

## Strategic Interdependence between Local NGOs and Foreign Donors

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In accordance with their increasing international presence and importance, non governmental organizations (NGO) have been subject to growing criticism related to their management and operations. This essay argues that the relationship of strategic interdependence between local NGOs and foreign donors – which encompasses exchanges in symbolic and financial capital and is characterized by both cooperation and antagonism that further reproduce and reinforce existing relations – is inherently asymmetrical and has important organizational and managerial consequences for NGOs in terms of their identity, activities and reporting; autonomy, legitimacy and accountability; and, in that it further perpetuates global/local and North/South asymmetries. In doing so, this essay concisely delineates the characteristics of the strategic interdependence between local NGOs and foreign donors as specified by Alnoor Ebrahim (2005) – emphasizing the centrality of mutual legitimation and asymmetrical interdependence in this relationship – and discusses the aforementioned organizational and managerial consequences for local NGOs, utilizing Avant's (2004) study of the conservation community's efforts to save the last of the Northern white rhinos in Garamba National Park and Sunga's (2007) analysis of implications of the Bush administration's funding regulations for humanitarian NGOs operating in post-occupation Iraq, to further accentuate the centrality and asymmetrical character of donor-NGO strategic interdependence.

### Strategic Interdependence between Local NGOs and Foreign Donors

The strategic interdependence between local NGOs and foreign donors concerning organizational reporting, monitoring and learning are central to understanding NGO behavior and change. This section employs Ebrahim's (2005) findings from his study of the social relationships and sources of tension between NGOs and international networks of funders in two of India's most successful development NGOs to delineate the strategic and, frequently, asymmetrical interdependence between local NGOs and foreign donors. Ebrahim (2005) broadens the *resource dependence* perspective to encompass tension/struggle over, and access to, financial and symbolic resources in order to demonstrate the significant interdependencies between NGOs and funders – a relationship that leads to both cooperative and antagonistic forms of behavior and which results in the ongoing reproduction of state/funder relations (53).

#### *Foreign Donor Resources and Demands*

In exchange for financial resources and legitimacy, and in order to gain symbolic capital and maintain their reputation, external funders demand structured, professional information systems to reduce ambiguity and enhance the utility of NGO reporting. Funders demand information not only to monitor activities, they also make demands for additional outputs and information systems that emphasize quantifiable valuations of success and failure that favors product over process – measuring success according to concrete outputs and deliverables rather than sound and engaging project design and implementation – and diverts the time and attention of NGOs from their primary objectives (Ibid: 78). For instance, NGOs are required to report on their physical and financial progress on a quarterly basis and are pressured to scale activities to improve their performance with respect to quantitative matrix targets of monitoring systems, which favor products and targets over processes, in order to secure funding, which effectively functions to change the way in which NGOs view and approach their operations and objectives (Ibid: 84). As

# Strategic Interdependence between Local NGOs and Foreign Donors

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aforementioned, in exchange for this information, foreign donors provide local NGOs with financial resources as well as legitimacy, heightening the NGO's international profile and conferring it greater authority as important actors engaging in meaningful work.

## *Local NGO Resources and Demands*

NGOs provide foreign donors with information and symbolic capital in exchange for funding and perceptions of legitimacy. Information is an essential input to funders as it enables funders to take credit for the local NGO's success and build their reputation and status as legitimate international institutions. It is thus reputation derived from information that is a central resource provided by NGOs to funders, as it legitimizes the activities of donors by providing them with greater visibility and reputation – critical sources for symbolic capital. Indeed, Ron et al. (2005) concur, asserting that NGOs, in part, gain legitimacy from their reputation as objective, neutral experts, and that they engage in “information politics” through structuring their operations to generate and disperse information demanded by funders quickly, effectively and in innovative ways, in order to gain political leverage (e.g. Amnesty International) (558). This “information politics” is also played out when NGOs resist funder attempts to structure their behavior – e.g. positivist monitoring and reporting requirements – by formulating buffer strategies, including the symbolic generation of information in the form of surveys and case studies to satisfy funder needs, selective sharing of information to protect their core activities from unwanted interference, omitting negative results, and though strategic professionalization – e.g. hiring professional consultants and enhancing their management and organizational systems – to enhance reporting legitimacy (Ebrahim 2005: 95). Thus, while NGOs supply foreign donors with symbolic capital, contribute to their reputation, and provide them with information, they do not only demand funds from donors to maintain their infrastructure, they are also seeking symbolic capital to enhance their legitimacy and reputation.

