The politics of civil society building: European private aid agencies and democratic transitions in Central America

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3 LEARNING FROM FAILURE

Civil Society Building and Impact Assessment

The contribution of private aid agencies to democratic transition in the South could be enhanced if they managed to fully exploit their favourable position in ‘global civil society’, as was argued in Chapter 1. They are relatively autonomous from Northern governments and political parties, and have the capacity to directly provide substantial financial resources to Southern actors in civil society and to incorporate them into transnational networks for advocacy purposes. As a result, private aid agencies possess a comparative advantage over other transnational actors (that are generally unable to make use of these opportunities concurrently) in strengthening Southern civil societies. Are private aid agencies actually using this potential? And how are these civil society building policies put into practice?

After separating the rhetoric about civil society building from what is actually occurring in practice, I will look at the results of these efforts. This assumes however that it is possible to verify what private aid agencies have achieved with their interventions, which is a difficult undertaking because assessing impact encounters many obstacles and pitfalls. ‘Performance’ of private aid agencies is not something that can be easily ‘measured’, and the question is addressed whether it is possible to attribute particular achievements of Southern actors to the interventions of private aid agencies. This theme will be explored prior to looking at the results of a series of recent independent studies assessing the impact of multiple private aid interventions in the South. The findings of these studies were rather critical about the effectiveness of private aid agencies. Several methodological lessons can be learned from them, which were incorporated into the methodological framework of the present study in order to analyse private aid interventions contributing to civil society building in Central America.

3.1 Private aid chains and civil society building

The previous chapter demonstrated that the intervention strategies of many private aid agencies slowly evolved from addressing the symptoms of poverty to tackling its root causes: the unequal power relations in civil society. The conviction that ‘poverty is more than the absence of material means; it is also the lack of access to power’ led agencies to gradually consider development as a process of change in which (poor) people identify common goals and work together to empower themselves and acquire more equal access to resources. To achieve this, human rights should be guaranteed and space and capacity have to be created for
the poor to organise themselves. Private aid agencies could potentially enhance this process of social change by defending people’s rights and by enhancing the level of participation and organisation of the poor. Ultimately, with these interventions donor agencies could effectively contribute to civil society building. Until recently, most private aid agencies did not include civil society building as an explicit objective in their mission statements, although some components of this strategy had been practised already for several years, especially in Latin America (Frantz 1987). But this was often included among other objectives, such as ‘support to democratisation’, ‘defending human rights’ or ‘building up organisational capacity’.

Interestingly, only since the late 1980s, and particularly in the 1990s, has civil society building started to enter donor discourse as an explicit strategy. Official donors such as USAID by the early 1990s started to classify ‘civil society building’ or ‘strengthening civil society’ as a separate category (Robinson 1996b). Probably as a product of ‘diffusion’ of development discourse, stimulated by dependence on official aid contributions, most private aid agencies soon also incorporated the civil society discourse into their mission statements. After all, they effectively had been supporting organisations in Southern civil societies for several decades. But why did ‘civil society’ become a buzzword in official donor intervention strategies in the 1990s, and why was it also adopted by private aid agencies? Are civil society building strategies by private aid agencies different from those of official aid agencies? These questions are not easily answered and the analysis is further complicated by the concurrent use of different meanings of ‘civil society’. Moreover, private aid agencies initially had other reasons to support civil society building than official aid agencies, although in the 1990s these differences became less distinct. Two reasons can be identified to explain why official aid agencies adopted the civil society discourse, while there is a third reason that particularly influenced private aid agencies in this direction.

The first reason for official aid agencies to focus on civil society building was their growing conviction that a strong civil society probably was a prerequisite for an efficient market economy. USAID, for example, believed that support for civil society would be an effective way to consolidate the transition from statist to market-based economies (G. Hansen 1996). This economic reason for civil society building was also influenced by the disappointing performance of official aid programmes and the perceived success of small-scale participatory programs of Southern NGOs, which were apparently better able to reach the poor. The use of participatory methods turned out to be helpful for the design and implementation of social compensation programmes a few years later to alleviate the impoverishing impact of structural adjustment programmes. Influential policy documents of official donors, notably from the World Bank, started advocating the need for participatory approaches and praised the potential of Southern NGOs (Cernea 1988). Support for civil society building in this, essentially neoliberal, approach thus appears to be synonymous with guaranteeing free markets, privatising public
services and meeting immediate needs of the poor to prevent social unrest.

Another reason for official donors to 'reinvent' civil society was closely related to these economic reasons, as part of newly emerging policies oriented at democratisation and 'good governance'. The political demise of communism and the chain of political transformations in Eastern Europe, Central Asia and Sub-Saharan Africa required adaptations of donor policies towards the new post-Cold War political climate. Traditional policies of democracy promotion (as outlined in Chapter 1) were rephrased and shifted their emphasis from security to development objectives. This 'new policy agenda' of official donors aimed at improving governance in two broad ways: enhancing the efficiency of Southern governments, and making the state more accountable to civil society (Robinson 1994). In practice, these policies promoted reform of civil services, decentralisation, and (often simultaneously) reform of judicial and constitutional systems, electoral assistance and the strengthening of political parties. These policies initially had a top-down approach and tended to strengthen 'the institutions of government and political society as opposed to building constituencies from within civil society' (Robinson 1996a: 202). In later documents the need to build a 'pluralist' civil society as a counterweight to government and as a means to further democratisation also was mentioned explicitly (OECD 1995b). However, this pluralist approach of supporting civil society – often using the pleonasm 'civil society organisations' (CSOs) – was criticised for being superficial and ignoring unequal power relations in civil society. Critics pointed at a potential risk that the status quo could be strengthened when donors were not explicit about which organisations in civil society they were supporting, not to mention the risk of strengthening undemocratic forces in civil society.

These economic and political reasons for supporting civil society, closely interrelated as part of the 'new policy agenda' of official aid donor agencies, also influenced the agendas of private aid agencies. But an additional reason especially spurred the latter to phrase their strategies more in terms of civil society building: the growing critique from outsiders about the poor performance of micro-projects and the lack of impact at the macro-level (Edwards and Hulme 1992). This debate about the quality of development interventions and the search for new ways to increase effectiveness pushed some agencies to gradually incorporate wider issues into their empowerment strategies. Enhancing organisational capacity at the grassroots level would not lead to structural changes in power relations if it was not combined with measures that addressed the national and international structures that cause poverty and disempowerment. Private aid agencies therefore increasingly decided to pursue interventions that had the potential to impact more widely, indirectly promoting changes in power structures and policy reform from below. These efforts to increase citizens' participation, counter the exclusion of marginalised sectors and pressure governments to become more accountable, turned civil society building into one of the key topics of private aid policy discussions in the 1990s.
Civil society building strategies thus were triggered by three different motivations: to promote market-led development, to promote democracy and to enhance impact. Although separated for analytical reasons, these three purposes in practice are often combined in the variety of civil society building strategies pursued by private and official donors, despite containing development objectives that are sometimes incompatible. Not surprisingly, this has generated confusion about the precise meaning and purpose of civil society in these intervention strategies, as was demonstrated earlier. ‘Strengthening civil society’ as an intervention strategy can be better understood when it is explicitly attached to certain development objectives that explain why civil society should be ‘strong’, and which organisations in civil society are prioritised for support. The ‘neoliberal’ approach supports civil society because it is instrumental for privatising state functions. It therefore supports organisations in the area of service provision to substitute for these functions, in addition to strengthening private enterprise. The ‘pluralist’ approach to supporting civil society aims to strengthen the efficiency and accountability of the state and the participation of societal actors in order to strengthen political society. It generally applies values from the Western political tradition and pays little attention to inequalities within civil society that reproduce the causes of poverty. Just as neoliberals, pluralists tend to artificially separate state and civil society, instead of analysing them in relation to each other (Macdonald 1997). Not surprisingly, these approaches to civil society building are sometimes perceived by Southern organisations as imposed upon them and as an expression of ‘cultural imperialism’ (Clayton 1996).

The ‘inclusive’ approach of civil society building on the other hand points at these unequal power relations and contributes to forging democratisation by incorporating the most vulnerable sectors into civil society. This approach recognises the existence of conflicting interests within civil society, and tries to identify strategic alliances to promote social and political change (Trivedi and Acharya 1996). Although most official (and many private) aid agencies generally work with a pluralist civil society concept, it is not always easy to separate the various development objectives. It is not uncommon that several of these three approaches are applied simultaneously by the same (private) aid agency, despite their incompatibility in terms of furthering democratisation (Edwards and Hulme 1996). But again, the key test to identifying these strategies is to determine which organisations have been selected for support, and for what purpose. A shift from agency rhetoric to the actual intervention practices of civil society building illustrates this point.

**Options for civil society building**

Private aid agencies often have multiple objectives, and use a variety of intervention strategies to achieve their goals. Acknowledging this complexity, for analytical reasons it could be helpful to disaggregate the variety of actors and strategies that are part of private aid interventions that aim to contribute to civil society building.
In Chapter 2, the dynamics of aid intervention were schematically represented in the ‘aid chain’ (Figure 2.2). This figure will now be connected to another schematic diagram, introduced in Chapter 1, which illustrates the dynamic balance between the state and civil society (Figure 1.2). By combining these two figures, the variety of choices of private aid intervention strategies related to civil society building can be shown. The resulting diagram (Figure 3.1) provides a schematic overview of relationships and dynamics that develop during aid interventions aiming at civil society building. Interventions (and aid flows) from official aid agencies and private aid agencies both are placed in the same figure to underline that these aid chains cannot be entirely separated. On the contrary, in many cases they might even be complementary, as will be argued later on.

‘Inclusive’ civil society building strategies of private aid agencies aim to actively incorporate marginalised sectors into civil society and try to further démocratisation by increasing the leverage of civil society vis-à-vis the state. As was explained in Chapter 1, this type of civil society building essentially aims to strengthen political society. Five interrelated mechanisms were identified concerned with how societal actors could enhance conditions for strengthening political society. I distinguished between building (a) organisational capacity, (b) alliances among organisations in civil society, (c) intermediary channels, (d) transnational political space and (e) citizenship. It was also argued that these mechanisms had different functions in subsequent democratic transition stages. In a variety of ways, private aid agencies have contributed to these five mechanisms of civil society building by providing technical and financial support, either directly to beneficiaries or through intermediary organisations. Figure 3.1 schematically shows how this private aid support is channelled through a variety of aid chains. The choices that private aid agencies make in these various intervention strategies will be more closely examined below.

