as KANU and President Moi sought to consolidate their hold on power.

In this context, Ndegwa (1996, 27) suggests that the NGO movement has become a significant source of opposition to the government. He identifies several organisations that have played a particularly important role in resisting increasing state control: the Law Society of Kenya and the National Council of Churches during the election process, and the Green Belt Movement when it forced the government to abandon development plans in Nairobi in a public confrontation during 1989 (Ndegwa 1996, 27 and 36-7). In addition to this explicit political opposition from the NGO sector, Homquist and Ford (1995, 181) suggest that during the recent past, President Moi has been particularly concerned at the "...sector's prominent, critical (and often Kikuyu) leadership." (Moi himself is a member of the Kalenjin community.) At the same time, Maina (1998, 147-8) notes that many Kenyan voluntary associations are inward looking; she argues that whilst this "...might be read as a sign of civic apathy, we suggest it reflects widespread lack of trust in existing political and state institutions."

In 1990, the Kenyan government introduced legislation to provide a new legal framework for NGO activities through the NGO Coordination Act, and further regulations followed in 1992. The Act is seen by many commentators as an attempt by the Kenyan state to increase control over the NGO sector (Adiin Yaansah, 1995, 24 and 43-5; Holmquist and Ford 1995, 181; Kathina 1994, 45; Ndegwa 1996, 25-6).

In addition to the factors mentioned above, the government's longstanding concern about the NGO sector may have been further increased during the early 1990s as the international donor community increased pressure on the state (and KANU) to introduce political change, whilst at the same time continuing to fund NGOs (Holmquist and Ford 1995, 180-1; Maina 1998, 154-6). Robinson (1994, 48) estimates that some US\$ 1 billion of development assistance was held onto by bilateral agencies in order to persuade the Kenyan government to agree to legalise opposition parties and hold multi-party elections. Holmquist and Ford (1995, 181) suggest that NGOs have benefited from increased financial support because of the reluctance of donors to support the Kenyan government. The relative importance of the NGO funding is indicated by Ndegwa (1996, 20) who notes that, in 1991, NGOs working in Kenya received 18 per cent of official development assistance.<sup>1</sup> More generally, Adiin Yaansah (1995, 7) suggests that there is evidence of a link between the role of international development assistance and local NGO legislation. In a four country review of NGO legislation, he argues that:

One hypothesis arising from this study, is that the increasing dependence of such governments on large numbers of foreign NGOs, and the activities these foreign NGOs undertake or fund through local organisations, are the major factors that have

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<sup>1</sup>

The allocation of land in Nairobi referred to earlier in the Chapter is one example of the type of practices that have made official development assistance agencies reluctant to trust the state.

promoted governments to respond by introducing regulatory frameworks. For many governments, NGOs represent the long arm of external political interest **intervening in their domestic affairs** (original emphasis). (Adiin Yaansah, 1995, 7)

NGOs were both suspicious of and opposed to the proposed legislation. Lamba (quoted in Kathina) argued that the government's intentions were related to "...political and security considerations that had nothing to do with capacity building in this sector" (Kathina 1994, 46). Kathina (1994, 46) summarises interviews with about 50 development agency staff noting that: "Over half the respondents argued that the Government had set a precedent of controlling and co-opting any sector that was seen as a threat." However, Ndegwa (1996, 38-50) suggests that the Act did NGOs a service in bringing them together in coordinated opposition. Prior to this resistance, the sector did not collaborate in many activities. In order to resist the Act, a standing committee including international, Northern and local NGOs (with the latter being in a majority) was formed. The committee lobbied national government intensively during the early 1990s and some amendments were secured.

The 1992 Act requires the registration of all NGOs under a Non-Government Coordination Board, with registrations being renewed every 60 months (Ndegwa 1996, 31-7). Applications must be accompanied by minutes, a constitution, registered office and postal address, a proposed annual budget and information about sources of funding. Under the Act, the NGO sector is regulated by a Board with 23 members, seven of which are representatives of the NGO sector itself. The Board may cancel registration of any organisation if it is felt not to be acting (or is about to act if not yet registered) in the public interest. In addition to the Board, an NGO Council has been set up with responsibility for assisting in the coordination of NGO activities. The intention of the state (as expressed in the legislation) is that the NGO council

is responsible for the formulation and implementation of a code of practice for its members (Adiin Yaansah 1995, 53-4). To pre-empt the damaging effect of the legislation, a self-regulatory framework together with an agreed code of conduct was launched by the NGO Council in 1995. By the end of 1995 (the date by which NGOs had to be registered), some 456 organisations had been registered under the NGO Act.

In the course of broadly assessing relationships between governments and NGOs in countries of the South, Clark (1995, 598) suggest that relationships in Kenya are "...adversarial with no common starting points and no will for an agreement." In 1992, multi-party elections returned the KANU party to power. During and after the election, many organisations within both the church and the NGO sector followed an empowerment agenda seeking to encourage political change and participatory democracy (Ndegwa 1996, 8). Due both to this and to continuing economic and political difficulties, the government's suspicion of NGOs remained. In 1994, it de-registered one NGO (The Clarion) on the grounds that it had published "...distorted material that damaged the reputation of the government; the material repeated allegations of corruption" (Jaffer, director of the NGO Council, personal communication).

There is little consensus about the implications of the Act for the NGO sector. Clayton (1994, 4) and Mbogori (1994, 105) both suggest that it may be hard for Kenyan NGOs to undertake lobbying and advocacy work now that the Act is in place and hence NGOs may seek to be seen to be non-threatening and non-partisan towards the government. However, Holmquist and Ford (1995, 181) suggest that NGOs in Kenya (both before and after the Act) have made interventions in the political arena which have succeeded in opening up a political space and increasing the scale of independent political activity, although they also conclude that NGOs have not been strong enough to hold the government more accountable.

As noted by Maina (1998, 156), one objective of donors in funding civil society is to provide a challenge to current governance practices. (Her analysis of donors does not in general distinguish between official bilateral agencies and Northern NGOs.) The donor community, she argues, is anxious for the NGO sector to catalyse a process of social change. However, whilst recognising the limitations of the present government, Maina (1998, 160) believes “...there is a danger that donors may end up funding projects that resemble what they see in their own countries as opposed to what might be more urgent for the recipient country.”

### **Conclusion**

The city of Nairobi was founded during the colonial era. The formation of the colonial city, and particularly the spatial segregation of the races, is still seen in the location of the low-income settlements within modern-day Nairobi. Due both to colonisation and to more recent economic developments, including global recession, the situation of the urban poor has long been a difficult one. Families suffer from poor housing, and inadequate infrastructure and services. Political and economic trends within Kenya during the 1990s have made their situation increasingly difficult. Local government has done little to address the needs of those living in the low-income areas and, as the struggle for control of high-value land intensifies, there has been a return to evictions. This situation is itself directly linked to the wider political context and the use of land as a reward for political favours (SNV 1993, 8).

The NGO sector in Nairobi faces an increasing demand from the urban poor. There are some 80 NGOs seeking to reduce urban poverty and they work in a broad range of different sectors. Many of these agencies are small, just under half work only in one administrative division and just over half work only in one sector. A estimated third of these NGOs receive

funding from overseas. Those that do not are small voluntary endeavours, often church related. The NGO sector itself has struggled to work together and it is considered by a number of commentators to suffer from competition. There are some concerns about the autonomy of local NGOs, given their dependence on external funding.

Within a wider context, the government had long been suspicious of the independence and nature of the NGO sector. Kenyan NGOs working in Nairobi have a problematic relationship with the state beyond the difficulties of addressing inadequate welfare provision and urban management policy and practice. Since the beginning of the 1990s, the state has sought to extend control over the sector with new legislation. The long-term effects of NGO legislation on Kenyan and Northern NGOs are uncertain. On the one hand, it is suggested that NGOs have continued to oppose the state. However, it has also been suggested that NGOs are increasingly reluctant to undertake lobbying and advocacy because of the potential risks. Broadly speaking, throughout the 1990s, Kenyan NGOs have experienced an increasingly hostile local context as the government treats their actions with suspicion, in part because of their foreign connections.

Turning to relationships between Northern and Southern NGOs in the city, opposing state legislation has brought these NGOs together, although it is not clear that collaboration has spread into other areas. The NGO sector in Kenya is financially dependent on the North as a result of Kenya's colonial past and present position in the global economy. As individual organisations, Kenyan NGOs face difficulties in securing the funds that they need for their work and to secure organisational stability. Many of the agencies are small and struggling to grow. There are some indications of tensions between Northern and Southern NGOs over the direction of development activities and other issues featured in the research questions.

As noted in the previous Chapter, Northern NGOs have a longstanding presence in Nairobi.

This Chapter suggests that in addition to tensions in their relations with the local NGOs that they fund, they may also potentially face difficulties in their relationships with the state.

## CHAPTER SEVEN

### AN INTRODUCTION TO THE AGENCIES AND THEIR RELATIONSHIPS

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*Chapter Seven provides an introduction to each of the agencies that have participated in the research and describes the relationships that are being studied. The Chapter seeks to provide a factual background to enhance readers' understanding of the more analytical discussion in the following Chapters.*

#### Introduction

The first Section in the Chapter gives a short description of the current activities, objectives and the scale of each agency's operations. This includes a comment on the sources of funds for the their work. The second Section describes the relationships, giving information on areas that are related to the key research questions. The discussion covers the scale and significance of funding, the stability of the funding flows, non-financial aspects of the relationships studied and mechanisms by which the Southern agencies are held accountable for the funds received. The major sources of information and verification for this Chapter are donor reports, audited accounts and documents available to the general public. In some cases, quotations are used to illustrate and expand on the processes being described.

#### Introduction to the Agencies

##### *The Kenyan Agencies*

There are five Kenyan agencies that are included in the study and some basic comparative information is provided in Table 7.1. As can be seen, there is a range of ages and size when

measured by number of staff and turnover.

**Table 7.1: The Kenyan Agencies**

	Approximate Age	Number of Staff	Annual Turnover (1996)
Children in Need	Between 10-20yrs	0-5 staff	£9,000
Community Health	Less than 10 years	6-10 staff	£11,700
The Habitat Network	Less than 10 years	1-5 staff	£41,500
Legal Education	Less than 10 years	21-50 staff	£180,600
National Organisation for Development	More than 30 years	over 50	£2,708,600

**Children in Need:** Children in Need is a small NGO which assists disabled children through a community-based rehabilitation programme. Its activities include home visits to parents with disabled children, playgroups to bring together children with disabilities and their parents, and the provision of low-cost aids to assist in child development. The agency works mainly within one low-income settlement in Nairobi.

During the early 1990s, the group received funds from a church NGO and funding from bilateral and multilateral agencies with offices in Nairobi. They have also been donated equipment from another agency. At present, their only source of funds is a grant from a Northern NGO, Neighbourhood Development. The benefiting families pay a small amount towards the cost of services but this is not a significant contribution to their annual income.

**Community Health:** Community Health is a small NGO based in one of Nairobi's informal settlements, providing relief and assistance to people suffering from AIDS and the HIV virus,

and their families. The NGO is currently working within ten villages in one of the largest informal settlements in Nairobi, offering basic health care and support for those with AIDS and HIV. The NGO also assists those orphaned due to the AIDS-related deaths of their parents, and supports a local AIDS education programme for young adults and children.

Community Health is dependent on a single Northern donor (Neighbourhood Development), raising only small additional amounts from local charitable sources in Nairobi. The NGO has constructed their office and a school for orphans on land that the local authority has given to them free of charge. They receive donations of food, books and clothes from local people. They have also negotiated a number of free government services for the community that they work with including free training, free blood tests, free condoms plus other family planning services and vaccinations for the orphans.

**The Habitat Network:** The Habitat Network is an information and advocacy network in housing and urban development with a particular focus on the shelter needs of the poorest. To achieve this objective the organisation undertakes advocacy with respect to housing policies, community exchanges and information dissemination.

The network includes organisational members (who pay a small one-off fee) and individual members (who do not have to make any financial contribution.) The NGO has no further financial resources of its own. The costs incurred by the organisation are met by funds from donor agencies and, since its inception, this Southern agency has been reliant on two Northern donors. One of these, Participation for Development, has also provided the physical place and legal body under which the agency has been conducting its work. The second major source of funds has been Grants for Change. This funding was "...instrumental

in enabling the activities of the organisation to begin" (as explained by the previous coordinator) and consistent support has been offered throughout the life of the organisation. More recently, the network has started to receive funding from a third Northern NGO not included in the study.

**Legal Education:** Legal Education is a specialist NGO providing legal advice on issues such as land, employment, domestic disputes and rental agreements. The NGO assists 400-500 clients in an average month. There is also a legal outreach programme to increase community understanding of the law and legal issues. Three further activities are research, dissemination of information on recent laws, and advocacy on legislation currently being considered which affects the urban poor .

Legal Education has had longstanding financial support from Grants for Change and it now receives funds from a further four Northern NGOs from Canada, Sweden, the Netherlands and Germany. At an earlier date, the organisation received funds from Neighbourhood Development. The organisation was financed primarily through project-based funding but, in 1996, they moved to a single programme of work with each of their donors agreeing to fund a share of these activities.

**National Organisation for Development:** The National Organisation for Development is a federation of church groups that has been active in Kenya for over four decades. At present, the organisation divides its work into four main areas of activity: a theology programme; a capacity-building programme working with member organisations; a development programme to support member organisations in a number of specific sectors such as emergencies, rehabilitation, sustainable agriculture, and income generation; and an advocacy programme

for members and other organisations. The organisation seeks at all times to further the direct development work of its member churches.

The council is supported by many different donors, including local funders, Northern NGOs and bilateral and multilateral development assistance agencies. Funding relations with its major donors are partially managed through the donor consortium meetings which occur at three-yearly intervals. Bilateral discussions also take place with each of these agencies and with a range of other donors. In 1995, 50 per cent of the expenditure was financed by foreign donor agencies, with the remaining costs being covered by local donors and income-earning activities of the organisation.

### *The Northern Agencies*

Four Northern agencies are included in this study (see Table 7.2), all of which are over 20 years of age. Two support a very small number of Kenyan agencies and the other two support a much larger number (18 in one case and 30 in the other). The scale of their

**Table 7.2 The Northern Agencies**

	Approximate Age	Number of Kenyan agencies supported	Scale of Operation in Kenya (1996)
Church Exchange	More than 30 years	2	Less than £0.5 million
Grants for Change	More than 30 years	Approximately 30	Between £2-2.5 million
Neighbourhood Development	21-30 years	18	Less than £1 million
Participation for Development	More than 30 years	3	Between £0.5-1 million

financial support for Kenyan activities varies from £0.2 million to £2.5 million and, in every case, Kenya is only a part of a broader set of activities.

**Church Exchange:** Church Exchange is a long-established, church-based UK NGO supporting development in the South and development education in the UK. During the last decade, the agency has worked with only two partner agencies in Kenya, one being National Organisation for Development. The focus of the support (particularly in recent years) has been on women and health. During the mid-1990s, the ex-desk office responsible for Kenya was on secondment to the National Organisation for Development to offer organisational development and capacity-building support.

Within the Kenyan context, the organisation supports regional advocacy and campaigning work. The Kenyan desk is now looking to expand contacts with new organisations in a number of critical areas, including urban development.

The agency provides financial assistance for local development agencies, seeks to support mutual understanding between people across the globe, and undertakes direct advocacy and campaigning on issues of global poverty. In addition to providing funds, the organisation seeks to otherwise support the work of local partners, including through the provision of development information for a UK and international audience. The organisation raises funds from a number of sources, including the general public, member organisations, government funding agencies and the corporate sector.

**Grants for Change:** The third Northern NGO is a foundation with a number of regional offices throughout the South. As with the other regional offices, the major function of the

agency is to distribute funds. The East African regional office (based in Nairobi) has a number of priorities, including social justice, community development and education. Whilst Grants for Change is mostly known for its donations, one of the desk offices interviewed noted that "...we seek to help agencies with more than money... we are anxious to give them a greater capacity and confidence. More specifically, this involves staff development and institutional development with staff training, visits to other projects, etc."

Unlike all other agencies, Grants for Change has a policy of completing the provision of financial support. The desk officer explained that when funding for a Kenyan organisation is to be phased out, "...there is generally a tie-off grant to enable the organisation to obtain alternative funds. This might be slightly larger than the previous grants."

The agency is funded through its own trust funds and therefore does not have to raise additional monies.

**Neighbourhood Development:** This is primarily an operational NGO. The agency works in a number of areas including education, water and enterprise development. In addition to these activities, it also has a small "NGO programme" to finance and support the organisational development of Southern NGOs, which provides a range of services and activities to organisations that it works with. Staff in the programme seek to assist small Kenyan NGOs to grow into effective and established organisations able to raise funding independently to realise their own objectives. The agency provides funding for both project activities and overheads, but it considers that the training and ongoing organisational development advice that it offers is as, if not more, important than funds. In addition to individual support, annual meetings help networking between organisations.

The agency finds it difficult to obtain sufficient funding to support local NGOs and this has resulted in some constraints on the scale of the programme. Activities are currently supported both by funds that the agency raises from the general public and by bilateral development agencies.

**Participation for Development:** Participation for Development is a specialist international agency with a small number of country offices in Latin America, Africa and Asia. Each office focuses on a number of specific sectoral areas. Within Kenya, agency staff work particularly in agriculture, energy and urban poverty, and present activities include both direct operational projects and support for a number of Kenyan networks. Priority areas of work are determined by the Kenyan office of the NGO.

Participation for Development funds are drawn primarily from three sources: contributions raised from the general public; the UK government; and project-specific funding contributed by several agencies supporting research and development work in the South. The Kenyan office receives some funds from the UK head office and raises additional money directly through development agencies granting funds in Kenya.

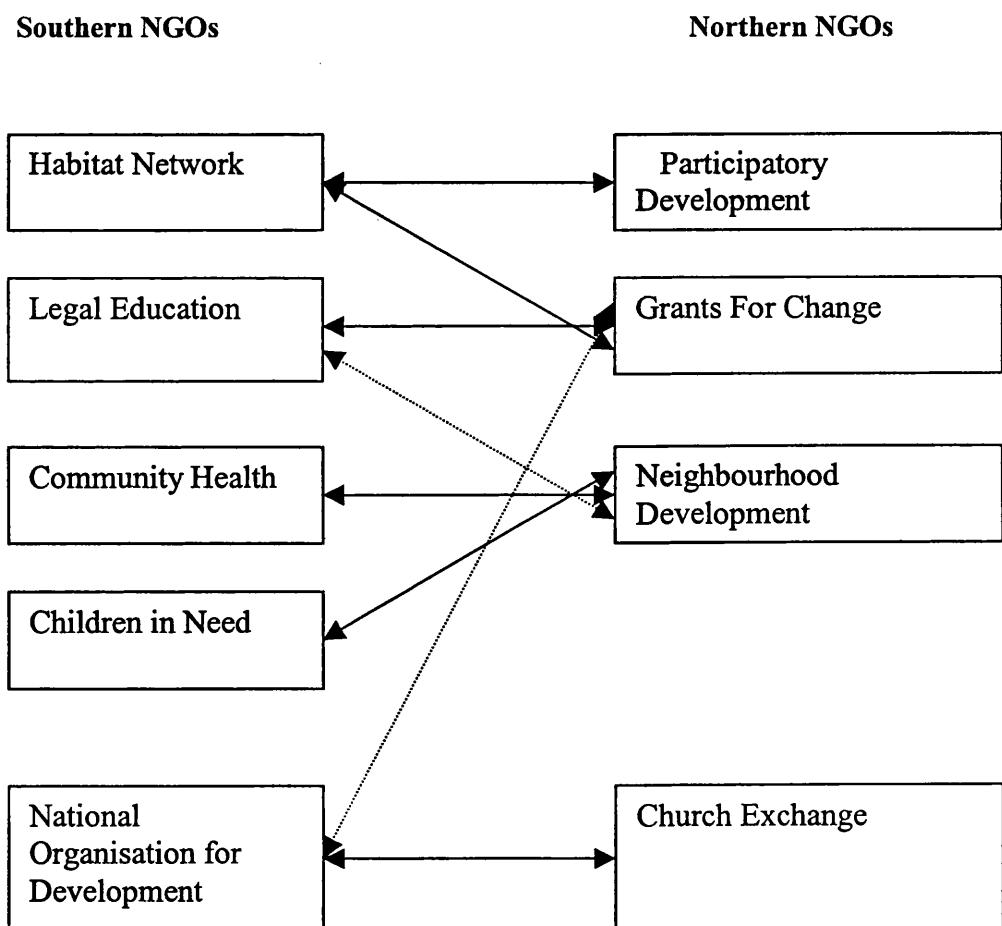
### **The Relationships**

Six relationships form the core of this study. These are shown on the diagram on the following page, with the lines indicated in bold (Figure 7.1). In addition to these present relationships, there are two past funding relationships within the group which are indicated by the dashed arrows. During the course of the interviews, some staff and board members extended their discussion to include these two additional relationships, and supplementary

interviews were also undertaken.

This section seeks to introduce these relationships in order to enable a better understanding and appreciation of the more problem-focused discussions that follow. The following Chapters deal with the substantive issues of the research. This Section describes some of the characteristics of the relationships, including funding and reporting requirements.

**Figure 7.1: Relationships between NGOs included in this Study**



### *The Scale and Significance of Funding*

Annual funds provided by each Northern NGO to each of the Southern NGOs are reported in Table 7.3. Columns Two and Three indicate the scale of Northern NGO funding and Column Four indicates the level of financial dependency in these relationships for each of the five Southern NGOs. Every Southern NGO receives at least 20 per cent of their funding from the

**Table 7.3 Resource Flows to Southern NGOs (1996)**

Southern NGO	Donor agency	Total turnover of S NGO	Donor's share of S NGO budget	Other resources offered to the Southern NGO
Habitat Network	Participation for Development	£41,500	40%	New funding contacts, staff and office support
Habitat Network	Grants for Change	£41,500	60%	Invitations to workshops and meetings
National Organisation for Development	Church Exchange	£2,709,000	10- 20%	Staff secondments, training, UK visits
National Organisation for Development	Grants for Change	£2,709,000	-	Invitations to workshops and meetings
Legal Education	Grants for Change	£180,600	27.5%	Invitations to workshops and meetings, visits to other NGOs
Legal Education	Neighbourhood Development	£180,600	-	Informal contacts, possible contracted services
Community Health	Neighbourhood Development	£11,700	100%	Training, advice
Children in Need	Neighbourhood Development	£9,000	75%	Training, advice

Northern NGO and, in many cases, the percentage is much higher. The Table also summarises the non-financial services provided by the Northern NGOs to the Southern

agencies. Information is given for all eight relationships including the two for which there is no current funding provided by the Northern NGO.

The Table does not report the historical position although this was explored in the interviews. As might be expected, financial dependency appears to be highest when the agency is young. Both Habitat Network and Legal Education were either fully dependent or 80 per cent dependent on a single donor during their first two years of operation. During the course of the study, it emerged that in the case of two of the Southern NGOs (Habitat Network and Children in Need), a Northern NGO donor played a major part in their inception, acting as the single sponsoring agency. In a third case (Legal Education), a Northern NGO donor supported a major change of direction for the agency, including its professionalisation and the acceptance of development assistance funds from overseas. This scale of involvement in the inception of agencies was unexpected and the broader implications of this involvement in the inception of agencies are further examined in Chapter Twelve.

Table 7.4 shows the financial relationships viewed from the perspective of the Northern NGOs. The Table indicates total turnover in Column Three and the funding allocated to Kenya as a proportion of total agency expenditure in Column Four. Column Five gives the percentage share of Kenyan funds received by each of the Southern NGOs included in this study, and indicates the extent to which each Northern agency is dependent on these particular Southern NGOs for their work in Kenya.

#### *The Stability of Funds*

The literature review of relationships between Northern and Southern NGOs highlights the difficulties of dealing with project cycles that are short and which therefore results in

uncertainties with regard to future funding. Table 7.5 below gives information on the period of funding to date, the current contract length and the Southern NGOs' planning cycles. Only those NGOs currently being funded have been included in this table.

**Table 7.4 Northern NGO Funding for Southern NGOs (1996)**

Northern NGO	Recipient agency	Turn-over - £ million	Percentage of agency funds allocated to Kenya	Share of N NGO's Kenyan funds	Resources sought from Southern NGOs
Participation for Development	Habitat Network	8	12%	2.5%	Close link with other work
Grants for Change	Habitat Network	235	1%	1.8%	-
Grants for Change	National Organisation for Development	235	1%	-	-
Grants for Change	Legal Education	235	1%	6.1%	Training and support to regional network
Church Exchange	National Organisation for Development	40	Less than 1%	66.6%	Host to UK visitors
Neighbourhood Development	Legal Education	35	10%	-	-
Neighbourhood Development	Community Health	35	10%	4%*	-
Neighbourhood Development	Children in Need	35	10%	5%*	-

\* Of total funding to Southern agencies.

All of the relationships that are being studied have been in existence for a number of years. Nevertheless, current contracts are for restricted periods; in general, this is because the Northern NGO itself has uncertain funds. What is immediately evident from Table 7.5 is that there is rarely a match between project funding and the Southern NGOs' planning cycle.

**Table 7.5: Period of Project Funding**

	Period of funding	Period of current agreement	Southern NGO planning period
The Habitat Network: Participation for Development	8 years	3 years	3 years
The Habitat Network: Grants for Change	9 years	2 years	3 years
Legal Education: Grants for Change	9 years	2 years	3 years
National Organisation for Development: Church Exchange	More than 30 years	1 year	2.5 years
Children in Need: Neighbourhood Development	5 years	1 year	1-2 years
Community Health: Neighbourhood Development	6 years	1 year*	3-6 years

\* Now to be increased to 3 years

### *Accountability<sup>2</sup>*

The discussion below outlines the mechanisms that are used by Northern NGOs to hold the Southern NGOs accountable for the monies received. The three major procedures are reports, visits and evaluations and they are discussed here in turn. A number of less common procedures were also mentioned by interviewees and these are also briefly described.

<sup>2</sup>

Brown and Moore (2001, 570-1) discuss the concept of accountability in the context of NGO relationships providing a useful introduction to its scope and nature. The discussion here is confined to contractual accountability related to grant payments.

**Reports:** All of those Southern NGOs receiving funds from Northern NGOs are expected to report to them on a regular basis to account for their activities and expenditures. Whilst reporting frequencies differ, all are for periods of less than or equal to one year. Exceptionally, Neighbourhood Development also require unlimited access to all the accounting information and that their auditors complete the annual audit. These requirements are specified in the project contracts. Should the organisation receive funds from other donors, they are expected to notify Neighbourhood Development. In other relationships, the donors explained that whilst they would wish to be informed of other funds received this is not a requirement.

For those Northern NGOs not based in Nairobi, the common pattern that emerged (and which was confirmed by the reporting requirements that Southern NGOs had towards other Northern NGOs from whom they received funds) was one of an annual report and an annual visit.

With regard to the format and information required, the staff of Southern NGOs who were interviewed emphasised that, in general, different donors have different preferences and therefore several reports are required if a project has multiple donors. The exception to this situation among the Southern NGOs being studied is Legal Education, who have taken advantage of their proposal that their donor agencies fund a common programme of work to ask them to accept a common reporting format. Although this new agreement has not been in place for long, the director believes that it is working well. She explains that: "The reports have information on activities, constraints, methods used, lessons learnt, general observations and budgets. If additional information is required is it related to a particular area of interest and it is not an investigation... occasionally they want more information but this is not onerous."

