

NEW ROLES FOR NON-GOVERNMENTAL ORGANISATIONS IN DEVELOPMENT COOPERATION

**Report from the Ministry of Foreign Affairs committee for
the evaluation of non-governmental organisations as a
channel in Norway's development cooperation,
submitted 15 June 2006**

The committee was appointed by the Ministry of Foreign Affairs on 4 July 2005.

The committee is responsible for the contents of the report. The evaluations and views presented in the report do not necessarily reflect those of the Ministry.

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ABBREVIATIONS

DAC:	Development Assistance Committee
LDCs:	Least developed countries
MDG:	Millennium Development Goal
NGO:	Non-governmental organisation
Norad:	Norwegian Agency for Development Assistance
NOREPS:	Norwegian Emergency Preparedness System
OCHA:	Office for the Coordination of Humanitarian Affairs
OECD:	Organisation for Economic Co-operation and Development
UNDP:	United Nations Development Programme
UNFPA:	United Nations Population Fund
UNICEF:	United Nations Children's Fund
USAID:	U.S. Agency for International Development

1 Appointment and working method

1.1 *Mandate*

On 4 July 2005, the Ministry of Foreign Affairs appointed a committee to evaluate non-governmental organisations (NGOs) as a channel for development cooperation in connection with the follow-up of the white paper *Fighting Poverty Together* (Report No. 35 to the Storting (2003-2004)). The committee's mandate is set out in the following text:

“The Ministry of Foreign Affairs’ committee for the evaluation of non-governmental organisations as a channel for development cooperation”

Background

When public funds are allocated to development activities, an ongoing assessment is required of which channels are most suitable at any given time in order to reach the development policy goals defined in Report No. 35 to the Storting (2003-2004) *Fighting Poverty Together*. The increasing volume and the complexity of the assistance channelled through NGOs require that at least as much attention is paid to the quality of this assistance and the principles guiding it as in other types of Norwegian development assistance.

There is broad political consensus for continuing to involve a wide variety of organisations in Norway's development policy. In Recommendation S. No. 3 (2003-2004), the Norwegian parliament, the Storting, called for a discussion of the criteria and guidelines for allocations to NGOs involved in Norwegian development assistance. The government is of the opinion that many aspects of NGO involvement in development cooperation need to be explored in more depth. In *Fighting Poverty Together*, the government proposes establishing a committee to evaluate the results achieved in development assistance channelled through NGOs and their future role in Norway's development cooperation.

Following the deliberations on *Fighting Poverty Together*, cf. Recommendation S. No. 93 (2004-2005), the Storting approved the establishment of such a committee, underlining that the ongoing efforts to reform development assistance both nationally and internationally will necessarily affect NGOs as well. It also emphasised that the aim must be to ensure the quality of the assistance and of the results achieved in the recipient countries. Furthermore, the Storting specifically stated that the committee would be charged with “assessing the consequences of NGOs' financial dependence on the

government, particularly with a view to assessing to what degree this has affected their freedom of action”.

Objective

The main objective of the committee is to evaluate Norwegian NGOs as a channel in development cooperation, based on a representative selection of activities and forms of cooperation that Norwegian NGOs are engaged in. The committee is to evaluate the organisations’ role and effectiveness as development actors in developing countries.

When assessing the NGOs’ humanitarian efforts and Norway’s long-term development cooperation, the committee must take into account both common features and differences in the types of activity involved. The committee must bear in mind that humanitarian funds, transitional aid and long-term assistance are allocated according to different principles. Providing services and building civil society are two main types of activity. They require different approaches and assessments, but they are also closely linked, and most Norwegian NGOs are involved in both these forms of development assistance. The evaluations are to be made on a comparative basis. Where relevant, the use of NGOs shall be evaluated by comparing it with alternative channels: state-to-state assistance, assistance through multilateral organisations, and assistance provided through cooperation with the private sector.

Information and public awareness activities in Norway are a very important part of the NGOs’ work. They are, however, not considered to be central in the evaluation of their function as a channel in development cooperation. Furthermore, this aspect of the activity was recently the subject of an extensive external evaluation. For these reasons, and due to the limited time the committee has at its disposal, NGOs that only receive support for information activities in Norway are not covered by the mandate.

In its work, the committee shall evaluate in particular:

- *The role of NGOs and their results*

The committee shall evaluate various existing forms of cooperation and network-building between Norwegian NGOs and civil society actors on the one hand, and partners in developing countries on the other. The results are to be evaluated both in light of the goals and the nature of the organisations concerned and in light of the overriding goals of Norway’s development cooperation set out in *Fighting Poverty Together*. Results are defined as any factors in the local and national context that strengthen or limit these effects. Particular attention should be paid to the effects of the NGOs’ efforts to strengthen civil society in developing countries, provide basic services and improve the situation of

vulnerable groups. The degree to which the NGOs' own goals are in line with the overriding goals shall be evaluated.

- *NGOs' efforts with respect to the goals of national ownership, donor coordination, harmonisation and coherence in development assistance*

The Norwegian authorities require that assistance be in line with national and local authorities' development plans and that it must build local capacity to provide services. Such requirements will, however, vary according to the nature of the assistance, key characteristics of the form of government in the country in question, and basic human rights concerns. On this basis, the committee shall assess to what degree new forms of cooperation and the above-mentioned challenges are reflected in the NGOs' efforts to combat poverty.

- *Cost-effectiveness*

The committee shall evaluate how effective the organisations are in reaching their goals, including the administrative costs related to their project and programme activities. It shall also consider how efficient the channel is according to the OECD/DAC's definition of efficiency (cf. DAC Criteria for Evaluating Development Assistance).

- *Orientation, relevance and competitive advantages*

The committee shall assess the added value of the NGOs' activities compared with other forms of assistance, and whether it varies in accordance with theme, priority area and country. The scope of this assistance compared with that provided through other channels should be assessed, focusing on areas where the contribution of other channels is comparable to that of the NGOs.

- *Suitability of the current allocation procedures and budget structure*

The committee shall evaluate whether the Ministry of Foreign Affairs' and Norad's rules and budget structures support the goal of coordinating emergency relief, transitional aid and long-term assistance and also whether there are any other aspects of the current structure that impede efficiency and goal attainment in assistance administered by NGOs.

- *Framework conditions of the NGOs' activities, criteria for support (rules)*

The criteria for support shall be reviewed. In line with Recommendation S. No. 93 (2004-2005), the degree of dependence on government funds and other sources of funding and the consequences this has for the organisations' autonomy and freedom of action shall be evaluated. The local population's sense of ownership and the role this plays in development cooperation shall be assessed in the context of various different and changing organisational forms.

Based on its evaluation, the committee shall make recommendations, which will form part of the basis for the government's deliberations on the channelling of development assistance through NGOs.”

The committee was asked to submit its report by June 2006. It was made up of the following members:

Jørn Rattsø, Professor of Economics at the Norwegian University of Science and Technology, chair

Ruth Haug, Professor of Development Studies at the University of Life Sciences, deputy chair

Atle Sommerfeldt, General Secretary of Norwegian Church Aid

Anne Sletmo, Chief Adviser in the Norwegian Red Cross

Sidsel Saugestad, Professor of Social Anthropology at the University of Trømsø

Stein Erik Kruse, Adviser at HESO, Centre for Health and Social Development

Per Selle, Professor of Comparative Politics at the University of Bergen and the Rokkan Centre.

The secretariat has been headed by Dr Rune Jansen Hagen of the Institute for Research in Economics and Business Administration (SNF). Dr Ivar Kolstad, the Chr. Michelsen Institute, was a full-time member of the secretariat from 15 January to 1 June 2006, and Annette Enes, SNF, was research assistant from 1 October to 21 December 2005.

1.2 Working method

The committee has held 12 meetings, the first of which took place on Thursday 25 August 2005 and the last on Thursday 1 June 2006. The committee's work and report reflect the challenges involved in the evaluation of such large and complex themes as development assistance and the role of NGOs within such a limited period of time. The committee has examined an extensive amount of material from researchers and public institutions in Norway and other countries. It has spent a good deal of time studying major development assistance policy decisions of significance for NGOs and gaining an overview of NGOs' diverse activities. The committee has given priority to the main principles in the framework

conditions for NGOs and has not examined the administration of the organisations in detail. The committee considers that it has discussed and answered all the questions set out in the mandate, albeit to varying degrees.

