NGOs, STATES, DEVELOPMENT AND DEMOCRACY

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ABSTRACT

This paper challenges the widespread view in development circles that the role of NGOs in civil empowerment is progressive and people centred. It argues that Neo-Liberal Project's economic agenda is in direct contradiction with democratisation and undermines the organic development of civil society. Through an examination of the relationship between NGOs and Northern government agencies it is maintained that the NLP is less concerned with development of genuine autonomous democracies than with developing Southern compliance with its economic agenda.

KEY WORDS: NGOs, civic society, development, state, tertiary sector.

If you have your hand in another man's pocket,
you must move when he moves –
An African Proverb

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Development in the 1980s and Increasing NGO Prominence

Over time, new ideas and approaches to development have evolved, helping to shape the way individuals, states, and organisations respond to any given situation. As Fowler (1991:5) states, 'all development decades have their emphasis'. Revised foundations from which to examine development theory and practice are based on the outcomes of current political, economic, and social practices in the prioritisation of tasks and the distribution of power and resources across the globe. The New Policy Agenda(NPA) or New Liberal Policy (NLP) is such a vision, having arisen from the belief that with the end of the Cold War, market-centred approaches had been validated (Communs 1997:141). Neo-liberalism as an ideology is distinct from traditional liberalism in its insistence on the redefinition of the role of the state in capitalism, commercialisation and markets (Beckman 1993:22). Neo-liberalism is pessimistic about the conventional impact of the state and seeks to limit its role to one geared towards supporting market needs in development. Particularly in the south the involvement of the state in economic affairs is seen to be responsible for the current crises, including the debt crisis. The lack of good governance is considered to be the main cause of the current ills in developing countries therefore measures are proposed to ensure that the 'good governance agenda' is implemented. The key ideas include a competitive market economy, a well managed state and democratic civil society.

The NLP, advocating free markets, the efficient use of scarce public resources, a reduced role for the state, and the need for good governance (i. e. democratic), is a mainstream approach to development based on a linear view of problems and solutions (Biggs & Neame, 1996; Edwards & Hulme, 1996a). Development however, is far from linear. It is an on-going process, that occurs both within and in response to the international contexts which exist during each period of its evolution. During the 1980s, the bilateral and multilateral institutions that promoted the NLP and which provided the bulk of development assistance, were being increasingly criticised for the lack of a 'social safety net' and the negative impacts of their programs on the poor. As such, a mechanism for addressing these concerns was needed - preferably one which supported the move towards the private sector. Non-Governmental Organisation (NGOs), with their celebrated capacity for innovation, dedicated and visionary leaders, focus on the poorest of the poor strength in mobilising and including popular groups, adaptability, and cost-effectiveness in implementing projects (OECD 1988: 26), seemingly fitted perfectly into the gaps. The result was a new recognition of their role in development, and increasing concern about their accountability, legitimacy, and effectiveness.

Development theory has long debated the relative attributes of the public versus private sectors, but the third sector or 'voluntary sector' had until recently been largely excluded, viewed more as a peripheral sector that did good work but on a very small and localised scale. With the new recognition of NGOs however, there has been a closer examination of their role and capacities, not only in terms of their advantages as compared to governments and multilateral institutions, but also in their own basic

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mission and operational structures. Increasingly, the NGO sector was understood to be comprised of a mix of attributes traditionally associated with the public and private sectors. They are not 'public' as in government, yet they are concerned with traditional 'public' issues of social welfare and progress: they are not 'private' in terms of the profit-making products of their work, but they are 'private' in terms of their structure, not being elected, not having the authority of government in terms of the right to tax or enforce laws.

What is a Non Governmental Organisation ?

There is a considerable confusion about what is meant by a Non Governmental Organisation. As always it is important to recognise the danger of making sweeping generalisations. NGOs need to be assessed in the social, political and economic contexts in which they operate. The term NGO is frequently used to describe any type of organisation that is not an official arm of the government (Clark 1991). In other cases it is defined much more specifically referring to a specific type of institution with specific functions. In most cases the NGO label is used all inclusively to include organisations of various categories such as relief and welfare agencies, technical innovation organisations, public service contractors, popular development organisation, grassroots development organisations, and advocacy groups and networks (Farrington & Bebbington 1993: 3).