Despite the level of project and financial reporting, the staff of Northern NGOs generally seemed to feel that they had a poor knowledge of what was taking place within the projects they supported. For example, when the previous desk officer took her sabbatical from Church Exchange to work with NCCK, she explained: "I was glad to go as I felt that Church Exchange put their money in but did not really know what was happening." One of Legal Education's European donors noted that "...there are obvious difficulties in understanding what is going on from [project] reports." For this reason, many augment reporting with other means of accountability.

**Visits:** In addition to the reporting commitments, a second mechanism for ensuring accountability is Northern NGO staff visits to the Southern agencies that they are funding. These are considered by both parties to be important for managing the relationships and (as expressed by Northern NGO staff) of substantive significance in ensuring accountability of the Southern NGO to the Northern donor. Northern agencies based outside Kenya made annual visits to the projects they supported with occasional additional visits being made by technical advisors or more senior staff. Northern NGOs with local offices make more regular, sometimes informal, visits.

In addition to the formal reports and visits, staff of Southern NGOs mentioned the importance of informal contacts. Northern NGOs with Nairobi-based offices are visited regularly. Both the staff of Habitat Network and Legal Education emphasised that they kept donors up to date with activities on a frequent basis. The coordinator of the Habitat Network commented that: "We try to see them every three months to keep in touch." A number of the Southern agencies emphasised the importance of such visits, which were positively received in every case by both groups of agencies. A senior staff member of NOD specifically mentioned that

"good" Northern NGOs are those that "...made regular visits to discuss and resolve problems."

**Evaluations:** In addition to reports and visits, a third major tool to ensure accountability is evaluation. Only Neighbourhood Development brought evaluations into their regular cycle of support to Southern NGOs. The project officer at Grants for Change responsible for Habitat Network explained that: "Most proposals do not have evaluations attached and there is no requirement for evaluation." However, Grants for Change, Participation for Development and Church Exchange have all made irregular use of evaluations in the case of the Southern agencies included in this study and four of the five Southern NGOs have been evaluated in the last three years. Grants for Change was active in their support for the evaluation of Legal Education because they believed that it would help to address: "... some difficulties that Legal Education was facing." The staff member was anxious to emphasise that the agency did not influence the evaluation process itself although the project officer noted that "we suggested the person who was asked to do the evaluation." Legal Education staff themselves believed that the evaluation was very much their own activity. The director noted that "...the evaluation sent to donors but none made substantive comments or asked for amendments."

**Other mechanisms:** Two less frequently used tools to increase accountability that were mentioned during the course of the interviews were those of staff secondment and project level boards. With respect to the first, a secondment was currently ongoing between NOD and Church Exchange and other agencies also spoke of secondments.

On another occasion, a Northern NGO inserted a new layer of accountability to the existing controls on the work of a Southern NGO that they were supporting, with the setting up of a

separate board to determine the direction of the project. The Northern NGO influenced the selection of these project board members.

### *Non-financial Activities*

Non-financial activities divide into two, those which are organised by the Northern NGO and those which are initiated jointly.

Northern NGOs offer a number of non-financial benefits to the Southern NGOs that they are working with. Two agencies, Participation for Development and Church Exchange, offer support for personnel, one through part-time placements and the other through secondments. Neighbourhood Development offers advice on a number of organisational development issues through its own locally based staff who offer a drop-in services for the agencies that it is supporting. All of the Northern agencies hold meetings and workshops at regular intervals and Southern NGOs are invited to take part in those considered to be of common interest.

Staff of both Northern and Southern NGOs recognise in principle that they have a common interest in exploring issues and undertaking advocacy work related to the broader development agenda. Such activities are intended to influence the nature and extent of development aid (and other North-South transactions such as trade) and are specifically aimed at increasing support for the types of initiatives that NGOs promote. In this way, NGOs seek to influence the broader context in which they are working in order to ensure that is more favourable to their work.

However, in practice, it proved difficult to identify such activities and only two specific incidences emerged. Church Exchange is the only agency that has sought the assistance of the Southern NGOs it is working with in Kenya to support international advocacy efforts. At a different level, both Participation for Development and Habitat Network have been active in a

sectoral international network of official development assistance agencies and NGOs that was exclusively Northern based. Both agencies consider that it is partly as a result of their joint work that the network has now agreed to let other Southern NGOs join and participate in their activities.

### **Conclusion**

This Chapter has summarised the relationships between the Northern and Southern NGOs that are the basis of the study. A number of points might usefully be highlighted prior to passing onto the more analytical findings. Looking first at the Northern NGOs, it is immediately noticeable that two are operational within Kenya. One of these is, at least in part, a research and extension agency; the other is a large-scale implementor of integrated development programmes. For both these agencies, support for Southern NGOs is a minor component of their total programme. The remaining two Northern NGOs have no operational projects, acting primarily as donor agencies to Southern agencies. Hence, it will be possible to explore the significance of Northern NGOs having an operational role.

Three of the four Northern NGOs have offices in Nairobi, with the remaining agency being located in the UK. All of them work on a wide range of development issues in addition to urban poverty reduction, and all of them work in other countries in Africa and elsewhere in the South. None of them, therefore, are wholly dependent on their relationships with the Southern NGOs included in this study.

The Southern agencies are all Kenyan NGOs. Three of the five also work outside of Nairobi, with the other two each working primarily from one base within the city. Only one of the five works extensively on issues beyond urban poverty. Three of the five undertake applied research, information and advocacy, and four of the five have a number of operational

programmes to address urban poverty needs directly in low-income settlements.

The relationships that are to be studied all involve grant finance from the Northern agency to the Southern NGO. In every case, the Southern agency is dependent on their Northern donor for 25 per cent or more of their funds. In each case, the relationship has lasted for at least five years and, in many cases, for considerably longer. The major accountability systems are reports, visits and evaluations.

The following Chapters now turn to some of the consequences of these funding relationships for the organisations and their work, as identified by board and staff members. They will in turn explore the research issues identified in Chapter Five. Chapter Eight focuses on issues of mission and goals: how much, if at all, do Northern NGOs influence the mission and goals of the organisations that they support? Chapter Nine considers how Northern NGOs are thought to influence the organisational style and structure of Southern NGOs and their organisational stability. It also considers issues of control and accountability, and how Northern NGOs might influence relationships between Southern NGOs and other groups that they collaborate with. Chapter Ten considers how Southern NGOs are thought to influence the work of Northern NGOs.

## CHAPTER EIGHT

### MISSION AND GOALS

*"There is a chronic funding shortage with changing agendas for donor priorities" - an independent Kenyan consultant.*

*As noted in the preceding Chapters, there is considerable concern about the way in which Northern NGOs influence the priorities of local agencies through funding decisions (and sometimes associated terms and conditions). The discussion in this Chapter explores the validity of assertions such as these for the agencies studied. It examines Northern NGO influence on the establishment of organisations (an unexpected occurrence) and how the goals (and in one case the mission) of Southern NGOs have been amended subsequently. In discussing the influence of Northern NGOs on Southern agencies, both these Sections concentrate primarily on the influence of Northern NGOs on Southern NGOs through project funds. Southern NGOs have sought to increase their independence and secure some autonomy in several ways and Section Four discusses a number of strategies that have been followed by these agencies.*

#### Introduction

This Chapter is the first of three that examine the research issues through the experiences of the case study NGOs. As described in the earlier Chapters, there has been some concern about the extent to which the mission and goals of Southern NGOs may be influenced by the Northern agencies from whom they receive funding. This Chapter examines this issue for the agencies included in this study. In particular, it considers:

- how Southern NGOs set and maintain their goal(s) and mission; and
- how the balance between multiple goals is maintained.

In order to address these issues, the Chapter explores the development of the Southern NGOs and reports on events highlighted for their significance by interviewees. The discussion considers their views on how the missions and goals of Southern NGOs have been set and how Northern NGO staff are believed to have sought to influence them. It also reports on the views of Northern NGO staff on how influential they have been in such processes. Somewhat unexpectedly, the research process discovered the involvement of Northern agencies in the founding of a number of the Southern NGOs, and Section Two reports on these findings, looking at how the mission and goals of the Southern agencies are considered to have been influenced during this phase of their development. The discussion then considers if the mission and goals of Southern NGOs have been amended as a result of their relationships with Northern NGOs, particularly through constraints on funding. In two areas (advocacy and income generation), interviewees highlighted areas in which they believed Southern NGOs had been positively encouraged to take up new tasks and these are further examined below.

Many of the interviewees from Southern NGOs placed stress on their independence as organisations and described how they have sought to maintain their autonomy. The strategies that they followed are summarised in Section Four, which explores three distinct ways in which Southern NGOs have sought to minimise the influence of Northern NGOs on their mission and goals. In a number of places, the discussion refers to the consequences of the accountability mechanisms described in Chapter Seven when considering the means by which Northern NGOs influence Southern NGOs. Hence, in addition to reviewing the issue of mission and goals, this Chapter also considers the issue of accountability and control.

With respect to definitions, "mission" is used to refer to the more fundamental objectives of the agency and "goals" is the term used for second level objectives, generally established for the medium to long-term planning cycle.

### **Southern NGOs: Northern Influence on the Establishment of Southern NGOs**

Northern collaborating agencies have been directly involved in the formation of the Southern NGOs in two of the five relationships being considered, and have been influential in a substantive change of direction in the case of a third Southern NGO. This section looks at how Northern agencies are perceived to have influenced the formation and initial development of these organisations. The discussion begins by considering the case of Habitat Network, created as a Kenyan network with a Board made up of a number of Kenyan and international NGOs in Nairobi. The second case of organisational establishment is Children in Need, a Southern NGO which emerged when the Northern agency withdrew from an area of work that it had established and had been supporting within its own operational activities. When the Northern NGO decided to withdraw, the staff in the programme decided to go ahead and form a local NGO to carry on their work. The third organisation whose establishment has been influenced by Northern NGOs is Legal Education, who changed their status from that of a volunteer agency to a professional NGO following an approach from a donor agency and an offer of funds, first from an official development assistance agency and then from a Northern NGO. The following discussion explores some of the experiences of these agencies, describing points of tension in their relationships with Northern NGOs and the extent and nature of perceived influences.

Within the relationships being studied, perhaps the strongest example of a Northern agency

initiating the establishment of a Southern agency has been the formation of Habitat Network, which began when a group of agencies came together and agreed to form a network for advocacy and information. Participation for Development was one of the network's founding members: "When no other agency came forward, we offered to host the organisation", a staff member at Participation for Development in Kenya and the first coordinator of Habitat Network explained. The offer to host Habitat Network was well received by Northern and Southern members of the Board. Several of whose members now believe that, once the decision was taken for one of the member NGOs to host Habitat Network, it was probably inevitable that the agency's programme would closely coincide with the interests of its host. The current chair of the Board summarised the situation thus: "Habitat Network's work was inevitably pulled in the direction of Participation for Development." Looking forward to the implementation of the recent decision to register a separate organisation, he added that "...being independent will help to focus it more broadly on the issues of its members."

This potential problem was acknowledged from the beginning by the Board, and there was an initial agreement that the network should move between the host agencies every two years in order to prevent any single agency from being too influential and to enable all to share the benefits of hosting the network. However, this agreement was not followed and it is now considered by all but one of the three staff members and three committee members interviewed to have been unrealistic. A major factor preventing the move was that the staff employed by Habitat Network were given the same terms and conditions as Participation for Development staff and it would be difficult to remove any of the rights given to them; equally, it would be unlikely that a Southern host would offer as generous terms and conditions. A second factor preventing the move was that some staff are still shared between the two organisations, including the coordinator of Habitat Network. One Board member

concluded that, "...once located there [at Participation for Development] and with a close fit in activities, it made sense for the organisation to stay."

Difficulties did arise in determining the direction and approaches of the organisation, and when the first chair of Habitat Network favoured a different approach to the coordinator, considerable tension resulted. One of the most significant conflicts remembered by the ex-chair was the attitude to government. The ex-chair believed that the present coordinator (who succeeded the first coordinator in 1993) was too positive in his attitude towards government. Commenting on the network's present position, he explained: "Habitat Network is the NGO that the government uses to show what a good relationship they have with NGOs. He [the coordinator] has no concerns for other groups." Tensions around this issue extended beyond the chair and the coordinator. The coordinator argued that "...[some] believe that open confrontation with government will not work and another more subtle strategy of influence is required." Another Board member noted that: "...there were concerns that [the coordinator] was too close to government."

Some see the greater independence of the organisation from Participation for Development as necessary to change Habitat Network's attitude towards government. However, others believe that the organisation was only been able to become registered as an autonomous NGO because of the approaches that were followed and that, therefore, they should be considered necessary. A senior Participation for Development staff member noted that "...it is a bit surprising they [Habitat Network] got registered but [the coordinator] probably pulled strings so that this would happen."

The tension between the chair and staff was resolved when an evaluation was organised by

Participation for Development in 1994 (internal evaluation report 1995). The evaluation recommended that the chair of the organisation should rotate. Several of those interviewed explained that this was widely seen as a device to end the conflict between the chair and the coordinator, through removing the chair. Following the evaluation report, the first and incumbent chair at the time never attended another committee meeting and then formally resigned some time afterwards. Whilst independent registration has now been secured, many practical details of the move out of Participation for Development remain unclear.

The inception of Children in Need was also influenced by a Northern NGO donor. Neighbourhood Development inadvertently created Children in Need when it first established a programme capacity to work with children with disabilities and then withdrew funding from these activities. There was general agreement by both organisations that they should not encourage the formation of an independent NGO following Neighbourhood Development's withdrawal. However, staff running the programme decided that this was the route that they wished to take. Whilst a member of their staff chaired the new organisation, and they provided advice to those setting up the agency, Neighbourhood Development did not initially provide any financial assistance. A current staff member who has been working with the programme since shortly after it was initiated in 1982 explained:

For the first four years, it was a top-down project defined by expatriates...late in the 1980s there was a structural adjustment programme in Neighbourhood Development and lots of things changed. Children in Need had to struggle on their own. Neighbourhood Development did not really help us raise money or to write proposals..they did not offer financial support.

More recently, and with a change in fund opportunities, Neighbourhood Development has been providing funds.

Neighbourhood Development's staff acknowledge their early influence, noting that it does not

always help their current activities and desired direction for the agency. The project officer notes: "A big problem has been that the organisation was so used to Neighbourhood Development working in a different way because of their history. Now the unit is much stricter about what they will and won't fund. Previously, they were given lots of money and little monitoring and support." However, Neighbourhood Development does not believe that it has influenced the mission and objectives. Children in Need also believe that it is primarily responsible for setting its current strategy themselves. The director noted a number of ways in which Neighbourhood Development influences their current work but, in general, these are related more to the management of ongoing activities rather than the mission and goals of the organisation.

The third example of Northern intervention at the initiation of an agency concerns a substantive change of direction for a Southern NGO rather than its establishment. Northern agencies were cited by Legal Education staff as being influential in the decision to change the agency from an active volunteer bureau into a professional agency. An offer of funds from one donor agency catalysed a debate within the organisation. The previous director of Legal Education explained that he had, during this time, been very concerned that donors to the organisation would influence it in following a particular route. Grants for Change's offer to fund the organisation followed an offer from a bilateral agency that had been rejected by the membership of the volunteer bureau. The ex-director explained how, at an annual general meeting which discussed the offer of funding from Grants for Change, he had argued against accepting saying that "...there is no such thing as foreign money without strings." However, the membership voted to take the funds, thereby enabling the organisation to employ professional staff and become an NGO. None of those interviewed mentioned any specific incidents with their donor in respect of goal setting during the transition.

These three examples show some of the ways in which Northern agencies are considered (by themselves and Southern agencies) to have caused or strongly influenced the formation of Southern agencies. The following section considers how Northern NGOs are considered to have influenced the mission and goals of the other Southern NGO case studies.

### **Northern Influence on Southern NGOs Goals, Objectives and Activities**

#### *The Scale of Northern NGO Influence*

One of the clearest arguments in support of a hypothesis that Participation for Development has a continuing influence on the development of Habitat Network was made by Participation for Development staff themselves. A staff member for Habitat Network noted that: "All proposals have to be approved by Participation for Development in Kenya and the head office." The ex-country director confirmed that Participation for Development has the power to refuse all new areas of work, by rejecting proposals. However, he argued that whilst Participation for Development is influential, this does not necessarily mean that Habitat Network only undertakes work that is central to Participation for Development's own concerns. In support of this analysis, he noted that: "The new work on land is a new direction that is not really Participation for Development." Whilst all activities may not be synonymous with Participation for Development's own interests, staff suggested that Participation for Development appear to exercise considerable power through the need for it to approve all projects. The project officer at Grants for Change agreed with such a conclusion when he explained that, "...Participation for Development has a strong direction on the programme."

The director of Children in Need believed that Northern donors are particularly influential

through what they agree (or don't agree) to fund. Drawing on her own experiences, she explained how the services that Children in Need offer have been constrained by a refusal of donors (in this case Northern NGOs) to provide funds. For example, the board of Children in Need had decided that a workshop and seminar programme was essential to educate parents about the ways in which they can help their children. However, "...no-one would fund our workshop and seminar programme although this is needed to educate parents. This means that we have had to change the direction of the programme because of lack of funds." This raises a further concern of Southern NGO staff which is the willingness of Northern NGOs to follow community priorities with respect to project objectives and activities. In this particular case, the Board were responding to a request from community members. The inability of Southern NGOs to raise money for community priorities may have further ramifications for their relations with low-income communities and for their capacity to realise their mission. More generally, Children in Need's director notes that the Board feel "...we are too dependent on Neighbourhood Development."

The Neighbourhood Development project officer responsible for dealings with this agency believed that "...we are not too strong an influence [on the objectives of the organisation]." However, she noted that the agency does seek to influence the direction of the activities. She explained this influence thus:

We only work with the stated objectives of the organisations and help them realise these. Children in Need are very clear that they want to do community based rehabilitation but they think that they are doing it at the moment. When an agency is taken on [with Neighbourhood Development], what matters is that they have the right objectives and that they are interested in learning, not whether or not they are actually doing it. ...we try to push Children in Need to define their role more in line with (their) stated objectives.

Neighbourhood Development acknowledge the agency's capacity to use its control over finance to influence activities in its internal annual report. One of the emerging lessons cited

is that

...it was difficult to influence NGOs once an agreement for funding had been signed and funding accessed. Older NGOs could access funds [after receiving Neighbourhood Development contributions] as Neighbourhood Development had made them credible and they did so regardless of whether or not the funds were consistent with their mission.... Some were more concerned with their own survival than with the poor.

Neighbourhood Development's senior staff member responsible for this area of work stressed that: "Staff hope that organisations will grow to be strong in negotiating with prospective donors... and will grow into independent partners capable of negotiating for funds according to their own development programmes." (However, as explained below, some staff perceive the agencies they work with to be "not ready" for other donors.) They recognise the power of a funding agency on influencing agency activities. The internal report outlined Neighbourhood Development's response to the problem which was to "...encourage collaboration which did not involve funding initially."

Other Southern NGO staff stressed that the influence of Northern NGOs on their objectives is relatively minor. The director of National Organisation for Development believed that the agency sets its own agenda, although he recognised that some of their Northern NGO donors have "very real problems" if they are drawing on government funds that have their own restrictions, most notably refusing to fund theological activities. In the Director's own words, the agency has to "get around" these restrictions by working with donors who have fewer constraints on how they allocate their funds and by making use of their own income. During the early 1990s, the National Organisation for Development experienced a funding crisis when donors were reluctant to grant new monies due to perceived organisational inefficiencies. The new director agrees the situation that he faced when he arrived in 1993 was a difficult one. "When I arrived, there was poor communication between staff and

donors. Donors had been saying things for some time but staff did not realise the seriousness of these comments. Personally, I had a lot of sympathy with their complaints." The director believed that the problems of the organisation were of its own making. However, one of their past donor agencies (Grants for Change) believes that "...it was some of the Northern donor agencies that were instrumental in encouraging the agency to move away from its core purpose by offering it funds for large operational projects." (the project officer responsible for funding)

The organisation has since been through a "re-visioning" process and the director is clear that the new vision is their own: "We let the donors comment but essentially it is our vision and mission." He acknowledged that this process itself involved some negotiations: "...it is difficult in that there are things that are important and the donors do not want them." The senior staff member in National Organisation for Development responsible for donor relations agreed that, on balance, donor pressure was not such a determining factor. She noted that: "The donor element was more along the lines of: you say you want to do this, then do it and we will fund you."

Church Exchange considers itself to be a little different from other donor agencies to National Organization for Development and indicated that it feels a strong allegiance and responsibility towards the agency. Church Exchange's project officer also stressed that during the process of identifying a new mission and objectives for the organisation: "Church Exchange did not have a strong sense of what the National Organisation for Development should do but recognised there was a problem that needed to be addressed. Whilst there were many questions about what should be happening, there was no strong agenda that Church Exchange were pushing with respect to the direction that should be followed."

As with National Organization for Development, Legal Education also argued that it has been successful in maintaining its independence. However, the ex-director indicated that this was of major concern when it was deciding whether or not to accept donor funds. He now believes that the organisation has been successful in determining its own strategy, despite his initial fears. However, he does not attribute their success either to the strength of its vision or to the willingness of Northern donors agencies to allow Southern NGOs to determine its own agenda. Instead, he believes independence has been possible because: "None of the donors are really aware of what Legal Education was doing... there is no shared vision... as expatriates, they never get to understand [the NGO]."

The present director of Legal Education is broadly content with its relationships with its donor agencies and believes that the organisation is not misused. She noted that "...if we wanted [more] money I would probably go to the same donors." She also remarked on the agency's capacity to refuse money if they felt that the conditions attached were inappropriate: "...when one of the first donors that we approached wanted to send lawyers from Europe to work with us, we said no." The director cited the evaluation undertaken in 1996 as evidence of the agency's leading role in determining its goals. The evaluation assisted in mission and objective setting. As noted by their present director, "...the strategic planning process has provided an opportunity for the revitalization of the Board and many Board meetings have taken place around this process." As a further indication of Legal Education's independence in decision making, she argued:

The strategy was initially to be for five years but the last two years were considered to be too speculative and therefore the time period was reduced. This was entirely Legal Education's choice, we didn't want to accept money when we were not sure what we would be doing.

The second agency supported by Neighbourhood Development, namely Community Health,

does not feel that the direction of work has been unduly influenced by this donor agency.

When considering the influence of its donors on determining aspects of its strategy and direction, the director emphasised that the board determined the three-year plan, and all proposed activities fitted into these plans. However, she went on to note:

Neighbourhood Development did not fund the total amount [asked for] as they were not so clear about some aspects. They said some other areas were not central to the work of Community Health, such as the revolving fund for credit, although I do not agree. Poverty is what drives people to prostitution and therefore HIV.

With no other source of funds for these activities, they have not taken place. Despite this, the director believes that the agency has been able to determine the nature of the programme that is supported by their donors.

The project officer responsible for Community Health at Neighbourhood Development noted that Neighbourhood Development was "worried" about the direction of the agency with specific concerns that "...they will be drawn away from their objectives into things like working for the church." For this secular funding agency, the religious component is not considered to be central to their work.

As discussed in the following Section, one of the strategies through which Southern NGOs have sought to be more independent is through attracting more donors agencies. In principle, Neighbourhood Development recognise that "...passing onto other donors is a major priority", but the project officer believes that at this time "...Community Health are not ready for other donors. This is because I think that other donors may distract and disorientate the group by giving them funds for things that take them away from their direction." This contrasts with the agency's general policy, as outlined in internal project documents, which is to assist Southern NGOs who receive their funds to obtain assistance from other donors.

The discussion has primarily concentrated on the influence of Northern NGOs through their responses to funding requests from Southern agencies. However, during the interviews it emerged that there is also a positive role taken by Northern NGO staff when they encourage Southern NGOs to extend into new activities. Two aspects of this more active role are elaborated here: first, the work of lobbying and advocacy, and second that of financial viability through client (or beneficiary) fees.

**Advocacy and Lobbying:** Northern NGOs have been proactive in encouraging Southern NGOs to address their particular interest in changing government policies, programmes and practices. Three of the four Northern agencies strongly expressed their wish to target government staff and agencies to secure policy changes in a variety of different fields. All acknowledged the difficulty that they faced in doing this with a government that one staff member described as "...unusual in its paranoia" towards Northern influence. The consensus among Northern and Southern NGO staff interviewed during the research, including the scoping study, is that it is not possible for Northern NGOs in Kenya to directly engage in advocacy. (Although one leading Kenyan NGO practitioner interviewed during the course of the study thought that it was possible if they were careful.) This should be understood within a national context in which both Northern and Southern NGOs had been concerned about the implications of the NGO Act (1992), with many being active in lobbying against the Act (see Chapter Six).

Given this understanding of the situation, Northern NGOs wishing to support advocacy activities seek to do so through supporting Southern NGOs. Staff at Grants for Change, for example, explained that it has a deliberate policy of selecting agencies that it believes have a potential to influence government in areas of concern to the agency. It was a belief in the need for advocacy that resulted in this agency supporting a local network (Habitat Network) to

undertake such activities. What emerged during this study is that a major factor in setting up this network was the desire of Northern NGOs to have an advocate in areas of urban development.

Northern NGO support has been evident in two situations in which Southern NGOs have struggled to manage the consequences of an overtly anti-government stance. Legal Education provoked a hostile reaction to its campaign against illegal government land grabbing. This resulted (unproven but universally agreed) in the suspected government bombing of its offices. As a result, its work was virtually suspended for six months. Its Northern donors supported the agency through this period, enabling staff to be retained. National Organisation for Development also faced difficulties in carrying out its work (although less extreme) during the elections in 1992, when the agency was considered aligned to the opposition because of their criticism of the government. Likewise, they received the support of their Northern donors although it became impossible for them to continue with activities due to the scale of intimidation.

Underlying these attempts to influence Southern NGO activities appears to be a particular model of NGO state relations and related NGO priorities and activities. Some of the implications of this concept are further explored in Chapter Twelve.

**Financial Viability and Income Generation:** A second area in which Northern NGOs were seen to be proactive in influencing Southern NGOs is that of financial strategies to secure the long-term financial viability of organisations. Two of the Southern NGOs explained how the Northern agencies have encouraged them to explore income-generating activities, particularly in relation to charging for services. One of the staff members interviewed explained how the agency had extended its work into income generation to enable local residents to afford to pay for its services, although they had not started with any particular expertise in this sector. In his

words: "...we are doing this because donors require it."

This section has focused primarily on the extent to which Southern NGOs have been influenced by their Northern NGO donors. In general, most believe that there has been considerable influence on the objectives of Southern NGOs, with some arguing that there has also been a reduction in the capacity of Southern NGOs to determine priorities. The primary means through which this influence was identified by interviewees was the use of project funds. Whilst many stressed that the main means of influence was through project refusals, the discussion shows that in some areas Northern NGOs have encouraged Southern NGOs to take up activities. As is evident from the above discussion, some Southern NGOs argue that they have been successful in securing their autonomy. The following Section examines the strategies that Southern NGOs have used in seeking to reduce the influence of their Northern donors.

### **Strategies to Maintain Independence by Southern NGOs**

Staff and some board members of Southern NGOs recognised that their priorities and activities have been influenced by Northern NGOs, but many do not consider themselves to be passive agencies in this process. They explained how they have used a variety of means to try and ensure that their own agency remains in control of its mission and goals. The first strategy discussed below is that of developing a plan of activities to which donors collectively agree, with partial or full funding commitments (Donor Management). A second strategy that has been used by several of the Southern NGOs is to increase the number of donors in order to reduce the level of dependence on any single donor (Donor Diversity). Finally, a third strategy has been to reduce the financial dependence of the Southern NGO on all of its donor

agencies (Donor Independence). These strategies are discussed below.

