

## Have NGOs 'Made a Difference?' From Manchester to Birmingham with an Elephant in the Room

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In 1991, David Hulme and I found ourselves in a bar at the University of Hull enjoying a post-conference beer.<sup>1</sup> The conversation turned to a mutual interest of ours – the role and impact of NGOs in development – and after a few more pints we hit on the idea that eventually became the first 'Manchester Conference' on the theme of 'scaling-up', later to be summarized in a book titled *Making a Difference: NGOs and Development in a Changing World* (Edwards and Hulme, 1992). Fifteen years on, the NGO universe has been substantially transformed, with rates of growth in scale and profile that once would have been unthinkable. Yet still the nagging questions remain. Despite the increasing size and sophistication of the development NGO sector, have NGOs really 'made a difference' in the ways the first Manchester Conference intended, or have the reforms that animated the NGO community during the 1990s now run out of steam?

In this chapter I try to answer these questions in two ways. First, through a retrospective look at the Manchester conferences – what they taught us, what influence they had, and how NGOs have changed. And second, by picking out a couple of especially important challenges in development terms and assessing whether NGOs 'stood up to be counted', so to speak, and did their best in addressing them. These two approaches suggest somewhat different conclusions, which will bring me to the 'elephant in the room' of my title.

It is obvious that making judgements about a universe as diverse as development NGOs is replete with dangers of overgeneralization, and difficulties of attribution, measurement, context and timing. I suspect that my conclusions may be particularly relevant for international NGOs and to larger intermediary NGOs based in the South. So, with these caveats

in mind, what does the last decade and a half tell us about the role and impact of NGOs in development?

### The Manchester Conferences: A Short Retrospective

As Table 2.1 shows, the theme of the first Manchester Conference in 1992 was 'Scaling-up NGO impact on development: how can NGOs progress from improving local situations on a small scale to influencing the wider systems that create and reinforce poverty?' (Edwards and Hulme, 1992: 7). The conference concluded that there were different strategies suited to different circumstances, specifically: (1) working with government; (2) operational expansion; (3) lobbying and advocacy; (4) and networking and 'self-spreading' local initiatives. All of these strategies have costs and benefits, but the implicit bias of the conference organizers, and most of the participants, lay towards institutional development and advocacy as the most effective and least costly forms of scaling-up, what Alan Fowler later called the 'onion-skin' strategy for NGOs – a solid core of concrete practice (either direct project implementation or support to other organizations and their work), surrounded by successive and interrelated layers of research and evaluation, advocacy and campaigning, and public education. To varying extents, this strategy has become standard practice for development NGOs in the intervening years.

Buried away at the end of *Making a Difference* was the following statement: 'The degree to which a strategy or mix of strategies compromises the logic by which legitimacy is claimed provides a useful test of whether organizational self-interest is subordinating mission' (Edwards and Hulme, 1992: 213). For reasons that I will come back to later in my argument, that has turned out to be a prescient conclusion.

Fast-forward to the second Manchester Conference in 1994, in a context in which NGOs had begun to 'scale-up' rapidly in an environment in which they were seen as important vehicles to deliver the political and economic objectives of the 'New Policy Agenda' that was being adopted by official donor agencies at the time – deeper democratization through the growth of 'civil society', and more cost-effective delivery of development-related services such as micro-credit and community-driven development. As a result, many NGO budgets were financed increasingly by government aid, raising critical questions about performance, accountability and relations with funding sources. The key question for that conference was as follows: 'Will NGOs be co-opted into the New Policy Agenda as the favored child, or magic bullet for development?' (Edwards and Hulme, 1995: 7). And, if so, what would that do to NGO mission and relationships? Will they, as

**Table 2.1** The Manchester conferences: a summary

Location and date	Theme(s)	Key conclusions	Published outputs
Manchester 1992	<p>Scaling-up NGO impact on development:</p> <ul style="list-style-type: none"> <li>• 'How can NGOs progress from improving local situations on a small scale to influencing the wider systems that create and reinforce poverty?'</li> </ul>	<p>Different strategies suit different circumstances: (1) working with government; (2) operational expansion; (3) lobbying and advocacy; (4) networking and 'self-spreading' local initiatives.</p> <p>All have costs and benefits but implicit bias to institutional development and advocacy to control for dangers (the 'onion-skin' strategy): 'The degree to which a strategy or mix of strategies compromises the logic by which legitimacy is claimed provides a useful test of whether organizational self-interest is subordinating mission.'</p>	<p><i>Making a Difference: NGOs and Development in a Changing World</i></p> <p><i>Scaling-up NGO Impact on Development: Learning from Experience</i> (DIP)</p>
Manchester 1994	<p>NGO growth raises questions about performance, accountability and relations with funding sources:</p> <ul style="list-style-type: none"> <li>• 'Will NGOs be co-opted into the New Policy Agenda as the favored child, or magic bullet for development?'</li> <li>• If so, what does that do to NGO mission and relationships: 'too close to the powerful, too far from the powerless?'</li> </ul>	<p>Problems are not inevitable – they depend on the quality of relationships between actors and how 'room to manoeuvre' is exploited. Therefore, negotiation between stakeholders is vital, requiring innovation in performance assessment, accountability mechanisms, and relations with funders.</p> <p>'The developmental impact of NGOs, their capacity to attract support, and their legitimacy as actors in development, will rest much more clearly on their ability to demonstrate that they can perform effectively and are accountable for their actions. It is none to soon for NGOs to put their house in order.'</p>	<p><i>Beyond the Magic Bullet: NGO Performance and Accountability in the Post Cold-War World</i> (x 2)</p> <p><i>Donors: Too Close for Comfort?</i> (x 2)</p> <p><i>Too Close For Comfort: The Impact of Official Aid on NGOs</i> (WD)</p> <p><i>Policy Arena: New Roles and Challenges for NGOs</i> (JID)</p>
Birmingham 1999	<p>The changing global context poses questions about NGO roles, relationships, capacities and accountabilities. 'Adapt or die!'</p> <p>Three key changes:</p> <ol style="list-style-type: none"> <li>1. globalization reshapes patterns of poverty, inequality and insecurity;</li> <li>2. 'complex political emergencies' reshape humanitarian action;</li> <li>3. the focus of international co-operation is moving from foreign aid to rules, standards and support for the most vulnerable.</li> </ol> <p>Hence transnational organizing among equals for systemic change in North-South transfers and interventions.</p>	<p>This changing context gives rise to four challenges for NGOs:</p> <ol style="list-style-type: none"> <li>1. mobilizing a genuinely inclusive civil society at all levels of the world system;</li> <li>2. holding other organizations accountable for their actions and ensuring they respond to social and environmental needs;</li> <li>3. ensuring that international regimes are implemented effectively and to the benefit of poor countries;</li> <li>4. ensuring that gains at the global level are translated into concrete benefits at the grassroots.</li> </ol> <p>NGOs must move from 'development as delivery to development as leverage', or 'marry local development to worldwide leverage'. This requires more equal relationships with other civic actors, especially in the South, new capacities (e.g. bridging and mediation), and stronger accountability mechanisms.</p>	<p><i>NGOs in a Global Future: Marrying to Worldwide Leverage</i> (PAD)</p> <p><i>New Roles and Relevance: Development NGOs and the Challenge of Change</i></p> <p><i>NGO Futures: Beyond Aid</i> (TWQ)</p> <p><i>Global Citizen Action</i></p>
Manchester 2005	<p>NGOs and development alternatives: have we <i>really</i> changed things? NGOs have helped to change the debate on globalization, increase commitment to participation and human rights, and keep the spotlight on the need for reforms in the international system (trade, intervention etc.). But the foreign aid system/paradigm has changed much less than was predicted in 1999. Has this been a disincentive to deeper changes in NGO practice (the 'security blanket' effect)?</p>	<p>Significant changes in the external environment:</p> <ul style="list-style-type: none"> <li>• increasing pace of global change and commonality in causes and effects (no more 'North' and 'South?');</li> <li>• geopolitical rearrangements and their impact on global governance (USA, China, India/Brazil/South Africa, Middle East);</li> <li>• cultural cleavages on values and ideology (religion);</li> <li>• the reality of climate change, esp. given urbanization.</li> </ul> <p>But also stronger conventional international cooperation (increased ODA; continued donor influence, imposed democratization and economic reform, democratic deficits in international institutions, despite recipients' dissatisfaction and growing external criticism). Will the international system, including NGOs, change faced with new global realities?</p>	<p><i>NGOs and the Challenge of Development Alternatives</i></p> <p><i>Have NGOs 'Made a Difference'?</i></p> <p><i>From Manchester to Birmingham with an Elephant in the Room</i></p>

another of the conference books put it (Hulme and Edwards, 1997: 275), become 'too close to the powerful, and too far from the powerless'?

At the time, our conclusion was that such problems were not inevitable. Whether they arise depends on the *quality* of the relationships that develop between actors, and on how each NGO uses its 'room-to-manoeuvre' to control for the costs of growth and donor-dependence. Therefore, negotiation between stakeholders is vital, requiring innovation in performance assessment, accountability mechanisms, and relations with funding agencies. 'The developmental impact of NGOs,' we concluded, 'their capacity to attract support, and their legitimacy as actors in development, will rest much more clearly on their ability to demonstrate that they can perform effectively and are accountable for their actions. It is none too soon for NGOs to put their house in order' (Edwards and Hulme, 1995: 227-8).

Since 1994 there have been some important innovations in this respect, like the Humanitarian Accountability Project; the rise of self-certification and accreditation schemes, seals of approval and codes of conduct among child sponsorship agencies and other NGOs; the development of formal compacts between government and the non-profit sector in the UK, Canada and elsewhere; the Global Accountability Project in London; ActionAid's ALNAP system; and simple but powerful things like publicizing the financial accounts of an NGO on public bulletin boards that are being encouraged by MANGO and other organizations (Jordan and van Tuijl, 2006).

In retrospect, however, NGOs did not heed this call with sufficient attention, and are now suffering from it in a climate in which, unlike ten years ago, weaknesses in NGO accountability are being used as cover for an attack on political grounds against voices that certain interests wish to silence. Examples of such attacks include the NGO Watch project at the American Enterprise Institute, the Rushford Report in Washington DC, and NGO Monitor in Jerusalem. Stronger NGO accountability mechanisms won't do away with politically motivated attacks like these, but they would surely help to expose them for what they are.

In 1999, the Third NGO Conference took place in Birmingham, framed by a rapidly changing global context that posed some deeper questions about NGO roles, relationships, capacities and accountabilities. 'Adapt or die' was the subtext of that meeting, whose organizers highlighted three key sets of changes:

First, globalization reshapes patterns of poverty, inequality and insecurity, calling for greater global integration of NGO strategies and more 'development work' of different kinds in the North;

Second, 'complex political emergencies' reshape patterns of humanitarian action, implying more difficult choices for NGOs about intervention and the need to re-assert their independence from government interests; and,

Third, a move from foreign aid as the key driver of international cooperation to a focus on rules, standards and support for those who are most vulnerable to the negative effects of global change implies greater NGO involvement in the processes and institutions of global governance, both formal and informal. (Edwards et al., 1999: 2)

The thrust of these changes is clearly visible in the titles of the books that emerged from the Birmingham conference – *NGO Futures: Beyond Aid* (Fowler, 2000); *New Roles and Relevance* (Lewis and Wallace, 2000); and *Global Citizen Action* (Edwards and Gaventa, 2001) – holding out the promise of transnational organizing among equals for systemic change as opposed to a secondary role shaped by the continued asymmetries of the foreign aid world.

This changing context, we believed, gave rise to four key challenges resulting from the evolution of a more political role for development NGOs in emerging systems of global governance, debate and decision making:

1. how to mobilize a genuinely inclusive civil society at all levels of the world system, as opposed to a thin layer of elite NGOs operating internationally;
2. how to hold other (more powerful) organizations accountable for their actions and ensure that they respond to social and environmental needs – something that implicitly demanded reforms in NGO accountability;
3. How to ensure that international regimes are implemented effectively and to the benefit of poor people and poor countries (getting to grips with 'democratic deficits' in global institutions and protecting 'policy space' for Southern countries to embark on their own development strategies); and
4. how to ensure that gains at the global level are translated into concrete benefits at the grassroots, translating abstract commitments made in international conferences into actions that actually enforce rules and regulations on the ground (Edwards et al., 1999: 10).

NGOs, we concluded, must move from 'development as delivery to development as leverage', and this would require the development of more equal relationships with other civic actors, especially in the South, new capacities (like bridging and mediation), and stronger downward or horizontal accountability mechanisms.

Since 1999 there have certainly been some examples of innovations like these, like the 'Make Poverty History' campaign in the UK, which has developed stronger coordination mechanisms among development and non-development NGOs, and other organizations in UK civil society, and the development of much more sophisticated advocacy campaigns on aid, debt and trade.

If one believes that there is a credible chain of logic linking these three conferences, their outputs, and those of other similar efforts that were ongoing during the same period, with the emergence of a more thoughtful and professional development NGO sector, and (going one stage further) linking the emergence of that sector with at least the possibility of a greater aggregate impact on development, then one can begin to answer the question posed by this volume in the affirmative, breaking down those answers by country context, type of organization, type of impact, longevity, sector, issue and so on in the ways that other chapters try to do.

I think one would have to argue an extreme version of the counterfactual to say otherwise – in other words, to claim that the world would be a better place without the rise of development NGOs, however patchy their impact may have been, especially given the huge and complex challenges that face all NGOs in their work today. Perhaps I am not setting the bar very high in making this point, but in critiques of NGOs it is often forgotten. There *has* been a positive change in the distribution of opportunities to participate in development debates and in democracy more broadly, and in the capacities and connections required by NGOs to play their roles effectively, even if global trends in poverty and power relations, inequality, environmental degradation and violence are not all heading in a positive direction.

