

THE ROLE OF PHILANTHROPY IN INTERNATIONAL DEVELOPMENT

Paper Prepared for the October 16-19, 1995
Rockefeller Foundation Bellagio Conference
*Human-Centered Development:
The Role of Foundations, FLOs and NGOs*

S. Bruce Schearer, PhD
Executive Director
The Synergos Institute

CONTENTS

| | | |
|------|--|----|
| I. | PREFACE..... | 1 |
| II. | A GROWING SOCIAL DEVELOPMENT AGENDA | 2 |
| | Poverty and Social Needs on the Increase, North and South..... | 2 |
| | Efficacy of Conventional Approaches Questioned..... | 2 |
| | National Budgets and Foreign Aid Insufficient to Meet Needs..... | 2 |
| | Converging Challenges in North and South..... | 3 |
| III. | CIVIL SOCIETY EMERGING IN RESPONSE TO NEEDS..... | 4 |
| | Civil Society – The Citizen’s Sector | 4 |
| | Civil Society in the North | 5 |
| | Civil Society in the South – Formal Non-profit Organizations | 6 |
| | Civil Society in the South – Community Organizations..... | 7 |
| IV. | THE INTERNATIONAL DEVELOPMENT ENTERPRISE | 8 |
| | The Scale of Global Development Activities..... | 8 |
| | National Development Plans | 9 |
| | The Role of the Private Sector..... | 11 |
| | The Role of Official Development Assistance..... | 13 |
| | The Role of Voluntary Sector Organizations..... | 15 |
| | The Role of Communities | 19 |
| V. | A DIVERSITY OF DEVELOPMENT VISIONS..... | 22 |
| | The Market-Led Development Vision | 22 |
| | The Sustainable Development Vision | 23 |
| | The Self-Reliant Alternative Development Vision | 23 |
| | Trisector Collaboration – A Path of Many Visions..... | 24 |
| VI. | IS THERE A STRATEGIC ROLE FOR PHILANTHROPY IN HUMAN-CENTERED INTERNATIONAL DEVELOPMENT? | 25 |
| | Organized Philanthropy | 25 |
| | Citizen Philanthropy..... | 29 |
| VI. | REFERENCES | 32 |

I. PREFACE

Today, people around the world are organizing as never before to address the problems they face in their communities and their daily lives. Around the world today there is a vast outpouring of civic energy and vitality aimed at advancing people's interests at the local level in the face of unrelenting economic and social pressures that are changing traditional customs and ways of life.

Especially now, when foreign aid resources fall far short of needs, social and economic development requires the vital spark of people and communities engaged in self-reliant actions that will better their lives. Above all else, development is people and families working hard at the community level to improve their lives and the community in which they live. But too often, the structures that provide development assistance disempower rather than invigorate local organizations and communities. Too often local community initiative and individual enterprise are undercut rather than fostered by conventional development assistance and government development programs.

Today as never before there is an opportunity for philanthropy to play a vital role in support of human development. This conference seeks to better understand what actions philanthropy can take to put people and communities at the center of development, to stimulate popular community-based philanthropy, to establish horizontal and reciprocal relationships between those providing philanthropic resources and those utilizing them – in short, to better understand what human-centered development is and how philanthropy can play a developmental role in supporting it. This paper endeavors to provide an overview of the role of philanthropy in international development as contextual background for the conference, and it sets out some preliminary ideas about philanthropy's strategic role in human-centered development.

II. A GROWING SOCIAL DEVELOPMENT AGENDA

Poverty and Social Needs on the Increase, North and South

Despite significant commitments of resources and effort at both national and international levels since the Second World War, widespread poverty and social problems continue to persist throughout the world. In low-income regions in the North as well as the South they have become more extensive and intractable. Poverty has become entrenched throughout Africa and much of the Middle East, in large segments of society in Asian and Latin American countries and among growing marginalized populations in the rich Northern countries.

In addition to causing suffering and inequity, the widening economic disparities are contributing to widening gaps between different ethnic groups within countries, giving rise to increased social tensions and social and political fragmentation. These trends threaten national and global peace, undercut the potential for continued economic growth, and profoundly diminish everyone's prospects for a better future.

Efficacy of Conventional Approaches Questioned

Because of the persistence of social and economic underdevelopment in many regions and countries and the increase of poverty in Northern nations, the effectiveness of conventional approaches to overcoming poverty and addressing social development is being seriously questioned.¹

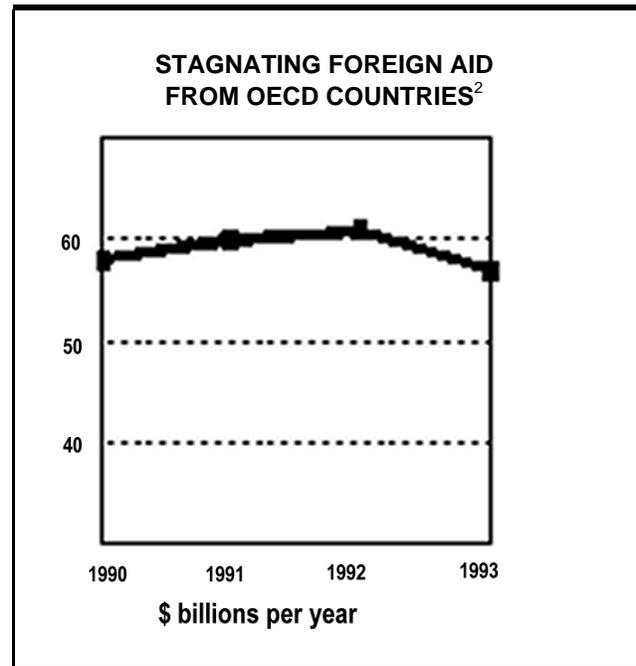
The notion that commerce and trade-led economic growth can raise income levels sufficiently to substantially reduce poverty no longer seems an adequate strategy. Indeed, it is increasingly clear that market forces can contribute to marginalization of some groups and to growing social tensions.

In most of the regions where poverty has become entrenched, governments have been unable to reverse this phenomenon. Especially in multicultural settings, areas in conflict, or very low income circumstances, government action alone may not be sufficient to successfully address the scale and complexity of social and economic problems.

National Budgets and Foreign Aid Insufficient to Meet Needs

In a great many countries, North and South, national allocations of resources are not keeping pace with the need to provide social services and to solve domestic social problems, and numerous obstacles stand in the way of future increases in state revenues for social programs, including the prohibitive levels of public debt in many countries.

While foreign aid from wealthy Northern nations to Southern nations and to multilateral development agencies remains a critical source of financing for development activities in Southern nations, the amounts are far too small to meet the needs today and in all likelihood will play a shrinking role in the decades ahead (see box at right of foreign aid from the Northern countries – members of the Organisation for Economic Co-operation and Development (OECD)). In part, this is due to the expansion of social needs, as a consequence of both demographics and growing poverty, and in part to a declining capacity and will in the Northern countries to address the South's development needs. Clearly, greater self-reliance within Southern nations will be required, as well as the development of other sources of financing beyond foreign aid.



Converging Challenges in North and South

In recent years, it has become recognized that social and economic progress – and their opposites, poverty and inequity – in both the North and the South are deeply interconnected. Common global processes increasingly influence how societies are organized, determine the nature of work and economic production, and mold social relations and the distribution of income within countries. While the distinctly different economic conditions of North and South remain a fundamental reality, the fact that they are so interconnected calls for a corresponding integration in developing solutions to the challenges of poverty and inequity they each face. Corporations in the private for-profit sector have rapidly evolved to accommodate the emerging global reality. For the most part, however, today's government and multilateral institutions and many private voluntary groups still reflect and function according to the traditional North-South paradigm. They are only beginning to incorporate the additional reality that the North and South, figuratively, exist within every country and global solutions and responses are required.

III. CIVIL SOCIETY EMERGING IN RESPONSE TO NEEDS

Civil Society – The Citizen’s Sector

Partly in response to these growing social development needs, partly to post-Cold War political changes, over the past two decades, civil society has emerged as a vibrant new social and economic sector of activity alongside the public sector and the private for-profit sector. New elements of civil society have emerged with unparalleled rapidity and energy in nations throughout Latin America, Africa, Asia and the Middle East, in Eastern Europe and the countries formerly part of the Soviet Union, and in the so-called Northern (OECD Development Assistance Committee (DAC) member) nations as well.

These new elements build upon and add to the already present political parties, labor unions, workers cooperatives, business associations, membership serving organizations and religious bodies that have formed the traditional core of civil society. They include hundreds of thousands of informally organized local citizen's groups – membership groups, community associations, citizens' movements, social service centers, savings clubs and advocacy networks – along with scores of thousands of formally chartered voluntary groups (so-called non-governmental organizations or NGOs) addressing a wide range of social development problems, and additional thousands of supportive intermediary-level non-profit institutions concerned with networking, financing, servicing and advocating on behalf of various parts of civil society.²

The engine behind this rapidly expanding sector is caring – caring about social, environmental, cultural, religious, political or personal issues that brings citizens together and motivates and drives civil society organizations to do what they do. Representing a tremendous range of constituencies, interests, and socio-economic levels of society, these groups now touch people and communities almost everywhere, even in the most remote or marginalized areas.

