Introduction

This book is about change in non-governmental organizations (NGOs). It explores how NGOs change over time and examines the forces, both local and global, that shape them. Following the end of the Cold War, there has been an increase in attention among the international aid community to civil society organizations and institutions, and especially to development-oriented NGOs. This growth in attention and funding to NGOs appears to have been motivated by a number of factors. On one hand, it has been driven by evidence of state failure in service provision and an attendant neo-liberal economic climate of state retrenchment. On the other hand, it has been inspired by a belief that NGOs are not only more efficient service providers than public agencies but that they are also more democratic and effective in reaching the poor, despite a dearth of supportive empirical evidence. As development aid is increasingly channeled through NGOs rather than through governments, there is mounting pressure on NGOs to expand and scale-up their work, sometimes to the extent of replacing state services.

The focus of this book is on relationships between NGOs and their international networks of funders. Understanding these broader linkages is crucial to making sense of how and why NGOs change. In exploring the impacts of international funding on NGOs, this book devotes special attention to organizational reporting and learning systems. It examines not only the tensions created by the reporting requirements of funders, but also the strategies of resistance employed by NGOs as well as long-term changes in organizational behavior. Focusing on two NGOs in rural western India, and a host of funders in North America and Europe, it shows that systems of reporting, monitoring, and learning play especially central roles in shaping not only what NGOs do but, more importantly, how they think about what they do. How organizational members think about and conceptualize their work has profound implications for their long-term development strategies.

The initial seed for this book was planted in 1991. As a young fellow in a program supported by the Canadian International Development Agency and the Aga Khan Foundation Canada, I had the good fortune to spend several months with one of India's most highly reputed development NGOs – the Aga

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Khan Rural Support Programme, India (AKRSP (I)). This first visit sparked my
research interests for years to come. It was at this time, during informal conver-
sations with staff and managers, that I was introduced to the highly politicized
world of reporting and monitoring. As is well known, many NGOs like AKRSP
(I) are required by their international funders to institute reporting systems for
the sensible purposes of financial accountability and for monitoring the im-
pacts of their interventions. At the same time, however, monitoring systems
are a source of considerable tension between NGOs and their funders, since
funders often wish to see evidence of quick "success" in the programs they
fund, even though poverty alleviation and social change are likely to be slow
processes.

I have since returned to India a number of times in order to conduct research
on NGOs. Most of the primary data for this book were collected between 1995
and 1999. This project examines relationships between international funders
and two of India's most successful NGOs – AKRSP (I) and the Navinchandra
Mafatlal Sadguru Water and Development Foundation (Sadguru). Both
organizations have much in common: they are two of India's largest devel-
opment NGOs, both in terms of staff and funding; they have solid international
reputations in environment and development work, especially in land and water
resource management; and they receive funding from a number of the same
international sources.

The core of this book is an analysis of four factors that shape NGO behav-
ior, and which are of significant import for NGO-funder relations in general:
(i) global discourses on development and environment; (ii) an interdependence
between NGOs and funders; (iii) reporting and monitoring systems and struc-
tures; and (iv) processes of organizational learning.

In particular, I present three key arguments. First, I contend that while inter-
national actors have played a central role in introducing specific development
ideas and practices to NGOs (e.g. sustainable development, gender, and profes-
sionalism), NGOs are not passive recipients of these discourses and are actively
involved in contesting and reshaping them. Second, I challenge the standard
notion that NGOs are "dependent" on international organizations for funds.
Instead, I demonstrate that there is an interdependence between NGOs and
funders in which NGOs leverage funds by providing information on "success-
ful" projects, thereby conveying a positive reputation on their funders. This
resource exchange leads to a highly structured interaction between NGOs and
funders that favors short-term and easily measurable activities at the expense
of longer-term processes of social and political change. At the root of this
interdependence between NGOs and funders lies the more fundamental and
value-based issue of how "success" is measured. This is a central issue in the
book, and has penetrating consequences for NGO-funder relations and for last-
ing social change. Finally, I link these reporting and monitoring processes to

learning systems. While funders have enhanced learning by introducing NGOs to new ideas and technologies, they have simultaneously impeded learning by insisting on reporting and monitoring systems designed to meet their own information needs for demonstrating short-term success.