In other words, some of the preconditions, or foundations, for progress are being laid, brick by brick, organization by organization, community by community, vote by vote. If one believes that democratic theory works, then, over time, more transparency, greater accountability and stronger capacities for monitoring will feed through into deeper changes in systems and structures. Civil society may yet fulfil Kofi Annan's prediction as the 'new superpower' – a statement that was largely rhetorical but contained at least a grain of truth. And as context for that conclusion, think back thirteen years to the first Manchester Conference when NGOs were still something of a backwater in international affairs. No one could say the same thing today.

### Where We Were Wrong, and Why It Is Important

So, so far, so good. There was one major area, however, in which the analysis of previous conferences was seriously awry, and it has some significant consequences for the NGO world going forward. This was the prediction that foreign aid would be replaced by a different, healthier and more effective system of international cooperation in which the drivers of development and change would no longer be based around North–South transfers and foreign intervention.

In fact, the clear decline in real aid flows that was observed between 1992

2004) – exactly coinciding with the first three NGO conferences – turns out to have been an atypical period in recent history. With the support of a growing coalition of celebrities, charities, politicians, journalists and academics, we are firmly back in a period of rising real aid flows, up to around \$78 billion in 2004, set to grow still further, and perhaps even reaching the promised land of \$150–200 billion a year estimated to be required to meet the United Nations Millennium Development Goals. The critical literature on aid effectiveness, the importance of institutions, and the primacy of politics that emerged during the 1990s has largely been marginalized from the current discourse (Edwards, 2004b). From Jeffrey Sachs to Bob Geldof, the new orthodoxy asserts that more money *will* solve Africa's problems, and, if we add in an American twist, make the world safe from terrorism too.

Of course, in 1999 no one could have predicted some of the key reasons behind this reverse – principally the events of 9/11 and the ensuing 'war on terror', or the recent catastrophic tsunami in Asia – but previous conferences were also guilty of confusing normative and empirical arguments. Much of the discussion at the Birmingham Conference was driven by what the organizers and participants *wanted* to see happen in the future, not necessarily by a hard-nosed analysis of likely trends and opportunities.

Why is this important for the rest of my argument? The reason is that the perseverance of the traditional aid paradigm, even in its modified version of Millennium Challenge Accounts, Poverty Reduction Strategy Papers, International Finance Facilities and the rest of the current paraphernalia of aid reform, makes any kind of quantum leap in NGO impact much more difficult to achieve because it weakens the incentives for deep innovation by providing a continued 'security blanket' for current practice. Of course, one can read this as a much more positive story, particularly when calls for aid are coupled with serious action on debt relief and trade justice. And I don't mean to imply that investment in developing countries is irrelevant – simply that is difficult to detach the dysfunctional aspects of the traditional aid paradigm from the injection of ever-larger amounts of money by powerful national interests into societies with weak institutions and fragile systems of accountability. To explain what I mean, let me move to the second way in which I've chosen to answer the questions I posed at the beginning of my argument.

### The 'Larry Summers Test'

I recently attended a dinner at which the keynote speaker was Larry Summers, ex-president of Harvard University. After his speech was over, one brave member of the audience – a leading Arab academic – asked him

point-blank whether he thought that America 'has been a force for good in the world'. His answer was unconvincing, but interesting, since he said that it would be impossible to give a sensible answer to that question in any general sense. There are too many 'ifs, buts and maybes', and too many variations of detail, context and circumstance. However, he went on to say, one *can* ask whether America 'did the right thing' at those few moments in history when a certain course of action was unquestionably important – such as intervention in World War I, World War II, and the Cold War. And in those cases, the answer was unequivocally 'yes'.

Of course, one can dispute Summers's conclusion, but I think the way in which he repositioned the question is useful in relation to the topic of development NGOs and their impact. Instead of trying to generalize across the huge diversity of the NGO universe, we can ask ourselves whether NGOs 'did the right thing' on the really big issues of our times.

On the positive side of the balance sheet, I think development NGOs have helped to do the following, albeit with limited practical results thus far:

- changed the terms of the debate about globalization, leading to the emergence of a new orthodoxy about the need to manage the downside of this process, level the playing field, and expand 'policy space' for developing countries;
- cemented an intellectual commitment to participation and human rights as basic principles of development and development assistance; and,
- kept the spotlight on the need for reforms in international institutions and global governance on issues such as unfair terms of trade and investment, global warming, Africa, and the kind of warped humanitarian intervention represented by the war in Iraq.

On the other hand, there is a less positive side to this story when one looks beyond the short-term gains that have been made in the development discourse to grapple with the underlying goals that NGOs were set up to pursue. In my view development NGOs have not 'stood up to be counted' sufficiently on the following crucial questions. They have not been very innovative in finding ways to lever deep changes in the systems and structures that perpetuate poverty and the abuse of human rights, despite the recent boom in Corporate Social Responsibility and public-private partnerships. The 'onion', to go back to Alan Fowler's phrase, is still incomplete, made up by layers of fairly conventional development projects and advocacy work. For example, development NGOs have not changed power relations on anything like the necessary scale in the crucial areas of class, gender and race. They have not faced up to the challenges of internal change – changes in personal attitudes, values and behaviour – in any significant way. They have not established strong connections with social movements that are more

embedded in the political processes that are essential to sustained change. They have not come to grips with the rise of religion as one of the most powerful forces for change in the world today, increasingly expressed in fundamentalism and demanding large-scale action to build bridges between pluralists in different religious traditions.

Equally important, development NGOs have not innovated in any significant sense in the form and nature of their organizational relationships. For example, little concrete attention is paid to downward accountability or the importance of generating diverse, local sources of funds for so-called 'partners' in the South (a weakness that underpins many other problems, including legitimacy and political threats to organizations perceived as 'pawns of foreign interests'). They have internalized functions that should have been distributed across other organizations – local fundraising by international NGOs inside developing countries (or 'markets' to use a telling common phrase) provides a good example, and there are others – franchising global brands instead of supporting authentic expressions of indigenous civil society, and crowding out Southern participation in knowledge-creation and advocacy in order to increase their own voice and profile, as if the only people with anything useful to say about world development were Oxfam and a handful of others.

Of course, there are exceptions to all of these generalizations. I would single out ActionAid for the changes it has made, and on a smaller scale I was struck by the Institute for Agriculture and Trade Policy's decision to transfer spaces on the NGO delegation to the Cancún trade talks from Northern NGOs to groups from the South in 2004. But these examples tend to get noticed because they are exceptions that prove the rule. The rules of the international NGO world seem to stay pretty much the same. Does anyone believe that development NGOs still aim to 'work themselves out of a job', that old NGO mantra? Maybe it was never true, but there isn't much evidence to suggest that it is taken seriously today. Let's face it: NGOs are a major growth industry, back in the 'comfort zone', and set to continue along that path. There has been little real transfer of roles or capacity in either 'delivery' or 'leverage'. It's almost as though they have taken the entire 'onion' and swallowed it whole!

NGOs may give a nod in the direction of 'levelling the playing field', diversifying NGO representation in the international arena, empowering marginalized voices, building the capacity of actors in the South for independent action, helping them to sustain themselves through indigenous resources, 'handing over the stick', becoming more accountable to beneficiaries and so on, but in practical terms the 'institutional imperatives' of growth and market share still dominate over the 'developmental imperatives' of individual, organizational and social transformation (see Table 2.2). And

Table 2.2 NGO imperatives

Developmental imperatives	Institutional imperatives
<ul style="list-style-type: none"> <li>• Bottom line: empowering marginalized groups for independent action.</li> <li>• Downplay the role of intermediary; encourage marginalized groups to speak with their own voice.</li> <li>• Democratic governance; less hierarchy; more reciprocity; a focus on stakeholders.</li> <li>• Multiple accountability, honesty, learning from mistakes, transparency, sharing of information.</li> <li>• Maintain independence and flexibility; take risks.</li> <li>• Address the causes of poverty; defend values of service and solidarity.</li> <li>• Long term goals drive decision making; programme criteria lead.</li> <li>• Rooted in broader movements for change; alliances with others; look outwards.</li> <li>• Maximize resources at the 'sharp end'; cooperate to reduce overheads and transaction costs.</li> <li>• Maintain focus on continuity, critical mass and distinctive competence.</li> </ul>	<ul style="list-style-type: none"> <li>• Bottom line: size, income, profile, market share.</li> <li>• Accentuate the role of intermediary; speak on behalf of marginalized groups.</li> <li>• More hierarchy; less reciprocity; a focus on donors and recipients.</li> <li>• Accountability upwards, secrecy, repeat mistakes, exaggerate successes and disguise failures.</li> <li>• Increasing dependence on government funds; standardization; bureaucracy.</li> <li>• Deal with symptoms: internalize orthodoxies even when antithetical to mission.</li> <li>• Short-term interests drive decision-making; marketing criteria lead.</li> <li>• Isolated from broader movements for change; incorporate others into your own structures; look inwards.</li> <li>• Duplicate delivery mechanisms (e.g. separate field offices); resources consumed increasingly by fixed costs.</li> <li>• Opportunism – go where the funds are; increasing spread of activities and countries.</li> </ul>

Source: Edwards, 1996.

– returning to the quotation I cited from *Making a Difference* earlier in this chapter – this failure places an important, continuing question mark against the legitimacy of development NGOs and their role in the contemporary world. It is these failings, I believe, that stand in the way of increasing NGO impact in the future, and it is these failings that represent the 'elephant in the room' of my title. We don't want to recognize the beast, but we know it's there. And while it remains in the room – a hulking, largely silent presence – NGOs will never achieve the impact they say they want

to achieve, because their leverage over the drivers of long-term change will continue to be weak.

One can read this story under the conventional rubric of institutional inertia, defensiveness and the difficulties of raising money for new and unfamiliar roles. But I think something more fundamental is going on. Underlying this situation is a much broader struggle between two visions of the future – one that I call 'international development', and the other 'global civil society', for want of a better phrase.

The 'international development' vision is predicated on continued North–South transfers of resources and ideas as its centrepiece, temporarily under the umbrella of US hegemony and its drive to engineer terrorism out of the world, if necessary by refashioning whole societies in the image of liberal, free-market democracy. This vision requires the expansion of traditional NGO roles in humanitarian assistance, the provision of social safety-nets, and 'civil society building' (crudely translated as support to advocacy and service delivery NGOs; Edwards, 2004a). It privileges technical solutions over politics, and the volume of resources over their use. The role of the North is to 'help' the less fortunate and backward South; if possible, to 'save it' from drifting ever further away from modernity, defined as liberal market democracy (God forbid there is a viable alternative, like Islam); and if that fails, then at least to 'prevent it' from wreaking havoc on Northern societies. The 'war on terror', I would argue, reinforces and exacerbates the worst elements of the traditional foreign aid paradigm.

The 'Global Civil Society' vision, and here I'm exaggerating to make a point, takes its cue from cosmopolitan articulations of an international system in which international law trumps national interests, and countries – with increasingly direct involvement by their citizens – negotiate solutions to global problems through democratic principles, the fair sharing of burdens, respect for local context and autonomy, and a recognition of the genuinely interlocking nature of causes and effects in the contemporary world. This vision, to be successful, requires action in all of the areas in which I think development NGOs have been found wanting – levelling the playing field, empowering Southern voices, building constituencies for changes in global consumption and production patterns, and injecting real accountability into the system, including personal accountability for the choices that NGOs make. The struggle for *global* civil society can't be separated from the struggle for *personal* change, since it those changes that underpin the difficult decision to hand over control, share power, and live a life that is consistent with our principles. In this vision our role is to act as 'critical friends', as I put it on the last page of *Future Positive*, sharing in 'the loving but forceful encounters *between equals* who journey together towards the land of the true and the beautiful' (Edwards, 2004b: 233).

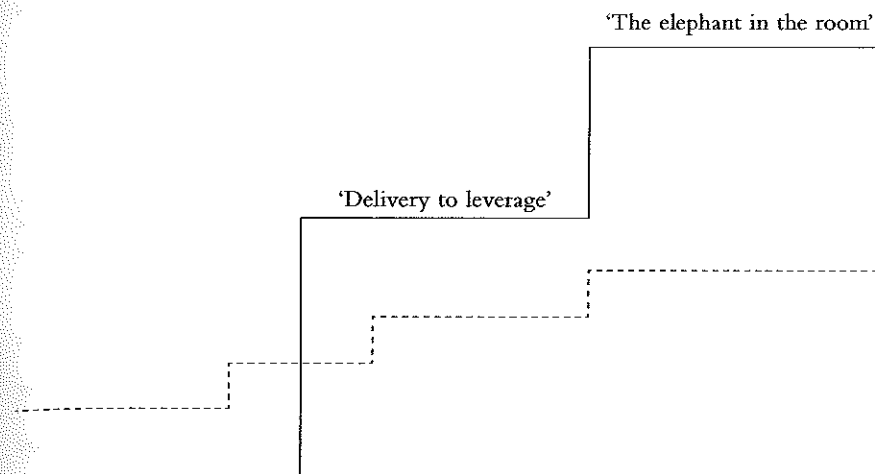
Recent history can be read as a reversal in what the Birmingham NGO Conference predicted would be a steady, long-term transition from the 'international development' model to 'global civil society'. Led by the United States, we are seeing a retreat from the cosmopolitan vision and a return to culturally bound fundamentalisms, the hegemony of the nation-state, and the belief that the world can indeed be remade in the image of the dominant powers through foreign intervention – with Iraq as the paradigm case. That, at root, is why there are so many attacks today on the institutions, or even the idea, of global governance, the rise of non-state involvement and the threats it supposedly carries, the legitimacy of international law, and the transnational dimensions of democracy – as opposed to the domestic implantation of versions of democracy in other peoples' countries.

