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## CHAPTER 6 NGO FAILURE AND THE NEED TO BRING BACK THE STATE

**S. Akbar Zaidi**  
**University of Karachi, Pakistan**

The phenomenal rise in the number and influence of non-governmental organizations (NGOs) worldwide over the last two decades, has given rise to the emergence of a new development 'paradigm'. (1) Along with the public and the private sectors, an NGO sector has established itself on an equal, if not greater, footing in the delivery of economic and social development. Today, NGOs are considered to be a far better conduit for the distribution of multilateral and bilateral aid, for the dissemination of new ideas and concepts with regard to social and economic development, and as a means to foster participation and democracy in order to improve 'civil society'. This 'New Policy Agenda' (Edwards and Hulme, 1996), has shifted the onus of sustainable development on to non-governmental organizations, which are increasingly seen as a panacea for all the ills that afflict underdeveloped countries. NGOs are expected to address and resolve issues which range from those that affect the environment, gender inequality, sustainable development, law, political emancipation and participation, and almost every other shortcoming that is supposed to convey some meaning to the term 'underdeveloped'.

Issues or areas that the private or state sector cannot address, are automatically expected to be undertaken by NGOs. The fact that the NGO 'movement' has failed to do so is now increasingly recognized by observers and analysts of the process. (2) The reasons for this failure are numerous, perhaps also based on the high and unfair expectations from NGOs after all else had seem to have failed. In this paper, we examine the nature of the failure of the NGO movement following its explosive rise, and suggest that by simply rejecting all things stata, donor agencies targeted NGOs to disseminate their funds. In many ways, NGOs are a creation of funding agencies, possibly a major explanation for their failure. This paper argues, that it is now time to bring the state back in, into development and politics, but with the need to redefine and rebuild a new form for the state.

### **The State vs NGOs**

The principle justification and driving force behind the new found Conventional Wisdom regarding the emphasis on the NGO sector is state failure. It is

surmised that the state and the public sector have not been able to deliver development to the presumed beneficiaries, and non-state institutions, essentially the private sector and NGOs, must then step in and fill the void. Interestingly, much of the literature in defence of and propagating the NGO sector/alternate as a form of development agency, emphasizes only state failure, which is supposed to be rectified by NGO interventions. NGOs, however, are seldom seen as a means to correct market failure. It is this contrast between the state and its organizations and NGOs, and in the manner in which they conduct development, that underlies the justification for increasing dependence on NGOs as conduits for development delivery.

The general caricature of the state as a result of its failure to deliver development, is that "it relies on bureaucratic mechanisms and seeks enforced compliance with government decisions, made by experts according to technical principles and criteria following policy objectives set by top officials" (Uphoff 1993, p. 610). Moreover, government agencies come up with 'paternalistic pronouncements and policies' which discourage participation and self-help (Uphoff 1993).

#### NGO Failure and the End of the Myth

Probably the most damning criticism that has been made of NGOs, is that their entire existence, and not merely dependence, is on donor money, almost always from abroad. In fact, a number of observers of the NGO phenomenon have argued that the NGO explosion in recent years, is entirely donor driven, and the 'spending spree' launched by donors gave birth to literally thousands of NGOs in a matter of two or three years (Edwards and Hulme 1995; Edwards and Hulme 1996; Bratton 1989; Fowler 1991).

The extent of donor dependence varies: NGOs in Sierra Leone and the Gambia, for example, are said to be almost entirely dependent on external resources, "and are more vulnerable to changes in the external environment and more vulnerable to external control" (Hudock 1995, p. 659). The same situation is said to exist in Kenya, where it is believed that NGOs receive more than 90 per cent of their operational and capital expenses from abroad (Bratton 1989). Even the success stories of the NGO sector in South Asia like the Working Women's Forum, BRAC, and other high profile NGOs, have been able to expand due to major inputs from European and Canadian aid giving agencies, and from the World Bank. Edwards and Hulme have argued that the availability "of large scale funding for NGO provision has fueled the rapid growth to well-known NGOs such as BRAC, particularly in South Asia" (Edwards and Hulme 1996, p. 963).