The cases described in this book provide a window through which to understand the concrete effects of global discourses, and reporting and learning systems, on organizational behavior. Thus, while many of the details presented in this book are about Sadguru and AKRSP (I), they tell a larger story about organizational change. These cases are broadly significant in a number of additional respects. First, the organizational networks of the two NGOs are made up of actors that interact with hundreds of other organizations in India as well as internationally. The networks include, for example, the European Commission (EC), the Canadian International Development Agency (CIDA), the United Kingdom's Department for International Development (DFID), the Aga Khan Foundation (AKF), the Ford Foundation, the Norwegian Agency for Development Cooperation (NORAD), and many public agencies.

Second, the case NGOs were the first in India to receive "bilateral" funds from the European Union (exceeding US $14 million). Since such grants are normally provided to governments, this allocation to NGOs marked an important global precedent in development funding. Given their experience, strong reputations, influential connections, size and considerable bargaining power, AKRSP (I) and Sadguru constitute a "crucial test" for NGO-funders relations – if these two NGOs experience tensions with and pressures from funders, then it is likely that the behavior of smaller, less powerful NGOs will also be affected by these tensions. In other words, the interactions I articulate for these cases potentially reflect a more general patterning of relations between NGOs and funders, with deep structural implications.

Third and finally, the development context which I describe in this book, and the changes in that environment over time, are not unique to the NGOs described here, but are part of a larger series of transformations in development thought and activity over the last three decades. For example, notions of integrated rural development, sustainable development, and gender and development have found their way to NGOs around the world, although their impacts and emphases have varied.

This book is organized into seven chapters. The first chapter lays a foundation for conceptualizing NGO-funder relations. Drawing from the work of two social and critical theorists – Michel Foucault and Pierre Bourdieu – I provide an introduction to concepts of *discourse*, *habitus*, and *capital*. These concepts are then linked to ideas about organizational behavior in order to develop a framework for thinking about structuration and change in organizations. Readers less interested in this analytical basis may proceed directly to the more empirical chapters.

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Chapter 2 furnishes some background details on the two case study NGOs, as well as on their organizational networks. The chapter is intended to provide a layout of the organizational landscape and thus to serve as a reference for subsequent discussion. In chapter 3, which is the first of four core chapters in the book, I commence a mapping of the effects of global development discourses on Sadguru and AKRSP (I). I pay particular attention to the role of language in discourses on basic needs, participation, sustainable development, gender and development, economic liberalization, and civil society. I begin the chapter by outlining key elements of development discourse operating at the founding of each of these NGOs in the early 1970s and 1980s and follow subsequent changes in both development discourse and the behavior of the two NGOs. While this chapter emphasizes global influences on NGO behavior, it also demonstrates that NGOs are not simply passive recipients of these global ideas which are transmitted to them through international consultants or conditions in foreign funding. Instead, it shows that NGOs are frequently and actively involved in challenging, reshaping, and appropriating global discourses – especially on environment and sustainability – to suit their own needs and are sometimes even able to spark wider structural change at international levels.

The following two chapters examine the relationships between NGOs and funders, focusing on forms of resource exchange between organizations. Chapter 4 begins with a resource-dependence perspective, which focuses on the flow of financial resources from funders to the two organizations under study. I then broaden this perspective to include exchanges of other kinds of resources such as information and reputation which I demonstrate to be equally important in a struggle for power between funders and NGOs. An examination of these various kinds of resource exchange uncovers significant *inter*-dependencies between organizations, which lead to both cooperative and antagonistic behaviors. This marks the beginning of a "reproduction" argument, in which I claim that both cooperation and antagonism are responsible for reproducing (i.e. perpetuating) the roles and relationships between NGOs and their funders.

This argument is furthered in chapter 5 through a critical look at NGO reporting and monitoring systems. While NGOs may be dependent on international organizations for funds, funders also rely on the NGOs for information which demonstrates that their funds have led to "successful" projects. I show not only how NGOs use information to buffer their key activities from funder intervention, but in doing so, how they also end up reproducing tensions between NGOs and funders. The resulting emphasis on short-term and easily measurable activities occurs at the expense of longer-term and less certain processes of social and political change. This interdependence between NGOs and funders (which is highly structured through reporting and monitoring systems) points to the more fundamental and value-based issue of how "success" is measured. This

is a pivotal concern that has profound consequences for NGO-funder relations and for lasting social change.