### *A Donor Management Strategy*

Donor management strategies have been used by two of the agencies considered here, both of which have organised donor consortia. In organising such consortia the agencies have sought several objectives: to enable the agency to implement the required programme of work coherently; to increase income for areas of work that are difficult to fund but which are either essential (such as overheads) or integral to their work; and to reduce the administrative difficulties involved in the mechanics of donor funding, such as instability of funds and related uncertainty.

Legal Education and National Organisation for Development have sought to be proactive in their relationships with donors. Both agencies undertook a substantive review and then secured a collaborative undertaking by some of their existing donor agencies to fund all or part of the work plan emerging from this review. In the case of National Organisation for Development, the plan was discussed at a meeting of their core donor agencies. Legal Education could not bring all their donors together and managed donor commitments to the plan through a series of bilateral negotiations.

One senior member of staff responsible for donor relations at National Organisation for Development explained one of the advantages of the regular donor meeting for the agency. "The intention of the donor meetings is to prevent donors influencing our activities and mission. Donor agencies also have objectives about what they want to do and constraints on the conditions under which they offer support. Bilateral relations can be difficult." As noted above, on balance, staff members consider this strategy to have been successful, noting that

their agency is, for the greater part, working within a mission and programme that has been determined by the agency's staff and members. This does not mean that there are not remaining problems. As already discussed above, the director recognises that there were some elements of the plan that donors have been reluctant to fund. Another senior staff member noted an additional difficulty with the donor roundtable process. She explained that "...there are problems. Donors may agree things around the table and not deliver."

Following the evaluation of Legal Education, the agency decided to ask all of its donor agencies to shift to collaborative programme-based funding. Agencies do not share the budget equally, they grant different amounts of assistance and are still able to focus their support on different aspects of the organisation's work. However, the current director believes that their donors now "...accept the integral nature of the programme and the different areas of Legal Education." She added that: "The shift from projects to programme funding is a recognition of the organisation's own ability to establish priorities, as the donor will no longer be able to choose which bits they wish to support." The director of Legal Education thinks that it is a "significant" indication of its changing relationships that donors are no longer completely free to choose what they want to fund but are obliged to pick up a percentage share of the core costs. When resolving the percentage shares, she added, "...it is easier for Legal Education if all the donors are there but it is not essential." Whilst Legal Education wished to have a meeting with all of its donor agencies, this has not proved possible because the staff all visit Kenya at different times of the year.

The Donor Management strategy is based on a conscious decision on the part of the Southern NGOs to work collaboratively with Northern agencies, seeking a recognition of the integrity of their plans and budget. As exemplified by the discussion above, both experiences have

been positive.

### *A Donor Diversity Strategy*

Staff from three of the Southern agencies explained how they deliberately strategised to reduce their dependence on any single agency. However, perhaps the greatest concern was indicated by Legal Education (not one of the three) whose board is soon to consider whether they should limit the contribution made by any single donor. The director explained that: "To date, the board has not restricted the influence of any single donor by saying that, for example, there is a maximum percentage share that any one donor might fund. However, they are soon to discuss whether such a restriction is necessary." The director noted that as the existing donors had fully funded their three-year plan, they were not currently seeking additional funds.

The first of the three agencies that was looking for additional donors is Habitat Network. The Habitat Network coordinator noted that the Board "...wanted more than just two donors. At one stage, the Board proposed developing joint proposals with the organisations represented by Board members but this did not happen." The project officer at Grants for Change emphasised that he had also argued for additional donors in order to reduce dependency on the current funders. Staff explained how it had proved hard to identify Northern agencies (including both NGOs and official development assistance agencies) who have been willing to offer funds. Only recently has a third donor, a European NGO, signed a project contract with Habitat Network.

Both of the agencies supported by Neighbourhood Development are seeking additional donors. The board of Children in Need have recently been trained in proposal writing (by

Neighbourhood Development) in order to help the organisation become less dependent on this agency. At present, some 25 per cent of funds are obtained from elsewhere and the director "hopes" that this figure will rise.

#### *A Donor Independence Strategy*

The final strategy used by the Southern NGOs to maintain their independence is to diversify their sources of funds away from donor assistance agencies and to build up their financial reserves.

One of the mechanisms used by Legal Education to maintain a degree of independence has been the establishment of a trust or reserve fund able to offer assistance in periods when funds are scarce. A Board member explained the origin of this fund. "This was developed from monies remaining at the year end or from money received when we won a case we had taken on legal aid and were therefore reimbursed costs." For the Board member, the reserve fund proved its worth when the organisation was going through a period of reorganisation. He explained that Legal Education faced financial difficulties when several project contracts ended at the same time but the plan for the future direction of the organisation was not yet ready. He noted that: "In 1994, when there was a gap in donor funds, this money was used to keep the organisation going."

Membership contributions are a further source of funds mentioned by both the staff of Habitat Network and National Organization for Development. The director of National Organisation for Development stated that they offer "...an element of independence". But he added that these financial contributions "are somewhat token" and the primary reason for such contributions is to increase members' sense of ownership of the organisation rather than to

raise income. The director added: "It is hoped that members will be active in policy and planning issues within the organisation, and funds are sought to increase their commitment to these tasks." However, the importance of a diversity of income sources was stressed by the director when he explained that some 5 per cent of their total budget was met through their own funds. A more significant component than members' contributions are their private investment funds, especially those in real estate. The director noted that the agency "...now has a stronger business approach to this money and looks to maximise income." These monies help to fund some of the components of the programme that Northern NGOs find difficult to support.

Habitat Network also raises membership contributions. At the time when funding was first sought, the amount requested from Grants for Change was approximately 15 times the anticipated members' fee income (Grants for Change project document). The intention was that this ratio would remain. However, over time more emphasis has been placed on the importance of increasing members' involvement in the organisation rather than the funds *per se*. Member organisations make a single financial contribution when they join the agency rather than a regular annual payment and individual members make no payment.

In summary, Southern NGOs have made use of three main strategies to increase their independence and autonomy. They have sought to increase the value of donor contributions through securing their agreement to a plan of work: they have sought to increase the number of donors that they have, thereby reducing their dependence on any single donor; and they have sought to diversify their income away from donor agencies. In addition to the need to secure their independence, a second concern of Southern NGOs has been to reduce the instability associated with donor funds, and this issue is further explored in the following

Chapter.

## **Conclusions**

This Chapter has examined the extent to which the mission and goals of Southern NGOs have been influenced as a result of their interaction with Northern NGOs. The concerns within the literature are borne out by the experiences considered here and will be further discussed in Chapter Eleven.

Staff and Board members of the Southern NGOs are concerned about their capacity to independently articulate their mission and goals. This Chapter has considered separately the establishment of Southern NGOs and the amendments to mission and goals during the life of these agencies. Concerns about the influence of Northern NGOs on autonomy and independence were identified in both these situations. In general, Southern NGO staff and Board members argued that they are influenced but that they seek to protect their autonomy in a number of ways.

Northern NGOs were more ambivalent about the question of Southern NGO autonomy. There was evident awareness of the issue, with some concern being expressed by the staff of Northern agencies about the extent of their influence over Southern NGOs. Northern NGO staff did not, in general, find it difficult to cite examples of occasions where they had been influential with regard to the objectives and activities of the Southern NGOs which they were supporting.

One of the biggest problems acknowledged by both Northern and Southern NGOs has been

the refusal of Northern NGOs to support either entire projects or specific components of projects that the Southern NGOs judge to be integral to their work. As discussed in Section Four, Southern NGOs have followed a number of strategies to minimise their funding dependency.

At the same time, Northern agencies have, in a number of cases, been proactive in some areas of work. The discussion on the formation and stance of Habitat Network highlights the difficult area of advocacy and lobbying. In this and some other cases, Northern NGOs have played a major part in the establishment of Southern organisations. Such involvement was not anticipated by the literature and is only one of a number of strategies used by Northern agencies. In addition, there are strategies that involve stating their desired objectives and asking Southern NGOs to come forward (Encouragement); approaching Southern NGOs and asking whether they would undertake such work (Instigation); and, as seen in the following Chapter, making activities a condition of funding (Conditionality).

At the same time, it is evident that Southern NGOs are not passive dependents but are actively engaged in reducing their vulnerability to Northern NGOs. Section Four examined several strategies that Southern NGOs use to reduce the consequences of their dependence on donor funds. Using donor consortia to gain support for a programme of work (Donor Management), increasing the number of donors (Donor Diversity) and reducing dependence on donor funds (Donor Independence) have all been attempted by one or more of the Southern NGOs included in this study. In some cases, it has been difficult to successfully achieve these strategies but, once achieved, in general Southern NGOs have been enthusiastic about the results.

On balance, board members and staff of Southern NGOs have argued that, despite problems, they have been successful in maintaining their independence. Staff of Northern agencies were less optimistic, and three of the four which are the focus of this study identified examples when they or another donor agency had, in their judgement, influenced the objectives and activities of Southern NGOs.

## CHAPTER NINE

### HOW NORTHERN NGOS INFLUENCE THE ORGANISATION OF SOUTHERN NGOS

*The preparatory stages for this research and, in particular, the literature review and the scoping study suggested that relationships between Northern and Southern NGOs may influence a number of areas of internal management and organisation for Southern NGOs. A number of specific issues were identified as being of possible concern. One issue was an increase in the extent of formalisation and bureaucracy within Southern NGOs (organisational style and structure). A second was instability due to the uncertainties associated with programme funding; and a third was potentially detrimental effects on relationships between Southern NGOs and other groups and organisations. These are considered here in turn.*

#### Introduction

This Chapter considers some of the implications of the relationships between Northern and Southern NGOs for the internal management and organisation of Southern NGOs. It is the second of three Chapters which consider some of the ways in which Northern and Southern NGOs have influenced each others' work, organisation and development. The Chapter is organised around the nature of the perceived influences (both direct and indirect) of Northern NGOs on the operation of Southern NGOs. It considers three of the research issues summarised in Chapter Five: organisational style and structure; organisational stability; and relationships with other groups. As in the preceding Chapter, in expanding on various points, the interviewees touched on methods of accountability, and the issue of accountability and control is also referred to below.

The Chapter begins with the discussion of organisational style and structure. In considering the extent to which Northern NGOs are influencing the organisational style and structure of Southern NGOs, the discussion focuses on interventions in financial management and administrative systems that accompany project or programme funding. As reported in Chapter Seven, Northern NGOs make use of a number of mechanisms to hold Southern NGOs accountable for the money they receive. Section Three continues the discussion of influences on the structure of NGOs when it considers Northern NGO interventions in relation to boards of Southern NGOs. (The issue of Northern NGO structure and, specifically, the implications of their direct involvement in operational activities in addition to their support for Southern NGOs is not considered here but, rather, is considered in the following Chapter, which reviews a number of issues related to Northern NGOs.)

Section Four moves on to consider the issue of organisational stability and more specifically whether Northern NGOs are increasing instability through their strategies and preferences. The discussion explores the length of funding periods and related consequences for the organisations. The issue of organisational stability was already touched on in Chapter Eight when considering the extent to which the mission and goals of Southern NGOs have been influenced by Northern NGO donors. Section Four reviews this topic in the context of internal management and development, reporting on how this problem is perceived; on the ways in which the lack of financial stability was considered to have affected the Southern NGOs being studied; and on the strategies that are being used by Southern agencies to address this situation.

The following Section then looks at further consequences arising from accountability mechanisms: the reports, visits and evaluations described in Chapter Seven. Whilst visits and

reports are thought to be useful, they are also considered to be limited. Some Northern NGO staff members have been frustrated by a perceived lack of knowledge and information and hence have introduced a number of other strategies. This Section discusses perspectives on evaluations and secondments.

One particular issue of concern to this study is the influence of Northern NGOs on the relationships that Southern NGOs have with a number of other institutions that are important to their work. Tandon (1997, 8) emphasises the importance of this broader set of institutional relationships for NGOs. Groups of particular importance are grassroots community associations and local government agencies. During the research process, a number of possible consequences were identified. In general, these consequences are thought to be a result of the formalisation processes within NGOs, and financial instability. Hence, this issue is not discussed in a separate Section but is considered in the earlier Sections within this Chapter.

It should immediately be recognised that it is difficult to address the issue of how organisational structure and style has been influenced by the interaction between the two groups of agencies. Apparently relevant changes may be identifiable but it may not be easy to assess their significance. For example, a staff post may be introduced at the request of one Northern agency, but to what extent does it add to "bureaucracy"? One or other of the groups may argue that its contribution is significant but even if that significance is undisputed, other factors may also have been important in influencing change. It may be difficult to attribute changes in organisational structure and style specifically to the relationships between Northern and Southern NGOs rather than to such other factors. As will be seen, one Southern NGO staff member argued that staff in Southern and Northern NGOs alike were

responding to pressures to increase professionalism within the sector. Hence, it is with some caution that this Chapter analyses the number of perspectives and experiences that emerged during the research process.

Prior to beginning the discussion, it may be useful to review some of the recent organisational changes that have taken place in the Southern NGOs concerned:

- Habitat Network has been set up within the offices of a Northern NGO as an autonomous activity (project) with its own board. It has recently secured its NGO registration from the government, enabling the organisation to become independent.
- Legal Education moved, almost ten years ago, from being a volunteer agency to one that employs both highly qualified professionals and administrative staff.
- Children in Need was first a programme of Neighbourhood Development and then was established as an independent organisation about eight years ago.
- Community Health has developed from the efforts of its founder director and it employs a small number of staff.
- National Organisation for Development is a large and established agency. It has recently been through a major review and has substantially reduced the number of staff and reorganised management structures.

### **Financial Management and Administrative Systems**

The major means of accountability by Southern NGOs to Northern NGO donors is reporting. As described in Chapter Seven, for the most part, these reports are not controversial. However, exploring this subject in more detail with Southern NGOs suggested that, particularly in the area of financial reporting, these processes are influencing the

organisational development of Southern NGOs.

The component of accountability that was stressed most frequently by the staff of Northern NGOs was that of fiscal accountability and desk officers regularly referred to their interventions to strengthen financial management. The emphasis given to this aspect of organisational management was also verified by a number of other references. For example, the Grants for Change desk officer explained that the arrangement between Habitat Network and Participation for Development "...helped at the beginning to manage money and this situation might otherwise have been difficult." A second Northern agency interviewed during the course of the study felt that it had failed by not helping one of its Southern partner agencies to strengthen its financial accountability. The staff member went on to emphasise that "...Northern donors have failed Kenyan NGOs by not being clear enough about what is required and by having insufficient cultural understanding. This laxity has resulted in corruption." In a third example, looking at Neighbourhood Development's agreement with Southern NGOs, the section on financial reporting is the most detailed in the agreement. Neighbourhood Development's requirements include complete and open access to all accounting information.

In a number of cases, Northern NGO staff intervened to strengthen financial management systems. As already elaborated, Neighbourhood Development's staff explained that their basic strategy is to select Southern NGOs with similar core objectives. They then seek to help the agencies to realise these objectives through giving grants, targeted advice on technical approaches and assistance with organisational development. Staff noted that emphasis is placed on increasing the capacity of agencies in financial reporting and management. For example, in one recent fundraising proposal from Neighbourhood Development, one of their

major anticipated outputs of the support programme for Southern NGOs was ensuring that these agencies are "...operating efficient and accountable management, financial and project planning systems.... trained in a wide range of skills in organisational, financial and project management." (Project Proposal, 1995) In this context, the director of Community Health confirmed that, following discussions with Neighbourhood Development, the organisation had been restructured and expanded with a dedicated staff member for financial matters: "There were discussions over the organisation's development. For a long time, I was treasurer and they argued that these functions should be divided. We now have another staff member responsible."

Hence, considerable emphasis is placed by Northern NGOs on financial accountability. This is not considered by the staff of Southern NGOs to be problematic. However, it is one factor among several that is identified as having been responsible for influencing aspects of organisational development. It is this aspect which is the focus of the following sub-section.

#### *Formalization and bureaucracy*

A number of staff members of both Northern and Southern NGOs mentioned increasing administration within Southern NGOs. A Grants for Change project officer explained that on one occasion he had sought to influence the staffing structure of one NGO (included in the study) with the creation of an additional post to satisfy their concerns about the efficient management of the organisation: "We insisted on an administrative staff member because the director was great but disorganised." Grants for Change staff generally recognise that their interaction influences the style of the organisation that they support. Whilst one project officer emphasised that she tries not to push organisations down any specific path of development, she recognised that the agency does influence the formalisation of the

organisation. She explained: "We feel there is a need to respect and support the local organisation. I would try to ensure that the budget covers all their needs. For example, I would add a telephone...."

The process of reporting itself is believed to add to the number of administrators and hence overhead costs. With regard to the format and information required, the staff of Southern NGOs interviewed emphasised that, in general, different donors have different preferences and several reports are required for the same project with associated additional costs. Perhaps the strongest views on this issue were expressed by the ex-director of Legal Education, who had managed the organisation during its transition from a volunteer agency to one with paid professional staff. He argued that there is a cycle in which donor processes require additional administration which, in turn, requires additional staff, thereby increasing dependence on donor agencies. He explained the changes when the organisation was transformed into a more professionally driven NGO with professional staff: "... the bureaucracy of proposal writing and the reports required more staff to be in the office. In turn, this forced the organisation to increase its dependency on donors as we had to raise the money to pay these staff."

Concerns were also expressed by staff at Habitat Network. In this case, many of the working practices of the organisation are those used by Participation for Development, particularly with regard to staffing. The terms and conditions offered to staff were those of Participation for Development and the overhead level on staff costs had been set to cover these costs. The three Board members interviewed were all concerned about the nature and style of the organisation that developed and, specifically, levels of administration. The first chair noted that he "...had wished to develop a different culture" but he felt that this has not proved

possible.

Along with measures associated with increasing numbers of administrators and the adoption of more specific tasks within the administrative staff, interviewees also noted the acquisition of other more formal attributes. The ex-director of Legal Education believes that many of the practices that had been used when the organisation was a volunteer agency have been placed under threat. "For example, we did impact assessment on a regular basis. The donors can't understand this. We don't bother to write it down as we are lawyers and not writers. They wanted us to write it all down...." He believes that many of their past practices were effective but this was not recognised by donors who wanted them to conform to the style of organisation with which they were more familiar. In a discussion which touched on similar themes, a member of staff for Children in Need argued that one of the consequences of the reporting process used by their Northern donor was a shift to a less people-centred organisation. He explained how the monitoring system was one factor reinforcing this trend: "The indicators [for the reports] have been defined by Neighbourhood Development and we are not very happy with them. They are too quantitative rather than qualitative."

However, there was not unanimity among those interviewed. The director of National Organisation for Development agreed that the scale and complexity of administration is increasing but he provided a contrasting view of the process of organisational change, arguing that a primary factor is changing values among professional staff. "There is a new attitude among some of the younger staff that we deal with... There is a sense of professionalism and a detailed knowledge of project planning and indicators. This doesn't really worry me but I sometimes feel that there is something lacking."

Whilst Southern NGOs appear to have concerns about the process of formalisation and bureaucratisation, these are not shared by Northern NGO staff. Northern NGOs staff recognise the influence they have had but they do not feel that this has had a negative impact. Many Northern NGO staff members argue that there is a “better” structure and style of organisation that should be adopted and they believe that their interventions have been generally helpful in encouraging agencies to develop their internal organisational capacity. A number of specific elements were repeatedly mentioned associated with such a style and structure:

- stronger links with target groups;
- stronger capacity among the board members of the organisation;
- more rigorous planning and reporting procedures; and
- specific and specialised administrative staff.

From the perspective of the South, the consensus among agency staff is that they have become more like Northern agencies in their management and organisational practices. In particular, senior staff recognise that financial management and reporting systems have been adapted to meet the requirements of their Northern NGO donors.

There was only one example where a Northern NGOs felt that a Southern NGO was becoming too much like a Northern agency. When the board of Community Health proposed a salary increase for their director, Neighbourhood Development disagreed because they believed that the salaries were comparable with those of other Southern NGOs (whilst less than those of Northern agencies). As a consequence, the salary was not increased. However, such intervention by a Northern NGO in the salary structure of a Southern NGO appeared to be relatively rare.

Despite these issues, a point emphasised by the two Southern NGOs (Legal Education and National Organisation for Development) with the greatest experience of working with a number of development agencies is that Northern NGOs require less reporting, and hence less associated bureaucracy, than funding received from official development assistance agencies requires. For these Southern NGOs, this underlines for them the importance of Northern NGO funding.

### **Boards of Management**

Boards and governance structures were an unanticipated area of Northern NGO intervention that emerged in a number of cases. Such interventions were seen by the Northern NGO as necessary in order to strengthen management systems. However, there appear to be broader implications for the Southern NGOs. Boards are often associated with the task of establishing the mission and goals of the organisation. In this context, the discussion is clearly related to the preceding Chapter. It is placed here because these changes were made in order to influence the strength and capacity of boards, rather than to determine policies *per se*.

Neighbourhood Development routinely offers funding for board training as one component of their support programme to Southern NGOs. In a report on Community Health, staff noted that one of the principle areas for support in the third year should be to "...strengthen the Board to lead the organisation." The need to strengthen the Board of Children in Need was also noted, this time in a report made on the organisation, prior to funding. This initial report on Children in Need notes that: "Two particular weaknesses were identified... there is a weakness at the management Board level ... and that the community should participate better in the programme." Neighbourhood Development support training has been provided for the

Boards of both organisations. In another case, the project officer at Grants for Change explained that, in his view, one of the Southern NGOs in the study has a "weak and intrusive Board." Whilst he did not intervene directly to address the issue, he has tried to ensure that the agency is aware of his views.

More direct intervention at board level by a Northern NGO occurred during the evaluation of Habitat Network in 1994. This is a particularly interesting example because the board was in conflict with the donor agency in a number of ways. In particular, there was a conflict between the board of the Southern NGO and Participation for Development with respect to financial control, which manifested itself as a dispute over financial details. In this case, it was the Board of the Southern NGO and not the Northern NGO that expressed its dissatisfaction with arrangements and reporting detail. One of its Board members noted that in 1994, "...accounts were problematic because the Board never saw them, only the reports to Grants for Change.... There were concerns that the coordinator was not accountable to the committee.... At one meeting, for example, the cost of overheads [paid] to Participation for Development was raised by the Chair. 'Why are they so high?', he asked. It was never answered." The same board member argued that "...most people [i.e. members of the Board] thought that they themselves should be in charge of the funds."

This evaluation took place in the context of a general evaluation of Participation for Development's work in Kenya and it was therefore prompted by the donor agency, who also decided on the evaluators and drafted the terms of reference. One of the Board members of Habitat Network saw it thus: "It was basically set up for Participation for Development and therefore did not really address the critical issues for Habitat Network." The evaluation identified two particular problems at Habitat Network, "...the overpowering behaviour of the

"Chairman" and the "...role of management... particularly in its failure to report back clearly to the Board on its activities" (evaluation report, 1994).

It was as a result of the evaluation that the Chair at the time (who had not been involved in the evaluation or even interviewed by the evaluation team) resigned his post. One of the recommendations of the evaluation report was that Habitat Network become independent, with a full-time coordinator, and that it should separate the functions of staff and the Board with a clearer definition of powers and responsibilities for both parties. Participation for Development agreed with the recommendation for the independence of Habitat Network.

Hence, interventions by Northern NGOs in Southern NGO boards appear to be not uncommon. Whilst ostensibly to improve management and organisational development, there are wider implications for their control and influence over the Southern NGOs , which we return to in Chapter Twelve. For example, on another occasion, a Northern NGO inserted a new layer of accountability to the existing controls on the work of a Southern NGO that they were supporting, with the setting up of a separate board to manage the project. The Southern NGOs responsible for the project believed that the main reason for the Board was (in the words of the director) "...in order to shift control of the project away from those initially managing the project."

Southern NGOs did not directly challenge the work of Northern agencies in strengthening their boards and, as shown here, they generally cooperated with the suggestions for improvement. However, those interviewed showed a general scepticism about the effectiveness of boards in present-day Kenya. For example, one of the Southern agencies was without a permanent chair throughout the period of the research. The problems raised were:

- requests for payment from members (as expenses or compensatory payments for time taken);
- difficulties in finding board members who were not also involved with other similar agencies either as board members, consultants or staff members therefore having conflicts of interest;
- board members are reluctant to remain for more than a year (or maybe two at a maximum)

which causes problems of continuity; and

- board members not turning up for meetings.

Many of those interviewed, from both North and South, talked about their concerns about the capacity of Southern NGO boards. One consultant to the Kenyan NGO sector summarised the consensus when he concluded that "...Kenyan NGO boards are weak and do little to challenge the director." In four of the five Southern agencies, concerns about the capacity of the board were expressed by either the Northern or Southern interviewees or both. Typical comments and concerns were:

- "Boards are too weak and board - staff relationships very difficult" (Northern NGO, Neighbourhood Development);
- "They have a weak and intrusive Board" (Northern NGO, Grants for Change); and
- "The current Board is not very effective" (Southern NGO, Habitat Network).

In this context, many of the directors were sceptical about the capacity of boards to play the roles that they were expected to play within the organisation. The realism of Northern NGOs' expectations and the implications for NGO governance are returned to in Chapter Twelve.

## **Fixed-term Project Funding**

The literature review of NGO-related publications in Chapter Three suggests that there are a number of potentially detrimental consequences of fixed-term project funding, particularly for the stability of the Southern NGOs. Table 7.3 in Chapter Seven summarises the periods of time for which Northern agencies have made commitments and compares these to the planning periods of the Southern NGOs. What is evident is that, in almost every case, the Northern NGOs fund for a shorter period than the planning cycles.

The current situation faced by each agency can be summarised thus:

- Habitat Network recognises that it is likely to face a period of some funding instability. The decision to become independent means that continued funding for Participation for Development might not be forthcoming in the medium to long term. One of its long-term funders has already indicated that it has substantial alternative commitments in the short to medium term.
- National Organisation for Development is still struggling to overcome their recent financial problems. Whilst there was a general sense among those interviewed that the donor meeting had been useful in putting in place new funds, there were concerns both about whether or not the committed funds would be forthcoming and whether donors would be found to meet the remaining 50 per cent of the budget.
- Staff at both Community Health and Children in Need were concerned about the instability of funds. A board member at Community Health was particularly concerned about the instability inherent within their annual funding arrangement with Neighbourhood Development and she asked "...for longer funding, maybe for six years". The director of Children in Need believes that the commitment to future

funding from Neighbourhood Development is "unclear." - Legal Education is the only group not concerned about their present lack of financial stability. The new agreement with its donors means that the organisations's financial needs will be met for the foreseeable future.

The major consequence of relatively short-term funding was the associated uncertainty of future funds. This was of persistent concern to the Southern NGOs involved in this study regardless of their size and the number of donors from whom they obtained support.

Northern NGO staff were anxious to explain that the short periods for which project funding is committed may be misleading. Staff at Church Exchange noted that the commitments they make to most of the local projects that they supports are annual. If money is required for a longer period to support a specific ongoing project, then this specific commitment is renewed annually; otherwise, the funding allocated to a new area with the agreement of both organisations. The staff member responsible for the region noted that: "There is a reluctance to make long-term commitments because of fears that funds will drop." She explained that a high proportion of their finances were contributed through the general public and the scale of these funds changes from year to year. However, whilst the funding is committed annually, in the case of National Organisation for Development, it has continued (albeit at differing levels) for several decades. National Organisation for Development's director is confident that the Church Exchange funding will not stop without warning.

This experience suggests that there is a need to distinguish between the length of the project period and historical commitments. To take a further example, Grants for Change's practice is to give two-year grants that are renewable indefinitely. One of the project officers

commented "...there really is no need to stop funding an organisation if the work is still good."