In short, according to Ebrahim (2005) the relationship between local NGOs and foreign funders is one of interdependence, cooperation and antagonism, wherein NGOs receive funds in return for providing positive information and conveying a good reputation, and interact in a structured relationship based upon short-term, measurable activities, often to the detriment of long term social and political change. This strategic interdependence of capital and symbolic resource exchange is centered on information that is “quantitative, easy to measure, and designed to demonstrate success” (Ebrahim 2005: 101). Thus, as NGOs depend on funds and legitimacy derived from foreign donor support to maintain infrastructure and funders rely on information to maintain their reputation, “tensions result in demands and expectations of one organization on another”, which further entrenches and reproduces exiting relations and tensions (Ibid: 63). This model of strategic interdependence has been summarized in Figure 1.

## **Organizational and Managerial Consequences for Local NGOs**

Although Ebrahim's model appears to demonstrate an equal relationship between local NGOs and foreign donor, with particular emphasis on their mutually legitimating conduct, in consideration of the organizational and managerial consequences for local NGOs, it becomes apparent that this relationship is inherently asymmetrical, with local NGOs depending more on their foreign donors than vice versa. It is therefore this asymmetrical, rather than strategic, interdependence that is being further entrenched and reproduced between local NGOs and foreign donors. This section turns to the operational and managerial implications of this ‘strategic’ interdependence for NGOs, particularly those concerning their identity, activities and reporting; autonomy, legitimacy and accountability; and, in the perpetuation of global/local and North/South asymmetries. Subsequently, two cases are posited as examples of the paradoxical milieu within which NGOs operate.

## *NGO Identity, Activities and Reporting*

The strategic and, arguably, asymmetrical interdependence between NGOs and their donors has important implications for the identity and activities of NGOs. Indeed, Ebrahim (2005) asserts that NGOs' perception of success and failure are significantly affected by positivist information requirements for monitoring and reporting that depoliticize NGO activities. Donor attention to issues of physical and financial products privileged over process

# Strategic Interdependence between Local NGOs and Foreign Donors

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influences NGO behavior by causing them to devote considerable attention and resources to establishing monitoring systems for conducting baseline and impact studies of their products. This diversion of attention in turn affects how NGOs approach their management and objectives and how they see themselves. Given the complexity of the interventions within which NGOs engage, funder tendencies toward simplification and quantification remain largely inadequate (Ibid). Indeed, this focus is deficient in that evaluation of a project should also consider process. Ebrahim asserts that there are tensions between monitoring systems that meet the information requirements of funders and those that are relevant to the practical needs of NGOs, which often function to overwhelm staff, strain organizational capacity, and divert resources from critical objectives (Ibid: 90). The implications for NGOs are that targets and short term details become more important and process and long term strategy less so, as meeting targets is a proxy for success and future funding, thus affecting how NGOs' measure their own perceptions of success and failure (Ebrahim 2005; Lewis 2007). Consequently, NGOs are criticized for spending too much on overhead and administrative costs, too little on projects, and are disparaged as being bureaucratic, income-driven, and oversized (Riemann 2005; Lewis 2007). As aforementioned, some NGOs suspicious of external pressures for professionalization have sought to resist this pressure through strategic action, preferring alternative approaches and funding strategies that do not require them to compromise their objectives (Ibid: 95).