It is no accident that hostility to international NGOs forms a key plank of neo-conservative thinking in America today. 'Post-democratic challenges to American democratic sovereignty should be clearly defined and resisted', writes John Fonte of the Hudson Institute, one of the key think-tanks of neo-conservatism. 'NGOs that consistently act as if they are strategic opponents of the democratic sovereignty of the American nation should be treated as such. They should not be supported or recognized at international conferences, nor permitted access to government officials' (Fonte, 2004). 'NGOs should be at the top of every Conservative's watch list', says Elaine Chao, President Bush's current secretary of labor. So, 'you have been warned'. No matter how much additional foreign aid gets pumped through the international system, NGOs are unlikely to get very far unless they recognize that there are much bigger issues at stake. This is nothing less than a battle for the soul of world politics, and NGOs need to decide which side they want to take. I was convinced in Birmingham in 1999, and I'm even more convinced today, that we need to break free from the foreign aid paradigm in order to liberate ourselves to achieve the impact that we so desperately want.

### Conclusion

To sum up, my case is that the return of foreign aid to favour provides a security blanket for NGOs who might otherwise have been forced to change their ways. There may, of course be more unforeseen events in the near future that, like 9/11, provide an external shock to the system large enough to interrupt current trends and initiate new directions – or, as in this case, return us to old ways of doing business. This might happen to development NGOs, for example, if aid donors ever got serious about cutting intermediaries (national and international) out of the equation,

Figure 2.1 Trajectories of NGO impact



but I don't think this is very likely – the donors need a conduit on which they can rely.

Therefore I see only incremental increases in impact – shown by the hatched line in Figure 2.1 – unless NGOs can break out of the foreign aid box, as a few pioneers are already doing. As they have recognized, there is a much healthier framework for civic action available to us if we decide to choose it. In my view, the advances made by development NGOs throughout the 1990s – spurred on significantly but not exclusively by the Manchester Conferences – represented a much bigger leap in NGO strategy and potential impact, shown by the solid line in Figure 2.1. Dealing effectively with the 'elephant in the room' represents the next such quantum leap.

In conclusion, the question facing development NGOs today is the same question that faced participants in the first NGO Conference in Manchester in 1992, albeit framed in a somewhat different context. That question is less about what NGOs have achieved in the absolute sense, since they can never achieve enough, and more about how they can achieve more, however well they think they are doing. How satisfied are NGOs with their current performance? Do they wait until another 9/11 hits the system and shakes them out of their complacency, or can they 'bite the bullet' and implement their own gradual reforms now? Perhaps when the development NGO community meets again in Manchester in ten years time, there will be a different set of answers on the table.

### Note

1. The views expressed in this chapter are the author's personal views and should not be taken to represent the views or policies of the Ford Foundation.

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### PART II

## NGO Alternatives under Pressure



## Challenges to Participation, Citizenship and Democracy: Perverse Confluence and Displacement of Meanings

**Evelina Dagnino**

The main purpose of this chapter is to discuss the challenges presented by recent developments in Brazil – but also elsewhere – to the participation of civil society in the building of democracy and social justice. The chapter will discuss first the existence of a *perverse confluence* between participatory and neoliberal political projects. From my point of view, this confluence characterizes the contemporary scenario of the struggle for deepening democracy in Brazil and in most of Latin America. Then it will examine the dispute over different meanings of citizenship, civil society and participation that constitute core referents for the understanding of that confluence, and the form that it takes in the Brazilian context.

### **The Perverse Confluence of Political Projects**

The process of democratic construction in Brazil today faces an important dilemma whose roots are to be found in a perverse confluence of two different processes, linked to two different political projects. On the one hand, we have a process of enlargement of democracy, which expresses itself in the creation of public spaces and the increasing participation of civil society in discussion and decision-making processes related to public issues and policies. The formal landmark of this process was the Constitution of 1988, which consecrated the principle of the participation of civil society. The main forces behind this process grew out of a participatory project constructed since the 1980s around the extension of citizenship and the deepening of democracy. This project emerged from the struggle against the military regime, a struggle led by sectors of civil society, among which social movements played an important role.

Two elements of this struggle are particularly relevant to our argument here. First is the re-establishment of formal democracy, with free elections and party reorganization. These changes made it possible for the participatory project which had been configured inside civil society and which guided the political practice of several of its sectors, to be taken into the realm of state power, at the level of the municipal and state executives and of legislatures, and, more recently, of the federal executive. Indeed, the 1990s saw numerous examples of actors making this transition from civil society to the state. Second, during the 1990s the confrontation that had formerly characterized the relations between state and civil society was largely replaced by a new belief in the possibility of joint action between the two. The possibility of such joint actions itself reflected the extent to which the principle of participation had become a distinguishing feature of this project, underlying the very effort to create public spaces.

While this project traces its roots back to the late 1970s, the election of Collor in 1989 and the more general state strategy of neoliberal adjustment underlay the emergence of a quite distinct project. This project revolved around the fashioning of a reduced, minimal state that progressively exempts itself from its role as guarantor of rights by shrinking its social responsibilities and transferring them to civil society. In this context, we argue that the last decade has been marked by a perverse confluence between the participatory project and this neoliberal project. The perversity lies in the fact that, even if these projects point in opposite and even antagonistic directions, each of them not only requires an active and proactive civil society, but also uses a number of common concepts and points of reference. In particular, notions such as citizenship, participation and civil society are central elements in both projects, even if they are being used with very different meanings. This coincidence at the discursive level hides fundamental distinctions and divergences between the two projects, obscuring them through the use of a common vocabulary as well as of institutional mechanisms that at first sight seem quite similar. Through a set of symbolic operations, or discursive shifts, marked by a common vocabulary which obscures divergences and contradictions, a displacement of meanings becomes effective. In the process, this perverse confluence creates an image of apparent homogeneity among different interests and discourses, concealing conflict and diluting the dispute between these two projects.

This perversity is clearly perceived by some civil society activists. These would include, for example, those engaged in participatory experiences such as the Management Councils (Conselhos gestores), members of NGOs engaged in partnerships with the state, members of social movements and people who, in one way or another, participate in these experiences or have struggled for their creation, all the while believing in their democratizing

potential (Dagnino, 2002). In most of the spaces that are ostensibly open to the participation of civil society in public policies, state actors are in practice unwilling to share their decision-making power with respect to the formulation of public policies. Rather, their basic intention is to have the organizations of civil society assume functions and responsibilities restricted to the implementation and execution of these policies, providing services formerly considered to be duties of the state itself.

Some civil society organizations accept this circumscription of their roles and of the meaning of 'participation', and in so doing contribute to its legitimation. Others, however, react against it and perceive this perverse confluence as posing a dilemma that expresses itself in questions regarding their own political role: 'what are we doing here?', 'what project are we strengthening?', 'wouldn't the gains be greater with some other kind of strategy which prioritizes the organization and mobilization of society instead of engaging in joint actions with the state?'

The recognition of the centrality of this perverse confluence – and the dilemma it poses – demands that we take a closer look at its mode of operation and its analytical consequences.

### Perverse Confluence and the Redefinition of Meanings

The implementation of the neoliberal project, which requires the shrinking of the social responsibilities of the state and their transference to civil society, marks a significant inflection in political culture – in Brazil as well as in most countries of Latin America. Indeed, though less recognized and discussed than the restructuring of state and economy that result from this project, neoliberal transformation has also involved a redefinition of – and struggles over – a variety of cultural meanings and political concepts. What has made this transformation particularly interesting in the Brazilian case is that this implementation of neoliberalism has had to confront a consolidated participatory project that has been maturing for more than twenty years. During that period, this participatory project found significant support within the particularly complex and dense civil society that characterizes Brazil. It was because of this support that this project was able to inspire the creation of democratizing participatory experiments such as management councils, participatory budgets, sectoral chambers, and a vast array of fora, conferences and other societal public spaces and collaborations.

In other words, the neoliberal project found in Brazil a relatively consolidated contender, evidently not hegemonic but able to constitute a field of dispute. The existence of this contender and of this dispute led the forces linked to the neoliberal project to assume particular strategies and

forms of action. To the extent that these strategies and actions differ from those adopted globally, their specificity derives from the extent to which the neoliberal project is forced to engage with, and establish ways of being meaningful, to this opposing field. The need for such engagement and interlocution is accentuated within those public spaces where these two projects meet face to face. Indeed, given the 1988 Constitution's recognition of the principle of participation, social movements began to participate institutionally in those formal spaces that became part of the state apparatus (councils, etc.) (Carvalho, 1997; GECD, 2000). Thus much of the articulation between the neoliberal project that occupies most of the state apparatus and the participatory project takes place precisely through those sectors of civil society that committed themselves to state-society coordination and who therefore became most active in Brazil's new participatory settings and in joint actions with the state; that is to say, those sectors of civil society that were by and large supportive of the participatory project.

It is in this context that it becomes urgent for both analysts and activists to make explicit the distinctions and divergences between these two projects in order to elucidate the dilemma posed by the perverse confluence. It is our contention that if we are to do this, one point of departure, both at a theoretical level and in defining an empirical research agenda, is the notion of 'political project'. We are using the term *political project* in a sense close to Gramsci, to designate those sets of beliefs, interests, conceptions of the world, and representations of what life in society should be that guide the political action of different subjects and play a central role in the struggle to build hegemony (Dagnino, 2002; Dagnino et al., 2006). One of the main virtues of such an approach (Dagnino, 1998, 2002, 2004) is that it insists that culture and politics are necessarily linked. Thus our view of political projects is that they cannot merely be understood as strategies of political action in the strict sense, but rather that they express, convey and produce meanings that come to integrate broader cultural matrices. It is in this sense that we referred earlier to the idea that the neoliberal project has also constituted a cultural inflection.

A careful effort to unpick the different political projects at play helps uncover and understand the ways in which the perverse confluence has blurred particular distinctions and divergences. In the following, we seek to do this by examining the displacement of meaning that occurs in such a context with respect to three deeply interconnected notions: civil society, participation and citizenship. These notions and displacements are central to the forms that have been taken by the perverse confluences between the neoliberal and participatory projects. On the one hand, they were core ideas in the origins and consolidation of the participatory project. On the other hand, they have been central ideas in mediating between the two

projects. They are, in short, common references with distinct and even contradictory meanings. Furthermore, beyond their specific roles in the Brazilian scenario, these notions are also, to different degrees, constitutive of the neoliberal project at the global level.

The redefinition of the notion of civil society and of what it designates is probably the most visible (and, therefore, the most studied) displacement produced under the hegemony of the neoliberal project. For this reason, I will not explore it at length here. It should be sufficient to mention several well-known elements of this displacement: the accelerated growth and the new role played by non-governmental organizations; the emergence of the so-called 'third sector' and of entrepreneurial foundations, with their strong emphasis on a redefined philanthropy (Fernandes, 1994; Landim, 1993; Alvarez, 1999; Paoli, 2002; Salamon, 1997); and the marginalization, or what some authors refer to as 'the criminalization' (Oliveira, 1997) of social movements. This reconfiguration of civil society, in which non-governmental organizations tend increasingly to replace social movements, has resulted in a growing identification of 'civil society' with NGOs – indeed, the meaning of 'civil society' is more and more restricted to NGOs and sometimes used as a mere synonym for the 'third sector'. The emergence of the notion of a 'third sector' (the others being the state and the market) as a surrogate for civil society is particularly expressive of this attempt to implement a 'minimalist' conception of politics and to nullify the extension of public spaces for political deliberation that had been achieved by the democratizing struggles. 'Civil society' is thus reduced to those sectors whose behaviour is 'acceptable' according to dominant standards – what one analyst has called 'five-star civil society' (Silva, 2000).

The relations between state and NGOs exemplify the idea of perverse confluence. Endowed with technical competence and social insertion, 'reliable' interlocutors among the various possible interlocutors in civil society, NGOs are frequently seen as the ideal partners by sectors of the state engaged in transferring their responsibilities to the sphere of civil society. For their part it is extremely difficult for NGOs to reject such a role (Galgani and Magnólia, 2002) when these partnerships seem to present them with a real opportunity to have a positive effect – fragmented, momentary, provisory and limited, but positive – on the reduction of inequality and the improvement of living conditions of the social sectors involved. The proliferation and visibility of NGOs is, on the one hand, a reflection of a global neoliberal paradigm, in the sense that NGOs constitute a response to the demands of structural adjustment. On the other hand, with the growing abandonment of the organic links to social movements which had characterized many NGOs in former periods, the increasing political autonomy of NGOs creates a peculiar situation in which these

organizations are responsible to the international agencies which finance them and to the state which contracts them as service providers, but not to civil society, whose representatives they claim to be, nor to the social sectors whose interests they bear, nor to any other organ of a truly public character. As well intentioned as they might be, their activities ultimately express the desires of their directors.