Strengthening the organisational capacities of societal actors representing sectoral interests is the basis of civil society building (a). It is the ‘foundation’ of civil society and could be explained as a process of increasing ‘social energy’ (Hirschmann 1984) or ‘social capital’ (Putnam 1993) in addition to countering fragmentation and disaggregation to achieve ‘social cohesion’ (Lechner 1995). It is not limited to strengthening existing societal actors, but also includes the formation of new autonomous organisations that represent interests from those sectors that were previously excluded from civil society. Private (and official) aid agencies make choices regarding which organisations they select for external support. Do these organisations represent vulnerable and marginalised sectors of civil society, or do they represent dominant interests? In other words, do aid interventions contribute to the inclusion of vulnerable (and excluded) sectors of civil society or do they maintain the customary exclusion? This is generally a useful tool for identifying which concept of civil society (common or conflicting interests) is being applied by donor agencies. Many private aid agencies often explicitly choose to support organisations that represent weak or vulnerable sectors, such as for example
Figure 3.1 Private aid chains and civil society building

(a) building organisational capacity
(b) building alliances and coalitions
(c) building intermediary channels in political society
(d) building transnational alliances for policy advocacy
(e) building citizenship

NGO = Non-governmental development organisation
GRO = Grassroots or ‘popular’ (membership) organisation

- - - - - ➞ = aid flows
indigenous groups, women's organisations or gay groups. Other donors prefer to work with urban-based organisations of professionals (journalists, lawyers, entrepreneurs) or well-established institutions such as trade unions, churches or research centres. Support to these organisations has become an explicit target of democracy promotion programmes instituted by official donors, usually with private aid agencies acting as intermediaries (Robinson 1996b).

Private aid agencies often combine support for building organisational capacity with activities aimed at service delivery. The advantage is that these projects have a lower political profile and that it is generally more effective to organise citizens on 'bread and butter' issues. Moreover, organisations providing services often are expected to have a better chance of becoming sustainable over the long run (Carothers 1995). This is considered to be crucial as dependency on external funding can negatively affect the internal accountability and democratic procedures of an organisation (Esman and Uphoff 1984). Aid agencies can tackle the danger of donor dependency and low internal accountability by enhancing the capacity of organisations to collect beneficiary contributions or to raise funds from more diverse sources. Strengthening civil society in a sustainable way can for example lead to only financing the 'transaction costs' of organising, in order to safeguard organisational autonomy and internal vitality (Hadenius and Uggla 1996). Support to autonomous organising in civil society can be obstructed during the period prior to democratic transition, when all forms of independent civil activity are repressed by the state. However, at that stage it is probably the only option for donors to contribute to civil society building, aside from putting external pressure on the state.

The second option for donors to contribute to civil society building is to encourage and enable the establishment of vertical and horizontal linkages between autonomous societal actors (b). These relationships are fundamental to creating what the Latin Americans call el tejido social, the 'social fabric' of civil society, even if the threads have different strengths and the fabric shows many holes. Linkages do not necessarily have to be formalised (such as federations), since loosely articulated networks of societal actors have proven to be very effective by acting in the manifold arenas where power is exercised and reproduced. The hidden strength of these horizontal alliances lies in the 'fragmentation of collective action', in which each organisation fulfils (as part of a network) a particular and mutually complementary role (Escobar and Alvarez 1992: 324). Horizontal linkages are important, but it is also commonly agreed that societal actors are even more effective when they operate at multiple levels. Esman and Uphoff (1984) have called these 'multi-tiered' organisations, in which the lower tier performs a 'solidarity' function at the local level and the macro-tier is responsible for policy-making and securing access to resources. Alliances between organisations in civil society are the key to civil society building. They enable societal actors to join forces for mobilisation on common claims, but alliances also can contribute to forging a new democratic political culture – inside and between individual organisations – within a 'parallel
public sphere' (Hadenius and Uggla 1996). Donor agencies have stimulated net­
working between societal actors by financing meetings and national coordination
offices, although large-scale financial support also can destroy these alliances as will
be demonstrated in Chapter 6. When downward accountability is weak, these
coordinating bodies can become institutionalised and basically function as aid
recipients independent from their constituencies. Accountability under these cir­
cumstances is mainly directed ‘upwards’ to report to donor agencies, and eventually
damages the social fabric of civil society.

Democratically and autonomously organised civil associations, operating in a
diversified social fabric at multiple levels in civil society, is one condition for polit­
cical society to be able to function. The other condition is the availability of tran­
sparent and legitimate channels of interaction between the state and civil society,
a function generally performed by political parties. But when these parties are
weak, repressed or co-opted by the state, this generates a vacuum in political society
(Fox 1994). Formal, legitimate and democratic intermediary channels of interaction
in political society are typically absent during authoritarian rule and during early
stages of democratic transition. Informal intermediaries from civil society some­
times fill this vacuum, albeit temporarily (c). When civil activity is repressed, this
function is often performed by the churches or by human rights organisations. The
latter, although without a formal constituency, potentially play an (informal)
intermediary role in political society, or more precisely, a ‘disciplinary role’ vis-à-vis
the state (White 1994). When civil society has acquired some space for civil action,
alliances and coalitions of societal actors can perform this role with more legiti­
macy. To be effective, these alliances of societal actors generally should meet
several conditions. They should represent more than one civil society sector,
operate at a national level, voice concerns from a majority (or a large minority) of
civil society, and operate autonomously from the state and from existing political
parties (even if these belong to the opposition). Particularly this last condition is
seldom met and can lead to internal tensions, making intermediary coalitions less
effective in political society (Craig and Mayo 1995). An additional reason for these
coalitions to be cautious in engaging directly with political parties is the reluctance
of private aid agencies to support political parties, especially if these are involved
in armed struggle against the regime. Private aid agencies have supported activities
of many of these intermediary coalitions in highly polarised societies, such as Chile,
El Salvador, the Philippines, South Africa and Guatemala. To prevent political
repercussions in their home country, support was often funnelled through church
institutions, also because these alliances seldom acquired a legal status. Generally,
they had to accept a (gradual) retreat from political society as soon as legit­
imate intermediary actors (such as political parties) were elected to take over their
function in the period of late transition. This was often not easy for these coali­
tions, as they lost their protagonist role and often disintegrated after democratic
transition was completed, despite having played a decisive role in pushing the
momentum in favour of democratisation.
Putting pressure on the state from below during democratic transitions often has proven to be insufficient to provoke political reforms and to tilt the balance in favour of civil society, as authoritarian regimes generally reject the legitimacy of informal intermediary coalitions as representatives of civil society. In these cases, support from the international community could enhance the position of these coalitions (d). Requesting foreign governments or transnational actors to put pressure on an authoritarian regime is another measure that could be complementary to the pressure exerted from below. In addition to supporting intermediary coalitions with aid, private aid agencies can play a role in these advocacy efforts by actively supporting these coalitions and their lobbying campaigns directed at Northern and (indirectly) Southern governments. In recent years, special training courses on advocacy methods have been organised for Southern coalitions to improve their access to multilateral institutions and to enhance access to global civil society (Everts et al. 1996). Figure 3.1 illustrates how policy advocacy of civil society coalitions from below, combined with indirect pressure by transnational actors on the national government, potentially reinforces the role of these (temporary) coalitions in political society.

In later stages of democratic transition private aid interventions also can contribute to civil society building by supporting activities aimed at strengthening citizenship, in order to increase the legitimacy of a new (democratic) political power balance (e). Two types of civic education activities were identified in Chapter 1: those that enhance passive citizenship (such as electoral participation) and those activities in which citizens are encouraged to participate in public debates and are trained in democratic leadership for their community or organisation, stimulating more active forms of citizenship. This type of private aid intervention is generally implemented by specialised NGOs, often formerly engaged in popular education or in defending human rights. Especially in stages of late democratic transition, official agencies also become directly involved in supporting activities which aim at civic education. Financial support is either channelled directly to these specialised NGOs, or through semi-governmental bodies such as ombudsmen. This again brings up the question what are the comparative advantages of private aid agencies over official agencies concerning civil society building interventions in later stages of democratic transition. In other words, are official aid agencies taking over the role of private aid agencies in the area of civil society building?

Compatibility between official and private aid programmes
To examine this question, the new official aid programmes supporting democratisation, human rights and ‘good governance’ need some closer examination. Basically, they are post-Cold War products, although several of these programmes advocating a ‘new conditionality’ have their roots in the late 1980s (Crawford 1995; De Feyter et al. 1995). The discourse on civil society building was an important part of these new official donor policies, although it can be questioned whether this
was really a break with previous policies. Robinson (1996a: 214) observed that these policies often are poorly defined and that ‘there has been a tendency among some donors to reclassify reliable projects originally classified as developmental as being oriented at strengthening civil society’. For many official donors, support to Southern service-delivery NGOs or business associations had been common practice during the Cold War, and this support was often reclassified in the 1990s as part of civil society building programmes. The German government for several decades co-financed programmes of the party-affiliated Stiftungen, aimed at strengthening trade unions and (indirectly) sister-parties in the South, changing their stated function from ‘supporting democracy’ to ‘strengthening civil society’. The US government (learning from the German experience) initiated similar programmes in the 1980s through the quasi-governmental National Endowment for Democracy (NED). These programmes generally pursued counter-insurgency objectives during the Cold War and were also rephrased in civil society terms by USAID, particularly to strengthen the private sector (W. Robinson 1996).

Therefore, these new post-Cold War programmes of official donors should be viewed with some scepticism. They implicitly advocate a market-led type of civil society building under the banner of pluralism, replacing the traditional anti-communist rhetoric. Some authors even argue that the new policy agenda of official donors is part of a Western offensive ‘to crush once and for all the ideology of socialism and replace it unambiguously with the ideology of free enterprise world-wide’ (Bayra 1993: 16). Although Crawford (1995) and others criticise this view for being too conspiratorial, most of the new donor agenda on democratisation and strengthening civil society should be critically examined; practice has yet to prove that it represents a paradigm shift in official development strategies as some argue (Williams 1995). Most official donors tend to understand civil society building as part of the neoliberal approach of strengthening the private sector. Nevertheless, as Pearce (1997a: 65-6) has argued, it makes no sense for official aid donors to use the concept civil society when it actually only refers to associations, NGOs, human rights committees or other pressure groups: ‘it reflects an aspiration [...] that somehow traditional elites, corrupt state officials, old-style party bosses and conservative economic forces will wither if “civil society” is stronger’. Or is increased attention from official donors for supporting civil society building a way to control similar activities of private aid agencies oriented at social change?

In the post-Cold War period the traditional difference between official and private aid agencies, where the first predominantly supported governmental institutions, and the latter societal actors, seems to have vanished. This division of labour was present in aid policies directed towards countries under authoritarian rule, when official agencies were reluctant to work with governments and preferred to contribute indirectly to democratisation by channelling their support through non-governmental aid chains. This division of tasks also was visible in top-down approaches of official donors to strengthen the rule of law and monitor elections,
and bottom-up approaches of private aid agencies to support civil society building. However, it could be questioned whether this division of labour really changed in the 1990s. Crawford (1995) and Van Rooy (1998) show that civil society building programmes of official donors did not exceed ten percent of total official budgets dedicated to ‘democracy promotion’ between 1991 and 1995. Moreover, from this relatively small share available for civil society building, more than half was channelled through private aid agencies.\(^{13}\)

The strategic orientation of civil society building programmes of official aid agencies also differs from those of many private aid agencies. USAID, the largest official donor involved in civil society building, has taken the lead in designing programmes oriented at ‘building pluralism’ in civil society as a motor for democratic policy reform (G. Hansen 1996). The purpose of USAID is to increase ‘competition’ between organisations in civil society and at the same time, as Blair (1997: 28) argues, to ‘moderate the potentially destabilising effects of single memberships in exclusive groups (such as those based on ethnic, religious, territorial or economic cleavages)’. In other words, as long as aid recipients in civil society do not oppose their governments, they are eligible for official donor support.\(^{14}\) It illustrates how official donors, and USAID in particular, use democracy promotion as a tool to achieve economic and political stability, which could conflict with civil society building strategies of private aid agencies that aim to make civil society more inclusive at the cost of (temporary) instability.

