International non-government organisations (INGOs) are facing significant challenges – but also opportunities. These challenges go to the very heart of INGOs’ identities as effective agents for social change and justice.

The challenges and opportunities arise from unprecedented changes in the development environment as well as changes in the INGOs’ key relationships – with partner organisations such as NGOs, Community Based Organisations, communities and governments in developing countries, with funding agencies, especially official development agencies, and with their supporters in their home countries.

Some have argued that INGOs have had a ‘golden age’ (Agg 2006) but that this may be coming to an end (if it hasn’t done so already). By a golden age we mean that INGOs were seen to be making a distinctive contribution to the eradication of poverty and injustice, to be trusted and credible actors by their supporters in rich countries, to be effective intermediaries by official development agencies, and many had privileged access to international forums (Clark 1991). They were also seen as effective partners by many, if not all, civil society groups in the developing world. They operated in a climate where their broad concerns enjoyed high level political support (Salamonr & Anheir 1996). This trust and credibility with supporters and official agencies resulted in the income of many INGOs growing to unprecedented levels (Hudson Institute 2012, Huggett 2012).

Many of these ‘strengths’ have also been seen by some as key weaknesses of INGOs, that is: that the trust they built was based on simplistic or distorted communication of their contribution and the development process; that their access to international forums and high level political support crowded-out other voices and was self-serving; and that their ‘partnership’ with civil society elsewhere was a sham (Rauh 2010, Wallace & Chapman 2009). Indeed there has been a long-standing critique of INGOs as being: too close to their governments (Quarmby 2005, Edwards & Hulme 1997); anti-politics machines (Fisher 1997, Ferguson 1990); complicit in being part of an aid ‘industry’ that has performed poorly and is unwilling to change; and the vanguards of neo-liberal models of development (Duffield 2007, Middleton 2006).

**Changing development environment**

There are five changes in the development environment which we see as especially critical for INGOs:

1. **The massive reductions in income poverty in countries like China, India and Vietnam, but also the persistence of chronic absolute poverty, albeit at reduced**
levels. These gains should be celebrated and understood. Central to this understanding is that development assistance — be it official or NGO — has arguably had little of a direct role to play in this achievement. The evidence of the role of aid however in contributing to improvements in some areas of education and health provision is thought to be more convincing (Kenny & Dykstra 2013), and this has, in all likelihood, made a contribution to creating the enabling environment instrumental in achieving reductions in income poverty.

2. The growth of multi-dimensional inequalities which have become the underbelly of global prosperity. The vast majority of the world’s poor — some 74% of the ‘bottom 1.4 billion’ living on less than $1.25 a day — now live in middle income countries (Sumner 2012) in countries like India, China, Indonesia and Nigeria. There are more than 400 million people living in poverty in India, and more than 60 million in Indonesia. About half of the world’s poor live in India and China.

   a. Income inequality has risen in many more countries than it has fallen. In the Asia Pacific region, most countries have higher income inequality now than they did a few decades ago. Inequality is particular acute in middle income countries, where most of the world’s poor live. For example, inequality in earnings has doubled in India over the past two decades, making it the worst performer on this count of all emerging economies. In 2010 the top 10% of wage earners in India made 12 times more than the bottom 10%, up from a ratio of six in the 1990s (OECD 2011).

   b. Gender inequality is the most persistent type of inequality. The face of poverty is still that of a woman or of a girl. The statistics may be familiar but are still worth restating — women and girls make up 70% of those people living in poverty, women are two thirds of the world’s one billion illiterate adults, women do 60% of the world’s work, produce half the world’s food but earn only ten per cent of the world’s income, and own one per cent of the world’s property. Women hold only 19% of parliamentary seats worldwide and only 16% of ministerial posts. (United Nations 2010).

3. The increasing number of people affected by humanitarian emergencies with a global humanitarian system that is under-resourced and under real strain. The impacts of climate change, with increasing volatility of weather patterns but also of failures of global and regional governance, are resulting in more humanitarian emergencies. Climate change is resulting in more droughts, hurricanes and the like, while the crisis in global and regional governance is best illustrated by the current humanitarian crisis in Syria.
a. Post-September 11, the ‘new’ security agenda has complicated the humanitarian picture, posing new challenges for INGOs (Fowler 2008).

b. The global humanitarian system is under-resourced, poorly led and coordinated with an increasing number of new players, many of whom are outside formal coordination mechanisms (Kent, Armstrong & Obrecht 2013).