The committee's work has involved contact with a number of national and international institutions in the field of development assistance. The committee visited the US in January/February 2006, where it held meetings with a number of UN bodies in New York (including UNFPA, OCHA, UNICEF and UNDP) and a number of relevant organisations in Washington (such as USAID, the Center for Global Development and the World Bank). The committee travelled to Malawi and Uganda in February/March 2006. In Malawi it met with the Christian Health Organisation of Malawi, the Malawi Congress of Trade Unions, the Council of Non-Governmental Organisations in Malawi, the Federation of Disability Organisations in Malawi, the National Smallholders Farmers Association of Malawi, SOS Children's Villages and Plan Malawi, among others; and in Uganda it met with the Strømme Foundation, Lions Aid, Caritas, Save the Children, the Norwegian Refugee Council, the Uganda Red Cross, the Ministry of Health, Care, the NGO Forum and the Human Rights Network. The committee was well received in both these countries and had useful discussions with the Norwegian ambassadors and their staffs. During its mandate period, the committee also conducted meetings with representatives from Sweden, Denmark and the UK to discuss these countries' policy regarding NGOs. On Thursday 15 December 2005, the committee held a seminar in Bergen with lectures by Axel Borchgrevink (Norwegian Institute of Foreign Affairs), Gaute Torsvik (University of Bergen) and Kjell Sunnevåg (Insitute for Research in Economics and Business Administration). On Monday 27 March 2006, the committee met with the Norwegian network for civil society organisations, at which a number of organisations presented their assessments of the area covered by the committee's mandate and their response to the committee's preliminary evaluations. The committee has received assistance from Ivar Evensmo, Vigdis Halvorsen and Gabriella Kossman from Norad, who have provided information and taken part in discussions. On Wednesday 26 April, the committee met with the Director General of Norad, Poul Engberg Pedersen, and Ivar Evensmo and Ingunn Klepsvik. Throughout the process, the committee has cooperated closely with the Ministry of Foreign Affairs, in particular Torleif Kveim and Yngvild Berggrav. Also on 26 April 2006, the committee met with resource persons in the Ministry to review the various grant schemes for NGOs.

The committee has found input from the following external sources useful: Norad, the Ministry of Foreign Affairs, Arne Strand (Chr. Michelsen Institute) and Arild Aakvik (University of Bergen). Committee members Stein-Erik Kruse and Per Selle have submitted their own reports. Professor Selle's report is included as Appendix 6 in the Norwegian version. Other oral and written internal and external contributions have been incorporated into the other appendices.

1.3 The report

During the final phase of its work, the committee has concentrated on formulating its overall recommendations for new roles for NGOs in development cooperation. While the report itself focuses on the committee's discussions and recommendations, the background material has been included in the appendices of the Norwegian version. Appendices 1-5 and 7 were written by the secretariat in consultation with the committee; Appendix 6 has been written by committee member Per Selle. Appendix 1 gives an overview of Norwegian development assistance channelled through NGOs. Appendix 2 deals with the evaluation of development assistance channelled through NGOs. Appendix 3 discusses the organisational form of NGOs. Appendix 4 deals with long-term development assistance, poverty reduction and growth, while Appendix 5 looks at humanitarian aid. Appendix 6 discusses development policy challenges in relation to civil society. Appendix 7 outlines alternative roles for NGOs in the field of development assistance.

2 Development assistance policy

2.1 The reorientation of the international development assistance policy towards the MDGs

Development policy is based on the Universal Declaration of Human Rights and focuses on meeting basic needs for security, food, shelter, health, education and work. Development policy also addresses relations between the rich and the poor parts of the world and the challenges that arise through globalisation. Development policy is being implemented within

states and between states, including through the UN system, the international finance institutions and the World Trade Organisation. Development policy encompasses broad framework conditions relating to economic development, including international trade policy, debt, migration, the environment and security and terrorism issues. The expanded perspective on development policy makes it increasingly clear that the policies practised by rich countries, including Norway, in a number of areas have a significant effect on the opportunities of poor countries to reduce poverty in their own countries.

Development assistance policy is the area of development policy relating to resource transfers from the rich to the poor. Funds are allocated to promote long-term development, respond to humanitarian crises, support peacebuilding efforts and provide assistance in the transition from crisis to development. The mandate of the committee relates to this area of development policy.

Development policy, including development assistance policy, is undergoing a process of reorientation as a result of the new focus on persistent poverty and lack of economic growth in poor countries. At the same time it is acknowledged that extensive development assistance efforts over several decades have not produced the desired results. The policy reorientation takes account of the relationship between national and international conditions for poverty reduction and economic growth. Reforms of national and international governance should be seen in the context of environmental challenges, reform of the trade regime, and the debt crisis. The MDGs set targets and commitments for all UN member states. They constitute guidelines for the development policies and development assistance policies of both the international community and individual countries.

The reorientation of the development assistance policy involves several new approaches, and the committee will highlight the following five. First, recipient countries should assume greater ownership of their own economic development. This is in line with Norway's longstanding emphasis on recipient responsibility. Second, greater emphasis is placed on performance that can be measured against clear targets for poverty reduction, economic development and democratic state building. Third, conditionality is to be replaced by selectivity, which takes into account the fact that development assistance effectiveness depends on how well the recipient country's political institutions and public administration are functioning. Long-term development assistance is to be channelled to countries with good

governance. Fourth, there is to be better coordination and harmonisation to reduce the fragmentation of the development assistance system and the burden on recipient countries' administrations. Fifth, development assistance efforts must involve civil society.

The committee has based its work on the reorientation of international development assistance policies, and discusses the consequences this would have for NGOs.

2.2 The international development assistance system

The international development cooperation has defined comprehensive and ambitious goals. The MDGs and their follow-up of have been discussed in statements from a number of UN conferences and in many other international arenas. The first MDG is to “reduce by half the proportion of people living on less than a dollar a day” by 2015. Other MDGs relate to strengthening primary education, gender equality, the fight against HIV/AIDS, malaria and other illnesses, and reducing infant and maternal mortality. The goals also emphasize environmental sustainability and the development of a rule-based global partnership between states. The intention is to achieve these goals through the transfer of more resources from rich to poor countries and through other development policy initiatives. The MDGs and the strategy for achieving them must be seen in the context of the UN's overall objectives, including security and protection of individuals from infringement of their rights by the state. Thus most donor countries consider participation in peace efforts and efforts to strengthen human rights as an integral part of the efforts to achieve the MDGs.

The present development assistance system reflects the fact that donor countries have built up their efforts over a long period of time on the basis of different objectives. Their foreign and security policy interests have been particularly significant, but so have other political and commercial interests, and a considerable part of development assistance is still tied to deliveries from donor countries. Increasing the emphasis on multilateral development assistance will reduce the links with donor countries' own economic interests. Development assistance efforts today also reflect domestic policy considerations in the donor countries. There is a desire to involve the general public in international solidarity work, and, particularly in the Nordic countries, to foster support for their UN policies and the

fundamental place this has in their overall foreign policies. Given this historical background, the present development assistance system was not constructed specifically to implement the MDGs. Therefore, the international development assistance system also needs reorientation.

After the Storting's debate on the white paper *Fighting Poverty Together*, the Norwegian authorities have endorsed the MDGs and attaches particular importance to good governance, private sector development and trade, strengthening civil society, and peacebuilding in conflict-affected areas. These areas have been described in the white paper as essential elements of a policy where "the criteria for success are permanent improvements in the situation of poor people in individual countries and long-term economic growth in developing countries", and the importance of ownership is underlined: "[D]evelopment cooperation must strengthen the ability of partner countries to combat poverty" (*Fighting Poverty Together*, pp. 17 and 18). The committee has considered the role of NGOs in the light of the goals of reducing poverty, and promoting economic growth and democratic state building. The poverty orientation can be undermined by donor countries' own economic interests and by foreign policy and security policy considerations. The committee points out that the Norwegian development assistance policy generally seeks to meet too many objectives and to take into account too many considerations. The result is less political control, poorer evaluation and reduced effectiveness of development assistance.

The key actors in development assistance are government authorities in both bilateral and multilateral cooperation, national and international NGOs, and commercial actors. In recent years, more of Norway's development assistance has been channelled through multilateral organisations, while the proportion of assistance provided through NGOs has remained constant. The number of NGOs has increased considerably. The traditional bilateral and project-oriented state-to-state assistance has been significantly reduced, and bilateral efforts are increasingly being channelled towards general budget support and sector programmes. The increase in funds channelled through multilateral organisations reflects the desire for greater international coordination. New international development assistance institutions have been established within the multilateral system, including funds that specialise in certain sectors or countries. The establishment of these new institutions indicates a lack of confidence in the numerous existing multilateral organisations.

The donor countries have increased their use of NGOs as channels for development assistance over the past 25 years. NGOs fulfil an important role in disaster relief. The long-term development assistance efforts of these organisations are directed towards strengthening civil society in the recipient countries, providing basic social services and supporting measures to promote paid employment for marginalised groups. They can thus act as a critical corrective to national and international authorities. International donors are motivated by very different factors and have different reasons for increasing funding to NGOs. Some prefer services to be provided through private channels, where allocations to NGOs play a key role in the implementation of government policies. Norway's support for NGOs has also rested on a recognition that they are important tools for building democracy and strengthening human rights independently of the authorities.

NGOs include organisations in the donor countries, international associations of NGOs and purely international organisations, some of which of a corporative nature. International and donor country NGOs cooperate extensively with organisations in the recipient countries. Most of the UN organisations cooperate with both national and international organisations in the implementation of their programmes, especially in connection with humanitarian aid.

The international development assistance system is extensive and fragmented, with a large number of overlapping actors that frequently overburden the authorities in recipient countries. A typical recipient country relates to around 25 official bilateral donor countries, some 20 multilateral organisations and a large number of external NGOs. Efforts have been made over the last ten years to simplify and rationalise the development assistance system through the establishment of coordination mechanisms such as the Poverty Reduction Strategy Papers (PRSPs). Many of the countries with extensive poverty problems have a serious democratic deficit, and it can be difficult for the international development assistance system to find a good way of integrating popular participation, national political institutions and civil society organisations in its assistance efforts. Major national and international civil society organisations are critical towards parts of the new development assistance agenda.