Despite losing several of their comparative advantages to official aid agencies in the post-Cold War period, particularly in terms of directly funding organisations in Southern civil societies, private aid agencies do not seem to have lost their potential to contribute to social change. For example, by operating autonomously from Northern governments and corporate interests, and their ability to enable and develop linkages within global civil society between transnational social actors in North and South,\(^{15}\) An assumption of the present study is that private aid agencies actively contributed to civil society building in the South long before the end of the Cold War, and that they were particularly successful in pursuing this strategy throughout the 1980s. Even if this function is apparently dwindling in the post-Cold War period, and is partly being taken over by official aid agencies, it is important to consider these achievements in more detail. After all, results, or the absence of results, are too often assumed instead of carefully examined.

3.2 Pitfalls of assessing (private) aid impact

Private aid agencies (and those who finance them) obviously want to know what happens to their resources that are transferred annually to Southern recipients. Not only do they want to be sure that their money is spent according to the rules that were attached to it, but they also want to know the results of their interventions. Increasing effectiveness and improving ‘performance’ has become one of the top
priorities of private aid agencies in the 1990s, as was explained in the previous chapter, for it largely determines their public credibility. More than just proving that results are positive, agencies have to convince the public that aid is working, as negative public attention is damaging to donor agency interests (Cassen et al. 1986). Another reason for assessing aid performance is to learn from the past, and especially to learn from failures. Incorporating lessons from previous interventions into future policies and implementation strategies may also increase effectiveness.

A common way to assess the performance of individual aid interventions is to evaluate results in relation to their initial objectives. The main purpose of evaluations is to identify strengths and weaknesses of a particular project, and to incorporate these into new programming strategies. However, the practice was different in past decades. Project evaluations by donor agencies were generally executed either to control recipients or to reassure donors, or both. They were rarely primarily meant for learning. Larger donors, such as the World Bank, have been particularly interested in the way their money was spent, and they often limited their evaluations to a simple cost-benefit exercise. Private aid agencies always criticised this (non-participatory) approach, but were not doing any better in practice as their evaluations generally focused on short-term trends, inputs and outputs. In her influential study of USAID-financed private aid programmes Tendler (1982: 129) questioned the gap between the rhetoric of process-oriented aid interventions and the persistent practice of output-oriented evaluation: 'That participation leads to improvements in poor people's lives is an article of faith for PVOS [Private Voluntary Organizations], not a hypothesis that one is interested in testing.' Despite assurances from the private aid sector that evaluation would be taken more seriously, little has changed since Tendler's observation. Riddell and Robinson (1995: 44) confirm this by adding: 'For most European NGOs working in the development field, evaluation is still very new and, if used at all, tends to be more of a one-off affair, most often embarked upon either because things have gone very wrong — the fire-brigade approach — or when a particular project has been completed but there is a request for further funding, or when a second or third phase of a particular project is to be launched.'

The evaluation paradox

What explains this wide gap between the rhetoric and the reality of private aid evaluations? Why do agencies continue to remain sensitive to criticism from outsiders about an instrument (evaluation) that could potentially strengthen their work? Part of the explanation was given in the previous chapter, when the tension between institutional and development objectives was sketched. While the quality of private aid interventions (and maybe even their existence as institutions) depends on sound evaluations, simultaneously there is an apparent internal resistance to prioritise evaluations and to innovate assessment methods. Although there are signs that this tendency is changing now, it is important to examine this contradiction. Three interrelated factors could possibly explain this 'evaluation
paradox'. The first has to do with what Smillie (1995b: 158) calls 'the failure to learn from failure'. Private aid agencies have difficulty remembering what went wrong in the past and what can be learned from that: 'there are few reasons to disseminate the positive lessons of development, and many more powerful reasons to conceal and forget the negative ones'. This learning disability is integral to the propagandistic public image that is projected by private aid agencies in fund-raising campaigns, in which it is promised that small aid donations have direct effects as if they were 'magic bullets' able to kill poverty (Vivian 1994). To maintain this image (and the level of income) positive achievements and negative circumstances often are exaggerated and simplified. Serious evaluations that unmask problematic sides of this image are therefore not usually encouraged. But 'learning disability' is not sufficient as an explanation, as any institution probably prefers to project positive images about their activities, even though they know that the reality often is more complex.

Therefore, another explanation for the poor evaluation record of private aid agencies is the absence of outside pressures to seriously assess the effectiveness of their interventions. The persistence of upward accountability over many decades has made private aid agencies immune to outside pressures to examine the results of their activities. Southern counterparts obviously were least interested in systematic evaluations, as they would be most affected by this, due to their dependent position in the private aid chain. Nor did agency boards consider it necessary to dedicate more time and resources to evaluations, as long as aid disbursements seemed to be spent according to the rules, and income growth was not affected. The donating public, where the real pressure for evaluation should come from, was neutralised by effective private aid propaganda of isolated success stories in a world of misery. In fact, most effective has been the pressure from official donors, who started to demand more efficiency and better monitoring and evaluation by private agencies when official donations to private aid agencies skyrocketed in the 1980s. The trend of increased official funding for private and non-profit organisations was accompanied by a growing demand for accountability within government bureaucracies. Indirect pressure for evaluation also came from independent consultants, whose recommendations to use evaluation as an instrument for institutional learning found fertile ground in private aid agencies in the 1990s, when a wave of reorganisations accompanied the introduction of for-profit private sector management techniques in the non-profit sector. Evaluation as a learning tool was no longer concerned with improving the effectiveness of aid interventions, but also with institutional survival (Edwards 1997).

While outside pressures for systematic evaluations possibly contribute to tackling learning disabilities, private aid expenditures on evaluation still are only a tiny fraction of what is spent on fund-raising. This has to do with the problem that evaluation is a complex affair. Although it is not a valid reason to give it a low priority – as fund-raising also appears to be far from simple – evaluating results indeed involves a number of obstacles. One of the main arguments of private aid
agencies to illustrate the complexities of evaluating their performance is to point at the difference between traditional development projects of official agencies (improving infrastructure or balance of payments) and support for social development. The construction of schools and roads is more easily visible and measurable than the empowerment of a community. Social development is considered to be a slow and long-term process, affected by many different variables and with diffuse and not very quantifiable results (Marsden and Oakley 1990). In theory, enormous advances have been made over the last decade in developing new methods for evaluating social development. Oakley (1996: 2) speaks of 'a number of key conceptual break-throughs' in the search for 'a more process-orientated, qualitatively sensitive and "learning form" of evaluation'. But whereas the theory prescribes programme strategies and process-orientation, the bulk of aid interventions in practice still operate in the 'project mode'. Despite the cautious emergence of a new 'evaluation paradigm', the rhetoric is still running ahead of the practice (Marsden et al. 1994). After all, given the complexity of evaluating social development, the overwhelming current attention to evaluation suggests that private aid agencies simply have not tried hard enough in the past.

The three factors — learning disabilities, lack of outside pressure and complexity — to some extent explain the gap between the theoretical acceptance and the practical resistance towards evaluations. But there is an additional element that could explain the persistence of the evaluation paradox, which is hidden in the answer to the question: why is it necessary to evaluate at all? In the 1990s a consensus emerged among aid agencies that the evaluation of aid performance is not a goal in itself: it is a tool for periodic assessment of the relevance, performance, efficiency and impact of aid interventions in the context of previously stated objectives (Couderé 1994). In theory, there is probably also a consensus about the two main purposes of aid evaluation: learning and control. In other words, evaluation can be helpful in learning from the past, and adapting strategies in such a way that aid interventions will be more effective in the future, and on the other hand in increasing the accountability of aid agencies, so that their actions can be controlled by all parties involved. The evaluation paradox lies in the difficulty of finding a balance between these two purposes. Private aid agencies, as well as official agencies, have been interested primarily in the question whether aid has been 'working', since they have been pressured to show results of their activities. Only recently have they asked themselves the necessary additional question: why has aid worked at all, or why has it failed? (Smillie 1995a: 21). This question addresses issues that go beyond an exercise to measure quantifiable outputs, as it looks at the wider context in which these interventions take place and at the dynamics of the aid chain. Therefore, while it is important to assess the results of aid interventions, the way these results were achieved is probably of greater importance. Before elaborating on this argument, it should be clear what is understood by impact of aid interventions.
Difficulties involved in impact assessment

According to Fowler (1997), results of aid interventions can be classified into three different categories: outputs, outcome and impact (see Table 3.2), as part of the sequence goals-objectives-activities-outputs-outcome-impact. Output is understood as the result of implemented activities, which is a measure of the invested effort. Outcome gives an indication of the effectiveness of a particular activity, a result that depends on more variables than the invested effort. Output and outcome are generally laid down in (project) objectives. Goals refer to the final (desired) result, the impact, of an intervention. Impact refers to sustained effectiveness over a longer period of time. Impact of private aid thus can be defined as sustainable change in the long term as a result of one or more development interventions. Impact can be negative or positive, intended or unintended, depending upon the initial development goals of interventions.