Perhaps less explored, these reconfigurations of civil society also have important implications for the issue of representation. The question of representation assumes varied facets and/or is understood in different ways by various actors of civil society. If we take the case of the Landless Movement (MST), its capacity to pressure and to represent is, for example, evident in the protests and mass demonstrations it organizes – just as the large numbers of participants in participatory budgeting processes also reflect great capacity for mobilization. Such a capacity is here understood in the classic sense of representation. But there is also a displacement in the understanding of representation, as much by the state as on the part of actors in civil society. In the case of NGOs, for example, the capacity to represent seems to be displaced onto the kind of competence they have: the state sees them as representative interlocutors in so far as they have a specific knowledge that comes from their connection (past or present) with certain social sectors: youth, blacks, women, carriers of HIV, environmental movements, and so on (Teixeira, 2002, 2004). Bearers of this specific capacity, many NGOs also come to see themselves as ‘representatives of civil society’ (in a particular understanding of the notion of representation). They further consider that their capacity to represent derives from the fact that they express diffuse interests in society, to which they ‘would give voice’. This representation comes, however, from a coincidence among these interests and those defended by the NGOs, rather than from any explicit articulation, or organic relationship with social actors.

This displacement of the notion of representation is obviously not innocent, neither in its intentions nor in its political consequences. The most extreme example is the composition of the Council of the Comunidade Solidária, created by the Cardoso government in 1995, where the representation of civil society took place through invitations to individuals with high ‘visibility’ in society – such as television performers or persons who write frequently for newspapers, and so on. This particular understanding of the notion of representation reduces it to social visibility, as made possible by various types of media. In the case of NGOs, this displacement is sustained by the organizations themselves, as well as by governments and international agencies that seek reliable partners and fear the politicization of social movements and workers’ organizations, and by the media, frequently for similar motives.

Closely connected to these processes, the notion of *participation of civil society*, which has constituted the core of the democratizing project, has been appropriated and re-signified by neoliberal forces during the last decade. Such redefinition follows the same lines as those characterizing the reconfiguration of ‘civil society’, with the growing emphasis on ‘solidary participation’, ‘voluntary work’ and the ‘social responsibility’ of individuals and private enterprises. The basic principle here seems to be the adoption of a privatizing, individualistic perspective, replacing and re-signifying the collective meaning of social participation. The very idea of ‘solidarity’, the great banner of this redefined participation, is stripped of its original collective and political meaning and rests instead in the moral, private domain.

This principle is also very effective in an additional displacement of meaning, depoliticizing participation and dispensing with public spaces where the debate of the very objectives of participation can take place. In this process the political meaning and democratizing potential of public spaces is replaced by strictly individualized ways of dealing with issues such as social inequality and poverty.

On the other hand, in most of the spaces open to the participation of civil society in public policies, the effective sharing of the power of decision with respect to the formulation of public policies faces immense difficulties. As mentioned before, most state sectors not only resist sharing their exclusive control over decision-making but also attribute a specific role to civil society, which is the provision of public services formerly considered duties of the state itself. The role of so-called ‘social organizations’, through which the participation of civil society was explicitly recognized in the administrative reform of the Brazilian state (Bresser Pereira, 1996), is reduced to this function and clearly excluded from decision-making power, which is reserved to the state ‘strategic nucleus’. Here again, the crucial political meaning of participation, conceived by the participatory project as an effective sharing of power between state and civil society through the exercise of deliberation within the new public spaces, is radically redefined as and reduced to management (*gestão*). In fact, managerial and entrepreneurial approaches, imported from the realm of private administration, have been increasingly adopted in joint actions by state and civil society (Tatagiba, 2006).

The notion of *citizenship* offers perhaps the most dramatic case of this process of meaning displacement – in two senses: first, because it was through the notion of citizenship that the participatory project was able to obtain its most important political and cultural gains by redefining the contents of citizenship in a way that penetrated deeply into the political and cultural scenario of Brazilian society (Dagnino, 1994, 1998); second, because such a displacement is linked to the handling of what constitutes our most critical issue – poverty.

The extent of the displacement of meaning of citizenship can be better understood if we examine briefly the recent history of this notion and the role it played in the democratization process, not only in Brazil but in Latin America as a whole (Dagnino, 2005). Increasingly adopted since the late 1980s and 1990s by Latin American popular movements, excluded sectors, trade unions and left parties as a central element of their political strategies, the notion of citizenship has become a common reference among social movements – such as those of women, blacks and ethnic minorities, homosexuals, retired and senior citizens, consumers, environmentalists, urban and rural workers, and groups organized around urban issues such as housing, health, education, unemployment and violence (Foweraker, 1995; Foweraker and Landman, 1997; Alvarez et al., 1998). These movements have found reference to citizenship not only to be useful as a tool for their particular struggles but also as a powerful concept for articulating links among them. The general demand for equal rights embedded in the predominant conception of citizenship has been extended by such movements and used as a vehicle for making more specific demands related to their particular concerns. In this process, the cultural dimension of citizenship has been emphasized, incorporating contemporary concerns with subjectivities, identities and the right to difference. Thus, on the one hand, the construction of a new notion of citizenship has come to be seen as reaching far beyond the acquisition of legal rights, requiring the constitution of active social subjects identifying what they consider to be their rights and struggling for their recognition. On the other hand, this emphasis on the cultural dimension of citizenship has made explicit the need for a radical transformation of those cultural practices that reproduce inequality and exclusion throughout society.

Citizenship and the concept of rights have been particularly attractive because of the dual role they play in the debate among the various conceptions of democracy that characterize contemporary political struggle in Latin America. On one hand, the struggle organized around the recognition and extension of rights has helped to make the argument for the expansion and deepening of democracy much more concrete. On the other hand, the reference to citizenship has provided common ground and an articulatory principle for an immense diversity of social movements that have adopted the language of rights as a way of expressing their demands while escaping fragmentation and isolation. Thus the building of citizenship has been seen as at once a general struggle – for the expansion of democracy – that was able to incorporate a plurality of demands, and a set of particular struggles for rights (housing, education, health, etc.) whose success would expand democracy.

As the concept of citizenship has become increasingly influential, its meaning has quickly become an object of dispute. In the past decade it

has been appropriated and re-signified in various ways by dominant sectors and the state. Thus, reflecting the effects of neoliberalism, citizenship has begun to be understood and promoted as mere individual integration into the market. At the same time and as part of the same process of structural adjustment, established rights have increasingly been withdrawn from workers throughout Latin America. Related to this, philanthropic projects of the so-called third sector have been expanding in number and scope in an attempt to confront the poverty and exclusion that convey their own version of citizenship.

Citizenship has become a prominent notion because it has been recognized as a crucial weapon not only in the struggle against social and economic exclusion and inequality but also in the broadening of dominant conceptions of politics. Thus, as Latin American social movements have redefined citizenship through their concrete struggles for a deepening of democracy, they have sought to change existing definitions of the political arena – its participants, its institutions, its processes, its agenda, and its scope (Alvarez et al., 1998). Adopting as its point of departure the conception of 'a right to have rights', this redefinition has supported the emergence of new social subjects actively identifying what they consider their rights and struggling for their recognition. In contrast to previous conceptions of citizenship as a strategy of the dominant classes and the state for the gradual and limited political incorporation of excluded sectors with the aim of greater social integration, or as a legal and political condition necessary for the establishment of capitalism, this is a conception of non citizens, of the excluded – a citizenship 'from below'.

While the concern of Latin American social movements with the need to assert a right to have rights is clearly related to extreme poverty and exclusion, it is also related to the *social authoritarianism* that pervades the unequal and hierarchical organization of social relations (Dagnino, 1998). Class, race and gender differences constitute the main bases for the forms of social classification that have historically pervaded our cultures, establishing different categories of people hierarchically distributed in their respective 'places' in society. Thus, for the excluded sectors, the perception of the political relevance of cultural meanings embedded in social practices is part of daily life. As part of the authoritarian, hierarchical social ordering of Latin American societies, to be poor means not only to experience economic, material deprivation but also to be subjected to cultural rules that convey a complete lack of recognition of poor people as bearers of rights. In what Telles (1994) has called the incivility embedded in that tradition, poverty is a sign of inferiority, a way of being in which individuals become unable to exercise their rights. The cultural deprivation imposed by the absolute absence of rights, which ultimately expresses itself as a suppression

of human dignity, then becomes constitutive of material deprivation and political exclusion.

The perception that this culture of social authoritarianism is a dimension of exclusion additional to economic inequality and political subordination has constituted a significant element in the struggle to redefine citizenship. It has made clear that the struggle for rights – for the right to have rights – must be a political struggle against this pervasive authoritarianism. This lays the bases for a connection between culture and politics that has become embedded in the actions of urban popular collective movements. This connection has been fundamental in establishing common ground for articulation with other social movements that are more obviously cultural, such as the ethnic, women's, gay, ecology and human rights movements, in the pursuit of more egalitarian relations at all levels, helping to demarcate a distinctive, expanded view of democracy. The reference to rights and citizenship has come to constitute the core of a common ethical-political field in which many of these movements and other sectors of society have been able to share and mutually reinforce their struggle. This was reflected, for instance, in the emergence in the early 1990s of the *sindicato cidadão* (citizen trade union) in the context of a Brazilian labour movement that had been traditionally more inclined toward strict class-based conceptions (Rodrigues, 1997).

The perception that social authoritarianism itself structures exclusion has also made possible a broadening of the scope of citizenship, whose meaning has become far from restricted to the formal-legal acquisition of a set of rights under the political-judicial system. The struggle for citizenship has thus been presented as a project for a new sociability: a more egalitarian basis for social relations at all levels, new rules for living together in society and not only for incorporation into the political system in the strict sense. This more egalitarian commitment implies the recognition that the other is also a bearer of valid interests and legitimate rights. It also implies the constitution of a public dimension to society in which rights can be consolidated as public parameters for dialogue, debate and the negotiation of conflict, making possible the reconfiguration of an ethical dimension of social life. This project has unsettled not only social authoritarianism as the basic mode of social ordering in Brazil but also more recent neoliberal discourses in which private interest is the measure of everything, obstructing the possibilities for consolidating an ethical basis to social life (Telles, 1994).

Furthermore, the notion of rights is no longer limited to legal provisions or access to previously defined rights or the effective implementation of abstract, formal rights. It also includes the invention/creation of *new* rights, which emerge from specific struggles and their concrete practices. In this

sense, the very determination of the meaning of rights and the assertion of something as a right are themselves objects of political struggle. The rights to autonomy over one's own body, to environmental protection, to housing, are examples (intentionally very different) of new rights. In addition, this redefinition comes to include not only the right to equality, but also the right to difference, which specifies, deepens and broadens the right to equality.

An additional important consequence of such a broadening in scope has been that citizenship is no longer confined to the relationship between person and state. The recognition of rights regulates the relationships not only between the state and the individual but also with society itself, as parameters defining social relations at all levels. To build citizenship as the affirmation and recognition of rights was seen as a process through which more deeply rooted social practices would be transformed. Such a political strategy implies moral and intellectual reform: a process of social learning, of building up new kinds of social relations. On the one hand, this implied the constitution of citizens as active social subjects. On the other hand, for society as a whole, it requires learning to live on different terms with these emergent citizens who refuse to remain in the places that have previously been socially and culturally defined for them.

Finally, an additional element in this redefinition transcends a central reference in the liberal concept of citizenship: the demand for access, inclusion, membership and belonging to a given political system. What is at stake in struggles for citizenship in Latin America is more than the right to be included as a full member of society; it is the right to participate in the very definition of that society and its political system. The demand for political participation certainly goes beyond the right to vote, although in some countries even the free exercise of this right is still disputed. The direct participation of civil society and social movements in state decisions is one of the most crucial aspects of the redefinition of citizenship because it contains the potential for radical transformation of the structure of power relations. Political practices inspired by the new definition of citizenship help one to visualize the possibilities opened up by this process. Clear examples of such practices would be those that emerged in the cities governed by the Partido dos Trabalhadores (Workers' Party – PT) and its allies in Brazil, who implemented participatory budgets in which the popular sectors and their organizations have opened up space for the democratic control of the state through the effective participation of citizens in the exercise of power. Initiated in Porto Alegre, in the south of Brazil, in 1989, participatory-budget experiments have been tried in approximately 200 other cities and have become models for countries such as Mexico, Uruguay, Bolivia, Argentina, Peru, Ecuador and others.

The dissemination of this conception of citizenship in Brazil was very significant and underlay not only the political practices of social movements and NGOs but also institutional changes such as those expressed in the 1988 Constitution – the so-called ‘Citizen Constitution’. Thanks to this dissemination, the term ‘citizenship’ in Brazil – in a way that differs from the case in other countries in Latin America – assumed a clear political meaning and was far from being merely a synonym for ‘population’, ‘inhabitants’ or ‘society in general’. As a consequence, this political meaning and the potential it offered for social and political transformation soon became the target of the emerging neoliberal conceptions of citizenship, within a context characterized by the sorts of struggle over meanings that characterize the perverse confluence between different political projects.

Neoliberal redefinitions of citizenship rely upon a set of basic procedures. Some of these revive the traditional liberal conception of citizenship; others are innovative and address new elements of contemporary political and social order. First, they reduce the collective meaning of the social movements’ redefinition of citizenship to a strictly individualistic understanding. Second, they establish an attractive connection between citizenship and the market. Being a citizen comes to mean individual integration into the market as a consumer and as a producer. This seems to be the basic principle underlying a vast number of projects for helping people to ‘acquire citizenship’ – examples here would be projects helping people to initiate ‘microenterprises’, or to become qualified for the few jobs still being offered. In a context in which the state is gradually withdrawing from its role as guarantor of rights, the market is offered as a surrogate instance of citizenship. Labor rights are being eliminated in the name of free negotiation between workers and employers, ‘flexibility’ of labour, etc., and social rights guaranteed by the Brazilian Constitution since the 1940s are being eliminated under the rationale that they constitute obstacles to the free operation of the market and thus restrict economic development and modernization. This rationale, in addition, transforms bearers of rights/citizens into the nation’s new villains – enemies of the political reforms that are intended to shrink the state’s responsibilities. Thus a peculiar inversion is taking place: the recognition of rights seen in the recent past as an indicator of modernity is becoming a symbol of ‘backwardness,’ an ‘anachronism’ that hinders the modernizing potential of the market (Telles, 2001). Here we find a decisive legitimation of the conception of the market as a surrogate instance of citizenship – as the market becomes the incarnation of modernizing virtues and the sole route to the Latin American dream of inclusion in the First World.