Norway's development assistance policies represent the same spread of forms of assistance, activities and recipient countries as the overall development assistance system. The white paper *Fighting Poverty Together* signals a new approach that is in line with the international development assistance policy, with greater emphasis on good governance, recipient country

ownership and nation and state building. The committee suggests that the funding of NGOs should be reoriented to the present main focus in the development assistance policy, and consequently that the present funding system needs to be reformed.

3 The role of NGOs in development cooperation

3.1 NGO activities and evaluation

NGOs are all independent, non-profit institutions, but in other respects they are very different. They range from membership-based organisations and umbrella organisations with broad grassroots support to foundations that are organised more along the lines of a company. There are large organisations that form part of major international associations, small and medium-sized organisations with a specialised thematic or geographic profile, and very small organisations and associations that run individual projects. Many organisations with other primary objectives, for example trade unions and disability organisations, have increasingly become engaged in development assistance.

There are three main categories of development assistance in which NGOs are involved:

- Long-term development assistance including support for democratisation and efforts to ensure popular participation and respect for human rights.
- Humanitarian aid, which involves protection of and support to people affected by natural and man-made disasters with both short-term (e.g. in the event of an earthquake) and longer-term (e.g. helping refugees) time frames.
- Transitional assistance, including peacebuilding after conflicts and reconstruction after disasters.

A core part of organisations' activities within all three categories is providing information and acting as advocates, both in the recipient countries and in Norway. However the NGOs' individual roles will vary within and between categories.

Like most donor countries and multilateral organisations, the Norwegian authorities channel funds for all three categories of development assistance through NGOs. A broad range of

organisations are engaged in development assistance efforts in Norway, as is the case in countries that Norway has traditionally compared itself with (Sweden, Denmark, Finland, the Netherlands and Canada). Such organisations include Norwegian branches of international organisations with limited independence, specialised development assistance organisations that are part of large popular movements, solidarity organisations and departments in organisations that have other objectives, but include development assistance in their international activities. There are also organisations and local communities that organise popular, local engagement in particular countries or particular issues. The number of Norwegian organisations that receive government funding has increased significantly, partly due to flexible criteria for support and larger allocations.

Traditionally, Norwegian organisations of a certain size have established local representatives in the countries they work in. Altogether Norwegian NGOs are present in a very large number of countries. While previously Norwegian organisations tended to implement long-term development assistance projects themselves, they currently do so mainly in cooperation with national organisations in the recipient country.

The literature on NGOs highlights their accountability problems. NGOs tend to have weak ownership, either because they are foundations or because members have limited influence. At the same time, their activities are directed towards poor people with little opportunity to exert an influence on the NGOs. The absence of effective control mechanisms linked to ownership and target groups means that responsibility falls more heavily on the general public of the donor country. The ability of the public to control NGOs depends on access to good information on the organisations' activities and results. The close ties between NGOs and the political authorities mean that transparency and information have become particularly important.

Evaluating NGOs is difficult for a number of reasons. NGOs' efforts are part of complex development processes in the recipient countries and it may not be easy to identify the specific effect of the organisation in question. Identifying results is also difficult as NGOs' objectives tend to be multidimensional. The effects of NGOs' efforts must be evaluated over time. Many NGOs are working in particularly difficult areas where quick results cannot be expected. The open criteria for funding and the broad objectives that are set do not facilitate evaluation. Neither Norad nor the NGOs themselves have placed much emphasis on acquiring

information on target performance and results. The committee's evaluation is based on evaluations by NGOs and on the international literature on NGOs' activities. It must be pointed out that a number of questions have not been satisfactorily dealt with in the literature currently available.

3.2 Evaluation of long-term development assistance

Historically, the development assistance provided by NGOs has been project based, often in the form of providing services within education, health and infrastructure, but also within areas such as social services, and industrial activities, including agriculture. There is extensive literature on this traditional form of development assistance, and extensive evaluation at the project level. Norwegian NGOs generally seem to be highly competent and their implementation capacity with respect to project-based assistance seems to be good, although we have little systematic knowledge about long-term results. The best results have been achieved within health and education, while the results within infrastructure have been more varied.

The main problem with long-term development assistance is the lack of sustainability and development effects beyond the scope of the local project itself. The history of development assistance shows that it is difficult to achieve "help for self-help". While NGOs may help poor people in a local context, such activities produce little overall development effect. Over the past ten years, the lack of development effects, and indications that services provided by NGOs can undermine the authorities' ability to build up public services have led to a new approach. Projects are now mainly being carried out in cooperation with national organisations. At the same time there is a recognition that vulnerable population groups may not be reached by public services, and that NGOs still have a role to play in providing services to marginalised groups. NGOs have increasingly focused on activities and forms of cooperation geared towards strengthening civil society in the recipient country.

The development of civil society, which encompasses a broad range of organisations and activities, reflects a country's social, economic and political history. In turn, social, economic and political development is determined by the relationships between social groups and their

interests and relative power. The public sector develops in parallel with the political and economic developments, and there will be interdependent relationships between civil society, the public administration and the political system. Economic development transforms society, including civil society. Civil society should not be regarded as a sector, but as an integral part of society that interacts with economic, political and administrative developments.

Civil society organisations develop on the basis of particular interests and values. Humanitarian organisations primarily focus on providing help for others, and are the most common type of organisation in the development assistance arena. The organisation of people on the basis of particular interests might create a community that can tackle shared challenges and promote shared interests. Such organisations can also further a group's interests vis-à-vis the public administration and the political system, an example being disability organisations. Local organisations may also promote interests vis-à-vis the administration and politicians, and may have a particularly important function in areas where local government is poorly developed. Finding ways of encouraging civil society to contribute to a course of political and economic development that takes the interests of the broader population into consideration is essential. Strong organisations that are not integrated in society can foster segmentation, antagonism and conflict, all of which inhibit development. At the same time, development involves the interaction of different interests with some winning ground over others, and organisations will also reflect this development. Modernisation implies that these conflicts are being dealt with and barriers to development overcome. The development of civil society is closely related to politics and power.

The committee agrees that an active civil society is generally a positive factor in a recipient country's economic and political development. But finding an appropriate form of external support to civil society development is a considerable challenge, because civil society primarily develops from within. Civil society in the South is often under heavy pressure from national authorities and an increasing number of donors wish to provide economic support for and through NGOs. External support for civil society may be particularly important in dictatorships and single-party states. Civil society will only be able to make a real contribution to development if it has the necessary competence and capacity. It is difficult for organisations in poor countries to generate the resources required.

Civil society in the recipient countries is already widely supported through development assistance, particularly through the activities of NGOs that operate at the international level and are based in donor countries. Increased development assistance in this field has led to an explosive growth in the number of organisations in many countries, with varying degrees of legitimacy and grass-roots support. Some efforts have resulted in strong organisations and a weak civil society as a whole. Through partnerships with external NGOs, local organisations gain resources that increase their local importance considerably. However this also means that external development actors disturb the balance between different groups and interests in civil society and the partnerships they enter into have a decisive effect on social development.

These partnerships often involve a local elite who remain dependent on the development assistance system. The system offers them an alternative career path, for example in international organisations, multilateral organisations and finance institutions. The extent to which local organisations involve poor people in decision-making processes and promote empowerment and participation of the recipients of development assistance varies. Generally however, there is reason to believe that NGOs are more process-orientated in their working methods and encourage broader participation than government and multilateral organisations. Efforts to strengthen civil society must be seen in the context of the principles of recipient responsibility and ownership and as part of the efforts to build democratic states and accountable public administrations.

The committee acknowledges that Norwegian NGOs have different starting points for their efforts to fight poverty and strengthen civil society in the recipient countries. There are three main forms of cooperation between Norwegian NGOs and organisations in the recipient countries. The first involves Norwegian NGOs that are part of international organisations with local representatives. The local representatives primarily carry out tasks for the Norwegian and international organisations and should be assessed on this basis. The way these organisations relate to the authorities and other civil society organisations is important, as there is a risk of them dominating both. However, their international presence can give them the opportunity to advocate effectively on the global arena.

The second form of cooperation entails partnerships between organisations in Norway and organisations in recipient countries that have similar tasks and functions, but which are not primarily development assistance organisations. The cooperation between religious

organisations, the Red Cross and Red Crescent societies, trade unions and disability organisations are examples. These are natural partners. It is advantageous that such natural partners have a strong base in both Norway and the recipient country, and that similarity of tasks forms a foundation for the exchange of relevant knowledge and experience.

The third type of cooperation takes place between Norwegian organisations and organisations in the recipient country that are established to meet development assistance policy targets. This type of partnership involves Norwegian organisations with widely varying competence, capacity and objectives and many different types of organisation in the recipient countries. It is therefore difficult to make a general assessment of these efforts. But the committee is concerned that this form of cooperation in particular can lead to an assistance-driven development of civil society that fails to comply with the principles of recipient country ownership and interferes with the country's social and political development. However, there is a need in recipient countries for a diversity of actors involved in fighting poverty and promoting economic development within different arenas. Common to all three types of cooperation is that they can give organisations in the South a voice and a stronger position in relation to national authorities and the international community.

The committee agrees that an active civil society is an asset in itself and can form the basis for promoting democracy, human rights and good governance. Surprisingly, however, there is no strong research support for a link between characteristics of civil society and economic growth. Poverty is found in countries with weak and strong civil societies, and economic growth does not seem to be particularly affected by the structure or breadth of civil society. In the long term, strengthening civil society may contribute to greater political stability, which can have a positive effect on poverty reduction and economic development. But external efforts to strengthen civil society may also create new lines of conflict and restrict opportunities to reaching the poor.