There were several consequences to financial instability that were identified. The main one appears to be the problem of retaining staff. The staff member at National Organisation for Development responsible for liaising with donors on the strategic plan noted that:

There is a big problem with staff because they are very insecure and all on one-year contracts. [Donor] pledges were for one year in most cases, within a two and a half year corporate plan... Staff are not sure what will happen to their jobs at the end of the year.

Legal Education also noted the problems associated with keeping staff. One of the perceived advantages of its present situation, with three years of committed funds, is (in the words of one staff member) that it will help to "reduce staff turnover."

A further problem of short-term funding is the difficulties that are created in the relationship between the Southern NGO and the low-income communities that are intended to benefit from the activities. Those working closely with communities spoke of the need to put in place long-term programme funding in order to reduce changes in their own funding commitments. As one staff member in one agency argued "...the sudden withdrawal of funds makes it very difficult for NGO-community relations to be well-managed."

Children in Need identified yet another problem, which is the additional burden on the bureaucracy of the organisation. "The other problem is that funding is only for a year, meaning that considerable time has to be spent reporting and preparing proposals. Now the staff will rush to complete sufficient of the work prior to starting a new plan in January." The director estimated that half her time is spent "...writing proposals, reporting on them and planning the work."

However, short-term project funding is not the only source of financial instability. One of the first aspects noted by the director of National Organisation for Development is that: "Stability is a major problem made worse by donor fashions." Such fashions mean that projects in areas that are currently popular may receive funding for a few years whilst other areas do not, despite the level of local need. When the fashion changes, some activities may have to stop, whilst others are introduced.

More specifically and further related to finance, Legal Education's present director believed that one of the present donor fashions, that of "sustainability", is particularly problematic with regard to financial stability.<sup>1</sup> To achieve "sustainability", Northern NGOs put some pressure on Southern agencies to secure alternative local funds. The director argues that their Northern NGO donors are unrealistic about the extent and nature of such funding sources. Hence, Southern NGOs are encouraged to follow funding paths that have little chance of success. As a consequence, financial problems arise. She explained it thus:

Donor fashions are problematic... The issue about project sustainability has been put to Legal Education in the context of finding local private sector support. This seems to completely misunderstand the local context in which we are working and the nature of the relationships between private, public and NGO sectors. Government will not finance legal aid and much of what Legal Education is doing is criticising the government, so this relationship will always be difficult. We will always be dependent on the charitable contributions.

Similar concerns about the pressure of agencies to be "sustainable" were echoed in a later discussion with a board member of Legal Education, who argued: "These agencies are narrow-minded about sustainability.... Sustainability is not about money but about relationships, reputation, legitimacy."

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<sup>1</sup>

"Sustainability" is used to refer to the financial viability of the organisation in the medium to long term.

Emphasis on sustainability has further impacts on the urban poor that the Southern NGOs seek to assist. In one case, a Northern NGO pressed the Southern NGO to introduce higher service charges to increase the financial viability of service provision. Whilst the Southern NGO introduced these services changes, there was concern that the poorer members of the community would not be able to afford the service.

#### *NGO Strategies to Reduce Instability*

Southern NGO staff identified a number of strategies that they use to try to reduce the instability of their funding. At the centre of these strategies lies their attempt to increase their control over their funds.

Many Southern NGOs have sought to persuade Northern agencies to extend the project period. The periods of time for which funding is committed by Northern agencies differed, with the overwhelming determining factor being the certainty attached to the NGOs' own funds. For example, Participation for Development funds for Habitat Network are committed for periods of time that are equivalent to the project funds that have been provided by other agencies. The agency is very conscious that the short-term nature of its funding makes it difficult for it to fund for the periods that they would like to. Neighbourhood Development staff feel similarly. The agency has recently secured a large grant to support their financial grants to small local organisations and one immediate consequence has been a willingness to offer project funds over a two and three-year period.

Second, Southern NGO staff seek to increase Northern NGO commitment to their work so that even though the funds are only made available for a short time, there is a willingness to renew funding. However, opinions differed about the best way to manage difficult balances between commitment and control. One of National Organisation for Development's senior

staff members noted "... it does not really help to have several donors for one project as none of them invest in a stable relationship and there is more fluctuation." However, one of Habitat Network's Board members, who is an experienced NGO director in his own right, noted that: "We avoid having only one donor per project as they have too strong a sense of ownership over the project."

Northern NGOs recognise the problems of instability and seek to support measures to reduce it. Several staff members mentioned that they encourage Southern agencies to increase the number of donor agencies from whom they receive funds. Reflecting on their support for Habitat Network, the Grants for Change project officer argued that "...a big bone of contention is other donors. We think that they should get other donors. They [Habitat Network] know that we think they should diversify their funding sources."

Neighbourhood Development also argued that "...passing onto other donors is a priority" (project officer responsible for Community Health and Children in Need). The identified advantages are both increased stability and more funds. However, the project officer stressed that "...giving money is not the solution. Small NGOs cannot manage funds and they just sit in the bank." A further problem that he identifies is the influence of other donors. As discussed in the preceding Chapter, there are fears that other donors may "distract and disorientate the group." It is for this reason that Neighbourhood Development seek to provide support to develop the internal management of the organisation. Staff at the agency believe that this is as important for stability as the granting of funds themselves.

A further strategy is that of donor consortia and Legal Education acknowledged that it was one of their Northern NGOs who first suggested they move to programme-based funding

support and that the suggestion was made to reduce uncertainties in the funding cycle. The first suggestion was for a programme of five years but Legal Education did not feel this was appropriate because of the uncertainty of planning over this long time cycle. The agency proposed a three-year programme and this was accepted by their donor agencies. It considered itself strong enough to live with the subsequent uncertainty.

The lack of financial stability is seen as problematic, although organisations seek to secure their future within these constraints. The solutions proposed are similar to those emerging for dependency (such as increased numbers of donors and donor consortia). There is little expectation that the system might be changed to avoid such problems, hence most attention is given to managing these difficulties rather than changing the system of donor funding.

#### **Northern NGO's Search for Additional Information: Strategies and Perceived Impacts**

Chapter Seven described the mechanisms of accountability that are used by Northern NGOs with respect to project funding of Southern NGOs. This Chapter has already considered some of the perceived issues and tensions related to such mechanisms, and their potential consequences for the organisation of Southern NGOs. However, a number of further issues also emerged.

Despite the level of project and financial reporting, the staff of Northern NGOs generally seemed to feel that they had a poor knowledge of what was taking place within the projects they supported. For example, as one staff member said when she took a sabbatical from Church Exchange to work with National Organisation for Development, "...I was glad to go as I felt that Church Exchange put their money in but did not really know what was

happening." One of Legal Education's European donors noted that "...there are obvious difficulties in understanding what is going on from [project] reports." For this reason, many augment reporting with other means of accountability, and one strategy is sabbaticals.

However, Southern NGO staff raised some questions. The senior staff member responsible for donor relations at NCCK believed that staff secondments may be used to hold the Southern agency accountable. "I feel that often their [the secondees] major role was to check that what the donor wished happened because they [the Northern NGO] did not trust us to implement the project." She elaborated: "...often come in an atmosphere of mistrust. The agency may be given no choice about who to employ but the person just turns up. If it really does not work they can be sent back and this sometimes happens."

Whilst there appeared to be general agreement in National Organisation for Development that the specific secondment with Church Exchange had been successful, the sceptical views of one senior staff member were echoed by other staff members interviewed. The director explained that: "If it is the wrong person, it is very difficult." The view of the secondee herself was that "...it was hard to manage the joint accountabilities and there were a couple of times when I felt compromised. Generally, I managed it just through acknowledging the difficulties of this situation."

The importance of evaluation is acknowledged by both Northern and Southern NGOs. Apart from the incidents associated with the evaluation of Habitat Network, it was not controversial. The most problematic relationship encountered during the course of this study was one that broke down at the start of the research period. As a result, one of the parties would not agree to the relationships being included in the research process. A staff member of the Northern

agency noted that there had been no evaluation of the Southern NGO during the many years of continued support from the Northern NGO. She reflected that an evaluation might have helped to identify and address some of the issues that had led to the breakdown. This and the other experiences discussed here suggest that there is positive support for evaluations from North and South alike.

### **Conclusion**

This Chapter has brought together the findings that relate directly to aspects of internal management and organisational development of Southern NGOs. A number of specific areas were explored, each of which had first been identified through the literature reviews and validated by the scoping study. The possibility for further topics to emerge was allowed for by open-ended questions during the interview. A number of unforeseen consequences emerged.

Northern NGOs, due to their funding of Southern agencies, are in a strong position to influence the approaches of the agency, their staffing and administrative and financial practices. What emerged was that Northern NGOs make a number of (direct and indirect) interventions in the management and organisation of Southern NGOs both at the time of project funding and on further occasions whilst funding is ongoing.

Southern and Northern NGOs alike agree that Northern NGOs have introduced financial and administrative systems with one consequence being that the agencies have become more alike. In this context, the terms "capacity building" and "organisational development" were mentioned by many of the Northern agencies. The Northern NGOs appeared to be relatively

confident that this shift is for the better, whilst Southern agencies were perhaps less sure. In particular, Southern NGOs appeared to be concerned about the bureaucracy required and uncertain about the value of some aspects of formalisation.

It is not universally thought that the convergence of Southern NGOs to the style of Northern NGOs is a result of Northern NGO influence. The comment from the director of National Organisation for Development was that the changing attitudes of professional staff had more to do with their culture and training than to Northern NGO influence *per se*. He also noted that the younger professional staff in the Northern agencies were different from their predecessors. This may suggest that, rather than Southern agencies following the style of Northern NGOs, there may be pressures on both agencies that result in similar organisational structures and styles being adopted. This raises the importance of the broader context within which such relations are changing, and this is also considered in Chapter Twelve.

Does it matter if Southern NGOs are becoming more like Northern agencies? The perspective of Northern agencies is that this does not matter; as noted above the staff believe that the changes are for the better. Underlying this reflection is a model of what is a “better” NGO. Such a model is linked to an understanding of what is the role and function of an NGO within a country such as Kenya. Questions have been raised by Southern NGOs about the appropriateness of this model. Two of the identified problems associated with formalisation and bureaucracy are believed to influence the capacity of Southern NGOs to realise their mission and goals. First, there are concerns that such organisations are less well suited to working with the poor. (The truth or not of this concern is not the subject to this research.) More formal styles of organisation may make it more difficult to reach and support the informal groups that emerge from urban poor communities. Second, the cost of

administration is thought to increase the dependency of Southern NGOs on Northern development assistance agencies, compounding their lack of financial independence.

Turning to another of the research themes, the problem of financial instability as a result of project - based funding was mentioned by several of the Southern NGO staff, with the consequences being particularly severe when it comes to securing and keeping staff. Northern agencies recognised these problems and they appear, at least in part, to be the result of their own funding constraints. A number of Northern NGOs have sought ways giving longer-term financial commitments within the limits of their own financial security.

With respect to accountability, it should be emphasised that most Southern NGO staff accepted the accountability systems that their donors put in place. Whilst some issues were raised, staff and board members broadly agreed that some system of accountability was required and that the present system was neither too onerous nor intrusive. However, many are aware that there are indirect influences, such as those discussed in the previous Sections.

More generally, within the Northern NGOs included in this study there is a growing awareness of the importance of organisational issues. A project officer at Grants for Change explained how the agency has been anxious to raise the general level of awareness about the nature of NGO management and organisation among NGOs in Kenya.: "Most of the problems in organisational development ... are related to internal organisational factors..." He went on: "In the beginning, Grants for Change were criticised for talking about capacity building but now it is recognised that there is a need for it.... Capacity building came from the Northern donors but it is not staying there. The Kenyan groups also have an influence in organisational effectiveness." Together with some other NGOs working in Nairobi, Grants

for Change established an informal working group to explore issues of organisational development and capacity building. One of the other participating agencies was Neighbourhood Development. Grants for Change noted that "...Neighbourhood Development, in particular, recognised that there was too much of a Northern focus to the discussions and they proposed that Grants for Change pay the costs of Southern agencies wishing to participate." Although the director of the Southern NGO support programme at Neighbourhood Development emphasised that "...it is very noticeable that only Northern agencies are involved... this may be because only they have the time for innovation and experimentation."

The emphasis in this Chapter (and in the preceding Chapter) has been on Southern NGOs, but several of the interviewees noted the influence in relationships between Northern and Southern NGOs is not simply one-way. The following Chapter considers the ways in which Southern NGOs have influenced their Northern donors.

## CHAPTER TEN

### THE SITUATION OF NORTHERN NGOS

*The overwhelming concern in the literature is on the potential effects of Northern NGOs on the direction and activities of Southern NGOs. This concern is understandable as the balance of power lies towards the Northern NGOs. However, in a number of events recounted by interviewees, the influence did not appear to be solely in this direction. In understanding the relationships between Northern and Southern agencies, it appears to be both useful and relevant to consider some of these reverse effects and this topic is considered in this Chapter.*

#### Introduction

This Chapter focuses on how, and in what respects, Southern NGOs are believed to have influenced the development of Northern NGOs. In following this theme, the Chapter examines the validity of the assumption that influence of one organisation on another takes place solely in a single direction, with the more powerful influencing the less powerful.

The first Section below looks at the ways in which the mission and goals of Northern NGOs are considered to have been affected. In a number of cases, there appears to have been a conscious opening up of a policy-making process, with Southern NGOs being invited to participate in the mission revision and goal setting of Northern agencies. The discussion considers the views of Southern NGO staff on such exercises. On other occasions, the influence is judged to have happened inadvertently, in the course of interaction that was not specifically designed to enable the Southern NGOs to express their opinion or experiences in order to influence Northern policies and practices.

The second section then looks at other ways in which Northern NGOs are believed to have changed procedures and working practices as a result of their work with Southern NGOs. In part, this responds to a stated wish on the part of Northern NGOs to be more accountable to their Southern counterparts.

The discussion in this Chapter considers one of the remaining questions within the broader issue of organisational style and structure, namely the implications for Northern and Southern NGOs when Northern NGOs have their own operational activities in addition to their funding support for Southern NGOs.

Prior to commencing this discussion, it should be noted that Northern NGOs also influence each other and that staff of both Northern and Southern NGOs based in Nairobi regularly interact with other Northern agencies, primarily for matters related to funding. The links within the group of Northern NGOs are little explored in the literature. Northern NGOs with offices in Nairobi interact on a fairly regular basis with each other. Part of this is a result of their staff being, at least partially, expatriates following a similar lifestyle in Nairobi. Another reason is that they have faced similar problems within their operating environment (such as NGO registration which they have all had to secure since 1992, and obtaining visas for foreign staff). Many of these agencies choose to locate close to each other. In one short residential road, for example, there are three British NGOs. Northern NGOs pass information between themselves. These links are not confined to Nairobi. For NGO staff based in the UK and the rest of Europe, there are networks, conferences and one-to-one meetings, all of which help to facilitate regular information exchange.

Two of the four Northern NGOs studied believe that they have a role in “legitimising”

Southern NGOs and assisting them to raise additional monies from other donors. One in particular suggested that they are influential in securing further interest: "...when we phone [donor agencies], others ring back.."

However, Northern NGOs are also critical of others in their sector. The project manager at Neighbourhood Development argued that "...there is a need to educate donors and we spend much time doing this. We try to stop them ruining small agencies with too much funding." One project officer at a Northern agency argued that the relationships between one Southern NGO it was supporting and other donors were so harmful that it stopped the funding relationship. "National Organisation for Development were a good distribution vehicle and therefore donors pushed them to do more regardless of whether or not it was what they were suited to do...." She believed that the Southern NGO became ineffective as a result of disparate donor pressures and the inability of the agency to resist. Hence, Southern NGOs are but one influence on Northern NGOs. Northern agencies actively try to influence each other in addition to broader pressures and considerations.

### **The Influence of the Mission and Goals of Northern NGOs**

In general, staff of both Northern and Southern NGOs concluded that Southern NGOs have little influence on the mission and goals of Northern NGOs in those relationships that are the subject of this study. Nevertheless, interviewees identified several occasions during which the Northern NGOs had approached the Southern NGOs that they were funding to ask for their participation in policy-making meetings and consultation processes. The best example of a rigorous consultation process was undertaken by one of the Northern agencies that was only interviewed at a preliminary stage. This agency had undertaken a comprehensive policy

review of its support for Southern NGOs and had invited a number of its closest collaborators, including the agency that it was supporting in Kenya, to participate in these discussions and comment on the draft strategic framework as it emerged.

None of the Northern NGOs included in this study were able to identify occasions during which the participating Southern NGOs had been centrally involved in the redrafting of the mission or core goals of their agency. However, two of the Southern agencies commented that they had been approached by Northern donor NGOs to make a contribution to such debates. Legal Education noted that one of their Northern NGO donors invited them to a workshop to explain and share current policy. This was, according to Legal Education's current director, "...more about information rather than a chance to comment and share views". Nevertheless, the staff member thought that it had helped her to better understand the agency and hence contribute to a better relationship.

National Organisation for Development have also been asked to participate in the planning and programme of their NGO donor agencies. Whilst Church Exchange has not extended such an invitation in the recent past, other Northern NGOs have approached them to ask for their input on restructuring and preparing new mission statements. However, the director believes that such interaction had been intended more to enable them to comment on plans and proposals that might affect them in the future, rather than to discuss the substantive issues facing the Northern NGO or to influence their mission and objective.

Staff at both Participation for Development and Grants for Change identified evidence that their regular interaction with Southern agencies may have altered the direction and activities of their own agency within a Kenyan context. (Few identifiable effects were perceived

beyond Kenya.)

In the case of Participation for Development, the interaction with Habitat Network was thought by the current desk officer to have resulted in a better understanding of how research can contribute to advocacy, in order to change state policies and practices. According to one senior member of Participation for Development's local staff, this has produced "potentially significant changes" for the Kenyan office. A senior policy officer based in the UK office explained that support for networking activities during the first phase of establishing a new sector within a country programme is very unusual. The traditional pattern is to undertake technically based research as a first step towards innovation. In the case of Habitat Network, staff noted that Participation for Development's support was offered despite its own programme in the sector having only just been set up.

Finding the required funding for the programme had implications beyond Kenya. "There were some difficult discussions before approval was given" noted the ex-director of the Habitat Programme in Kenya. The ex-director went on to explain that, even when the project had been agreed in principle, "...staff in the fundraising department found it difficult to adjust to this kind of programme and required more support in preparing the necessary documentation." Now these difficulties have been overcome, the coordinator believed that the programme had helped make networking more acceptable and understandable within this Northern NGO.

Turning to the next example, staff at Neighbourhood Development thought that their interaction with Southern NGOs had initiated substantive changes in operational activities, as their experiences challenged traditional ways of supporting local development. For the most

part, the agency continues with its traditional programme, with most resources being allocated to operational activities. However, one senior staff member with operational responsibilities noted that, whilst the core mission of the office has not been amended, the different approach promoted by support for Southern NGOs has been “a force for change.” The programme director explained it thus:

The staff responsible for operational activities are being encouraged to use the NGO support programme to identify local organisations to carry on their work when they are gone... Even in those areas in which the organisation intends to continue, there has been a change in emphasis so that the activities can include the support of local NGOs.

In this way, support for Southern NGOs is now becoming an integral part of even the direct operational work of the agency. Senior staff believe that the organisation has a better understanding of the comparative advantages of Northern and Southern NGOs, and seek to use both in achieving organisational objectives.

It is noticeable that the most significant changes have occurred in agencies with operational activities and in which support for Southern NGOs is just one relatively minor part of their work.

A further less substantial experience with National Organisation for Development and Church Exchange provides an example of how regular contact and long experience result in agencies strengthening their links with one another, with further implications for collaborative strategies and activities. As noted in Chapter Seven, as National Organisation for Development's new strategy has reduced the scope of its activities, Church Exchange has begun to consider how it might extend its Kenyan programme to include more agencies, thereby enabling its support to reach a wide range of different kinds of work. Despite this apparent reduction in the significance of National Organisation for Development in Church

Exchange's work, the first new agency that it has agreed to support is a small NGO with close links to National Organisation for Development, the Board of the agency is chaired by one of their senior staff members. Through such contacts, agencies continue to work together to support a common agenda and the Kenyan agency is in a position to influence the development of Church Exchange's new programme.

### **Procedures and Working Practices of Northern NGOs**

Staff of the Northern agencies noted that they are seeking to be more accountable to the Southern NGOs that they were working with. The major motivation for this increase in accountability appeared to be an ambition to follow "good practice" rather than any demands from the Southern NGOs themselves.

For example, Neighbourhood Development staff believed that they should seek every opportunity to make their NGO unit transparent. Staff sought to ensure that all potential organisations were clear about how to apply for support and about the decision-making processes involved, and were confident that the procedures "...ensure objectivity and fairness at each stage of the selection process" (Public Documentation). Annual meetings provide an opportunity for all the agencies to come together and discuss common perspectives. A detailed evaluation at the end of each meeting guides the preparation of future events.

The project office for Children in Need at Neighbourhood Development noted that

We had not previously asked NGOs for their views on the unit but this is a topic for the next partners' workshop which will happen in November. One of the things the programme will propose is ... more regular regional meetings to get [Southern NGOs] together and discuss their problems and perspectives and what they would like from the unit.

Whilst the previous Chapter discussed how Southern NGOs believed that they were becoming more formalised, Neighbourhood Development was cited as a Northern agency that was seeking to adopt local working customs. Their staff working with Southern NGOs are available as required, encouraging local groups to drop in with questions and requests without appointments. The Southern NGO staff were clearly appreciative and saw this as a major shift in the style of working compared to other Northern agencies. As one board member elaborated: "Neighbourhood Development does not try to dictate or play big brother but is concerned to build the local organisation. There is no bureaucracy and they are easy to approach. They give lots of practical knowledge."

Two of the other Northern agencies had also thought about the issue of accountability to Southern agencies. Church Exchange include a general statement in their organisational documentation that recognised their broader accountability to those they seek to support in "...learning from our mistakes and successes." One of the project officers at Grants for Change commented that: "Grants for Change do not systematically use Southern NGOs to comment on our own processes and organisational development. The Nairobi office has recently become conscious of this need."

The staff of Southern NGOs were hesitant about these invitations. The director of National Organisation for Development noted that "...one of our Northern donor agencies has recently invited us and some of their other Southern partners to participate in discussions around their restructuring." They do not intend to take part in this process but have passed it onto an African regional organisation of which they are a member. The current director of Legal Education summarised her perceptions of the difficulties of such processes when she argued that "...Northern agencies cannot be accountable to Southern partners because the latter are

dependent on them for funds and therefore cannot refuse to take money on an issue of principle." She believes that the Northern NGOs that they work with do not have any real interest in Legal Education's views on their strategies and approaches.

With the growth of 360- degree personnel evaluations and discussions about extending accountabilities, there is increased interest in the evaluation of Northern NGOs by the Southern organisations that receive their funding. In this case, none of the Northern agencies attempted to be accountable to their Southern agencies in a rigorous and systematic manner, using with independent assessments and monitoring. Most of the Northern NGOs included had their own specific schedules and plans for learning and reflection, including evaluations of their work. However, none of the Southern NGOs could identify any occasion on which they had been consulted during the course of such an evaluation.

Several Northern NGOs have established local offices ostensibly to enable better communication with Southern NGOs and to increase their understanding of local issues. Does this work? A senior staff member at National Organisation for Development explained that: "Communications should be better [with agencies based in Nairobi] but it does not happen this way. One [Northern NGO's African] office moved to Ghana and the relations were much better when they were in Ghana." Another senior staff member in National Organisation for Development concurred with this view: "...the best situation is when the donor really understands a programme and has a commitment to it. Having an office in Nairobi does not really help as sometimes the donor gets too strong a sense of what is needed. It is hard for an expatriate to understand." For these individuals, local offices encouraged the Northern NGO to have too strong a local agenda. The director of Legal Education also believed that having a local office did not necessarily improve understanding between the two

agencies. However, within the two smaller agencies funded by Neighbourhood Development there was much support for the local office and an acknowledgement of the help that is received.

### **Conclusion**

Both Northern and Southern NGOs identified occasions when Southern NGOs had influenced the goals and activities of Northern agencies. In general, such influence was judged positively by staff members. Only rarely did such influence arise from an explicit consultation process involving staff of the Southern NGO commenting on the mission and goals of the Northern agency. The more significant influence of Southern NGOs was considered to have arisen indirectly from the exchange of ideas between Northern and Southern NGOs and the experience of working together. Southern NGOs rarely seem to have influenced the mission and goals of the Northern agency, rather their influence has been on the activities through which the mission is realised.

What emerges is that Southern NGOs can change the goals and activities of Northern NGOs and change their practices and procedures, particularly when there is the opportunity for such goals and activities to be determined at a decentralised level, by the desk officers that interact with the Southern NGOs.

With respect to accountability, several Northern NGO staff appeared to be sensitive to the issue and anxious that they should be accountable in part to the Southern NGOs that they are supporting. However, in practice, few measures have been taken to ensure this accountability. In particular, none of the Northern NGOs had given serious thought to the problem of obtaining a frank perspective from Southern NGOs. It cannot be assumed that

this will be automatically offered, given that the Southern agencies are dependent on the Northern NGOs for finance.

In summary, Southern NGOs are having an influence on Northern agencies, although it is often weak. Experiences suggest that some element of decentralisation in the Northern agency is a significant factor in allowing this influence to be felt. Not surprisingly, the desk offices that work most closely with the Southern NGOs appear to be those that are the most open or easy to change. The two agencies where influence appears to have been the strongest are Participation for Development and Neighbourhood Development; both are agencies with offices in the South.

As noted in Chapter Three, the issue as to whether or not Northern NGOs should have offices in the South remains open. The staff of Northern NGOs interviewed in the course of this study were universally supportive of the system being used by the agency that they were working for. There are contrasting views among Southern NGO staff. Some suggest that Northern NGO local offices can be problematic if Northern agencies develop a strong local agenda. Others believe that the local offices are (somewhat) influenced by the views and practices of Southern NGOs, and provide relevant support. The earlier discussion suggests that good communication is critical but that this is not necessarily associated with a local presence.

## CHAPTER ELEVEN

### DISCUSSION

*Many commentators have argued that Northern and Southern NGOs have a critical role to play in development, both as innovators and in more routine implementing roles (see, for example, Clark 1991, 54-62; Gorman 1984, 3-5). However, as already noted, multiple concerns have been raised by the Northern and Southern NGOs themselves about the nature of their relationships and, in the last decade, these concerns have been increasingly reflected within the development literature (see, for example, Gordon Drabek 1987, x-xi; Helmich and Smillie 1993, 14). More generally, the "donor- recipient" relationships that form a major part of the exchange between Northern and Southern NGOs have been recognised by organisational theorists to both introduce and exacerbate problems and tensions between agencies (Gronbjerg 1993, 292). It is these relationships that have been the focus of this dissertation, and a better understanding of such relationships has been sought, primarily through six case studies involving nine agencies.*

*This Chapter discusses the research issues in the light of the findings reported in Chapters Seven to Ten: the goals of NGOs and the ways in which goals may be influenced by funding relationships; organisational structure and style; organisational stability particularly with regard to finance; control and accountability; and implications for NGO relations with other groups that are needed for their work. A final issue is how the kinds of relationships that emerge from this study can be characterised. This is further discussed in the following and concluding Chapter.*

## **Introduction**

The discussion begins in Section Two with what emerged to be, both in the literature and the findings, the most contentious issue, namely goal deflection, i.e. the extent to which Southern NGOs change their mission and objectives as a result of their relationships with Northern agencies. Section Two considers the extent to which the findings support the existence of goal deflection. In so doing, the discussion explores the validity of a number of theories of inter-organisational relationships. Section Three considers a number of organisational issues, particularly those that are identified in Chapter Three as being potentially problematic for Southern NGOs, and compares these to the findings. Section Four explores a number of issues for Northern NGOs that emerge from the discussion in the earlier Chapters. These issues include Northern NGOs having operational activities and the relative advantages of Northern NGO offices in the South.