### Table 3.2 Points for assessing achievement of development initiatives

<table>
<thead>
<tr>
<th>Point of measurement</th>
<th>What is measured</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outputs</td>
<td>Effort</td>
<td>Implementation of activities</td>
</tr>
<tr>
<td>Outcomes</td>
<td>Effectiveness</td>
<td>Use of outputs and sustained production of benefits</td>
</tr>
<tr>
<td>Impact</td>
<td>Change</td>
<td>Difference from the original problem situation</td>
</tr>
</tbody>
</table>

Source: Fowler (1997)

It is useful to consider this output-outcome-impact sequence as interlinked stages over a longer period of time, for it shows that results become more complex down the sequence, and thus will be more difficult to assess. Output generally can be rather precisely identified; outcome might take on a variety of appearances; and impact is never a single phenomenon: a wide variety of processes, people or institutions can have changed over time. This is caused by the fact that ‘downwards’ in the aid chain the number of actors involved increases, with each actor having their own perspective and vested interests. But impact also is complex to assess because the role of external influences increasingly affects results of aid interventions further down the aid chain, and over time. For example, it is relatively easy to control the construction of a road (output) to make a remote area in the countryside accessible, but whether the road really will be used (outcome) depends on variables outside the control of those that initiated its construction, whereas the changes that the construction of the road might have on the development of a remote area (impact) is contingent upon many other variables at the local and national levels. Finding out how, and to what extent, this aid intervention to construct a road caused (or
contributed to) a sustainable change in the development of a remote area, is generally referred to as ‘impact assessment’.\(^\text{7}\)

Linear relationships between activities, output, outcome and impact usually are difficult to establish, as many new variables influence the results of aid intervention over time. Linear cause-effect relationships are exceptional in development processes, which makes reliable assessments of outcome or impact of aid interventions very problematic. The example of the road was given to illustrate that, despite all the difficulties involved, impact assessment is not an impossible undertaking. However, in cases where output is more fluid and less visible, outcomes and impact automatically will become more diffuse and thus far more difficult to assess. This is generally the case with the desired results of interventions aimed at social development, such as ‘empowerment’ and ‘civil society building’. Although impact assessment is without any doubt a complex affair, it would be too easy to conclude that it is impossible for private aid agencies to determine their impact; it probably has not been tried enough, and the current practice suggests that much can be learned from recent experiences.\(^\text{8}\) Problems implicit to impact assessment can be grouped into three categories: complexities of the development process, methodological difficulties and organisational constraints.\(^\text{9}\)

The first set of problems has to do with the fact that (social) development and aid interventions seldom are linear processes. Although it is now generally agreed that supporting social change is different from constructing a road, the input-output model in which effects are linked (in a linear mode) to causes still persists. The bulk of development aid is still predominantly based on projects, in which the underlying assumption (communicated in fund-raising campaigns) is that aid interventions will produce predictable results. However, logical frameworks to analyse and plan these interventions are unable to predict the complex process of social development which is contingent upon human behaviour, timescale and many other variables beyond donor agency control. That many private aid agencies raise false expectations with their simplified messages of attributing cause to effects is uncovered by examining the difficulties related to impact assessment. A look at the position of private agencies in the aid chain illustrates this. The majority of private aid agencies is dependent upon ‘proxies’ in the South, as was laid out in Chapter 2. These partner organisations (usually Southern development NGOs) often also perform a role as intermediaries by delegating the implementation of development activities to local membership organisations or community groups. As a result of their ‘high’ position in the aid chain, private aid agencies can hardly value their own performance because they are dependent upon other organisations further ‘down’ the chain for the realisation of their objectives. In terms of impact, the most private agencies can try to determine is how the relationship with the primary counterpart possibly affects the ultimate achievement of a particular activity.\(^\text{10}\) In such a linear situation, which is highly theoretical as was noted earlier, the output of a private aid agency (information or resources) becomes the input for the intermediary organisation, whose outputs (resources or training) are the inputs
for the implementing organisation. However, during every stage in this sequence
the Northern agency loses more control, while external influences increasingly
dominate. This makes the attribution of final output (let alone outcome or impact)
to donor interventions rather difficult.

The same difficulty of attributing causes to effects applies to 'operational'
agencies (such as Save the Children or Plan International) even if they fully control
all intermediary organisations involved in an intervention and if they manage to
'minimise' the role of external influences. However, by doing so they probably will
not be very successful in obtaining sustainable changes, because sustainability
occurs when the impact of external interventions can be maintained within the
society after a donor agency's withdrawal. In other words, if donors want to
contribute to the sustainability of their interventions, they have to integrate the
benefits of their interventions into the wider social, economic and political context.
The implication is that results directly attributed to aid agency interventions
cannot be 'measured' separately from this wider context. This explains the primary
need for making a thorough analysis of the local (and sometimes international)
context in which aid interventions take place before assessing their results (Couderé
1994).

The difficulty of establishing linear relationships between aid interventions and
impact also implies that caution is required in generalising about the results of
individual (private) aid interventions in relation to overall agency performance.
The overall objectives of donor agencies usually are laid down in 'mission state­
ments' which guide strategic choices for combined aid interventions. But to assess
the overall performance of aid agencies it is essential to examine results of individ­
ual projects as these still form the basic units of their output. The problem is that,
on the one hand, mission statements are rather general and vague and often
difficult to operationalise in concrete objectives that could be assessed against their
results. On the other hand, aggregated performance of aid agencies is more than
just the sum of individual project results, as many other factors beyond the project
environment also determine final impact. To use the metaphor of projects as
building blocks for development: you cannot define the characteristics of a wall just
by looking at one brick, neither can the bricks be ignored in assessing the quality
of the wall. In other words, there is no alternative for assessing performance of
private aid agencies than by looking at individual projects, although these only give
a partial picture of overall agency performance.

Another set of problems is generated by the choice of appropriate instruments
and methods to determine the results of aid interventions. These problems also are
related to the earlier mentioned difficulty of separating achievements of individual
interventions from the complex context in which they take place. Therefore, the
key to evaluating social change is to acknowledge the existence of non-linear
relationships and recognise that, in the best case, only a 'relative causality' can be
attributed to aid interventions. However, rejecting linear and deterministic
models to understand development processes does not imply that it is impossible
to systematically survey the achievements of aid interventions. Assessing 'relative causality' requires a clear picture of the initial situation prior to intervention, against which results are to be measured. These so-called 'baseline data' often are not available, which means that they have to be reconstructed. A variety of quantitative and qualitative methods can be used to collect information about the situation prior to intervention. Direct involvement of beneficiaries to judge these data is an essential condition, for which several participatory techniques have been developed over the past decade (Chambers 1993, 1997). In order to determine the level of relative causality, it is important to distinguish between baseline data directly linked to a project and data about variables outside the direct project environment.

Several obstacles are encountered in collecting baseline data. One is that a (private) aid agency has to be clear about the final development goals that are pursued and the means to achieve those. If an agency does not have an explicit 'theory of cause and change', symptoms and causes of the problems that are being tackled can be confused (Fowler and Biekart 1996). This has repercussions for the type of baseline that is constructed, as each cause requires a different solution and thus a different baseline. This obstacle can become more complicated when development goals are adjusted during the period of intervention, which is not exceptional, because it implies that multiple achievements have to be assessed (Blankenberg 1995). Another obstacle is that generally too much information is collected to construct a baseline, or that the information available is not adequate to assess outcome or impact (Oakley 1996). This is a recurrent problem of evaluations, which can be avoided by maintaining an attitude of what Chambers (1993: 19) calls 'optimal ignorance': 'It requires experience to know what it is not worth knowing, and self-discipline and courage to abstain from trying to find it out.'

After reconstructing a baseline, giving a picture of the situation prior to intervention, choices have to be made about how to 'measure' the achievements during and after intervention. The challenge is to find suitable indicators to assess social change, which depends on: the assessment of tangible or intangible achievements; whether short- and medium-term objectives (output, outcome), or longer term development goals (impact) are to be assessed; the level on which change occurs (family, organisation, society); whose change is mapped; when these indicators are used; and who determines the choice of these indicators. Qualitative indicators are appropriate if they comply with some general standards: they should be consistent, unambiguous, specific, easy to collect and sensitive; in other words, they should be reliable (Casley and Kumar 1987). One of the pitfalls in developing indicators is that they tend to measure those results that are either expected or desired. But social change is generally not very predictable and the role of external (not expected or controlled) variables also should be part of the assessment. As unintended or unexpected results of aid interventions often emerge during impact assessments, indicators often have to be adjusted during the process. This can affect the assumptions on which an impact assessment has been built and can frustrate
LEARNING FROM FAILURE

The whole effort as new baselines have to be constructed. The previous overview also suggests that there is seldom a single indicator for assessing impact. Usually a combination of variables is selected to map social change for which several appropriate indicators have to be chosen, with the implicit danger that an overload of qualitative indicators can make the interpretation of achievements a rather complex exercise. The choice of indicators is probably less problematic than the challenge to translate these qualitative indicators into verifiable and recognisable actions that can be monitored (Oakley 1996).

A third set of problems that agencies encounter in their efforts to assess the impact of their interventions is related to organisational constraints. Serious impact evaluation is costly, time-consuming and requires specially trained staff. Most (smaller) agencies cannot afford this, also because overheads have to remain low for fund-raising purposes. If aid agencies would prioritise learning as a means towards institutional survival, rather than prioritising public fund-raising, impact assessments could become an integrated part of the 'project cycle'. In the past, organisational performance assessments of donor agencies were often delinked from assessing performance of projects 'in the field'. But growing pressures on agencies to improve performance and accountability accelerated the need for integrating organisational performance into their impact assessments (Edwards and Hulme 1995). The key problem for assessing organisational performance of private aid agencies (and of non-profit organisations in general) is the absence of a tangible bottom line, that is, a set of criteria that serves the same purpose as profit for the performance of business enterprises.

A bottom line for private aid performance could be constructed by those organisations and groups that directly or indirectly affect (or are affected by) the activities of an agency (Fowler 1997). These so-called 'stakeholders' are more than just direct beneficiaries or target groups of an aid agency ('primary stakeholders'), they also include other groups to which it has formal obligations: intermediary organisations, governments, official donors, individual private donors, agency boards and the agency staff itself ('secondary stakeholders'). Fowler (1997: 173) defines a non-profit bottom line as 'the effective satisfaction of the rights and interests of legitimate stakeholders in keeping with its mission'. Aid agency performance is thus determined by the extent to which it manages to serve multiple stakeholders. It implies that agencies cannot just set their own standards of performance (or bottom lines), but that these are determined by negotiation among (legitimate) stakeholders. By implementing these structured stakeholder performance assessments, private aid agencies also can solve the earlier mentioned problems of improving their (functional and strategic) accountability. In other words, only when performance standards and bottom lines are negotiated among multiple constituencies, are private aid agencies potentially able to strengthen their multiple accountabilities (Edwards and Hulme 1995).

But again, theory regarding these matters seems to have made more progress than the reality in the field. Not surprisingly, negotiation among stakeholders is
often frustrated by differences in power and vested interests. Private aid agencies tend to be more responsive to those groups that have the most leverage over their decision-making, such as donors or governments, than to their primary stakeholders in the South. Moreover, despite good intentions, most private aid evaluations still only examine direct outputs and immediate results and seldom try to engage in more time-consuming and complex assessments of outcomes or longer term impacts of aid interventions. But if their legitimacy continues to be challenged, as was the case in the first half of the 1990s, private aid agencies will be forced – for the sake of institutional survival – to take performance assessments more seriously. It could serve as a tool to learn from past failures and it could potentially improve their strategic accountability.

