Indicators of identity: NGOs and the strategic imperative of assessing core values

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As foreign aid declines, new forms of international cooperation are emerging to meet the realities of this changing world, with a focus on rules and standards rather than subsidised resource transfer. (Edwards, Hulme, and Wallace 1999)

This quotation comes from the background paper presented at a January 1999 international conference, entitled 'NGOs in a Global Future'. It reflects one of the main themes that underpinned much of the ensuing discussion. Many speakers expressed concern at the consequences of the changing relationship between NGOs and aid donors, and the implications for the role and remit of NGOs in the next century. One such consequence is that there will be increased competition for limited aid funds, and donors thus will be in a stronger position to impose conditions and influence the core values of NGOs.

This article argues that, in the light of this increasingly competitive environment, the distinctive values common to many NGOs give them a particular advantage over other types of organisation. This perspective should be seen in the context of donors' increasing willingness to fund non-traditional development actors, including the military, parastatals, quangos, private service contractors, and consultancy firms. If NGOs, of various types, are to distinguish themselves from other recipients of aid funding, they need not only to be seen to have sufficient organisational capacity and to use such funds effectively, but also to identify, articulate, and nurture their own core values and identity. In order to help this process, this paper identifies some of the key indicators that best reflect values and organisational capacities that distinguish NGOs from other

agencies, and make them a distinctive element of the development community. It draws on my experience of working both with donors and with NGOs in Africa, Europe, and South Asia who are concerned at the strategic and organisational consequences of losing their distinctive values.

NGOs are now recognised as key players in the development arena. There has been a dramatic growth in the role and number of such organisations. Global figures are elusive, but are now counted in millions. Associated with this expansion has been the growing differentiation between NGOs. In the North, one can find NGOs of many different types, including large semi-donor NGOs, such as the Dutch agencies Hivos and Novib; broad-based development NGOs, such as CARE or Oxfam GB; specialist NGOs with a particular regional or sectoral focus, such as SOS Sahel or WaterAid; advocacy agencies such as the World Development Movement (WDM); and emergency relief agencies such as Médecins Sans Frontières (MSF) or MERLIN. Similarly in the South there is a huge diversity of NGOs, ranging from small grassroots or community-based organisations, to large multi-programme development agencies such as BRAC in Bangladesh, which now employs more than 50,000 staff. There is also a range of NGOs who have direct links with Northern NGOs, such as the national offices of World Vision or the regional offices of Intermediate Technology.

While NGOs may operate under many different guises, many are highly dependent on funds from official donors. The general picture over the last 15 years is that direct funding by official donors to NGOs has grown significantly (Smillie and Helmich 1999). One consequence is that donor priorities increasingly influence the strategies of individual NGOs. They have become ever more involved in non-traditional sectoral activities, such as credit and microfinance, agro-marketing, conflict resolution, and the environment. Northern NGOs find themselves working in a variety of new locations, notably Central Asia, North Korea, and the former Yugoslavia.

The general picture is that donors have encouraged NGOs in both the North and the South to expand their operations and invest in building their organisational capacity (Edwards and Hulme 1992; Smillie 1995; Fowler 1997; Eade 1998). At the same time, there have been significant pressures on the organisational and management capacity of NGOs because of the increasingly turbulent and unpredictable political and economic environment of the 1990s. Consequently, many NGOs have had to develop their managerial skills, adapt to new and unfamiliar managerial techniques, and cope with rapid organisational change.

Predictably, increased funding, and growth in staff numbers and the size and spread of many programmes have exposed many management and operational problems. Existing management systems and organisation structures are overloaded, weak leadership is revealed, skills are stretched, lines of authority and responsibility confused (Smillie 1995; Fowler 1997). It is in the context of this increasing concern about the efficiency and effectiveness of such over-stretched organisations that new management controls, organisational criteria, and indicators of performance are being introduced. While these are perfectly legitimate management tools that are commonly applied in both the public and private sectors, there is also growing unease that, with the advent of this new 'managerialism', many of the original values that made NGOs distinctive are under threat and will become increasingly marginalised.