The common denominator among all these groups is people gathering outside their family life, outside their workplaces, and outside the framework of government to discuss their concerns and their desire for a better life and, through these discussions, organizing ways to act together to solve problems and advance their interests. Great numbers of citizens everywhere are working with these groups, joining them, founding them, using them to achieve the goals they care about – and, increasingly, supporting them by volunteering their time and labor, financially, and in other tangible ways.

Civil Society in the North³

In Northern countries, the civil society sector is a well established sector of national life.

Excluding religious bodies, political organizations and cooperatives, in 1990 almost 5% of the aggregate labor force of the largest Northern economies (U.S., Japan, Germany, France, Italy and the United Kingdom) were employed by the sector. Excluding Italy, 3-6% of their individual gross domestic products were produced by this sector.

When religious bodies, political organizations and workers and farmers cooperatives are added to the more than a million formally registered non-profit organizations reflected in these statistics, it is evident that the scale of civil society in Northern countries is comparable to that of the public sector.

The principal concerns of civil society in Northern countries are education, health, social services, cultural affairs and recreational activities, with significant variations in emphasis from country to country. In France, for example, where much of the organized non-profit sector is recent in origin, over two thirds of its expenditures go to education, social services and recreation. Over half of all French men and women in residential care are in non-profit facilities; and four out of five of sports enthusiasts belong to clubs run as non-profit organizations. Similar trends prevail for care of the elderly and infirm in Germany, but in contrast with France, health, community development and housing are also major areas of non-profit activity. In Japan and the U.S., education, research and health dominate, while in the U.K. private health services have been largely absorbed into the National Health Service and health care therefore consumes less than 4% of non-profit expenditures. In the U.S. virtually all orchestras are supported through non-profit organizations, while in Japan only a tiny fraction of non-profit expenditures are devoted to cultural activities because the state plays a dominant role.

Again with distinct differences in emphasis and character from country to country, data from France, Italy, Germany and the U.S. indicate rapid expansion of the non-profit sector.⁴

The segment of particular concern to international development, non-profit organizations working on international issues, has clearly been growing rapidly in all Northern nations. While it comprises only a small part of overall civil society activity, the expenditures of this segment are significant in comparison with official aid flows, on the order of \$6 billion annually for the six countries noted above.

Certainly in Northern countries, civil society as a whole in net terms is not a consumption sector dependent on economic surplus from other sectors. It is a productive sector that not only improves the quality of life, but also adds to the economic growth and wealth of countries. While some of the revenues of civil society come from funds provided by government, studies in Northern countries show that the portion of revenues that comes from non-governmental non-tax sources – namely user fees, earned income and, in smaller amount, non-religious philanthropic contributions – typically match or exceed the revenues coming from public sources. Not counting

revenues from religious contributions, dues to cooperatives, or contributions to political parties, the revenues of non-profit organizations in Northern nations amount to many hundreds of billions of dollars. In the U.S., a vigorous, economically strong non-profit sector mobilizes \$350 billion annually to meet broadly defined social development needs. In Germany, non-profit resources amount to over \$50 billion annually, almost 4% of the gross domestic product, and in Japan to almost \$100 billion. Non-profit organization revenues amount to just under 5% of the combined GDP of six of the G-7 nations. When all of the religious contributions and activities of cooperatives are added in, civil society in Northern countries clearly is a major mobilizer of resources for social development.

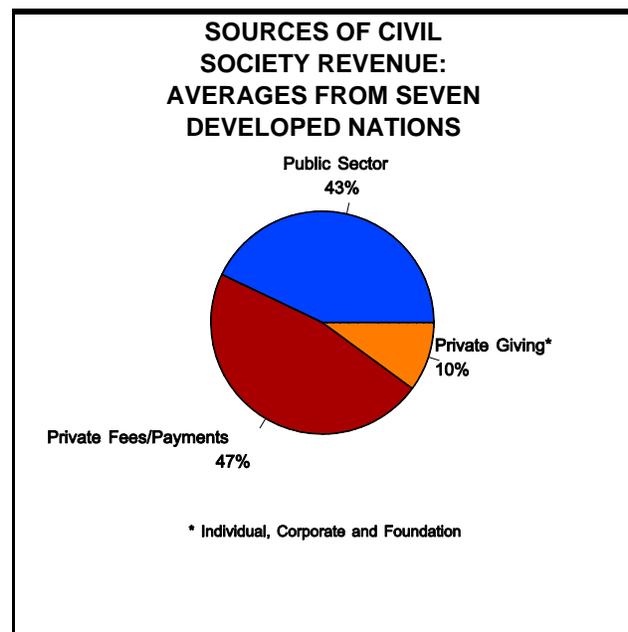
Civil Society in the South – Formal Non-profit Organizations

In Southern nations, civil society is still a sector emerging at two levels, that of registered non-profit organizations (NGOs) and that of informal community-level civil society groups. The two have different characteristics, yet are closely linked in social development efforts.

Clearly the most visible element of civil society's growth in the South are the NGOs. Today, these indigenous voluntary organizations exist in large numbers – hundreds to many thousands – in almost every Southern nation.⁵ They are active in virtually every facet of national development: community development, health, education, food and nutrition, income generation, housing, environment, family planning, women's advancement, children, youth, agriculture, planning, advocacy and policy development.

While many Southern NGOs receive funding from Northern voluntary organizations, Northern foundations, bilateral aid or UN agencies, most also typically rely on volunteer labor, donated services and materials and a low cost structure. Philanthropic contributions or grants from other sources within Southern countries are still a minor source of support in most countries.

But this, too, is changing as new foundation-like organizations (FLOs) that provide financial support to indigenous NGOs are beginning to emerge. In-depth case studies of eight such FLOs from Africa, Asia, and Latin America vividly illustrate the dynamic role these institutions are playing in supporting NGOs and civil society more broadly in their countries. The cases demonstrate the endogenous nature of these institutions, as well as their often complex relationships with development agencies and private foundations from abroad. Most impressive are the findings of sustainability and growth of these Southern grantmaking institutions.⁶



Southern NGOs are beginning to solicit funds from these FLOs as well as from the public and the business community in their countries.⁷ Another emerging new source of financing for NGOs is their national government through domestic social programs.⁸

As a whole, Southern NGOs exhibit an extremely diverse financing profile. This reflects the great diversity in their origins, constituencies and purposes, and it is a major cause of the continuing heterogeneity and small scale nature of the NGO community in all of the Southern countries.

Civil Society in the South – Community Organizations

The vast majority of civil society groups in Southern countries are much less visible than the NGOs. They are small scale, community-level entities organized and run by a blend of members, constituents, and beneficiaries.

Community-based civil society groups have sprung up in the hundreds of thousands, perhaps millions, in every region of the world,⁹ and they provide a new interface between village and shantytown life and external development actors.

While these village groups and their urban slum counterparts generally are not formally registered organizations, they frequently follow their own well-defined procedures of operation. Their goals cover a wide range of needs: women's empowerment, youth employment, mechanisms for community-based savings, agricultural labor and extension services, irrigation maintenance, health care, child care, education, house building, garden-tending, beekeeping and grain milling, for example. They call themselves societies, clubs, associations, cooperatives, organizations and movements, and they typically function separately from local government structures at the village level such as village development councils and political party groups. Often their relationship with these official structures is cooperative, even mutually supporting them; in some cases there are tensions and conflict between them.

In contrast to the NGOs, almost all of these small scale, local civil society groups are self-generated and financially self sustained through the combined contributions of their members, constituencies, and beneficiaries. These contributions take the form of unpaid volunteer time and labor, dues and fees, and donated goods and services. Charitable gifts of money in some cases are also an important source of support, but in many instances it is minor. The vast majority of these groups receive at best occasional and more typically no public assistance or outside sources of financing, and hence are highly autonomous and independent in their actions.

IV. THE INTERNATIONAL DEVELOPMENT ENTERPRISE

The Scale of Global Development Activities

Today international development is a significant global industry. Although the total volume of foreign aid in the form of grants and loans on concessional terms from Northern governments has decreased slightly over the last few years, it is still very large – estimated at about US\$56 billion in 1993.¹⁰ This official aid comes directly from individual governments through their bilateral aid agencies such as the U.S. Agency for International Development (USAID) and the Japan International Cooperation Agency (JICA), which are the two largest donors.¹¹ It is also channelled through multilateral aid agencies, which are financed and governed by national governments. The United Nations system includes almost three dozen multilateral specialized agencies, programs, funds and commissions involved in international development, including the Food and Agriculture Organization (FAO), the International Fund for Agricultural Development (IFAD), the International Labour Organization (ILO), the United Nations Development Programme (UNDP), UNICEF, and Regional Commissions such as the Economic Commission for Africa.¹² The Bretton Woods multilateral system includes the World Bank, the International Monetary Fund (IMF), and the regional development banks such as the InterAmerican Development Bank and the African Development Bank. Closely related multilateral institutions are the General Agreement on Tariffs and Trade (GATT) and its successor, the just-established World Trade Organization (WTO).