A number of authors have expressed alarm at the probable erosion of legitimacy of NGOs as a consequence of taking money from donors (Dichter 1996; Edwards and Hulme 1996; Najam 1996; Edwards and Hulme 1995; Brett 1993; Fowlers 1991; Bratton 1989). They feel that it may not be possible

to have an independent outlook or 'mission' if they rely on donor funds. Because of their dependence on this money, their accountability gets shifted 'upwards', rather than where it ought to be, 'down below' at the grassroots. The example of Sarvodaya, an established and respected large NGO in Sri Lanka shows how even large well established and respected NGOs have to suffer the consequences of donor conditionality. Jehan Perera of Sarvodaya, claims that the movement was 'destroyed' on account of donor interference. He argues that "what started out as a partnership based on dialogue (with donors) became a sub-contractship based on commands and sanctions" and that NGOs must recognize that when they work with donors, they enter into a power relationship in which they are the subordinate' (Perera 1995, p. 877). Alan Fowler substantiates the claims made by Perera, when citing other experiences he argues that, "donor agencies often impose onerous reporting burdens on NGOs in order to satisfy obligations to their own tax-payers... [and] fulfilling donor demand dictates NGO orientations ... Time and again one hears NGOs complain that too much of their time is taken up responding to and managing their donor instead of servicing their clients" (Fowler 1991, pp. 70-1).

Beyond finance and donor dependence and even puppetisation, there are other serious problems and concerns about how NGOs have functioned in the past. Many of the assumptions about what NGOs do, and especially in the *manner* that they do development contrasted with the way the state functions as highlighted in an earlier section, are found to be significantly wanting.

Although NGOs are expected to democratize civil society (see below) and that is why they are the preferred route for funds from Western donors for doing development, the NGOs own, supposedly participatory and democratic functioning, has been questioned in almost every study. A top-down manner of delivery, much in the way government functions, is common in NGOs (Fowler 1991). Not only is the concept of participation often misunderstood, it is also misused and participation very often means nothing more than allowing the local community to "agree with what we (i.e. the NGO) already intend to do" (Najam 1996, p. 346). The 'partnership' then 'becomes merely a sham ritual of choosing local functionaries and allowing the already chosen objectives to be restated in the local vernacular. The purpose becomes no more than a "feel-good" exercise for both the local community and the NGO' (Najam 1996, p. 346).

Replicability and sustainability, two critical criteria which define the success of NGO projects, have also not been fulfilled in many cases. The first, because very specific conditions may result in the success of one particular project which cannot be transported elsewhere, and the second, because of dependence on foreign funds. The success of a project in one region or country often depends upon the quality and leadership of the NGO, on the responsiveness of locals and local conditions, and a host of other factors. If the initial conditions required for successful projects are changed, then replicability may not be a matter of course. The claim that NGOs are more cost-effective

than the public sector has also been questioned by a number of studies. Edwards and Hulme, while acknowledging that a handful of NGOs have had cost advantages compared to alternative sectors, show that "NGOs are not, however, automatically more cost-effective than other sectors" and argue that "there is no empirical study that demonstrates a general case that NGO provision is "cheaper" than public provision" (Edwards and Hulme, 1996, p. 963). Kaimowitz (1993) and Wiggins and Cromwell (1995) show that in the case of agricultural technology and seeds, the state sector is far cheaper than NGOs (Kaimowitz 1993; Wiggins and Cromwell 1995).

NGOs even fail by their own very special criterion, that they work for, and reach, the poorest of the poor (Edwards and Hulme, 1995; Edwards and Hulme 1996; Vivian 1994). In the case of Bangladesh, for example, Edwards and Hulme quote other studies stating that "even taken together, the largest NGOs in Bangladesh (including the Grameen Bank) reach less than 20% of landless households in the country" (Edwards and Hulme 1996, p. 963-4). In the case of Zimbabwe, the situation is more extreme: even "a very generous estimate would put the percentage of Zimbabwe's population reached by NGO income generating projects (by far the most common type of NGO activity) at less than one per cent" (Vivian 1994, p. 184).