An additional step in the construction of neoliberal versions of citizenship is evident in what constitutes a privileged target of democratizing projects – the formulation of social policies with regard to poverty and inequality.

Many of the struggles organized around the demand for equal rights and the extension of citizenship have focused on the definition of such social policies. In addition, and consequently, the participation of social movements and other sectors of civil society has been a fundamental demand in struggles for citizenship in the hope that it will contribute to the formulation of social policies directed towards ensuring universal rights for all citizens. With the advance of the neoliberal project and the reduction of the role of the state, these social policies are increasingly being formulated as strictly emergency efforts directed towards certain specific sectors of society whose survival is at risk. The targets of these policies are seen not as citizens entitled to rights but as ‘needy’ human beings to be dealt with by public or private charity.

One of the consequences of this situation is a displacement of issues such as poverty and inequality: dealt with strictly as issues of technical or philanthropic management, poverty and inequality are being withdrawn from the public (political) arena and from their proper domain, that of justice, equality and citizenship, and reduced to a problem of ensuring the minimal conditions for survival. Moreover, the solution to this problem is presented as the moral duty of every member of society. Thus, the idea of collective solidarity that underlies the classical reference to rights and citizenship is now being replaced by an understanding of solidarity as a strictly private moral responsibility. It is through this understanding of solidarity that civil society is being urged to engage in voluntary and philanthropic activities with an appeal to a re-signified notion of citizenship now embodied in this particular understanding of solidarity. This understanding of citizenship is dominant in the action of the entrepreneurial foundations, the so-called third sector, that have proliferated in countries like Brazil over the past decade. Characterized by a constitutive ambiguity between market-oriented interests in maximizing their profits through their public image and what is referred to as ‘social responsibility’, these foundations have generally adopted a discourse of citizenship rooted in individual moral solidarity. As in the state sectors occupied by neoliberal forces, this discourse is marked by the absence of any reference to universal rights or to the political debate on the causes of poverty and inequality.

Such a displacement of ‘citizenship’ and ‘solidarity’ obscures their political dimension and erodes references to the public responsibility and public interest built up with such difficulty through the democratizing struggles of our recent past. As the distribution of social services and benefits comes to occupy the place formerly held by rights and citizenship, the demand for rights is obstructed because there are no institutional channels for making such demands – meanwhile distribution depends purely on the goodwill and competence of the sectors involved. Even more dramatic, the

very formulation of rights – their enunciation as a public issue – becomes increasingly difficult (Telles, 2001). The symbolic efficacy of rights in the building of an egalitarian society is thus dismissed, and the consequence has been the reinforcement of an already powerful privatism as the dominant orientation of social relations.

Such a scenario cannot be considered as anything but harmful to the very subsistence of civil society, for which a culture of rights is a condition of existence. It is equally nefarious for the poor and subaltern sectors, increasingly excluded from access to equal rights and left to the arbitrariness of charity. Most importantly, such a scenario points to what may constitute a practical abandonment of the very idea of rights, particularly of social rights, so exemplarily described in the work of Marshall (1950) and incorporated into a liberal view of citizenship towards the end of the nineteenth century. This practical abandonment is evident when what counts as social rights becomes understood as benefits and services to be looked for in the market. In the neoliberal model, this can be seen for instance when social organizations become motivated by a moral sense of solidarity with the poor or by plain traditional charity, or in the form of governmental emergency programmes to distribute food to the needy poorest. Such a reconfiguration cannot be understood if it is not placed within the more general framework that expresses the distinctive and novel character of what has been called neoliberalism. Thus, the redefinition of citizenship is intimately connected to a new phase of capitalist accumulation and its requirements – the excessive growth of the space of the market, the restructuring of labour, the reduction of the state and its social responsibilities and the related increase in the roles of civil society. This definition also responds to the need to reduce the scope and significance of politics itself, in order to ensure the conditions for the implementation of those requirements (Dagnino, 2004). The recent adoption of the term ‘third sector’ as a substitute for civil society is indicative of this, if we recall that the expression ‘civil society’ emerged in the political vocabulary of Brazil in the mid-1970s as part of the struggle for democracy, claiming and affirming both a space for politics and the existence of a set of political subjects that had previously been denied and repressed by the military regime.

### Conclusion

The interconnected displacements of meaning discussed in this chapter seem to be articulated by a single aim: the depoliticization of concepts which have been central references in the democratizing struggle for the extension of citizenship and democracy. This depoliticization represents a

counteroffensive to the gains made in redefining the political arena that have derived from that struggle. In this sense, these displacements point towards a broader redefinition, that of the very notions of politics and democracy. Thus, along with a conception of a minimal or reduced state, the neoliberal project also works with a minimalist conception of both politics and democracy. Under an apparent homogeneity of discourse, the perverse confluence active in the public spaces of participation of civil society produces a minefield, where, in fact, what is at stake is the success or failure of very different political projects.

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## Learning from Latin America: Recent Trends in European NGO Policymaking

**Kees Biekart**

It is often assumed that Latin America has been a crucial region for innovation in social struggles and policies as well as a pilot area for new forms of aid delivery (Pearce, 1997; Fowler, 2000). There is indeed a long tradition of Northern NGO involvement in Latin America with an impressive record of promoting new approaches to rights, participation, gender, the informal sector, and civil society strengthening, just to name a few areas (Carroll, 1992; Biekart, 1999; Howell and Pearce, 2001; Bebbington, 2005). However, key changes have taken place in Latin America which have gradually affected aid policies and priorities of the international donor community. The impact of globalization, the crisis of the neoliberal orthodoxy (such as the peso crisis in Argentina), and the popular response to privatization and rising inequality have triggered an entirely new agenda. Migration and remittances, decentralization and local resource generation, rising criminal violence by youth gangs, just to name a few trends, have each changed the previous context in which democracy, human rights and inequality were the key issues. In this changing context, many in Latin America believe that European private aid agencies are gradually withdrawing from the region. After almost three decades of constantly growing aid disbursements to Latin American partner organizations, a general diversion of aid from Latin America to poorer regions such as Africa is seen as an inevitable trend. In particular, partner organizations in the relatively more prosperous countries such as Brazil, Peru, Colombia and El Salvador fear that they will be affected by these reductions of foreign aid.

This chapter analyses these changing policies and agendas of the twenty most important European private aid agencies and networks active in Latin America over the past decade (see Table 4.1). The analysis

is based on a 'mapping exercise, initiated by ALOP, a Latin American network of NGOs. This network feared a gradual withdrawal of this more committed non-governmental aid. This, it argued, could undermine many important capacity-building and civil society strengthening initiatives currently undertaken in the region' (Ballón and Valderrama, 2004). Moreover, the Latin American NGOs felt that important lessons beneficial for other regions in the world could be learned from Latin America. The study was also intended to contribute to the search for a new type of partnership between European and Latin American NGOs. The chapter will assess trends in priority countries and regions, followed by an analysis of changing policy priorities, funding allocations by European NGOs, trends in selecting partner organizations, and perspectives for co-ordination and joint lobbying work. The chapter also reviews some of the central issues that have been discussed in the dialogue between European donor agencies and their Latin American partners, and the lessons that can be learned from their interventions.

### Trends and Perspectives in Priority Countries

European NGOs have supported partner organizations in virtually all (independent) countries of Latin America and the Caribbean over the past decade, with the exception of a few (more prosperous) island states in the Caribbean. The actual number of countries where partner organizations have been supported has remained pretty much constant at around twenty (eight in Central America and twelve in South America). However, it is also clear that several policy shifts have occurred in the country priorities of the European private aid agencies.

First, twelve countries stand out as preferred countries by European private aid agencies: four in Central America (El Salvador, Guatemala, Nicaragua and Honduras), six in South America (Peru, Bolivia, Colombia, Brazil, Chile and Ecuador) and two in the Caribbean (Haiti and Cuba). Other countries, such as Paraguay and Mexico, were supported only by 44 per cent of the selected agencies. This suggests that European NGOs have been rather constant in their preferred priority countries, and that this priority choice has been relatively small. The vast majority had already reduced their programme countries in the early 1990s, generally due to efficiency pressures, and leading to an even more explicit concentration, with five of the priority countries still supported by at least 80 per cent of the European agencies involved in the survey. Peru clearly leads the list, followed by Guatemala, Bolivia, Nicaragua, El Salvador and Honduras. Colombia, Haiti and Brazil are still supported by more than two-thirds of

**Table 4.1** European NGOs involved in the mapping exercise, by size of combined Latin America programme (2004)

Agency	Country	Overseas budget (€m)	LA budget (€m)	LA budget as % of total	No. of LA country progs	No. of LA partner orgs
Misereor	Germany	151.6	43.5	28.6	22	944
Oxfam GB	UK	142.3*	23.0*	16.2	20	—
NOVIB	Netherlands	123.3	22.0	17.8	11	200*
ICCO	Netherlands	130.0	21.0	16.2	11	180
HIVOS	Netherlands	66.0	18.5	28.0	11	269
CORDAID	Netherlands	150.0	17.4	11.6	11	300
EED	Germany	105.6	15.8	15.0	17	145
SNV	Netherlands	59.3	12.8	21.6	5	285
Bread/World	Germany	46.2	12.0	26.0	21	190
Intermon	Spain	25.0	11.6	46.4	12	209
Diakonia	Sweden	28.1	10.0*	35.7	9	129*
Trocaire	Ireland	37.2*	9.0	24.2	12	188*
Christian Aid	UK	118.4*	7.8*	6.6	11	132
IBIS	Denmark	20.6	7.3	35.4	5	70
CCFD	France	30.0	3.0	10.0	14	100
Oxfam B	Belgium	10.3*	2.9*	28.1	10	25
Danchurchaid	Denmark	38.0	2.7*	7.1	3	40
II.II.II	Belgium	4.1	1.1	25.6	5	16

*Note:* Total overseas budget of agency: all project expenses, generally excluding agency overheads. Some agencies also include their 'global programmes' and/or their advocacy activities in the North. \* figures for 2003 or 2003/04.

*Source:* data collected from each individual private aid agency (not included here are data from the networks Eurostep and CIDSE as these are donor networks, rather than individual donors).

the agencies, while Ecuador and Cuba still are preferred by slightly more than half of the agencies.

A second visible trend is that the concentration of priority countries was generally combined with a reduction of agencies per country. This holds in particular for South America, where a number of countries are clearly on the 'phasing out list'. Clear examples are Chile, in which half of the European agencies still maintaining programmes in 1995 had left by 2004. The same (if less dramatically) is true for Uruguay, Argentina, Venezuela,

Costa Rica, Panama, Jamaica and the Dominican Republic. Due to their higher GDP per capita these countries no longer fit the criteria of many European government co-financing schemes. That said, neither Mexico nor Brazil experienced this rapid decrease. This is due to the high levels of inequality in these countries, with substantial numbers of inhabitants living in 'poor' and 'extreme poor' conditions, justifying a continuation of European NGO interventions. This is confirmed by the focus on the poorest regions in these countries, such as Chiapas in Mexico and the north-eastern region of Brazil, and on some key social movements (such as the landless movement MST in Brazil).

The only country that seems to escape the trend of concentration and reduced agency presence, and where agency activity has substantially increased over the past decade, is Cuba. The improved diplomatic relationships between the European Union and the Castro government have provided favourable conditions for European NGO support to Cuban partner organizations, particularly in the area of human rights promotion. To a lesser extent, Honduras also seems to have become a 'more favoured country' for European NGOs, reflected in the recent establishment of several regional offices of European agencies in Tegucigalpa during the reconstruction operations to deal with the devastation caused by Hurricane Mitch in 1998.

We asked the agencies which country budget had been the highest in the period 1995–2004. Agency budgets are, of course, not an entirely accurate indicator of prioritization, as the larger countries with more inhabitants (Brazil and Peru) tend to lead these tables. Still, the past five years suggest some new priorities. For example, Peru apparently is losing its priority status which we had identified in previous paragraphs, whereas three countries have risen in priority lists of the European NGOs: Bolivia, Colombia and Haiti. Chile, Uruguay and Argentina have clearly lost their preferred position – a result of their return to democratic governments after the end of military rule and of lower (average) poverty levels.

In Central America, Guatemala has become more central in agency priorities, whereas El Salvador is being gradually phased out by many agencies that used to have large programmes in this country's post-war period (such as Diakonia, IBIS and HIVOS). The two poorest countries in Central America (Nicaragua and Honduras) have maintained their priority position, albeit often with lower funding allocations. The 'return' of Mexico to the higher ranks of funding priorities is also remarkable, which can be explained by increased support to partner organizations in Chiapas but also by active support to advocacy efforts of Mexican networks against the new American Free Trade Agreement.

To summarize, the most important geographical trend over the past decade has been that European NGOs have reduced the total number of

countries in which they support programmes. A concentration has evolved towards a group of around a dozen countries, of which Brazil still receives the largest amount of European NGO allocations. Old favourites (Peru, Nicaragua, El Salvador) have been replaced by new ones (such as Bolivia, Colombia and Guatemala). However, the feared 'withdrawal' from South America turns out to be valid only for the 'richer' countries such as Chile, Uruguay and Argentina.

