1

NGOs and state development

Joseph Mukani, the manager of Mbeere Community Development Programme (MCDP), hurries into the small, cluttered office where I am waiting to interview him.[1] The office is located among the row of brightly painted, single-story shops, hair salons, and cafés that briefly line one side of a dusty dirt road, arising abruptly after miles of sparsely inhabited farmland and quickly disappearing again into fields punctuated by mud buildings with roofs made of thatch or iron sheeting. I have come to learn about NGO programming in the rural district of Mbeere, Kenya from this small organization, which is the local implementing partner of a large US-based nonprofit active in thirty countries around the world.[2]

Mukani tells me about the NGO's activities, including training programs in agriculture, health, finance, and business development. He describes one training seminar the organization conducted on improving livelihoods through goat rearing, attended by self-help groups from around the district, as well as Ministry of Livestock officers eager to learn new techniques to pass on to others during their extension service activities. As he speaks, I wonder how effective the training – one of very many I heard about or witnessed – would be in changing habits on the ground, and whether paying for the government officials' time and transportation to the seminar was worth the expense.

---

[1] To protect their identity, the names of the NGO and its manager, as well as identifying information about the organization's location, have been changed.

[2] The office I visited has three employees, and there is a larger office in nearby Embu town, which is staffed by employees of both the Kenyan-based NGO and the US-based one.

Mukani also describes a deworming program the organization conducted in the district to help the Ministry of Health. The deworming drugs, meant to be distributed to schoolchildren across Mbeere, were donated by a Scandinavian government aid agency and brought to the district office of the Ministry months earlier. The pills had not been distributed, however, as the Ministry office had neither a vehicle nor the funds to transport a staff member to schools throughout the district. MCDP stepped in to provide transportation and an allowance for a government officer to administer the pills to schoolchildren. "The government has the drugs, but they just expire if they don't get facilitation. So we add that," he tells me. He is pleased with the interaction with the ministry. "It's a true partnership," he says.

In addition, the organization works to support schoolchildren through a child sponsorship program for primary and secondary school students and early childhood development programs, and by rehabilitating and furnishing existing public school buildings. MCDP's goal is to provide a safety net for disadvantaged families in the area, and they rehabilitate three to six government schools each year. They have also improved government water services by extending pipeline several kilometers to reach a village that had not been connected to the public service previously.

When I ask explicitly about the organization's interactions with the government, the response is complex. Mukani states that MCDP makes its programmatic decisions independently from the government, but then says that he works closely with the Ministries of Agriculture, Livestock, Education, Health, and Public Works, and that he is a member of the District Development Committee, a government-led group that is meant to manage development activities in the district as a whole. He complains weakly about government inefficiencies, saying, "Government doesn't move that far the way we do. It takes them so much time [to do things]." But he then suggests that things are changing, since, "Service contracts are new in government, but are old at NGOs." And he insists that, "NGOs also need government. They have certain institutions enabling [NGOs] to do their jobs." At the end of the interview, he explains that most people in Kenya are more concerned about whether or not they get goods and services than about the type of organization the resources come from. He opines that government is needed for the long term. "NGOs came [to Kenya] when donors wouldn't give to government. If government worked, NGOs wouldn't be needed.

NGOs know they're short term. Government should continue," he concludes.

Much of the academic work on NGO–government interactions describes a hostile, conflictual relationship and asserts that NGOs often undermine developing states.[3] This view is encapsulated in Fernando and Heston's claim that "NGO activity presents the most serious challenges to the imperatives of statehood in the realms of territorial integrity, security, autonomy and revenue" (2011, 8). The interview just described and most others I conducted in Kenya between 2002 and 2012, however, point to changes in this relationship and to a more complex reality on the ground. Rather than threatening the state, nongovernmental organizations have come to comprise part of the de facto organizational makeup of the state in many developing countries of the world. Under the right conditions, they have become part and parcel of public service administration through interpenetration with government. NGOs support state capacity and along the way enhance state legitimacy in the eyes of the citizens, who maintain both a pragmatic and wary view of the state and those who control it. Such a change is significant for weakly institutionalized states and their citizens, with both positive and negative implications.