3.3 Impact assessment in practice

The early 1990s generated a substantial number of empirical studies assessing the impact of private aid interventions. Although often called 'impact studies', most of these actually focused on immediate results, rather than longer term impact. They could be classified in three different groups. The first group of studies focused on the impact of aid interventions of one particular private aid agency, often in several Southern countries. Generally, they were sponsored by the agencies themselves, sometimes as part of programme or country reviews co-financed by official donors. These impact assessments usually examined the results of one particular programme or project, but a multi-project approach has become popular to compare results from projects in different national contexts. Examples are studies by the Inter-American Foundation (Carroll 1992), ICCO (Hardeman et al. 1995), NOVIB-OXEAM UK/I (Blankenberg 1995) and Save the Children (Edwards 1996b). A second set of impact studies focused on the impact of multiple private aid agencies with a high dependency ratio on official funding, generally initiated and financed by official aid agencies. Examples are impact studies by USAID (Tendler 1982; Blair et al. 1995), the Danish impact evaluation (Bering et al. 1989), the British ODI study (Riddell 1990; Riddell and Robinson 1992, 1995), the Dutch impact study (Stuurgroep 1991), the Finnish impact study (Riddell et al. 1994), the British ODA study (Surr 1995), the Swedish SIDA study (Riddell et al. 1995) and the Australian NGO Programs Effectiveness Review (AIDAB 1995). A third group of impact studies was designed and implemented by independent researchers and often financed with academic resources. Many studies in this category actually did not focus on private donor agencies but on Southern recipients. Examples are Smith’s study of Colombian NGOs (1990), Farrington and Bebbington (1993), Fowler’s study on Kenyan NGOs (1993b), Van Niekerk’s research on rural NGOs in the Andes (1994), Macdonald (1997) on Nicaraguan and Costa Rican NGOs, and Put (1998) on Indian NGOs. What can be learned from these studies, and what do they conclude about the impact of (European) private aid interventions?
All these studies apparently share the same objective: to assess the development impact of private aid interventions. But a closer look indicates that they serve different purposes. Carroll (1992) only examined local intermediary organisations, because the Inter-American Foundation was primarily interested in seeing what thirty ‘well-performing’ partners had achieved in terms of organisation and development strategies. The British ODI study also only examined Southern NGOs, and focused particularly on the effectiveness, impact and sustainability of sixteen poverty-alleviating projects in Bangladesh, India, Uganda and Zimbabwe (Riddell 1990). The Danish NGO evaluation examined the comparative advantages of private aid agencies over official agencies, and the changing relationships between private agencies and the official Danish aid agency DANIDA (Bering et al. 1989). Although the Dutch, Finnish and Swedish impact studies explicitly aimed at assessing the effectiveness and efficiency of private aid agencies, the emphasis was primarily on immediate outputs of recipient Southern NGOs and not so much on the longer term impact of private aid interventions. The four Dutch private aid agencies, which initiated and financed the Dutch impact study, were mainly interested in direct results to counter growing public doubts about the quality of their projects in the South. The Finnish and Swedish impact studies, coordinated by an independent evaluation team, were financed by official aid agencies (FINNIDA and SIDA), which also determined the focus and design of the studies. Officially, they were meant to map the strengths and weaknesses of private aid agencies, but in practice the studies were biased towards assessing the performance of Southern partners. SIDA wanted to have a better picture of the activities of Swedish private aid agencies, and especially about the use of official aid funds and their effects (Riddell et al. 1995:18). This suggests that the major purpose of these impact studies was to reassure donors (and to a lesser extent to control recipients), and not primarily to learn from failures in the past.

What can be learned from the methodology of these multi-agency impact studies, and how were all the pitfalls intrinsic to impact assessment confronted? Although they used different methodologies, a similar approach can be identified within these studies. Aid resources and the immediate objectives of private aid agencies (approved by official donors) were considered as inputs for development interventions, generating certain outputs along the aid chain, either at the level of project executing agencies or at the level of beneficiaries. Depending upon the time-frame that was used, outputs or outcomes were assessed and analysed within a broader context of developments and trends in a particular country. The Dutch study acknowledged that it was impossible to measure impact, due to a lack of reliable baseline data and explicit project objectives (Stuurgroep 1991). The Swedish study tackled this last point by identifying general criteria, based on SIDA policy documents, against which the performance of the case studies was judged in addition to evaluating immediate project objectives. These broad development criteria were proposed as indicators for development impact. But given the short time framework of projects (three years) and impact study (six months) it would
have been more reasonable to state that what was at most ‘measured’ was project outcome, rather than impact.

The project-oriented approach of the case studies revealed a secondary concern for development processes and dynamics inside aid chains. As many Nordic and Dutch private aid agencies often depend on official aid resources for over eighty percent of their budgets, they in effect perform a role as intermediaries of official aid, which makes aid chains even more complex. The Swedish impact study observed that between SIDA and the final beneficiaries sometimes five ‘administrative layers’ were involved, all serving as intermediaries of aid resources. This is an important observation, because it triggers the question: whose impact is being assessed? And as was explained earlier, it is virtually impossible to disaggregate the aid chain into parts that are linked with one another in a linear fashion. A common element in these impact studies was to portray the role of official donors as passive outsiders. In fact, the complex interdependent relationships within aid chains received little attention, and all the impact studies primarily focused on local recipient organisations as project executors. However, local aid recipients often receive funding from several private aid agencies, which means that multiple objectives have to be assessed. Although the complexities involved in ‘isolating’ project executors from the aid chain were acknowledged by the evaluators, the impact studies rather looked at linearity than at relative causality. This resulted in two issues of methodological concern: the selection of appropriate case studies and the analysis of aid impact within the broader local context.

Impact studies generally work with a case study approach. Despite the difficulty of generalising about results for an agency as a whole, it is inevitable that a limited number of projects are selected for more detailed evaluation. The point is which criteria are used to select case studies, and who determines these criteria. Selection criteria generally are donor-driven and are seldom defined in a participatory process with beneficiaries. Selection of case studies in large impact studies proved to be a two-step exercise. First, a number of countries were selected in order to get a balanced view from several continents. Taken together, the selected countries generally represented the priority areas of the private aid donors. Second, from these countries a sample of projects was selected, representing the variety of sectors and intervention strategies of the entire programme. Although seldom stated explicitly — such as in Carroll (1992) and Macdonald (1997) — most studies usually selected the more ‘successful’ projects for evaluation. The reason for not making this known was probably to avoid comments that these impact studies wanted to provide only a positive picture of impact. But also from a learning perspective it is often best to select well-performing projects, as the extent of the impact will be more clear and easier to detect than with frustrated project interventions.

In all the impact studies under review it was recognised that evaluations of selected case studies had to be analysed within a wider national context, as it is not unusual that ‘any positive changes in the lives of the poor are primarily attributed
to the development projects initiated by NGOs, even though they might result from factors external to the project' (Riddell and Robinson 1992: 31). The relevant data needed to analyse this wider environment varies considerably among impact studies. The British study focused on poverty alleviation projects and was therefore interested in two particular issues: the policies, achievements and failures of government and official aid agencies in alleviating poverty, and the role and impact of local NGOs in this wider picture. The Dutch study focused on different types of private aid interventions and made an inventory of local NGO practices in the selected countries, combined with an analysis of the relations of these NGOs with government policies, political parties and churches, target groups and donor organisations. These country studies served as a framework for the case studies, but since results of the latter were never published, the relation between case studies and context analyses remains unclear. The Finnish and Swedish studies integrated context and case studies analyses into separate country case studies. Social and economic context analysis was combined with an analysis of governmental and official aid agency activities in relation to the projects that were evaluated. The Swedish study also analysed Swedish private aid interventions in relation to the strengths and weaknesses of the totality of local NGO development efforts. This integrated approach, although quickly and superficially executed, certainly was a step forwards. It emphasised the challenge for impact studies to link micro- and macro-analysis, and to integrate project evaluations and country context analyses in order to judge the role of external factors as part of impact assessments.

Impact studies ultimately are meant to judge the impact of development interventions, in this case of European private aid agencies. Before looking at the conclusions of these studies, a comment should be made about the validity of their findings. The samples of selected case studies on which these conclusions were based were relatively small and biased towards more successful projects. If this is added to the variety of project interventions and project objectives, national contexts that cannot be compared, and the fact that most projects were still ongoing, obviously any generalisation about these findings should be treated with caution. Difficulties intrinsic to impact evaluations – such as a lack of baseline data, unambiguous initial objectives and undisputed qualitative indicators – led the Dutch study to conclude that evaluating under these conditions meant at best 'judging'. This confirms an earlier assumption: instead of 'measuring' impact it is more appropriate to speak of 'judging' or 'assessing' impact. Two areas of private aid impact addressed in these studies will be summarised below: poverty alleviation and civil society building.

Findings of impact studies
For several decades, the broad overall objective of private aid interventions has been to contribute to tackling poverty. The British ODI study, exclusively designed to assess the performance of poverty alleviation projects, was rather doubtful about
impact in this area. Although three-quarters of private aid-financed projects evaluated broadly met their immediate objectives and produced expected outputs, findings of outcome and impact were less favourable. Three issues repeatedly were mentioned as crucial elements in assessing the impact of projects aimed at reducing poverty: poverty reach (reaching the poorest), poverty impact (improving the economic situation of the poor) and project sustainability. One of the major findings of the British study was that private aid interventions failed to reach the poorest: 'almost without exception, the poor benefited to a greater extent than the poorest, and men to a greater degree than women' (Riddell and Robinson 1992:15). Although the study suggests that this might have been caused by the absence of specific objectives to target the poorest, the Dutch study found that income-generating programmes were indeed directed at the very poorest, but that it was not proven that they had actually benefited from those activities.

Carroll's study found that the 'middle poor' generally tended to benefit more from private aid interventions, and even the 'best performing' projects counted relatively few direct beneficiaries among the poorest rural households (Carroll 1992:67). Along the same lines, the Finnish study concluded that private aid had been targeted at poorer sections of society, but that it was hard to discern whether these were really the poorest: 'Indeed, a few projects which claimed to be for the poorest were in fact not' (Riddell et al. 1994: 133). The Swedish study, reaching the same conclusions, explains this by pointing at the lack of initial baseline studies to identify and target the poor. As a result, Swedish private aid agencies too often assumed that they were targeting the very poorest, instead of verifying that this was the case. The studies concluded that it is not always easy to identify the poorest layers of a society as the poorest are generally unorganised. Even when it was possible to identify them, it proved to be difficult to find a way of working with them. The Swedish study also pointed at circumstances in which it might be preferable to work with the less poor segments of society, for instance in experiments with ecological farming techniques. But this leaves the conclusion in these impact studies in tact that private aid agencies have been unable to reach the poorest sectors of society.

Disappointing poverty reach does not automatically mean that poverty impact was also limited. Did private aid interventions have an impact on reducing poverty? Evidence from the impact studies is not very encouraging. The British ODI study evaluated income-generating projects and found that in only a quarter of the projects was the income of the poorest raised significantly. The British ODA study (Surr 1995) concluded that these projects rarely resulted in benefits for the poor which could be regarded as significant enough to challenge the existing social or economic status quo in their local areas. The Dutch impact study also concluded that it was not clear whether the poorest really benefited from income-generating programmes, while the non-poor in some cases did. Credit programmes potentially could improve the income and employment opportunities of the poor, but their impact also was found to be limited (Riddell et al. 1995). A concern was that these
programmes were very dependent upon external resources and thus not very sustainable (Stuurgroep 1991).