3.3 Evaluation of humanitarian aid and transitional assistance

Humanitarian aid is different in nature to long-term development assistance, and thus requires different expertise and organisation. Most of the organisations that have specialised in humanitarian aid are large ones. There are three types of situations that call for humanitarian

aid. The first is natural and man-made disasters, which require a rapid response. The assistance needed will depend on the extent of the disaster and the response of the national authorities. The second concerns war and conflict both within and between countries, or complex disasters. In such situations, the national authorities seldom have the capacity or the opportunity to handle the crisis and relief is provided directly to the population. The third type entails long-term emergency situations in countries with poor governance. Humanitarian aid may be necessary to meet the basic needs and rights of the population over a considerable period of time. Norway's humanitarian efforts in all these three types of situations are usually part of an international response.

Providing effective humanitarian aid and ensuring a successful transition to good long-term development assistance involves a number of difficulties. A large number of public and private actors respond to acute emergency situations. In recent years, the UN has focused on better coordination, for example through the "cluster approach". A large input of resources over a short period of time can disrupt the local economy, resulting in substantial price increases for goods and services that are used in the aid efforts, sharp competition for recruitment of expert personnel with a subsequent rise in costs and a fall in prices for goods and services that are provided from outside in competition with local products. While some people gain from the crisis, others lose out. This creates additional victims. Sometimes humanitarian organisations disregard local organisations and local knowledge. Efforts are sometimes implemented in a way that creates aid dependency rather than promoting authority and sustainability. Humanitarian aid can thus increase vulnerability, reinforce conflicts and undermine opportunities for long-term development. Therefore, greater focus has been directed in recent years to the importance of local ownership and capacity building in local organisations and communities. The objective is to strengthen local, national and regional actors and their mechanisms for dealing with crises, and to ensure that the local community is stronger at the end of the crisis than it was before. The long-term consequences of humanitarian efforts continue to be in focus.

A key tool in Norway's capacity to respond to acute crises is the Norwegian Emergency Preparedness System (NOREPS). The purpose of NOREPS is to provide equipment, personnel and service packages in response to disasters. Norwegian NGOs have considerable expertise and capacity in the field of emergency relief and humanitarian aid. It is advantageous that many of them are part of recognised international networks with local

networks that are already in place. Humanitarian aid is a difficult field and there are few studies on the efforts of Norwegian NGOs. There is a general impression that NGOs are at least as effective as bilateral and multilateral organisations in emergency situations, and that Norwegian NGOs function relatively well in this field. However, the system works less well in the next phase – the transition from emergency relief to long-term development assistance.

3.4 National ownership, donor coordination, harmonisation and coherent development efforts

International development assistance policy is being reoriented towards greater recipient country ownership and donor coordination that cuts across the different development actors. Development assistance is intended to strengthen democratic state building. To do so, it must be less fragmented and more closely linked to the MDGs. Assistance provided through NGOs must also take into account the governance of the country in question. Particularly in countries where the political authorities are not able to meet basic human needs and rights themselves, i.e. in non-functioning and failed states, national and international NGOs can provide services and implement measures that would be difficult to arrange through state-to-state assistance. In such cases it is important that NGO activities do not prolong non-functioning or failed governance, but help to build local capacity necessary to establish a democratic state and an accountable public administration. In countries with well-functioning democratic governance, NGOs should adapt their activities to the authorities' capacity and plans, and provide supplements and/or alternatives to these. In such countries, national NGOs, where appropriate with support from organisations from other countries, will play a key role in monitoring the public administration, strengthening democratic institutions and ensuring the inclusion of marginalised groups and areas in national and regional processes. The committee emphasises the importance of greater differentiation of the NGOs' role according to the governance of the country in question.

The relationship between NGOs and donor countries has changed considerably in recent years. Previously, NGOs implemented independent long-term assistance projects, and have been criticised for insufficient coordination with the authorities in the recipient countries. Today, the NGOs that provide project-based assistance and services cooperate more

extensively with the recipient country authorities and their efforts are often included in the authorities' planning processes.

Donor reform, including coordination and harmonisation, will reduce the fragmentation of the development assistance system and the burden on the public authorities and the political system that arises from cooperating with a large number of organisations and other actors in recipient countries. Limited results in this area have been observed so far. Coordination is a tool for improving the collective utilisation of resources and ensuring that development assistance is more effective. Coordination is best when it is carried out by the recipient country's authorities themselves. If international coordination really progresses, each recipient country will meet a united donor community that is able to exert a considerable influence. Such concentrated donor power may be unfortunate. In such a situation, NGOs could constitute an important alternative and corrective to the official donor policy.

3.5 Cost-effectiveness

It is difficult to demonstrate clear-cut differences in the cost-effectiveness of different types of development actors. This conclusion applies in particular to the wide range of activities in the fields of human rights, civil society, democracy, and peace and reconciliation. Overlapping and inadequate coordination, particularly in emergency relief efforts, reduce cost-effectiveness considerably and make evaluation difficult. The committee is of the opinion that the difficulty of evaluating the results of activities is a greater problem than the cost level. NGOs constitute a diverse group with greatly varying management and control structures. It is realistic to assume that cost-effectiveness varies strongly between NGOs and between activities.

The committee has not had the opportunity to look at the financial details of the NGOs or to compare their cost level with other channels. The main cost advantages of NGOs are that they are relatively free to organise their activities in the most appropriate way; they are not generally subject to strict security requirements; they can frequently make use of NGOs in recipient countries with low cost levels; and some of them can mobilise voluntary efforts. Some NGOs acquire considerable resources through voluntary efforts and fund-raising

campaigns in Norway. However some have the disadvantage of not having the expertise needed to ensure good financial management. It is also a problem that the number of organisations has increased significantly and many are working in the same countries with overlapping efforts and poor coordination of common tasks. Overall, NGOs have a large administrative apparatus and the operation of these organisations constitutes a cost factor. The efforts of organisations that take part in binding international networks are better coordinated, and this is assumed to give better utilisation of the overall resources. There are also clear differences in the cost-effectiveness of organisations of different sizes. The administrative problems in large organisations can counteract the advantages they may have in terms of expertise and resources. Some small organisations have special expertise that the large ones do not have.

The committee has not had the opportunity to look at the financial details of the multilateral organisations, which are an alternative channel for development cooperation. It is generally understood that multilateral development assistance is more costly than bilateral assistance and assistance provided by NGOs, due to differences in salary levels and working methods, and extensive fragmentation. Control of financial flows and results seems to be better in bilateral and NGO assistance efforts than in assistance provided by the multilateral organisations within the UN system. Therefore it is not cost-effective to use the multilateral channel extensively in operational efforts in the recipient countries. The advantage of multilateral organisations is the role they play in ensuring cooperation between donor countries and recipient countries and in the coordination of development cooperation. NGOs are usually engaged in their operational efforts.

3.6 State dependency

The strong increase in the proportion of public funds allocated to NGOs in the 1980s and the subsequent increase in the general allocations has unavoidably made them more dependent on state financing. Generally, these organisations cannot be expected to mobilise funds of this size themselves. This greater dependency on state support has changed the character of NGOs and their role in development assistance. While they were originally member-based, financed by the money raised by members and sympathisers, they are now more closely linked to the

development assistance policy system. NGOs' efforts are more extensively coordinated with the government's development assistance efforts. The committee notes that a similar development has taken place in all comparable countries. It is part of the process of integrating development assistance and development policy in the donor country's overall relations with poor countries. NGOs have become important providers of personnel and expertise to the public administration, political parties, scientific centres and the media. NGOs are an integral part of Norwegian society and have developed close ties to the political authorities and the development assistance administration.

The extent and the content of NGOs' development efforts depend on the public support they receive. Some organisations are highly dependent on public funding, but most have other sources of funding as well. While NGOs have adapted their efforts to comply with the government's development assistance policy, it is clear that policy is also developed in cooperation with the NGOs. The organisations maintain that there is little pressure to pursue goals other than their own. The authorities exert an influence through the guidelines for applications for funding and the fact that funding is more readily available for priority themes and countries. In the long term this leads to mutual influence and adaptation, whereby the differences between public and NGO policies are erased. However, NGOs must comply with the requirements for administering public funds, and the administration of large amounts of money affects their workload.

A considerable number of organisations are not based on membership and are to a greater extent pure development assistance policy instruments that resemble companies. The ownership of these organisations is often weak and leadership driven. Some of the member-based organisations have also been strongly leadership driven. A process of professionalisation has been necessary in many of the organisations that administer large funds; this has also been a natural consequence of professional development and experience. There is a risk of fostering an organisational elite with little grass-roots support and legitimacy, both in the South and the North. At the same time, it is also clear that development assistance efforts have had an effect on civil society in Norway. Most civil society organisations of any size are now involved in development assistance to some extent, as this has become an essential part of the process of internationalisation. An important reason for using NGOs in development assistance is their grass-roots base and their role as channels for popular engagement. The grass-roots base of NGOs is important as it both provides

opportunities for popular involvement in development cooperation and fosters popular support for development assistance efforts.