NGOs vary in scope, resource base and influence as well as in functional and ideological orientation. They may be local, national or international. Due to their heterogeneity, generalisation of their aims is difficult, thus the basic premise of an NGO is to serve a client group that is unable to meet the full cost of services it requires. Broadly defined, NGOs are private, voluntary, non-profit organisations whose members combine their skills, means and energies in the service of shared ideals and objectives. NGO income consists of goodwill from the general public, donations from states and multilateral organisations financed by general taxation, and self-financing by money generated through investment and enterprise. In certain cases, government funding may compromise an NGO independence.

In contrast to governmental institutions which have a tendency towards centralisation, bureaucracy and control, NGOs are distinguished by their flexibility and non-hierarchical values. Thus while governments instigate 'top-down' reforms, NGOs attempt to achieve change from the 'bottom-up'. The main strength of the NGOs lie in their structure and small size. Unlike government organisations who have to wait for legislative authority and constrained by sovereignty considerations, NGOs are able to act quickly, resourcefully and creatively. In other words 'NGOs are not locked into a procedural and legislative straight jacket' (Korten, 1990: xiii).

Development NGOs

In recent years increasing emphasis has been placed on the role that NGOs will play in development and democratisation process in the South. Given the umbrella nature of the concept of the NGO this article will only deal with international NGOs

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which operate within the field of development thus the myriad of 'civil society organisations', which may be called NGOs according to some criteria, are not within the scope of this analysis. Advantages which NGOs are seen as having over state development agencies include the capacity to 'democratise development', reconstruct 'civil society', act as social mobilisers, deliver services more efficiently through flexibility and grater capacity for innovation.

Although NGOs are not new their acceptance and integration into the international system is, and the changes in development thinking and increased recognition have had serious implications for NGOs' role and approach to development. Yet the nature of the change is far more systemic than simply welcoming new player onto the field. NGOs have partially defined themselves in terms of what they are not: they are not government, they are not mainstream, and they are not part of a highly rigid and bureaucratised system. Accordingly , debate has arisen over the effects of their new found acceptance and integration into mainstream approach planning and the closer ties with Governmental Development Agencies (GDA) it has brought forth.

However, since NGOs define themselves in terms of what they are not (non-governmental) of particular concern are NGO relations with GDAs (Government Development Agencies) and possible compromises of their non-governmental character, as their new recognition has manifested itself in increased funding and collaboration with public institutions (Fowler, 1992). This increased interest in NGOs has been said to hold two central assumptions (Hellinger 1987: 136). First, that such funding arrangements increase the support of aid and development in the North by channelling funds through organisations that claim support from its citizens. Secondly, the use of NGOs is expected to achieve better results in the improvement of the situations of the poorest population groups in the South, a feat official agencies have had difficulty achieving and over which they have received much criticism. Moreover, NGO funding is seen as desirable, as donors can restrict funding to the life of the project or program without incurring the recurrent administrative costs and it allows them to benefit from the NGOs organisational structure (Farrington and Bebbington, 1993: 8). As GDA - NGO ties expand, concerns grew that these very benefits would be compromised if NGOs continued to be integrated into public structure.

One of the greatest concerns is that governments and multilateral institutions may be overly influencing the type of projects NGOs propose in order to receive funding and that this would imply that NGOs are placing their interests above those of the beneficiaries (Clark, 1991: 49). From the start, accepting public funds paves the way to compromising the independence of NGOs. Problems such as, 'compromised performance', 'weakened legitimacy', 'over extendedness', and 'distorted accountability' (Edwards & Hulme 1996a), are ones which all NGOs already face. As Fowler (1992) notes, 'in one way or another, . . . NGOs must cover their costs by tapping into surpluses generated by the for-profit capitalist market economy, . . . Each

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of these sources has a distinctive quality, that is a set of conditions or expectations that influence what the NGO can do developmentally and how' (Fowler 1992: 10-11). NGOs have a long history, and throughout they have maintained their missions based on a vision that *was supported by their constituents*. The important issue is that of establishing a relationship that pursues development ideals without suppressing the NGOs objectives or activities that are specifically contrary to government(s) policies, nor one that supplants government (Drabek, 1987: xiii) in activities where it may be best able to instil sustainable growth and expansion of resources and capabilities. While individual or 'ten-dollar' donors, as compared to larger donors, have considerably weaker influence over the NNGOs' specific activities and goals (Fowler 1992:15), all sources of funding entail some conditions (Hodson 1992:135), and NNGOs have to at least partially base their activities on the donors' expected results.