After examining organizational relations in terms of resource flows, I return, in chapter 6, to processes of change by looking at organizational learning in Sadguru and AKRSP (I). I show how the structured nature of NGO-funder exchange is evident in processes of organizational learning. The learning model, which I have adapted from various organization theorists, distinguishes between learning that is concerned primarily with improving organizational performance (i.e. single-loop learning) and learning which leads to changes in the basic relations of power and worldviews underlying organizational behavior (i.e. double-loop learning). Single-loop learning is very common in the case NGOs, but double-loop learning is rare. While this may not be surprising, since double-loop learning is rare in most organizations, it is of particular concern in development organizations interested in longer-term social and political change. Relationships with funders play an important role in enabling as well as impeding learning of both types. The final section of this chapter shows how funders have enhanced learning by introducing NGOs to new ideas and technologies, and yet have impeded learning through specific reporting and accountability systems.

Finally, in the concluding chapter, I revisit some of the larger questions raised in the book concerning the global context in which NGOs increasingly find themselves, the structured nature of their interactions with funders, and the limitations of change through organizational learning. I emphasize a recurring theme in the book – that monitoring and learning systems are a core part of NGO-funder relations and are pivotal to both constraining and enabling organizational change. I close with suggestions for meeting a key challenge that lies ahead: rethinking relationships and strategies of learning and reporting, so as better to achieve social and political change.

1   The making of NGOs: the relevance of Foucault and Bourdieu

In 1994, the European Commission (EC) granted over US $14 million to fund rural development and environment activities in western India. The grant, entitled "Community Management of Natural Resources," was to jointly support two of the country's largest and most reputed non-governmental organizations (NGOs) – the Aga Khan Rural Support Programme, India (AKRSP (I)) and the Navinchandra Mafatlal Sadguru Water and Development Foundation (Sadguru). The EC funds, to be disbursed over the course of eight years, signaled a precedent for development aid: it was the European Community's largest and first bilateral allocation of funds directly to the non-governmental sector in India.[1]

The proposal which was the basis for the EC grant, began by outlining the social and physical conditions of rural western India:

Social development is failing in large areas of rural India because of environmental degradation. Population pressure, poverty and competition are undermining the natural resource base on which rural communities depend. Most rural families still rely on rainfed cultivation of unimproved crops, livestock grazing on degraded commons, and foraging for fuelwood in un-managed forests. As a direct consequence, large numbers of people continue to live below the official poverty line. Much of rural Gujarat and the neighbouring states of Rajasthan, Madhya Pradesh and Maharastra fit this pattern. (Aga Khan Foundation 1993: 1)

This early passage in the proposal points to a central assumption of the EC's "Community Management of Natural Resources" (CMNR) project. In examining "social development" in rural India, the proposal writers assumed that problems in development were a result of natural and local constraints: a limited physical environment that was being depleted by human activity. The proposal's stark visual imagery painted a bleak picture of rural India as an overpopulated wasteland. It was a landscape inhabited by families that have been left behind by material progress for they "*still* rely on . . . *unimproved* crops, . . . *degraded* commons, and . . . *un-managed* forests" (emphasis added). These statements attributed a "backwardness" to these communities; indeed, under official government classification, many of the communities inhabiting

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regions of extreme poverty are categorized as "backward classes." The problems associated with development were described as being "natural," and were called "environmental degradation."