A concluding Section draws together the initial findings and highlights the issues that will be further explored within the following, final, Chapter.

### **The Incidence and Nature of Goal Deflection**

As discussed in Chapter Three, one of the most substantive areas of concern in the relations between Northern and Southern NGOs is that of “goal deflection”, that is, how the relationship between the two agencies may lead to the goals, objectives, strategies and priorities of Southern NGOs being influenced by the Northern agency (Clark 1991, 64; Fowler 1990, 12-13; Gariyo 1995, 32; Gordon Drakek 1987, xi; Korten 1990, 197 and 211; Nyoni 1987, 53; Crowther, Shepherd and Wallace 1996, 89).

Within the theoretical literature on inter-organisational relationships, a similar concern emerges (see Chapter Four). A major area of discussion has been the way in which power is distributed between the agencies within the relationship and the consequences of an unequal distribution of power for the weaker agency (Aldrich 1976, 446). This literature proposes three substantive theories (and a fourth which is a combination of the first two) to understand and interpret these relationships and the potential influence of such relationships on the agencies concerned. A full discussion of the theories is given in Chapter Four; however, it may be useful to briefly summarise them prior to their examination through the findings of this study.

1. Resource exchange places an emphasis on how two (or more) organisations work together in order to acquire resources and use existing resources more effectively, enabling both organisations to better realise their goals (Levine and White 1961, 588).
2. Resource dependency highlights the differential distribution of resources between the two organisations. This unequal distribution results in the weaker party accepting financial resources even though, as a consequence, its goals are influenced by the more powerful agency (Aldrich 1976, 266-273).
3. A third theory argues that exchange and resource dependency theories are complementary explanations, with both being potentially valid depending on the degree of equality or inequality between the two organisations (Schmidt and Kochan 1977, 221).
4. Finally, a further theoretical approach argues that both the resource exchange and the resource dependency models place too much emphasis on how the nature and

consequences of relationships are determined by the agencies themselves. Benson (1975, 231) argues that such relations can only be understood through an analysis of the political and economic context in which they are operating, together with an analysis of the structures and processes through which agencies acquire resources.

Considering whether or not goal deflection is taking place as a result of the relationships between Northern and Southern NGOs, and looking at both the concerns in the literature on NGOs and the theories of inter-organisational relationships, a number of conclusions emerge. As Table 7.2 (Chapter Seven) shows, most of the agencies have a high level of financial dependency on a small number of donor agencies. As elaborated in Chapter Eight, the majority of Southern NGO staff interviewed argued that, for the greater part, they were in control of their own missions and goals. They believed that they set their own missions and objectives and decide for themselves which activities they will undertake. Their underlying argument is that despite their high level of financial dependency on a small group of donor agencies, this is not associated with goal deflection in their own case.

The perspectives of Northern NGO staff basically support the theory of resource dependency, that financial dependency results in goal deflection in the weaker party. Staff at Neighbourhood Development have longstanding concerns about their influence over the goals and objectives of Southern agencies and staff believe that the general position of a Northern NGO is a difficult one, especially when working with small Southern NGOs that do not have a diverse portfolio of donors. As one staff member concluded, "... [the] contradiction between mission and funds is a real one [for Southern NGOs.] If NGOs cannot find the money, how can they do the activities?" As discussed in Chapter Eight, the staff of Northern NGOs provided several illustrations to show how they have sought to influence those agencies

that they fund and how they fear the potentially negative influence of other donors on the missions of Southern NGOs.

These perspectives are corroborated by one development consultant working in Nairobi with one of the Northern NGOs, who argued that "...there is a chronic funding shortage [for Southern NGOs] with changing agendas for donor priorities." A group of Southern NGOs attending a workshop organised by Neighbourhood Development in 1994 concluded in their final report that Southern NGOs in the city share several weaknesses, including a "dependence on external funding" and "donor-driven projects". Furthermore, one of the senior members of staff of Church Exchange acknowledged the same problem: "...donors influence the programmes they fund and we cannot avoid this. Every donor has direct and indirect influence because of their money."

Such concerns validate many of the perspectives in the NGO literature. Whilst there were no examples within the agencies' studied of the removal of donor funding due to disagreements about the political nature of the work (as suggested by EDA (1992, 157)), the discussion in Chapter Eight indicates that there is support for the general proposition that Southern NGOs are influenced, in a number of ways, by their donor agencies. These findings suggest that when considering the first three of the four theories summarised above, the most significant theoretical model to explain the relationships between Northern and Southern NGOs is that of "resource dependency", and that the findings that have been true for studies of relationships between organisations in the North (Benson 1975, 240; Mulford 1984; and Van de Ven and Ferry 1980, 345) are also true in this case for relations between Northern and Southern

organisations.<sup>1</sup>

The likelihood that resource dependency will result in goal deflection is perhaps increased because each Southern NGOs is dependent, for the most part, on a small number of Northern NGOs for their financial needs. With limited information on Northern donors (and the high costs of obtaining such information), it becomes difficult to follow strategies such as those identified by Aldrich (1979, 269), Reid (1969, 180) and Warren (1967, 415), who argue that agencies seek to interact with those having similar core values and objectives to avoid problems such as goal deflection. Furthermore, relationships with Northern agencies add to the reputation of Southern NGOs, legitimising their work and enabling them to raise further funds. Some Northern donors are reluctant to fund agencies that are not already receiving Northern donor funds. The discussion in Chapter Nine suggests that Southern NGOs therefore obtain much more than just money from these relationships. Benson (1975, 234), Hall (1991, 228) and Yuchtman and Seashore (1967, 900) also suggest that "reputation" and "legitimacy" are important resources which agencies seek to acquire. For the Southern NGOs working in Kenya (see Chapter Eight), relations with organisations in the North enable them to have access to other development funds, be consulted by a range of development agencies (national and international) working in the country, and hence be seen as substantive development actors by the state.<sup>2</sup> As such, there is reason to believe that they are likely to be open to influence by Northern NGOs.

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<sup>1</sup>

As noted by Hudock (1999) in her study of relationships between NGOs in the Gambia and Sierra Leone.

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It was also suggested by some of those interviewed that contacts with Northern NGOs may also offer some protection against government harassment.

However, there is an emerging problem with this conclusion. Whilst Southern NGO staff and board members recognised the general problem of goal deflection in relations between Northern and Southern NGOs, they argued that, as individual agencies, they are successful in setting their own missions and goals. Whilst this might be a reasonable position for one or maybe two of the Southern NGOs, the consistency of the finding points to a tension that need to be further explored. If each agency is the exception that staff and board members claim, why do they all believe that there is a general problem with goal deflection? This issue is considered in Chapter Twelve. However, prior to leaving this debate, it may be useful to consider the nature of inter-dependency between Northern and Southern NGOs.

### *Inter-dependency*

It might be argued that Southern NGO staff and board members are simply being disingenuous when they argue that they manage to maintain their autonomy. However, an alternative explanation may lie in the inter-dependency that exists between Northern and Southern NGOs. In the theoretical literature, inter-dependency is associated with exchange relationships (Aldrich 1979, 266; Reid 1969, 187; Pennings 1981, 433-4). Aldrich (1979, 266) also links exchange theory closely with a symbiotic and inter-dependent relationship between agencies.

As argued by Fowler (1997, 110), Northern NGOs are, as a sector, increasingly dependent on Southern NGOs. Whilst Northern NGOs do have the option of undertaking their own operational programmes, staff members of the Northern agencies in this study feel strongly that support for Southern NGOs is a critical component of their work, and many would not consider directly managing development programmes due to their understanding of development need. Hence, Northern NGOs have to find a local partner willing and able to

work in the areas in which they wish to support activities. Despite the financial dependency of Southern NGOs on Northern agencies, those working for both Northern and Southern NGOs readily recognise the inter-dependency of their activities. Hudock (1999, 25) notes that the NGO sectors in North and South are linked through their mutual dependency on the international development assistance community, and have become inter-dependent as funding systems have changed. As discussed in Chapter Two, much of the funds used by Northern agencies are raised by them from official development agencies as well as the general public. Collaboration enables both organisations to increase their resource base, as money flows from international agencies to Northern NGOs and then from Northern NGOs to Southern NGOs.

The importance of the framework of development assistance on relations between Northern and Southern agencies suggests that Benson's emphasis on the need to understand inter-organisational relationships within their broader political and economic context is also true for NGOs (Benson 1975, 230). The literature which discusses problems within NGO relations often appears to assume that Northern NGOs can control many aspects of the funding that they offer (Garilao 1987, 117-8; Smillie 1995, 181-96; Theunis 1992, 311-3). However, in this study, such a situation was exceptional and only one of the Northern NGOs considered in this study has private funds; the others are dependent on Northern public support and Northern governments, which places real constraints on the way in which funds can be offered. As Chapter Nine discussed, the major limitation on the length of Northern NGO funding commitments is their own lack of financial stability.

The political economy approach of Benson (1975, 231) provides an alternative explanatory framework to understand both the inter-dependency of Northern and Southern NGOs and the unequal control over funds, legitimacy and information that are features of resource

dependency. Benson (1975, 231) argues that the nature of relationships between agencies can only be understood in the broader context in which such relations take place. In this context, the Northern NGOs face constraints on their support for Southern agencies because of the terms and conditions under which they can attract funding from state agencies. At the same time, Kenyan NGOs have few alternative sources of funding, both because of the bureaucracy associated with the grants available from official development assistance agencies (see Pratt and Stone (1996, 49) for verification of these problems in multilateral agencies and Good (1994, 22) for verification in a bilateral agencies) and a lack of local sources of funds.<sup>3</sup> Hence, despite their inter-dependency, Southern NGOs' relations with Northern NGOs have the characteristics of resource dependency rather than exchange. As noted by Hudock (1999, 25-6), when she draws on the earlier work of Keohane and Nye (1977), inter-dependencies may be asymmetrical with access to resources not been equally distributed between the inter-dependent parties.

In the case of relationships between Northern and Southern NGOs, inter-dependency exists alongside resource dependency. However, whilst inter-dependency exists and offers Southern NGOs some opportunities for negotiation, it does not appear convincing that inter-dependency alone can explain why Southern NGOs believe that they are autonomous. Is an alternative explanation for their beliefs their active strategies to address the constraints of their situation?

Through elaborating their strategies, the staff of Southern NGOs argue that, whilst other Southern NGOs may be persuaded by development agencies to undertake projects and programmes that are peripheral to their core mission, their own agencies have avoided this

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<sup>3</sup>

The lack of such local sources may in turn be linked back to the colonial origins of Nairobi's recent economic development, its relatively marginal role in the global economy, and levels of poverty (see Chapter Six).

problem. The findings from this study suggest that they are constantly seeking to protect and extend their influence within these relationships. Whilst views on their success are mixed, it appears the strategies of Donor Management, Donor Diversification and Donor Independence go some way towards addressing the vulnerability of Southern NGOs.

Why, despite these strategies, do Northern NGO staff (and some Southern NGO staff) continue to emphasise their own influence? Perhaps the answer lies in their own response to the constraints of their situation as they seek to secure their objectives. Northern NGOs find it increasingly difficult to realise their goals without collaboration with Southern NGOs.

Whilst each Northern NGO may not be dependent on any individual agency, increasingly they are dependent on identifying an appropriate agency within the sector with which they can collaborate to achieve mutual goals. As suggested by the Commonwealth Secretariat (1988, 23) and Riddell and Robinson with Cornick, Muir and White (1995, 142-3), if they are unable to find an appropriate agency with a close fit to their own objectives, the creation of new Southern NGOs by Northern agencies is one potential solution to the difficulties they face. Of the eight Northern NGOs approached during the study (the four included in the research and the four that did not wish to take part), three have been actively involved in initiating new Southern NGOs (in some cases more than once) and a further two have catalysed activities that have resulted in new organisations being formed. In this way, Northern NGOs are actively influencing the growth and development of the Southern NGO sector in Nairobi.

The significance given by those interviewed to the theme of goal deflection, the tensions identified above in the interviewees' responses and the lack of a discussion in the literature about the formation of organisation as a response to asymmetries in a situation of inter-

dependency between organisations suggest that these are important issues to return to in the concluding Chapter. Prior to this further exploration, this Chapter continues with an analysis of the findings with respect to the research themes of accountability and control, organisational style and structure, financial instability and further influences on other organisational relations.

### **Resource Dependency and Organisational Development**

Earlier Chapters (and particularly Chapters Three and Four) have explored the existing literature, identifying a number of issues that are considered to be potentially problematic for Southern NGOs. The preceding Section has considered one of the most important of these, that of goal deflection. This Section now considers some of the other potential consequences that have been previously identified, particularly those related to the administration and management of the organisation and those which affect relationships between the Southern NGO and other agencies and groups that are important to their work. Problematic aspects of administration and management identified in the NGO literature (and discussed in Chapter Three) are those of appropriate style and structure (Korten 1990, 199; Biggs and Neame 1995, 31; Crowther, Shepherd and Wallace 1996, 85-93), onerous financial management and reporting requirements (Elliott 1987, 60; Campbell 1989, 8), and staffing (Campbell, 1989, 7). Those who have contributed to the literature on inter-organisational relationships have a similar set of concerns. DiMaggio and Powell (1991, 64) suggest that organisations may, for any one of a number of reasons, become increasingly similar (isomorphic). Other consequences include increasingly complex internal management procedures both with respect to relationships in general (Aiken and Hage 1968, 915) and in the context of managing multiple funding relationships (Gronbjer 1993, 312; Froelich 1999, 262).

Of the themes considered here, the style and structure of the organisation offers the richest findings and this is discussed first, followed by the findings in relation to accountability and stability. Related issues, notably the impacts on relations with other organisations and non-financial aspects of the relationships, are then considered.

### *The Danger of Bureaucratization and the Case for Isomorphism*

Within the literature on relations between Northern and Southern NGOs, two particular concerns are related to the influence of Northern NGOs on the style and structure of the Southern NGOs. First, there is a concern that Northern NGOs have adversely affected the style and structure through procedures related to the allocation of funds and the monitoring requirements; for example, the bureaucracy arising from reporting requirements, including the different rules and regulations associated with allowable expenses (Elliott 1987, 63; Ziswa 1988, 32-3). A related issue is that Northern NGOs have adversely affected the work of Southern NGOs through requiring the use of the linear planning systems favoured by the official bilateral development agencies (Biggs and Neame 1995, 31; Wallace 1997, 45). Secondly, there is a concern that (whether intentional or not) Southern NGOs are becoming more like Northern agencies as a consequence of funding relationships (Korten 1990, 199). There has been recognition of both problems in the literature on inter-organisational relationships, notably with DiMaggio and Powell's (1991, 76) discussion of isomorphism.

Those interviewed agreed that Northern agencies have influenced the operation of the Southern NGOs that they are funding. In general, those working for Northern NGOs believe that their influence on the style and structure of Southern agencies (often termed "capacity building") is a positive force for their development. Almost universally their vision for a "strong" Southern NGO involves a specific form of organisation with more concern being

placed on the form of organisation than on the content of what they do (see, for example, Fowler 1997, 187-230). For example, the Northern NGOs included in this study commonly require Southern NGOs to have a mission statement, although they may not seek to directly influence the content of that statement.

Staff of Southern NGOs are more cautious about the value of the organisational style and structure that they receive from the North. Whilst most support the clearer identification of goals and objectives, there are few who argue in favour of other aspects such as the significant role given to NGO boards, the stress on better reporting and more specialist staff roles, and the belief in a formal organisational style. There is a belief among staff of Southern NGOs that their administration is more complex and expensive than is necessary simply for the running of the organisation because of the need to meet the multiple reporting requirements of their donors, which are primarily Northern NGOs. One of the Southern NGO directors concluded that: "The whole development of the administration of the organisation has been to service the needs of donor agencies for reports and accounts etc."

These concerns are similar to those expressed by Gronbjerg (1993, 312) in a study of voluntary organisations in Chicago and by Fowler (1998, 240-243) in an overview of the problems faced by Southern NGOs. However, staff of Northern NGOs stress that they are, in general, simply passing on the reporting requirements of the government agencies from which they receive funds. In these experiences, they echo the concerns that have been expressed in the United States where the increasing involvement of public agencies in funding voluntary activities has resulted in new standards of accountability (Smith and Lipsey 1993, 79-83). More generally, and once more in relation to funding in the USA, Van de Ven and Ferry (1980, 344) noted that those agencies involved in inter-organisational relations tended to be

more formal than would otherwise be the case.<sup>4</sup>

Specifically with respect to isomorphism and the issue of whether or not Southern NGOs are becoming more like Northern NGOs, there is evidence to suggest that, in some respects, this is true (see Chapter Nine). For example, all but one of the Southern NGOs in this study have recently received support from their Northern NGO donors to improve their financial management systems. Staff who are responsible for financial management in each of the Southern NGOs believe that their financial management systems are becoming increasingly similar to those of their Northern donors. In the case of the three smallest agencies considered in this study, Northern influence over the style and structure of the organisation appears to be particularly significant.

DiMaggio and Powell (1991, 76) suggest that isomorphism will be particularly pronounced in situations where similar sources of funding dominate the organisational field and where government funds are involved. More generally, they identify three factors that independently support the process of isomorphism (DiMaggio and Powell (1983, 150)). Two of these factors, the growth in formal regulation and the increased professionalism of staff, have been mentioned by those interviewed in the course of this study.<sup>5</sup> For example, the director of one Southern NGO argued that the changes they were experiencing with respect to new planning attitudes and ideologies did not arise from their contact with Northern NGOs but, rather, they were general changes in the nature of professionalism that were being

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<sup>4</sup>

Froelich (1999, 256) suggests that in the US there is a positive relationship between government funds and formalisation of organisational processes.

<sup>5</sup>

The third reason given by DiMaggio and Powell (1983, 150), that organisations seeking to reduce uncertainty and manage competition, was not directly related by interviewees to the growing similarity of Southern NGOs with the style and structure of Northern agencies.

introduced into both agencies by younger staff. This perception that professional attitudes, rather than the direct intervention of donor agencies, are responsible for changing practices is supported by Wallace, Crowther and Shepherd (1997, 96) who argue that NGOs in North and South have decided on a suitable model and seek to realise this model regardless of its appropriateness. This conclusion is similar to that reached by Leat (1995, 184), who suggests that the growth of formalisation, bureaucracy and professionalism in UK voluntary agencies has more to do with a general change in culture (towards managerialism) and institutionalisation within the agency, rather than with the requirements of statutory funders *per se*. Fowler (1997, 219) also highlights the likelihood of homogenisation in NGO activities due to the increasing consolidation of broad economic and political trends. Nevertheless, some Northern NGO staff pointed to the significance of specific pressure from their Northern donor agencies when explaining the introduction of more stringent financial controls and administrative procedures. Galaskiewicz (1991, 306) emphasises the reinforcing processes, as he suggests that increased professionalisation within an organisational field tends to concentrate funding to those agencies that "fit" the expectation of what is required.

In summary, staff of Southern NGOs do believe that their contact with Northern NGOs influences the style and structure of their organisation, validating some of the concerns within the NGO literature and earlier Northern-based research on inter-organisational relationships. There is general agreement that Southern organisations are becoming more bureaucratic in order to meet the needs of their donors and, particularly in the area of financial management, Southern NGOs are becoming more similar to Northern agencies. Whilst one (apparently more neutral) causal factor appears to be cultural changes in professional culture in both North and South, this was also related to pressure from the official development assistance agencies that fund a proportion of the work of NGOs.

In general, staff of Northern NGOs are positive about these changes whilst that of Southern NGOs are sceptical (although compliant). Moving somewhat beyond this immediate analysis, two concerns might usefully be identified here to explain the hesitant perspective of Southern NGO staff. First, there may be consequences for the ease with which Southern NGOs can work with the intended beneficiaries of their activities. Second, whatever the causes of isomorphism, the consequences are to reduce diversity in organisational form. As noted by Scott and Meyer (1991, 140), and given the scale of development challenges, there may be advantages in maintaining a variety in the nature and form of organisations in order to strengthen the sector for challenges ahead. This factor was not mentioned by the interviewees but it is considered in Maina (1998, 162) when she assesses the narrow base of donor support for civil society in Kenya.

### *Living with Accountability*

A further research issue is that of the accountability of Southern NGOs to the Northern donors from whom they receive funds. A number of different mechanisms of accountability emerged during the research, including reporting, visits, evaluations, board level interventions and other measures.

With respect to project reporting, the literature on relationships between Northern and Southern NGOs highlights a number of concerns in relation to the accountability procedures required by Northern NGOs from their Southern counterparts, and subsequent difficulties in their operations. Briefly, the issues raised relate to the additional work needed to respond to multiple reporting requirements (generally using different formats) and concerns that the level of detail required may be inappropriate and not helpful to internal management (Elliott 1987, 62-3).

This study suggests that regular reporting procedures related to accountability are, for the most part, not a major issue. Whilst staff of Southern NGOs believe that time is wasted because of different reporting requirements and, as noted above, there is concern that this is increasing the level of bureaucracy inside the organisations, reporting requirements are not themselves considered to be too onerous by the Southern NGOs.

A second mechanism for accountability is evaluations. Whilst some evaluations have been controversial, the general conclusion of Southern NGO staff is broadly positive. Visits by Northern NGOs, the third mechanism that is widely used, are also considered to be useful by Southern NGOs. More concern was expressed in relation to exceptional mechanisms such as Northern NGO staff sabbaticals with Southern NGOs and project-level boards. However, their use may be indicative of problematic relationships rather than related to regular systems for accountability *per se*. Hence, they do not appear to be representative of the more general situation.

For the most part, the accountability of Southern NGOs to their Northern donors does not appear to be controversial and it is not seen as a means by which Northern agencies seek to control the groups that they fund. However, there is a difficult issue in determining the extent to which tensions exist but are not manifest with respect to accountability. Benson (1975, 244), Reid (1969, 181-2) and Schmidt and Kochan (1977, 231) all highlight the potential presence of conflict in inter-organisational relationship and the extent to which this may or may not be evident. Whilst the broad conclusions remain, sensitivities on issues such as the secondment of staff of Northern NGOs to Southern agencies highlight the tensions within these relationships. To elaborate, the senior staff member responsible for donor relations at National Organisation for Development believed that staff secondments may be used to hold

the Southern agency accountable.

I feel that often their [the secondees] major role was to check that what the donor wished happened because they [the Northern NGO] did not trust National Organisation for Development to implement the project. [They] come in an atmosphere of mistrust. National Organisation for Development may be given no choice about who to employ but the person just turns up. If it really does not work they can be sent back and this sometimes happens.

The issue of boards emerged during discussions of both accountability and Northern NGO capacity-building support. Boards are particularly significant in the context of the earlier discussion about Southern NGO autonomy in setting mission and objectives as, within the model being used by the staff of Northern and Southern NGOs alike, it is the board that has primary responsibility for agenda setting and governance. The issue of boards was briefly discussed in Chapter Nine but is returned to here in order to further explore some of the tensions within these relationships.

As noted in Chapter Nine, the Southern NGOs in this study have found it difficult to operate the model of a board as expected by their Northern donor agencies. In summary, there are relatively few professionals with either the experience or time to serve as board members and those who agree to serve tend to stay for one or two years. Those who are most willing to be involved are themselves likely to work in a closely related area; hence conflicts of interest may be a problem. Low incomes and the difficulties of securing professional employment in Nairobi have resulted in voluntary board members expecting to receive some compensation. The expectation of payment also reflects the fact that board members feel that they are doing a service for some other party rather than undertaking a role for an organisation to which they feel a personal commitment.

An additional problem which increases the difficulties faced by board members is that the

accountability of Southern NGOs to their donors tends to reduce the role of the board. Hence, although Northern NGOs may be promoting board-led organisations through training and other organisational development-related support, in their project management and negotiations with staff members they tend to reduce the role of the board. Direct negotiations between staff and donors further weakens the role of the board which, in particular, may not be well informed of these discussions. A longstanding board member of Habitat Network argued that "...when determining strategy, a major problem is the lack of information." The increasing role for staff in negotiations with donors may further minimise the role of the board as there does not seem to be much to do. The director of Legal Education explained their board's lack of involvement as having arisen during a period in which "...the organisation has become more and more directed by its employees."

Whilst the staff of Southern NGOs universally consider problems related to boards are Kenyan in origin, the Northern-based literature suggests that at least some of the difficulties they face may be more generic. In one volume on management and governance in the voluntary sector, Young et al. (1993, 4) refer to the "... classic problem of sorting out the appropriate roles of board and staff." Harris (1993, 17) summarises a number of UK and US research findings and concludes that staff may also dominate Board members when it comes to strategic decision making (see also Harrow and Palmer (1998, 175)). In a later study, Harris (1999, 102-3) discusses the problems of recruitment and retention of Board members in the UK context, in which changing legislation and increased government contracting have made responsibilities increasingly complex. Harrow and Palmer (1998, 179) also emphasise that high levels of attendance and involvement cannot be assumed, with some UK trustees playing little part in the organisations for which they are responsible. Billis (1993, 171) explains how staff of UK voluntary organisations may feel that they are more strongly

involved with, and responsible for, the organisation than the board, despite the latter's formal responsibilities.

Whilst Hudock (1999, 30), in a study of NGO relationships in West Africa, suggests that the problems with boards are due to the lack of philanthropic tradition and weak management skills in Southern NGOs, the brief survey here suggests that at least some of these problems are generic. In general, the conclusions here are similar to those of Baig's (1999, 117) in his discussion of NGO boards in Pakistan. This suggests that issues related to the boards of management may be an important issue to review. However, further exploration of the operation of the boards of Southern NGOs is beyond the scope of this research and hence I shall leave the discussion here. However, it is important to note that Southern NGO goal deflection cannot simply be explained away by unusually weak boards of management.

#### *Organisational Stability - Revisiting Resource Dependency*

A further research theme is that of organisational stability, particularly with regard to funding. Campbell (1989, 8 and 16), Commonwealth Secretariat (1988, 42) and Verhagan (1987, 131) argue that cashflow problems and longer-term uncertainties with project funding plus the lack of certainty over securing the core funds needed to run an agency make organisational management particularly difficult. Whilst the NGO literature emphasises the problems arising from these inter-agency exchanges, the inter-organisational literature approaches this theme from the other side, noting that one of the motivations for interaction between organisations is to increase financial stability (Benson 1975, 233; Aldrich 1976, 420), and that one of the important characteristics of different funding streams is the stability of the funds offered (Gronbjer 1993, 286).

Southern NGO staff are very aware of the costs associated with financial instability. In particular, and as discussed in Chapter Nine, the lack of a stable funding base means that staff may look for other jobs and reduce the capacity of the agency to undertake its objectives. Hence, agencies are anxious to secure stability in the flow of funds and this may be as important an objective as securing additional monies. Several staff members noted that their relations with Northern NGOs did result in a problem with financial stability. The scale of the problem is exemplified in Table 7.3, which compares the length of project commitments with planning periods and which demonstrates that the planning periods generally exceed project commitments. (However, Southern NGOs did not passively accept the constraints of their situation and all of the agencies sought greater stability in funding.) The most frequent response to their Northern funders was a request for longer funding periods. In general, therefore, issues of instability are a sub-set of issues around the dependence of Southern NGOs on Northern NGOs for funds.