Project interventions aimed at the delivery of social services (health care, education or drinking water) generally performed better and often had a significant impact on the living conditions of the poor, according to the Dutch study. But results appeared to be rather short-term and biased towards outcome instead of impact. The Swedish study pointed at the negative impact of social service delivery, in which private aid resources substituted for decreasing government expenditures for basic social services. Not only did these projects have a limited impact and lack sustainability, but they also ‘only very indirectly attempt to address poverty’ (Riddell et al. 1995: 77). Limited resources of individual projects were often not sufficient to make the necessary investments that could enhance income and employment, according to the evaluators. Another explanation that was suggested was that these private aid interventions were not based on an adequate conceptualisation of what poverty is, how it is caused or how it is to be addressed. An appropriate ‘theory of poverty’ would emphasise the political dimension of poverty: the need to build organisational and political capacity among the poor, which could address dominant power relationships. The Swedish case studies suggested that private aid ‘is most likely to have an impact when it directly addresses the social relationships that underlie poverty – such as land holding relationships, territorial conflicts, or having greater power to influence the distribution of profits – and which increases the organisational, political and entrepreneurial capacities of the poor to tackle these relationships for themselves’ (Riddell et al. 1995: 79). In other words, strengthening civil society is probably a key tool for enhancing the poverty impact of private aid interventions.

This was confirmed by an additional element that negatively affected the lasting impact of private aid interventions aimed at poverty alleviation: the lack of (financial) sustainability of projects. ‘Virtually none of the NGOs evaluated in this study would be able to survive without foreign aid resources’, observed the Dutch study (Stuurgroep 1991: 41), largely confirming the earlier findings of the British ODI study. The inability of local project partners to become self-sufficient after private aid interventions had been completed, was mentioned as a general concern. The problem of sustainability appeared to be particularly acute in projects delivering social services to the poor, who are obviously unable to pay for these services. Ideally the state, with adequate tax revenues, should take responsibility to finance and organise delivery of social services to the poor, but in an era of structural adjustment and downsizing of government budgets this is unlikely to happen; where governments are inefficient and weak, aid interventions aiming at service delivery often tend to contribute to ‘gap-filling’.

What causes the lack of financial sustainability? The British ODA study argued that the inability of (Southern) governments to take over project financing and the lack of local resources to replace foreign assistance is the main cause of low sustainability (Surr 1995). But the Finnish study also blamed private aid agencies
who had not seriously anticipated how to sustain processes they had been supporting until only the end of projects, when shifting to sustainability obviously was difficult. The Swedish study found that the likelihood of financial sustainability is greater when project executors consider sustainability a priority issue, when beneficiaries are not among the poorest (and are able to make their own contributions) and primary stakeholders have a firm commitment to a project. Most studies arrive at similar conclusions: stimulating self-financing mechanisms should be part of integrated efforts to strengthen the capacity of overseas counterparts.

The Finnish and Swedish studies go even further and point at the need to view sustainability as a broader objective, beyond thinking of self-sustainability only in terms of resources. These studies point at sustainability as a process, that is, the way in which a project enables primary stakeholders to survive without external inputs. Strengthening the capacity of these primary stakeholders - through training, learning and organisation - can generate an impact that lasts well beyond the completion of aid interventions, given that these interventions 'aim to enhance the capacity of the poor to respond to political and economic processes' (Bebbington and Kopp 1995: 68). Similarly, Carroll (1992: 178-9) concludes that 'the only way service-provision can become a sustainable and cumulative process is if the recipients learn to manage their resources, deal more effectively with the government and the market, and develop community-based institutions of their own'.

This seems to be the case also for income-generating projects. Van Niekerk (1994) in his impact study of rural development NGOs in Peru and Bolivia, found that their limited economic impact could only be improved if the organisational capacity of Andean peasants was increased with empowerment strategies that would enable them to exert the pressure that could lead to better political and economic conditions.

What is suggested here is that private aid interventions aimed at poverty alleviation are more likely to increase sustainability (and consequently, their impact) when they simultaneously manage to empower primary stakeholders. This appears to be a crucial point as it implies that civil society building, of which organisational capacity building is only one element, possibly could enhance the impact of private aid interventions. Although none of the studies assessed the impact of civil society building interventions as a separate strategy, most of them did examine one or more of the elements that were mentioned earlier. Five types of private aid interventions contributing to civil society building were identified earlier: building organisational capacity, building sectoral alliances, building intermediary channels, building international alliances, and building citizenship. Several impact studies addressed the issue of organisational capacity, although framed in concepts such as 'empowerment', 'participation' or 'consciousness raising'. Building organisational capacity (the most basic form of civil society building) was disaggregated by the Dutch study into four steps: mobilising unorganised people, building cohesion within a group, developing capacity and 'consciousness' with training programmes, leading to collective action. The case
studies found that mobilisation was generally successful, but that no evidence was provided that cohesion was sustainable. The achievements of training and collective action were difficult to assess due to a lack of adequate instruments and clear objectives. Although some examples indicated that organisations could be successful in achieving results with collective action, the overall picture was not convincing: ‘there are no examples of fundamental changes in power relations, nor of an essentially changed way of decision-making. Regarding gender relations there have been hardly any changes at all’ (Stuurgroep 1991: 35). Other impact studies also found that the impact of private aid interventions questioning gender relationships and enhancing the capacity of women had been limited or absent.

Carroll’s study (1992) found that ‘well-performing’ partners of the Inter-American Foundation scored low on building organisational capacity, but relatively higher on service delivery and poverty reach. He concluded therefore that access to resources and services did not necessarily enhance the capacity of grassroots organisations. He distinguished between an internal dimension of group capacity building (learning how to manage resources collectively) and an external dimension in which groups learn how to make claims on power holders. It turned out to be more difficult to mobilise for group management, requiring more sustained activity and dealing with individual and group dynamics, than to mobilise for claim-making. But when groups managed to accomplish concrete joint tasks this often led to more demanding and complex endeavours, creating a positive dynamic fuelled by Hirschmann’s ‘social energy’. While the effectiveness of poverty alleviation interventions demanded group capacity, Carroll suggested that the effectiveness of social change and claim-making also depended upon a solid core of tangible benefits around which community participation could take place. He recognised the paradox implicit to top-down planning with external resources in order to enable the poor to participate from the bottom up, a process that Uphoff (1992) calls ‘assisted self-reliance’.

The key to success, according to Carroll, is that aid interventions manage to teach networks of individuals and informal groups how to deal effectively with the wider environment. As local organisations are generally not fixed or stable, ‘capacity building at this level often implies sustaining and reinforcing networks of individuals and informal groups of people. [...] These multiple, fluid, often overlapping networks form the organizational base within which specific forms of aggregations appear, disappear, and reappear’ (Carroll 1992: 104). These groups should therefore attempt to internalise and reproduce this collective experience so that it can have an effect even after a particular organisation has ceased to exist. Carroll also admitted that it is very difficult to assess the impact of capacity building interventions on such a fluid and mutating organisational network. He made an interesting point by suggesting that the conversion of ‘social energy’ to a network of organisational capacities can best be accomplished with ‘outside independent and sympathetic assistance’ and with a support structure that provides both vertical power linkages and horizontal networks of civil engagement (1992:}
However, the success of this external assistance is assumed since its actual achievements were unfortunately not assessed. Two elements thus appear to be critical in the evaluation of case studies oriented at building organisational capacity: participation and sustainability. Participation can be defined as the direct involvement of citizens in decisions that affect their livelihoods. It has two dimensions in relation to aid interventions: input (participation of primary stakeholders in intervention processes) and output (participation of primary stakeholders in political processes). The first aspect has become highly valued in development discourse and can be considered an indicator for the quality of partnership and internal accountability. It is assumed that aid interventions are more effective when beneficiaries are actively involved at all stages (project design, planning, implementation, monitoring and evaluation). Despite the rhetoric, stakeholder participation generally has proven to be weak as Carroll (1992) and Riddell et al. (1995) have shown. Even if tangible benefits are provided in the short term, stakeholder participation seldom has led to long-term growth in participation (Carroll 1992: 92). Unintended effects of organisational capacity building also have occurred, for example when organisations were strengthened primarily to adapt themselves to the requirements of funders. This is risky, because the purpose of organising can become depoliticised in the process of organisation building when ‘organisation’ is limited to a simple way of getting access to external resources. Complacency and dependency have in some cases even resulted in ‘disempowerment’, as was argued elsewhere (Fowler and Biekart 1996).

A recurrent dilemma of organisation building is the predominance of successful charismatic leadership which many organisations are dependent on for their effectiveness. Although this appears to be less damaging for the level of participation, it often contributes to a loss of dynamism in later stages of organisational development, as it affects the sustainability of aid interventions (Carroll 1992; Fisher 1994). As part of building organisational capacity, the Swedish study warned that private aid agencies should encourage partners to broaden authority, experience and skills in their organisation, and prevent it from becoming too dependent upon one individual. This has proven to be problematic, because personal relationships between funders and recipients often are crucial for maintaining fluid communications about the progress of programmes. The Swedish study found that private aid agencies sometimes (unconsciously) have contributed to a concentration of power and authority in one (charismatic) leader. Despite this, it was also suggested that investments in human and organisational capacity, in the long run, are likely to have more sustainable impact than any other aid intervention (Riddell et al. 1995: 85).

Particularly relevant for building organisational capacity is the second dimension of participation, in which members of an organisation are committed to changing their livelihoods. Riddell et al. (1994: 140) somewhat ambiguously stated in the Finnish study that ‘in some cases the beneficiaries have quite genuinely been empowered; in others any empowerment remains nebulous both in concept and
They pointed at the difficulty of building capacity simultaneously on many fronts: ‘if management skills are in place but financial support is not, then there is insufficient “capacity” built to ensure sustainability’. Due to unfavourable environments in which private aid agencies (and their partners) operate, the report added that it is unreasonable to expect organisations to build capacity on all fronts in the short term. The Swedish study argued that building grassroots capacity is the most crucial dimension of participation, although the authors concluded that (with some exceptions) little evidence was provided in the case studies that private aid agencies have attempted to address these issues seriously.

Only in the 1990s did civil society building become an explicit objective of private aid interventions, as was outlined earlier. Although several elements of this strategy already figured in earlier mission statements of private aid agencies – such as building organisational capacity or building alliances – it was seldom stated as a primary objective. Not surprisingly, most impact studies discussed here included cases that were primarily oriented at either service delivery or income-generating projects, often with a component of capacity building. None of them studied organisations that, for example, had as their primary objective to influence government policies or to serve as intermediaries between civil society and the state. The emphasis of most impact studies was on local organisations dedicated to poverty alleviation, with little attention for advocacy-oriented and policy-reforming local organisations. However, most multiple agency impact studies mentioned the potential of private aid agencies and their partners to mobilise groups to oppose authoritarian governments, albeit without really assessing the impact of these interventions.48 Some evidence on private aid impact in relation to civil society building programmes was provided by the earlier mentioned ‘third category’ of ‘independent’ impact studies.