4 Future roles for NGOs

4.1 Main development assistance policy focus

The committee was asked to evaluate Norwegian NGOs as a channel for development cooperation. The committee underlines that the future level of funding for the development assistance activities of Norwegian NGOs will primarily be determined by the main development assistance policy focus.

Experience from over 50 years of development assistance shows that it is very difficult to achieve lasting poverty reduction and economic development. The long-term effects of development assistance depend on whether the authorities in the recipient countries are able and willing to reduce poverty and improve economic development. Development assistance that is poorly aligned with policies in the recipient countries will have little lasting effect. Development assistance can influence a country's governance and policies in the long term. General economic development in poor countries is primarily determined by the authorities' policies and the global economic environment. The recognition of this fact has led to a reorientation of international development assistance with emphasis on the recipient countries' governance. The effectiveness of development assistance depends on the country's political, judicial and administrative institutions. Development assistance must consequently be differentiated according to the governance of the recipient country. In practice this means that the way NGOs relate to different countries with different forms of governance must vary, and that the level of support from the Norwegian authorities will depend on their evaluation of the government in question.

The committee has based its evaluation on the main development policy focus, as set out in the white paper *Fighting Poverty Together* and *Fighting Poverty. The Norwegian government's Action Plan for Combating Poverty in the South towards 2015*. The committee suggests that a reorientation towards more effective development assistance should be

accompanied by larger allocations and thus enable Norway to make a greater contribution to reducing poverty and promoting economic development in poor countries.

The committee has examined the basis for public support for NGOs, and in particular the consequences of the reorientation of the development policy. The committee takes a positive view of the diversity represented by the NGOs, and the support they foster among the general public for the development assistance efforts the NGOs themselves believe in.

4.2 Long-term development assistance

Long-term development assistance should to a greater extent be channelled to countries with good governance, where the political will exists to develop democratic institutions and an accountable public administration. The authorities in these countries should have ownership of the development of their country and administer development assistance according to their own plans. In practice this will mean a concentration of development assistance in selected main partner countries. The selection of countries and the evaluation of development efforts must be made with a view to realising the UN MDGs. Norway's selection process must be coordinated with the international efforts. It is no easy task to classify a country according to its governance, and the evaluation should take account of the fact that governance develops in a historical process and in relation to the international community.

The emphasis on good governance and ownership is in accordance with the recipient country responsibility Norway has sought to realise in its development policy for many years. In countries where the authorities have the capacity and the will to reduce poverty and promote economic development and democratic state building, the principle of ownership should be practised. Development assistance is primarily to be given in the form of budget support, and development cooperation will entail discussions of the country's strategy and focus on results. The intention behind selecting certain countries and focusing on ownership is to strengthen countries with good governance and encourage countries with poor governance to undertake political and administrative reforms. In countries with good governance and ownership, the relationship between the authorities and civil society will primarily be the concern of the country itself, and links with international organisations should be based on the country's own

wishes and capacity. The authorities will have to decide for themselves how to involve NGOs, whether they be local NGOs, international NGOs or NGOs from donor countries. Civil society in these countries will have to find their own forms of cooperation and contact with other organisations at the international level. In their state-to-state cooperation and efforts through multilateral organisations present in the country, Norwegian authorities should encourage the national authorities to employ their own civil society organisations. This means that the activities of Norwegian NGOs will primarily be at the request of organisations in the countries themselves. Any other involvement should be at the invitation of the country's authorities and financed by them in international competition. Norwegian NGOs may be involved in inter-organisational cooperation with national NGOs, but Norway's support for individual projects would be significantly reduced.

This approach raises the question of how to deal with countries where the authorities lack the capacity and will to realise the development assistance goals, i.e. in failed states. General experience indicates that development assistance has little effect on reducing poverty and promoting economic development in these countries. Focus must therefore be directed towards the performance of the political authorities in these countries, and on how to promote better governance. Development assistance must have a state-building effect and lead to improvements in political, judicial and administrative institutions. Support for institution building is primarily a task for public development assistance at both the bilateral and the multilateral level. Strengthening civil society can, in the long term, pave the way for democratisation and economic development. Norwegian organisations can cooperate with civil society organisations in the country in question, provide services in cooperation with the authorities, and protect the interests of marginalised groups. However, the efforts of the NGOs should not be a substitute for the country's own authorities.

The committee supports the intention of strengthening civil society, but realises that there are limited opportunities to do so through development cooperation. Civil society must develop domestically as an integral part of the social, economic and political community. Development assistance provided through NGOs to organisations in the recipient country can create a civil society based on external forces. International organisational cooperation may be a necessary factor in the development of a strong civil society, but it can also create dependency. The dependency is usually economic, but it may be more extensive and include political and technical dependency. This is unfortunate for several reasons. It can create local

organisations that are unable to strengthen political institutions in the way that an independent civil society can. The NGOs that receive external support may set their priorities according to those of the external organisation, which may again be influenced by public opinion and political decisions in the home country. Civil society in such circumstances can become heavily financially dependent and thus exposed to changes in popular opinion in and the policies of donor countries. In addition, the donor organisations' own priorities and focus areas can have undue influence on the recipient organisations' priorities. The conditions set by the NGOs' public donors often lead to micromanagement and reduced independence and capacity of the local organisations. NGOs can thus be a channel for undermining recipient responsibility.

Evaluations of development assistance and the role played by NGOs show that it is difficult to scale up projects in a local community so that they provide benefits for a larger geographic area or the country as a whole. This means that priority should be given to organisations in the recipient countries that can document connections between the local and national levels in their work and in their management structure. It is only in such cases that individual projects can have any real development effect at national level.

The committee consequently suggests that changes should be made in the system for providing support for civil society in countries that lack the capacity and will to reduce poverty and promote economic development. Reference is made to the above discussion concerning the risk of creating an aid-dependent civil society and encouraging the growth of organisations with no natural basis in the community. Development assistance must be based on cooperation with organisations that are independent and well-anchored in the recipient countries. The committee takes a particularly positive view of natural partners, where Norwegian organisations and organisations in the recipient country have the same tasks and basis. Examples of such natural partnerships are cooperation between religious organisations, trade unions, societies in the Red Cross Movement, universities and university colleges, cultural and special interest organisations (such as disability organisations and organisations for indigenous people). Organisations of this kind have a clear basis and defined tasks, and the experience of Norwegian organisations may be readily transferable. The committee in addition suggests that funds should be channelled to Norwegian organisations that support marginalised groups and work in areas where human rights are not safeguarded by the national authorities.

The committee have discussed other aspects of long-term development assistance that impact on the priority that should be given to NGOs, and wishes to highlight in particular the relationship between the goal of poverty reduction, the goal of economic development, and other methods of helping poor people. Countries with good governance must decide themselves how poverty reduction is to be balanced with economic development. In the long term, economic development is vital for achieving significant poverty reduction. Efforts to improve governance in recipient countries are based on the premise that better governance leads to better economic development in the long term. In the short term, however, poverty reduction efforts will differ from the efforts to promote economic transformation and growth. It may be argued that development assistance that is directly linked to the conditions for economic development will pave the way for better governance in the future. Development assistance of this kind includes support for business-related infrastructure and investments. Development assistance can help countries develop domestic markets, improve their access to international markets, and may include the transfer of technology and support for product development. It is assumed that this form of development assistance involves NGOs to a lesser extent. Efforts to reduce poverty in the short term tend to focus on such areas as health services and schooling for the poor. NGOs can play a greater role in these efforts.

Alternative measures to reach the poor must also be considered. Traditionally these efforts have been carried out in the form of projects, whereby donors provide services to the poor. The development of social and technical infrastructure is the responsibility of national authorities, and assistance can continue to support such developments, but normally this should be in cooperation with the authorities. One alternative is to give direct support to the poor so that they influence their living conditions to a greater extent themselves. A number of countries are now testing out social support systems for poverty relief. While NGOs have played a key role in the development of social services, the greater emphasis on economic support schemes will mean that this area is increasingly a task for the political authorities in the country. NGOs may find new roles in connection with these schemes.

4.3 Humanitarian aid and transitional assistance

Humanitarian aid is directed to the victims of natural disasters, wars and conflicts, as well as towards more long-term emergency situations. It aims to meet basic human needs in crisis situations. Norway's efforts would always be integrated into international efforts. Norwegian organisations that can document coordination with the UN or the Red Cross system and have, either themselves or through international networks, expertise in and strong ties with the areas concerned should continue to be part of Norway's emergency preparedness capacity. The extent to which these organisations are involved will depend on the balance between national efforts and those channelled through the multilateral organisations. It is to be expected that Norway will continue to take part in the multilateral emergency preparedness system for natural disasters in poor countries and countries without defined geographic delimitation.

The geographic distribution of humanitarian aid does not seem to reflect real need. It is reasonable to assume that the distribution of aid is affected by foreign policy considerations and media coverage, which is systematically distorted compared with actual needs. Humanitarian aid should to a greater degree be directed to where it is most needed, in line with the targets of Norway's development assistance policy.

Humanitarian aid will mainly be channelled to countries where the government is unable to provide the population with basic security, and/or where people are ruled by oppressive dictators and single party states, including fragile and failed states. This form of assistance will not be directed to the political authorities to such an extent, and donors must ensure that the poor benefit. These efforts will focus on protection, food security, water and sanitation, shelter, education, health services and opportunities to make a living. Humanitarian aid is organised by the donor countries in consultation with the authorities and increasingly through UN organisations such as OCHA. NGOs play a key role in humanitarian efforts as the UN organisations are in constant need of international and national partners to implement measures. NGOs can also provide local knowledge, mobilise volunteers and help with the distribution of aid. Only Norwegian NGOs with local connections are involved in humanitarian efforts. It is important to involve the local population in a positive way.

