

Can NGOs Provide Alternative Development in a Market-Based System of Global Economics?

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The recent focus on NGOs as alternative forms of service delivery in education raises a fundamental question: Can NGOs deliver a higher quality or different type of service than that of market-based donors (multilateral and bilateral development agencies) who focus on stabilizing and growing markets? The potential appears good for more locally relevant and more targeted service delivery given a wide range of NGO structures and possibilities. But can NGOs withstand the pressures of a profit-driven global economic system? Two primary problems present themselves. First, community-based funding is frequently weak and unreliable relative to funding driven by profits. Second, when multilateral or bilateral organizations become primary funders of NGOs, the goals of such organizations (largely market-focused) can be adopted easily by the local NGO. Such is the power of money to dominate agendas.

Clearly, the NGO sector is quite diverse. The basic economic argument advanced here would apply to most forms and sizes of service-delivery NGOs. [1] The concerns addressed here are most likely to involve global NGOs that have substantial funding from market-based donors.

Defining a Unique Place for NGOs

NGOs rarely begin with a profit motive. But, once an NGO becomes a major influence in people's lives (either through their employment or their empowerment), the economics of the outside world begins to impinge on the operations of the NGO. No NGO can turn its back on the employment and quality of life issues of its members and its leaders. In order to secure a sustainable NGO, the organization often looks to enlarge its influence. As with corporations, market share and visibility become important areas of foci for NGOs.

Potentially, NGOs can speak to needs that lie outside a market-based economy. Generally, market-based entities do not fulfill people's needs to pursue opportunities or validate their cultures and unique histories. Both market-based and non-market-based sectors of global society require that these needs be addressed. These desires require a non-market-based system of organizations. Many NGOs can and do speak to these local needs. As long as an NGO can remain centrally driven by these needs, it secures itself a viable and sustainable future.

Succumbing to Market Forces

Is it realistic to assume that NGOs can resist market-based forces? Market-based development donors, after all, provide the money and, thus, often much of the power. NGOs can and do represent an alternative to development by serving needs that are not addressed by profit-based economics.

NGO sustainability is often at risk in a market-based economy. The need for market share and visibility may leave NGOs vulnerable to outside influences. An NGO that

begins with, say, empowering local women through literacy classes, may unwittingly turn its energies toward maximizing external donor support. The NGO may also change its initial foci and methods rather than fall into the disfavor of major funders. Using the example of literacy, the NGO might have focused its initial energy on empowering local women - literacy being a primary means of empowerment. An outside funder such as the World Bank, however, is focused on stabilizing and creating markets (their founding goal). Literacy is one means of stabilizing the very poor and moving people from subsistence economies to market-based economies. Literacy has a place in both the NGO agenda and the agenda of the funder. In this context, it is easy for an NGO to take on the agenda of the funder by making seemingly small compromises in service delivery or process. Therefore, while they share a means (i.e., female literacy), their goals differ, and often the NGO's goals are subordinated.

Merging NGO interests with those of funders is appealing for an NGO because it harnesses the strength and influence of a global economic system. Many an NGO has made this leap - often unwittingly and unknowingly. Dependence on such funds puts NGOs in a dilemma, for the NGO becomes little more than a particularly efficient and legitimizing means of delivering market-focused goals (Hearn, 1998). One Oxfam worker (as quoted in Butler, 1996) puts it this way, "If you don't play by the official rules, you won't get the cash."

The pressure to succumb is increasing. Donor and lending agencies are increasingly leaning on NGOs to carry out their economic programs. The end of the cold war turned much state development assistance away from the goal to influence political ideology and toward the goal of creating global markets (Stewart, 1997). Accordingly, the importance of working with state powers is diminished when the focus is on the global economy rather than on global politics. The state is now seen as economically inefficient. NGOs, on the other hand, are seen as vehicles that funnel money directly into the pockets of people who participate in markets. Thus, moneys that were previously directed through the state to garner influence are redirected toward local organizations (Gary, 1996).

Managing the Global Economic Link

The linkages with the global economy are real and powerful. The temptation is palatable. As stated by Butler (1996), "...NGOs find themselves accepting official donations with firm conditions attached to their use. These strings can be a major handicap, hampering managers' ability to prioritize tasks. " (p.28). An NGO must strategize its link with global economic forces in order to retain its service-oriented goal. A viable, independent NGO must define growth as increased service delivery rather than increased market-share and funds. To avoid this fate, the NGO must:

- Have a goal that is non-market-based and maintain this goal;
- Build power, influence and size (market share) on knowledge (about the goal and with an eye towards empowerment) rather than market value (financial size);
- Reinvest in human resources rather than in marketing strategies;
- Recognize that its empowerment strategies may overlap with those of market-based donors (e.g., World Bank) but the long-term goals differ.

The NGO must keep its non-market objective in the long run in order to survive. When

an NGO becomes a vehicle for market-based goals of development, it enters into competition with market-driven corporations and market-based service deliverers. Such organizations have very different principles that put an NGO structure at a competitive disadvantage.

On the other hand, retaining its central focus of service (or advocacy) can strengthen an NGO even given donor/lender pressure. Donors may form a symbiotic relationship with the NGO that can retain its focus. [2] Donors, after all, have a compelling need to work with NGOs. Working with NGOs provides advantages to working directly with government - they allow access to grassroots initiatives and to the small communities that incubate markets (Nelson, 1997). As well, markets require a base level of stability that is closely tied to social justice, democracy and participation. Thus, the agendas of advocacy and service NGOs fill both social needs for local communities and economic needs for donor/lending agencies (Handley, 1991).

Maintaining NGOs' social service agendas does not equal maintaining independence from a seductive market. In fact, NGOs may be drawn into the market fray and focus their energies on "profit" nearly as much as a stockholder-owned competitor. Such NGO "profits" can increase market share, salaries or influence. An NGO that takes on market-based goals does not provide an alternative development service and may not provide a higher quality service.

Unwillingness to examine the market-NGO link represents a fatal threat to the viability of NGOs as development alternatives. As professionals in the field of education and development, it is our responsibility to look closely at emerging NGOs and help define the standards by which their work can be judged. NGOs must be judged for the efficacy of service delivery and for the process by which that service is delivered. Non-profit status hardly guarantees that NGO goals are process-oriented and service-focused.

NGOs will always risk taking on the goals of market-based forces. Development that is human-based will depend, in part, on our willingness to recognize that some NGOs may well represent market-based interests even when their credo and history would point to a service focus. Fortunately, retention of their non-market-based goals provides the countervailing force that leads the way to alternative development strategies.

Notes

[1] Classification of NGOs is still in flux (see Vakil, 1997).

[2] This relationship is hardly unproblematic or non-controversial. The Japanese government and environmental groups are waging a very public battle over influence, agendas and turf which is centered around the debate of whether government and NGO agendas can be complimentary or are inherently conflictive (see Murakami, 1992).

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