For Southern countries this official development assistance (ODA) is essential, particularly in sub-Saharan Africa where ODA made up over 13% of total GNP for the 1991-1992 period.¹³ ODA was equivalent to between one quarter and a half of national government revenue in many countries in the region. In more prosperous parts of the world, the size of ODA relative to the national economy and government revenue is smaller but still significant – in 1991 averaging 0.5% of GNP in Latin America and the Caribbean, and 2.1% of GNP in South Asia, for example.¹⁴

The development enterprise also involves on the order of 100,000 NGOs in the South and North and a million poor communities. The NGOs vary greatly in size, but the total amounts of resources they mobilize and use is considerable; Kenyan NGOs, for example, received over \$300 million from outside the country in 1988, of which over 80% came through Northern NGOs and about 10% from directly from official development agencies. In 1993 an estimated \$2.8 billion of official development assistance went to NGOs worldwide.¹⁵

National Development Plans

Like any big, well-established industry, the field of international development has evolved its own framework of procedures for doing business, the most important of which is the national development plan. In order to receive foreign aid from most of the large donor agencies, countries must undertake comprehensive assessments of their strengths, weaknesses, and prospects for economic and social advancement, then produce national development plans laying out their long-term strategy and specific goals, targets and programs for the coming five-year period.¹⁶ These plans touch on every aspect of national life: macroeconomic policies, government and governance, industrial development, infrastructure, human resources, social needs, military capacities, and others. The plans are matched to revenue and expenditure projections, including revenue from foreign aid.

Foreign aid agencies base their assistance on these plans and projections. Consequently, foreign aid agencies play a major role in the development of these plans, supplying both financial assistance and very extensive technical assistance in the form of foreign consultants to provide guidance in the preparation of the national development plans. The plans are periodically updated to take into account significant changes in the economic and political environment.

By far the most significant actors in the preparation of the fundamental aspect of these plans are the Ministries of Finance of each country, along with national planning boards or ministries, the IMF, the World Bank and the regional development banks. Together, they determine the financial viability of the plans, as well as the macroeconomic strategy each country will follow. Consequently, they generally perform the role of policemen overseeing and controlling the aspirations of other sectors of government and other foreign aid agencies concerned with social goals and programs in the plans. Unless a national government agrees to the economic framework negotiated with the IMF and World Bank, it will be barred from receiving foreign aid, including credit, from them, and it will be essentially frozen out of the global financial system as a poor credit risk and will therefore be unable to obtain financing from the private capital markets, as well.

Over the past two decades, this has given rise to the now increasingly challenged "Structural Adjustments Programs" or SAPs.¹⁷ While Northern countries, such as the United States, are able to run up large budget deficits with relative impunity, the IMF and World Bank have made fiscal prudence an increasingly firm requirement for receiving credit and foreign aid for Southern nations. Since many of these nations are running budget deficits, usually large, they have been required to adopt SAPs as part of their national plans. The fundamental purpose of the SAPs is to reduce national government expenses to the level of their revenues.

The controversy comes from the way SAPs achieve this. Invariably, considerable hardships are imposed on low income segments of the population because many government subsidies are eliminated (such as subsidized wheat prices which keep the price of bread low) and many government services (such as for health and education) are greatly reduced. A second cause of criticism of SAPs comes from their

heavy reliance on borrowing from the IMF, World Bank and regional development banks. In order to give governments more time to complete the structural adjustments of their economies and to reduce government spending, large loans are typically provided as "bridges" until economic production increases sufficiently in the future to close the budget gaps.

Repayment of external debt has become one of the major budget items of many Southern countries, with the world's low and middle income countries having over \$700 billion in outstanding official debt in 1992, annual interest payments on which amounted to \$24 billion.¹⁸ When expected increases in economic production fail to match the projections, this periodically gives rise to so-called debt crises, with the Southern government unable to repay its loans. As recently occurred in Mexico, the result is more borrowing in order to reschedule the debt over longer periods, along with more belt-tightening which deepens the cutbacks in social services and assistance to low income groups. In some parts of the world, particularly sub-Saharan Africa, debt repayment has just about offset receipts of ODA. In the latter half of the 1980s the World Bank maintained a positive balance of about \$1 billion a year with Africa only by increasing its lending, while African nations transferred \$0.7 billion a year from 1986 to 1990 to the IMF in excess of the aid they received from it.¹⁹

**SOCIAL SAFETY NETS:
THE ZIMBABWE POVERTY
ALLEVIATION ACTION PLAN¹⁹**

In 1993, the Government of Zimbabwe prepared a comprehensive plan to alleviate poverty. Its major components are to:

- Empower beneficiaries using participatory methods of work and give recognition to beneficiaries' expertise and knowledge;
- Engage the private sector and NGOs and a broad range of other civil society institutions in partnership in the tasks of poverty alleviation;
- Target public expenditure to those areas with potential for highest benefits for the poor;
- Decentralize decision-making in such a manner that the poor will be able to participate effectively;
- Mobilize popular support for the implementation of poverty substantive policies that move the poor from welfare into income earning productivity;
- Place greater emphasis on social policy and monitoring of poverty alleviation programmes for sustainable human development; and
- Allocate resources to facilitate the consultative process amongst partners for community involvement.

For these reasons, national development plans are frequently being supplemented with specially drawn up national poverty reduction or "social safety net" plans that seek to mitigate the social costs of structural adjustment. Because they are set within the overall context of the national development plan and because they are typically prepared with wide participation of relevant government departments, they establish an overarching framework for social development in general and human-centered development in particular. An example is the plan recently issued by the Zimbabwean government (see box above). Official donor agencies, including the UN agencies, play

a large role in the design of safety net plans. This role is reflected in the financing of such plans – for example the percentage of external donor financing of social safety nets in Africa and Latin America (excluding Mexico) varies from 43-100%.²⁰

Both the national development plans and the social safety net plans in each country spell out in detail the programs and action roles of each department of government. Since each "line" ministry – agriculture, health, family planning, education, social services, housing, etc. – reaches throughout the country to each state or province and into local counties or districts, these plans provide the underlying basic framework for human-centered development at the local community level, as well.

The Role of the Private Sector

One of the most fundamental objectives of national development plans today is to strengthen private sector contributions to national economic growth. Private enterprise operating in the framework of the global economy and an open global trading system is seen as the engine that will produce economic and, ultimately, social progress. With the demise of communism and centrally-planned economies, this orthodoxy has now become fully entrenched under the strong guidance of the IMF, World Bank, regional development banks and the new WTO.

Private investment flows from international corporations and the capital markets into Southern economies overall now substantially exceed foreign aid flows,²¹ although the bulk is directed at only a small fraction of the most economically "attractive" Southern nations. Southern political leaders devote much of their foreign relations efforts to "selling" their country to foreign investors. As the recent crisis in Mexico demonstrated, the attitudes of major investment banks, pension firms and stock markets about a country's economic policies and prospects can exert major impact on the national well being.²²

Where conditions are favorable, foreign capital and direct investment by private sector companies play a galvanizing role in industrial growth and development, as well as in agricultural production, utilization of natural resources, provision of transportation and energy and other areas. Without the infusion of foreign capital and technical capacities, such expansion of goods and services occurs much more slowly, and the gap with the high technology, knowledge-based economies of the Northern nations widens rapidly. For these reasons, national economic growth led by the private sector is a cornerstone of national development.

The private sector is a central actor in human-centered development, as well. While governments woo major global corporations, communities turn to microenterprise income generation via the informal sector. One of the major new ideas in international development in the past decade has been the creation of "people's banks" and other

**CORPORATE RESPONSIBILITY IN SOUTHERN AFRICA:
THE RÖSSING FOUNDATION²⁵**

Rössing Uranium Limited (RUL), a subsidiary of a United Kingdom-based multinational mining company Rio Tinto Zinc (RTZ), launched the Rössing Foundation in 1978. The decision was made by the incoming chairman of the company and followed a similar initiative by RTZ Zimbabwe. It was born out of an awareness that the company had a responsibility to reinvest part of its earnings in the development of the most impoverished communities in the country. There was also an awareness that such a program would contribute to creating a favorable image of the company in Namibian society, to offset the negative perceptions about an industry associated with nuclear weapons.

The Foundation directly operates its own programs, which started with a focus on adult education and training and have broadened to include support for income and employment creation projects in agriculture and other sectors. The foundation runs 13 education and agricultural centers around the country offering a range of vocation courses and associated support programs for small businesses. Over 15,000 small farmers have benefited from the Foundation's training and support.

Although the downturn in the world uranium market has greatly reduced contributions to the Foundation from the RUL, the Foundation has developed a diversified funding base including income from its savings and funds from foreign donor agencies and national and multinational businesses that the Foundation manages.

mechanisms to provide credit to people and groups at the community level to finance and stimulate such local entrepreneurial activity.²³ In a time of shrinking foreign aid and shrinking government resources for social programs, the search for greater self reliance from different sources of private sector income has swept the national, provincial and local levels in almost every Southern country.

As part of the SAPs, governments everywhere are selling off parastatal companies (typically telephone and other communications utilities, and transportation sector companies) to private buyers in order to escape the subsidies they previously paid to operate these firms and to gain revenues from their sale. The newly privatized companies will continue to provide goods and services essential for national well being, but now as private, profit-making enterprises. Communities, too, are turning to the private sector for essential human services in education, community development, health care, water and sanitation, and other areas. Here the private providers are typically people from the local community who perform these services for fees as part of the informal economy. Or, increasingly, they are self-help groups organized at the community or regional level essentially as private voluntary non-profit groups that derive their operating income from a blend of contributions, foreign aid grants, and user fees.