Some predictions can be made about future preferences for priority countries in Latin America. The impression is that after concentrating geographical priorities over the past few years, it is not likely that major changes will occur in priority countries in the near future. Some European agencies, such as Trocaire, indicated that they will opt for a more regional approach in the coming years, linking up partners in countries such Peru and Bolivia or Nicaragua and Honduras that are working on PRSPs. This search for (regional) synergies is also voiced by other agencies, basically in order to increase the impact of individual interventions.

Some countries with higher GDP per capita will continue to lose donor support. This will particularly affect El Salvador and Guatemala. El Salvador has already been phased out by several European governments, such as the Danish government, which perceives El Salvador as being 'too rich'. This will have consequences for Danish NGOs that depend on government funding, such as IBIS and Danchurchaid. The overall tendency, however, is that the agencies will not further reduce the countries where they are currently operating, but rather that efforts and funding will be more focused. If countries still have to be erased from priority lists, these are likely to be the more prosperous countries in South America and in the Caribbean. The process of concentrating geographical priorities by the European NGOs, however, is apparently over in Latin America.

### Trends and Perspectives in Thematic Priorities

We requested the European agencies to list their thematic priorities over the past decade and asked them whether any explicit shifts had occurred in these priorities. We tried not to influence their answers by giving prefixed options, but rather opted to collect open answers. This resulted in an impressive list of themes and policy priorities, from which the frequency of the top five priorities was calculated. Seven main trends became visible in this ranking exercise.

First, *political participation*, and everything related to this theme, is the most frequently mentioned priority of European NGOs. Human rights promotion, especially in a more political sense of promoting political participation by

excluded groups, has been a key target of the European private aid agencies over the past decade. Some agencies stressed the area of civil society building (HIVOS, Bread for the World, Trocaire), whereas others focused more on increasing citizen's participation (Danchurchaid, ICCO, Misereor). Rather than emphasizing human rights abuses, or guaranteeing rights for refugees and displaced people, agencies have started to focus more on civil and political rights and on the development of active citizenship.

This emphasis on practising citizenship is closely related to the focus on local governance, which also has been prioritized by the European agencies. The aim here is to increase citizens' participation, stimulate collaboration between civil society groups and municipalities, and provide 'local spaces' for political participation in countries in which national governments are inaccessible for citizens. Democratization has generally shown better advances at this local level, which was targeted in particular by Diakonia, NOVIB, IBIS and SNV. Interest has grown in processes of decentralization and also in new forms of local governance, such as 'participatory budgeting'. In terms of excluded groups for which participation had to be enhanced, particular attention was given (by Intermon, IBIS, HIVOS and Oxfam Belgium) to organizations of indigenous people in the Andean countries and in Guatemala and Honduras.

A second explicit trend of the last decade is a strong emphasis on *socio-economic rights and economic development*. From the mid-1990s onwards the emphasis had been on 'productive projects', the provision of micro-credits and efforts to make partner organizations more financially self-sufficient. In the late 1990s new elements were added, such as attention to 'fair trade', new free trade agreements and negotiations related to the World Trade Organization (WTO), which was one of the Oxfam International priority advocacy topics in recent years.

More attention for socio-economic rights is also reflected in the Oxfam-wide focus on the 'Right to Sustainable Livelihoods', in which communities and excluded groups are supported to gain better access to markets and land, and where indigenous groups are encouraged in efforts to claim their historical rights. Attention to this second generation of human rights has increased since the early 1990s, and it is interesting to see how explicit these are in the agendas of many European agencies a decade later. This focus on socio-economic rights has two other angles in which relationships with the private sector and the market are emphasized. One is the area of micro-credit provision, which has expanded especially in South America (Brazil, Bolivia, Peru, Colombia), often as part of programmes to contribute to the self-sufficiency of partner organizations. It has become an area of major innovation since it incorporated participatory approaches, environmental concerns and gender criteria. 'Corporate social responsibility'

has so far received less attention, though trade unions and local NGOs have been working on this topic in Brazil, Peru, Chile and Colombia, and local organizations working on trade issues (including fair trade) have incorporated these efforts to promote socially responsible behaviour by market actors. By connecting it to network development and improving production and consumer chains (and, more generally, by linking this up with civil-society building) a new set of linkages between state, market and civil society has emerged.

A third general trend in agency priorities is that *rural development* and in particular *agricultural production* have become less prominent, though still important, especially in Central America. Several agencies indicated that they had reduced their support to traditional rural development projects and that they had shifted their attention from production to creating better market conditions for agricultural products. The 'sustainability' aspect has also lost its dynamic: after the environmental focus of the early 1990s, attention to explicit environmental criteria seems to have vanished. Only 22 per cent of the European agencies under review were still paying explicit attention to the environment or 'natural resource management' as part of their programme priorities.

The fourth visible trend in agency priorities over the past decade has been the continued interest in *conflict resolution, peace building and reconciliation*. In Peru and in Central America of the mid-1990s this was of course a key issue. After the peace processes in Nicaragua, El Salvador and Guatemala, attention to conflict resolution continued in countries such as Colombia and Mexico (Chiapas). Guatemala was still receiving considerable attention in the decade after the 1995 peace accords, also because of the high crime rates (especially affecting women) that are apparently linked to unresolved post-war problems. It was this wave of so-called 'new violence' in Latin America – visible in particular in large cities – that spurred many European agencies to support initiatives aimed at conflict prevention and resolution, reintegration of (former) youth gang members, arms control measures, and, in general, initiatives trying to tackle the destabilizing effects of violence and impunity.

Fifth, *gender and gender mainstreaming* have been constant and important focal issues for most agencies. Explicitly mentioned is security for women, but also the access of women to decision-making spaces, markets and organizations, plus attention to reproductive rights and its consequences. Throughout the 1990s it was often argued by (generally male) representatives of Latin American partners that a 'focus on women' was fashionable and that this would very soon vanish. Our findings suggest the opposite trend: attention to gender issues has remained a priority for 39 per cent of all the agencies reviewed.

A sixth trend over the past decade has been attention to *humanitarian relief and disaster preparedness*. This topic gained prominence after the devastations following Hurricane Mitch in Central America in 1998, which struck Honduras, Nicaragua and El Salvador. European NGO support was aimed at preparing the population better for disasters such as earthquakes, flooding and mud waves. Special attention was given to environmental degradation in urban areas, as a result of which the number of victims had been rising. An indirect consequence of increased emergency assistance after Mitch was the renewed interest of many agencies in supporting activities in Honduras.

Finally, a seventh trend that has been valid also for other regions is that many agencies have adjusted their policies towards *output-related criteria*, in particular the 'rights-based approach' which was incorporated by the Oxfam agencies in 2000 and later by many others. The major difference with the earlier 'needs-based approach' is the particular attention paid to partner performance and the introduction of results-based management tools. With the gradual reduction of priority countries in Latin America, the search for new sources of finance is nowadays also included under the umbrella of 'partner development'.

Apart from these trends, it is also important to note that many priorities that were already identified in the mid-1990s have kept their importance throughout the past ten years. One of these ongoing priorities is primary health care (with special attention to people affected by HIV-AIDS), and of course education. These basic social services still account for a substantial amount of total European agency support, though less than in 1995. NOVIB, for example, decided in the mid-1990s not to stick any longer to the 'Copenhagen target' of channelling at least a quarter of its total overseas resources to basic social services. Instead, it decided, as part of the newly introduced rights-based approach, to put more pressure on national governments to comply with their duties to deliver these public services. Other agencies, such as Trocaire, made similar decisions to cut down drastically on health programmes and to refocus on civil society and community building, human rights and participation.

These shifts in thematic priorities suggest increasing attention to political processes, socio-economic and cultural rights, rural livelihoods and food security issues. Agencies indicated that these trends are likely to be central to European NGO policies over the next couple of years. However, in the interviews we also spotted some slight changes, which require closer analysis. The overall policy trend is away from the delivery of basic social services and towards national advocacy campaigns to commit the state to take responsibility for these social services. This is not to suggest that social service delivery is no longer important, but it seems that it becomes more integrated with macro-developments and with national policymaking. For

example, European agencies are going to assess their results more in terms of the Millennium Development Goals (MDGs), in particular because this is being promoted by the bilateral and multilateral agencies. But central to the MDGs is the idea, or at least the intention, to show more clearly the results of external interventions. This visibility of results continues to be a cross-cutting theme.

The range of new progressive governments in Latin America will likely facilitate the implementation of a more politicized social service programme aimed at poverty reduction and social justice. Key words used by the European agencies are 'synergies' between various actors, regions and countries, and 'joint advocacy initiatives' in order to get this agenda implemented. However, agencies approach this in different ways and do not emphasize the same issues. Misereor, for example, will focus more on health issues and on youth groups, whereas Trocaire foresees more attention to migration issues, violence and security, rural poverty reduction and trade issues. The Oxfam agencies indicated that they would probably pay more attention to human security in all its aspects. Diakonia and 11.11.11 also perceive that trade and debt issues will continue to be central in agency priorities over the coming years, whereas IBIS expects more attention to education as its core theme.

A more political approach with a central role for 'lobbying and advocacy' is therefore dominant, whilst at the same time agencies keep searching for their own 'niche' in order to become even better in what they are already doing well. The need for a clear profile has become accepted and is no longer seen as a source of competition or as an obstacle to joint action. To the contrary, it is likely that agencies will work more closely together over the coming years on issues such as migration, peace-building and trade issues. These are likely going to be some of the key topics for the next few years, in which the 'creation and promotion of more synergies' is a central slogan by which to maximize the use of scarce resources.

### Patterns in Funding Allocations

One of the main concerns of the Latin American partner organizations is that funding levels from European NGOs have gone down in recent years, or will decline in the years to come. Even though we did expect a reduction of funds for Latin America in relative as well as absolute terms, the pattern turned out to be more complex. First, there *has* been a gradual reduction of the *relative budget allocations* to Latin America, especially after 2000. But since agency budgets also have grown substantially over the last few years, the funding volume for Latin America in absolute terms did not seem to

have decreased significantly. In fact, one can actually detect a slight increase between 1995 and 2000. Even if this can be largely explained by additional relief aid for the victims of hurricane Mitch, it is still an increase and not a gradual reduction of aid disbursements to Latin America, as many partner organizations feared.

Another remarkable tendency is that the vast majority of European agencies have actually experienced no budget cuts to Latin America over the past decade. Only two agencies (IBIS and II.II.II) were faced with nominal reductions of their total overseas budget, basically due to new priorities of their governments. In the case of IBIS this effectively led to a reduction of their Latin America budget, but for II.II.II this actually remained the same. For most of the other agencies where the Latin America budgets were reduced (one-third of the agencies interviewed), it was generally a slight reduction – in the cases of Danchurchaid and HIVOS – or a relative reduction barely affecting the total expenditures for Latin America (ICCO, Oxfam GB and Christian Aid). Danchurchaid, for example, never had a high budget for Latin America, and the reductions in the new century were relatively small. HIVOS had experienced a constant reduction of its Latin America budget – which had been as high as 65 per cent of the total overseas expenditures in 1987 – and a gradual reduction was therefore inevitable. In the meantime, HIVOS's overall budget went up quite sharply, which basically compensated the relative decrease in spending for Latin America.

Only three European agencies reduced their Latin America budgets more or less substantially over the past decade: Bread for the World, NOVIB and CORDAID. Bread for the World reduced its Latin America budget over the past three years by 25 per cent. The main reason was its decision to focus more on Africa, especially to deal with the enormous challenges faced by the HIV/AIDS crisis in that region. NOVIB had already started to reduce its budget for Latin America in late 1999, but this was initially compensated by overall income growth and additional credit funding. Within a three-year period the Latin America budget was reduced in absolute terms by 30 per cent. The justification was threefold: (i) Latin America had become 'too rich' and had received disproportionately more resources than Africa; (ii) NOVIB had become the second largest partner in a coalition (Oxfam International) that primarily focused on direct poverty reduction strategies with massive funding for service delivery (largely in Africa); and (iii) Latin America policies emphasized less costly lobbying and campaigning activities. However, with a Latin America budget of €22 million in 2004 NOVIB is still among the largest European non-governmental donors in Latin America.

Another Dutch donor agency, CORDAID, reduced its Latin America budget by a radical 50 per cent between 2000 and 2004, despite a growth of overall funds. While a quarter of CORDAID's total overseas funding went to

Latin America in 2000, four years later this had dropped to 11 per cent. This drastic move had to do with a refocusing of Dutch development aid in general towards Africa, due to poverty figures and ongoing crises. Some observers also commented that for many years CORDAID's Latin America budget had been rather high compared to its Africa budget, although other reasons also seem to have played a role. CORDAID grew out of a merger of several Catholic agencies, including the former Cebemo, whose Latin America department had always been an influential player – too influential, according to insiders, which might explain why it was decided internally to dismantle the large Latin America programme following a number of staff changes.

