

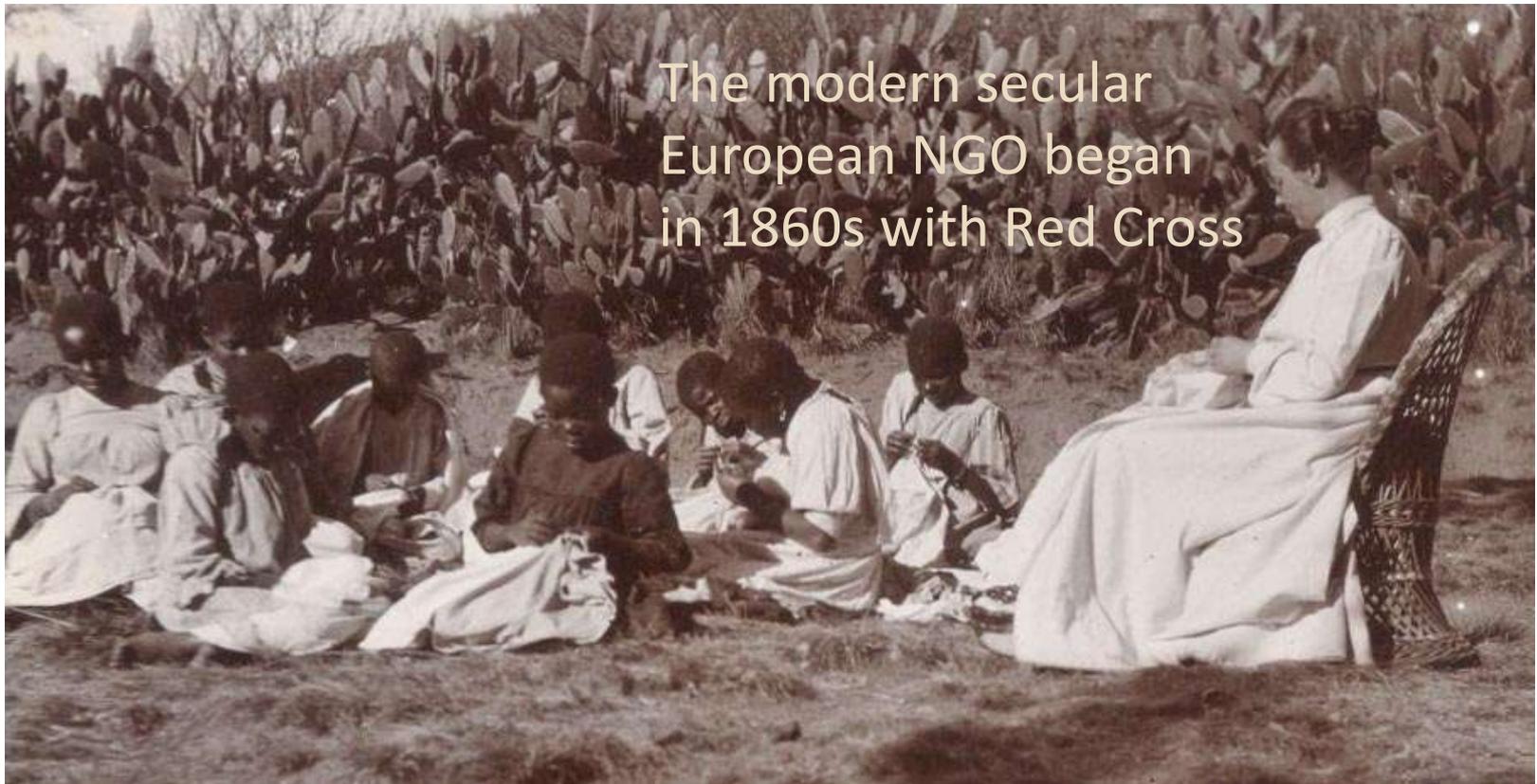
NGOs and NZ Aid: Lessons on the Value of Investing Well in Civil Society