Large national and international corporations are increasingly being challenged to play a larger role in social development beyond their important economic roles in Southern

nations. Some corporations see such "corporate social responsibility" as a basic element of good business practice, as well as good charitable behavior. Corporate/community partnerships to address community needs have been the subject of case studies to encourage wider involvement of corporations, and they are especially pertinent to human-centered development efforts (see box on preceding page).

The linking of market forces with community development is widely seen as one of the best ways to engage the private sector in human-centered development. Yet the globalizing force of the market often draws capital, technology, infrastructure, information and knowledge-building away from local communities and low income areas. As a result, local entrepreneurial energy and talent generally receives an unfairly low share of access to the market, and economic benefits flow to these localities much less than they could. Banking with the poor and locally focussed venture capital, commercialization and marketing support companies are among the strategies being explored to bring more of the benefits of private sector growth to poor communities.²⁴

In the final analysis, there is a pervasive sense in most countries that the strong benefits brought by the private sector to national development remain too concentrated among the wealthier, well-connected and more powerful elements of the population. This widespread and deeply held belief places the contributions of the private sector in jeopardy, and one of the major challenges of all forms of development, both in the South and in the North, is how this fundamental problem can be addressed. As with the problem of environmental degradation, the critical need is to find ways of building social costs directly into market pricing mechanisms so that revenues to meet human-centered development needs will ultimately be generated by and flow directly out of market enterprise activity. A number of economists are actively exploring ways the market might be "adjusted" to achieve this goal.²⁵ In the long run, this area of conceptual development and analysis may offer the most fundamental of all the current approaches to advancing human-centered development.

The Role of Official Development Assistance

Altogether, over 105 countries are recipients of official development assistance,²⁶ and whenever the aid flows are significant, donor agencies typically maintain a country office to oversee their provision of aid. In very poor countries, like Bangladesh and Mozambique, hundreds of government, multilateral and private foreign aid organizations maintain offices, many with scores of personnel, and a sizeable fraction of the vehicular traffic in the capital cities bear development agency logos on their doors.

The multilateral development agencies exert powerful impact on the day-to-day operations of many countries, working intimately with the various departments of national government to design, develop, and implement a wide variety of projects under the overall umbrella of the national plan. Recently, Northern governments decided that ODA flows should be better coordinated under the auspices of the UNDP's Resident Country Representative. The World Bank and the UNDP also chair a number of consultative aid coordination groups which bring together various multi- and bilateral agencies with government officials for specific countries and for major global programs like the Global Environment Facility (GEF). The Zimbabwe Poverty Alleviation Action Plan was created with input from such a consultative group meeting.

Rivalry and sometimes conflict among the many UN agencies, the World Bank and IMF, and bilateral donors sometimes renders this coordination nominal, and Southern "host" governments often set up separate branches within government to receive and administer aid from different major donors. This gives them more control in managing the relationships.

While the multilateral agencies typically work with and through Southern host governments and generally seek to build local capacities and infrastructure, many of the bilateral donors operate their own freestanding development programs which are aimed at producing direct development outcomes, such as clean water, improvements in health and education, lower fertility rates, increased income at the community level, or better food production. These development projects are usually directed by personnel from the donor agency's own country. Southern host governments give their approval to such programs, and the foreign donor often contracts local staff to help carry out the programs, but the programs are closely managed by the aid agency. This system can produce significant development outcomes, but since it sidesteps the difficult and lengthy task of strengthening local endogenous capacities to undertake such development activities, when the projects come to an end, the resulting outcomes are often not sustainable.²⁷

Even when bilateral donors provide their aid directly to the host government or to local NGOs to conduct their own indigenously operated development programs, the Northern agencies often tie their funds to the use of nationals from their own countries as suppliers of goods and services for the projects financed by their grants. The multilateral agencies also provide much of their foreign aid with requirements that consultants supplied by them be used to plan and help execute projects. Hence, foreign consultants and specialists from private Northern development assistance companies play a large role in the conceptualization, planning, execution, monitoring and evaluation of nearly every project undertaken with foreign aid monies in Southern countries.

Northern governments that provide ODA coordinate their activities through participation in the OECD DAC, which produces regular reports on the flows of ODA and convenes regular meetings of the Northern donors to review policies and plan joint action. A variety of other coordinating fora exist, such as the donor agency consultative meetings, the annual World Bank/IMF meeting and UN agencies' Governing Board meetings.

The Role of Voluntary Sector Organizations

Many private voluntary organizations from Northern countries such as CARE, Save the Children, and Catholic Relief Services maintain offices with full-time staff in Southern nations. There are an estimated 20,000 international voluntary organizations with branches in at least three countries.²⁸ Most of them conduct their own projects with expatriate personnel much like the bilateral agencies; indeed most receive funding from the bilateral agencies specifically for such projects. Each Northern country's voluntary organizations tend to work in close cooperation with their country's foreign aid agency. In the U.S., for example, some 150 voluntary organizations that work in international development are members of an umbrella resource organization, InterAction, that works closely with USAID to ensure mutually favorable policies and procedures. Most of these voluntary organization are registered with USAID as potential recipients of aid funds. Similar practices prevail in the other OECD countries. An estimated 5,000 Northern voluntary organizations are working as advocates for international issues in their countries.²⁹

Northern voluntary organizations active in international development also receive significant amounts of financial support from private individuals, from churches and other religious groups, and from private foundations and corporations. Some voluntary organizations depend mainly upon such sources and consequently are able to operate quite independently of their country's official aid programs. By far the largest of these sources is contributions from the public at large. Grants by private Northern foundations, while often large in size, in the aggregate constitute a much smaller amount, making up only a few percent of total aid flows.³⁰ A handful of large foundations, some with overseas offices and staff, dominate this arena and, because they concentrate their financing in certain countries and subject areas, exert considerable impact.³¹

COMMUNITY BEE-KEEPING IN MOZAMBIQUE³²

In a village in southern Mozambique, local women are keeping bees in an effort to generate more income for their families. Each woman maintains eight hives in a forested area on the outskirts of the village, and they jointly produced nearly a hundred pounds of honey in their first year of operation. They also grow maize. Their efforts have been supported by a Mozambican NGO, AMRU, which has given the women loans to cover the costs of the hives and of a maize grinding mill and storage house. The women have agreed to use the first two years' income from honey and corn meal production to pay back the NGO; after this, they will own all future production and income. In the face of many obstacles – including local banditry, the short pay-back period for the loans, and only intermittent technical support from AMRU due to its lack of sufficient resources – the women are enthusiastic about this opportunity to increase income for themselves and their families. AMRU's role in this effort has been supported by the Fundação para o Desenvolvimento da Comunidade, a Mozambican FLO. The Fundação has also played an important role in supporting working links between AMRU, the local women, and Mozambique's Department of Agriculture.

With the dramatic emergence of civil society in Southern nations during the past decade, the landscape for development activities has been fundamentally altered, and other principal actors – Southern governments, multi- and bilateral aid agencies, and

Northern voluntary organizations (including private foundations) – are struggling to accommodate this change.

Like their Northern counterparts, the Southern NGOs are created out of constituencies of people who care about some specific problem or community or group and who organize to take action to address the need they have identified. In some cases, these constituencies are quite large – entire ethnic groups or people living in a geographical area – and in some cases quite small – one or two committed individuals supported by a handful of like-minded followers. Like Northern voluntary organizations, some Southern NGOs maintain very close relationships with their constituencies, others a more nominal association. Even more than Northern voluntary organizations, most Southern NGOs guard their independence strongly, not only from government control, but also *vis à vis* foreign development agencies, including Northern voluntary organizations.

The small scale and wide diversity of Southern NGOs has been a major obstacle to harmonious working relationships with Northern donor agencies and with government agencies within Southern countries. These official sector bodies have had many questions about the legitimacy, representivity and willingness of Southern NGOs to work collaboratively with the established, more powerful development actors (see box on next page).

In recent years, this problem is beginning to recede in some countries, as national NGOs have founded umbrella membership groups, analogous to groups like InterAction in the U.S. or Eurostep in Europe, as operating standards and norms have begun to emerge, and as new coordinating mechanisms for large scale action have been established. This is still an area of great need, however, and new regional and global NGO membership bodies like CIVICUS, the People's Alliance for Social Development, and the Forum for African Voluntary Development Organizations (FAVDO) are working to build the new structures and processes necessary for NGOs to work more effectively with official agencies.

Perhaps the most basic criticism of Southern NGOs is that they absorb scarce development resources that should be flowing directly to communities. In fact, some NGOs have built up significant permanent staffs at headquarters offices in capital cities, along with logistical support in the form of vehicles, computers, conference rooms and other customary features of their Northern counterparts.

While there is no doubt that NGOs absorb scarce development resources, the basic rationale for their existence is very strong. The majority of NGOs have emerged in

**OFFICIAL DONOR AGENCIES' CONCERNS
REGARDING SOUTHERN NGOS³⁶**

NGO Legitimacy and Constituency: How can NGO legitimacy in terms of constituencies and work product be determined and assured? How can donor agencies avoid those Southern NGOs that are set up principally for the purpose of extracting foreign aid monies? Some NGOs are turning into business-like organizations – are they still NGOs?