However the relationship between NGOs and multilateral and bilateral development agencies is not a straight forward dominance and subordinance relationship. The actual relationship is quite dynamic and many individual NGOs and collective NGO groups have adopted safeguards and proposals on how best to manage the relationship. How successful are NGOs in fighting back is hotly debated. Such was the intention of the Canadian International Council for Voluntary Agency's 'Suggested Guidelines on the Acceptance of Government Funds for NGO Programmes' in 1985 (Van Der Heijden, 1987:108). Yet these general guidelines on co-operation, maintaining autonomy, and establishing clear lines of communication, fail to emphasise the internal organisation of projects. They tend to focus on relations between organisations and lack consideration of safeguards for ensuring that the chosen *activities* remain in line with the NGOs' established mission, and thus the continued concern over too much government influence on the types of projects being undertaken. However, this concern may be considerably easier to address with the marked shift towards what Clark (1991) calls 'issue politics'. The majority of Northern governments have devised special funds for issues such as democracy and good governance, women, and the environment (Smillie & Helmich 1993:14). What Clark describes as moves away from 'productive politics' has opened a window for NNGOs to be more selective of the areas that it is most concerned with, without having to subscribe or appear to be supporting the more general political philosophies. In fact, many of these issues are ones first voiced and placed on the agenda by NGO pressure and lobbying. While having the potential disadvantage of compartmentalisation of development, it can have the benefit of offering a sectoral approach through which NGOs may find it easier to stick to their mission, and can be used to limit donor funding to those aspects of an NGOs overall programme that will benefit from such funding and whose objectives and methods will not be unduly compromised. It is a strategic balancing act supported at one end by the NGOs' definition of development and at the other by the detailed plans to reach those objectives. In this context, it is not government funding *per se* that is problematic, but rather the conditions on which it is provided and the procedures to acquire it.

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It then becomes an issue not of simply obtaining more funds with which to expand activities, but of obtaining resources for those activities and needs that have already been identified and fit into the organisational mission. Thus, increasing funds available to NGOs leads directly to questions of how an organisation is to implement their 'scaling-up'. More funds lead to more activities, yet whether these expansions occur in the number of activities undertaken, the scale of activities or the types of activities, largely depends on the individual NGO and the **conditions attached to the funding it receives**. The influx of new funds must be accompanied by a thorough assessment of the best place and manner in which to expand, and organisational structures readjusted to accommodate the growth. As Biggs and Neame (1996) reflect, increased activity does not necessarily mean increased impact. Decisions regarding how best to expand one's activities will be heavily dependent on the type of organisation and its specific objectives. The situation to be most avoided is that of a transfer of resources from governments to NGOs that result in weakened services by both, the goal is to strengthen both the development programs of GDAs and those of NGOs (Bebbington & Riddell, 1997: 114). The difficulty with scaling up, specifically that resulting from increased GDA funding, is that it not only requires organisational adaptations but also careful monitoring of how it influences the NGOs' overall accountabilities, legitimacy and effectiveness in achieving its mission.

Questions of Accountability and Legitimacy

Accountability is the mechanism used to justify one's use of resources and link them to stated goals and purposes. All organisations are accountable to someone; governments to their electorate and private firms to their owners/stockholders. NGOs however represent a more complex structure of accountability, which can cause considerable difficulties in their operations and effectiveness (Clark 1991; Edwards & Hulme 1996b). The complication lies in the fact **that their claimed strengths are directly linked to who they represent**. If those to whom an NGO is accountable influence the direction of the activities undertaken, then it follows that their 'interests' are the ones being represented. Northern Development NGOs have however, multiple accountabilities. Najam's (1996) framework which separates NGOs' accountabilities into patrons, clients, and themselves, begins to describe NGOs' situation. However, 'patrons' defined as those who contribute resources, are not a homogenous group, they take a variety of forms; bilateral donors, multilateral institutions, individual constituent donors, other NGOs, the NGOs profit making activities. Each of these will often provide funds for specific programs, or in response to individual issue-related appeals and are not *necessarily* compatible with each other. Simultaneously, the claim that NGOs' have closer links to civil society, has been a main reason for government support. Yet usually an increase in **government funds brings a simultaneous increase in governmental controls and supervision mechanisms** (Van Der Heijden 1987:107), thus shifting the NGOs' accountability towards government and away from clients. As

