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**INCOME AND EMPLOYMENT GENERATING
ACTIVITIES OF NGDOs: AN OVERVIEW**

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F. Wils

I. INTRODUCTION

NGDOs in 3d world countries and their (co)financing agencies (CFAs) in the west are increasingly involved in economic or so-called 'poverty alleviation' programmes for and of the poor in Africa, Asia and Latin America. Besides the 'traditional' concern with the provision of basic needs and support to conscientisation and organisation programmes (including community development and empowerment), recently income and employment generating activities are becoming more and more important. The corporate and institutional formal sectors in many countries are incapable of absorbing the growing supply of labor, and growing masses of poor people are forced to generate their own sources of income and work. The NGDOs and their donor agencies are trying to assist them in these efforts. In this essay I present a schematic overview of their activities.

1.1 NGDOs

I will refer to NGDOs as non-profit private organisations staffed by (semi)professionals who are engaged, full-time, in the design and implementation of grassroots development projects and programmes with and for the poor in the third world. In most cases they are financed by western (co)financing agencies, in addition to what they (may and increasingly do) receive from local sources, including the poor themselves. These NGDOs--or PVO/As: 'Private Voluntary Organisations/Agencies', as they are often referred to in the US (Korten,D., 1989; Tandler,J.,1982)¹--represent 'intermediate' agencies, distinct from grassroots organisations of the poor themselves (NGOs), yet working closely with the latter; indeed, this combination of (semi)professionals and the poor represents in my view a typical contemporary phenomenon. The NGDOs emerged in the 1960s and still find themselves very much in a dynamic process of evolution in terms of numbers, scope of work, internal organisation and programmatic foci. The present overview will be biased, unavoidably, by my greater personal familiarity with those in Asia and Latin America, financed by

western european--especially Dutch--(co)financing agencies², but I believe (when reading the literature) that much of what I will describe has wider applicability³.

The emphasis in this overview rests on NGDOs rather than NGOs, that is, upon the intermediary professional organisations. It is here that interesting and valuable experience is being built up in IEGA programmes of different kinds, and they play increasingly important roles as conduits towards the poor. I will work out their linkages and close collaboration with the poor and their NGOs, in the text below.

1.2 Ambivalence of NGOs concerning economic programmes

Let me add some further preliminary observations. It should be clear, first of all, that not all--probably not even the majority of--NGOs have started to undertake income and employment generating activities (IEGA). Often coming from a politically 'progressive' or left-wing background, many of the older NGOs have ambivalent feelings with regard to activities they fear may lead to an undesirable cooptation of the poor into an economic and societal order which is marked by injustice and inequity, and which needs to be transformed; in this view the emphasis should remain on political action, especially on the conscientisation and empowerment of the poor (Kothari,R.,1986). Other NGOs, by contrast, consider economic programmes (also as) excellent vehicles to deepen the awareness and organisation of the poor, due to the impact which such programmes have upon their understanding of the structure and dynamics of the economy and polity, and hence upon their ability to try to influence those through organised action. Between these two views, one finds NGOs who seek an optimal differentiation and combination of the two: of sociopolitical and socioeconomic objectives and action.

Finally, it should be noted in this connection that in recent years two 'new' kinds of NGOs have come onto the stage. One is closely tied to local business communities and to their social and (interest)-associations, or to neo-liberal 'foundations'⁴. Some refer to them as NGOs from the 'new right', with more vision and understanding of the need for broadly-based development than traditional conservative circles. In contrast to the older NGOs this 'new' kind of NGO does not suffer from ambivalence regarding economic programmes, indeed, they succeed in developing IEGA programmes on quite a large scale, oriented towards the 'informal sector' of bigger 3d world cities. In their case, too, however, motivation is not purely--probably not even primarily--economic; it derives from their social and political concern with a capitalist system which in many 3d world countries proves to be incapable of providing a productive and decent living to masses of poor

people, and which therefore, in their view, is being threatened by considerable social and political danger. Their programmes intend to preempt social(ist) upheaval and turn capitalism into a dynamic force, providing it with a popular political base it never had before. The second 'new' type of NGDO is not tied to the business community but derives from joint public and private efforts. Cases like the Grameen Bank in Dacca and Idesi in Peru come to mind, both specifically designed for and active in credit for the poor, both the product of initiatives of intellectuals⁵ as well as public agencies (ministries, central banks, national planning agencies and international agencies --the IFAD in the case of the G.B. and the ILO in the case of Idesi), and both (like the first new type) enlarging the scope of their programmes quite rapidly. Some refer to these new NGDOs as 'Quango's', that is, quasi non-governmental organisations. Nevertheless, both of them have become increasingly non-governmental in terms of funding and control.