The Political Role of NGOs: How should donor agencies deal with the legitimate political opposition/critic role that NGOs frequently play *vis à vis* their national governments? When do NGOs overstep responsible opposition and undermine the proper role and functions of their governments in development?

NGO Sustainability: How can donor agencies avoid undermining the sustainability of Southern NGOs by creating dependency on foreign aid if they make ODA available to them?

NGO Accountability and Independence *vis à vis* Donor Agencies: Donors must require full accountability of NGOs, but this essentially renders them contractors, which undermines their NGO character – how can this conflict in purposes be resolved? How can NGOs be held to the same high level of accountability as government recipients of ODA? What monitoring mechanisms and impact assessment measures can be established for this purpose? How can NGO accountability be achieved at some aggregated level, beyond many separate small projects?

Building Domestic Support for ODA and Work with the Third Sector: How can donor agencies present their work with Southern NGOs in an effective, compelling way to the public in their own countries and its representatives (Parliaments and Congressional committees)?

Gaining Acceptance for the Role of the Third Sector among Southern Governments: What is the rationale for donor agencies to persuade Southern governments to agree to give up aid funds, which are part of their budgets, and permit these funds to go instead to NGOs?

Coordination of Relations Among Actors: What mechanisms and policy machinery can be created to allow effective working relationships between donor agencies and Southern NGOs? How can the work of individual NGOs be coordinated so their joint endeavors are integrated with national goals and add up to a comprehensive whole?

Capacity and Effectiveness of NGOs: How can NGOs learn about and develop the capacities to meet the principles for effective aid that have been elaborated by donor countries through the OECD's DAC over the past several years? What is the reality of NGOs' impact, effectiveness and ability to reach the poorest? What should their role be in the future and what competencies are required for these?

Southern countries precisely because the community level is not being reached by government or foreign development groups. The critical question for both these larger NGOs and the smaller, less well-off ones is whether they are effectively carrying out their mission, accomplishing their goals and thereby adding significant value to people's efforts and to life at both the national and the community level.

THE ROLE OF NGOS IN SUPPORTING VILLAGE DEVELOPMENT IN AFRICA

Taken from a background note by Fadel Diame
West Africa Rural Foundation³⁷

At the community level, a key objective, currently being undertaken by one of the region's intermediary institutions, the West Africa Rural Foundation, is strengthening the capacity of endogenous NGOs to work with groups at the grassroots level to put in place the elements and groundwork required for self-centered local development based on reliance on the communities' own resources. The mission, structure and role of endogenous NGOs needs to be designed to link more closely with the realities on the ground. Specifically, assistance is needed in strengthening NGOs capacities to work directly with poor women's associations and small farmer groups to increase their savings, investment and productive capacities and to gain them greater access to credit, technical innovations and markets. NGOs must be able to enhance the dynamism, commitment and strong grassroots mobilizing capacity of these community groups. They must contribute to strengthening the operational capacities of these community-level associations through partnership building, reflection and village level participatory analysis and appraisal workshops.

As government budgets, staff and foreign aid resources have shrunk or, in some cases, failed to materialize, NGOs have sprung up to fill the gap in supply of services, materials, technology, training, credit and communication with rural villagers and urban slum dwellers. Where they are present, NGOs typically make a dramatic difference in the social well being and the economic standards of the communities they serve. Yet in no Southern country today are there sufficient numbers of NGOs to reach more than a portion of the people in need of such assistance.

Not all NGOs may do so or do so as efficiently and effectively as they might, and improvements in performance of the sector are clearly needed. Furthermore expansion of the sector, along with greater professionalization is the trend of the future in most Southern countries.

At the national level, through their dialogue, advocacy, and sometimes conflict with government and donors, these same NGOs connect the reality of village and shantytown life to official policies. It is largely through this kind of NGO action that governments and the World Bank have been forced to expand the role of safety net programs as part of structural adjustment programs. This role of NGOs has sometimes led Southern governments to adopt restrictive policies governing NGOs, such as

onerous registration procedures, taxation and prohibitions on certain types of activity. And it has sometimes discouraged multi- and bilateral development agencies from working with or funding NGOs.

The Role of Communities

Today, more than one billion people live in poor communities – more than a million hamlets, villages, shantytowns, slums, squatter settlements, and refugee camps throughout the developing world. Poverty isolates these communities from the flows of information, knowledge, technology, credit, markets and products that are essential for them to take action to lighten their onerous physical burdens, reduce their extremely high vulnerability to adversity and bring about gains in standards of health and living.

People living under these conditions urgently want access to practical means of addressing their needs. This inherent energy within communities provides a powerful springboard for development – development selected by the people themselves in interaction with the larger world around them.

While still the location of the majority of poor people in the world today, rural villages stand at the center of a vast historical change as agricultural mechanization and market distribution of foodstuffs is causing a massive urbanization of rural populations. The rate of growth of urban populations is extremely high in Southern countries. It is estimated that by the year 2000, 60% of the world's population will live in urban areas,³² and this proportion will almost certainly continue to increase throughout 21st century.

**NGO-COMMUNITY
PARTNERSHIP IN RIO DE JANEIRO:
RODA VIVA AND BOREL**

The Brazilian NGO Projeto Roda Viva has been working for seven years in the hillside *favela* (shantytown) of Borel, one of Rio de Janeiro's most conflict-ridden neighborhoods. In response to requests from Borel residents, Roda Viva began providing literacy training for adults and youth in the community. In addition, the children and youth in the neighborhood needed other academic support and also recreational opportunities and safe places to go while their parents are at work outside of the community. To meet these expressed needs, Roda Viva added after-school tutoring for younger children, and sports and recreation programs, which are carried out by community leaders and residents who are trained by Roda Viva. Local residents and Roda Viva have found a physical space in the community which could be a safe haven for these children – who daily live amidst violence and drugs – where they could work on their homework. Now, many of those community members which Roda Viva trained are helping to train others, allowing the program to cover more of the neighborhood than before. Last year, local residents began participating in arts, music and drama programs offered by Roda Viva, which also began a series of workshops for local adults about issues they face in their community and families. Roda Viva and Borel residents continue to work together to improve the living conditions and the welfare of children there.

Within cities, the development agenda has a very different face from rural areas. Urban slum and shantytown communities exist within a harsh economic environment in which

subsistence through agricultural labor is not possible. Informal sector income is the principal source of sustenance, and too often it is not enough. Government subsidies of basic commodities are critical, along with outright distribution of food in some cases. An increasingly important auxiliary source of subsistence in some cities has become drug trafficking and crime.

The social and political structures of poor urban communities have left behind most of the traditions of village life, yet here, too, an amazing variety of community-based self-help groups have emerged over the past decade in every city in the world. Like their rural cousins, the formation of these urban civil society groups is driven by needs felt by people in the community, and like their rural counterparts, they receive limited but often critical support from NGOs and other groups outside the communities.

Throughout the world today, powerful forces of social and economic change have begun to reduce the isolation of poor communities and loosen traditional norms. Across the world, young people are leaving villages to find work in the cities; modern communications are transforming people's expectations and demands, and the joint forces of technology and the market are altering long-standing power relationships, including those between men and women. These changes are opening up an expanding horizon of new opportunities for self-reliant community-based action.

Community-based civil society organizations lie at the heart of human-centered development. They have been formed by local people to solve local problems through self-reliant community action. Through these civil society channels, people are seeking ways to gain information, training, technology, credit and capital, and access to markets in order to increase their incomes and improve their circumstances. These are the needs that lead people to form civil society groups. It is by supporting these community level civil society groups that Southern NGOs and other groups outside the community can dramatically advance development (see boxes on the role of NGOs in Africa on page 18 and on NGO-community partnership in Rio de Janeiro on preceding page).

Such self-reliant, community-based, human-centered development has emerged as the guiding philosophy and goal for the great majority of Southern NGOs, as well as many of their Northern counterparts. While the community-based organizations generally operate mainly from their own efforts and self-financing, outside groups are a potent, often essential element in getting them started and providing material assistance and organizational support at critical junctures. Sometimes these outside groups are outreach and extension services of government agencies, other times local or national NGOs, and, in some instances, Northern voluntary organizations or volunteers.

V. A DIVERSITY OF DEVELOPMENT VISIONS

"People can wait no longer," says an African leader who has spent decades working with poor rural communities and is now a high government official.³³ Her view that people urgently need improvements in their lives now, not after further years of belt-tightening in order to give economic adjustment programs time to produce new economic growth. Her view is becoming widespread not only in Africa, where economic growth has largely stopped in the past decade, but in Latin America, the Middle East, and South Asia, as well, where economic growth has been strong but the benefits have been slow in reaching poor segments of the population.

The growing pressure of poverty in a world of visible plenty is making itself felt on leaders everywhere. In March of 1995, 115 heads of state signed a U.N. declaration committing their governments to eradicate the worst forms of poverty and to develop national plans for doing so.³⁴

The Market-Led Development Vision

Promising progress has been made over the last decade towards this goal in East and Southeast Asia, where many countries have experienced very high, sustained rates of economic growth and where governments have consistently adopted policies favoring the distribution of this wealth to low income segments of the population through support for rural agriculture and labor intensive practices and for education, health and family planning.³⁵ This broad-based economic growth has not been without costs – such as environmental degradation and deleterious effects on indigenous cultures. Nonetheless, the overall success of the macroeconomic policy agenda in large parts of Asia has strengthened the confidence of development planners in the structural adjustment approach to development.