This book traces the interactions between states, NGOs, and citizens to bring to light this emerging pattern of governance in developing countries. In doing so, it provides detailed answers to a number of important and related questions about NGOs, service provision, and state development. The book also addresses key questions about four "elements of stateness" – territoriality, governance, administrative capacity, and legitimacy:

- What does NGO provision of services look like on the ground – what factors draw NGOs to work in particular locations, and what implications does NGO location have for *territoriality*?
- How has the *governance* of service provision changed with the growth of NGOs over time? What changes do we see, not only in the way decisions are made and implemented, but also in the relationships

[3] In a 2012 review article, Watkins, Swidler, and Hannan agree that whether NGOs pose a threat to states in poor countries has been one of two key debates among NGO scholars. (The other debate, largely among anthropologists, concerns whether or not NGOs actually fulfill their promises to the poor.)

between NGOs and governments? Under what conditions do we see
collaboration or conflict in these relationships?

- Does (or to what extent does) the provision of services by NGOs
  allow a government to shirk its duty to provide for the people? How
  has *administrative capacity* been affected?
- Do citizens respond differently to provision of services by NGOs than
  they do to those provided by governments? Specifically, does NGO
  service provision undermine citizen perceptions of the state, or could
  it instead bolster state *legitimacy*?

The book draws on extensive evidence from in-country research in one
developing country, Kenya, supplemented with data from Latin Amer-
ica, the Middle East, the former Soviet Union, and South, Central, and
East Asia. It provides the reader with interrelated arguments about the
changing nature of NGO–government relationships, the governance of
service provision, state–society relations, and state development, which
are outlined in this brief introduction.

WHAT ARE NGOS?

A considerable literature has developed in order to conceptualize NGOs
and related organizations (Salamon 1994, Uphoff 1993, Vakil 1997,
Werker and Ahmed 2008). Most scholars agree that NGOs are private,
not-for-profit organizations that seek to improve society in some way.
Variation among organizations can be found in: where the organization
first developed or is headquartered in the world; how it obtains funding;
the scope of its activities (local, national, cross-national, international);
whether it is a locally-formed, grassroots initiative of the poor or an elite-
formed organization; whether it is a membership association or a pro-
fessionalized organization; and whether it is secular or religious. NGOs
are usually secular organizations, though they are sometimes registered
in association with a church or other religious organization, making the
strict characterization of NGOs as "secular organizations" inaccurate.[4] In

---

[4] Indeed, over the course of research for this project, the use of the term FBO, or "faith-
based organization," also grew, partially in response to the US funding of FBOs during
the George W. Bush administration. The line between church-based development activ-
ities (not registered as NGOs) and NGO activities, like the line between CBOs and
NGOs, is incredibly fuzzy. Often, individual churches or national-level church organiza-
tions run development programs, clinics, etc. Usually, these are not registered as NGOs,
but sometimes they are. Clearly, the messy reality of registration choice makes perfect
interpretation of the impact of NGOs difficult.

Kenya, NGOs register with the NGO Coordination Board (NGO Board) of the government.

This book employs the definition of NGOs used by the Kenyan government at the time of research. The government defines NGOs as

A private voluntary grouping of individuals or associations not operated for profit or for other commercial purposes but which have organized themselves nationally or internationally for the benefit of the public at large and for the promotion of social welfare, development, charity or research in the areas inclusive but not restricted to health, relief, agricultural, education, industry, and supply of amenities and services.

(Republic of Kenya 1992)

I use this definition since most of the data in the book comes from Kenya, and the definition guided my data collection. In Kenya, it is also a useful definition because the government draws legal, regulatory, and registration distinctions between professionalized, formal NGOs and their Community-Based Organization (CBO) cousins. Most foreign-based, other-oriented charity groups and organizations are classified as NGOs, along with similar Kenya-based organizations.

WHY ARE THERE SO MANY NGOS NOW?