Fowler, for example, assessed the potentials and constraints of Kenyan NGOs in shaping political processes. He found that aid interventions often contribute to regime stability, and even ‘undermine people’s ability to assert themselves towards the state in their own interest’ (Fowler 1993b: 209). He suggested that through their micro-development work – improving the conditions of the poorest, enabling the formation of new civic groups, mediating with government agencies at local level – Kenyan NGOs had a passive effect on civil society building, thereby confirming what was said earlier about building organisational capacity. But he also found that they had been unable to create inclusive coalitions at the macro-level between sub-national groupings that could strengthen political society, ‘which suggests an over-optimism on the part of donors who articulate such an optimism’ (Fowler 1993b: 209). He identified two obstacles for Kenyan NGOs to increase the inclusiveness of civil society and accountability of the state. An internal obstacle was their fragmentation and lack of cohesion as a result of competitiveness, which prevented the creation of a representative structure to influence state policies. Externally, the government managed to diminish the autonomy of NGOs by incorporating them into the development administration, partly as a result of conditions from official
donors, and partly because the government decided to prioritise support to ethnic groups with whom NGOs traditionally had been working. The consequence was that increased official aid reduced the ability of Kenyan NGOs to function as what Fowler (1993b: 300) calls ‘genuine expressions of Kenya’s civil society’. The increase of official aid to Kenya, and the lack of local financial resources to sustain NGO activities, also had an unintended impact: increased dependence on foreign aid threatened these NGOs with becoming ‘local agents in a system of global service delivery’ (Fowler 1993b: 301).

The evidence from Latin America is more pronounced, as private aid interventions generally had a stronger political dimension, particularly during the 1980s in countries with repressed oppositions under authoritarian regimes. In the case of Colombia, Smith (1990) assessed the political impact of thirty-six Colombian NGOs, all financed by North American and European private aid agencies. Some of these private aid agencies stated that their primary objective was to pursue social and economic change through political empowerment of the poor. A vast majority of his sample of Colombian NGOs indicated that they had tried to act as mediators between grassroots organisations and local governments, or national authorities, in order to improve public services for the poor. Half of them admitted that they had been successful in persuading government officials, particularly in improving public services for the poor. Smith concludes that the function of Colombian NGOs as brokers between local communities and government agencies thus was successful, even if it did not produce any fundamental reordering of power in society. Interestingly, he found that the objectives of private aid agencies (pursuing social and economic change) generally were not shared by Colombian partner NGOs. On the contrary, Colombian NGOs ‘not only seldom attempt to mobilize the poor to confront political and economic elites, they also enhance social stability by meeting some of the basic needs of those who do not benefit significantly from the system’ (Smith 1990: 263). In other words, in line with what Fowler argues, he concludes that private aid interventions contributed to enhancing the political and economic status quo in Colombia, and that NGOs generally served as ‘gap-fillers’ in the provision of public social services.

Smith’s findings and his far-reaching conclusions need some closer examination, particularly since his study is one of the few independent efforts trying to assess the political impact of private aid interventions in Latin America. However, his methodology (semi-structured interviews) and time-frame (three months) indicate that his evaluation of Colombian NGOs could at best detect short-term results. Evaluation of longer term impact of private aid interventions would probably generate other outcomes. He actually admits this by suggesting that in the long run these interventions could be quite significant: ‘quiet but steady growth in self-confidence and autonomy among beneficiaries might spill over into more overt political opposition – especially if there is greater cooperation between the non-profit sector and if non-profits eventually forge alliances with partisan political movements’ (Smith 1990: 277). Unfortunately, he does not assess this longer term
impact and only points, similarly to studies mentioned earlier, at the potential impact of private aid interventions. Smith’s findings about the short-term stabilising and ‘gap-filling’ effect of private aid interventions are important to take into consideration for impact evaluations in other regions. Although his hypothesis was tested in the Cold War context of the 1980s, it possibly still holds true for the 1990s, but this needs to be assessed carefully. The weak part of his conclusions is that he makes assumptions about presumed long-term political impact of private aid interventions (which he finally considered to be irrelevant), without seriously monitoring or evaluating these trends. Smith’s overall conclusion (1990: 282) that the international private aid network ‘perform a system-maintenance function, both at the international level among nations and within rich and poor countries themselves’ is therefore not convincingly sustained by evidence.

A more recent independent impact study of private aid interventions in Latin America is Macdonald’s study on Costa Rica and Nicaragua. She evaluated six private aid interventions of North American and European private aid agencies, primarily aimed at civil society building. Macdonald criticises Smith’s generalisations about private aid impact for creating a false dichotomy between interventions providing short-term benefits (reform) versus those contributing to structural transformations (revolution). Instead, Macdonald (1997: 147) proposes an intermediate position, in which ‘NGOs as agents of civil society’ are considered to be ‘potential contributors to democratisation and greater social equality, as neither completely irrelevant nor the prime movers of social change’. Despite selecting relatively successful local NGOs, for the most part working with combined poverty alleviation and empowerment objectives, she found that these NGOs contributed little or nothing to the material well-being of the poor. This confirms her initial assumption that the political impact of NGO activities was potentially of greater importance than short-term poverty alleviation, despite the difficulty of mechanically separating the economic and political dimensions of interventions: ‘NGOs must thus address the question of how to create economic alternatives for the poor in such a way that also contributes to their levels of organization, democratic participation, and ability to challenge entrenched structures of power’ (Macdonald 1997: 146).

It also confirms the assumption of the Swedish impact study about the need for civil society building as a condition for enhancing the impact of private aid interventions aimed at poverty alleviation. But what does it prove? In Costa Rica, Macdonald found that NGOs were not very successful in trying to mobilise organisations promoting social change, due to co-optive measures by the state and clientelistic social structures. In Nicaragua during the Sandinista revolution, NGOs were better able to mobilise for social change although often strengthening the Sandinista state instead of civil society. Macdonald’s findings are rather ambiguous, possibly because she pays little attention to the dynamics inside the aid chain. Her conclusion that NGOs (despite the limited autonomy of civil society from the state) are contributing to a long-term process of constructing civil society in these
countries actually is an assumption. But, unfortunately, it does not prove the potential of private aid agencies to contribute to civil society building.

In sum, little concrete evidence so far has been provided by impact studies about the contribution of private aid agencies to building alliances in civil society and strengthening intermediary roles of civil society coalitions vis-à-vis the state. This point is confirmed by a recent synthesis of virtually all multi-agency impact studies, which concludes (concerning private aid contributions to civil society building) ‘that the impact is modest, but that there is little hard evidence and no indicators with which to judge progress or performance’ (Kruse et al. 1997: B-29). More evidence has recently been appearing on the impact of international advocacy, and in particular on the role of transnational alliances operating in ‘global civil society’ aimed at influencing multilateral organisations and other international actors. Private aid agencies can contribute to providing access for local civil society organisations to these transnational alliances, as another important element of civil society building strategies. For example, by targeting policies of the World Bank with transnational advocacy efforts, national alliances could potentially democratise development policies of their home countries (Fox 1996). Yet the variety of these alliances, and the diversity of their purposes and working methods makes it difficult to generalise about their achievements, let alone about the effectiveness of private aid involvement in these alliances. Without any doubt significant gains have been made by transnational advocacy alliances, especially in mobilising international media and Northern public opinion (Krut 1997). But this is also a potential danger, as unequal power relations between private aid agencies and Southern coalitions could be further enhanced, making aid chain dynamics even more complicated (Edwards 1993). Jordan and Van Tuijl (1997) argue that it is extremely difficult for Southern organisations to operate effectively outside their own political arena without the risk of compromising their local political responsibilities. Consequently, assessing the impact of advocacy campaigns via aid chains that oscillate between global and local levels appears to be even more difficult (Keck and Sikkink 1998).

The previous overview has shown that evaluating the impact of (private) aid interventions aimed at civil society building is still in a pioneering phase. There is a consensus in the literature that private aid agencies have the potential to contribute to civil society building. But there also is a consensus that there is still a lack of firm and reliable evidence on the impact of private aid interventions, especially when it concerns civil society building: ‘most impact assessments rely on qualitative data and judgements and most are undertaken very rapidly. The majority have been content to report on and record outputs achieved and not outcomes achieved, or broader impact’ (Kruse et al. 1997: vii). Another obstacle is the learning disability of private aid agencies, resulting in a low priority for innovating monitoring and evaluation systems. A former OXFAM-UK/I staff-member commented that ‘few funding NGOs will have any knowledge of projects where funding stopped five or ten years ago. They probably will not even know whether the project survives, nor
whether there have been any lasting benefits and if so to whom' (Clark 1991: 71).

Although this situation has improved in the mid-1990s, other obstacles remain, such as the reluctance of Southern partners to be involved in (external) evaluations, which often are considered as a means of control. Howes (1992: 393) remarks that the empowerment approach apparently made little contribution to the advancement of evaluation methods: ‘Some exponents are openly hostile to evaluation in particular, arguing that it only appears to be a way of promoting greater efficiency, when its real function is to provide an additional means by which powerful external forces may exert political control over the poor.’ A further set of obstacles has already been mentioned several times: impact evaluation is time-consuming, methodologically difficult and the results are often not something to be proud of. Brown and Tandon (1994: 10) warn against spending too much time and energy reinventing the wheel that has been created by others: ‘many agencies are so overwhelmed with the challenges of responding to difficult problems with inadequate resources that they have little time or energy to reflect on past experience, little skill in conceptualizing issues, and restricted access to others’ solutions’. Fortunately, the present study has benefited enormously from previous pioneering private aid impact research, and the main lessons of this will be drawn in the following pages.

3.4 Impact assessment methodologies

Despite limited practical experience in assessing the impact of private aid interventions aimed at civil society building, the growing number of private aid impact studies provides some valuable lessons. A first major lesson from previous impact assessments is that expectations about potential findings are often too ambitious. Methodological and practical difficulties make it virtually impossible to assess the impact of private aid interventions. Due to unclear objectives or the absence of baseline data, it is sometimes not even possible to assess direct outputs of these interventions. Fowler’s distinction between outputs, outcomes and impact is helpful in distinguishing evaluation goals. Recent impact studies suggest that the ‘output’ of aid interventions can be generally determined rather easily, whereas the ‘outcome’ (effectiveness) is more difficult to assess. But it appears to be unrealistic to suggest that the ‘impact’ (sustained social change over a longer period) can be attributed to (private) aid interventions given the complexity of actors in the aid chain and the diffusing effects of external factors.