Coming back to the matter of ambivalence of NGDOs, it should be noted that there are also other than ideological reasons why older NGDOs hesitate to enter into the field of economic action. Some would rather stick to what they feel they are good at (for example, adult education, health), others might want to yet feel that they lack the requisite experience and manpower, while again others do enter but only to a certain extent, --for example, concentrating their efforts on the empowerment of poor groups engaged in survival activities and on helping these groups to gain access to government support-programmes, without themselves entering into income and employment activities of their own. In our discussion below, we will meet these kinds of action in more detail. However that may be, the number of older NGDOs which do enter into the field of economic action is increasing. One may ask why this would be so?

1.3 Economic programmes: stimulating conditions

In order to understand why NGDOs, including the older ones, show an increasing interest in IECA programmes, the following factors can be

mentioned. The more obvious stimulating factors are: the growing mass of poor who are forced to generate their own basis of income and employment due to the failure of predominant development strategies; the relative shift--both real and perceived--of poverty (and poverty-alleviation programmes) from rural areas, towards the cities especially bigger 3d world cities; the interest of multi/bilateral and private donor and financial agencies, as well as of domestic governments, to finance programmes supporting these masses of poor people in their efforts to survive; and, of course, the image and view of NGOs of being better capable of providing support to the poor than public agencies. But there is more to it. Many NGOs themselves, concentrating on providing for basic needs, arrived at the conclusion that more was needed,--especially in view of a state being either negligent with regard of the poor, or withdrawing from basic needs programmes due to its fiscal crisis and/or political-ideological pressures from within and from outside. What NGOs with more experience deem necessary are 'self-sustainable systems'(Korten,D.,1987,149), in large measure supported by the poor themselves; but the poor, in order to be able to sustain the cost of such basic needs systems, need incremental income, hence, IEGA programmes. In devising (such and other) new programmes, NGOs have become more professional; besides, new 'models' are now available, such as those of the Grameen Bank and Idesi--to which I referred above and which represent genuine and successful private/public in(ter)ventions in the field of poverty alleviation--, the Working Women's Forum in India, Euro Action Accord in Port Sudan, etc.⁶

1.4 Survival or growth?

Often we are dealing more with a 'survival' strategy than with a strategy of 'growth'. For a good understanding of what follows, it is of great importance to appreciate this point. The poor with whom NGOs usually work are not primarily interested--at least not the majority--in the capitalist growth of their micro and small enterprises (MSEs). They seek to establish a basis for the (decent) survival of themselves and their families,--preferably and where possible located in the

formal sector. Programmes of the government, on the other hand, as well as those of the 'new' NGOs--all of them recipients of considerable finance from bi- and multi-lateral donors--often seek to put the MSEs of the poor on a path of growth and accumulation. Experience has shown, however, that, at least so far, only a few MSEs succeed in entering such a process of growth. NGOs, in turn, especially the older ones, are mostly interested in 'poverty alleviation' rather than in 'growth' per se, hence they attempt to help the poor first and foremost to survive; quite a few assume that basically it is the task of the formal sector to absorb this labor-surplus, eventually. Nevertheless, an increasing number of NGOs--also from the traditional and more progressive quarter--are going beyond mere survival of the poor and are getting interested in helping them to increase the productivity of their MSEs, increase their income and help create productive employment. Doubt with regard to the potential of the formal sector, certainly in the short and medium term, forms one reason for their option for a more 'business-like' if not more structural approach to IEGA programmes; a growing appreciation of the dynamic initiative and private enterprise of the poor forms another.

However, when entering into more systematic support to the economic activities of the poor, the NGOs face considerable difficulties, especially though not only the older ones. First of all, NGOs may enjoy certain comparative advantages vis a vis government agencies, owing to their greater flexibility and proximity to, and identification with, the poor. Yet in matters economical, especially in cities, IEGA programmes are often new to them. The problems of MSEs in industry, trade and services, and the people involved in them, are still little known to NGOs. Most do not yet have the requisite expertise and experience to tackle such programmes adequately, and are still involved in building up their resources gradually. Besides, even their short experience has shown, that they cannot fall back upon traditional 'small enterprise' programmes in the fields of training, credit and technical assistance: these prove to be inadequate, in part or in their totality, when working with the poor. Hence, NGOs need to develop new working methodologies and instruments adjusted to the possibilities and limitations of (most) poor people and their economic activities. And,

last but not least, it becomes increasingly clear that the body of knowledge of such activities is still extremely limited, and that much research and analysis is needed in order to better understand their dynamics, relationships to the macro economy, possibilities for growth, and so on. As a result, much of the work of (all) NGDOs in this field is unavoidably quite explorative and experimental in character. In the schematic overview below I will make an attempt to codify their experience so far, without pretending to be complete or even to do justice to what is still very much in a preliminary and experimental stage.

1.5 'Informal sector' or income and employment generation in general?