Donor conditionality and NGO values

A number of different, often contradictory, forces have coalesced to ensure that NGOs are now key players in the contemporary development arena, and on the international scene generally. In the 1980s and the early 1990s, NGOs were seen as a distinctive force in the development field. This is partly because they are seen as flexible and responsive organisations with strong contacts in the local communities, and partly because of their experience of working in difficult conditions, their networks of local contacts, and the commitment of their staff and volunteers. But, more importantly, they were distinctive because they had a unique identity, based on a clearly articulated set of values and ideological purpose. These were commonly based on ideas of people-centred development; participation and empowerment; local legitimacy and sustainability; good governance and democratisation; transparency and shared learning (Korten 1990; Clark 1991; Fowler 1997).

This distinctive identity is under threat by the growing proportion of aid funds that are now channelled by official donors through NGOs in their role as development intermediaries or contracted service providers. There is considerable debate about the adverse impact of donor-imposed conditions on the independence and legitimacy of NGOs, and their relations with partners and local communities (Edwards and Hulme 1995; Smillie 1995; Chambers 1997).

Many donors are placing greater emphasis on impact, effectiveness, and sustainability. This trend is partly the product of the neo-liberal

ideologies and 'performance culture' which dominated much organisational thinking in the 1980s, and the competition for funds and the changing pattern of aid flows that marked the 1990s. The resulting emphasis on value for money, accountability, and cost-efficiency has encouraged the use of mechanistic planning and evaluation tools such as Logical Framework Analysis ('logframe'), and various other assessment mechanisms that rely on measurable indicators of output, impact, and capacity.

One obvious consequence of this changing emphasis is that the particular values that were the hallmark of the NGO sector at its inception are beginning to be diluted. These values, and the intangible social goals that NGOs espoused, are threatened in the rush to achieve tangible, quantifiable measures of development. Many Northern NGOs, such as CAFOD or Oxfam GB, emerged from a climate of humanitarian concern or social activism. Southern NGOs were commonly change agents who gained their legitimacy, and therefore their effectiveness, through their espoused values and their ability to identify with, and work with, the local community. Yet donors increasingly see such NGOs as partners, or even associates, who can be contracted to provide specific services (such as primary health care to x number of children), build physical infrastructure (so many tube wells or watershed projects), or promote income-generating activity (training y number of local entrepreneurs, or running Grameen Bank-like microcredit programmes).

Thus, the very things that made many NGOs distinct and gave them added value are under threat. We have a picture of a sector in which traditional values are jeopardised, and which does not have the management or organisational capacity to cope with the new demands being imposed on it. Most obviously, pressure from donors has encouraged many Southern NGOs to expand their activities, and accept contractual obligations and performance criteria that have led to the marginalisation of the values, tacit knowledge, and cultural sensitivities which differentiated NGOs from other organisations. In hindsight, these are in fact the core competencies that NGOs lose at their peril.

This is not an argument for the abandonment of mechanistic performance criteria or evaluation tools, nor for the rejection of ideas of accountability or cost-effectiveness; but a recognition that indicators of key organisational values, that are particular to many development NGOs, are an essential reporting requirement. They are not project-specific, but should be applied across the whole organisation and be given the same weight as financial accounts or a social audit.

Indicators of key organisational values

If, as this paper argues, such values are key differentiators, then organisational indicators which reflect their role and importance are essential components of any organisational assessment or annual reporting exercise. Among other things, such indicators need to assess the NGO's capacity to promote internal learning, its degree of transparency and levels of accountability; and the extent to which it is participatory in its approach to decision making, planning, or programme evaluation. Such indicators need to be measurable, clear, and precise if they are to be operationally useful. The following capacities and their associated indicators demonstrate the range of measures available, and reflect the diversity of indicators used to assess key organisational values.

Is there any indication that this organisation has been involved in a genuinely participative planning, monitoring, or evaluation process within the local community with which it is working?