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Clark states, 'accountability is the other side of the publicly contributed coin' (Clark, 1991:53). When donors simultaneously insist that NNGOs remain accountable and representative of civil society, the problem of multiple accountabilities leads to serious complications in terms of an NGOs' overall mission and program design. Answering both demands will require substantial attention being paid not only to whom one is accountable to, but also to *specific* levels of accountability to *each* party.

Together varying accountabilities make-up the very character of an NGO but if any single one grows out of proportion the effects can be quite damaging (Smillie 1997). Maintaining a 'mythical autonomy' is not the objective, rather the goal is to broaden accountability by expanding their room to manoeuvre through their involvement in increasing the number of relationships to which they belong and thus numerous accountabilities (Biggs & Neame, 1996:38). The sequence of balances and counterbalances can be quite complex. Yet, especially in light of their newly obtained prominence in the international field, a balance of accountabilities to Northern and Southern governments, international institutions, citizens of the North and the South, partner NGOs in the North and the South, other donors, and themselves, each counterbalancing the other, may hamper the activities of NGOs and lead to a directional confusion.

In stakeholder performance assessments' which can simultaneously address functional and strategic accountabilities (Edwards & Hulme 1994 cited in Fowler 1996: 63), the 'stakeholders' are a heterogeneous group with oftentimes contradictory goals. If such an approach is to succeed it '. . . requires NGOs to be more explicit about whose views *count more or less* than others'. (Fowler 1996:63 emphasis added). And certainly this is not an easy task.

Repeatedly an old African proverb has been quoted (Edwards & Hulme 1996a:967; Van Der Heijden 1987:106): 'if you have your hand in another man's pocket, you must move when he moves'. Some have thus suggested that 'popular-support' and self-financing are the pillars on which NGO legitimacy stand (for example Bratton 1990 in Edwards and Hulme 1996a), stating that if an NGO is overly dependent on external financing they have a much weaker claim of legitimacy. What is crucial is the conditions, procedures, and defined purposes which are attached not the amount of money donated to NGOs. A hundred dollars given without any obligations or conditions, or provided for a specific project which has been completely defined by the NGO, will have much less weight in terms of accountabilities than a single dollar which is completely tied to pre-specified and donor originating conditions.

A wider definition of legitimacy is an *NGOs' 'right* to represent and the *consent* of the represented' (Pearce 1997: 258). Again, these are not easily measured criteria, and will also vary between and within the organisation, but allow for various funding arrangements provided they are compatible with the NNGOs' objectives and do not subtract accountability from the beneficiaries. Since NGOs are not elected by those they

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claim to represent, their legitimacy is going to largely depend on their ability to procure funds and implement or support programs, the relevance of the undertakings to the beneficiaries, and the perceived effectiveness of the organisation in pursuing its goals.

Comparative Advantages and Disadvantages

While NGOs were being claimed to have a comparative advantage over governments in several areas - in reaching the poorest, in maintaining levels of participation, being flexible and responsive in their work, strengthening local institutions, being cost-efficient, being innovative, and using indigenous knowledge (Fowler 1990 in Biggs & Neame, 1996) - their increased prominence inevitably led to increased scrutiny of their advantages and effectiveness. Upon closer inspection it was found that some NGO initiatives were also having difficulties reaching the poorest segments of the populations, and that participation could often be better described as decentralisation by NNGOs and local elites (Tendler, 1982). Gradually, some of their positive characteristics were being classified by some, under Tendler's term of NGO 'articles of faith'. While these points were not always intended to mean that NGOs' work was not successful, they did question whether the advantages they claimed over the public sector were valid. The failure to create an organisational memory, the duplication of services at the expense of replication, evaluations used more for donor justification than tools for learning and improving performance, weak management practices, competition for scarce resources (both official funding and public support), the lack of research and data dissemination, and general collaboration between NNGOs largely limited to issue specific activities and times of emergency (Smillies & Helmich 1993:18-20), are all newly popular criticism of NGOs. Concern grew over global systems and unfavourable structures persisting, largely unaffected by the NGOs' localised work, ones which directly limited the possibilities for effectiveness of both NGOs and the public sector. The contrast between NGOs' good but localised work and governments' larger scale but weaker impact on the poor however persisted, with the added recognition that 'effective development work on a sustainable and significant scale is a goal which has eluded both governments and NGOs' (Edwards & Hulme 1992:13). The problem was further fuelled by consistently presenting NGOs' strengths against the backdrop of the government's rigid, highly bureaucratised and power hoarding organisations, that fail to even contemplate the real needs of the poor. As Biggs and Neame point out, this '. . is a romanticised view of NGOs set against a "straw-man" representation of governments' (Biggs & Neame 1996: 34). Most importantly, many of the aspects in which NGOs were being criticised would require increased bureaucracies and larger overheads in order to manage and implement successfully - characteristics of the public sector, not the voluntary sector.