A last preliminary observation refers to the concept 'informal sector': why not apply it more systematically in this overview? For one thing, the term itself is still vague and controversial. For another--and in this context of more significance--the term hardly appears in the discourse of NGDOs and of their (co)financing agencies; they apply the more usual and--typically--more generic terms such as 'economic' or 'productive' programmes, 'income and employment generating' programmes, or just programmes in industry, agriculture, services and so on. This terminology ties in with the broad range of activities in which NGDOs and CFAs are involved, and which go beyond those comprised under the concept 'informal sector' as defined (say) by the ILO: primarily urban non-registered micro or small enterprises (with fewer than 5 employees) in industry, trade and services. NGDOs have also economic programmes in areas like consumption, fishing, food, forestry and agriculture, indeed, that is where most of their 'economic' activities--to the extent that they had those in the first place--were originally located. In this overview the term 'informal sector' will be used (in the sense of the ILO), but I will also refer to specific sectors whenever differentiation between types of programmes and methodologies is needed; in reality, though, I will be dealing, practically always, with activities in the secondary and tertiary sectors.

Below I will begin with a discussion of some general issues; then I go into the activities of NGDOs at the macro level, and I conclude with an overview of their intervention strategies in the fields of credit, training and technical assistance.

II. OBJECTIVES OF NGDOs, BENEFICIARIES AND AREAS OF ACTIVITY

2.1 Concept of development

NGDOs and CFAs tend to handle a broad concept of development in which economic aspects represent only one--though quite important--element. A balance is sought between social, cultural, political, economic and ecological dimensions. Financial support is never granted solely because of its expected results in terms of employment and/or income, but also because of other objectives including those of a social and political nature.

2.2 Objectives

The guiding principle is the integral development of the human being, also in economic programmes. IECA programmes are seen as providing a basis for a decent human condition, but also as associated with objectives like: the promotion of women emancipation; giving new generations a share in the economy; as a condition for the autonomy of grassroots organisations; contributing to greater equity in society, including a better distribution of development-opportunities for all, and so on. And a central objective in all of this is increasing the capacity of (empowered and organised) poor for self-determination and self-promotion, including their ability to develop projects and programmes of their own, eventually with only secondary support of NGDOs (Verhagen,1987). NGDOs try to apply these combinations of objectives also when they design economic programmes with and for the NGOs. It is of interest, incidentally, that the older and many of the

newer NGDOs use--at least to a certain extent--the same semantics: all of them (try to) base planning on the active (bottom-up) participation of the poor and to promote their autonomy vis a vis government and parties. But when it comes to the effective empowerment of the poor, it is primarily the older--and far less the newer--NGDOs which consider it as a condition of the social and economic progress of the poor, and of their capacity for claim-making and bargaining with banks, suppliers, buyers, government officials and so on.

2.3 Targetgroups and areas of activity

In the secondary and tertiary sectors NGDO develop--as we saw--a broad range of activity. Roughly speaking we can distinguish (de Groot et al., 1989) the following areas:

- (1) communal organisations for purposes of consumption and nutrition, such as cooperative shops, communal kitchens for smaller or larger groups of poor families, supplementary nutrition programmes for children etc;
- (2) collective organisations for basic needs such as communal banks of building materials, and collective funds for paying and distributing basic medicines;
- (3) productive units ranging from informal MSEs to medium-sized enterprises in (agro-)industry, services and trade;
- (4) service associations/organisations like cooperatives with schemes for collective buying-in/selling of inputs/products, credit-coops etc;
- (5) interest associations in the economic field such as unions and associations of producers or traders which fight for better wages, prices, cheaper credit, changes in policies, etc.

NGDOs, in other words, work with and for the poor, on the side of consumption as well as on that of production; in relation to the former, they try both to help reduce costs and to increase income; in relation to the latter, they focus both on the productive, commercial and other aspects of market-oriented activity.

In terms of targetgroups, too, NGDOs span a wide range. In rural areas they develop 'off and on farm' activities of landless workers and/or of family members of small and marginal farmers; they help migrants or poor in small provincial cities to establish or develop small repair and production units, and the like. In bigger cities NGDOs work not only with more or less 'established' artisans and traders who know their products and markets quite well. They also extend their activities to city-born poor people and to rural migrants, to the young and to women whose skills and experience are often less adequate for life in an urban context. Nevertheless, all of them out of sheer necessity have entered the market place and try--alone or with their family--to obtain an income to survive, often working under conditions of severe competition of thousands like them.