Community Solutions

NGOs pre-dated Government

- Roots in missionary movement, dating back to 16th Century



NGOs in from the beginning in NZ

- CORSO was established in 1944, by three long-standing NGOs (Red Cross, National Council of Churches and Quakers):
 - assisted United Nations Relief and Rehabilitation Administration (UNRRA) in its aid efforts
 - produced publicity material, raised funds and ran clothing drives, sorting and packing clothes donated
 - provided voluntary relief workers to complement UNRRA's staff - first overseas mission in 1945 of medical, dental and welfare team for Greece.



Some NGOs bigger than governments

Figure 1. **Budgets from Official Donors and INGOs (2005)**



Policy Insights No. 73 © OECD 2006

Source: OECD International Development Statistics for Bilateral aid and Annual Reports of international NGOs for NGO aid.

But that's not why they're important



They have certain features which potentially can add real value to international development

What makes an NGO?

Commercial Sector	Government Sector	NGO Sector
Depends on negotiated exchange through market transaction	Rests on coercion and legitimate authority through hierarchical systems	Derives its impetus from shared values and voluntary participation

Brown & Korten, 1991

Became part of the received wisdom

- For example, World Bank staff are “encouraged whenever appropriate to involve NGOs, particularly local NGOs in Bank-supported activities. The World Bank’s interest in working with NGOs stems from experience which has shown that NGOs can contribute to the quality, sustainability and effectiveness of Bank-financed projects.”



Became part of the received wisdom

Why?

- ▣ Values-driven staff more readily able to relate to participants, engendering trust and enhancing participation, less differential in power status
- ▣ Do not need uniformity or standardisation, can adapt to local contexts, respond to demands, tailored activities
- ▣ Flexible to stay long enough to make a difference, but not so long as to create dependency
- ▣ Voluntary effort, community support, and 'oily rag' culture can lead to lower cost structure



Became part of the received wisdom

- ▣ Significant growth in ODA being channelled through NGOs across OECD (now up to 50% and more of some OECD countries, and probably average approaching 20-25%)
- ▣ NGOs are involved in at least half of World Bank projects
- ▣ In the early 1970's, about 1.5% of total donor country income came from Government sources; by the mid-1990s this share had risen to about 30% (80% and more in Scandinavian countries)



VASS established in NZ in 1974



- ▣ To provide funding to NZ NGOs involved in community and economic development in developing countries – usually with partner organisations
- ▣ Since received positive reviews by OECD, Auditor General and two independent NZ evaluations
- ▣ Increasingly promoted partnership and learning approaches with NGOs – especially lauded domestically and internationally

Punching below our weight



- NZ official development assistance has long been very small - even proportional to our smaller GDP
- And the share channelled through NGOs is significantly less than the OECD average
- So we have increasingly depended on 'quality' of Aid and NGO support to make up for what we lack in quantity

Sustainable Development Fund



- Put NGOs back at arms length, reinstating (now discredited) principal-agent relationships
- Narrowed the range of 'outcomes' MFAT wanted to purchase from NGOs
- Less predictable, more one-off, project focussed (associated with lower quality development practice)

In the name of 'accountability'



- ❑ No serious accountability issues raised in any reviews of VASS
- ❑ Ironically, evidence suggests increased 'vertical' accountability requirements, leads to reduced responsibility (and increased accountability lapses, often by weakening NGOs own legitimate internal and 'horizontal' accountabilities)

NGOs contribution undermined

What builds stronger communities?

- ❑ Encouraging citizen participation, building leadership, mobilising resources and enhancing cooperation and trust
- ❑ NGOs also best when flexible, responsive, and accessible
- ❑ An analysis of different funding technologies suggests the further a funder moves from a partnership approach towards purchase-of-service contracting, on balance, the more most of these features are undermined