Demands are being made on, states, markets and NGOs to increasingly account for all aspects of their programs and objectives. The scrutiny over what NGOs are doing; levels of representation of the beneficiaries; their effectiveness in creating

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sustainable improvements in capacities; and their commitment to a clearly stated and relevant mission, are not new, nor are they particular to NGOs. Development theory has been examining these very question with respect to all players. For instance, these questions were put to agencies supporting neo-classical economic adjustment, and because of their failure to provide adequate answers, directly contributed to the 'rise' of NGOs. With the NPA, structures and program criteria have evolved, as has the determination process of what alliances are acceptable. This does appears to be appropriate in light of the changing nature and mechanisms through which relations occur, and the changing environment in which they take place. However, as States and NGOs are working in the same field, in order to have a co-ordinated impact a minimal recognition of what each actor is doing and of their specific and evolving roles is crucial. It is clear from the above discussion of the relations between states and NGOs that closer ties between the two prevent NGOs achieving their aims effectively. For Northern NGOs, distinct as they are from Southern NGOs, relations with State Agencies do not appear to be the greatest concern. More important is the way these relations are evolving, the links of the evolution to NNGOs international position, and the internal reorganisation of the NNGOs' systems. Yet, a deeper understanding of the specific mechanisms through which they interact is necessary in order to understand if their intermediary role contributes to civil empowerment in the South. Relations with the state for Southern NGOs is more significant as far as their independence is concerned. It seems that SNGOs are facing double control and interference. On the one hand they need to organise relations with their own states and on the other hand they have to satisfy their Northern partners who in turn may be accountable to their own governments and the International Finance Institutions.

There are strong organic ties between Northern governments and International Finance Institutions such as the IMF and the World Bank who are devout believers and implementers of the NLP. Consequently there exist close parallels between their demands and expectations from the NGOs (both Southern and Northern) operating in co-operation with them. Therefore there is a need for an analysis of the ideology of bilateral and multilateral agencies which provide the bulk of the international NNGO finances.

North - South Relations and the NGOs

Despite the rise in the numbers and status of NGOs through the support of the NLP, their potential to work effectively in civil empowerment is highly questionable. This is particularly true of international NGOs which aim relief and development. International NGOs may be partly or fully funded through private donations but in practice they have been increasingly funded from official sources. NGOs are considered to be an empowering force for civil society in two main ways. In a direct sense, NGOs

conduct projects with groups such as grass roots organisations[1] to train staff and members in specific skills. Examples may include workshops on how to organise according to democratic procedures and how to lobby government or international institutions. Indirectly, NGOs may empower beneficiaries through conventional socio-economic development projects with qualitative working methods. For example, in a credit scheme, the focus would be on empowering people to organise themselves, articulate their demands and ideas and operationalise plans. Empowerment in this way relies on strong beneficiary participation in identifying needs, planning and operationalising responses and monitoring, evaluating and troubleshooting the intervention.