There are a number of challenges that have to be met in humanitarian efforts. In a typical situation, a very large number of actors, including NGOs, enter the disaster area. Although efforts do on the whole benefit the victims, local markets, and thus future economic development, may suffer. Generally, little attention is paid to the transition from emergency

relief to long-term development assistance. It is important to take into account the long-term effects of humanitarian aid. The committee considers that transitional assistance should include two subcategories, and Norwegian NGOs can contribute to both:

- Transition from emergency relief in connection with major natural disasters, such as earthquakes, cyclones, droughts and floods, to reconstruction and efforts to increase the local preparedness for future disasters. This form of assistance should mainly be directed towards Norway's main partner countries, with the exception of major disasters where a country's authorities may need support during a short transitional period.
- Transitional assistance in connection with wars and conflicts and complex disasters, including support for refugees and internally displaced persons. This type of assistance should primarily be restricted to a small group of countries where Norwegian actors can provide expertise and capacity under a multilateral peacebuilding plan. Some Norwegian NGOs can play a supplementary role in such transitional situations, providing assistance that is beyond the scope of the Norwegian government.

The committee would also like to emphasise the following two points in relation to humanitarian aid:

- It is necessary to evaluate efforts in long-term humanitarian crises. The current evaluation of the allocation system should examine how long-term efforts can be maintained. Greater focus needs to be directed towards emergency preparedness, food security and water and sanitation.
- Capacity development with a view to preventing local disasters and crises must be seen in connection with long-term development measures.

The committee has noted that an evaluation of the role of NGOs in conflict resolution, dialogue processes and peace processes is being carried out in parallel with the committee's work, and has therefore not given priority to this area.

4.4 Summary of development assistance policy and the role of NGOs

Development assistance policy covers two main areas: humanitarian aid to people in emergency situations and long-term development assistance to reduce poverty and promote economic growth and democratisation. The committee would like to point out that the relative emphasis given to humanitarian and long-term development assistance, including transitional assistance, is a political decision. The roles of NGOs in humanitarian and long-term development assistance are different, and the distribution of resources between the two areas will have a significant effect on the level of funding to NGOs.

The committee points out that the reorientation of international development assistance policy is based on sound principles and should be followed up in the state-funded long-term development assistance channelled through NGOs. The committee suggests that Norway's direct long-term development assistance should be concentrated to a greater extent on a small number of poor main partner countries, where ownership can be realised. The authorities in these countries must target their policies towards reducing poverty and promoting economic development. Development assistance can have long-term effects on poverty and development in such cases. The nature of this assistance will mean, however, that Norwegian NGOs will have to relate more directly with the recipient countries' authorities and organisations. Under the principle of ownership, the recipient countries will decide the extent to which they wish to involve external NGOs.

Working with poor countries that do not have democratic governance and where policies are not targeted to reducing poverty and promoting economic growth is a major challenge. The form and nature of the public authorities will vary considerably from country to country and over time. Generally, development assistance cannot be expected to have a lasting effect in countries with poor governance. Long-term development assistance will often be focused on isolated projects with limited local effects. Such efforts do not significantly contribute to reducing poverty. It is a dilemma that a large portion of the world's poor live in countries of this kind. Assistance efforts must take into account the political and institutional weaknesses in the country in question and promote reform. Beyond this one should concentrate on humanitarian aid that meets the basic needs of marginalised groups in the most effective way possible. Assistance can also be given to long-term efforts to support democratisation and

strengthen civil society. The committee believes Norway should primarily seek to support civil society in such countries directly and on their own terms.

The committee believes that Norwegian NGOs can play a useful role in cooperation with NGOs in the recipient countries under certain conditions. Working with NGOs will be particularly important in countries where the public authorities are failing to improve conditions for the poor and promote economic growth. The criteria and guidelines for providing funding to Norwegian NGOs should be made stricter compared with the present system, which is very open. The committee believes priority should be given to organisations that have natural partners in recipient countries, so that efforts have a strong basis both in Norway and in the recipient country. Generally, NGOs should document more extensively that their efforts are being carried out in cooperation with independent organisations based in the recipient countries. Furthermore, the organisations must be able to demonstrate the relevance of their efforts in relation to the national authorities' poverty reduction policies. NGOs should be able to play both supplementary and alternative roles in relation to the authorities, notably through advocacy work in relation to marginalised groups in states with reasonable governance, where NGOs' role in terms of service delivery is limited. NGOs working in middle income countries should document the contribution they are making towards poverty reduction and the support they are providing to particularly marginalised groups. It should also be possible to provide funds from a global support system to organisations that work with particularly vulnerable and marginalised population groups on a global basis.

Humanitarian aid is primarily intended to provide relief in emergency situations. The committee believes that the emergency situation itself should be the main criterion for support, but acknowledges that foreign policy considerations and media focus will affect priorities. The committee sees particularly good reason to use NGOs in disasters where national authorities are failing to respond appropriately and help needs to be provided separately. Humanitarian aid should be coordinated at the multilateral level, and Norwegian NGOs have expertise and capacity that should be utilised. The NGOs should adapt their efforts to the multilateral coordination efforts, focus more on strengthening local emergency preparedness and capacity, and minimise potential negative effects of humanitarian aid on long-term development, sustainability and democratic state building. Funding should mainly

be linked to the Norwegian government's prioritisation of focus areas, but it should also be possible for support to be provided to NGOs working in other areas.

The reorientation towards local ownership and donor harmonisation represents a challenge for the Norwegian authorities and NGOs. The committee finds that NGOs must be prepared to take greater part in efforts that are coordinated internationally and that are requested and funded by the recipient countries. In the future, NGOs will have to cooperate and compete with organisations in other donor countries, those in the recipient countries and with international organisations.

In short, if Norway follows the reorientation of development assistance policy, the role of NGOs may increase or decrease according to the factors set out below:

Norwegian NGOs may account for a larger proportion of development assistance if the government gives priority to:

- providing humanitarian relief;
- organisational cooperation with national organisations in the recipient countries;
- support for marginalised groups that are not taken care of by the country's own authorities.

Norwegian NGOs may account for a smaller portion of development assistance if the government gives priority to:

- countries with democratic governments and policies targeted towards reducing poverty and promoting economic growth, and where national ownership of development assistance ensures that local authorities are allocating development funds themselves;
- strengthening public services and political, judicial and administrative institutions in connection with state- and nation-building efforts;
- business development and efforts to promote economic growth with a view to reducing poverty in the long term;
- multilateral channels.

In addition to these factors, the committee's recommendation of increasing direct support to NGOs in recipient countries will have consequences for the level of funding to NGOs in Norway. NGOs in Norway will also be affected if organisations in the South decide to use these funds in cooperation with Norwegian organisations.

The committee supports a stronger South-orientation in Norway's development efforts and greater autonomy for the recipient countries, which will involve changes in the role of Norwegian NGOs in long-term development efforts.

The committee acknowledges that development assistance policy and foreign policy considerations may lead to a modification of the main policy focus outlined above. Norway's development efforts cover a wide range of both thematic and geographic areas. This is due to the wish for a wide spread of foreign policy targets and the broad involvement of the Norwegian population in international issues. There are also arguments for restricting Norwegian development efforts to the areas where Norway has particular advantages compared with other countries. The committee maintains that the focus on poverty reduction and economic growth will mean stronger concentration of Norway's efforts on a smaller number of geographic and thematic areas, as well as a greater differentiation of NGOs' efforts in different types of country.

5 Management systems and funding

5.1 Challenges for public funding and management of funds

Public funding for NGOs must be conditional on their ability to realise social goals. The amount and form of funding provided must be determined in relation to the objective of reducing poverty and promoting economic growth and democracy. Focus on results is important, and clear targets must be set. The systems for awarding grants and managing resources must ensure that the best organisations and projects are selected, and must take into consideration how the organisation's efforts will be affected by public funding. The aim must be to foster the best aspects of the organisation and promote effective efforts that benefit the poor. NGOs have the advantage of enjoying greater freedom than public institutions in terms of their use of resource use, forms of cooperation with other organisations, and organisational

structure. The management system must include guidelines, mechanisms for distributing funds and an evaluation system.

The large number of development assistance policy targets and the difficulties in evaluating results constitute a particular challenge in the management of public funding for NGOs, which resembles that concerning public funding for research and cultural activities. The wide range of targets and the lack of evaluation in the past do not provide an adequate basis for selecting organisations, activities and countries. This can easily lead to a wide distribution of development funds and low aid effectiveness. There has been a sharp increase in the number of organisations, and too little restructuring and renewal of the old ones. Although the organisations are, on the whole, highly competent and deeply committed to development, there are also organisations that alter their approach to take advantage of the grant systems. The fact that funds are scattered between a large number of organisations and internal interests within the organisations can easily result in a heavy administrative workload, a high level of activity in Norway and ineffective working methods. The development and implementation of funding systems must take these challenges into account.