The political and politicization impact of NGOs has also been noted by observers, where the recent spate of donor funded NGOs that have emerged, are recognized to be far less political and more middle class than those of the 1970s and early 1980s. This middle class professional wave that has now taken over NGOs, has transformed these organizations with well publicized marches and media focused protests into organizations that have even surpassed the 'politics of symbolism' which they used to embody, to a 'politics of rituals' (Sethi, 1993). These new organizations are now involved in "organizing and participating in seminars and workshops, holding press conferences, preparing audio-visuals and films, etc." (Sethi, 1993, p. 78). Samad (1993), caricaturing NGOs in Pakistan and elsewhere, comments that 'expensive conferences are arranged all over the world on NGOs. Young men and women who look good and talk good are now seen in five star lobbies talking participation with donors. Lengthy consulting reports at highly inflated rates are prepared for NGOs by NGOs. The upper class has shown its alacrity yet again. They are taking full advantage of the new and generous opportunity being offered by the NGO'. The 'easy money' syndrome has resulted in transforming the NGO movement to the extent that a self censorship has penetrated the NGO sector, where in order not to create too many political waves, NGOs avoid and keep out of political issues and controversy, toning down their criticism of governments and donors.

### A Return to the State?

This paper contends that the hype regarding NGO as an alternate development paradigm has been grossly exaggerated. Some NGOs have certainly been able to address issues and targets in a manner they had originally set out to do, and are considered success stories. However, given the very large number of NGOs that have emerged on the scene, the success cases are too few to offer options, solutions, or any sort of credible alternative. Moreover, it is just the handful of success stories which are continuously cited, without many more NGOs joining their ranks. In South Asia for example, one usually hears primarily of BRAC, the Grameen Bank, Proshika, and Gonoshtru Kendra in Bangladesh; SEWA, WWF, SPARC, and the Chipko movement in India; Sarvodaya, and SANASA in Sri Lanka; and the AKRSP and OPP in Pakistan, more or less complete the entire set. This region collectively has many tens of thousands of NGOs active in different specializations. The fact that one does not hear of even a few hundred success stories, cannot be due to insufficient or poor public relations on the part of NGOs. If the successful cases are indeed so few, to announce that an NGO-led, third sector, New Policy Agenda or new development paradigm has established itself is, to say the least, a bit premature.

Either that, or the paradigm is itself flawed. If the emergence of the NGO sector has been on account of, and as a reaction to, state failure, then to simply assume that NGOs will do what the state should have done, is mere wishful thinking. It seems that the anti-state lobby, wanting to get away from funding through the public sector, saw the presence of NGOs as a way out. This anti-state thinking has been taken to extreme lengths: in the Rural Water Supply Sector in Pakistan, for example, under World Bank directive, public sector schemes are being forced upon presumed beneficiaries, even where community organizations did not exist, or when they are unable or unwilling to take on the responsibility of managing and operating these schemes, all in the name of 'participation' and community control (Zaidi 1996). Due to the serious weaknesses in the way of NGOs have operated, it is quite possible that the 'model' itself has inherent faults which cannot, for the moment, be rectified by fine tuning of any sort. In fact, we argue, that while some NGOs have worked well in some areas, in some projects, with certain specialization and expertise, they can go only so far forward. They do not represent an alternative to the state and the public sector, and at best are providers of a minimal amount of 'band aid social welfare'. The only alternative to state failure is the state.

The problem of advocating a renewed role of the state, is the perception of the state, which is considered to be corrupt, inefficient, dictatorial, parasitic and inflexible. This, indeed, is the truth. However, the form and nature of the state has been changing at a very fast pace in recent years. Acknowledging the failure of the 'old state', and because there is no real alternative to the state in

the provision of most social and public goods, state reform in most underdeveloped countries is gaining prominence. In this process, NGOs, advocacy groups, political parties, and even multilateral and bilateral aid agencies, have played an important role. The focus for the new form has been one where participation, in a larger democratic context, with delegated and decentralized structures, has been emphasized. While the 'new state' is still untried and tested in most countries and its application in the real world still very recent, it is possible that it may address issues of underdevelopment in a more productive manner than either the old state, the market, and especially NGOs. This, in fact, must be the 'New Policy Agenda' to be pursued by all with stakes in development. Although prone to many pitfalls, the state is at least *accountable* to its citizens, unlike NGOs, who have very little accountability and responsibility to any one but their donors. All the qualities attributed to NGOs before the experience turned sour, are also inherent in the process of building the new form of the state. The experience from the NGO movement over the last two decades may help in avoiding the mistakes of the past. That, it seems, may possibly be the most substantial and long term contribution made to development by NGOs.(3)