Northern NGO staff recognised the problem of funding instability but argued that they are themselves constrained by their own lack of financial stability. The commonest factor influencing the length of the grants that they offer is the period for which they themselves have guaranteed funds. Hence, as is the case with increased reporting requirements, Northern NGO support to Southern NGOs is dependent on the wider economic and political context within which funding is made available, and there may be little scope for Northern NGOs to be more sensitive to the needs of Southern agencies. (This point is further verified by the director of National Organisation for Development when he reflects on relations with Church Exchange. He argues that one of the benefits of the relationship is that, due to the scale of private donations: "The agency is relatively freer than other organisations to allocate money as they wish.") What this area of investigation highlights is that Northern NGOs are

themselves in a situation of resource dependency vis-a-vis the government agencies from which they secure a proportion of their funds. Hence, the immediate concerns in the NGO literature are validated by this study. With respect to a theoretical understanding, this highlights the arguments of Benson (1975, 230), who emphasises the need to place an understanding of inter-organisational relationships within the broader context that influences such relationships. Whilst Ashman (2001, 93) argues that Northern NGOs (in this case, in the United States of America) can be successful in securing donors who understand more collaborative arrangements, this was not the case here and there were evident constraints.

#### *Perceived Influences on Southern NGO Relations with Other Groups*

The final research theme to be considered in this Chapter is that of the influence of Northern funding of Southern NGOs on other groups and organisations. Campbell (1989, 6-7 ), Hudock (1999, 59-85) and Verhagen (1987, 131) have raised concerns about the ways in which relationships between Northern NGOs and Southern NGOs affect a number of other relations (particularly with communities, government and other NGOs) that are also important to the work of Southern NGOs. As emerges from the discussion in Hulme and Edwards (1997a, 7-12), without either market or political power, relationships are an important resource for NGOs.

Southern NGO staff emphasised the importance of beneficiary groups (the poor themselves) to the work that they do. In three of the NGOs, their mission is directly related to their work with a range of low-income community groups. This includes agencies with an evident empowerment focus (Legal Education, Community Health) and those more concerned with providing welfare services to those in need (Children in Need.) The other two Southern NGOs have more of a networking function, with less direct community work and a high proportion of activities with professional groups such as other NGOs, academics and church agencies.

The study found that a number of staff from Southern agencies believe that their relationships with Northern NGOs have had negative impacts on their work with local communities as a result of some of the factors mentioned already, particularly instability of funding. One particular concern of Southern NGO staff is the lack of willingness of Northern NGOs to follow community priorities with respect to project objectives and activities. Northern NGOs that pick and choose the components they wish to fund and that stop funding at relatively short notice create problems for Southern NGOs because of the consequences for their relations with the urban poor that they seek to support. As also noted above in Chapter Eight, income-generation strategies that require participants in NGO programmes to pay for services received may also cause further difficulties. Finally, the increasing formalization of Southern NGO procedures may result in a reduction in flexible and informal professional support to the urban poor, adding to their difficulties.

However, Northern NGO staff were also conscious of the need for programmes and projects to be effective in meeting the needs of the urban poor. In a number of cases, staff argued that they had made interventions to improve the quality of support being given to the poor by the Southern NGO. With the present research focus, it was not possible to take this issue further as it would require a field investigation into those expected to benefit from NGO activities.

With respect to their relations with government staff, few adverse impacts were identified and, generally, staff from Northern and Southern NGOs considered that their activities were complementary, as they supported each other in pressurising the government into a process of change that addresses the development needs of the poor. There was some concern among Southern NGOs, as noted in Chapter Nine, that Northern NGOs with local offices have strong policy agendas with respect to government policies and programmes.

A number of those interviewed remarked on the level of competition between NGOs. Whilst not a major topic in the NGO literature, this has been touched on by authors such as Lewis (1998a, 323), in the context of interaction between a range of Bangladeshi NGOs, and also by Bowden (1990, 149). In the course of the interviews, this theme emerged repeatedly as the staff and board members of Southern NGOs identified multiple kinds of competition, particularly emphasising competition between Northern agencies, between Southern agencies and between Northern and Southern NGOs.

Competition was perceived as important both in relation to the capacity of Southern NGOs to identify alternative funders (in the context of competition between Northern agencies) and with respect to the activities that Southern agencies were encouraged to undertake (in the context of competition between Southern agencies.) Perhaps the most significant consequence appears to be a difficulty in collaboration between Southern agencies. The impacts of this can be illustrated through concerns about the specific consequences for those agencies that specialise in networking other NGOs, adding value to their activities. A consultant working with Grants for Southern Development noted that "...networking is difficult when it goes beyond the exchange of information to activities that may directly compete with its members." The above noted limitations on board members' commitment to the organisation are also evident. In the case of Habitat Network, their director explained how the board members saw the development of this networking agency as a threat to their own areas of expertise: "Mr Y. did not want the Network to compete in areas in which his agency was also working... He constantly wanted the organisation to be inward looking and not focus on external events and profiles."

Among the Southern NGOs studied and those consulted during the scoping study, several agencies receive funding from more than one country but very few have funding from more

than one NGO in the same country. Most Southern NGO staff believe that competition between Northern NGOs, combined with government “co-funding” arrangements (see the discussion in Chapter Two), means that it is easier for them if they only have one Northern NGO from each country. Clearly, this restricts their choice of funding partners and makes it more difficult for them to find new donors for their work. Nevertheless, staff members of Southern NGOs accept this constraint almost without comment. On the part of Northern NGO staff, there is a general wish that local implementing NGOs do not overlap in their activities or areas of work, and that relations are collaborative rather than competitive. However, when exploring these issues a little more, some Southern staff explained how the Northern agencies may have exacerbated competition between Southern NGOs by encouraging them to take up new areas of work (which may already be being undertaken by existing Kenyan NGOs). The perception of staff of both Southern and Northern NGOs working in Kenya is that there is unusually strong competition in the country; agencies feel threatened when they see other NGOs working in their neighbourhood or in their sectoral areas of specialism.

This insight into agency specialism (or areas of competence) as being important in reducing competition between agencies was further supported by Legal Education, who noted that, as an agency, it had experienced little of the adverse effects of competition and attributed this to its niche area of work. As few agencies were interested in working on legal matters, they were more likely to come to Legal Education rather than try to establish an alternative centre of expertise. The agency attributed this lack of interest in working directly in their sector to the fact that legal services are seen as “difficult, controversial and political.” Aldrich (1979, 53-70) argues that having a distinct, recognised area of expertise (a domain) is important in reducing conflict between organisations. Organisations, he suggests, seek to maintain their domains. Following through this theory, a strategy that encourages organisations to expand into new areas might result in conflict. Discussions in Hall (1991, 226) also suggest that without accepted domains, collaboration may be difficult.

There is little consensus about other causes of competition. A number of NGO staff (working for both Northern and Southern agencies) suggest that the decline in financial resources (or perhaps a reduction in the rate of increase of funding) available to the local NGO sector is the main reason behind this competition. However, other reasons that have been put forward include the nature of the NGO sector in Nairobi and difficulties in NGO and state relations. Lewis (1998a, 332), in a study of aqua-culture in Bangladesh, suggests that: "Large and small NGOs do not cooperate well in resource-dependent environments." Keengwe et al. (1998, 17) suggest that Southern NGOs in Kenya spend more time communicating with their donors than with groups inside the country. As a result, communication networks are vertical and NGOs are prevented from working better together.

The influence of Northern NGOs on Southern NGO relations with other groups and organisations emerges as being of important to the work of Southern NGOs. In particular, there are perceived to be significant constraints on the ways in which Southern NGOs work with local communities and also a likely increase in competition between Southern NGOs in Nairobi. Both these factors appear likely to reduce the effectiveness of Southern NGOs. The consequences for a broader collaboration between NGOs are returned to in the concluding discussion, after considering the creation of new Southern NGOs.

#### *Northern NGO Offices: Information and Ownership*

The first section in this Chapter discussed the influence of Northern NGOs on the organisational structure of Southern NGOs. A further issue discussed by Billis and MacKeith (1993, 14-16), Fernandez (1987, 47) and Elliott (1987, 59) is that of the organisational structure of Northern NGOs and, specifically, whether or not the Northern agency has offices in Southern countries or operates solely from a Northern location. The potential value for

both parties that might arise from Northern NGOs having local offices in the South is anticipated in some of the earlier studies looking at inter-organisational relationships. For example, Van de Ven and Ferry (1980, 344) argue that interaction between agencies is positively related to the level of dependency. In the case of the agencies being studied, three of the Northern NGOs have offices in Nairobi whilst the fourth only has a UK base. Two of the Southern agencies have a mix of donors that includes both arrangements.

There is broad agreement by Southern NGO staff that the location of the Northern NGO office is not very important. What matters more, staff argue, is the personal relationship that develops between the responsible staff members. The importance of such personal relationships is emphasised in an earlier study by Lister (2000, 236). On balance, a slight preference was expressed for Northern NGOs without offices in the South by those Southern NGOs with experience of both options. There appear to be two reasons for this assessment. First, that distance requires a degree of formality which does not always occur if the Northern NGOs are close by. This formality can be helpful in resolving conflicts. Second, and perhaps more importantly, there is a perception that Northern NGOs located in Nairobi tend to develop strong local agendas of their own and therefore seek to influence the Southern agencies that they fund to follow these agendas, whilst Northern NGOs located in the North focus more on general principles of development.

However, set against these advantages, a number of Southern NGO staff noted the benefits of being able to have regular face-to-face contact with their donor agencies. This was mentioned by specific individuals in each agency but, in particular, both the two smaller Southern agencies supported by Neighbourhood Development were very positive about the close proximity of the office, as they make extensive use of the Northern agency's support staff.

The nature of this contact is very different from that required by the older and more experienced agencies; the two smaller agencies have much more regular interaction over a wider range of issues (see the discussion in Chapters Nine and Ten).<sup>6</sup>

In summary, most Southern NGO staff do not believe that their relationships with Northern NGOs are better if the latter have local offices. Whilst some aspects of the relationship improve, other aspects become more difficult. In the case of the two smaller agencies, both of which are relatively more financially dependent on Neighbourhood Development, local offices facilitate regular contact, which is considered helpful by staff of Southern NGOs.

There is, therefore, some support for the proposition that the intensity of contact increases with dependency (Van de Ven and Ferry 1980, 344), and clearly local offices enable this to take place. However, Aldrich's argument that relationships where there is a greater intensity of interaction are viewed more favourably is not substantiated by these findings (Aldrich 1976, 448). Southern NGOs explained that, whilst local offices of Northern NGOs allow more intense interaction, there are disadvantages as well as advantages to spatial proximity.

### **Characterising Relationships: Models and Typologies**

The final research issue is that of understanding the models of funding that are developing; such models characterise, for example, the kinds of support services provided in addition to funding, and the nature of funding commitments. As described in Chapter Three, drawing on

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Some years previously, Legal Education did receive funding from Neighbourhood Development. The funding was not all drawn down and the contract was not renewed. A member of Neighbourhood Development staff suggested that one problem was that Legal Education was not sufficiently interested in organisational development.

the work of Billis and MacKeith (1993, 14-16), Commonwealth Secretariat (1988, 22-24) and Fernandez (1987, 47), a number of different types of funding relationships have previously been identified:

1. Northern funding consortium. More than one Northern NGO funding one or more Southern NGOs through a funding consortium.
2. Northern NGO without a local office. Northern NGOs without a local office funding Southern NGOs. This model is further sub-divided into:
  - a. those using a Southern NGO as an intermediary to fund other local NGOs;
  - b. those managing without a local intermediary.
3. Northern NGO with a local office. Northern NGOs with a Southern office through which to manage the funding of Southern NGOs. (The office is staffed by expatriates, locals or a combination of both.)
4. Federations. Both Northern and Southern NGOs belong to an international federation.

This division provided an initial and tentative sampling framework for the research. As described in Chapter Five, it was difficult to fill some of the categories as they were sparsely represented (if at all) within NGOs working to reduce urban poverty in Nairobi. The agencies participating in this research fill categories 1, 2b and 3. Agencies were found in the fourth category, but an initial review suggested that the relationship did not appear to be that significant for either agency. (The international federation was not a conduit for funding.) None were found in category 2a.

With respect to models of funding, the experience of the NGOs included in this study is varied and it may be useful to briefly summarise their characteristics in this respect:

- two of the relationships involved the use of consortium funding arrangements (i.e. some or all donors have joined together to fund an agreed proportion or all of the activities);
- three of the Northern NGOs have national or regional offices in Nairobi and one works only from an office in the North; and
- in addition to the funding of Southern NGOs, two of the Northern NGOs have operational activities of their own in addition to funding Southern NGOs.

The literature on the funding of Southern NGOs suggests that the use of consortium arrangements for funding is rare (Campbell 1989, 15; Kajese 1987, 85; Smillie 1995, 189). However, in this study, two of the six relationships had a consortium of Northern donor agencies. In both cases, the consortium had been introduced in the last three years (perhaps indicating their increasing popularity). Arrangements within each consortium differ. In one case, the members of the consortium met regularly although they only partially funded the Southern NGO, which raised additional monies from groups not participating in the consortium. In the other case, the members had never met together as the agency is small and the staff of the Northern NGOs had not found it possible to justify visits to the consortium meeting which lay outside their travel schedule. However, members of this consortium fully fund the Southern NGO.

One of the themes investigated in this research has been the significance of non-financial aspects of the relationships between Northern and Southern NGOs. Within the literature on relationships between Northern and Southern NGOs, the emphasis on financial interaction is

very strong. For example, typologies of North-South NGO relationships are focused around financial transactions, describing different kinds of transactions and different organisational arrangements. In general, there is little emphasis placed on the non-financial aspects of these financial relationships, although there is some recognition that other non-financial activities take place (Hammock and Ingersoll 1990a, 16-20; Lemaresquier 1987, 195-9).

The literature on inter-organisational relationships is not so focused on finance and funding. A number of authors identify and discuss the importance of the exchange for both agencies for reasons other than finance (Levine and White 1961, 588; Benson 1975, 232), with the most significant being reputation, influence, authority, legitimacy and information. The focus on coordination means that a number of studies have looked at agencies working together without, necessarily, the transfer of resources (Scott and Meyer 1991, 137).

What emerged during this study is that finance is a critical initial point of interaction between Northern and Southern NGOs. Support services that have been provided have been linked to project funding and have focused on financial management and general administration. However, interviewees stressed the importance given by both Northern and Southern agencies to longer term and more permanent ties than those implied by short-term project-related relationships. Some non-financial links, such as joint advocacy programmes and development education, were identified although few specific examples of activities were given.

Perhaps more interesting than what has happened is why such activities have been considered. The interviewees suggest that this reflects the fact that Northern and Southern NGOs seek long-term relationships with agencies that have similar values and goals to each other; in so doing they confirm the earlier conclusions of Aiken and Hage (1968, 916), Schmidt and

Kochen (1977, 231) and Gronbjer (1993, 293) who argue that agencies believe such links will minimise the danger of goal deflection. In general, agencies hope for a common agenda and there is a mutual recognition that the two groups need to work better together to realise their common goals. These aspirations have been important in changing the basis of interaction, in one case leading to consortium funding. However, the lack of non-project related activities suggests that, for the most part, agencies accept the broader context in which they are working and tend to maximise the individual position of their own agency within this context. This is reflected in the lack of joint advocacy activities with regard to such assistance.

It is noticeable that none of the Southern NGOs staff and board members interviewed considered their relationships to be a partnership. In this respect, these findings mirror those of Lewis (1998b, 504), when he argues in the context of Bangladesh that the use of such terminology is one-sided, and Marcuso Brehm (2001, 17), in her summary of INTRAC's findings. As recognised by the Northern NGOs in Marcuso Brehm's study (2001, 51), the donor-recipient relationship appears to be a major obstacle to partnership. In a context where project funding periods are generally short (see Chapter Nine), where there are no mechanisms or institutions to assist in a mutually agreed solution in case of dispute, nor do they belong to governing bodies empowered to intervene, it is difficult for problems to be resolved within these relationships. (The exception is the case of Church Exchange and National Organisation for Development, which share a linked moral code and common membership of an international organisation.) These factors help to explain why one of the Southern NGO directors argued that "...partnership discussions are a complete misrepresentation of what is possible." And why another believed that there was "...no real shared vision or ideology. The two groups [Northern and Southern NGOs] exist within

different realities... of course there are good individuals within these agencies."

At the same time, a longstanding and senior staff member in the National Organisation for Development explained how they had tried to change the nature of their relationship with Northern NGOs during the mid-1980s:

...[staff and board] agreed to change their language to talk about partnership rather than donors in order to emphasise that there was give and take on both sides. In the North, there is a need to educate many people and show what Africa was - not just images of poverty. In Kenya, many think that donor funds are owed to them because of what was taken away. We sought to change these relationships. It was this change in the relationship that led to joint meetings and the idea that all would be better if we sat down together to discuss and resolve things.

It is perhaps too pessimistic to say that partnership is impossible, although the views of the Southern NGOs involved in this study suggest that it is difficult to secure. Whilst the terminology of partnership is used by Northern NGOs only (as Lewis (1998b, 504) suggests), Southern NGOs also argue that values (or organisational principles and objectives), rather than solely financial transactions, are important to their relationships. This suggests that whilst partnership may be thought of as improbable by Southern NGOs, the attributes commonly ascribed to partnership (as discussed in Chapter Three) are important to them. This emphasis on the importance of values is also argued by Penrose (2000, 251-4), reflecting on the experiences of Save the Children Fund, a UK NGO. For Southern NGOs and Northern NGOs, values matter independently of resources.

What emerges from this study is that for Southern NGOs, the acquisition of values is not a mechanistic response to obtain resources but something that exists independent of strategies for resource acquisition. Moreover, organisations that share stronger affiliations appear to find it easier to manage their relationships to the satisfaction of both parties. Whilst this finding is supported by earlier work from Reid (1969, 180) and Warren (1967, 415), it rather

goes against many of the arguments of Benson (1975, 235) and Aldrich (1976, 423) that values are secondary to resource acquisition strategies. Hudock (1999, 21) also dismisses the suggestions that the value base of NGOs is that significant in determining organisations' objectives. However, Billis (1993, 178), in a more general discussion of organisational issues, notes that, in addition to organisational goals, implicit policies and at a deeper level again, values and world perspectives, are all important in determining organisational objectives and activities. He quotes Hall (1987) who suggests that one of the problems with the resource dependency model is its failure to take full account of more complex reasons why particular goals are held. Paton (1999, 132-5) and Edwards (1999, 258-64), in a recent volume on the voluntary sector in North and South, also emphasise the importance of values. More generally, Stone et al. (1999, 417) suggest that the influence of values and beliefs on choice of strategy is an area that needs to be better understood by the non-profit sector.

The findings from this study suggest that values do matter and that they cannot simply be explained by opportunities for resource acquisition. This suggests that whilst partnership-type relationships may be difficult to secure, they are aspired to by North and South alike.

### **Conclusions**

Reflecting on the initial research issues of goal deflection, organisational structure and style, organisational stability particularly with regard to finance, control and accountability, and implications for NGO relations with other groups that are needed for their work, a number of overall conclusions emerge. First, many of the concerns identified within the literature on NGOs and in the scoping study have been validated. All of the substantive points raised by interviewees are considered at some point in the literature and the core problems in that

literature were brought up by those interviewed. However, the concern expressed by staff and board members of Northern and Southern NGOs was not equally spread and, in particular, most attention was given to two issues: the ways in which Northern NGOs can influence the mission and goals of Southern agencies; and the ways in which Northern NGOs influence the style and structure of Southern agencies.

There was a broad consensus among many of those interviewed that Northern agencies do influence the agenda (both mission and goals) of Southern NGOs. In this respect, there was some support for the model of resource dependency as articulated within the inter-organisational literature. Whilst there was some reluctance on the part of specific Southern NGOs to acknowledge the influence of their donors, Northern NGO staff found it relatively easily to identify occasions where, they believe, they had a significant impact on the local agency. However, as noted below and further explored in the following Chapter, staff and board members of Southern NGOs explained how, in a context where they are broadly dependent on a number of agencies, they sought to secure their autonomy and establish their own direction.

Southern and Northern NGOs both recognised that they influenced the style and structure of Southern agencies, with potentially negative impacts for their administration and their activities. In particular, there is seen to be increasing professionalisation of Southern NGOs and growing formalization and complexity in their administration particularly with regard to financial management. A number of interviews linked these organisational changes with those taking place within Northern agencies (or more generally among development professionals). Such association has parallels in the literature on inter-organisational relationships, which has (drawing primarily on experiences in North America) suggested that

organisations working in the same areas may be subject to increasing isomorphism (DeMaggio and Powell 1983, 150), that is the process by which agencies become increasingly alike, with weaker agencies adopting the practices of the agencies on which they are dependent.

As already suggested within this concluding discussion, the themes and issues emerging in the findings of the study have associations with both the NGO literature and the theoretical literature on inter-organisational relationships. This second association is perhaps more surprising as these theories have developed in a context substantively different from that prevailing in Kenya. Nevertheless, there are some striking parallels between the core themes emerging from the findings and these theoretical approaches, particularly the focus on the possible negative implications of resource dependency and the ways in which such relationships influence the style and structure of organisations.

At the same time, there are a number of particular and related issues emerging from this study which, although mentioned, are less well represented within the existing literature (as discussed in Chapter Four). They are identified here and further explored in the following Chapter.

The first of these issues concerns the responses of both Northern and Southern organisations to a situation of inter-dependency. The findings suggest that there is a dynamic situation in which agencies are neither static nor accepting of their position but, rather, they seek to develop strategies to create advantages within the situation in which they find themselves. The increasing dependency of Northern agencies on Southern NGOs has been noted by authors such as Fowler (1997, 110), but its significance in Nairobi only emerged through the

course of the study. As the staff of Northern NGOs believe that it is important to work in conjunction with Southern agencies, they have a need to identify local groups that are consistent with their own goals and mission. Difficulties in identifying such agencies have resulted in Northern NGOs being involved in founding, or influencing the founding of, new Southern NGOs. The following Chapter explores issues related to the formation of new organisations and seeks to understand the motivations for such activities. The discussion looks at the ways in which staff of Northern NGOs perceive the role and nature of Southern NGOs, and the consequences of their perspectives.

How can these issues, tensions and perspectives best be understood? The following Chapter reconsiders typologies of NGO relationships, seeking to draw up a new distinction that is helpful to this understanding. Drawing on the findings of this study, the emerging typologies place emphasis on the differing views and perspectives of Northern NGO staff on the Southern NGO sector, arguing that it is the differences in attitude that help to explain the emerging tensions, problems and opportunities.

## CHAPTER TWELVE

### CONCLUSIONS

*This dissertation has sought to understand relationships between Northern and Southern NGOs. The existing literature has provided guidance as to a direction to take, and a study of six such relationships has offered further insights. The discussion began in Chapters Two to Four with a review of the literature on relationships between Northern and Southern NGOs. The Chapters also considered theories of inter-organisational relationships to identify major themes, issues and problems in such relationships. The research process then reviewed these problems through a scoping study in Nairobi and studied them through detailed consideration of the six relationships.*

*The previous Chapter discussed the findings of the study in relation to the core issues of the research. The discussion also related these findings to earlier considerations of these themes and identified those that do not fall so easily within this body of literature. This final Chapter explores our understanding of the relationships through reviewing these new findings and then discusses the implications of these findings for theory, policy and practice. The discussion centres on understanding how Northern and Southern NGOs are influencing each others' development in the critical areas of goal formation and objective setting.*

#### **Introduction**

The context in which Southern NGOs seek to ensure their own autonomy is one where there is a growing inter-dependency between Northern and Southern NGOs. The opening discussion in Chapter Three emphasises the increasingly accepted need for Northern NGOs to

work through Southern NGOs in their development activities. Hence, the emerging context for this dissertation is that Northern NGOs increasingly look to establishing links with the Southern NGO sector, and feel increasingly less able to act as self-standing development agencies. As development actors, Northern NGO staff believe that they need a local group both to achieve their own objectives for the strengthening of Southern institutions and to respond to increasing pressure from their own institutional donors (primarily government agencies). However, Northern NGOs do not simply wish to strengthen Southern institutions, they also seek to secure other development objectives. Responding to their growing inter-dependency with Southern NGOs (as a sector), they seek to work with organisations that are close to their own aims and objectives. One consequence is that they are increasingly involved in instigating new Southern NGOs and these experiences are discussed in Section Two. Section Three considers in more depth the reasons why Northern NGOs do not find what they are looking for within the existing NGO sector.

Despite recognising their dependency on Northern donor agencies, many Southern NGOs believe that they have been able to avoid undue influence on their mission and objectives through careful and active management of their own relationships. Southern NGOs seek to ensure their own independence through a number of strategies. Section Four explores the apparent contradiction whereby staff at each Southern NGO claim that goal deflection is a sector-wide problem that their individual organisation has managed to avoid. The Section examines this issue through looking in more detail at the strategies that they use and the context that they face. The discussion considers how the threat of agency creation can be a powerful although perhaps not explicit influence on Southern NGO decision making.

Section Five identifies and describes three generalised types of relationships that emerge from

the relationships studied. The discussion highlights the importance of the attitude of the Northern NGO. The Section seeks to assist in understanding observed tensions and issues within the relationships being studied. Section Six then looks forward to the implications of this research for inter-organisational theory, with the following two Sections considering the implications for the policy and practice of official development agencies and NGOs, and for research.

### **Northern NGO Autonomy and Inter-dependency**

Changes in development thinking have meant that Northern NGOs have increasingly had to search for Southern partner agencies with whom they can work rather than undertaking operational work directly themselves (see the earlier discussion in Chapter Three). There is generally little consideration of this situation in the existing literature, and few of the authors discussing relationships between Northern and Southern NGOs have made much of the new constraints facing Northern NGOs. Fowler (1998, 150) is a rare exception when he discusses how Northern NGOs may be dependent on Southern NGOs for their legitimacy. Hudock (1999, 25) also explores issues of inter-dependency in the context of Northern and Southern NGOs. Looking at the inter-organisational literature more widely, a similar theme is touched on by Smith and Lipsey (1993, 4-5) when they discuss the constraints faced by the US government in its desire to support voluntary sector implementation of social policy, and noted by Gronbjerg (1993, 22 and 286) in her discussion of relations between government and voluntary agencies in Chicago. Their discussions reflect the concerns of earlier theorists on inter-organisational relationships such as Reid (1969, 179) and Pennings (1981, 433-3).

As discussed in Chapter Three and shown in this study, Northern NGOs recognise the need to

make alliances with like-minded Southern NGOs in order to further their development objectives. The findings suggest that Northern NGOs deliberately seek out agencies that they believe to be sympathetic to their perspectives, in order to support their work (see Chapter Eight). In this respect, the research supports the argument of Aiken and Hage (1968, 928) that, to minimise the loss of power and autonomy, organisations seek relations with other organisations whose objectives they judge to be complementary to their core goals.