For the past 25 years, states around the world have witnessed the rapid growth of nonprofit, nongovernmental organizations providing goods and services in their territories. NGOs can be global players like Oxfam[5] and CARE[6] that are headquartered in the West and have offices in nearly 100 countries; organizations like BRAC,[7] which began as a home-grown organization in Bangladesh and spread throughout the world; regionally important actors like Kenya-based AMREF[8] in Africa; large,

---

[5] Oxfam began in the UK in 1942 to fight hunger during World War II and by 2016 had programs in 96 countries. See: http://www.oxfam.org/.

[6] CARE began in 1945 as an American network of organizations delivering care packages to survivors of World War II, and has grown to an organization that was working in 84 countries by the mid-2010s. See: http://care.org/.

[7] Like Oxfam and CARE, BRAC (formerly Bangladesh Rural Advancement Committee) began as a relief organization, serving Bangladesh, in 1972. It now claims to be the largest development organization in the world with more than 90,000 staff in about 15 countries. See: http://www.brac.net/. ActionAid is a similar organization. Although founded in the UK in 1972, it is now headquartered in South Africa, and the organization was working in 45 countries of Africa, Latin America, and Asia by the mid-2010. See: http://www.actionaid.org/.

[8] AMREF was founded in Kenya in 1957 to provide mobile medical services to remote populations. By 2014, the organization was working in seven African countries. See: http://amref.org/.

single-country organizations; or small but formalized organizations working in one country or community. All NGOs undertake not-for-profit programming that aims to better the lives of individuals and societies. NGO work usually falls into the areas of healthcare, education, agriculture, the environment, humanitarian relief, and basic water and sanitation infrastructure.

Estimates vary widely on the present number of NGOs. According to the World Bank, international development NGOs based in rich countries grew from 6,000 to 26,000 between 1990 and 1999.[9] By 2010, thousands of NGOs were employing millions of people in Nigeria (Smith 2010); nearly 8,000 NGOs were operating in Kyrgyzstan (Pugachev nd); tens of thousands of NGOs were in Bangladesh, with at least one in nearly 80 percent of villages (Rahman 2006); and more than one million organizations were operating in India (McGann and Johnstone 2006). Regardless of the exact number of NGOs, the position of these nongovernmental organizations has shifted from that of minor and little-discussed players focusing on the welfare of the poor to major, central actors on the world stage of development, receiving, in some cases, more donor funds than their state counterparts (Chege 1999, Doyle and Patel 2008, Batley 2006, Mayhew 2005).

NGOs rose to the forefront of discussion in international development conversations as part of a paradigm shift from a belief in government-led development to dedication to private-led development (Kamat 2004). While the particulars differ, the historical patterns are similar in developing countries around the world. In the years following World War II, post-colonial states promised to improve basic services such as education, infrastructure, and security for their citizens. Initially, states were able to make good on these promises. From the 1940s through the 1970s the consensus among not only national policymakers, but also international economists and development banks, was that the state was *the* actor capable of developing an economy due to the many market imperfections in poor countries (Bates 1989, Hirschman 1981). Young "developmental state" (Johnson 1982) governments therefore became pervasive, involved in all elements of the economy, service provision, and welfare (Mkandawire 2001). In much of sub-Saharan Africa, states quickly became the largest employers, creating thousands of new jobs in the civil service, state-owned enterprises (SOEs), schools, clinics, and infrastructure

[9] World Bank website, "Defining Civil Society," at http://go.worldbank.org/4CE7W046K0 (accessed April 11, 2006 and August 10, 2009).

projects.[10] In many poor countries, growing numbers of university-educated students saw the civil service as their future employer (Prewitt 1971, Barkan 1975), and were actually guaranteed employment (van de Walle 2001). With governments focused on import-substituting industrialization, state-owned factories and manufacturing plants absorbed many graduates.