Linking such targetgroups to the types of activity distinguished before, we get a better picture of the NGDOs' programmes. The poorest, including women in urban slums, are strongly represented in type (1): consumption organisations such as communal kitchens; in associations like those which specialise in "buying together" (standardised) food-packages, one finds usually families with already somewhat more stable earnings. A quite heterogeneous grouping of families takes part, characteristically, in type (2) which tries to lower the costs of providing for basic needs. In (3) and (4) we find individual and/or small groups of producers of goods and services, small traders and salesmen, but also (often quite poor) members of cooperatives and workers of self-management enterprises of a certain size. Here we may also be dealing with groups of landless workers, for example, those who as a group hire-out an irrigation pump plus their own labor and handle the irrigation of plots of landowners; but we also find urban artisans who together with non-paid members of their family produce wage-goods for urban or rural markets. In (5) can be classified--in addition to the sort of groups already mentioned but now organised for the defense of their interests--organisations of workers from the formal sector. Clearly these targetgroups are quite heterogeneous and they differ greatly in terms of their income and employment situation,--much depending obviously on a given country's situation; the income of

workers in the formal sector can vary, for example, from better paid and secure, to very unstable and paid only at minimal levels.

The so-called 'informal sector' in the stricter sense--here falling under area (3)--covers only part of the range handled by NGDOs. They work not only with informal MSEs, but also with medium-sized and sometimes even large (including formalised) enterprises employing a great many people (for example, a brick factory in Bangladesh with more than 300 employees; a self-management enterprise in Lima with more than 100; a cooperative in India with around 90 members; associations recycling garbage in Egypt or Colombia with hundreds of people). Neither size nor informality, therefore, can be used as watertight criteria to delineate the targetgroups and areas of work of the NGDOs in the field of IECA programmes.

A last point: it will be clear that the IECA programmes of the older NGDOs tend to be spread over all areas of work, while the newer types of NGDOs focus mostly on informal sector programmes (area 3) and the promotion of MSEs.

2.4 Grassroots organisations and supporting institutions

NGDOs and CFAs seek to make a contribution towards the development and democratisation of civic society. One of the ways they try to do so, is through the promotion of autonomous grassroots-organisations; in their view, such organisations can and preferably should expand into second, third, regional or even national-level organisations. It is true that in reality quite a few NGDOs fail to practice what they preach and remain caught in quasi-feudal networks of clientalist relationships with 'their' (often very local) NGOs. This is, in a sense, 'their capital'. NGDOs (the older ones in particular) find it often difficult--both at a social and at a methodological level--to combine (i) a 'withdrawal' strategy without loosing contact with 'their' yet now more autonomous grassroots organisations, with (ii) a strategy of widening their outreach to new poor groups (Wils et.al.,1988). Such a methodology of work is obviously of great importance for the scale at

which they (can) work. Nevertheless, though still often failing, NGDOs are gradually learning how to make progress in this area. On the other hand, there are NGDOs with a more permanent function, for example, those which act as a service and/or research center linked to a popular organisation. Or they work independently, say, in the field of policy reform, communication or as a supporting institution (e.g. as a bank) for organisations of the poor; in this case the relationship to grassroots organisation is not one of 'withdrawal' and 'autonomisation'; rather, what is at stake is how to best render effective services to the (cause of) the poor.

For our discussion this distinction and this relation between NGDOs and NGOs are relevant. In connection with IEGA programmes it is quite important to know, for example, whether we are--or we want to be--dealing with a system of saving and credit associations controlled by the organised poor themselves, and/or with NGDO-controlled financial institutions. When making a choice, in principle, between one kind of supporting institution or another (NGDO or NGO controlled), or for a combination of the two, NGDOs and CFAs may often prefer NGO-controlled institutions in the longer run. Yet the road to get there usually requires a long period of specialised NGDO work in institution building. Hence, what one normally finds is NGDOs which establish their own specialised supporting institutions (in credit, training centers, commercial schemes etc); they may have the long term goal to share, if not eventually transfer, control of such institutions to the organised beneficiaries. In the meantime, such supporting institutions (including the Grameen Bank and Idesi) are often linked to the NGOs they seek to serve, via such mechanisms as joint consultative- (sometimes even board) committees which are responsible for advise, respectively decision-making, on annual programming, monitoring and evaluation.

2.5 The NGDO's identity

NGDOs do not derive their identity primarily from the kind of targetgroups with whom they work, nor from their preferred areas of

activity: these are often shared with government agencies. Nevertheless, in practice NGOs often do work with poor groups which usually remain beyond the reach (and interest) of governments. NGOs, the older ones especially, tend to identify themselves, comparatively speaking, in terms of their objectives and approach as described earlier. When NGOs work with the poor they try to act--although, here, too, claims often exceed realities--with the organised poor, from their perspective and considering primarily their interests. This often brings the NGOs and (older) NGOs alike, unavoidably into conflict with vested interests and government authorities. Poverty is not just a matter of skills or motivation, though these are also involved, but (also) one of exploitation and power; hence, poverty-alleviation when linked with effective empowerment strategies is inextricably tied up with politics, with conflicts between classes and groups in civic society, and with relationships to authority and state. Such conflicts need careful yet clear management (Tendler, J., 1982).