A few paragraphs into the proposal, a solution to the problem of environmental degradation was provided:

Fortunately, much of the degradation is reversible. Soil, water, forests, and pastures recover if they are protected, even in arid areas and even after years of abuse: rural resources, like rural people, are resilient. The key to resource recovery is active management. But conventional approaches to managing natural resources in India have not succeeded, and new management systems have to be developed to produce results quickly, equitably and sustainably. (Aga Khan Foundation 1993: 1)

The proposed solution was one of better "management" of existing resources, more precisely, of "Community Management of Natural Resources." The authors of the grant proposal assumed that if environmental degradation could be reversed and natural resources harnessed, then the problems of poverty would be eliminated. In the proposal there was little reference to local history – a critical examination of past events that might provide clues as to why or how the current state of degradation has come to be (and thus how it might be reversed). Rural change was to be brought about through the introduction of new forms of expertise and assistance at the local level. The forms of management necessary for a rural transformation were, according to the proposal, embodied in the experience and expertise of the two NGOs (AKRSP (I) and Sadguru). The overall workplan for the project offered the following scenario for the years 1994–2001:

The project will enable [AKRSP (I) and Sadguru] . . . to expand and consolidate their experience in the 182 villages in which they already operate, and to extend their approaches to an additional 278 new villages. In a total of 460 poor villages with an estimated population of 350,000 people, a critical mass of transformed communities will be created. These communities will be able to conserve water and soils, re-stock forests, raise farm productivity, increase income earning opportunities, and save and invest in their own futures. (Aga Khan Foundation 1994a: 1)

The transformation of these villages was to occur through the introduction of technological expertise and managerial techniques by the two NGOs. Locally adapted technology combined with innovative and participatory management were seen as a key to solving the linked problems of environmental degradation and rural poverty. This approach to development, which emphasized *technological* as well as *managerial* expertise, and its application to land and water resources, is what I henceforth refer to in this book as "natural resource management" (NRM). NRM activities consist of discrete village-level projects, such as irrigation systems or erosion control structures, which combine specific

technologies or scientific techniques with community involvement in imple-
mentation and management.

However, in examining the CMNR project, a number of questions come to
mind regarding the conceptualization of the problem and its proposed solution.
Why are issues of development and poverty described here mainly as problems
of *natural* resources? Why is the introduction of technical and managerial
expertise the logical solution? What other ways of analyzing poverty are masked
by the emphasis on natural and physical constraints?

In the chapters which follow, I outline the emergence and evolution of this
very specific approach to development called natural resource management.
I demonstrate that this NRM approach has been shaped not only through the
experiences of AKRSP (I) and Sadguru, but also through their interactions with a
network of other organizations – especially international funding organizations.
A key actor in this regard has been a Geneva-based organization known as
the Aga Khan Foundation, which has played an intermediary role between
the two Indian NGOs and the European Commission. AKF, as we shall see,
has been instrumental to the articulation of an NRM approach, and shares
considerable responsibility with AKRSP (I) and Sadguru in formulating their
present activities in Gujarat. The proposal quoted above was written by AKF
staff in close consultation with the two NGOs.

This book tells a story about the "making" of these two NGOs as a basis
for theorizing about broader processes of organizational change. It is a story
about events, ideas, and ways of thinking that shape NGO activities and their
approaches to development and natural resource management. Some of these
influences are of a global nature, coming from international funding organiza-
tions such as the EC and AKF and are informed by widely accepted ideas about
what "development" is and how it should be carried out. As a key event, the
1994 EC grant provides a good point of departure for studying the influences
of organizational relationships on behavioral change in NGOs. The years fol-
lowing the commencement of the grant, as well as those spent in preparing for
it, have been accompanied by various changes in the activities, learning pro-
cesses and outlooks of both AKRSP (I) and Sadguru. But local factors are just
as crucial to shaping NGO behavior as global ones. NGOs respond, sometimes
in unexpected ways, to the ideas and demands of funders. And, perhaps more
importantly, they engage in complex learning processes that eventually lead to
modifications in their activities and ideas about development. Sometimes these
changes and learning even shape the ideas and behavior of funders.

Over the past decade, the development approach employed by AKRSP (I) and
Sadguru – that of NRM – has become increasingly powerful and dominating to
the extent of masking other approaches to addressing poverty in rural Gujarat.
Other approaches to development may involve, for example, an emphasis on
altering *policies* of natural resource use and agriculture (e.g. policies which

encourage excessive extraction of groundwater and abuse of forest resources, or agricultural prices and subsidies which encourage the intensive production of high risk crops), or increasing the *access* of rural communities to state-level decision makers and services. While the NRM approach may at times affect resource policies and citizen access to political processes, its primary emphasis is on the production of discrete projects at a local level.