But the failure of their to vision produce the same results in other regions has given rise to wide debate. World Bank and IMF policymakers claim their prescriptions have not been faithfully followed.³⁶ Others blame unfavorable global macroeconomic trends resulting in too-modest rates of economic growth. Some point to the high degree of homogeneity in the cultural composition of many East and Southeast Asian nations and to strong government authority in these nations. Others believe differences in culture explain the differences in economic performance and income gaps. As poverty has deepened in the U.S. and become more visible in many of the more affluent nations of Europe as well as Japan, fundamental questions have been raised about the efficacy of the economic growth model.³⁷

The Sustainable Development Vision

The discussions preceding and the agreements arrived at during the UN Conference on Environment and Development in Rio de Janeiro in 1992, often called the Earth Summit, added two fundamental elements to the market-led vision: human-centered development and development that produces sustainable results for future generations.

These two additions were aimed at resolving the "trees versus people" tensions that characterized the previous decade, and since 1992 they have been the basis for sweeping efforts to integrate environment, economic growth and human development. The resulting synthesis, which was expressed in Agenda 21 and in the work of the UN's Commission on Sustainable Development to operationalize it since then, puts the empowerment of ordinary people to protect their lands, livelihoods, cultures and children's futures at the center of development strategy. Today, virtually all development assistance agencies officially endorse this sustainable development vision.

The Self-Reliant Alternative Development Vision

But neither the market led vision of development nor the sustainable development vision have been able to meet the objective advocated by the African leader. A chicken in every pot, a school in every community, a clinic in every district are seen today in many countries as unachievable goals in the short term at least – and some are beginning to question the long term as well. Many civil society groups are questioning whether the mainstream development visions are "simply buttressing the dominant global market system which essentially maintains current inequalities between North and South. In this view, development assistance in conjunction with structural adjustment programs and economic reform provides the means to harness the third world to production requirements of the North thus paving the way for international trade and investment. The role accorded to civil society in this paradigm is seen as one of care-taker, assuming the task of ministering to the welfare needs of the global losers unable to compete due to the structural flaws inherent in the system."³⁸

This critique of conventional development has led to a vision of return to self reliance at the community level as an alternative. Locally produced and consumed foodstuffs in place of cash crops, emphasis on traditional knowledge and learning instead of conventional schooling, use of herbal and folk remedies rather than expensive Western medicines and curative systems are increasingly being articulated by local leaders as central goals of community life in Latin America, Africa, South Asia and the Middle East.

This new "alternative" vision builds on the idea of separate, unequal societies within the fabric of nations, each with its own culture and economic way of life, the market sector cultures on the one side, the tradition-based self-reliant cultures on the other.³⁹ Like the Amish people in the United States who have kept their society intact for 200 years in closely held communities that are in contact with but remain separate from the rest of American life, these modern tradition-based societies would take only sparingly those technologies and patterns of life from the mainstream that fit with their values and cultures. At the same time, they would aggressively resist the homogenizing influence of global market forces, in particular the culture-leveling impact of the global media and communications industry.

Trisector Collaboration – A Path of Many Visions

Caught between these visions – one of a single world unified through open trade and investment and the pervasive hand of globalized market forces, others of a multiplicity of worlds with different economic standards of living, ways of life and cultures – the development enterprise has entered a period of flux and tension. A wide diversity of approaches, paradigms, strategies, even visions of what humanity should strive towards in the 21st century are being conceptualized, debated, tested and implemented.

One new line of effort and strategy has emphasized collaborative action between different actors and sectors as a critical pathway for achieving new structural answers to the challenges of human-centered development in both Northern and Southern countries.⁴⁰

It recognizes that in today's globalizing but increasingly fragmented and dangerous world, people more than ever need effective governments to provide security, social cohesion and order, governance, infrastructure and basic services. They need, too, a vigorous private sector to mobilize the productive forces of the market, thereby creating wealth and a strong national economy linked to international trade and markets. Also needed is the balance and political integration provided by the action of a third sector – civil society which provides much greater political voice, social engagement, and economic participation to grassroots citizens.

In order to advance social progress and reverse the growing gap between the haves and the have-nots, these three sectors need to work together. And they need to jointly address the problem of how to balance the need for open market conditions for economic growth against the market's apparent adverse effects on the environment, on the distribution of income and wealth, and on cultural values and diversity. The trisector strategy calls for:

- new engagement of citizens and communities through expanded action by the civil society sector in social development efforts;
- improved, more focused performance by the public sector;
- greater responsiveness to social issues by the private sector;
- wide use of cross-sector collaboration and partnership to advance social development; and
- joint action by the three sectors to mitigate the adverse effects of the market.

VI. IS THERE A STRATEGIC ROLE FOR PHILANTHROPY IN HUMAN-CENTERED INTERNATIONAL DEVELOPMENT?

What role can organized philanthropy play, so dwarfed by flows of private capital and ODA, in the broad arena of international development? What role can citizen philanthropists, large and small, play in an arena with so many actors and such inherent complexity? The answers depend heavily on what vision of development philanthropists adopt.

Organized Philanthropy

When private foundations envision development largely as a state and market driven process in which multi- and bilateral donor agencies and the recipient Southern governments are the principal actors, philanthropy's role will necessarily be modest. Yet even in these circumstances, a number of private foundations and FLOs have been able to exert highly leveraged impact through concentrated, continuous, long-term commitment, as in the struggles to overcome apartheid in South Africa and to advance human rights generally, to protect the environment, to rescue endangered cultural heritages, to advance the status of women and to promote family planning.

But when foundations and FLOs envision development as a process of change which is driven at least as much by people and communities as by governments and donor agencies, the role of private philanthropy becomes potentially transformative. In this vision of human-centered development, the strengthening of civil society becomes a critical goal aimed at giving greater voice to peoples' and communities' needs and aspirations. This is a task neither official aid agencies nor governments nor the private business sector are as well equipped to perform as organized philanthropy is.

Philanthropic institutions – those located in wealthy Northern countries and the FLOs increasingly being established in Southern nations as well – still supply only a small fraction of resources for social and economic development within and among countries, both North and South, but they are powerful forces in building civil society into the full-fledged sector it is today. As a part of this sector themselves whose function is to provide financing for other institutions within the sector, philanthropic institutions have the capability of seeing the sector more comprehensively and objectively than most other organizations, and this analytic perspective, combined with their ability to make financial resources available, enables them to innovate and build new capacities within civil society.

But because their resources are so modest and institutional scale so limited in comparison both to the need and to the major actors in international development, if they are to make a real difference, philanthropic institutions need to focus on ideas and areas likely to have significant strategic impact. In order to achieve such impact, many philanthropic institutions focus their resources on one or several specific fields of endeavor, such as children, the environment, health care, or community development. Only recently has the broader topic of strengthening civil society become a focus of

interest for some foundations. Initially the challenge was to foster the emergence of new elements of civil society in places where pluralism and citizen participation were in short supply. But now, as civil society emerges with tremendous internally generated energy almost everywhere in the world, the challenge is rapidly shifting from supporting its emergence to securing sustainable financing for the sector and to establishing it as an effective, independent, fully engaged partner to the state and market sectors (see boxes below and on pages 27 and 28).

**AFRICAN PERSPECTIVES ON HOW DONOR AGENCIES CAN
STRENGTHEN THE CAPACITIES OF CIVIL SOCIETY ORGANIZATIONS**

Taken from a background note by Fadel Diame
West Africa Rural Foundation⁴⁷

African voluntary development organizations face serious institutional, technical and political limitations. For the most part, these organizations still lack the required capacities for the necessary interchange at different levels, with the state and international development agencies in particular. Local organizations need to display greater initiative and play key roles with Northern donor groups, both governmental and private, in defining and determining the objectives of aid-financed programs so they more clearly meet local needs and goals. Voluntary organizations also require made-to-measure supports to enable them to deepen their technical and institutional capacities and enhance skills required for work with communities. This can be done through expanded training, the further development of local NGO expertise, broadening of information and exchange networks, and the creation of synergies between the voluntary sector actors involved in the region.

This is a broad, long-term agenda that philanthropic institutions are uniquely able to advance because of their understanding of the sector and its relationship to social needs. Among the actions needed as part of this effort are:

- stimulation and further development of philanthropic action by citizens in different cultures;
- strengthening of the capacities of civil society organizations and networks;
- building new social action partnerships with private corporations and private sector business associations;
- increasing the ability of non-profit organizations to earn income to support their activities; and
- inventing new methodologies and operating frameworks for collaborative cross-sector action to address social and economic problems.

Because of its large scale, this is an agenda that requires assistance from the public and private for-profit sectors. Private foundations and other philanthropic institutions do not possess sufficient resources alone, and a major new challenge they face is how to use their financing to leverage the much larger amounts from governments, foreign aid sources, and the for-profit sector that will be needed to advance these efforts.