Throughout the era of the NLP's orthodoxy the profile, funding and status of NGOs has risen at a meteoric rate. Total funds transferred from Governments to NGO are not easy to trace accurately. Countries vary in their reporting of such calculations, and the variety of mechanism through which NGOs receive funding further complicate assessments. However the following figures, though cannot be accepted at face, value are indicative of the significance of aid to NGOs from the US and the UK governments. In the fiscal year 1993, American Overseas Development Administration (ODA) spent through relief and development NGOs $1. 67 billion (ICVA 1996) out of a total $ 9. 72 billion (OECD 1995). As for the UK in the fiscal year 1994/95 the ODA had given a total of £60. 166 million to UK voluntary organisations out of total Development Assistance of £ 2. 01 billion (ODA 1995). The aid channelled by the Development Assistance Committee Member states via NGOs increased form $2. 7 billion in 1970 to $7. 2 billion in 1990 and this constitutes 13% of the official development assistance (Marcussen 1996: 406). This significantly shows the institutionalisation of NGOs as vehicles for development at an official level.

The rise in support of NGOs has been inextricably linked with the concern of the NLP to constrain the state. The NLP's manipulation of civil society through its empowerment approach is based on selectively assisting groups fitting in with its economic agenda while giving the impression of supporting civil society as a whole.

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[1] It is necessary to distinguish between non-governmental organisations and grass-roots organisations. Grass roots organisations (GROs) are defined in terms of levels whereas NGOs are designated according to sectors. More importantly NGOs and GROs can be distinguished by the different advantages they offer in the quest for poverty alleviation. Whereas GROs offer closeness to the people , knowledge of local conditions and responsiveness to local needs, NGOs can be characterised by the ability both for creating goods and for receiving them in an alternative way to state or market institutions (Uptoff, 1993). 'It is not helpful to use the term "NGO" to encompass popular organisations as well as those intermediary institutions established to provide care, facilitate self-help and grass-roots democracy, to supply technical assistance, or to campaign on issues of importance to the poor' (Pearce, 1993).

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General development aid serves the purpose of pacifying societies suffering under the impact of SAPs, allowing the NLP to proceed with its primary agenda. NGOs , while normally independent, have increasingly become economically dependent on official sources of aid (Copestake 1996: 28). **They unwittingly support SAPs by substituting for former government services,** thus perpetuating local dependence on the North. For instance Van Der Heijden (1987) clearly shows that with DAC (Development Assistance Committee) donors, funds for needs channelled through NGOs align with interests supported by bilateral aid. This situation undermines the independence of NGOs: **they have no legitimacy as they are not accountable to beneficiaries, they are accountable to donors.** The entrenched project framework of donors and the dependency of NGOs serve to further undermine NGO potential to work with civil society and act as independent development agents.

Government Development Agencies and NGOs: the case of the USAID

The increased recognition of NGOs has brought with it the establishment of various sorts of 'Partnership Programs' which are continuously being updated and restructured. Countries like the United Kingdom, the United States and Canada have all established mechanisms through which they structure both their relations with their national NGOs and Southern Non-Governmental Organisations (SNGOs). As an example I will look at United States Agency for International Development (USAID) in order to assess the ways in which it influences the States and NGOs.

The Northern Non-Governmental Organisations (NNGOs) operate within the constraints and opportunities of the voluntary context in their home countries. They are not isolated from the other aspects of their society, and thus NNGO-State relationships are partly shaped by these realities. In the US there has been strong government support for Development NGOs and domestic charities alike (Smillie and Helmich 1993). This traditional and continuing support has led many NGOs in countries like the US, the UK and Canada to have very high dependencies on official funding. As Smillie (1996:160) states, 'when Canadian International Development Agency sneezes. . . Canadian NGOs reach for their vitamin C'. In the United States, funding to private organisations and institutions is partially based on the USAID's priority areas and heavily influenced by American foreign policy. The major portion of USAID funding to NGOs is through Program Grants (or Direct Grants) for programs that are in accordance with the country profile (Smillie and Helmich 1993:307). These grants are typically multi-year and encourage the NGO to provide for 25% of the costs. Matching Grants offered on a competitive basis, usually require a 50-50 match of funds between the NGO and USAID and are designed to focus on strengthening NGO institutional capacities. Other funding mechanisms include, Umbrella Grants given to lead organisation to sub-distribute to other organisations; several issue specific grants; and contract awarding designed to specifically address a stated need of USAID, provide a service, or implement a USAID project/program (USAID 1997; Smillie & Helmich, 1993). The USAID's New Partnership Initiative which aims to increase effectiveness of 'local