The survey indicates that it is simply not true that European NGOs on average have reduced their Latin America budgets over the past decade. This applies only to one-third of the agencies involved. In particular those agencies that used to have high disbursements for Latin America (higher than 25 per cent of total overseas expenditures) seem to have lowered this level in favour of poorer countries in other regions. After a previous period of growth in the late 1990s, it is likely that budgets will remain stable at this level, providing that no new emergencies occur. What is going to change over the next few years are the sources of income for European NGOs. In Germany, for example, a significant reduction of income from churches will affect the level of co-funding that church-based organizations can secure. Many agencies, among them Oxfam Belgium, HIVOS and Diakonia, will have to search for additional funding opportunities from other major donors, in particular from the European Union, but also from the embassies of other countries. This search for new funding is also stimulated by European governments, as in the Netherlands, where pressure is put on the co-financing agencies to find additional funding up to a quarter of their total income. In addition, voices in bilateral circles have become stronger that Latin America needs to be phased out as a target for development cooperation as it has become 'too rich'. However, others have argued that Latin America's problem is about 'inequality' rather than 'poverty', and that various related issues (migration, violence, etc.) stem from the complications caused by an unequal income distribution. This more politically oriented approach might help keep funding levels for Latin America unchanged in the short term.

### **Trends and Perspectives in Partner Selection and Partner Relationships**

We also mapped trends and perspectives related to the choice of partner organizations and new types of relationships with these partners. It was expected that a concentration of funding would lead to a reduction in the

total number of partner organizations, whilst the funding allocation for each individual partner would increase slightly. This tendency was indeed confirmed in our survey, with 64 per cent of the European agencies having more partner organizations in 1995 than in 2004.

Part of the reduction of the total number of partners can be explained by decreasing budgets. But strategies also changed: agencies such as HIVOS that had invested considerable funding in a large group of smaller partners concluded that it was too expensive to maintain this network. To put it bluntly, as one interviewee did, 'agencies are punished by their *back donors* for supporting small partner organizations'. The system encourages a trend towards supporting larger programmes with even larger organizations, as these minimize the overhead per donor euro spent. Overall, the tendency is for longer term and 'strategic' partners (as emphasized by Christian Aid, CORDAID, and Trocaire), rather than for shorter term project-oriented partnerships.

Apart from the numbers, it was also important to assess whether the *type* of partner organization also had changed over the past ten years. One of the contradictory trends is that support to membership organizations and community-based organizations was gradually replaced in favour of (often specialized) NGOs, giving less priority to 'those NGOs that are (or have been) capable of everything' (as NOVIB puts it). This trend was clearly visible with Intermon, Diakonia, IBIS and HIVOS. Conversely, agencies such as Trocaire, II.II.II and CCFD went in a different direction by providing more direct support to grassroots organizations. Another (and probably related) contradictory trend is that some agencies decided to move their focus from a rural orientation to more urban-based partner organizations (CORDAID, Diakonia, Oxfam Belgium), often with what Diakonia calls a more 'political advocacy-oriented focus'. Other agencies seem to direct their attention more to rural areas, either to work more directly with smaller organizations (Trocaire) or to target indigenous groups and their networks better (IBIS).

Most of the larger ecumenical NGOs traditionally supported by the Protestant agencies have been gradually phased out. The main reason for terminating these long-term partnerships was that these NGOs had become huge multipurpose agencies which simply did not deliver well enough according to the new performance criteria. The ecumenical edge that had been important for so many years in determining partner relationships thus had been replaced by output quality criteria.

The survey suggests that the European NGOs tend to have given more support to partner organizations working directly with (local) governments. Oxfam GB indicated that the time was over when non-governmental was synonymous with anti-governmental. Political lobbying and advocacy work

has become more central to agency preferences, and some argue therefore that a renewed politicization of European NGO aid is becoming visible. However, when reference is made to the 1980s, the political angle is of course very different from the period in which liberation movements and their support organizations were supported. Political work nowadays aims at maximizing the political impact of campaigns and the results of development projects, and involving membership organizations more directly in national and global campaigns. This increased attention on political work is also reflected by a general concern to reinforce micro-macro linkages and to encourage synergy between partner organizations in similar regions. Lobbying is no longer an activity of specialized NGOs: European agencies want Southern NGOs to be effectively accountable to their constituencies. Moreover, they have to demonstrate that these multiple micro-macro linkages are actually beneficial to organizations working at the grassroots level.

#### New Priorities and Issues for the Near Future

Lobbying and advocacy campaigns with Latin American partners have increased substantially. This trend will even become stronger and is part of what some consider a 're-politicization' of their programme. Several agencies decided – also due to governmental incentives – to dedicate up to a quarter of their total overseas budget to advocacy activities in the North. In the case of ICCO this also implies collaboration with a number of strategic partners in the Netherlands and Europe to increase synergies, and to keep Latin American issues on the agenda. European agencies will focus their campaigns on pressing national developments (Colombia, Bolivia, Guatemala), on PRSPs, trade (in particular with the EU), migration issues (especially in Central America), external debt, and socio-economic rights. It is also expected that more joint lobbying campaigns with partner organizations will be initiated and that European platforms such as CIFCA and PICA (of the Protestant agencies) and the ecumenical Process of Articulation and Dialogue (PAD) in Brazil will play a more prominent role in these campaigns.

Oxfam GB expects campaigning to grow further, although it depends on the extent to which institutionally it is possible to develop a global campaigning force. This is likely not to happen in the UK (or in Europe), but rather in the Latin American countries themselves, where organizations have become more strategic and autonomous in their campaigning agenda. This is important, according to Oxfam GB, because national campaign work can better address cultural specificities and languages, as local activists better understand their own political culture, public opinion and local

media. Agencies such as Oxfam Belgium are therefore aiming to strengthen local campaigning capacities.

European agency representatives predicted that the trend towards more programmatic and process approaches, and away from traditional project approaches, will sustain itself in the years to come. Trocaire expects to provide more multi-annual funding, rather than year-by-year allocations. Many agencies also foresee that the number of partner organizations will be reduced further, but that the quality of these relations will be increased. ICCO, for example, expects that more South-South cooperation between partners (generally on advocacy) also implies higher qualification criteria for these partners. HIVOS indicates that it will invest in more knowledge-sharing with and between partner organizations.

Several burning global issues may impact on Latin America in the coming years, and thus on partner organizations. *Security* is the obvious one, and the growing European (official) donor trend to shift money away from development to pay for their interventions in Iraq, Afghanistan and several African countries (such as Sudan) are indirectly related to the withdrawal of donors from Latin America. The role and influence of the United States government in this development, in particular related to donor withdrawal from Central America, is critical.

*Aid effectiveness* continues to be another big issue; the performance of both official aid and NGO funding in Latin America has been questioned, also given the growing levels of socio-economic inequality. This development has contributed to 'donor fatigue' and requires appropriate attention from European NGOs. After all, donors are dropping countries that are considered to be 'ineffective', and this will impact on NGO funding from co-financing sources. Many European official donors now only focus on just a few countries in Latin America and some want to ensure their co-financing via NGOs is also concentrated in these countries. On the other hand, this might also offer new opportunities for European NGOs if they are going to compensate for reductions in bilateral funding.

*New social and political actors* are emerging in the region. The reduced influence of some key civil society actors from the past (notably the trade-union movement and peasants' associations) is an illustration of important shifts that have taken place in Latin American societies. It implies that the European agencies will need to find new ways of working to promote the defence of rights of vulnerable groups. In Central America there is a feeling that civil society groups are losing their edge due to many internal divisions and difficulties in influencing public policies. There is little new thinking and capacity to articulate a vision of what 'sustainable human development' means in the new century. On the other hand, the important role of social movements in bringing about progressive political change in many South

American countries is promising (see Biekart, 2005). It also highlights an increased linkage of grassroots movements to transnational networks, which was previously not very developed.

*Governance issues* have become critical. There is a widespread public dissatisfaction with political processes, parties and politicians. Fewer people seem to believe in the benefits of democracy and the current political system. Given the history of authoritarianism in the region this is a motive for serious concern. In addition, the World Bank and the IMF continue to exert huge leverage over development policies and development actors (especially on Latin American governments and bilateral donors), even though they are not known for promoting serious empowerment of excluded groups. Related to that, *transparency and (anti-)corruption* have become important themes in Latin America; corruption is growing and is not only limited to the state and the private sector. The process of liberalization and privatization of state industries and services has generated immense corruption with politicians benefiting, and the culture of impunity has corroded values in society regarding corruption. Local NGOs are certainly not immune from these trends.

### Lessons Learned

Over the past few decades European NGOs have built up an impressive record of experiences and interventions aiming at poverty reduction and social change. What has been learned from all these experiences and interventions, and which keys lessons have been incorporated into new European NGO policies?

It turns out that one of the most frequently mentioned lessons is the importance of establishing strategic alliances. More specifically, agencies seem to agree that initiatives towards setting up networks (locally, nationally or globally) as key instruments to facilitate lobbying and campaigning at all levels have triggered a breakthrough over the past decade. These more systematic and collaborative lobbying efforts illustrate what some agencies call 'strategic alliances', which in several cases have demonstrated a capacity to achieve tangible results and influence global agendas. Examples are the debt campaign, the WTO summit in Cancún (where a coalition of Southern countries, led by Brazil, took a position against the powerful Northern members of the WTO), the PRSP processes and the World Social Forum (WSF). These more global interactions also benefited from the influence and thus the legitimacy of the European agencies in their home countries. A key element in this lobbying work is that coalitions of social movements and NGOs no longer strictly maintain 'anti-governmental' positions, but



that these strategic alliances are being formed together with Northern and/or Southern governments, international financial institutions (such as the World Bank) or UN agencies such as UNDP. The Oxfam agencies in particular stress that they have learned to cooperate with global institutions over the past decade and that they managed to play a stimulating role in the 'globalization for social justice movement' that has become so dynamic since the WTO summit in Seattle in 1999.

A second major lesson comes from the faith-based European agencies, from both Catholic and Protestant backgrounds. They seem to have learned that *Church-related organizations are not by definition the best implementers of development-oriented programmes*. The Churches are still considered important actors in, for example, contributing to peace and reconciliation, but no longer as key development agents. This has also had consequences for the European agencies themselves. The Swedish Protestant agency Diakonia explained that it had watched the downward development of the ecumenical development movement (especially in Central America) with some regret, but it had learned that a more autonomous position from the Swedish churches was in fact a better option. Trocaire, the Irish Catholic agency, maintains however that the Church continues to be an important instrument for community organizing and civil-society building, especially in those areas where it is the only institutional structure.

A third lesson mentioned by several agencies is that *longer-term support to partner organizations has eventually paid off*. Latin America shows many examples where prolonged support to partners has contributed to a lobbying and advocacy capacity that, compared to other regions of the world, is superior in terms of quality and impact. Christian Aid, for example, points at the flexible role of European agencies and their position as a *partner* in these processes, giving advice and some resources, rather than determining the processes from the outside. It does recognize the problems of how this can be combined with increased demands for accountability, and thus with more formal relationships (see Jordan and Van Tuijl, 2006). Other agencies also pointed to this tension, but all agree that relationships with Latin American partners are often more mature than anywhere else. Those partnerships with a higher degree of 'trust' and 'confidence' are generally favoured by the agencies, as they generate more benefits in terms of policy formulation, allow more transparency, more mutual learning and are therefore often part of arrangements with 'institutional support'. Dutch, German and Nordic agencies emphasized the importance of these 'strategic partnerships' that also proved to be crucial for the North-South lobbying campaigns mentioned earlier.

A fourth lesson commonly drawn by the European agencies is that the emergency aid following Hurricane Mitch in 1998 has re-emphasized the

need to improve *agency coordination*. Many lessons were drawn from the post-Mitch relief operation, which was probably the biggest ever in the region, but central was the lesson that working closely together as agencies in such a crisis situation helps to prevent many of the post-disaster problems that can accompany external aid. Several key partner organizations in the Central American region had been overstretched and overfunded due to Mitch, which in some cases had contributed to their demise.

### Conclusion

Many Latin American organizations that received support from European donor NGOs now fear that these agencies will gradually withdraw from the region, re-channelling funds to Africa and other (poorer) regions of the world. This chapter has suggested that most of these fears are not based on evidence. The data show, instead, a concentration of NGO funding in a smaller set of countries, involving fewer partner organizations. European agencies have paid increased attention to rights-based approaches, with more integrated joint lobbying and advocacy components. This has generated a more political agenda on topics such as migration, conflict resolution, peace-building and trade issues (Fernández, 2006). These are likely to be key topics in the coming years, in which the 'creation and promotion of more synergies' is the central slogan in order to maximize the use of more scarcely available resources.

Regarding the medium and longer term, however, our interviews with donor staff do suggest that many of the traditionally strong Latin American partner organizations will inevitably experience a gradual reduction of European NGO funding allocations. Assuming that this trend continues over the coming years, the question arises as to how these partners will survive as key organizations in promoting alternative development approaches. Do the reorientation, concentration and overall reduction of European NGO funding indirectly imply the end of alternative development agendas in Latin America? This crucial question can be addressed by exploring three possible scenarios. The first is that the more flexible funding resources from European NGOs will be (partly) replaced by funds from bilateral and multilateral organizations, or even from the corporate sector. New and tighter conditions will be attached to this type of financing, which are likely going to force Latin American NGOs to commit themselves to the broader directions of the mainstream development agenda. This is in fact already happening, if one considers how many Latin American organizations are implementing in a rather uncritical way World Bank discourses or UN millennium agendas.

In a second scenario, alternative approaches are undermined in a different way: due to reduced funding from abroad, the autonomous and politically consistent partner organizations involved in strategic alliances and pursuing a political agenda oriented at empowering civil society groups will find themselves without any financial allies or alternative sources of income. This will be either because official funding has withdrawn from the country, or because the organization is unable or unwilling to pursue this new type of income. Temporarily such a former European NGO partner organization will derive some of its income from market-based consultancy contracts or state-related service delivery operations. However, this will compromise its manoeuvring space considerably: committed staff will voluntarily leave the organization, its credibility will be damaged, strategic allies will turn away, and the demise of the organization will be merely a matter of time. This is a scenario that has come about in slightly different ways for many partner organizations in several of the former priority countries such as Chile, Costa Rica and El Salvador.