NGOs have been established to promote a particular cause, and their organisational form is based on the need to inspire involvement and promote recruitment. NGOs mobilise support for development from the public and rely on voluntary efforts from its members. These organisations have a responsibility towards their supporters, their cooperation partners and the recipients of their efforts. Some organisations are primarily membership-based, with a large degree of membership ownership and influence. However, a number of NGOs are organised as foundations and are managed by the organisation's own employees. Many organisations, including member-based organisations with passive members, are leadership-driven with weak external control. They may be successful, as the leaders have the incentive to run the organisation well in order to retain support and partnerships. However, these organisations may not be very robust in the event of conflicts, and may be vulnerable to internal changes. The committee recommends that the organisations clarify their accountability, and that improved accountability can be an important factor in ensuring the legitimacy of their efforts in the future.

NGOs involved in development cooperation support the view that responsibility should be placed on the authorities in recipient countries, and are promoting transparency in the public

administration of these countries. It is therefore a paradox that the recipients of the NGOs' services are in a weak position in relation to the NGOs and have little insight into the activities of the latter beyond their own particular area of cooperation. The management system must ensure greater transparency in the organisations and in the funding systems, and should clarify the NGOs' responsibility in relation to all involved groups.

Public funding is the largest source of income for most of the Norwegian NGOs' development activities. The strong state involvement means that the government's funding policy determines the structure and composition of these organisations. The state also plays an important role as watchdog. The NGOs have to compete for funding and this provides an incentive for technical and strategic learning, development and change; it also encourages the use of resources for promotion and marketing. Channelling resources to marketing activities can increase the income of individual organisations more than successful development efforts; these activities also help to keep the public focused on international poverty reduction efforts. However, in terms of development effectiveness, using funds in this way means less help to the poor. The competition for public support can also undermine cooperation between the organisations. The Norwegian authorities must take into account the overall effects of their funding policy on the development market.

The committee members agree that NGOs have an important role to play as part of Norway's civil society and as a mobilising force in international solidarity efforts. This side of their activities should primarily be funded by the organisations themselves and the part they play will reflect the extent of their support in the population.

5.2 State funding for humanitarian aid and transitional assistance

The present guidelines for the distribution of funds for emergency relief and peace and reconciliation efforts reflect the link between the funding systems and the current policy. The political decision base is set out in official documents, including the government budget, and implementation takes place through close informal contact between the Ministry and the NGOs. The committee believes that government funding should be organised as part of a crisis response system under political management. However, the close political ties may

mean that assistance efforts are concentrated too much in areas with widespread international media coverage and may therefore fail to respond to the overall need in the best possible way. These considerations should, however, be a political question. The committee has not examined the guidelines and practice in detail, but believes they give the Ministry a good deal of freedom in relation to NGOs. NGOs are selected to take part in assistance efforts based on their expertise and capacity to respond rapidly and provide effective assistance in the wake of natural disasters and in situations of war and conflict. There are many different tasks and it is natural that NGOs specialise. Norway's crisis response system seems to be relatively effective.

The committee wishes to draw particular attention to two points relating to the implementation of the guidelines. First, a selection mechanism is needed that allows competent new organisations into the system, and ensures that organisations that function poorly are excluded. The Ministry's relationship with the organisations should also promote effective utilisation of resources. Greater transparency and more competition can be achieved through periodical prequalification exercises, with external evaluations of the organisations and their results. Second, a rational evaluation should be made of Norwegian NGOs compared with NGOs from other countries, and of Norway's efforts in the overall international system.

It must be ensured that Norwegian NGOs contribute to the overall international emergency relief efforts and to capacity development of local communities and organisations. In the long term, more of Norway's support to NGOs should be channelled through the multilateral development system, and Norwegian NGOs will have to compete on the international market.

The main objective of the present guidelines for the distribution of transitional assistance is to contribute to development and peacebuilding in countries affected by violent conflicts and natural disasters. Funding is directed towards infrastructure and services, finding durable solutions for refugees, and reconciliation efforts. The guidelines allow considerable room for taking into account political priorities, and projects are often initiated by the Ministry. The committee finds it natural that transitional assistance be guided by political considerations, but wishes to highlight three important points regarding the implementation of this policy.

First, the close cooperation between the Ministry and the organisations should not be allowed to prevent new organisations from being taken into consideration, or cooperation with old

organisations from being discontinued. Selection processes should be transparent, and mechanisms for announcing assignments must be established.

Second, transitional assistance following natural disasters must be considered in relation to the governance of the country in question. There will be significant differences in countries' ability to take care of their own populations. The committee suggests that Norway should concentrate its efforts on its main partner countries so as to be able to ensure long-term benefits.

Third, the follow-up of countries in transition from war and conflict must take into account the long-term nature of peacebuilding efforts. The committee believes that efforts should be concentrated in a small number of countries where the Norwegian authorities and organisations are particularly qualified to participate.

The committee believes that the engagement of Norwegian NGOs in humanitarian efforts should predominantly be done through framework agreements. Such agreements ensure predictability and flexibility, provide the opportunity to discuss strategy, and facilitate coordination with long-term development assistance. Framework agreements do not, however, provide any protection against political opportunism. The committee therefore proposes that a prequalification process for framework agreements is announced at regular intervals (e.g. every 6-8 years) to ensure that NGOs' capacity and competence are re-evaluated. Competition for framework agreements can help to maintain effectiveness and stimulate renewal and experimentation. However, to ensure that this system is effective the authorities will have to undertake evaluations of how well framework agreements work. .

In certain situations where there is a need for humanitarian and transitional assistance, the authorities will identify tasks that need to be carried out within a certain time frame. Such tasks are well suited for being allocated by tender, under which the organisations make offers of services in response to the authorities' specifications. Tenders ensure not only competition between the organisations, but also good quality follow-up, as the tendering process requires the same level of evaluation efforts as framework agreements.

5.3 Government funding for long-term development efforts

The present guidelines for government funding for long-term development efforts, the “global schemes”, have a wide range of objectives. The guidelines are based on the general development assistance policy as set out in public documents. The guidelines state that the NGOs are to contribute to the achievement of the development policy targets, covering 14 specific areas (such as fighting poverty, providing effective humanitarian aid, preventing natural disasters, promoting peace and reconciliation efforts, promoting human rights, increasing popular participation in decision-making processes, improving the situation of women, and promoting the rights of children, the disabled, indigenous people and minorities). The guidelines do not differentiate clearly between targets and quality assurance indicators. They must be evaluated in light of the contribution they make towards reducing poverty. The committee considers that the wide scope of objectives is a problem both for the development assistance policy in general and for the practical funding arrangements with the NGOs. Trying to meet a large number of targets that have not been operationalised and prioritised obstructs political management and complicates evaluation. One consequence of Norad’s broad range of targets is a significant growth in the number of organisations and a scattering across activities and countries. The committee is of the opinion that this diversity of actors in different technical areas is ineffective in terms of poverty reduction, economic growth and democratic governance. The large number of small and scattered projects mainly have a local effect and cannot be expected to produce long-term results. Moreover, the whole funding system is designed to support civilian society in the recipient countries. The committee finds that this approach is largely based on a poor understanding of the balance of power in society and of the effects of external assistance on civil society.

The committee has noted that the Norwegian authorities provide support for a large number of Norwegian NGOs with a broad range of objectives. There are many targets and many actors, and it is difficult to say that some are more important than others. Greater focus needs to be directed towards these organisations’ performance in relation to clearly defined targets and there should be greater differentiation in the field according to the governance of the recipient country. The committee proposes changes along the following dimensions:

(a) *Roles and tasks in the field:*

NGOs should take on different roles and tasks according to the actual needs and opportunities in the country in question, and should in particular take into account the

country's governance. This will require an active phasing in and out of tasks to Norwegian and international NGOs as states change in character. In failed states, the organisations should have a freer role in relation to the national authorities.

(b) *Selection of targets:*

Determining which targets to pursue and fund through NGOs is primarily a political decision. A clearer delimitation of targets is necessary to ensure that efforts can be evaluated on the basis of results. The lack of strategic focus undermines the importance and impact of the organisations.

(c) *Selection of organisations:*

Greater focus should be directed towards ensuring quality and grass-roots support both in the North and the South. Priorities should be set along the following three lines:

- Organisations based in Norway that provide high quality development assistance and have natural partners in the recipient countries should be selected for long-term framework agreements.
- Organisations with particular expertise should be eligible for funding for individual projects, primarily to support marginalised groups.
- Friendship and solidarity cooperation with organisations in the South should be seen as an important part of the internationalisation of Norwegian NGOs; however, a good deal of this cooperation cannot be regarded as development assistance and should not be financed over the development assistance budget.

The committee supports the emphasis in the current guidelines on the importance of Norwegian NGOs cooperating with organisations in recipient countries and of efforts being focused on the LDCs. There will, however, be certain exceptions in relation to marginalised groups in middle income countries where these groups are not being prioritised by national authorities. Emphasis must be placed on the quality of the cooperation already established, particularly on the local involvement and the independence of organisations in the recipient countries.

The committee believes that framework agreements (currently called cooperation agreements) should constitute the main form of long-term development assistance. Due to the large number of relatively small organisations in the country, Norway has a large number of

cooperation agreements compared with like-minded donor countries. The committee recommends consolidating the number of actors working under cooperation agreements, mainly through cooperation within umbrella organisations. As is the case with humanitarian aid, calls should be made for prequalification processes for framework agreements at regular intervals (such as every 6-8 years) to ensure that the capacity and competence of the organisations are re-evaluated. The results focus in development assistance policy should also apply to NGOs.