A related major challenge is to find ways to generate new financial capital and put it to use for social development in general and for economic development in low income communities in particular. The extensive trials and experimentation with microcredit programs over the past two decades have yielded solid opportunities for vastly scaled-up capital investments in microenterprises, and the emerging new venture capital and other local financing intermediaries are ready for extensive testing and development.⁴¹

**ASIAN PERSPECTIVES ON HOW DONOR AGENCIES CAN
STRENGTHEN THE CAPACITIES OF CIVIL SOCIETY ORGANIZATIONS**

Taken from a background note by Rajesh Tandon,
Society for Participatory Research in Asia and CIVICUS⁴⁸

For civil society to play a meaningful role in promoting the development of any community or society requires its *intellectual, material* and *institutional* development. In operational terms, this means that civil society organizations need to have their own analytical perspective and framework. Civil society must include diverse institutional forms and mechanisms to respond to diverse concerns and issues within society. A wide spectrum of civil society organizations – including but by no means limited to voluntary development organizations – must function in a healthy and effective manner. Likewise the material base of civil society organizations should be strong enough to permit their independent funding in a society. It is unlikely that homogeneity, consensus and cooperation will be found among all the diverse actors in any given country or region.

For example, larger, well-staffed and well-organized voluntary development organizations are needed if large scale development projects are to be undertaken by them. In the case of an organization like the Bangladesh Rural Advancement Committee (BRAC), which promotes basic education of the rural poor, in particular girls, by running nearly 30,000 schools, the infrastructure, staff and resources available to BRAC must measure up to the gigantic task. The question is not whether they are big or small, have infrastructure or not. The question is matching the goals they have set for themselves with the material and human support necessary to implement an appropriately designed and scaled program.

Currently this is an area of major ferment and creative exploration among philanthropic groups in both Northern and Southern nations, and there is much to be learned by each from the experiences of the other. It is also an area of great interest to governments and to the UN and Bretton Woods institutions and hence an especially productive area for philanthropic institutions to explore leveraging and partnership action with other sectors.

**LATIN AMERICAN PERSPECTIVES ON HOW DONOR AGENCIES CAN
STRENGTHEN THE CAPACITIES OF CIVIL SOCIETY ORGANIZATIONS**

Taken from a background note by Miguel Darcy de Oliveira
Instituto da Ação Cultural and CIVICUS⁵⁰

The voluntary sector in Latin America, despite its comparative advantages in terms of sensitivity, flexibility, and emphasis on quality over quantity, has exhibited a certain structural inability to expand the scope and outreach of its projects or to have its experiments replicated. However, the process of internal differentiation within the voluntary sector is already occurring. It goes hand in hand with greater visibility and the emergence of new needs and roles to be played by different kinds of institutional profiles: local/single theme organizations vs. national/multisectoral organizations and civil society support organizations.

The current scaling up of voluntary sector organizations requires support for two simultaneous processes:

- On the one hand, the creation within each country of an enabling environment of laws and regulations as well as the provision of greater legitimacy and visibility for civil society; and
- On the other hand, the strengthening of civil society support organizations capable of providing a series of much-needed services to other, smaller organizations, especially in the area of capacity building and more sustainable funding mechanisms. Included in the second category is support for the self effort by NGOs to address issues of transparency, code of ethics and accountability which have to be addressed without hindering their independence.

Also included is support for the gradual emergence of a new generation of 'intermediate organizations' capable of performing the roles of networker, policy-maker, capacity-builder and funder. Many Latin American NGOs are involved in the delicate process of building consortia or platforms of collaboration aimed at optimizing their relative strengths and maximizing the impact of the services they can provide. These, too, need to be supported.

CITIZEN PHILANTHROPY IN ACTION: CRY, ORAP AND IDEX

Child Relief and You (CRY) is an Indian FLO that supports communities and voluntary organizations to address the situation of deprived children in rural, tribal and urban areas of that country. Established in 1979, CRY supported 65 projects in the year 1993-1994 through grants totalling US\$530,000. CRY also provides technical assistance and training. CRY's resources come from contributions by corporations and the public, though the sale of CRY products, direct mail appeals, and an Education Sponsorship Scheme.⁵²

The Organisation of Rural Association for Progress (ORAP) is an indigenous NGO working for the mobilization and empowerment of rural people in Matabeleland North and South and the Midlands – three of Zimbabwe's poorest provinces. ORAP is active in a broad range of rural development activities, including agriculture, income generation, education, sanitation and food security, and has worked with 1.5 million people since its founding in 1980. ORAP places great emphasis on self-help traditions, including the tradition of *qogelele* – pooling resources for local savings and investment activities. Today ORAP and other Zimbabwean NGOs are using the process of *qogelele* to create a Matabeleland-Midlands community foundation whose initial financing from local people will be strengthened by additional funds from foreign donors.⁵³

International Development Exchange (IDEX) is a U.S. non-profit organization that connects small, sustainable, self-help initiatives in Africa, Asia and Latin America with interested sponsors in the U.S. Community groups in Southern countries send proposals for their work to IDEX; these proposals, which can be for \$5,000 or less, are then evaluated by IDEX's volunteer funding board. If the board approves a proposal, IDEX then looks for sponsors for the project. Those sponsors include individuals and school, church and workplace groups. IDEX also emphasizes development education in the U.S. and requires the Southern groups it funds to be willing to share their experiences with the sponsors and other Northern groups. In this way IDEX promotes the exchange of information and understanding between South and North.

Citizen Philanthropy

Philanthropy extends well beyond philanthropic institutions to a vast flow of charitable giving and volunteering by individual citizens to causes of their choice. This kind of citizen philanthropy, exemplified by the experiences of Child Relief and You (CRY) in India, the village-based Organisation of Rural Associations for Progress (ORAP) in Zimbabwe, and International Development Exchange (IDEX) in the U.S. (see box at left), lies at the heart of any vision of human-centered philanthropy because ultimately it is the expression of the social capital within societies upon which human-centered development is built and sustained.

Fortunately, such philanthropic solidarity exists under a wide variety of names and philosophies among citizens in almost every culture. Caring and concern among citizens about the plight of others, both neighbors and strangers, and about needs of both their own community and other communities play an ongoing, critical role in helping poor communities survive today's harsh conditions. Although virtually ignored in national development plans or donor agency strategies, people's

caring and giving plays a major role in national development in every country in the world.⁴²

Citizen philanthropy – defined as people giving of themselves without intent of personal or family gain – is more than an important, desirable part of human-centered development – it contributes the essential core; without this, communities and people effectively turn over their active role in their own development to government and to what François Mitterand called "the blind forces of the market."⁴³ With it, they become vital actors capable of leading change, defining directions, and creating sustainable new paths to the future.

This does not imply that citizen philanthropy must be the financial backbone of development, only that it be a significant component. People's participation, especially in low-income communities, comes as much or more through their volunteered time and labor, donated services and in-kind materials, and a readiness to act and make decisions on the basis of mutually shared concerns and caring for community and for others, as it comes through their financial contributions.

For this reason, the power of funds raised by and from citizens exceeds their ordinary value because of the human commitment and involvement they carry with them. In Zimbabwe, extremely poor rural women are adding many hours of work to their already heavy labor to raise extra chickens or grow additional crops, then taking them to market to gain a few more dollars which they will donate to the building of a new foundation to help their village – and they continue this extra work month after month across hundreds of villages. The value of their contributions far exceeds its financial value, now standing at almost US\$20,000, because of the profoundly deep personal engagement each woman continues to attach to her contribution. It is this engagement that will make the foundation work as a community-based human-centered enterprise after external funds from organized philanthropy and official aid help "top off" their hard-won contributions.⁴⁴

The Zimbabwe experience also illustrates the power of small gifts from many people to mobilize very significant amounts of resources for development. The many small gifts together add up to a large sum, which can then be multiplied through matching gifts from organized philanthropy, and the whole further multiplied through investment and the compounding of interest over time. But the example shows, too, the great effort required to reach so many people and engage them, the long time required to amass the resources, and the importance of assistance from outside the community for such undertakings to begin and mature and ultimately flourish.

This is where organized philanthropy can play one of its most basic strategic roles. There is a tremendous need to assist community leaders to learn from other existing experiences and then bring them to their own communities. There is a tremendous need for technical knowledge and planning grants to help catalyze and launch such new initiatives. There is a tremendous need for matching grants to strengthen people's caring and giving where it is underway. There is a tremendous need to work closely with official aid agencies to augment citizen philanthropy with

some portion of the large flows of ODA. There is a tremendous need to involve private, for-profit corporations in supporting and partnering with citizen philanthropy.

These strategic priorities require strong philanthropic intermediaries, like the FLOs emerging in many countries, to nurture and sustain them. And they need critical start-up assistance from Northern philanthropy, both organized philanthropy and citizen philanthropy, in joining forces with their Southern counterparts.