In the economic field, NGOs seek higher incomes, productivity and employment for the poor, to be obtained to a large extent by the organised action of the poor themselves. Through conscientisation and organisation of the poor, empowered NGOs are better able to defend themselves against exploitation and obtain more access to, or control over, resources. This means in practice better payment of the poor for their work and produce; greater scarcity of manpower as the poor develop more interest in their own economic schemes than in (only) hiring out their labor power; competition with other, usually more privileged groups, for resources (technical assistance, credit, share in government programmes), and so on. It is little surprising, therefore, that the older NGOs are often branded both by radical left-wing and by conservative circles as dangerous enemies, responsible for grassroots mobilisation and competing for loyalty and resources. In such conflicts the NGO's identity is tested; it will be confirmed provided (i.a.) its links with the organised poor are strong enough. It is this combination of economic-technical activity with organisational and 'political' work which helps identify the NGOs, especially though not only the older ones. It also brings out that active participation, self-determination and empowerment--of basic importance to NGOs in

terms of objectives and methodology in general--do not disappear in the IEGA programmes of the older NGDOs: they remain core elements, here too. A corollary of this is that indigenous popular values, traditions and organisations tend to be reproduced more often in the programmes of NGDOs than in those of the government; for example, in the field of ecology and handling the environment, in relating economic to social and religious action instead of separating them as happens in the West, and so on.

In accordance with their objectives and approach, and in response to the problems of the poor, NGDOs are developing their own instruments which will be described when we deal with their intervention strategies.

III. NGDOS AND THE MACRO LEVEL

3.1 General: the macro-micro connection

Earlier we referred to the importance of macro conditions and policy for the activities of MSEs. Like most planners, economists and promotion experts, NGDOs, too, discovered the importance of this level only fairly recently (Anderson, 1982); for a long time they limited their action only to interventions at the micro level. Ironically, macro and even international dimensions figured quite prominently in their analysis of politics and of the national political-economy. But this analysis was not linked to their work at micro level. Anyway, thanks to their growing experience in economic matters and increasing professionalisation, NGDOs are gaining more insight into the micro-macro connection. Let me briefly present those aspects of this connection which are being handled increasingly by NGDOs and NGOs.

NGDOs and NGOs, sometimes with the support of their donor agencies, try to influence policy-making at the regional, sectoral and even national level, indeed, sometimes even with regard to multi and bilateral

agencies⁷. Problems like the external debt, the environment and development policies of agencies like the World Bank, IMF and UN-specialised agencies in 3d world countries, are being critically analysed from the perspective of the poor masses, and pressure is exerted by (networks of) NGDOs at various levels to change policies in directions which will create employment and/or help eliminate obstacles to the economic activities and interests of the poor. The growing recognition of NGDOs as efficient and effective spokesmen of the poor widens the space for their 'advocacy role' and helps to strengthen their influence--both nationally and internationally--on the design and implementation of alternative policies. Nonetheless, much remains to be done, for example, in connection with structural adjustment policies which all too often lack a 'human face' and affect the poor very adversely. Similar observations could be made in relation to policies and programmes in the field of environment, micro and small industry, credit and financing, and so on.

Organisation and empowerment of the poor help to establish countervailing forces in policy arenas, against one-sided government policies and/or against powerful local or foreign interests: for example, in the policy concerning investment-licensing; environmental policies; opportunities for self-building, street-vending and popular credit; acquisition programmes of the public sector, etc. The problems at macro level and the resistance of vested interests remain formidable, yet interest-associations of the poor supported by NGDOs are beginning to get more influence. The current world-wide tendencies to diminish the role of the state, and to decentralise the formulation and execution of government policies, are conducive to more democratic participation and, indeed, sometimes result in an increasing participation of the organised poor, especially in local government⁸. The NGDOs themselves, act at two levels: on the one hand, they design alternative strategies on the basis of their own experiences with grassroots programmes, and, on the other, they also--and typically--act as intermediary agencies: assist the poor to organise and then help their organisation to put their argument for alternative policies on an adequate technical basis. This 'professional' or 'technical' role permits the NGDOs to capitalise their expertise in an optimal manner,

in support of the poor and popular organisations. In practice, however, NGOs have not yet maximised their potential in fulfilling this role; many lose themselves in sheer activism and fail to carry out the analysis and research that is needed to turn their potential into a systematic line of action (Gianotten, V. and de Wit, T., 1988). But where such is being done, and where conditions are propitious (for example, in the case of social crises or changes of regimes⁹), both levels of action increase the influence of NGOs, help to make their claims for alternative development policies more feasible and legitimate, and mobilise political support for such claims amongst wider circles of the public.