For many states this period of easy expansion was short-lived. Patronage-based systems resulted in politically – not economically – rational policies (Bates 1981). Goods and services were distributed to loyal clients in exchange for votes and support. Over time, these patterns created economic problems and perverse incentives within organizations (Ekeh 1975). In many countries, farmers withdrew from commercial markets, reducing tax revenues (Bates 1981). Added to these challenges were a series of economic disasters in the 1970s and early 1980s: oil shocks, plunging world market commodity prices, truncated industrial capability due to the increasing relative costs of imports, and a string of debilitating droughts.

By the late 1980s, most of the developing world had experienced prolonged economic stagnation. Meanwhile, an ideology of liberalization had gained strength in the West, where policymakers promoted deregulation, privatization, and reduced trade barriers as pathways to economic growth. International financial institutions and other donors quickly began to insist on economic liberalization as a precondition to loans and grants for developing countries. States were often required to liberalize exchange rates and financial markets, privatize or outsource public services, reduce trade barriers, trim national budgets, and maintain sustainable monetary policies in order to receive aid.[11]

The role of the government in service provision changed dramatically over this period. Governments retreated from welfare and public good provision in order to reduce public expenditure and comply with the donor push for privatization. For example, Tanzanian social services as a percentage of government expenditure halved between 1981 and 1986,

---

[10] Thus, for example, by 1979, 15 years after independence, 42 percent of formal employment in Kenya was in the government (Hazlewood 1979). Similarly, in Nigeria, the number of SOEs grew from 250 to more than 800 in the 1970s (Lewis 1994, 443), and the Nigerian government grew 50 percent in the first five years after independence (van de Walle 2001).

[11] Most states did not actually implement all policies; in general, they implemented stabilization measures, but not real structural change (van de Walle 2001). Consequently, the IFIs withheld funds for noncompliance, as in Kenya, for much of the 1990s.

at the same time as fees for public services increased dramatically (Tripp 1994). In Kenya, spending on education dropped from 18 percent of the budget in 1980 to 7.1 percent in 1996, and in the health sector, government spending decreased from $9.82 million in 1980 to $6.2 million in 1993 and $3.61 million in 1996 (Katumanga 2004, 48). By the end of the 1980s, political scientist Michael Bratton could write, "especially in the remotest regions of the African countryside, governments often have had little choice but to cede responsibility for the provision of basic services" (1989, 569).

Throughout the developing world, "the 'roll-back of the state' was accompanied by a growth in NGO service provision and the replacement of government structures by informal, nongovernmental arrangements" (Campbell 1996, 2–3 citing Farrington 1993, 189 and Bennet 1995, xii). Donors, armed with the norms of world society, strongly supported the growth of NGOs, and associations proliferated as these norms made headway (Schofer and Longhofer 2011). In the 1990s, for example, official development assistance (ODA) to NGOs increased 34 percent (Epstein and Gang 2006), and by 1999, most of USAID's $711 million in aid to Africa went to NGOs (Chege 1999).[12] By contrast, in Kenya, ODA to the government halved between 1990 and 1994, and it halved again by 1999 (Organization for Economic Cooperation and Development 2013), as donors maintained distrustful relationships with the government (Mosley and Abrar 2006). In such places, donors bypassed states with low capacity for governance, giving money to NGOs when they believed doing so would enable their support to achieve their intended outcomes (Dietrich 2013). At the same time, many governments continued to channel monies, including aid, into maintaining patronage networks and procuring votes (Jablonski 2014).

More recently, in the mid-2000s almost 50 percent of funds from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) and nearly 45 percent of funding for the US President's Emergency Plan for AIDS Relief (PEPFAR) was directed toward NGOs around the world (Doyle and Patel 2008). In the 2010s, countries like Cambodia received as much as 20 percent of their international aid via NGOs (Suárez and Marshall 2014). Nonprofits have been touted as more efficient, effective,

---

[12] More precise statistics on funding to NGOs is not available for the 1990s and is of limited quality for the 2000s. For a discussion of the limitations of existing African statistics, see Jervin (2013).

flexible, participatory, democratic, accountable, and transparent than their government bureaucracy counterparts.[13]