A scenario in which the organization does not disappear, nor is compromised by new donor agendas – and in which alternative development agendas are maintained – will therefore have to take into account a number of key lessons learned over the past decade. One such lesson is that sustained capacity-building can contribute to a strong and transparent organization which is horizontally well-connected (strategic alliances) and downwardly accountable to its clients and constituents when this is explicitly aimed for. Another lesson is that an organization is able to diversify its income base, acquiring sufficient resource mobilization power to pursue its political agenda without having to make major compromises. The Latin American experience shows that a prolonged period of committed external support does not by definition lead to a loss of autonomy and increased external dependency. In fact, the current political swing in the region towards progressive policymaking on poverty reduction and empowerment is likely offering favourable conditions for many former partner organizations of European agencies to reduce these external vulnerabilities further. However, given that each of these three scenarios is an equally realistic possibility, they have to be monitored closely in order to judge which scenario is to set the tone in the coming years.

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## Whatever Happened to Reciprocity? Implications of Donor Emphasis on 'Voice' and 'Impact' as Rationales for Working with NGOs in Development

Alan Thomas

Eliminating world poverty is a job for everyone, not just governments. In 2005, people around the world raised their voices to demand change. ... NGOs will help deliver services, especially in fragile states. ... civil society groups will hold the Government to account in the UK, and encourage their counterparts in developing countries to do the same. (UK White Paper on *Eliminating World Poverty*, DFID, 2006: 81).

This chapter concerns non-governmental organizations and the rationale for their involvement in development. It analyses how donors view NGOs, looking particularly at the example of the UK Department for International Development (DFID), arguing that NGOs are expected to conform to one of two prescribed models of what they do, which tends to ignore or downplay the value basis of what NGOs *are* and the variety of ways they relate to development.<sup>1</sup>

The chapter suggests *reciprocity* (Polanyi, 1957) as an organizing principle that incorporates the variety of values underlying NGOs and differentiates them from both private firms, based on a rationale of self-interest and exchange through the market, and government agencies, based on a rationale of legitimate authority and coercive redistribution. At the same time, it seeks to place NGOs within 'civil society', which in political rather than economic discourse has also been used to describe the space between the state and the market. However, usage differs as to whether 'NGO' is a synonym for 'civil society organization' (CSO) or refers to one particular type of CSO – for example, one that delivers humanitarian relief or promotes 'development' for others.

Both the private and state sectors are modern sectors contrasting with a 'traditional', 'community' sector, based on a rationale of mutuality, reciprocity and shared roles. NGOs can be regarded as belonging to a

third modern sector, based on some of the positive values of community but with more openness and universality. Arguably this third sector also corresponds to the organizational dimension of civil society.

Invoking the idea of 'civil society' is one way of investing the third (modern) sector with some positive attributes. Many authors agree that it should not be defined as just a residual category (*non-profit* and *non-governmental*) but consists of 'value-based' or 'value-led' organizations (Paton, 1991; Hudson, 1995), though which values are to the fore is subject to much debate. Suggestions include voluntary association (Streeck and Schmitter, 1985), charity (Butler and Wilson, 1990), membership (Stryjan, 1989), trust and solidarity (Gherardi and Masiero, 1990), enthusiasm (Bishop and Hoggett, 1986), among others. The values underlying development NGOs in particular are if anything even more varied, although many relate to participation or empowerment. Some derive specifically from movements based in developing countries, for example Freire's (1972) conscientization, or Gandhian concepts such as *gram swaraj* (village self-rule) or *sarvodaya* (the welfare of all). Other value-based ideas taken up by many NGOs, while of Northern derivation, are specific to attempts to deal with problems of development, such as Schumacher's (1973) 'small is beautiful', Korten's (e.g. 1990) 'people-centred development' and Chambers's (e.g. 1997) ideas of participative rural appraisal and power reversals.

It might appear that the values involved are too diverse to generalize about the underlying principles. Some are the values of groups set up for the mutual benefit of their members while others relate to organizations set up for the benefit of others or for general public benefit. However, over time successful voluntary organizations tend to combine elements of all three categories of benefit (Handy, 1988). Indeed, all organized voluntary action can be seen as combining the human impulse to act directly in response to a perceived need with the need to pool resources by acting in groups. I suggest that the best attempt at defining this impulse in terms of a single principle is Polanyi's (1957) idea of reciprocity, where goods, services or effort are given freely not for immediate exchange but in the expectation of reciprocal assistance being available when required (a similar notion underlies Titmuss's (1970) 'gift relationship'). However, a general understanding of voluntary, non-profit or 'civil society' organizations must also recognize that they are often small and specific in their area of operation. Thus the third sector – or 'civil society organizations', including NGOs – comprises organizations which may all be value-based and rely on reciprocity but are based on a variety of specific values and focus on the needs and interests of particular groups.

NGOs have become increasingly important in development since the 1980s, as the neoliberal combination of market economics and liberal democratic politics became dominant. As Edwards and Hulme explain,

NGOs fitted into the 'New Policy Agenda' promoted by donors, appearing simultaneously 'as market-based actors' and 'as components of "civil society"' (1995: 849). Thus, on the one hand, the increase in provision of services or 'gap-filling' (Vivian, 1994) by NGOs was seen as part and parcel of the privatization of state services, despite NGOs' non-profit basis. On the other hand, NGOs were seen as prime agents of democratization (Clark, 1991), or even as intrinsically democratic simply by virtue of being part of civil society (ROAPE, 1992).

In practice the contribution of NGOs to development is enormously varied and multidimensional, reflecting their sheer numbers and diversity. There is a huge difference between international NGOs, mostly based in the developed world, and indigenous local or national NGOs in the developing world. Often started as charitable relief or missionary welfare organizations, the former generally work in developing countries through their own branches or with local partner organizations, often NGOs themselves. The majority of the latter are small, but they include organizations such as the Bangladesh Rural Advancement Committee (BRAC), the largest national NGO in the developing world, with over 97,000 employees in 2005.<sup>2</sup> BRAC and other large NGOs (especially in South Asia) often function as para-governmental or quasi-governmental organizations, operating in parallel with the state and complementing it in the provision of social services.

However, for some time, many working in NGOs have wished to go beyond simply providing relief or other services within the neoliberal model of market-led development. A symposium on 'Development Alternatives: The Challenge for NGOs' held in London in March 1987 explored the suggestion of a distinctive 'NGO approach' to development based on empowerment and the idea that poor people could be supported to become the agents of their own development (World Development, 1987; see also Poulton and Harris, 1988; Thomas, 1992). However, despite a number of well-reported success stories at the local level, it was unclear whether this 'NGO approach' could have a broader impact. In one of the papers from that London conference, Sheldon Annis (1987) asked, 'Can Small-scale Development be a Large-scale Policy?', and this question of how to 'scale up' from local experience became perhaps the most important of a number of distinct challenges to development NGOs which remain relevant today.

A number of writers have seen these challenges in terms of a sequence of strategies. At the same conference, David Korten distinguished between three 'generations' of NGO strategies: the first committed to relief and welfare activities, the second promoting small-scale local development that empowered local communities and broke their dependency on humanitarian aid, and the third involved in a range of activities designed to achieve

institutional and policy change. Later, he suggested the need for a 'fourth generation' strategy, committed to increasingly complex networks and to advocacy at international as well as national level (Korten, 1990: 123-4). Individual NGOs could be involved in various mixes of the strategies. In a similar vein, Alan Fowler (1997: 220-21) characterized NGO activities as a mixture of three types of effort: 'welfare and delivery (the global soup kitchen)', 'strengthening people's organizations and movements', and 'learning for leverage'. He suggested NGOs should shift away from the first by either 'concentrating on building people's capacities to look after and demand for themselves' or 'gaining leverage on structural changes to governments and markets which benefit the poor' (Fowler, 1997: 220-21).

The rest of this chapter concentrates not on the NGO perspective but on how donors justify working with NGOs. The next section charts the changes in donor funding and expectations of NGOs from the 1970s to date. The following two sections analyse more closely how 'voice' and 'impact' are currently the dominant rationales put forward by donors for working with NGOs, looking in particular at policy and other statements by DFID. The final section considers how these two rationales may 'squeeze out' fundamental aspects of NGO work in development, many of which can be summed up in terms of the concept of 'reciprocity', and concludes with some implications.

### Changes in Donor Funding of NGOs and Its Rationale

Throughout the period of the above-mentioned discussions on how to move from small-scale successes to making a bigger difference, resources for development through NGOs have increased consistently. From 1970 to 1999, NGO aid went up from US\$3.6 billion to US\$12.4 billion annually, equivalent to 21.6 per cent of total development assistance from members of the OECD (see Table 5.1).

For most of that time official donor grants to NGOs also increased. Although the proportion of official aid going through NGOs has reduced since the mid-1990s, private funding of NGOs continues to increase and more than offsets this decline. In fact, the proportion of NGOs' resources coming from private sources has never fallen below 65 per cent and by 1999 it was above 85 per cent and rising. Nevertheless, access to official aid funds has become extremely important to NGOs generally, and particularly for some NGOs. Thus, although NGOs have their own agendas and cannot be regarded simply as vehicles for implementing official aid policies and programmes, donors' expectations of what NGOs should do has a considerable influence on them.

**Table 5.1** NGO and official aid to developing countries  
(constant 1990 \$bn)

	1970	1980	1988	1999
Total NGO aid to developing countries	3.6	5.2	6.9	12.4
private donations	3.5	3.6	4.5	10.7
official grants	0.1	1.6	2.4	1.7
OECD official aid	29.5	42.1	51.4	46.6
NGO aid as % of OECD aid	11.0	11.4	12.3	21.6

Source: Clark, 2003: 130.

Within the general upward trend, official funding has been affected by contradictory factors at different times, stemming from changing donor views on how to achieve aid effectiveness and the best role for NGOs. Thus there was a dramatic increase in official aid channelled through NGOs from the mid-1970s, consolidated through the 1980s and early 1990s, influenced by the rise of governments in the West committed to neoliberal economics and the disenchantment of many Western donors with the performance of government in the developing world. However, from the early 1990s most leading donors reduced aid relative to their GNP until, by 1997, OECD donors gave the smallest share of their GNPs in aid since comparable statistics began in the 1950s – less than 0.25 per cent (World Bank, 1998: 2). Aid channelled through NGOs also fell dramatically. Since 1997, with increasing commitment to the International Development Targets (IDTs) and now the Millennium Development Goals, aid/GNP ratios are increasing again. However, donors seem to be continuing to reduce aid flows through Northern NGOs, in relative if not in absolute terms, perhaps because they are revising their view of the state as an obstacle to pro-poor change and are now working to strengthen state capacity. Nevertheless, as already noted, the resources of Northern NGOs have remained buoyant due to growth in private donations (Table 5.1).

The figures in Table 5.1 are heavily influenced by trends in the United States, which by virtue of its size accounts for almost half of official and private funding channelled by Northern NGOs to developing countries. However, the various members of the OECD vary considerably in how much official aid goes through NGOs and how much the latter depend on these funds compared to private donations. In Britain, for example, NGO aid is relatively low, although it has fluctuated over

the years, increasing from 1.3 per cent between 1983 and 1986 to 7.6 per cent of DFID expenditure in 1999, and falling back to 5.5 per cent of an increased DFID budget by 2003. By comparison, the US percentage has been close to 10 per cent throughout.

It is US development NGOs that are largely responsible for the statistic that Northern NGOs derive a large and increasing proportion of their funding from non-government sources, since they are even more heavily privately funded than those based in other Northern countries. Nevertheless, official aid accounts for much less than half the funds of British NGOs. According to one estimate, NGOs with an international development remit receive 20 per cent of all donations to UK charities (Randell and German, 1999a: 236), equivalent to £1.5 billion in 2001/02.

These changes in aid funding have each been accompanied by changes in donor expectations of NGOs. Thus in the 1980s, with donors favouring structural adjustment lending including deregulation, liberalization and privatization, the increase in official aid funds going through NGOs corresponded with the view that they could deliver humanitarian relief and local development effectively, reaching the poorest communities at relatively low cost. However, many Northern NGOs continued with building long-term relations of trust with Southern partner organizations and working politically towards social transformation and alternative models of development based on empowerment and reciprocity. The tension between these approaches was exacerbated with the adoption of the IDTs in the 1990s and then the MDGs. Bebbington (2005) examines the case of Dutch aid and changes in the 'co-financing programme' with Dutch NGOs up to early 2002. He shows how the need to demonstrate impact in terms of poverty reduction and other specific targets has undermined trust and partnership relationships. Dutch NGOs have shifted to working with different types of local CSO and reduced those programmes which had less immediately measurable impact, such as research or broader political empowerment through social movement organizations.

More recently, along with rediscovering the importance of the state (World Bank, 1997), donors have discovered 'civil society'. There is a new rationale for working with NGOs which is applied to working with civil society organizations (CSOs) more broadly. It is argued that they can facilitate a certain type of empowerment process involving making the voice of the poor heard, thus helping to hold government agencies to account, and these 'voice and accountability' roles can help ensure that pro-poor policies are designed and implemented. Hence a partnership with CSOs that play these roles can complement a shift to the promotion of poverty reduction strategy programmes (PRSPs) together with direct budget support or sector-wide approaches (SWAps) on the part of donors.