If the increasing dominance of NRM is seen as problematic (due to its over-shadowing of other interpretations of development problems and solutions), then the problem lies at a systemic level, and not simply at the level of single organizations or individuals. The NRM approach is a dynamic product of multiple actors, interactions, and events. Moreover, AKRSP (I), Sadguru, AKF and the members of their organizational networks are not always in agreement on their understandings of NRM or of development problems and strategies. Although there is significant collaboration between network members, their relations are also rife with tensions, inconsistencies, and struggles for decision-making influence.

This book can be broadly divided into three types of enquiry. The first is an historical enquiry into the work of AKRSP (I) and Sadguru, focusing particularly on the concepts of "development" and "natural resource management," and the technologies and forms of expert knowledge essential to the natural resource management approach to development. The second is an enquiry into resource flows, collaborations, tensions, and relations of power among organizations. The final enquiry, which is about learning processes in organizations, examines adaptation of organizations to changes in their institutional surroundings, as well as forms of learning by NGOs from grassroots experience which then facilitate wider institutional change. While there is significant overlap among these three types of enquiry, the first two (i.e. the historical analysis and the examination of relationships among organizations) draw inspiration from the work and ideas of two French social theorists, Michel Foucault and Pierre Bourdieu. The third form of enquiry builds on ideas about organizational learning developed by the American organization theorists James March and Chris Argyris. Below, I summarize a few key ideas from the work of Foucault and Bourdieu and attempt to integrate these ideas into a conceptual framework for the book. Linkages between this literature and organizational learning are discussed at greater length in chapter 6.

Discourse on development

A key idea employed in my analysis of natural resource management in Gujarat is that of "discourse." In a general sense, discourse refers to language and communication. Dictionary definitions include "conversation; talk; a connected series of utterances; a text" (*Concise Oxford*, 1995). An analysis of discourse,

then, often involves a study of spoken as well as written language. In this book, however, *development discourse* refers not only to how development is described and talked about, but also how it is thought about (i.e. its underlying assumptions) and practiced. These assumptions are reflected in text, conversation and in actual development projects and standard operating procedures. They are also reflected in development policies at national and international levels. As such, one can differentiate development discourse in terms of development thought, development practice, and development policy. An analysis of development discourse involves investigating the formation of that discourse (and its differentiated parts) in order to identify the assumptions and rules peculiar to it, how it operates, as well as how it changes over time (Foucault 1984c; Rabinow 1984: 12).

Foucault looked at writings in specific areas of scientific knowledge. For example, he examined discourses on "madness" as produced by "experts" such as state administrators, psychiatrists, and doctors, and he showed how these ways of conceptualizing madness have undergone radical, and sometimes abrupt, transformations over time (Foucault 1984a). He also examined how knowledge of a particular field of expertise can serve as a tool for domination. For example, the discourse on madness (and hence on "normality") created by experts silences the "mad"; they are, by definition, deprived of any knowledge of their own condition except through the assistance of experts, and thus the "mad" are rendered powerless. The knowledge embodied in a discourse is seen by Foucault not as some representation of a universal truth but rather as an exercise of power, which he denotes as "power/knowledge" (Foucault 1980: 93; Foucault 1984b: 170–78). For example, in referring to the introduction of doctors in asylums established by Samuel Tuke and Phillipe Pinel in the seventeenth century, Foucault asserts:

It is thought that Tuke and Pinel opened the asylum to medical knowledge. They did not introduce science, but a personality, whose powers borrowed from science only their disguise, or at most their justification. These powers, by their nature, were of a moral and social order ... (Foucault 1984a: 160)

The functioning of a discourse has important consequences for power relationships within a society. A study of discourse thus also involves an examination of power exercised through the discourse. In other words, discourse analysis involves an investigation of the experts that produce and maintain the assumptions and core "truths" of the discourse. The use of knowledge to exercise power is accomplished through what Foucault calls "disciplinary technologies" or "technologies and techniques of power" (Foucault 1980: 93). These technologies may be physical, such as an architecture of prisons that enables constant surveillance, as well as social, such as use of "normalizing judgments" in which one's behavior is molded through comparison and ranking with