Over the years, NGOs have moved from providing supplemental charity and relief work to being increasingly involved in basic development and service provision based on a participatory approach (Brodhead 1987). For example, in the Kenyan health services sector alone, NGOs now run nearly 90 percent of clinics and as many hospitals as the government (World Resources Institute 2003, 87). Alongside ministries of health, education, agriculture, and public works, we now see NGOs providing education, healthcare, child and women's assistance, agricultural extension services, employment, and even, in some cases, roads, wells, and other infrastructure. Thus, many of the goods and services that are today provided by NGOs were traditionally associated with states and governments; these services form part of the social contract between a state and its citizens (Campbell 1996, 9; Cannon 1996; Whaites 1998; Heurlin 2010). Because of this overlap, many governments – especially those dependent on the distribution of patronage goods – exert strategies to maintain control over NGOs working in their territory (Bratton 1989). Despite these government efforts to maintain leverage over NGOs, we have come to see significant changes in the nature of NGO–government relationships, the governance of service provision, and state–society relations due to NGO activity.

WHAT CHANGES HAVE RESULTED FROM NGOS?

The changing nature of NGO–government relationships

Comparative historical analysis of NGO–government relationships in Kenya and other countries reveals an increase in collaborative working relationships between NGOs and governments over the past 25 years. Where NGO–government interactions in developing countries were once dominated by mutual suspicion, distrust, conflict, and governmental control, over time they have become more cooperative, even positive and, in some cases, actively collaborative. This trend is not universal, but tends to be true in the presence of certain conditions: high-performing NGOs that focus on service provision rather than politics, human rights or corruption; stable government regulations, actions, and policy that demonstrate

---

[13] The perception of benefits to funding NGOs was one reason for shifts in donor funding, although there were other reasons as well.

commitment to development and grant space for organizational auton-
omy; lack of competition for funding between NGOs and governments;
and both types of organizations deliberately striving to create positive
working relationships. Where these conditions are wholly absent or on
the decline, however, conflictual relations become more common or even
the norm.

In most parts of the world, however, collaboration and the condi-
tions that facilitate it are driven by two factors. First, donor and funding
organizations – not only multi- and bilateral donors, but also dominant
philanthropic organizations – started requiring collaboration as a con-
dition of funding (Ndegwa 1996). As specific examples, the percentage
of World Bank projects that require active civil society organization par-
ticipation increased from approximately 20 percent at the start of the
1990s to greater than 80 percent by 2010.[14] Likewise, the Global Fund,
which disbursed US$2.5 to 3.5 billion annually between 2009 and 2012,
requires recipients to work in partnerships of government, NGO, com-
munity, and private sector actors.[15] Governments and NGOs have had
no choice but to work together, at least on a surface level.

Yet even in the absence of consistent donor presence, government
and NGO relationships have tended to become more positive over time.
This trend points to the importance of a second factor: social learning.
Representatives from both NGOs and government agencies have grown
over time to understand that it is in their mutual interest to work together.
Through repeated interactions that facilitate the slow development of
trust, leaders and managers in both types of organizations come to realize
that there are win–win outcomes of engagement with the other sector. As
Clark reminded us two decades ago, "Even 'bad' governments often have
'good' departments with which NGOs can work" (Clark 1992, 153).

A limited number of academic articles have begun to document such
changes across a range of countries and contexts, suggesting a gen-
eralizable phenomenon. Comparing West Africa's Gambia to Ecuador
and Guatemala in Latin America, for example, Segarra (1997) and
Brautigam and Segarra (2007) show that in all three countries, NGOs and

---

[14] The World Bank includes NGOs among many types of nongovernmental organizations
it considers as part of "civil society," such as community-based organizations, social
movements, labor unions, faith-based groups, and foundations. See: http://go.worldbank
.org/Q4JHC82S80

[15] The Global Fund is registered as a nonprofit foundation in Switzerland, and refers to
their multisectoral model as their "Partnership Strategy." See: www.theglobalfund.org/
en/about/fundingspending/