VI. REFERENCES

1. See, for example: Institut Universitaire d'Etudes du Développement. *A Different Form of Social Development: The Search for a New Method of Approach*, 1995.
2. Environmental and Energy Study Institute. U.S. Development Assistance: A Visual Briefing., 1995, p7.
2. See, for example: Darcy de Oliveira, Miguel and Rajesh Tandon (coordinators). *Citizens Strengthening Global Civil Society*. CIVICUS, 1994; Salamon, Lester M. "The Rise of the Non-profit Sector," *Foreign Affairs*, Vol. 73, No. 4, 1994; Salamon, Lester M. and Helmut Anheier. *The Emerging Sector: An Overview*. The Johns Hopkins University Institute for Policy Studies, 1994; and The Alliance for Global Community. *Connections*, April 1995.
3. Information in this section, except where otherwise noted, is Salamon and Anheier. *Op cit.*
4. See, for example: Putnam, Robert D. *Making Democracy Work: Civic Traditions in Modern Italy*. Princeton University Press, 1993; and Salamon and Anheier. *Op cit.*
5. See, for example: Darcy de Oliveira and Tandon. *Op cit.*; Alliance for Global Community. *Op cit.*; Salamon. *Op cit.*; and Salamon and Anheier. *Op cit.*
6. The studies are being produced by The Synergos Institute as part of the an overall study entitled *The Process and Techniques of Foundation-Building in the South*.
7. Winder, David, *Principles of Best Practice: Business and Communities Working Together in Southern Africa - Executive Summary*. The Prince of Wales Business Leaders Forum and The Synergos Institute, 1995; and Winder, David. "Business-Community Case Studies: Learning from Partnership Workshops," *Prince of Wales Business Leaders Forum Partnership Action*, Issue 8, April-June 1995, p4.
8. In Brazil, Colombia and Mexico, for example, domestic NGOs are working with the national government, the InterAmerican Development Bank, CIVICUS and The Synergos Institute to develop mechanisms for civil society in each of those countries to play a more active role in the design and implementation of social and economic development programs.
9. See Salamon. *Op cit.*, pp111-113.
10. Organisation for Economic Co-operation and Development. *Development Co-operation Report 1994*.
11. The World Bank. *World Development Report 1993*, p274.
12. United Nations Non-Governmental Liaison Service. *The NGLS Handbook of UN*

Agencies, Programmes and Funds Working for Economic and Social Development, 1994, ppxi-ix.

13. Environmental and Energy Study Institute. *Op cit.*, p10.

14. The World Bank, *op cit.*, pp260-1, 276-7.

15. The World Bank. *The Bank and NGOs—Strategy Paper: Increasing Development Effectiveness through Strengthening Operation Partnerships and Understanding*, 1995.

16. Todaro, Michael P. *Economic Development*. Longman, 1994, p570.

17. See, for example: United Nations Research Institute for Social Development. *Structural Adjustment in a Changing World*, 1994; and The World Bank. *Adjustment in Africa: Reforms, Results and the Road Ahead*, 1994.

19. Government of Zimbabwe. *Poverty Alleviation Action Plan: The Implementation Strategies*, 1994, pp1, 5.

18. The World Bank. *Annual Report 1993*, p31.

19. United Nations Development Programme. *Human Development Report 1992*, p46.

20. Vivian, Jessica. *Social Safety Nets and Adjustment in Developing Countries*. United Nations Research Institute for Social Development, 1994, p8.

21. United Nations Conference on Trade and Development. *Handbook of International Trade and Development Statistics 1992*, p390.

22. See, for example the chapter "Financial Mobility: Blessing or Curse?" in World Bank, *World Development Report 1995*.

25. The Rossing Foundation. *Annual Report 1992*, p2; and Nghikembua, Sakaria. *The Rossing Foundation of Namibia as a Model for Corporate Responsibility*. The Prince of Wales Business Leaders Forum and The Synergos Institute, 1995, pp1-5.

23. See, for example: Otero, Maria and Elisabeth Rhyne (eds.) *The New World of Microenterprise Finance: Building Healthy Financial Institutions for the Poor*. Kumarian Press, 1994; and Berger, Marguerite and Mayra Buvini_, *Women's Ventures: Assistance to the Informal Sector in Latin America*. Kumarian Press, 1989.

24. See, for example: Roberto Mizrahi. *New Economic Organizations to Support Small and Microproducers in Developing Countries: The Case of Local Venture Capital Companies (LVCs)*. South-North Development Initiative, 1994.

25. See, for example: Green Forum-Philippines. *An Alternative Development Economics: Economic White Paper*. 1991; Roxas, Sixto K. *The Philippines: The Full-Earth in Microcosm*. Paper presented at the conference on *The Role of the Private Sector – Business and Philanthropy – in the Emerging Economic and Environmental*

Order, Pocantico Hills NY, March 1992; Max-Neef, Manfred A. with Antonio Elizalde and Martin Hopenhayn *Human Scale Development: Conception, Application and Further Reflections*. Apex Press, 1991; and Daly, Herman. *Steady-state Economics*. Island Press, 1991.

26. The World Bank. *Annual Report 1993*, p125 and *World Development Report 1993*, pp276-7.

30. See, for example: African Association for Literacy and Adult Education and The Synergos Institute. *Toward a New Development Paradigm: Findings from Case Study Research of Partnerships in Africa*, 1995.

28. Alliance for Global Community. *Op cit.*, p1.

32. Based on a visit by the author to Mozambique in July, 1995.

29. Alliance for Global Community. *Op cit.*, p1.

30. For example, a comprehensive survey of all U.S. foundation and corporate philanthropy program grants of over \$10,000 for broadly defined international purposes totalled \$556 million in 1992, compared with just under \$11.7 billion in U.S. foreign aid that same year. See Feczko, Margaret Mary, Ruth Kovacs and Carlotta Mills (eds). *Guide to Funding for International and Foreign Aid Programs*. Council on Foundations, 1994; and The World Bank, *World Development Report 1995*, p196.

31. One example is the Ford Foundation's experience supporting reproductive health. See: The Ford Foundation. *Reproductive Health: A Strategy for the 1990s*. 1991; and The Ford Foundation. *The Ford Foundation's Work in Population*. 1985.

36. Based on interviews with senior officials of the Caisse Française de Développement, the Canadian International Development Agency (CIDA), the Danish Ministry of Foreign Affairs, the Norwegian Agency for Development (NORAD), the OECD DAC and the Swedish International Development Authority (SIDA).

37. Diame, Fadel. *Pour une Nouvelle Forme de Collaboration – Background Note for the Overseas Development Council/Synergos Institute Conference on Strengthening Financing for the Voluntary Sector in Development: The Role of Official Development Assistance*. West Africa Rural Foundation, 1995.

32. United Nations Development Programme. *Human Development Report 1993*, p206.

33. Remarks by Sithembiso Nyoni, Deputy Minister of National Housing and Public Construction of Zimbabwe, at the *Regional Policy Conference on Partnerships for Eradicating Poverty in Africa*, hosted by UNDP in Norton, Zimbabwe, July 24th-25th, 1995.

34. United Nations. *Report of the World Summit for Social Development*. 1995.

35. See, for example, Birdsall, Nancy, David Ross, and Richard Sabot. *Inequality and*

Growth Reconsidered. The World Bank (unpublished paper), 1994.

36. See, for example Demery, Lionel. *Côte d'Ivoire: Fettered Adjustment*, and Swamy, Gurushi. *Kenya, Patchy, Intermittent Commitment*, Both in Husain, Ishrat and Rashid Faruqee (eds.). *Adjustment in Africa: Lessons from Country Case Studies*. The World Bank, 1994.

37. See, for example: Barber, Benjamin R. *Jihad vs. McWorld*. Times Books/Random House, 1995.; and Barnett, Richard J. and John Cavanugh. *Global Dreams: Imperial Corporations and the New World Order*. Simon and Schuster, 1994.

38. Fox, Leslie. *Background Paper for the Overseas Development Council/Synergos Institute Conference on Strengthening Financing of the Voluntary Sector in Development: The Role of Official Development Assistance*, 1995, p18.

39. See, for example, Barber. *Op cit*.

40. See, for example: Schearer, S. Bruce and Jon Friedland. *Building Development Projects in Partnership with Communities and NGOs: An Action Agenda for Policymakers*. United Nations Development Programme, 1993; African Association for Literacy and Adult Education and The Synergos Institute. *Op cit*.; Independent Task Force on Community Action for Social Development. *Partnerships for Social Development: A Casebook*. Future Generations, 1995; and Winder. Two papers *op cit*.

47. Diame. *Op cit*.

48. Tandon, Rajesh. *Background Note for the Overseas Development Council/Synergos Institute Conference on Strengthening Financing for the Voluntary Sector in Development: The Role of Official Development Assistance*. Society for Participatory Research in Asia, 1995.

41. See, for example: Otero and Rhyne, *op cit*.; Berger and Buvini_, *op cit*., and Mizrahi, *op cit*.

50. Darcy de Oliveira, Miguel. *Background Note for the Overseas Development Council/Synergos Institute Conference on Strengthening Financing for the Voluntary Sector in Development: The Role of Official Development Assistance*. Insitututo da Acao Cultural, 1995.

42. Darcy de Oliveira and Tandon. *Op cit*.

52. D'Souza, Anthony T. *The Process and Techniques of Foundation Building in the South: Child Relief and You - CRY, Bombay, India*. The Synergos Institute, 1995.

53. Dube, Lucia. "Zenzele (Do It Yourself): The ORAP Way" in Independent Task Force on Community Action for Social Development. *Partnerships for Social Development: A Casebook*. Future Generations, 1995.

43. Statement to the World Summit for Social Development, Copenhagen, March 11,

1995.

44. Dube, *op cit.*