## *Autonomy, Accountability and Legitimacy*

Local NGO and foreign donor strategic interdependence also calls into question issues of NGO autonomy, legitimacy and accountability. NGOs are criticized as being dependent on official sources of funding – often labeled as subcontractors and policy instruments of states and international organizations that lack advocacy capacity – as their activities are increasingly concerned with donor reporting and information requirements (Reimann 2005). Bob (2002) asserts that in their efforts to get attention from Western donors, local NGO leaders may undermine their original goal, as Western NGOs are more likely to support groups that demonstrate solidarity and conform to the expectations of Western supporters by simplifying and universalizing their claims (40). This begs the question as to whom NGOs are accountable. Moreover, NGOs derive their legitimacy in part from support by reputable donors and in turn confer symbolic capital to donors in a cyclical and mutually reinforcing relationship. This strategy may assist NGOs unable to operate nationally to network with donors and other NGOs to influence states and international organizations to unblock national situations – in what Keck and Sikkink term the *boomerang effect*. Indeed, Reimann (2006) asserts that the symbiotic nature of NGO and international organization growth moves beyond a “top down / bottom up” dichotomy to assert the significance of mutual interest and functional interdependence in promoting collective growth (63). However, as this legitimacy is derived from funders and foreign agents, and given that relations continue to be more “top down” than “bottom up”, issues of accountability and autonomy resurface, as organizational and managerial functions tend to enhance international organization and foreign donor legitimacy, while undermining lines of accountability and legitimacy locally. Thus, it appears that this relationship is inherently asymmetrical.

## *Local-Global and North-South Asymmetries*

In addition to reinforcing existing tensions and asymmetries between particular NGOs and funders, their strategic interdependence also reinforces local-global and North-South asymmetries. According to Cali and Ergun (2005), as INGOs and IGOs establish links with domestic NGOs through funding relations, their interaction creates material relations of power in the form of language, which shapes the identities and activities of domestic NGOs and leaders (Ibid: 164). The relationship between global and domestic actors is unequal, as the contribution of domestic actors in defining the terms of reporting requirements, and global governance more broadly, remain limited. This relationship fails to facilitate critical input from domestic actors (Ibid: 174). Moreover, there is a disenfranchisement of local agency that comes through NGO-donor relations, wherein NGO agency becomes tamed, technical and removed from local constituencies through top down requirements from Western donors. This relationship is criticized as leading to patterns of “extractive relationships” wherein Southern organizations receive funds from Northern NGOs in return for their stories and information to sustain donors (Plewes and Stuart 2007: 25). The information and reporting demands of funders are largely Eurocentric and Western, as donors are concentrated in industrial countries with views that do not reflect the developing world context, as social, cultural and political values vary significantly across countries and cultures (Kaldor 2003; Charnovitz 1997). As Western NGOs may undermine the original objectives of

# Strategic Interdependence between Local NGOs and Foreign Donors

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local movements because of pressure to conform, and as external funding often creates dependencies that undermines institutional stability, NGOs must find new methods of fundraising that are consistent with their goals (Powel 2007; Plewes and Stuart 2007; Bob 2002).

## *Case 1: Conservation Community in Garamba National Park*

Avant's (2004) study of the conservation community's efforts to save the last of the Northern white rhinos in Garamba National Park in the DRC to determine how international non governmental organizations (INGO) respond when principles to which they are committed conflict with each other, is demonstrative of the asymmetrical interdependence between NGOs and their international funders. The case of the white rhinos required a law enforcement plan that generated confusion as to NGO neutrality, the appropriate role of NGOs, as well as larger issues concerning the appropriate model for conservation – developmental or protectionist. INGOs possess principled commitments to their missions and are considered to be politically neutral (Ibid: 365). However, when working in states that are unable or unwilling to fulfill their role, they may confront the *tragic choice* of using security measures that may compromise principled commitments to non-violence. In the Garamba case, actors on the ground were found to be more likely to “elevate the status of the mission”, while actors in the INGO head office were more sensitive to the implications of violating principles as they are responsible for interacting with donors to secure funds (Ibid: 366). Indeed, as INGOs require resources from Northern donors, which signifies that they must maintain sound reputations to secure funding, this may make it difficult for actors to reason through conflicting principles, and adhere to the ‘proper role’ of NGOs for fear of lost funding. Avant finds that conflicting principles generate competing responses to a problem; the position of actors reflects bureaucratic politics of the transnational community; and, “principled actors” find it difficult to determine reasoned trade offs when principles conflict because of their joint commitment to principles and ideas concerning the proper role of NGOs (Ibid:382). As the INGO ceased its programming in Garamba National Park despite its organizational values, missions and objectives – due to concerns of legitimacy, the ‘proper’ role of NGOs and the withdrawal of donor funds – this case demonstrates the asymmetric nature of the strategic interdependence between donors and NGOs.

