The construction and operationalisation of NGO accountability: Directing Dutch governmentally funded NGOs towards quality improvement

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CHAPTER 5: CASE CONTEXT AND INTRODUCTION TO FINDINGS

5.1 Introduction

The aim of this chapter is to ‘set the scene’ for the narrative in the subsequent findings chapters (6 to 9) by providing a brief historical overview of international development cooperation and Dutch development cooperation. The chapter also provides an introduction to the four co-financing NGOs analysed in this study. Finally, an introduction to the structure of the findings chapters (6 to 9) and an overview of the shifting rationales, programmes and technologies of government unveiled in chapters 6 to 8 is presented to guide the reader through these chapters.

5.2 A brief introduction to international development cooperation

Development cooperation, also referred to as development aid, foreign aid, or international aid, can be described as the international transfer of capital, goods, or services from a country or international organisation for the benefit of a recipient country or its population (Fowler, 2000). The most common type of development cooperation is official development assistance (ODA), which involves assistance provided to promote development and fight poverty. Development cooperation can be distinguished from humanitarian aid by its focus on alleviating poverty in the long term rather than representing short term responses to humanitarian crises.

The earliest form of development cooperation provided by countries, was military assistance aimed at helping parties at war that were in some way considered to be strategically important. Another form of development cooperation emerged in Europe in the 19th and 20th centuries when large amounts of money were provided to colonised countries, for example, to improve infrastructure, with the ultimate goal of increasing the colony’s economic output. The origin of the structure and scope of modern development cooperation, as we currently

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22 Note that the term development aid was replaced with development cooperation in the 1970s in order to emphasise that donor countries and organisations consider the aid receiving countries or organisations as equal partners (Degnbol-Martinussen and Engberg-Pedersen, 2005).
know it, can be traced to two important post-World War II developments, i.e. the implementation of the Marshall Plan\textsuperscript{23} and the founding of significant international organisations, such as the United Nations (UN), IMF and World Bank (Rist, 2002). The UN, IMF and World Bank played an important role in allocating international funds and determined the qualifications for receiving aid and assessing the impact of development cooperation.

Development cooperation can be broadly distinguished into two forms, i.e. bilateral and multilateral. Bilateral development cooperation is provided by development agencies of so-called Northern (developed) countries (such as the department responsible for development cooperation within the Dutch Ministry of Foreign Affairs), while multilateral development cooperation is channelled from Northern donor countries through international organisations such as the World Bank and the International Monetary Fund (IMF) (Fowler, 2000; Rist, 2002). Both forms of development cooperation often rely on intermediaries, such as international (Northern) development NGOs or domestic NGOs working in developing countries, in providing the actual assistance to the marginalised and poor in developing countries (Fowler, 2000). Figure 5.1 provides a simplified overview of the financial links and flows in the international development cooperation system. A key focus of this study is on how the Dutch Ministry of Foreign Affairs has sought to hold development NGOs, operating as an intermediaries, accountable for the funds provided through financial link ‘A’ in Figure 5.1, i.e. the link between donor countries and international (Northern) NGOs.

\textsuperscript{23} The Marshall Plan, a plan developed by the United States (U.S.) was initiated in 1948 to rehabilitate and stabilise the economies of 17 European countries\textsuperscript{23} by providing money, raw materials and goods worth around 13 billion U.S. dollars from 1948 until 1951 (USAID, 2012).
Countries have various reasons for providing development cooperation. It can, for example be provided to achieve a country’s diplomatic goals, to garner support for its positions in international organisations, to increase its diplomats’ access to foreign officials, or as compensation for the right to establish or use a military base in a foreign country. Alternative purposes can include promoting exports of a country, spreading its language, culture or religion, relieving suffering caused by disasters, promoting economic development, helping to establish or strengthen political institutions, or to address transnational problems including terrorism, diseases and destruction or pollution of the environment. Governmental policies addressing development cooperation are often aimed at achieving several of these purposes (Fowler, 2000; Rist, 2002).

5.3 A brief history of Dutch development cooperation

Before 1950 there was little attention to development cooperation in the Netherlands due to the country’s prevailing colonial policy. Development cooperation in the Netherlands (and other former colonial powers, such as the United Kingdom and France) emerged with the
decolonisation that took place in the 1950s. However, at this time, development was mainly aimed at ensuring that former colonies were governed in a way that ensured that inhabitants could ‘enjoy’ freedom without poverty, hunger and insecurity (Beurden and Gerward, 2004; Zevenbergen, 2002). An additional reason was maintaining trading relations with (and some power over) former colonies, which was reflected in the general approach to development cooperation in the Netherlands originally articulated as providing aid through trade (Hoebink, 2007). Prior to 1965, development cooperation in the Netherlands was the responsibility of the Ministry of Economic Affairs, which resulted in a focus on modernisation and industrialisation of developing countries in order to address poverty and economic problems throughout the 1850s. Politicians however started criticising the modernisation and industrialisation approach in the early-1960s. They argued that this approach to development cooperation led to developing countries being impoverished, while developed countries were being enriched (Hoebink, 2007; Zevenbergen, 2002).