The committee would like to see a simplification of the system for providing support for the large number of small organisations involved in long-term development assistance. This can partly be achieved through small organisations joining forces under umbrellas and applying for framework agreements, partly through a simplification of the administrative procedure for small cooperation projects.

In certain situations, the authorities will identify tasks that need to be carried out in a certain country, for example in connection with the present arrangement of strategic partnerships. Such tasks are well suited for tenders under which the organisations offer services in response to the authorities' specifications.

Norway provides direct funding for a number of international organisations, and some international organisations establish departments in Norway, probably with a view to receiving public support. The committee has not evaluated the international organisations that receive direct support. It is difficult to justify the present selection of international organisations receiving support on the basis of the main focus areas in Norway's development assistance policy; instead, it appears to be based on historical initiatives that have been sustained. The committee would prefer selecting international organisations based on tenders for well-defined tasks.

5.4 Direct funding to organisations in recipient countries

The committee would warn against civil society in recipient countries being dominated by donors and external organisations. Many recipient countries are characterised by relatively strong international, and sometimes national, donor-funded NGOs, while civil society as a

whole is weak. Instead, the committee would recommend promoting the development of civil society in the South based on independent organisations with a local basis that may well have international ties. A discussion is needed on how development assistance can best support NGOs in recipient countries. In addition to organisational cooperation between Norwegian and recipient country NGOs, there are three main ways of supporting NGOs in recipient countries: through the authorities in the recipient country in question; through state-to-state cooperation; and through multilateral efforts.

- Funding via the national authorities is appropriate in countries with democratic governance that are pursuing poverty reduction targets in a credible way. Such countries can decide to support their NGOs in the same way that Norwegian NGOs are supported in Norway. Funding for civil society can be channelled via the authorities within the sectors that Norway wishes to support.
- In state-to-state cooperation, funds are being distributed to recipient country NGOs by the donor country representatives. This approach is quite common today. There are various models for providing direct support to civil society in recipient countries, including efforts in cooperation with other donors:
 - Norway provides direct support to civil society organisations in the South through its embassies, for example through strategic partnerships with a small number of NGOs in the recipient country. This is a resource intensive arrangement and should not be significantly expanded.
 - Norway provides support to civil society in connection with sector programmes to which several donors contribute. This model is less demanding in terms of embassy capacity.
 - Norway is a sleeping partner in an arrangement whereby representatives of another donor administer Norway's direct support to civil society. This model does not require personnel resources at the embassy and is currently used where support is to be provided to several sectors.
 - Norway provides support to a civil society fund or to civil society umbrellas; this support is distributed entirely or partially through civil society actors in the South. A variety of decision-making mechanisms are possible, with boards made up of representatives of civil society, donors and external resource persons. The attractiveness of this alternative depends on the availability of suitable local actors who can influence how the funds are distributed, and

should be applied in countries with the right organisational conditions. The UK Department for International Development (DFID) has had positive experiences with this type of fund in a small number of recipient countries. This model can boost civil society's ability to administer, distribute and report on the use of funds.

- Norway can also provide support to civil society in recipient countries through multilateral organisations. For example, both the World Bank and the UN organisations cooperate with international and national NGOs. Some multilateral organisations are in a position to set up funds as outlined above.

The committee recommends that Norway take the initiative to set up funds for direct funding from one or more donors to NGOs in recipient countries.

5.5 Independent income and government funding

Most Norwegian NGOs have several sources of income and many raise considerable funds themselves. Fund-raising efforts involve the Norwegian population more directly in development assistance and promote popular support both for the organisation and for development efforts in general. However, the amounts raised do not necessarily reflect the level of popular support, but may instead reflect the fund-raising methods utilised. The committee is concerned that there are too many campaigns, that they are too expensive and that they suffer from a lack of transparency.

The committee believes that government funding should primarily be based on the performance of the organisations in relation to the targets of reducing poverty and promoting economic development and democratic governance. Government funding must therefore be based on an evaluation of the NGOs' working methods, experience and plans. NGOs may be able to play an important part in development efforts even though they do not have large independent incomes. Large funds acquired through fund raising efforts do not guarantee the quality of development efforts.

Government funding for NGOs is also based on the separate target of involving the Norwegian population in international solidarity efforts. The requirement for independent income is meant to test both the organisations's ability to maintain close ties with and support from the public and their efforts and results. It can be seen as an incentive for involvement with the population. The higher the requirement for independent income the greater the incentive, and the greater the discrimination against organisations that are highly dependent on government funding. The committee does not propose any change to the present requirements for independent financing.

The committee takes the general view that organisations should have several sources of income in order to maintain their independence. A greater degree of internationalisation of their incomes will also reduce their dependency on national government support.

5.6 Evaluation and control

The committee wishes to point out that the reorientation in development assistance with a stronger focus on results will require a much more extensive evaluation of development efforts. In particular the authorities will have to ensure that the overall evaluation of NGOs' efforts in recipient countries ties in with the international system for measuring performance in relation to poverty reduction, economic development and democratic governance. Long-term evaluation programmes that measure results over time through systematic data collection should be drawn up and preferably carried out in parallel with development efforts. These programmes should initially be implemented in the main partner countries.

Evaluation includes monitoring an organisation's activities, examining the relationship between efforts and results, and broader research activities on social effects. Stricter requirements should be set for the NGOs' own evaluation efforts and their documentation of results. The examination of efforts in relation to results has so far tended to be descriptive. In the future, evaluation should reflect the methodological developments of recent years. Evaluation tasks must be assigned to recognised specialists in Norway and abroad. More extensive analyses of development efforts and their effects should be initiated through the Research Council of Norway.

The committee finds it essential for the independence and legitimacy of the evaluation efforts that they are administered and carried out outside the development assistance administration. The research-related evaluation must be broad in its approach and methods, and must include the evaluation of processes and outcome research. The general purpose of the evaluation must be to acquire knowledge that makes it possible to improve the administration of development efforts.

5.7 Administrative organisation

The committee suggests that the reorientation of development assistance policy and NGOs' roles requires a strengthening of administrative expertise and a clear distribution of responsibility between political and administrative bodies. The present fragmented system for dealing with NGOs in the administration is not a good basis for achieving a uniform political focus. The fragmentation is also a barrier to achieving better synergies between humanitarian aid and long-term assistance efforts. A new approach where funding for NGOs is considered on the basis of the development assistance policy focus areas will require a concentration of responsibility.

The committee has not undertaken a detailed organisational evaluation with proposals for organisational reform. It refers to the fact that Norad and the Ministry's respective roles in the reorganisation of the development efforts are to be evaluated in 2007. The committee recommends that this evaluation examines in particular the expediency of the present system for dealing with NGOs.

6 Summary

In this report, the committee has discussed the central questions raised in its mandate. Its main recommendations are summed up as follows:

Recommendation 1: South-orientation and ownership

- Norway's long-term development efforts should be concentrated to countries with good governance that are willing and able to reduce poverty and promote economic development. New main partner countries should be selected on the basis of these criteria.
- These countries must have ownership of their own development and take responsibility for and control of the allocation of development assistance.
- Norway should provide more direct support for NGOs in recipient countries. New funding arrangements should be developed with this in view.
- South-orientation must imply changes in the roles of NGOs in long-term development assistance.

Recommendation 2: Long-term development, the role of the authorities and civil society

- NGOs must differentiate their activities according to the governance and level of income of the country concerned. Countries with ownership of their own development should themselves govern their cooperation with civil society and with organisations in the North.
- NGOs must not act as a long-term substitute for the national authorities.
- Funds to Norwegian NGOs should prioritise:
 - natural partners, whereby organisations in the donor and recipient countries share basis and tasks
 - protecting and promoting the rights of marginalised groups.

Recommendation 3: Humanitarian aid in response to overall need

- NGOs can provide effective humanitarian aid in failed states; greater internationalisation is desirable.
- Humanitarian aid must be prioritised on the basis of need rather than media coverage or foreign policy.
- Humanitarian efforts must take into account the long-term effects of aid, avoid damaging local economies and involve local actors in the recipient countries.

- New mechanisms for transitional assistance, disaster prevention and long-term assistance should in general be concentrated to the main partner countries.

Recommendation 4: Grants awarded on the basis of clearly defined targets and independent evaluation

- Poverty reduction targets should be more clearly defined, and results should be measured against them. The pool of NGOs receiving funding should become more dynamic, and the criteria and conditions for government funding more stringent.
- Large organisations and umbrella organisations involved in both humanitarian and long-term development efforts should take part in prequalification processes for framework agreements.
- Simpler routines should apply for dealing with small organisations and cooperation projects.
- The evaluation gap must be closed. Evaluation should be carried out by external bodies independently of the development assistance administration.
- Responsibility for the administration of grant schemes for NGOs should be more concentrated.

Scope of grant schemes for NGOs

- The allocation of funds to NGOs is a political decision based on an overall development assistance policy focus.
- The share of the development assistance allocated to NGOs will depend on political priorities:
 - A larger share of Norwegian development assistance to organisations when the emphasis is on humanitarian aid, organisational cooperation and marginalised groups.
 - A smaller share of Norwegian development assistance to organisations when the emphasis is on countries with good governance, promotion of state-building and economic development, and on multilateral channels.