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capacity', specifically targeting SNGOs, small businesses and local governments, also outlines other funding alternatives such as Performance Block Grants, General Support Grants, Network Support Grants, Endowments, and Parallel Funding, with US NGOs working to strengthen SNGOs (USAID 1997). USAID has recently committed itself to providing 40% of aid through NGOs and other non-profit organisations by the year 2000, in 1994 the amount was just under 29% and some NGOs are concerned that this figure will not grow if USAID continues to give funding for very large program contracts that many of them are not equipped to implement (ICVA, 1996:198). For NGOs to be eligible for most(but not all) types of USAID assistance, they must go through a complex registration process and submit annually audited financial statements, annual reports, annual budgets, Internal Revenue Service reporting documents and a 'privateness percentage report' to prove sufficient funds being raised from non-US government sources, this process does not infer special status or official approval. USAID's approach to funding is somewhat mixed, funding larger established NGOs on a programme basis and smaller NGOs on a more restrictive project basis (Smillies &- Helmich 1993:26).

Official priorities cover most political, economic and social spheres: for instance the priorities of the USAID in 1995 included saving lives, preventing disasters through humanitarian assistance; prompting broad-based economic growth; advancing democracy; protecting the environment; stabilising population and protecting human health (USAID 1995). NGO programmes have a considerable number of criteria in addition to 'Priority Areas' on which funding is based. USAID stresses promoting US economic security, enhancing prospects for peace and stability, preventing humanitarian and other complex crisis, and protecting the United states against specific global dangers (USAID 1995:4)

The new NGO-Programmes tend to have the greatest influence on NNGOs role in three respects; the scale of activities, co-operation with state agencies and support role for SNGOs. The increased income and the tendency of government agencies to undertake much larger scale activities, renders NNGOs' participatory approach more vulnerable. With increased scale, bureaucracies, evaluation and implementation criteria, these approaches become more difficult to implement. Decreasing GDA budgets have placed emphasis on cost effectiveness and increased attention to NNGOs' specific areas of expertise. The support of NGOs by Governmental Development Organisations and multilateral donor agencies, though claiming to be intended to strengthen the voice of civil society and pursue a more participatory approach to development, appear **to be emphasising NNGOs use of and involvement with SNGOs more than NNGOs support and empowerment of SNGOs.**

With the New Policy Agenda, bilateral and multilateral organisations have increasingly turned to and recognised NGOs as potentially being able to better respond to the negative social impacts and failures to reach the poorest segments of LDC

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populations, that had persistently plagued previous development initiatives. Each country's NGO programs are based on a mixture of international trends in development thinking and domestic cultures and priorities. NGOs in general but NNGOs in particular are finding it particularly difficult to reconcile their 'non-govermentalness' with their relations with governments and multilateral aid organisations' economic and political concerns.

Concluding Remarks: International Finance Institutions and Southern Democracies

The Northern perspective on Southern politics and its consequent approach to supporting Southern democracies is heavily influenced by the New Liberal Project (NLP) which is less concerned with the development of genuine autonomous democracies than with developing Southern compliance with its economic agenda. The NLP's methods of supporting democratic development are not necessarily proficient and in fact are seriously flawed. The NLP's economic agenda itself, threatens democratic consolidation on a more fundamental level, by undermining the role of the state and co-opting Southern societies into accepting its aim to integrate Southern economies fully into the international economic system. The political impact of this economic goal involves the pervasiveness of non elected bodies such as the World Bank and the IMF in national affairs and the excessive influence of the North in national economies. This external, biased interference further threatens democratisation by practically hampering the organic growth of both the state and by relation civil society.

While democratisation has become part of the NLP, it is subject to the influences and demands of its more fundamental economic agenda, to the extent that democratisation is a subordinated means to this greater end.

