DAY SIX - SESSION TWENTY ONE

NGOs - what are they and what is their role in enterprise development?

Objective: to enable participants to describe the strengths and weaknesses of NGOs and their staff, and thus to identify the implications for their work in enterprise development.

Time: One to one and a half hours

Session Guide

1. Point out that NGOs are a relatively new phenomenon, at least in the variety of work they now do, and that their nature and role are less clear than that of the more familiar public and private sectors. They are also being asked to carry out large numbers of tasks, which are quite different from those which they traditionally carried out, and they now often act as contractors to local or foreign donors. They are paid to implement 'projects', as well as, or perhaps instead of, pursuing the social goals for which they may originally have been established.

    It is therefore very important to examine their nature, their origins and their funding sources, in order to be clear as to what they can and cannot do.

2. Acronyms or sets of initials often lead us to use terms without being clear as to their meaning. Ask a participant to say what the words 'Non-Government Organisation' mean in themselves.

    The words in themselves state only what they are **not**. NGOs are not part of government, but neither are private profit-seeking companies and we are probably agreed that these are not what we mean by NGOs. The term in itself therefore tells us very little about what NGOs really **are**.

3. Ask participants to suggest other words or acronyms which are used to describe the same sort of organisations. You should obtain terms such as 'charities', 'voluntary societies' or 'PVOs' ('Private Voluntary Organisations', which is the term used mainly in the USA).

    What do these terms tell us about the type of organisations they describe?

    Ask participants what the word 'voluntary' means. It usually refers to people who are volunteers, that is, they work without any payment. How many of the participants do not receive any salaries for their work with an NGO?

    There may be some true 'volunteers' but most full time workers at any rate need to be paid. Participants may or may not be earning salaries which are significantly lower than they could earn elsewhere, but most NGO staff work for reasonable salaries and are in no sense volunteers. It is a job like any other.

    Ask a participant what the words 'charity' and 'social' mean. These words relate to the religious or social obligation that better off people should give money to the poor out of sympathy for them.

    Remind participants of their responses to the attitude questionnaire at the beginning of the course. There is clearly some inconsistency between charging for services and making loans at market rates of interest which must be repaid, and the activities that are normally associated with 'charity' or 'social work'.

4. Ask participants to suggest what may have been the origins of their own and other NGOs. Who started them and why?

   - Many NGOs were and still are started by religious people, who believe that they have an obligation to serve those who are less fortunate than themselves.

   - NGOs have often been started by people who were working for government or for private businesses who become frustrated at the apparent failure of the private and the public sector to serve the best interests of humanity in general.

   - Some NGOs are started in response to a particular crisis, such as a dam construction project, where it seems that the economic interests of the minority are being allowed to prevail over the wider interests of the poorer and less articulate majority.

   - Other NGOs are started in order to help a particular oppressed group, such as refugees or urban or rural migrant labourers, to come together to resist private business interests and to gain a fairer share of the economic 'cake' for themselves.

   What are the implications of such origins when these NGOs become involved in enterprise development?

5. Ask participants to identify the sources of funding for their NGOs. Who sponsors their work and why?

   - Some of these sources are wealthy private individuals who establish NGOs and provide core funding. Many NGOs also rely to a considerable extent on voluntary contributions from the general public. The motives of these donors are usually the same as those of people who work as volunteers. They feel they have an obligation to help those less fortunate than themselves.

   - Foreign governments and NGOs support the work of many NGOs, for a very complex 'mix' of reasons, which may include political, economic and social motives.

   - Government departments and public sector banks and other organisations sponsor individual projects, often because they recognise that NGOs are more competent at organising such activities than they are themselves.

   - Large private companies sponsor many NGOs, for a variety of reasons. They may wish to improve their public 'image', they may feel guilty about the impact of their activities on local people or their management may have a genuine social concern, which they prefer to exercise with their company's money rather than their own.

   Again, what are the implications of these funding sources for work in enterprise development?

6. Ask participants to write down a one sentence summary of the views that all these terms, origins, motives and funding sources would suggest NGO staff might have on each of the following issues:

   - The impact of business on society

   - The relative importance of economic growth vs. equitable distribution

   - The necessity for their work to be self-sustaining

   Allow ten minutes for this and then ask a participant to read out what she has written for the first issue.

Opinions will of course differ but the following view is consistent with the origins of most NGOs:

"Business, particularly big business, is bad for society."

Do the same for the other two issues. You are likely to get sentences such as:

"Equity is more important than growth".

"Our work must always depend on donations".

Clearly there are inconsistencies between these views and the development of business enterprise. This in part explains why NGOs have only in recent years started to become involved in enterprise development.

7. It is probable that most of the participants hold some of these views. Their views may or may not limit the effectiveness in the field of enterprise development, but they should at least be aware of the implications.

It may be useful to challenge some or all of the above statements by asking counter questions such as:

"If you believe that business is bad for society, why are you promoting business, and if you only disapprove of big business, are you unconsciously denying your clients the opportunity to grow?"

"It is often the case that one or two relatively richer entrepreneurs can create far more sustainable jobs for other people than those people could create for themselves. Is it better for everyone to be very poor or for most people to be less poor and a few people to be much richer?"

"If NGOs always have to depend on donations, how can they ever reach more than a small proportion of the people who need their services?"

8. Participants themselves may or may not hold these views. The attitude questionnaire at the beginning of the course will have enabled them to recognise and articulate their own opinions. Even if they do not hold these views themselves, however, other people certainly do. Ask who these may be, and how their views will affect participants in their own work.

Colleagues in the same NGOs, particularly those working in more 'traditional' NGO fields such as health, community development or education, may strongly oppose policies which contradict their views.

Donors may object to their funds being used in what appear to them to be 'commercial' ways; they may be enthusiastic about the idea of enterprise development but dislike the practical implications.

The clients of an NGO may themselves hold these views about NGOs. They will, therefore, find it difficult to accept that they may have to pay fees for services or to repay loans, with interest.

9. One objective of this session is to help participants develop arguments to persuade such people to change their views. It is important to respect such opinions, whether or not we agree with them, and to be aware of their origins and their implications.

Some participants may come from NGOs which are new to enterprise development work or they may have come on the course because their NGO plans to start working in this field.

They must appreciate the different attitudes which some of their colleagues may have, and the different 'image' which some members of the communities where they work may have of the NGO. They should not under-estimate the difficulty, and the importance, of confronting these views and changing them.