In most cases, Northern NGOs identify existing Southern agencies with whom they wish to work. However, in two of the relationships studied, the Northern NGO could find no ideal local NGO. Faced with this situation, both sought to create an alternative agency, in one case changing the nature of an existing agency and in the other case creating a new agency. Whilst such substantive Northern involvement in the establishment of Southern NGOs might appear unusual, it also emerged elsewhere. In two further cases, the Northern NGOs included in this study were either in the process of establishing a Southern NGO or had recently done so. During the scoping study, further cases were identified. Two of four other Northern NGOs considered at one time for inclusion in the study, but which finally did not participate, have been involved at some time in the recent past in setting up new agencies.<sup>1</sup>

The findings suggest that the creation of new organisations is potentially happening on a substantial scale. Of the eight Northern NGOs initially approached for inclusion in this study, three have been directly involved in founding new organisations and two others have sponsored local activities that have resulted in new organisations being formed. Hence, whilst Northern

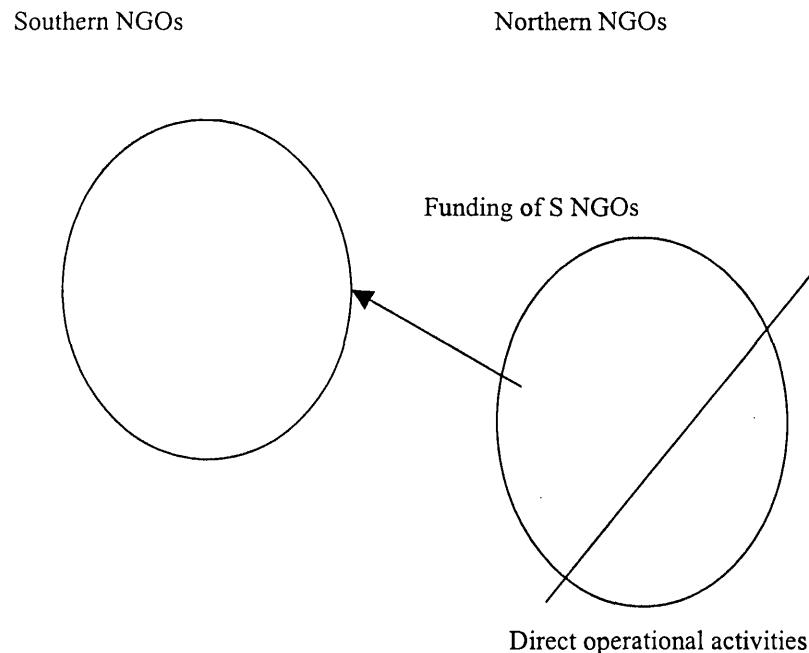
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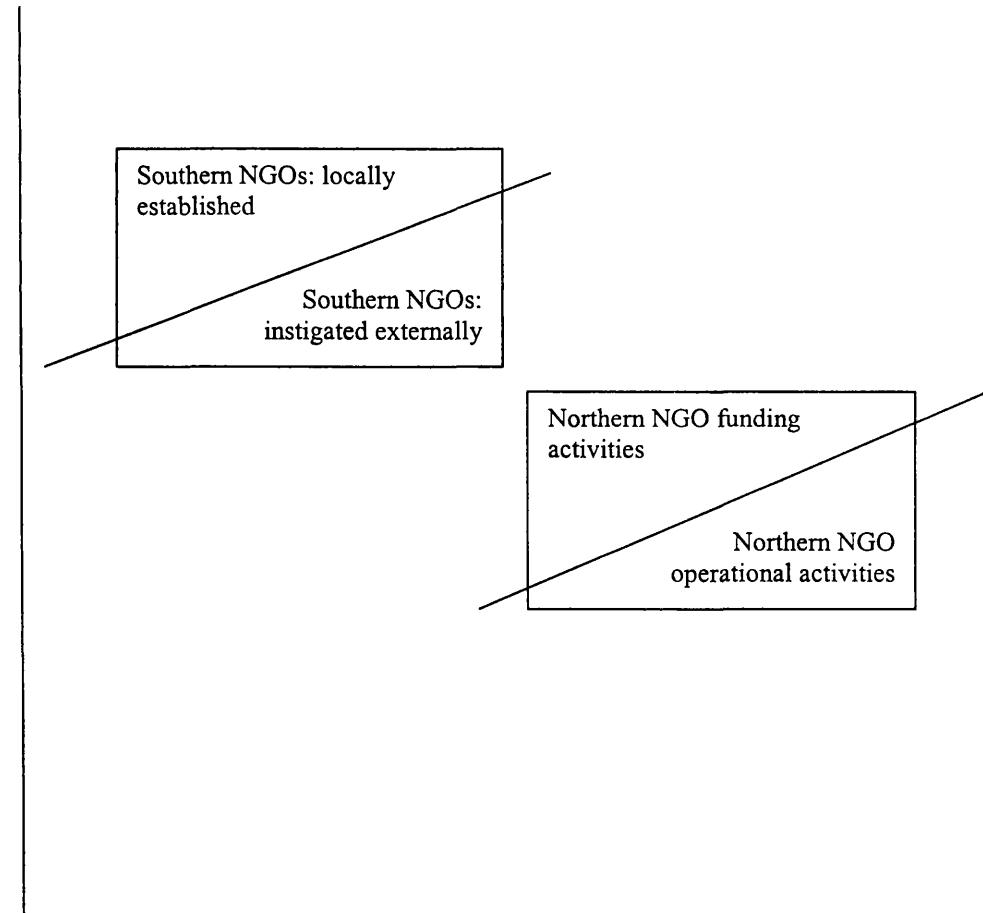
These Northern-sponsored agencies have Kenyan board members (for the most part) and employ Kenyan staff. They may be considered to be Southern NGOs who owe their creation to the substantive intervention of a Northern agency.

**Figure 12.1: The Changing Shape of the Southern NGO Sector**

**Traditional View of the Northern and Southern NGOs Sectors**



**Emerging Shape of the Southern NGO Sector**



NGOs are “dependent” on the Southern NGO sector to attract funding and support development, they are actively intervening to change that sector to better meet their objectives. The diagram on the page above (Figure 12.2) illustrates the changing shape of the Southern NGO sector in Nairobi.

Such cases are very little discussed in the literature. Keengwa et al. (1998, 11) touch on the complexities of managing such situations, but it is noticeable that this is in a publication series written by and targeted at Southern NGOs and not widely read in the North. Earlier discussions by a group of Commonwealth experts (Commonwealth Secretariat 1988, 24) and Yates (1988, 8) for the International Council on Social Welfare touch on some aspects of this phenomenon but also suggest that it is not as significant as was found to be the case in Kenya. Yates (1988, 8) notes that Northern agencies seek Southern NGOs that are their mirror image - and he suggests that when they cannot find them, then they will create them - but there is no discussion of the frequency with which this occurs or of the possible consequences.

The strategy of establishing new Southern NGOs may be controversial. A staff member of one Northern agency, reflecting on the intention of Grants for Change to establish a new agency, argued that "...GFC are likely to be too prescriptive. There is a need to be more open about this." Keengwe et al. (1998, 13) note that agencies created by Northern NGOs may have difficulty in establishing an independent strategy. In the case of one such agency, he suggests that they "...will have little choice but to continue emulating the INGO [international NGO] from which it was born." But those involved in the new Southern initiatives are more supportive of such work. Two of the Southern board members of Habitat Network spoke of their appreciation of the early support from Participation for Development and one summarised his views thus: "... it was good for Participation for Development to

give it direction in the early phase or it might not have got off the ground."

The findings demonstrate some of the complexities facing Northern NGOs. At one level, they are increasingly expected to work with Southern NGO to realise their development objectives and, as a consequence, they are losing power and control over their resources. On the other hand, they are powerful enough to be able to establish organisations where they perceive a gap to exist in the sector as currently constituted and where they wish to support an agency that shares their mission and objectives. The strategy has wider implications for relationships between Northern and Southern NGOs. First, by demonstrating their capacity to modify the nature of the Southern NGO sector, Northern NGOs are increasing pressure on existing Southern NGOs to conform to their wishes and goals. Second, in creating new Southern NGOs, Northern NGOs may be reducing solidarity between these agencies. Chapter Eleven has discussed the issue of competition between agencies and lack of collaboration between Southern NGOs in Kenya. These new agencies are often given preferential support while they are being established and they continue to benefit from their close links to the North.<sup>2</sup> Third, this strategy enables Northern NGOs to follow their development goals with less consideration being given to the perspectives of the South. Hence, we have every reason to believe that the strategy of Northern NGOs to create new Southern NGOs affects the nature of relationships between North and South.

In seeking to understand why Northern NGOs do not find the agencies they are looking for in the South, it may be helpful to look more widely at what they are trying to achieve and how this differs from what already exists in the NGO sector in Nairobi. Benson (1977, 138) in

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In one of the cases that emerged during the course of the study, Southern NGOs currently being supported by the Northern NGO were warned that funding would be tight in the following years due to commitments being made to the newly established Kenyan agency.

particular has emphasised that it is only possible to understand inter-organisational relationships and the way in which they are developing if such a broader context is considered. It is to that theoretical perspective that we now turn in the following Section, which seeks to understand why Northern agencies fail to find what they are looking for within the Southern NGO sector in Nairobi.

### **Contradictory Visions of Civil Society and the State**

Looking specifically at the reasons for the establishment of new organisations, Northern NGOs in this study appear motivated to start new organisations both to increase the level of advocacy and lobbying and, to a lesser extent, to better support grassroot groups. In respect of the first objective, three of the four Northern agencies (all but Neighbourhood Development) strongly expressed their wish to influence government staff and agencies to secure policy changes in a variety of fields.

As described in Chapter Six, development assistance may be used to influence governance structures and processes. In this context, one motivating factor in the creation of new organisations appears to be the desire of Northern agencies to fund local NGOs that are prepared to take an antagonistic stance towards the state in lobbying for a range of different measures (see the discussion in Chapter Eight).

Southern NGOs seem to think that their relationships with the state are potentially difficult. Holmquist and Ford (1995, 181-2) suggest that at least some of the difficulties faced by the NGO sector in Kenya are related to the belief held by the state that its role is one of control. That is, rather than recognising the need for an independent civil society sector, there is a

tendency for the state to assume that this group should be accountable to government for its activities.<sup>3</sup> Chapter Six reports on the recent government attempts to control NGO activities through the NGO Act, which tends to substantiate the argument that the Kenyan state finds it difficult to accept an independent civil society sector. The Southern NGOs included in this study appear to have established collaborative relationships with the state in some operational activities, particularly those concerned with health and education provision. However, in politically sensitive areas such as land ownership and election conduct, relationships appear tense.

For the most part, Kenyan agencies wish to avoid conflictual situations with government, and their strategies are to negotiate and accommodate albeit as part of a larger strategy to change policy. Maina (1998, 147-8) suggests that one reason why indigenous organisations are hesitant to be confrontational towards the state is because they believe such strategies have limited success. He suggests that the present tensions between civil society and the state in Africa, and specifically Kenya, can be understood within a history of colonisation and the related political processes to maintain colonial control, all of which have profoundly influenced the modern state (Maina 1998, 140-45).<sup>4</sup> This suggests that the broader context has influenced Kenyan agencies into being cautious of the strategies preferred by Northern NGOs. Mbogori (1994, 104), speaking on behalf of one Kenyan NGO, argues that Southern NGOs have to balance political acceptability, organisational objectives and donor pressure. It appears that Northern NGOs may struggle to find local agencies willing to adopt their goals and objective. Unable to be politically active themselves (for reasons discussed in Chapter

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Maina (1998, 145) suggests that for this reason much associational life takes place informally, because of a lack of trust in the state.

<sup>4</sup> These conclusions are supported by Stewart (1997, 20) in her discussion of African NGOs.

Six), they may seek to instigate new organisations.

With respect to the second motivation to create new grassroots organisations, the theme of governance re-emerges. Northern NGO staff argue that the sector, as currently constituted, seeks to control grassroots initiatives and is too inward looking. The motivation to establish new organisations in this respect appears to be less contentious for Southern NGOs.

This exploration emphasises the importance of the wider context in understanding the tensions and issues embedded in inter-organisational relationships. Northern NGOs, it appears, are motivated to instigate new organisations to perform roles they see as important, even when local organisations are not presently undertaking associated activities. These roles are drawn from their own understanding of what they should do. A number of authors have recognised that, generally speaking, the conceptualisation of civil society that is being used in development is rooted in the broader social and economic context within which Northern NGOs have emerged (Allen 1997, 328-336; Jorgensen 1996, 44; Stewart 1997, 16; Van Rooy and Robinson 1998, 7-12).<sup>5</sup> As discussed in Young (2000, 150), one part of this conceptualisation appears to be an antagonistic or competitive attitude towards the state. (This use of Northern-based concepts in development is not unusual. Organisation theorists such as Jepperson and Meyer (1991, 206) and DiMaggio (1991, 287), and development theorists such as Wood (1997, 79), Hyden (1997, 42) and Hann (1996, 3) have recognised the dominance of Northern-based models of institutional and organisational development.)

More generally, and as described by Van Rooy and Robinson (1998, 45 and 52) and Stewart

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Lewis (1999, 7) notes that the problem of euro-centrism is already well documented in the case of the application of Western models of development economics to the South.

(1997, 22-25), Northern development experts have developed a strong association between civil society and Western democratic processes. (Civil society is often defined to include many kinds of non-government and non-profit associations, with definitions often appearing to be synonymous with the concept of the third sector (or voluntary sector or not-for-profit sector) which includes all formal organisations that are neither part of the government nor part of the private sector (Landim 1997, 323). Stewart (1997, 26) draws on a study of 30 donor agencies to argue that many development organisations equate NGOs with civil society.)

In the context of this acknowledgement of the cultural specificity of the concept of civil society and the roles it might undertake, there appears to be limited concern by development practitioners. Some worries about the use of the concept of civil society have been raised in the context of capacity building and organisational development support. Fowler (1997, 49) discusses the potential danger of Northern NGOs using capacity-building funds to meet their own specific needs rather than those of the Southern NGOs. In the broader context of NGO state relations, he suggests that: "What currently passes as strengthening civil society... to promote democracy is little more than inducing and funding third sector organisations that mirror domestic counterparts" (Fowler 1998, 207). Maina (1998, 159) (a senior staff member with a Northern NGO) suggests that much capacity-building funding is being put into the Kenyan NGO sector with little understanding of what it is trying to achieve. Jorgensen (1996, 51) makes a plea that Northern NGOs are pluralistic in how they approach the issue and "...find a balance between representing the values of their own civilization in the South and learning to listen to voices in the South as they express ideas and values."

It might be argued that the creation of these organisations is an appropriate and realisable path

for development in Kenya. Alternatively, they might be judged to be a repeat of colonial-style domination, with the Northern NGOs taking advantage of their resources to determine a development path which may be unachievable. Answering these questions is beyond the breadth of this study, however, two points can be made. Salamon and Anheier (1998, 87), in a comprehensive analysis of explanations for voluntary sector development, conclude that the nature of the non-profit sector reflects the social, economic and political dynamics of the society in which the sector is embedded. This suggests that it may be hard to “import” organisations from elsewhere. Second, and as noted in Chapter Eleven, the creation of new organisations also appears to have wider implications for the development of the NGO sector in Nairobi, including the degree of competitiveness between agencies, the autonomy of Southern NGOs and relationships between Northern and Southern NGOs.

Whilst resource dependency theories help to interpret the issues, tensions and perceived influences within such relationships, placing greater emphasis on the overall context within which these relationships are developing illuminates some of the contradictions which Chapter Eleven has identified. It is the broader analysis that helps to understand the more subtle ways in which organisations are developing. As Benson (1977, 138) suggests, organisational developments are linked to broader patterns in society, including the way in which power structure controls “...the flow of resources into organisations.” Turning to institutional theorists, Powell and DiMaggio (1991, 13) argue that, in order to understand the relationships of Northern and Southern NGOs, it is necessary to understand the non-local environments and the way in which “...they penetrate the organisation, creating the lenses through which actors view the world and the very categories of structure, action and thought.” In this case, the motivation of Northern NGOs to form new Southern NGOs can be understood within their own social, political and economic context. The Northern NGOs involved in the creation of

organisations believe that such agencies will address the need to catalyse changing systems of democracy and governance. Each individual agency appears unaware of the scale at which new agencies are being introduced. For this reason, perhaps, there is little consideration of the consequences of such agencies on the Southern NGO sector and on relationships between the sector and Northern agencies.

How might this discussion help to explain the contradiction noted in Chapter Eleven - that Southern NGO managers believe they secure the independence of their own agency? Despite Northern NGOs' intervention in the sector, through the creation of new organisations and other recognised pressures on Southern agencies, staff of Southern NGOs maintain that they set their own objectives. The following Section looks in more detail at how and why they hold these beliefs.

### **Southern NGOs: The Limits of Autonomy**

The preceding discussion has emphasised the constraints facing Southern agencies. Despite their situation, Southern NGO staff and boards use a variety of strategies to try to ensure that they maintain and increase their control over their mission and goals. Jamela (1990, 26) discusses similar options and choices facing ORAP, one of the largest of Zimbabwe's NGOs, thereby suggesting that the experience of this group of Kenyan NGOs is not unusual. As noted in Chapter Eight, staff in the Southern NGOs that have been included in this research repeatedly returned to the ways in which they sought to secure their autonomy.

Southern NGOs have sought to be less dependent on Northern NGOs as a group, and less dependent on their specific current funders. They do not perceive their search for financial

independence as threatening to the agencies that they are currently working with, rather, they see it as assisting to secure better relationships. As noted above, the depth and breadth of these strategies is not well represented in the literature on inter-organisational relationships, which has rather emphasised avoidance of dependent relationships as a solution (Litwak and Hylton 1962, 406-7; Reid 1969, 179; Levine and White 1961, 590). More recent literature such as Gronbjer (1993) and Froelich (1999) is more representative of the situations found here, in which agencies strategise to minimise the negative consequences of the relationships that they have.

With respect to goal deflection, Southern NGO staff and board members present a consistent story. Goal deflection is a general problem for the Southern NGO sector in Kenya but it is not a problem, staff argue, for their specific agency. Using reasons such as those summarised above, staff explain how their own agency has avoided the problems that they believe others suffer from, setting their own goals and determining their own projects. At the same time, the staff of Northern NGOs are in agreement with the general conclusion that there is goal deflection. They acknowledge the general problem and cite examples where they feel their own actions have had a determining influence on the policies and programmes of their Southern collaborators. Whilst it would perhaps be reasonable for one agency or staff member from one specific Southern NGO to argue that there is a general sector-wide problem that an individual agency can manage to avoid, it is a less credible story when repeated by five different agencies. Why are staff of Southern NGOs consistently arguing that they are each exceptions to a general rule?

The tension in the perspectives of Southern NGOs can better be understood in the light of the discussion in Sections Two and Three. Whilst Southern NGOs struggle to be more autonomous, they are all working within a context that places multiple constraints on their

choices. The constraints they face may not take the form of specific instructions (although they are none the less real for that); rather, they may be more indefinable pressures resulting from Northern NGO intervention in the sector in which they are working. With a powerful and evident capacity to influence the sector by creating new organisations, Northern NGOs consistently demonstrate their capacity to realise their interests and concerns without direct coercion of, or even direct requests towards, Southern NGOs. Whilst Southern NGOs seek Northern agencies that share their vision and values, none felt confident enough to call any of their relationships a partnership. During the course of this study, no formal arena through which Southern NGO staff could challenge Northern NGO staff perceptions' of the needs of the poor in Kenya and their subsequent goals and objectives was identified. Southern NGOs may believe that they have to listen to Northern NGO perspectives and objectives or they risk being disregarded in favour of another, perhaps newly created, NGO.

At the same time, some Southern NGOs have been influenced by Northern agencies in their mission and goals. In the case of Habitat Network, for example, the core purpose of the organisation itself reflects the nature of the first host and major donor. For these organisations, a difference in perception between those inside and those outside the organisation is understandable. Staff may believe that they are making decisions autonomously but the staff and board members of other Southern NGOs may see it very differently.

For Southern NGOs, there is an awareness of the role of Northern agencies in creating new organisations. Whilst the staff of Southern NGOs do not protest directly, their disquiet emerges in other ways, perhaps best exemplified in their views on local offices for Northern NGOs. The problem with such offices is seen as their tendency to be associated with strong "agendas" on the part of Northern agencies (see Chapter Eleven). Southern NGO staff are cautious of Northern NGO policies for Kenya. Whilst they recognise the benefits of informal

contacts and the potential for better communication, staff within the more organisationally developed Southern NGOs prefer that their Northern donors do not have an office within the country. Perhaps it is because the staff of Southern NGOs believe that it is only a matter of time before Northern agencies think that they know what the priorities of the Kenyan NGO sector should be. Without alternative sources of funds, Southern NGOs find it difficult to follow their own objectives, unless they persuade a Northern NGO to provide financial support. The concluding discussion in Chapter Eight identifies three Northern NGO strategies to ensure that they achieve their objectives through Southern NGOs: stating their desired objectives and asking Southern NGOs to come forward (Encouragement); approaching Southern NGOs and asking whether they will undertake such work (Instigation); and making activities a condition of funding (Conditionality). This discussion suggests that there is a fourth and perhaps more powerful strategy, that of Agency Creation.

It is argued that many of the constraints that Northern and Southern NGOs face in their relationships are contextual, reflecting, in particular, the nature of the development assistance process. Staff of both Southern and Northern agencies recognised that the two groups of agencies have a common interest in amending this system to ensure that it better meets their needs. Despite this, no project or programme was identified during this study which involved substantive work on an international agenda for the reform of development assistance. One possible explanation is that despite this recognition of the influence of the system of international development assistance, staff do not view it as directly responsible for either the positive or the negative aspects of their relationship. Most staff appear to have an inward and narrow focus so, for example, staff of Southern NGOs would note that a particular member of staff has not been very helpful but that he/she had since left and the new member of staff was much better. The Director of Legal Education emphasised that, in her dealings with donor

agencies she believed that the relations are essentially relationships with individuals rather than with agencies. As also found by Lister (2000, 236), close individual relationships are seen as a solution to systemic problems.

Hence, it appears that staff of Southern NGOs argue that the organisations they work for manage to secure their autonomy whilst other agencies do not, for a complex set of reasons. On balance, as already discussed, it appears that Southern NGOs are influenced in many cases by their Northern donors. Hence, this research generally supports the view that resource dependency results in the weaker agencies adopting the policies and priorities of the stronger agencies, and Southern NGOs staff broadly agree with this conclusion. Why do Southern NGO staff argue that their individual agencies are exceptions to this general rule? The evidence here suggests that the most powerful influences that Northern NGOs place on Southern agencies are the least explicit. Agencies may have a series of mission statements, objectives and working procedures that reflect their formation - whether influenced by a Northern NGO or not. At the same time, their relationships are highly personalised. This degree of personalisation helps Southern NGO staff believe that they have avoided the problems that they perceive as being present in the sector.

A further emerging factor appears to lie in the types of relationships that are found. Even within this small sample of relationships, somewhat different experiences emerge. This is further considered in the following Section, which characterises the types of relationships that emerge in this study, prior to returning to a number of the research findings.

### **Characterising Differences in Northern NGO Attitudes**

In seeking to better understand the relationships emerging from this study, it is useful to draw

up some characteristic “types” of relationship. These types summarise and describe some of the key features of observed relationships. They sharpen the differentiation between alternative kinds of relationships and in so doing assist in interpreting the experiences found, the emerging tensions and the choices facing organisations.

Three distinct types can be identified within the relationships considered in this research. As shown in the discussion above, Northern NGOs are the more powerful agencies and hence they have a greater influence in determining the characteristics of relationships. On reflection, what appears to be critical in determining the nature of the relationships is the attitude of Northern NGOs to the NGO sector in the South.<sup>6</sup> More specifically, the Northern NGOs in this study have one of three attitudes to the sector:

1. That the Southern NGO sector has a vital and important role to play and, at present, contains groups with similar core values, mission, objectives and methodologies to those of Northern NGOs. Hence the objective of the Northern NGO is first to identify and then to support these agencies. This is an attitude that emphasises equality of core values and goals between the two sectors.
2. That the Southern NGO sector has a vital and important role to play and is ready and able to form alliances with Northern agencies to do work of common interest and to an acceptable standard. The sector is viewed as professionally competent and with shared intent. The Northern NGO searches for medium-term relationships with organisations that share current objectives. This is an attitude that emphasises equality of competency in the Southern NGO sector and that acknowledges the capacity of the sector to share current agendas.
3. That the Southern NGO sector has a vital and important role to play and that a priority need is to strengthen the smaller NGOs with support for funding and organisational development.

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Whilst these conclusions draw primarily on the interviews, the understanding gained during the study of other NGO relationships has been helpful in drawing up this typology.

The assumption/experience/implication is that there are no appropriate Southern NGOs to do this work. This is an attitude that perceives the Southern NGOs sector as being immature and that hence believes there is a temporary role for Northern NGOs in sector strengthening/organisational development.

These three attitudes can be seen to result in three “types” of relationship with the following characteristics:

**Shared Vision:** characterised by a high degree of trust in future funding, a high degree of confidence in the mutual value of the relationship to both parties, a high degree of shared vision around development needs and priorities, and a willingness to acknowledge weaknesses (on both sides) because of this confidence in the relationship. (This is the relationship between Church Exchange and the National Organisation for Development.)

**Common Agenda:** characterised by mutual respect in professional competency and a medium-term funding relationship based around shared priorities and similar recognition of development needs. No real confidence in a long-term relationship, but this is not an issue for either party who tend to have a professional rather than a value-driven approach to their relationship. (Although their attitude to their work may be value orientated.) Other activities may occur because of joint respect for each other’s competency. (This is the relationship between Grants for Change and Legal Education/Habitat Network and between Participatory Development and Habitat Network.)

**Coincidental Interest:** characterised by different interests that temporarily coincide, with the Northern NGO aiming at sector development and the Southern NGO at organisational survival. These relationships are characterised by an uncertain funding future and a strong sense of dependent: beneficiary relationship by both groups. Funding tends to be short term, aimed at the strengthening and growth of the Southern NGO. There is, in general, no particular sharing

of the development vision beyond something that is broadly defined as helping those in need.<sup>7</sup> (This is the relationship between Neighbourhood Development and Children in Need/Community Health.)

A number of the observed findings may be explained by this typology and Table 12.1 below summarises these explanations. The following discussion in this Section examines both the observed findings already considered in this Chapter and the major research themes.

It is notable that the two relationships in this group of Northern and Southern NGOs that have previously involved funding that has not been maintained both “cross over” this categorization. This suggests that a mismatch of expectations may be one explanation for the lack of continuing finance.

Agencies that are most interested in founding new organisations appear to have the second type of attitude (that of a “common agenda”) and to be searching for agencies that share a common set of objectives to themselves. These Northern NGOs have a vision of what the Southern NGO sector should look like, and intervene to make it that way. Staff do not appear to be inhibited from creating new organisations. The agencies in group two have a clear development agenda. If there is not an appropriate competent local agency, they create one.

Agencies in the first group (“shared vision”) are not interested in creating new organisations because of their starting point of seeking to find a local organisation with a common set of core objectives and ideologies. If agencies of the first type cannot find what they are looking for, they go elsewhere. Agencies in the third group (“coincidental interest”) are more concerned

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What seems to be important is the ethos of the organisation (Billis 1993, 178) and whether it is operationally, professionally or ideologically driven. This may influence what kind of individuals are recruited and the values they are encouraged to have.

with sector development, hence they identify and support agencies that are there already but are considered to be weak, seeking to add value to their work.

Turning to the issue of Southern NGO staff perceptions of their own autonomy and that of the sector, this typology may also be helpful. Southern agencies with relationships that are in the first group may see themselves as autonomous, in part because they feel that their donors respect the mission and vision of the organisations. Whilst they recognise the constraints on their funds and the need for negotiation with their donor agencies, they are not overly concerned that they will be encouraged away from their own mission and values. If their relationships involve agencies with a genuine sharing of mission and goals, then their beliefs are probably accurate.

Southern agencies that have relationships with Northern NGOs falling into the second group also feel relatively confident about their funding relationships. They feel that they are respected collaborators with a range of funding relationships about which they are relatively secure. Although they recognise that the Northern NGOs that are supporting them may also be funding other initiatives, including those involving new organisations, they may not feel immediately threatened. The individual relationships between the staff of each agency tend to be characterised by mutual respect and a recognition of professional competency; hence, whilst acknowledging a general problem of resource dependency, agency staff believe they are undertaking work that they want to do. For these agencies (however they have been created), this is also the work that Northern NGOs wish them to do.