## *Case 2 – The Bush Administration's Funding Regulations for NGOs Operating in Iraq*

This paradoxical strategic interdependence is also demonstrated in Sunga's (2007) study of the Bush administration's policies for operating in coalition-occupied Iraq, which have forced humanitarian NGOs to deal with ethical, political, theoretical and practical dilemmas regarding their independence, neutrality and impartiality (99). NGOs voiced their concerns with the Administration before hostilities began and engaged with government officials from the onset to ensure cooperation with coalition forces to facilitate effective humanitarian assistance. However, the Bush Administration forced NGOs to work as an arm of the US government, with a ‘clear chain of command’, and cease criticism of US policy in order to secure funding and support. Such policies have important implications for international humanitarian NGOs working in Iraq and for future NGOs working in conflict zones under occupation, particularly in terms of compromising their independence, neutrality and impartiality, as Iraqis perceived NGOs cooperating with coalition forces as supporting the invasion and occupation. USAID's ultimatum to NGOs to clear all publicity and media in matters related to funded activities was divisive for NGOs who either had to disagree publicly and suffer the withdrawal of funding or accept USAID funding or surrender their capacity to criticize – the responses were varied (Ibid: 108). This case demonstrates asymmetrical resource interdependence in that NGOs that require government funding must compromise their advocacy activities to secure financial resources. In return, the US government secures humanitarian aid that does not question its mandate in Iraq. This relationship is inherently asymmetrical.

Thus, the operational and managerial implications of the strategic interdependence for NGOs concern their identity, activities and reporting; autonomy, legitimacy and accountability; and, the perpetuation of global/local and North/South asymmetries. The cases of the conservation community's efforts to save the last of the Northern white rhinos in Garamba National Park and the Bush administration's funding regulations for humanitarian NGOs operating in Iraq are posited as examples of the paradoxical setting within which NGOs operate. Indeed, these cases bring to bear the consequences of managerial overkill, so to speak, encountered by NGOs between their principled commitments to their cause and their operational and managerial need for funding – an impasse wherein NGOs shift

# Strategic Interdependence between Local NGOs and Foreign Donors

Written by Victoria Lennox

their activities and their perceptions of success and failure to accommodate donor requirements, bringing to bare issues of neutrality, autonomy and accountability (Lewis 2007; Avant 4). Consequently, NGOs must contend with criticisms of being “over professionalized business corporations or self seeking interest groups” by taking action to enhance management and organizational practices, while simultaneously pursuing their expressive objectives and missions, which is of course no simple feat given the asymmetrical parameters within which they operate (Lewis 2007: 12).

## Conclusion

Given their much larger presence and importance in international politics, increasing criticism of NGOs is not surprising; however, as this analysis has sought to demonstrate, many criticisms with respect to their management and operations do bare some truth, which NGOs are aware of and consequently have sought to address. Indeed, this essay has argued that the relationship of strategic interdependence between local NGOs and foreign donors – in essence the exchange between economic and symbolic capital – is asymmetrical and has organizational consequences for NGOs in terms of their identity, activities and reporting; autonomy, legitimacy and accountability; and in further entrenching global/local and North/South asymmetries. These challenges, however, are embedded in larger structural problems and realities and will consequently be difficult to solve. Thus, the debate continues on how to manage NGO-donor relations so as to provide the greatest benefice.

NGO management literature remains in the early stages of development and requires working across subject boundaries (Lewis 2007). As NGOs attempt to respond to increasing criticism through enhancing their organizational and managerial systems, perhaps the solution is not only one of increased institutionalization and professionalization, as current structures reinforce asymmetrical tensions and relations. Rather, the management of NGOs requires a different kind of thinking that draws upon various fields in order to capture the multi-dimensional accountabilities, constituencies and activities of NGOs. Rather than developing buffer strategies to protect core objectives from donor demands, NGOs and donors must seek to redefine NGO-funder relations so that monitoring and reporting processes benefit both sides – a genuine two-way relationship – that centers on principled objectives. This may require that NGOs derive their legitimacy by other means. For instance, Reimann (2006) asserts the need to promote the expansion of NGOs in non-Western countries and to include them in multilateral aid consultations and policy processes to provide them with new means of deriving legitimacy and political space. If NGOs are to become legitimate actors, they need to address the above critiques; however, without changes to the structures that perpetuate asymmetries, substantive progress is unlikely.

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Written by Victoria Lennox

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