3.2 NGOs and large scale programmes

In Africa and Asia but also increasingly in Latin America, (older) NGOs undertake programmes on a larger scale than they were used to. Sometimes such programmes cover whole regions, more rarely even a whole country¹⁰. In such large-scale programmes, NGOs may retain their comparative advantages in poverty-alleviation like effectiveness and proximity to the poor, and working with their active participation, but at the same time they may diminish their main disadvantage, namely: their limited scope and outreach¹¹. What is at stake is the capacity to apply small-scale solutions on a large scale, without becoming a bureaucracy. Provided large-scale programmes continue to be based on a highly decentralised, participatory and bottom-up system of planning; to maximise where possible 'flatness' of organisation (that is, reducing intermediate levels between central office and field-teams to a minimum); and only centralising a few lines of activity to keep the whole programme together (viz. monitoring and evaluation), it appears to be possible to reasonably combine large-scale action, while avoiding rigidity and stifling bureaucracy (Neggers, J. and Wils, F., 1987). Such large-scale programmes can be found particularly in the field of credit, but they can and do also relate to basic needs (e.g. health, education and housing), even to integrated regional development plans. Finally, it is of interest that in all big-scale programmes the NGOs (Bingo's) appear to have developed, in one way or another, some kind of

collaboration with local governments as well as with multi- or bilateral donors; this tends to create undesirable dependency relationships, yet the NGDOs continue to defend their own independence and identity (Wils et al., 1988, 52).

3.3 NGDOs and the struggle against bureaucracy and regulations

Deregulation of economic activity is one of the areas on which different kinds of grassroots organisations (for example, coops or interest associations of informal producers) and NGDOs--especially those linked to the business community--concentrate their efforts. De Soto's work has given a strong impetus to this kind of work at the macro level¹². The formal requirements for the public registration of enterprises and the consequences thereof, are often of such a nature--in terms of taxation, sanitary conditions, working hours, safety and infrastructure--that the poor engaged in their own survival simply cannot handle them; hence, they massively avoid such requirements and regulation. Similarly, in many countries legislation concerning cooperatives effectively kills genuine participation and autonomy, and tie coops closely to government control and manipulation. Rules concerning banks and credit, too, are often overly strict and exclude the mass of people, while they prohibit alternatives. Therefore, in an increasing number of countries, NGDOs--new especially but also older ones--struggle against such bureaucracy and over-regulation, and gradually begin to see results: either measures exempting certain categories of enterprise from particular obligations, or making special provisions for such categories, or an even a more general process of deregulation.

3.4 NGDOs. access and claim-making

Poor groups are powerless by definition and hardly able to defend their interests and claims. Earlier we saw that one of the central functions of NGDOs consists of the conscientisation, organisation and mobilisation of the poor around their interests, whether related to

production or to consumption. The trade union movement performs a key role with regard to consumption: it has a major impact on domestic demand which, in turn, is also of crucial importance for informal producers. In the productive sector, on the other hand, what matters is the claim-making power of poor groups like artisans, productive groups of women and associative enterprises of workers, and the access of such groups to government programmes in the areas of credit, training, export-promotion and so on, --programmes from which they find themselves usually excluded. NGDOs work with all such groups and in this way, too, they are engaged at the macro level.

3.5 NGDOs and off-farm employment

As we saw, many NGDOs began with activities in the primary sector; accordingly, in quite a few NGDOs one finds agronomists and veterinarians rather than industrial engineers or other types of technical experts. Secondary and tertiary (both on- and off-farm) activities are now becoming more important, however, in part because agriculture by itself is not capable of absorbing the growth of rural population, but also because landless and marginal farmers were already engaged in other than primary activities anyway, in order to supplement their incomes. Some NGDOs try to help such poor groups in rural areas through programmes of credit and training, but also by action at the macro level, especially by trying to obtain better conditions for rural development, such as rural electrification, better transport, marketing, education and regional planning. NGDO concern with rural industrialisation including agro-industries also grows, with a special interest in enterprises and processing controlled by the farmers and/or workers themselves (UNDP/UNIDO/ILO/Neth.Gov't,1988). In trade and services, too, NGDOs are making attempts to organise and support the poor with regard to activities (in)directly connected with the primary sectors, for example, help develop small firms producing tools for agriculture, for processing output or for storing and transporting output to markets. Though working such backward and forward, intra and intersectoral linkages explicitly and systematically, is still beyond most NGDOs, the awareness of, and interest in, such schemes is

increasing.

3.6 NGDOs and the formal sector

Even though NGDOs carry out most of their work in relation to the informal sectors, the relationship between the informal and the formal sector is, at times, also a field of action. After all, the informal sector, at least an important segment of it, represents an annex of the former; this segment includes, for example, cheap suppliers of inputs, 'independent' salesmen working on commission, and people who render services on the basis of (temporary) contracts. Such subcontracting is often quite exploitative. In most cases existing labor legislation is evaded. Besides, suppliers, salesmen and providers of services are in a very dependent position and hardly able to influence the prices of their products and/or services. A number of (older) NGDOs is engaged in organising such dependent producers of goods and/or services, and improving their bargaining power vis a vis the formal buyers, but without loosing this connection,--something which in practice shows itself to be a delicate and complicated task in view of (i.a.) the high level of competition between the producers, technological requirements of the formal sector etc.