- That the phrase 'participation' is commonly found in mission statements and institutional objectives of the NGO, and that the philosophy of participation is articulated in other documentation and staff-training materials.
- That there are clear descriptions of the participatory process in which the organisation is involved which are freely available in local and generic languages.
- That there are visual records (photos/videos/maps/matrices) and written records (minutes/leaflets/posters) of participatory planning exercises freely available which reflect participation by a balanced range of different members of the community by gender, class, education, etc.
- That there are regular public meetings held in the local language, attended by a certain percentage of identified members of the local community and the staff of the NGO, in which three-quarters of the speakers come from the local community.
- That 'group synergy' was observed during meetings and gatherings, reflected in body language, speed of discussion, type of words or jargon used, and a lack of comments that employed divisive language ('us' and 'them', 'our' and 'their', etc.).
- That NGO staff receive training, literature, and manuals, or are paid an incentive to ensure that participatory approaches are applied and that local knowledge is promoted.

- That the majority of the staff of the NGO are living and working for at least three-quarters of their time in the local community, and can speak the local vernacular.

Does the organisation have the ability to learn from past experience and think critically about itself?

- That the organisation engages in participative learning, appraisal, and analytical processes, and that there are written records of the annual self-evaluation exercise, with problems and issues clearly prioritised.
- That there are spontaneous requests to donors (for further technical support, for example) to alter original proposals in response to changing circumstances and lessons learned.
- That the organisation details the number of contacts with other NGOs working in the same area, and has demonstrated a willingness to enter dialogue and share experiences with them.
- That each staff member makes at least one 'learning visit' to other agencies, projects, etc. either as a trainer or for his/her own learning.

Is this organisation accountable and transparent in its dealings with the community?

- That the staff and target community have an understanding of how decisions are made.
- That strategies, mission statements, objectives, accounts, salary scales, etc. are available and publicised to target community, staff, board members, etc.
- That the organisation has an effective reporting system and disseminates reports in an appropriate style and language to the target community, staff, government departments, and donors.
- That the organisation produces annually audited accounts that are open and public, and meet appropriate standards.
- That the membership of the board is balanced (with representatives of the target community comprising at least one-third of the members), meets quarterly with a quorum, and is involved in the decision-making process.
- That public meetings for the target community are held on a regular basis, and at different locations in the programme.
- That the organisation holds monthly staff meetings and undertakes an annual self-evaluation exercise.

- That the target community are represented in decision-making meetings, and participate in the decision-making process or have the right of veto over decisions.
- That decisions are not commonly made by senior staff without reference to the target group, other staff members, or the board.

Does this NGO have any local legitimacy, and is it embedded in local society?

- That representatives of the target community comprise at least one-third of the board.
- That the organisation has members based in the local community, and that at least ten per cent of the members attend public meetings.
- That public meetings are held on a regular basis, and at different locations in the community.
- That the organisation has regular contact with at least four other local NGOs, and has regular contact with local NGO networks.
- That at least two-thirds of staff and board members reflect local ethnic groups, religion, language, etc.; and live within the local community.
- That the organisation disseminates reports in an appropriate style and language to the target community, the staff, and government departments.

Conclusion

If, as is argued here, value-based organisations like NGOs have a particular advantage because of the distinctiveness of these values over other service-delivery organisations, then greater investment is needed in both identifying and promoting such values. NGO capacity-building initiatives need to reflect these values, in order to reflect and protect the unique identity of NGOs as key players in civil society. Thus, NGOs ought to develop their own typology of indicators which reflect their core values, and which help to distinguish them from government departments, parastatals, consultancy firms, and other private-sector contractors. One operational consequence of this is that value-based indicators should be fully integrated in organisational reports and evaluations alongside financial accounts, social audit data, or impact measures.

Over the next ten years, all the different types of organisation that make up the NGO sector will face growing pressures on their funding.

The increasing involvement of consultancy firms, private-sector contractors, the military, and new multilateral agencies will fuel this competition and, faced with new conditions imposed by donors, NGOs may feel tempted to dilute their distinctive values. There is, therefore, an urgent need for NGOs to identify and nurture the values that have made them such a distinct component of the development process. If NGOs lose their core values, they lose their role. They are reduced to being just another type of contractor competing for funds, commissions, and projects. If they can identify and develop organisational capacities and management competencies that are rooted in their core values, they will not only have a strategic advantage when attracting funding, volunteers, and staff; but they will also best serve the needs of their members, their supporters, and the communities in which they work.

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