4. **The impacts of climate change, which are multi-faceted.** Climate change doesn’t just increase the chances of humanitarian emergencies, but it also has serious consequences for livelihoods, disease patterns and peace and security (Harvey 2013).

5. **Official Development Assistance (ODA) is increasingly in a state of flux.** Most INGOs receive funding from their government through their Official Development Agencies. Australian based INGOs over the last 3 years have seen a funding increase from $69.2m to an estimated $106.4m through the AusAID–NGO Cooperation Program (DFAT 2013). But there are a number of trends which will affect both the institutional health of INGOs as well as their development practice. Globally, Official Development Assistance is declining. In 2012, members of the Development Assistance Committee (DAC) of the OECD provided $US125.6 billion in net ODA, representing 0.29 per cent of their combined gross national income, a 4% drop in real terms compared to 2011 (OECD 2013).

Since 2010, the year it reached its peak, ODA has fallen by 6% in real terms. Given budgetary pressures in many countries, the lack of pro-aid political leadership and declining public aid campaigning, it is likely that these cuts in spending will continue into the foreseeable future. The lack of pro-aid political leadership is also illustrated by the decisions to merge stand-alone government aid agencies in New Zealand (Spratt 2012) and Canada (Mackrael 2013) into their foreign affairs and trade departments, a direction followed recently by the new Australian government.

But the bigger challenge is not so much declining ODA but rather changes in the nature of ODA support for INGOs’ work. It has long been argued that INGOs have got “too close (to government) for comfort” (Edwards & Hulme 1997). In recent years this ‘discomfort’ must surely have increased with a number of disturbing trends, particularly:

- The focus on ‘value for money’ and ‘results based management’ (Eyben 2013) which is arguably narrowing the nature of development programming and disincentivising attempts to promote transformative development, often leading to perverse incentives and outcomes.
- Decisions by a number of official aid agencies to focus their programs on fewer countries, either on geographical criteria, on development
characteristics (e.g. to shift most programming to fragile states) or on geopolitical strategic criteria.

- A trend by ODA agencies to prioritise funding of larger development projects, often on ‘efficiency’ grounds and in the process reducing support for smaller, often more innovative, projects.

**Intermediary role under challenge**

More generally the traditional intermediary role of INGOs is increasingly being challenged. The essence of the traditional working model of an INGO has usually involved garnering financial support in rich countries (be it from public fundraising or grants from Official Development Agencies) that is used to provide funds to partner organisations (usually local NGOs or Community Based Organisations, but sometimes local governments) in developing countries. In some cases, an INGO may directly implement development projects, rather than through working with — or through — a local organisation. INGOs’ intermediary roles have traditionally included project and program design, capacity building, monitoring and evaluation, specialist and technical assistance and the like. An INGO might also facilitate links or networks amongst various partner organisations as part of a development program. Many INGOs integrate community education, advocacy and campaigning into their domestic environment, giving more ‘added value’ or ‘leverage’ to their interventions.

This go-between role is under challenge from supporters in rich countries who are looking for more direct engagement, from civil society in the south, which in many cases has developed greater strength and capacity than northern INGOs, and from official aid donors who are ‘leapfrogging’ INGOs and directly relating to southern civil society.

Indicative of the changing demands of rich country supporters is the growth and development of Kiva (2013) and of Give Directly (2013). Founded in late 2005, Kiva facilitates direct linkages between donors and developing country communities through the provision of micro-credit loans. In less than eight years it has distributed over $US450m in loans from nearly one million lenders to over one million borrowers. In a similar vein, Give Directly explains their modus operandi as such:

1. **You donate through our webpage**
2. **We locate poor households in Kenya and Uganda**
3. **We transfer your donation electronically to a recipient’s cell phone**
4. **The recipient uses the transfer to pursue his or her own goals** (Give Direct Inc. 2013).

At least one evaluation suggests that there is some merit to this approach (Kestenbuam 2013).

Illustrating the changing approach taken by official donors is that the NGOs receiving the greatest funds from (the former) AusAID was BRAC in Bangladesh — without any involvement by an INGO.
Summarising, we believe that we are seeing a number of changes in the environments within which INGOs work, and in their relationships with their stakeholders that produce disruptions to the current status-quo. Our conclusions are similar to work that has been done on the aid sector more broadly (Kharas & Rogerson 2012), but we are less convinced that INGOs are likely to be ‘winners’ in this shake-up.