Of importance is the government's policy concerning 'subcontracting', including the existence of policies specifying 'national' input-content, the use of special subcontracting 'exchange' institutions where demand and supply are brought together under more or less controlled conditions, the existence of special training programmes for suppliers of inputs/services focused on improving technical standards, and so on¹³. Informal producers and (especially newer) NGDOs also critically examine the conditions of access to export-programmes (including quality control and agencies concerned, standardisation of volume and quality, identification of proper channels), to formal credit and the like¹⁴. In such cases, producers' organisations and NGDOs supporting them attempt to change such policies and programmes and increase their accessibility.

In short, after a long period of mostly small-scale activity within a given macro context, a growing number of NGOs is getting involved in an effort to transcend such limitations: to develop programmes on a larger scale (as we saw mostly in collaboration/coordination with local governments) or to obtain better access to government programmes; and to actively intervene (preferably together with the organised (in)formal producers) in the area of macro conditions and macro policies (Korten, 1989). Such action at the macro level is not only of recent origin, it puts high demands upon the NGO in terms of organisational ability, professional capacity and network of relationships.

IV. NGDOS AND INTERVENTION STRATEGIES

4.1 General: types of interventions of NGOs and of other actors

NGDO interventions as we have seen can be differentiated between those in the field of consumption and basic needs, on the one hand, and those of producing for the market on the other hand,--the latter in industry, trade and services. Poverty alleviation and self-reliance are the main objectives.

It is possible to view these interventions from a 'process' perspective, and discover in empirical reality a 'chain' in the sort of activities which the poor undertake; some pass through the whole chain, others only through part(s) of it (de Groot et al., 1989, 69-73). As suggested earlier, this 'chain of activities' runs from activities in the consumptive sphere towards productive activities and from there onwards, from a pure defense of immediate self-interests towards a struggle for participation in the design and implementation of policies. One finds, in this view, poor people and groups--especially women in slum areas--starting programmes in the field of consumption, in order to diminish the costs of nutrition and/or basic needs, but subsequently developing new productive activities in order to obtain

supplementary income. Similarly, one often finds that understanding the significance of more general conditions and policies grows on the basis of the struggle for immediate interest-satisfaction. On the other hand, one can often note efforts in various kinds of enterprise (ranging from communal kitchens to productive or trading units) to shift from a pure survival- towards a more growth-oriented path, for example, to increase the scale of operations of communal kitchens or 'buying together' schemes, so as to increase the bargaining power for lower prices from suppliers. So, too, we see efforts to improve technical skills, the division of labor and/or technology, and, in this way, production and productivity; attempts to engage in market-specialisation and growth of sales; that is, not just a process of consolidating the present position but to improve upon it.

It is important in this connection to also point to the demand side which is relevant for economic programmes, and to the activities of the NGDOs therein. NGDOs are actively involved in policies and the fight for the redistribution of income and services, via trade unions and consumers' organisations. They are also active in the establishment of direct linkages between poor informal producers and poor urban consumers, eliminating the middlemen, in order to give both a better deal in prices and income. It should be noted, however, that targetgroups outside the formal sector are often not important to established trade unions and consumer organisations from the formal sector, because their employment situation and buying power are too limited and unstable to be of interest. NGDOs nevertheless attempt to stimulate trade unions to incorporate these 'informal' sectors into their programmes or to develop new programmes with and for them. The 'informalisation' of labor in many 3d world countries--whether linked to the growing emphasis upon export strategies and/or to economic recessions--together with the frequent movements of people between the formal and informal sectors of the economy, render efforts to transcend traditional boundaries ever more important.

On the productive or supply side NGDOs have developed a great number of intervention-strategies in the areas of: conscientisation and organisation; buying and selling schemes; credit; training and advise.

These strategies will be described and characterised below in brief sections. It may be a risky yet it is a relevant observation that there seems to unfold a certain 'division of labor' between NGOs and (especially) the government. As noted before and confirmed in ever widening circles, NGOs often succeed better than governments in reaching the poor and in developing with them both economic and other kinds of programmes. But this is not a situation of black and white; there are government programmes which reach the poor effectively, especially in the field of credit¹⁵. Accordingly, it is preferable and of great importance that such government programmes be applied on a large scale: the poverty problem is massive and governments retain their own responsibilities and possibilities to execute them. Nevertheless, NGOs do concentrate more specifically on poverty alleviation than most governments--which are faced with an enormous array of tasks anyway; moreover, the NGOs do so with their own means and using their own methodology.