It is perhaps staff in Southern agencies with relationships that fall into the third type, that of “coincidental interest”, that feel the most vulnerable to Northern NGO influence. However, staff may be looking forward to a time when they will be stronger agencies with larger and more secure budgets. At the same time, looking at the sector as a whole, they recognise that

Northern NGOs have the resources that enable them to have an advantageous position in securing their own priorities.

Issues of short, medium and long-term funding and related tensions can also be understood through this typology. In the case of a relationship characterised by shared vision, there is long-term confidence in funding on both sides, regardless of the actual periods for which project funds are allocated. There is an implicit (and sometimes explicit) acceptance that when one project is over, there will be other activities of common concern. Agencies in relationships created around common agendas are generally confident about funding in the medium term. On the part of the Northern NGO, there appears to be confidence in the competency of the Southern NGO but no confidence that there will be a common agenda in the longer term. In part, this understanding may be predicated on their own understanding that they may have no permanent activities in that country. Staff of Southern NGOs appear to appreciate the mutual respect within these relationships, although they also refer to the greater desirability of relationships based on shared values. In the case of relationships built on “coincidental interest”, there is no real sense of long or even medium-term funding, which results in some tensions. On the part of the Northern agency, their intervention is in the sector, rather than with individual local organisations, and hence their objectives tend to favour a relatively flexible approach, moving in and out of relationships as opportunities emerge and organisations change. Moreover, the emphasis on organisational development may include an implicit message that, as the agency grows, it will require other donors. On the part of the Southern agency, they tend to have few alternative sources of funds, relatively little fundraising experience, and hence staff may be anxious about their future financial security.

Table 12.1 reconsiders the findings discussed in Chapter Eleven within the typologies identified above.

Reviewing the typologies discussed in Chapter Eleven (and introduced in Chapter Three), a number of points emerge. Northern agencies that believe that there are Southern NGOs that share similar values and vision to their own appear to be the least likely to have local offices, as they find local organisations they can trust and support them in their work. Northern NGOs that perceive their role to be concerned with strengthening the Southern NGO sector are the most likely to have local offices because their attitude emphasises the need for something more than simple funding.

**Table 12.1 Northern NGO Approaches to the Southern NGO Sector**

	<b>Coincidental interest</b>	<b>Common agenda</b>	<b>Shared vision</b>
Mission and goals/ danger of goal deflection?	Tolerated differences in objectives: potentially high risk of goal deflection in weaker group.	Similarity of objectives seen as helpful but not essential - potential risk of goal deflection.	Similarity of objectives is seen as essential - low risk of goal deflection.
Organisational structure and style.	Strong emphasis on organisational development/ capacity building: S NGOs adopting N NGO practices but spatial proximity of agencies allows for flexibility.	Required competency in financial and administrative management by Northern NGO may result in changes in the organisation of the Southern NGO.	May be some changes in organisational structure and style. Southern NGOs tend to suggest that these are caused by increased professionalism rather than Northern NGOs.
Organisational stability: length of financial commitment by Northern NGO.	Limited to project agreement - insecurity for the Southern NGO.	Limited to project agreement but awareness of likely future collaboration.	Whatever the length of the project agreement, there is confidence among the Southern NGOs that funding will continue.
Control and accountability : expectations of Northern NGO.	Accountability through project reporting and more intensive contacts: generally high requirements but not controversial.	Accountability through project-reporting process; not that intensive and not disputed.	Accountability through project reporting and other means: relationships allow more intensive forms of accountability that may uncover sensitive issues.
Relations with other groups and institutions: consequences for other groups that Southern NGO works with.	Concerns about relations with community because of financial insecurity.	No substantive concerns on either side.	No substantive concerns on either side.

This categorisation suggests that some Northern agencies may look for local agencies that share their values and goals (referring back to the discussion in Chapter Eleven), but other Northern agencies are less ambitious. In the case of agencies with relationships based on “common agendas”, this more ambitious goal is not seen as being relevant. In the case of Northern NGOs with an interest in developing the sector, there appears to be an assumption that no local agency is currently fulfilling this role.

This typology has some similarities with that of Schearer (1999, 29), who distinguishes clientelist, market-based and collaborative models. However, there are no close parallels between the two typologies. Schearer's (1999, 31) clientelistic model does not closely match with “coincidental interests” as outlined above, as in the former there is no sense of transition or growth, rather, outcomes are seen merely as reflecting “...differences in power being exploited by the stronger party in favour of their objectives.” In the case of “coincidental interests”, the objective is to strengthen the sector by encouraging suitable models to develop; outcomes may reflect differences in power and favour the stronger party but the weaker parties also receive some benefits. It might also be noted that the relationships observed in Nairobi are not well represented by the marketplace models; among the relationships studied there are no contract based arrangements. Of Schearer's collaborative models, two are similar to the “common agenda” and “shared vision” models described above.

Finally, can we understand what persuades a Northern NGO to adopt one typology over another?<sup>8</sup> The sample is not large enough to draw any firm conclusions, nor was the

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This leads to a further question: are agencies consistent in their approach across their international work or do they follow different strategies in different places? A second, more fundamental question still, is the degree of decentralization and autonomy given to country desks or local offices. Do different offices have the right to determine different kinds of relationships? These questions lie outside the scope of this study.

interviewing designed to explore such issues in detail. Nevertheless, a few potential consistencies emerge when we add to the experiences by those of the agencies that chose not to participate in this study and other case studies in the literature.

“Coincidental interest” strategies appear to be particularly popular in those Northern agencies that have recently had, or which continue to have, operational activities. There are perhaps two sets of reasons for this association. First, justification for interventions by Northern agencies is stronger if local organisations are considered to be weak. Operational agencies are likely to have a set of organisational perspectives that stress the lack of development in the local sector to explain high levels of Northern NGO involvement. Second, Northern NGOs with operational activities may focus on areas or sectors in which local organisations are weaker; hence, these perceptions and approaches may be based on an accurate assessment of what they find, and their motivation to strengthen local agencies can be understood in this context.

Northern NGOs with a “common agenda” approach appear to be popular among those with a specialist technical or sectoral background. Northern-based staff can perhaps find similar professional approaches to the ones that they themselves have been trained in and this may reassure the Northern NGO of the quality of local groups and organisations. Such organisations may themselves incline to a technocratic view of development; hence, they may not be strongly vision-orientated organisations themselves. They may be uninterested in finding local groups that share their vision, preferring to concentrate on verifiable skills.

Finally, and unsurprisingly, Northern NGOs that are concerned about the ideological direction of their own organisation appear to be those that are most likely to look for

relationships based on a “shared vision.”

Reflecting more generally on this study, the findings appear consistent with more widely mentioned concerns. However, the analysis deepens and extends our existing understanding in a number of ways. The argument is that resource dependency exists, but the process through which the consequences emerge is complex. Southern NGOs use a number of strategies to defend their autonomy; and Northern NGOs use a number of strategies to better achieve their objectives, including the creation of organisations. Developing a three-fold typology helps to better understand the relationships that are observed. Within this typology, it is the attitude of Northern NGOs that emerges as the major distinguishing feature. These attitudes, as argued above, appear to have significant implications both for the development of the specific organisations that Northern NGOs support and for the Southern NGO sector as a whole.

The final three Sections highlight some of the broader implications of this study for theory, development assistance and research.

### **The Implications for Organisational Theory**

What do these findings mean for organisational theory? The dissertation has provided an opportunity to explore the relevance of a set of theories developed for a very different context to the South.

Focusing first on organisational theory, the findings emphasise the broad resonance between issues in the voluntary sector literature (based as it is almost exclusively in Europe and North

America) and the NGO community (with its base in North and South). As discussed in Billis and MacKeith (1993, 40) and Lewis (1999, 10-12), there are common perspectives and common concerns around issues such as goal deflection, isomorphism and board management among others. The findings from the studied agencies reinforce the concerns in this literature and refer to themes in the literature on North and South alike. These conclusions reiterate the broad similarities within the voluntary sector across the globe and suggest that there is a value to approaches that span the sector.

However, the findings suggest that there are interesting and potentially substantial issues to do with the creation of new organisations in the context of inter-dependency that have not been considered previously. The inability of Northern NGOs to find Southern NGOs that address their objectives, combined with Northern NGO dependency on finding such agencies, has resulted in the instigation of new agencies either through direct creation or through encouraging local processes that result in the formation of an agency.<sup>9</sup> This suggests that in seeking to understand the nature and consequences of resource dependent relationships in a context of inter-dependency, it is necessary to go beyond a consideration of how agencies are influenced to an understanding of how agencies are created and hence how the nature of the sector is developing. A Southern NGO may emerge to work in partnership with the Northern (stronger) agency without evident compromise to its aims and objectives because they have been established (or their establishment was strongly influenced) by the Northern party. Equally, an existing agency may compromise its beliefs to work with a Northern NGO conscious that, if they do not, a possible consequence may be the creation of an alternative (and competing) Southern NGO. Hence, the capacity of Southern NGOs to secure autonomy

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Without inter-dependency, there would be no need to create new organisations. Northern NGOs could simply do the work themselves.

within a resource-dependent environment with inter-dependency is constrained by the ability of Northern NGOs to create organisations.

Whilst there are some parallels in the creation of new voluntary agencies by the US government, in general, organisational formation is not widely discussed in the context of inter-organisational relationships and goal deflection. At the same time, it can be observed that, recently, Southern NGOs have been interested in raising money directly in the North through initiating UK-based charities such as Breadline Africa (South Africa) and, potentially, APROTEC (Kenya).<sup>10</sup> Through such strategies, Southern NGOs are seeking to circumvent the link between the Northern public and a Northern NGO. The significance and consequences of organisational formation as a result of inter-dependency appears to be an important issue to consider further in future research agendas.

Organisational theorists suggest that relationships between organisations may have aspects of both competition and mutual benefit (or commensalism).<sup>11</sup> What we find here is a situation in which Northern NGOs are not wholly dominant but they are able, in their actions, to influence relationships with Southern NGOs, in part through altering the nature of the Southern NGO sector. Drawing on Aldrich's (1999, 302) typology, there appears to be a situation of predatory competition between Northern and Southern NGOs, at least in the area of Southern activities. Southern NGOs have taken over the roles of Northern agencies and Northern NGOs are seeking to maintain control despite this situation. However, at the same time, there is mutualism, with overlapping niches and mutual benefits from collaboration.

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Breadline Africa has been working for five years to develop a direct-mail programme that is now raising funds in the United Kingdom, Ireland and the Netherlands.

<sup>11</sup> See Aldrich (1999, 302) for a recent discussion.

The balance between these two forces within any specific relationship reflects this situation. Through vertical integration, Northern NGOs seek to reduce the competition and increase the mutualism in their relationships with Southern NGOs. Southern NGOs are also seeking to realise their own objectives but with a different set of opportunities and constraints. Behind these struggles lie organisational values and beliefs. Should NGOs advocate for political change? And if so, how should they do it? More specifically, how openly should NGOs contest a ruling political party and is there a danger in them becoming a political opposition? Are less confrontational strategies likely to be effective in achieving the desired social change? What are the advantages and disadvantages of adopting more formal and systematic organisational processes, with more precisely defined tasks within an organisation? How can an NGO best realise its goals?

It is difficult to argue that this strategising occurs simply because of a struggle for resources. These organisations are clearly concerned with much more than just resources. Their values and beliefs matter to them. For example, the staff of Southern NGOs acknowledged that it is difficult to obtain resources. Faced with a clear interest by Northern agencies in a certain type of NGO, why should they not make themselves into what is required? The answer lies partly in capacity but this does not provide a plausible explanation for what has been observed. The interest of Northern NGOs in creating organisations suggests that Southern NGOs are not very interested in filling the gap. Northern NGOs, equally, are clearly interested in doing much more than simply spending money. They also wish to secure their objectives despite the risks that are involved in establishing new organisations. Hence, the study supports the views of Aldrich (1976, 449) and Kramer (2000, 8) that values are important in understanding inter-organisational relationships, and challenges Benson (1975, 235), who argues that they change in order to secure resources.

## **The Implications for Policy and Practice**

The official government (bilateral and multilateral) international development assistance agencies have done much to acknowledge and support the role of NGOs in development and, more recently, civil society organisations. One of the consequences has been that Northern NGOs are increasingly dependent on state funds distributed through the official development assistance agencies (Smillie 1993a, 27). At the same time, new roles for NGOs within development have opened up. These new roles have also brought NGOs into closer contact with official development assistance agencies both through collaborative activities and through NGOs acting as service contractors for state agencies (OECD 1988, 25-9; Smillie 1995, 170-2). At the same time, the NGO sector has become more complex, with a division of roles between NGOs in North and South. Official development assistance agencies have also supported direct funding of Southern NGOs, have begun to consult them in policy matters and have raised their profile, resulting in increased recognition of their role.

This broader context is important to the way in which relationships between Southern and Northern NGOs are developing. As Northern and Southern NGOs have taken on new roles, they find themselves facing new problems. The literature on NGOs identifies a number of such problems (see Chapter Three) which are broadly substantiated by this research (Chapters Eight to Eleven). But there is a further issue. As the earlier discussion in this Chapter suggests, the conceptualisation that Northern NGOs have of civil society may be leading Northern NGOs to be more rather than less interventionist in the Southern NGO sector, seeking to initiate new NGOs to undertake roles that have been observed in the North, even if they are not widely supported by the existing Southern NGO sector.

The significance of context suggests that these findings, and their implications, need to be considered in the light of donor strategies in Kenya. With respect to development assistance within the Kenyan context, as discussed in Chapter Six, strong donor agendas around advocacy to secure political change appear to be common within both the Northern NGO and bilateral development assistance sectors. However, there is scepticism in the Southern NGOs about the effectiveness and consequences of these strategies. Frustrated by the lack of local organisations undertaking activities that Northern NGOs believe to be essential, a major (but not the only) motivation for Northern NGOs in forming new local voluntary organisations is their desire for Southern NGO counterparts to support their advocacy efforts.<sup>12</sup> Hence, there is a particular combination of circumstances in Kenya that includes a strong donor agenda for democratic change, a coercive state within a more traditional political system that together results in local organisations being reluctant to take on these roles, and Northern agencies being unable to be advocates themselves because the same state resists political pressure from foreign agencies.

The strategy of creating new organisations needs to be examined by official donors and NGOs alike. The growth in the funding of Southern NGOs has in part been related to a desire to support local indigenous organisations. In this respect, the establishment of new organisations by Northern NGOs might be criticised as a new colonialism. However, it is not evident that this phenomenon can be so easily dismissed. What is an authentic Southern NGO? This study emphasises that the categories of Southern and Northern NGO may need to be examined further. In some cases, the distinctions may not matter but in others, donors may be looking for a local organisation with strong legitimacy and contacts.

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<sup>12</sup>

The conditions that allow for the formation of local NGOs by Northern NGOs were not fully explored in the interviews, but one potential factor is the presence of a Northern-educated local elite with a set of similar perspectives to Northern NGO staff.

More generally, there is a need for Northern NGOs to consider whether their strategy of organisational creation is likely to be effective. Can such organisations really take on a new agenda? What are the consequences for the individual agencies involved. Might the sector be the weaker because indigenous tendencies are weakened by the import of "foreign ideas"? Or does such thinking reflect a pre-globalisation era? Secondly , and relatedly, there is a need to understand the implications for the way in which the sector develops. Is, for example, the problem of competition within the sector attributable in part to the presence of these agencies? The development assistance community needs to look in more detail at the potential consequences of this strategy.

At the same time, international development assistance agencies might consider the issue of agency creation to be an inevitable consequence of the contradiction faced by Northern NGOs, who have the resources but only limited capacity for local implementation.

Looking beyond the issue of agency creation, both Northern and Southern NGOs are concerned about the quality of their relationships with their counterparts. The reason for this concern goes beyond the joint involvement of both groups of agencies in development projects but reflects their mutual interest in issues such as poverty reduction, social justice and equitable development. Despite this emphasis on similar values and objectives, there are relatively few activities beyond funding. There is a need for NGOs from both North and South to consider why it is so difficult for non-financial activities to take place. Why do so few occur? Does this reflect an inappropriateness of strategies or a lack of commitment. And if there is a lack of commitment, why is this the case given the stated concerns of staff?

There appears to be a high level of consciousness among the staff of Northern NGOs about the difficulties that Southern NGOs face because of short funding periods, instability of funding and the increasing formalisation of reporting. Organisational development and capacity building emerge as being of importance for Northern NGOs, in part to help Southern NGOs manage some of the limitations of Northern NGO funding. Capacity-building programmes might benefit from being jointly designed by staff from North and South, in order to address the needs of the Southern organisations as well as those of the North. (However, it should also be recognised, that in, general existing programmes were positively received by those interviewed.)

As noted above, the staff of Northern and Southern NGOs disagree as to whether or not Northern NGOs might benefit from a better understanding of the local context. Several Northern NGOs' staff members felt that greater local knowledge may help bring together Northern and Southern NGOs. However, Southern NGOs' staff members did not perceive the problem as one of a lack of knowledge of what is appropriate. Some Southern NGO staff speak critically of Northern NGOs who have strong specific local agendas. Such agendas, from a Southern NGO perspective, may conflict with their own analysis of problems and potential solutions. Southern NGO staff are more positive about those Northern NGOs who are clear about general principles of development and who leave the local definition of these general principles to Southern agencies. Staff in Northern and Southern NGOs agree that Northern NGOs require a good knowledge of the NGO sector in order to link up to the groups that are closest to them with respect to development principles. However, there is disagreement about the value of local offices. Such disagreement suggests that Northern NGOs might usefully explore the advantages and disadvantages of local offices with those agencies that they fund.

A number of Northern NGOs have recently been experimenting with Southern inputs to Northern governance structures. Northern NGO governance operates in a way that limits the extent to which Northern NGOs can respond to both the local context and the priorities of Southern agencies. Northern NGO boards generally deal with programmes and projects in many countries. At present, none of the boards of the Northern agencies has Southern representation. Several agencies are experimenting with a greater Southern input into decision-making processes (see Chapter Ten), but in general these inputs are not considered to have been substantive by the Southern staff members. There is no widespread enthusiasm for these changes among the staff of Southern NGOs. This response suggests that a more radical rethink may be required if Northern NGOs are serious about engaging Southern NGOs in joint debate about the direction of the Northern agencies. How do Southern NGOs think they can be most usefully involved in the decision-making processes of the Northern NGOs that fund them?

Turning to the implications of this study for Southern NGOs, a number of points emerge. Staff of Southern NGOs are conscious of the constraints that they face through their funding relationships. The larger NGOs are proactive in seeking to strengthen their independence through diversifying their donor base and identifying other funding opportunities. Their search for autonomy is limited because of their lack of knowledge of the Northern NGO sector and because of competition within this sector. The typologies above suggest that their strategies may also be limited, as the differentiating factor appears to be the attitude of the Northern NGO and this is generally beyond the control of Southern NGOs. However, better knowledge of the Northern NGO sector may help Southern NGOs to link up with agencies with whom they can develop relationships that respect their autonomy. Southern NGOs might usefully find ways of reducing the costs of acquiring information about Northern NGOs

- either through working together or through seeking to use their existing Northern donors to assist in this respect.

### **The Implications for Research**

This study offers a number of insights into a future research agenda. It should be noted immediately that the research sample was a small one from which to draw definitive conclusions, and hence many of the conclusions here would benefit from greater exploration, with possibilities for verification.

With respect to further questions, there is a need to better understand the formation of Southern NGOs. Are the experiences described here similar in other countries or are they dependent on the characteristics of a Kenyan context? Are the explanations that are offered here for the evolution of new organisations and the development of existing organisations robust or is there something further to take into account? It has been argued here that the formation of new organisations is somehow linked to inter-dependency, with an imbalance of resources between the Southern and Northern NGO sectors. Is this finding context specific? Or are similar consequences found elsewhere?

A related question is how do these created organisations evolve? Do they gain greater autonomy and merge into the existing Southern NGO sector? Or does their preferential funding status result in a different pattern of organisational development? Moreover, is it possible to consider all created organisations as similar or are there significant distinctions within this broad category? It should also be recognised that agencies change and Northern NGOs are no exception. The characteristics of an agency may be amended considerably

within a five-year period, depending on internal strategies and external opportunities. However, it does not necessarily adjust all its relationships as it changes and, therefore, it may have a portfolio of Southern NGOs that it supports with different relationships that reflect different phases in its development.

Secondly, there is a need to examine the consequences of the formalization of Southern NGOs on the work that they do, particularly in the light the concerns stated above, that formalization makes it hard for them to work effectively with the poor. Whilst it seems to be relatively well established that the process of formalisation is taking place, the consequences appear much less well understood.

Thirdly, there would be value in probing further the typologies established here. Is the thesis correct and is it the different attitudes of Northern NGO staff within their organisational context that is influential in determining the type of relationship that the organisation has with its Southern counterparts? Is the distinction drawn here between “shared vision”, “common agenda” and “coincidental interest” adequate enough to encompass relationships that are found elsewhere, or do further categories emerge? The argument that the Kenyan context is relevant to the relationships that have developed leads to a further question. Are agencies consistent in their approach across their international work, or do they follow different strategies in different places? If they do follow different strategies, what are the factors that determine what strategy they follow and to where they follow it?

Finally, the issue of boards was touched on in the previous Chapter and should not be forgotten. Issues such as organisational formation, goal deflection and formalisation are the concern of senior managers and the board of management. What are the problems faced by

Southern NGO boards? Are they similar to those faced by Northern voluntary agencies? Do they face particular difficulties because of constraints that they face from the context in which they are working?

### **Final Words**

The relationships that Northern NGOs have with the groups that they fund and that the Southern NGOs have with their Northern donors matter to both agencies. Staff in both NGO sectors (broadly) believe that they share significant values and aspirations. Both seek something more than just a financial transaction in these relationships.

However, there are evident differences in the development needs and priorities in Kenya. Uneven power over resources has enabled Northern NGOs to use a number of strategies to influence Southern NGO strategies. In particular, the creation of new agencies can be used to alter the nature of the sector and offer alternative funding opportunities to Northern NGOs. Despite this, Southern NGOs are anxious to secure their autonomy, and seek to do so in a number of ways.

How might relationships develop hereafter? It is necessary to restrict this “crystal ball gazing” to Kenya, as the above analysis suggests that there are specific factors that pertain to the country that may not easily be generalisable. Clearly, broader political changes are likely to be influential, especially in the case of some NGO relationships. Setting aside speculation about what is likely to happen in respect of the Kenyan government, how might relationships between Northern and Southern NGOs develop? One possibility is that activities continue as at present. Southern NGOs look for funds from Northern NGOs, who have their own views about the priorities of the sector. Some strong relationships develop but other relationships

struggle to find a balance between the objectives of North and South. A second possibility is that Northern and Southern NGOs find it possible to have a more open discussion about the development of the NGO sector, sharing ideas, if not reaching agreement, about strategies with regard to the development needs of the country. A consequence of that discussion may be a greater understanding between Northern and Southern NGOs and hence a more equal set of relationships. Finally, and perhaps more radically, the stronger Southern NGOs may continue to be frustrated by their lack of control over their own funding and, conscious of the limited alternative sources of funds within Kenya, they may further explore setting up fundraising units in the North, challenging Northern NGOs within their own "territories". Such action may provoke a more profound questioning among Northern NGOs about their own role and legitimacy. This potential is a consequence of worldwide changes, including the increase in access to information, the more global vision of citizens (who might previously have wanted to give only to a national agency) and the growing inter-connectedness between countries. Traditional means of control are reduced but, at the same time, new forms of negotiated settlement can be explored. It is a challenging time for NGOs - the potential for a much more equal relationship is there. What is less certain is how agencies will respond.

These issues suggest that the findings reported here are likely to be of importance to both groups of agencies. Hopefully, the findings of this research will help agencies to manage their relationships better, with a greater insight into the pressures and possibilities.

## **ANNEX ONE: THE SEMI-STRUCTURED QUESTIONNAIRE**

To be used once relationship to be studies has been established.

### **1. Description of the project/programme/relationship and how it has developed?**

- a. Why did the project develop/who started the contact?
- b. Is the project a new one, or is it part of a longer relationship?
- c. Please explain the history of the project/programme?
- d. Please explain the history of the relationship?
- e. What is the agency trying to achieve through the project? Is this project typical or was it new in some way?
- f. How was it anticipated that the project/programme would develop when it was first conceptualised?
- g. And what has happened?
- h. What other projects/programmes is the agency involved with in Nairobi? (This is a cross check on existing information).
- i. How important is the general context in Kenya/Nairobi to the way in which the project is developing?
- j. How would you describe your relationship with the other agency (leave them to explain in their own words. If needed prompt....)

### **2. Nature of contact between Northern and Southern NGOs (formalisation, standardisation, importance, frequency, reciprocity, power, cooperation, conflict and conflict resolution, coordination....)**

- a. Formalisation (how much of the contact is formal, when was the official application for support made? Who wrote the proposal? What happens with follow-up proposals?)
- b. Is the contract standardised? (Is it always the same?)

- c. What about contacts other than funding?
- d. What are the nature of contacts for reporting and evaluations? And how frequent are they?
- e. Over which aspects do difference occur? How are differences resolved?
- f. How frequent is the contact?
- g. Reciprocity: who initiates the contact? who ends the contact?
- h. What is the scale of resources involved?
- i. Has this project/programme been important in the development of new ideas and/or agency reputation?

### **3. Consequences of contacts?**

What have been the consequences (if any) of the project/programme for the agency involved with respect to:

- finance
- reputation
- staffing
- direction
- stability
- other

#### **a. Accountability**

- i. Types of accountability (project/programme, process, fiscal, prioritization, organizational health check)
- ii. Who is in control of which parts of the project (planning, implementation, evaluation)?
- iii. Domain agreement: is there agreement of who does what, and the direction of the project?
- iv. Is there any involvement of the Southern NGO in Northern NGO work?

#### **b. Mission and goals**

- i. Who has defined the goals of the project/programme?
- ii. How have these fitted into other goals of the agency?
- iii. Does this represent a change of direction and, if so, what are the circumstances leading to this change?
- iv. Have any other agencies been involved in the project/programme, and if so, how were they selected?
- v. Has the Board had any involvement the project/programme, or with the other (North/South) agency?
- vi. (For Southern NGOs): What do you think is an appropriate role for Northern NGOs?

**c. Organisational style and structure**

- i. Has the organisational changed its staff as a result of the project (or past projects funded by the same agency)?
- ii. Have working practices changed as a result of this or previous projects (evaluations, financial management...)?
- iii. Have there been any implications beyond the project/programme for the organization?
- iv. Has the organisation been involved in training or management support as a result of this project?
- v. Do you think you (or the organisation you fund) have become more like Northern NGOs?

**d. Organisational Change and Stability**

- i. Is there a commitment to future funding? How would you describe the nature of this commitment?
- ii. How would you assess the importance of your relationship with the other agency relative to other agencies in the country?
- iii. Is stability a major problem for the organization and its work? (Donor fashions?)

**e. Relations to Other Groups**

- i. Have there been any implications for your relations with other groups as a result of the project or programme. If so, what have they been?
- ii. Are there any agencies such as community organizations or local government been involved in the project/programme? How have relations with such groups developed?
- iii. What are your relations with other NGOs in Nairobi (North and South)? It has been suggested that there are many competitive pressures.
- iv. For Southern NGOs: What about relations with donor agencies that implement operational projects? Do you have good relations with such agencies - does it make a difference in how Northern NGOs behaviour as donors if they have operational projects or not?

**f. Models of relationships**

- i. What are the models of funding that are being used. (Check clear about length of time, if others involved in decision making, what funds are provided for...)
- ii. What other services/resources/contacts are there in addition to funds?
- iii. What is the nature of the long term commitment between you and the other agency?

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