Remaining strategically relevant

So what are some of the possible ways forward which will increase the likelihood that INGOs remain strategically relevant, and which respond to some of the challenges we have laid out. Critically, we believe that the status-quo is not an option, but we stress that we advance these proposals knowing that many are not new ideas. Nor do we claim that we have the answers: we offer them in a spirit of debate, discovery and discussion for INGO activists and supporters interested in transformational development (Shutt et al. 2012) to consider.

1. **INGOs should clarify their identities and present themselves — and indeed act — as vehicles for social change and social justice, and should no longer present themselves as aid organisations.** Given some of the developments that we outlined in our previous post, such as the growth and development of southern civil society, we believe it is time for INGOs to finally transcend the language of ‘aid’ with all of its patronising baggage.

2. **INGOs should focus their development programming on challenging unequal power relations and the political, economic and social processes that drive these. This leads to an unequivocal commitment to gender justice and to supporting active citizenship.** One of the most significant changes in the development environment is growing inequality, and the most persistent inequality is gender injustice. Numerous evaluations have concluded that the most effective and long-lasting development interventions are those with a focus on tackling gender inequality (DFID 2010) and the promotion of active citizenship and collective action (Weldon & Htun 2013).

3. **More INGOs should ask themselves if they should cease direct service delivery programming, especially in middle income countries.** We have highlighted the massive reductions in income poverty – and the lack of a direct role of development assistance in many of these gains – as well as the changing geography of poverty. We believe that given these developments, the role of many INGOs needs to change. We argue that this should lead to INGOs increasingly focussing on supporting communities and their organisations to hold governments accountable for the fulfilment of their basic human rights. The example of JOSH in Delhi, India and their work in mobilising communities to realise the constitutional (and human) right to basic education is instructive.
4. **INGOs should also focus on building connections between their supporters in their home countries and communities and their organisations in developing countries.** Historically INGOs have tended to foster a transactional approach (Darnton & Kirk 2011) – ‘give us your money and we’ll do good on your behalf’ – amongst their support communities in countries like the UK and Australia. As we argued earlier, this is increasingly no longer meeting the needs of current or potential supporters. There is a need to move to a more transformational approach.

5. **INGOs should aim to ‘bring it all home’ – recognising the porous boundaries of global social justice concerns. This should lead to a particular emphasis on the challenges of inequality and inequity and to being more prepared to enter domestic political debates.** The world’s economy is increasingly intertwined, many of the most pressing issues facing humanity, such as climate change and population movement are intrinsically global in their nature. Rich countries like Australia have a particular responsibility to contribute to the productive response to these crises. INGOs that identify as social change organisations need to be willing to challenge the powerful in their own space. Ironically, recent political changes in Australia might create new opportunities for this. The death of the Climate Commission (Metcalfe 2013) and its rebirth as the independent Climate Council (2013), suggests that there may be a potentially cashed-up and now disenfranchised group willing to support progressive causes.

6. **INGOs should have clear guidelines for their relationship with ODA agencies, including being clear about their response to the conditions that come with funding.** Approaches that are narrowly defined by results or value for money can have perverse incentives and perverse outcomes. Yet they are increasingly the basis for ODA funding of INGOs and other civil society organisations. INGOs need to devote resources and thinking to clarify their approach towards these developments and be clear about whether there are lines they are not willing to cross.

7. **INGOs need to transform their organisational structures and ways of working to emphasize nimbleness and flexibility.** Volatility and uncertainty (Ramalingham 2013) are inevitable – the world is changing constantly; the development environment particularly (as we have previously sought to outline). Effectively responding to this volatility demands appropriate organisational structures and ways of working. It has implications for the nature of organisational planning, and for how an organisation monitors the changing environment. Critically, this need for nimbleness and enhanced flexibility has implications for how performance is measured.

8. **Begin a more coherent and focussed discussion on whether institutional growth is necessary for INGOs to be effective vehicles for social justice.** Most INGOs give prominence in their organisational performance assessment to how well they have grown their income. But how important is this? Does a larger organisation necessarily mean a more effective and strategically relevant organisation? Are there
limits to growth? And does a focus on growth lead to a prioritisation of institutional over developmental imperatives? Given the likely pressures on INGOs’ income that we have previously discussed, is it best for INGOs to shape their future as smaller, more nimble and responsive organisations?

There is little doubt that international NGOs will continue to exist. That for us is not the question. Rather, it is whether they can remain strategically relevant, rising to the challenges that we have outlined and making the changes necessary to evolve.

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