With the appointment of a Minister of Development Cooperation in 1965, who was part of the Ministry of Foreign Affairs (rather than Economic Affairs), the focus of Dutch development cooperation shifted from economic development towards economic and social development (Hoebink, 2007). Dutch development cooperation throughout the late 1960s and 1970s was characterised by a rapidly increasing budget, due to high levels of support from the general public, whilst there was limited attention to accountability for the effectiveness of development cooperation (Hoebink, 2007; Zevenbergen, 2002). This changed in the late 1970s when, due to a growing awareness amongst politicians that development cooperation efforts should aim for structural, longer term, poverty reduction to be achieved in an efficient and effective manner, increased attention to issues of accountability was deemed necessary. Whilst from 1980s onwards the budget for development cooperation further increased (from 1.75 billion Euro in 1980 to 4.75 billion Euro in 2011 (NOS, 2012)), development cooperation faced a continuously increasing amount of (political and public) scrutiny regarding its efficiency and effectiveness. This resulted in more stringent accountability demands for all forms of development cooperation (Hoebink, 2007; Beurden and Gerward, 2004), including Dutch development cooperation channelled through NGOs.

Dutch governmental support for development NGOs dates back to 1965, the year the analysis in this study commences in chapter 6, when 5 million Guilders (about 2.27 million Euro) was
made available for the co-financing\textsuperscript{24} of Dutch development NGOs in order to provide assistance to less developed countries (Schulpen, 2007). The emergence and evolution of this ‘co-financing program’ for Dutch development NGOs is the key focus of this study and is analysed in depth in chapters 6 to 8.

5.4 Introduction to the Dutch NGOs included in this study

The four NGOs, i.e. Oxfam Novib, ICCO, Cordaid and Hivos, included in this study together receive between 70 to 80 per cent of the total funding provided to NGOs through the governmental co-financing scheme. These four co-financing NGOs work together with local organisations in developing countries, who are referred to as their counterparts. These counterparts are responsible for the execution of projects in developing countries. A short description of the four co-financing NGOs is provided in the following sub-sections.

5.4.1 Oxfam Novib

Oxfam Novib is involved in projects to support local counterparts, advocacy and campaigning and states that it is ‘fighting for a just world without poverty’ (Oxfam Novib, 2008a). The organisation aims to fight poverty and injustice by working together with people, organisations, businesses and governments (Oxfam Novib, 2008a). It claims to help people in poverty to claim their basic rights by combining forces in the sense of cooperation with counterparts and their networks in developing countries (Oxfam Novib, 2008a). To be as effective as possible, cooperation with other parties, such as businesses and other international NGOs, is becoming increasingly common (Oxfam Novib, 2008a). Oxfam Novib cooperates with local NGO counterparts in developing countries and, in principle, does not send people to these countries (apart from some fieldworkers who departed to manage partner relationships in emergency aid areas\textsuperscript{25}), since Oxfam Novib contend that they are convinced of the power of people to solve their own problems (Oxfam Novib, 2008b). The organisation has three main approaches to work towards its aim of a just distribution of welfare in the world: strategic development financing; policy influencing; and campaigning.

\textsuperscript{24} Which implied that NGOs were required to combine governmental funding with alternative funding sources.

\textsuperscript{25} Oxfam Novib however recently decided to implement an adjusted approach which does involve sending people to developing countries.
5.4.2 ICCO

ICCO is a belief based (Protestant) development NGO that supports projects that work towards a world in which people can live in dignity without poverty and injustice, an aim similar to that of Oxfam Novib (ICCO, 2012). Three values are considered in ICCO’s organisational activities: compassion; justice; and stewardship. ICCO has introduced six main programmes in order realise its mission focused on alleviating poverty and fighting injustice: fair economic development; conflict resolution and democratisation; basic health care and HIV/aids; basic education; food and nutrition security; and fair climate. These are addressed by conducting activities on five different levels, i.e. financing organisations in developing countries, providing emergency aid, sending field workers to developing countries (to assist counterparts), lobbying, and providing advice (ICCO, 2012).

5.4.3 Cordaid

Cordaid is a development NGO based on the Christian belief and aims to fight poverty and injustice, an objective similar to that of Oxfam Novib and ICCO. As with Oxfam Novib and ICCO, Cordaid believe in the power of people to improve their own lives and therefore work together with counterparts in developing countries. These counterparts mainly comprise organisations defending marginalised groups, such as people in slums, ethnic minorities or children from disadvantaged backgrounds. Together with these local partners, Cordaid claims to work towards a sustainable and better future for disadvantaged people throughout the world. Additionally, in working with counterparts, Cordaid states that it aims to share knowledge and experiences, thereby enabling learning and continuously improving the performance of both Cordaid and its counterparts (Cordaid, 2012).