### Conclusions

This paper has argued, based on a literature survey, that NGOs are a creation of donor funding, and are critically dependent on foreign moneys for their survival and existence. It is extremely improbable that NGOs would have existed as a phenomenon at the scale at which we currently observe, if there had been no donor money. This has resulted in NGOs essentially pursuing policies and priorities determined by purse-strings, rather than by what may be more preferable. The hype and myth created around NGOs has been exaggerated, and is false, and NGOs, at best offer a band-aid option. They do not form part of any successful alternative paradigm, and the qualities which are supposed to be imbued in NGOs—participation, community orientation, democratic functioning, flexibility, innovativeness, cost-effectiveness, replicability, sustainability—are lacking. While a handful of NGOs will certainly improve the quality of life of a few project beneficiaries, their reach will continue to be restricted to, at best, the 'project area'.

Because of their limited scope and reach, NGOs are no alternative, of any sort, to the state, and cannot represent an alternative to state failure. The only alternative to state failure, which is indeed endemic, is not privatization, the market, or any new or alternate paradigm, but the state itself. (Would there have been a need for NGOs if the state was more efficient? Evidence from the United States shows, that in fact, NGOs "seem to last only as long as state and market institutions are inadequate. Once the performance of public and private institutions improves, they replace collective action..." (Uphoff 1993, p. 618). A different form of state, based on a different equation with 'civil society', which

is decentralized, delegatory and democratic, may perhaps be the only alternative to state failure itself. Reform of the state is a political task, unlike working in the NGO sector, and requires political action based upon political priorities and preferences. If the NGO sector is to gain its lost credibility, it must evaluate itself and join this process for change.

### Notes

(1) By the term 'non-governmental organization', we mean those national, private, nonprofit organizations which are involved in developmental work in underdeveloped countries and are not membership organizations; this term excludes Northern NGOs

(2) It is important to evaluate the *nature* of the NGO sector as a whole, rather than look at a few successful or failed NGO projects. Moreover, as Kaimowitz argues, "when dealing with as heterogeneous and complex a phenomena as the NGOs, one is forced to make generalizations that may not apply to each individual case and to present general tendencies more schematically than they occur in practice" (Kaimowitz 1993, p.11-39).

(3) While advocating a return to the state, especially of a new form, we do recognize the real possibility of another state failure as well. However, this should not deter those involved in development whether from an academic disposition or those involved as implementors, to work towards a better state form based on the experience of development practices over the last fifty years.

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## CHAPTER 7 THE CHALLENGES OF DEVELOPMENT AND THE ROLE OF THE SOCIAL SCIENTIST

**M. Asaduzzaman**  
**Bangladesh Institute of Development Studies, Dhaka,**  
**Bangladesh**

### Introduction

The purpose of the paper is to discuss the relevance of sociological analysis of the development processes and selected projects in Bangladesh context. Bangladesh, with a population of more than 120 million is one of the most populous countries of the world. Till recently, the population has also grown rather fast at rates of around 2.5% per annum i.e., doubling every 30 years or so. While most of the people, around 80% or so, still live in the villages, the rate of urbanization is rather fast leading to urban congestion, growth of shanties and pollution.

By the usual development indicators, Bangladesh is one of the poorest countries of the world with a per capita income of only US \$ 220 (UNDP, 1996). The economy is dependent to a large extent on the agricultural sector, not so much directly, as at present no more than 34-35% of GDP is contributed by agriculture, but because much of the rest of the economy, manufacturing industries, services and exports depend on the agricultural output, their processing or servicing. The manufacturing industries account for a small, no more than 10-12% of the GDP. Among these, the industry of ready-made garments is unique in that it is the only major industry which is not dependent on agriculture either as a source of raw materials or as its major customer. It is probably also unique in the sense that it has the potentials of changing many of the social norms in a conservative society such as that in Bangladesh because it is dependent largely on the employment of women. Poverty coexists with income inequality, a major reason of which is the inequality of access to assets and resources. One particular aspect of social inequality is that of gender. Women are less literate, and more prone to economic, social and other forms of exploitation and vulnerability. While people suffer from many types of hardship, the nature also inflicts pain from time to time. Floods ravage the country with almost clock-wise regularity while cyclones along the coast some time take heavy toll of human lives and property.(1)

Challenges of development in Bangladesh are thus many and rather complex. Their resolution calls for not simply sound economic management