A second lesson is that the outcome (not to mention the impact) can only be assessed if interventions are monitored over a longer period of time. This is a crucial condition for impact analysis, as the context variables become more relevant over time. But also because the objectives of interventions often are adapted to internal and external circumstances. All impact studies that were reviewed were either ex post evaluations, or (more commonly) snapshots of ongoing projects. Monitoring
not only is important from the very beginning of an intervention (project design), but particularly after external interventions have ended. Development impact of private aid interventions possibly can only be judged seriously at least several years after interventions have been completed (Bebbington 1997a). This suggests that impact evaluation perhaps only generates satisfactory results when it is used as a tool for learning, implying that it becomes an integrated part of project cycles (Blankenberg 1995). This requires more sophisticated monitoring systems that continue to supply information after projects are completed. Unfortunately, this method is still rarely applied by private aid agencies, despite its enormous potential to improve impact evaluations.

A third lesson is that impact evaluations generate better results when they are participatory and try to maximise the collaboration of stakeholders in the evaluation process. This is not only useful in transforming evaluations into learning experiences, which has been argued repeatedly, but active participation of stakeholders also can considerably improve the quality of impact evaluations. Assuming that primary stakeholders are the experts in determining which changes interventions have caused in their lives, they also are best placed to determine the indicators for impact evaluation and even to choose evaluation methods. Generally, this will reveal that aid interventions often have multiple impacts, instead of the single impact view with which many evaluation methodologies are working. When beneficiaries have no ‘ownership’ over their evaluation procedures, it is likely that they are not getting any benefits other than simply fulfilling donor obligations (Oakley et al. 1998). However, Howes (1992: 388) also points at a problematic side of participatory approaches, in which differences between monitoring and evaluation could become blurry: ‘Evaluation has ceased to be a means of yielding insights for application in other places and at other times, and has been transformed into a device for adapting existing practice more closely to beneficiary needs in the light of evolving experience. [...] Such developments are clearly in the interest of project beneficiaries, but often do not produce data of sufficiently uniform character to facilitate comparisons with what has been achieved elsewhere.’ This is generally the main reason for donor agencies to limit participatory evaluation methods to informing or consulting beneficiaries, rather than delegating responsibilities to them.

A fourth lesson from the impact studies is that only an integrated approach of private aid interventions potentially generates useful data. If aid interventions are not analysed in the context of an interdependent chain of actors that become more sensitive to external influences as they are ‘lower’ in the chain, agencies tend to apply a simple ‘blueprint’ assumption of attributing cause to effect. The current practice of ‘isolating’ project executors and assessing their impact against donor-driven objectives will lead either to erroneous conclusions, or to obvious observations that external influences have negatively influenced project performance. Whereas Robinson (1996b: 3) is right to point out that ‘the primary unit of analysis is the recipient organisation, rather than the aid donor’, the key lesson of previous
impact studies is that the internal dynamics of the aid chain as a system need to be analysed in the context of dynamics external to the aid chain. This certainly is not easy, and this approach will seldom yield undisputed impact data. However, it moves the analysis away from quickly measurable results towards assessing aid chain dynamics within a wider context. This is less ambitious, but it could help to understand the 'relative causality' of aid interventions, and how aid-related and non-aid related variables affect the outcome of private aid intervention strategies.

A fifth lesson that can be drawn from multi-project evaluations (although not undisputed) is to preferably select case studies from project interventions which have been relatively successful, so that effects are more pronounced and thus more easy to detect. At the current pioneering stage of impact assessments, the ambiguity of aid-related variables should be minimised, which is certainly not easy. To prevent additional complications, a pragmatic approach is probably justified by which case studies are selected whose objectives have been fairly constant and are the least complex. It is, as was argued earlier, very difficult (if not impossible) to mechanically separate poverty alleviating objectives from 'empowerment' objectives. For the present study it is therefore important to select project interventions that in practice were explicit in their civil society building objectives, even if donor agencies preferred to use other terms in their project documents. Furthermore, it is helpful to select those interventions in which obstacles to impact assessments are as limited as possible. For example, it is important to select case studies in which all actors are willing to cooperate, and where sufficient previous evaluation data exist. Consequently, selected case studies meeting these criteria will not be representative, making generalisations rather difficult. But as was concluded earlier in this chapter, every project intervention deals with a unique set of variables, both internal and external, inhibiting broad generalisations about its performance anyway.

A final lesson to learn from the above is the necessity to keep searching for new and innovative methods to improve the prospects for successfully assessing private aid performance. Even if it is concluded that impact assessment is virtually impossible, this does not imply that any effort is doomed to fail. New methods and techniques have to be developed continuously, and the current priority for performance assessment amongst private aid agencies will likely accelerate this search. Impact assessment, particularly if applied as a participatory and learning exercise, in the years ahead will be one of the crucial methods for private aid agencies and their stakeholders to confront growing criticism about legitimacy, transparency and accountability. It will be the only way to learn from failures in the past, and more importantly, to prevent these failures from being reproduced unconsciously. Current practice indicates that innovations of impact assessment methodologies predominantly come from circles external to private aid agencies, particularly from academics and independent consultants. It underlines Clark's (1991: 73) famous, and still valid, advice that 'Northern NGOs would probably benefit from more rigorous, constructive scrutiny and perhaps they should invite...
by making more strenuous efforts to describe to academics, development specialists and the general public exactly what it is that they do and why.'

**An assessment framework**

By pulling together the strands of earlier experiences, a framework has been developed to assess the effectiveness and the dynamics of civil society building in private aid chains during democratic transitions in Central America. The assessment has to focus on the impact of private aid interventions on the organisational capacity of key recipients in civil society, and on their achievements in terms of articulating and mediating demands from civil society, within the sphere of political society, in order to further democratic transition. The focus is on those elements of civil society building that have contributed to strengthening political society, building national and international alliances, and building intermediary coalitions in civil society. Slightly adapting Couderé’s (1994) inter-project evaluation approach, achievements are considered to be contingent upon the national context, aid chain dynamics and organisational capacities. Context variables are determined by the historical development of the balance between the state and civil society, but also by international influences. These context variables are explored for the Central American situation in Chapter 4 by identifying various stages of democratic transition that can provide valuable baseline data.

As all stakeholders of aid interventions are linked interdependently in the aid chain, a solid aid chain analysis is needed for each intervention. This will indicate the main actors, their mutual relationships and possibly the range of objectives that were handled during the process. It should be clear what is actually being assessed (output, outcome or impact) by making explicit what the specific objectives were of private aid interventions, how these objectives were formulated and implemented downwards in the aid chain, and whose output, outcome or impact was actually evaluated. Despite dealing with multiple actors who define multiple objectives that influence final results, I have followed Robinson’s (1996b) suggestion to define the recipient of private aid as the primary unit of analysis, and not the private aid donor. After all, impact assessments always contain two key questions: what has been the impact of local societal actors on changing state-civil society relations, and to what extent could the achievements of these actors be attributed to one or multiple aid interventions of external donors? In order to address these questions, it is important to monitor how private aid intervention policies changed during the subsequent transition stages that were identified in the context analysis. Chapter 5 analyses the history of private aid interventions in Central America and examines the roles and objectives of European private aid agencies’ contributions to democratic transitions in this region. This will provide the main framework for analysing aid chain dynamics.

Another important component for analysing aid chain dynamics is the relationship between donor and recipient, which is generally reflected in the quality of ‘partnership’. This can for example be assessed by looking at the level of
recipient participation in the design of projects and in the preparation and implementation of evaluations. Aid chain dynamics also are influenced by the extent of autonomy recipients have from political parties or from membership organisations, even though this often changes in the course of democratic transition. The position of beneficiaries in the aid chain also has to be carefully analysed: who is actually targeted by the aid intervention, how are these intended beneficiaries participating and to what extent is the intervention responding to particular local demands or to externally imposed priorities? This analysis can make clear, for example, whether local beneficiaries have become better organised in order to improve their own situation, or whether the aid chain merely has created a new system of relationships to administer and spend external funding. These themes will come back in Chapter 6, in which four Central American aid chains are more closely examined.
‘Civil society building performance’ is assessed in Chapter 6 at two different levels. The achievements of the recipient organisation in contributing to civil society building are evaluated at the macro-level, by looking at changes in the balance between the state and civil society. Two variables are used: the capacity of these organisations to articulate and mediate demands between civil society and the state, and their capacity to contribute to strengthening political society. The role of external aid in these achievements is assessed at the micro-level of the recipient organisation and its beneficiaries in the aid chain. Important variables that could affect this organisational impact are the dynamics of internal participation, the level of internal accountability, and the sustainability of organisations as a result of private aid interventions. An overview of this framework is provided in Table 3.3.

3.5 The potential of civil society building

Although only in exceptional cases phrased as a coherent strategy, ‘strengthening civil society’ has become an important new ingredient of donor policies in the 1990s. Implicitly, private aid agencies had already contributed to civil society building prior to the 1990s with policies aimed at strengthening the organisational capacity of their partners and by forging their sectoral alliances. Other elements of civil society building, such as enhancing the policy advocacy capacity of multisectoral coalitions or providing access to transnational political space also were part of private aid policies during the Cold War. The new element is that civil society building became an explicit policy of official donors in the early 1990s, when they discovered that civil society was a useful concept to stimulate market-led development strategies, downsize the role of the state and make governments more efficient. Although some private aid agencies have played a (minor) role in the implementation of the new governance agenda of official donors, they generally work with a more ‘inclusive’ concept of civil society building compared to the official donor concept which tends to reinforce existing power relations. Private aid agencies run the danger of being co-opted by the new official agenda, and performing what Smith (1990) calls a ‘system maintaining function’. However, they also have the potential to contribute to social and political change if they manage to address the power relationships that underlie poverty and authoritarianism. In fact, this is probably where their potential impact is believed to be larger than that of any other development intervention, as several impact studies have suggested.

It is not only an obligation (to paraphrase Clark), but also a challenge for private aid agencies to be more explicit about what they are actually strengthening in civil society, and why. This could demystify the current rhetoric on civil society building of official donors, which is generally not geared towards transforming existing power relations. By showing what they have achieved in practice, this could also increase the legitimacy of private aid agencies and overcome their weak accountability. But the previous analysis also made clear that it is very difficult, and
sometimes impossible, to identify the longer term achievements of private aid 
interventions aimed at civil society building. This is further complicated by a lack 
of methods to assess the results of interventions that are often phrased in vague and 
general terms. More than a coherent strategy, civil society building presently is 
rather a category of various (old and new) intervention strategies, whose purposes 
often only become visible when their achievements are carefully examined. 
Evidence from a number of recent studies suggest that private aid agencies indeed 
possess the potential to contribute to civil society building, but that possible 
achievements are diffused by external influences and internal dynamics of the aid 
chain. One of the major lessons from these studies is that much can still be learned 
by examining why and how private aid agencies contribute to civil society building, 
rather than only trying to find out how much they have contributed to this process. 
More evidence is needed from the practical experiences of private aid agencies 
involved in civil society building, which eventually could contribute to further 
developing instruments for assessing their impact. The second part of this book 
examines some of these key experiences in a (former) priority region of the 
international donor community: Central America.