5.4.4 Hivos

Hivos aims to fight poverty, suppression, and discrimination by supporting people that wish to determine their own future and themselves want to work towards improving their future. In addition to this aim, Hivos states that it acknowledges the power of Dutch citizens and aims to involve them in performing activities, since Hivos believes that change in developing countries requires efforts in the Netherlands. The organisation works on structural poverty reduction with a focus on community building and sustainable economic development (Hivos,
In order to achieve their aims, Hivos is active in the following fields: financial services; business development; sustainability production; human rights and democratising; HIV/AIDS; art and culture; gender; women and development; and ICT and media (Hivos, 2012).

From this brief introduction to the four NGOs it can be concluded that they have one key thing in common: they all work towards alleviating poverty and fighting injustice, although there are differences in their approaches to achieving this aim. Although the four NGOs have similar core aims, their backgrounds differ. While ICCO and Cordaid are based on religious beliefs and backgrounds, Oxfam Novib is non-religious while Hivos attaches itself to the humanistic movement.

5.5 Brief overview of the research findings (chapters 6 to 9)

Chapters 6 to 8 discuss the findings related to the first research question on the construction of accountability over an extended period of time. Chapter 9 focuses on the investigation of the operationalisation of accountability technologies within individual NGOs. The key rationalities, programmes and technologies of government (see section 3.3) related to the construction of accountability are examined throughout chapters 6 to 8. These are outlined in Figure 5.2 as a guide to the problematisation process (see section 3.3.2) studied in these chapters. The following paragraphs briefly introduce the structure of chapters 6 to 9.

Chapter 6 analyses how insight into and control of co-financing NGOs was problematised shortly after the emergence of the co-financing scheme in the mid-1960s, which led to the construction of quality improvement as a rationale of government to which co-financing NGOs should be directed. Quality improvement was accompanied by implicit programmatic aims and limited accountability technologies (annual reports and formal project proposals) seeking to link the nascent programme and underlying rationale with forms of action in the 1970s.
Chapter 7 unveils how *project* financing (financing of individual projects) was replaced by *programme* financing (financing of combinations of related projects) in the 1980s. An explicit programmatic aim of retrospective oversight on a policy level was then articulated. This was operationalised through more extensive accountability technologies (annual reporting, programme evaluations and external inspections of NGO counterpart activities). The chapter also reveals how the rationale of quality improvement was unpacked, by articulating a focus on the ideal of structural (sustainable) poverty reduction. This was then linked to more specific programmatic aims focusing on cost consciousness, increased professionalisation and increased cooperation in the late 1990s. Co-financing NGOs were left free to reorganise their internal administrations in order to work towards achieving these aims.

Chapter 8 analyses how and why a desire for a more systematic approach to co-financing development NGOs emerged in the late 1990s and resulted in a new funding scheme in the early 2000s (MFP-Breed), which was underpinned by two key programmatic aims: competition for funding and improved accountability. These aims remained central to the subsequent funding schemes, MFS1 (2007-2010) and MFS2 (2011-2015), and were linked to the existing accountability technologies - annual reporting, programme evaluations, and external inspections. Two additional technologies were also introduced in the form of funding proposals and monitoring reports. Whilst these accountability technologies were retained throughout the three funding schemes existing in the 2000s (MFP-Breed, MFS 1 and MFS 2), their requirements are shown to have become increasingly stringent over time.

Having discussed the construction of accountability in Chapters 6 to 8, Chapter 9 conducts an in-depth analysis of NGO managers’ perceptions on the operationalisation of accountability technologies introduced in the most recent funding scheme (MFS2). The chapter illustrates how NGO managers perceived the programmatic aims underpinning the approach to accountability in this scheme as potentially enabling, whilst the operationalisation of accountability technologies was, however, perceived as potentially interfering with NGOs’ organisational mission and autonomy. Additionally, Chapter 9 discusses how three co-financing NGOs, ICCO, Cordaid and Hivos, developed approaches to accountability that enabled them to operate as a buffer between the MFS2 accountability requirements and their counterparts in order to prevent their counterparts having to comply directly with the specific accountability demands of the Ministry. The chapter also illustrates how some managers
asserted that the threat of mission drift had forced them to rethink their organisational approach to accountability.

5.6 Chapter summary

This chapter provided a brief history of international and Dutch development cooperation and introduced the four co-financing NGOs who are included in this study. Additionally, the chapter provided a short introduction to the four findings chapters (6 to 9), including a schematic overview (Figure 5.2) of the key dimensions of governmentality unveiled in chapters 6 to 8 focusing on the construction of accountability in the relationship between the Dutch ministry and the co-financing NGOs.