The IMF's and World Bank's Structural Adjustment Policies do not give much political and economic freedom to states curtailing the financial decision making and planning autonomy as economic plans are expected to comply with the demands of both institutions. The lack of an autonomous macro economics role has undermined the sovereignty of the state and reduced its accountability to the electorate. Political parties in the South do not have any other choice than being committed to the demands if they aspire to power. A good example is Turkey where none of the major parties oppose to the SAPs prescribed by the IMF. Undermining the individual impetus of political parties is an unfortunate impact of policies aiming to promote democratisation. At the level of civil society the damage is even more fundamental. Civil incentive to organise and articulate its demands to a government, whose ability to respond is compromised, is highly likely to be undermined. SAPs demand cuts in public expenditure, privatisation of public enterprises, cuts in wages, increased interest rates, devaluation of currency etc. which all have the impact of reducing standards of living for the majority, which in turn is politically explosive. The conditionalities of the SAPs can not be carried out unless governments introduce tough measures to control the disenchanted masses. This means

considerable deviation form the spirit of democracy and empowerment of civil society. There is a contradiction between economic and political conditionalities which insists on tough economic measures and democratisation at the same time. The insistence of the IMF and the World Bank on democratisation in the South is not about encouraging a strong, integrated relationship between state and society but it is about constraining the state through the notions of transparency and accountability. But at the same time the NLP's economic conditionalities through the use of SAPs damages the prospect of consolidating democratisation . 'By pretending to be civil society's best friend and assigning the state the role of the enemy, the Neo-liberal project conceals its own massive use of state power, transnational and local, for the purpose for constructing civil society in its own image' (Beckman 1993: 30). The NLP develops an image of supporting society as a whole, while in practice supporting only those that are in line with its economic goals.

The rise in support for NGO has been inextricably linked with the concern of NLP to constrain the state. The apparent merits of NGO are generally seen as advantages comparative to state centred development. Gary (1996: 149) describes some of the advantages from the NLP's perspective as being '....private organisations, allegedly less corrupt and more efficient and democratic than the state'. Marcussen lists more general advantages:

... a capacity to reach the poorest, and "outreach" to remote areas. . . to promote local participation and to implement projects in direct collaboration with target beneficiary groups... to operate on low costs. . . to be innovative, experimental, adaptive and flexible.... to strengthen local institutions/ organisations, to empower marginal groups' (1996: 408).

NGO assistance is expected to be sustainable and complementing bilateral aid. In this sense NGOs are valued as efficient project implementers; this is aside from their role as service delivery agents, taking over former state controlled organised services (Marcussen, 1996). The support for NGOs as good project implementers, hides a risk to both NGOs and the development of civil society. Implementing projects implies a linear approach to development which is not appropriate to the goal of empowerment. The role of implementer implies a junior relationship with the funder. NGOs are therefore at the risk of co-optation form their donors.

Furthermore there is no proof that NGOs project orientation is conducive to empowerment. Empowerment is a process which requires a long time whereas development activities of NGOs are short term and small scale and there is no evaluation to indicate project orientation of NGOs are leading to civil empowerment. For instance Marcussen (1996: 406-23) illustrates several findings from evaluations on the work of NGOs in sub Saharan Africa (Sahel, Sudan and Ethiopia) and Mali. NGOs failed to demonstrate the more advanced level of participation expected of them. NGOs

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failed on every count which were supposed to be representing their superiority: cost effectiveness, innovativeness, adaptability and ability to benefit the poor.

Despite the rhetoric most western NGOs operating in developing countries either independently or in conjunction with local NGOs rarely attempt a political analysis of society. This can mean targeting the wrong group to work with or working with people in inappropriate ways. NGOs often ignore traditional self help groups (Thomas 1997: 258). Furthermore competition for funds between increasing numbers of NGOs prevent them from forming alliances and networks which may be useful for empowering civil society. NGOs weaken the potential for civil society to develop by frequently bypassing local organisations and decision making structures throughout the course of their activities (Thomas 1997: 127).

By acting as substitutes for traditional government services, NGOs may provide a short term break from harsh impact of SAPs. However the respite ensures that the search for viable, structural alternatives to SAPs (and the dynamising of civil society) are undermined. NGOs are effectively the charities (funded by the North) to placate Southern society into accepting the demands (SAPs) of the NLP's economic agenda. Despite their increasing number and size, the impact of NGO activity on development is usually localised and of the transitory, having relatively little effect on large policy issues and hence societal transformation at a macro level. Key words used to describe NGO projects such as 'small scale', 'politically independent', 'low cost' and 'innovative' may, in a situation characterised by a scale-down state in the face of severe poverty, simply be misnomer for 'insignificant', 'powerlessness', 'underfinanced' and 'unsustainable' (Bebbington and Thiele 1993).

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