In a number of cases one finds, then, a more or less consciously c.q. explicitly sought division of roles and sectors, between NGOs on the one hand, and governments, banks, training/research centers, connected with the formal sector, on the other. NGOs focus more on peripheral and poor groups, try to organise them and develop IECA programmes. In this stage, NGOs help to develop the basis of skills, production and organisation of the poor, thus facilitating their access to programmes of government and other agencies. NGOs are thereby typically more preoccupied with the stratum of informal MSEs than with formally registered small enterprises which find themselves already on a growth-path; and more with large and informal groups of women working together in the recycling of waste or the production of clothing, than with formalised and established cooperatives. The latter--formalised small enterprises and cooperatives--often have already more access to public or private programmes which may or may not be specifically designed for them¹⁶.

In certain cases NGOs, governments and/or other agencies like banks establish specific agreements assigning to the NGOs a special responsibility for a particular group/sector and/or stage in their

organisation and development, and for their subsequent 'transfer' at a (specified) later stage to other programmes. Indeed, there are examples--especially in the field of credit as we will see below--in which contractual linkages have been developed between grassroots organisations, NGDOs and banks or government agencies, which produce a considerable value-added for all those involved and which make it possible to support a dynamic process of development which each party by itself would have been incapable of handling. In other instances, such 'transfers' simply take place in actual reality, without any formalised coordination. Nevertheless, such collaborative schemes are still rare, and the learning process which is taking place has to thread its way through a maze of real and perceived obstacles, including those inside and between all agencies involved (disagreements between staff, mutual suspicion, lack of information, ideological and operational discrepancies, etc) which take much time to remove.

For NGDOs, at least for the older ones, it is sometimes problematic how to operationally combine economic rationality and (where possible) growth, with other objectives like solidarity, empowerment, emancipation of women etc. Economic rationality and efficiency are important both in a communal kitchen and in a family enterprise; in both cases an interest exists in increasing efficiency and quality, in lowering cost and producing a surplus available for (re)investment or other purposes. Older NGDOs hesitate when it comes to trade-offs--between employment and growth, for example--and many have not yet managed to clearly formulate their own priorities on such issues,--even though what is seen as incompatible in the short run may well be compatible in the longer run (like growth and employment, for instance). As we saw, the 'new NGDOs' perceive fewer complications on this point and are more 'business-like' in their approach and emphasis upon growth. From a technical-economic and organisational perspective, however, sometimes it appears not to be so difficult to promote gains in productivity and growth, as in the case of communal kitchens (de Groot et al., 1989); but in other instances--like that of the thousands of informal MSEs--this is more problematic. Indeed, many NGDOs (old and new) are searching for methodologies which will help such informal

micro-enterprises to become more efficient and to increase the number--so far, in accordance with a few studies no more than some 10%-15% of the total (Farbman, M. and Lissak, A., *op. cit.*)--which succeeds in growing into healthy small enterprises. This is a concern not just of NGDOs but of all those who are trying to improve IECA programmes for the poor: grassroots organisations, multi- and bilateral donors, CFAs, governments, and local specialised agencies. The identification of the comparative advantages of each supporting actor, and the coordination of their complementary roles, form an important challenge at present and in the near future. Research as well as upgrading and professionalisation of all parties (and not just the NGDOs) would help.

A last observation. Donors often ask themselves whether they should only finance operational costs of projects or programmes, or in addition also subsidise institutional costs, including those related to organisational development and upgrading of staff of the NGDO. Multi- and bilateral as well as private donors differ considerably amongst themselves with regard to this question, often--it would seem--less according to kind of channel but more on what country they come from (Padron, M., 1987, 69-77). Canadian, Swedish and Dutch agencies are more often prepared to also finance institutional costs. This is of great importance for the continuity of economic programmes and the need of many NGDOs to develop and improve their own organisation quantitatively and qualitatively.

4.2 Organisation of the poor: point of departure of NGDO approach

We saw that organisation of the grassroots is crucial in NGDO work in general and also applies to their IECA programmes. Indeed, to many NGDOs conscientisation and organisation is a precondition for the struggle against poverty and powerlessness. Organisation makes it possible to mobilise resources both of the poor themselves and of 3d parties; it is a condition for the active participation of the poor in programmes, with awareness of the what and why; organisation permits widening the scope of programmes, reach more people and thereby achieve a certain degree of specialisation and division of labor; organisation

allows institutional/transaction costs per action/capita to be lowered, and to enhance the sustainability of programmes and institutions; and, finally, thanks to their own organisation, the poor become more autonomous and more capable of expanding their own initiatives and activities, and owing to multiplication of their actions, of reaching more poor people. In a nutshell: for NGDOs the organisation of the poor forms the core and point of departure.

Organising the poor c.q. self-organisation takes place both in consumption-and in production-oriented programmes, and insofar as the latter are concerned: in the case of individual as well as in associative enterprises. Individual producers organise themselves in service-cooperatives or associations for joint economic activities and/or the defense of common interests. Many NGDOs, especially the older ones from 'progressive' quarters, prefer associative types of enterprise primarily because of ideological reasons: their social(ist) and democratic principles. Experience shows, however, that associative enterprises such as production-coops and self-management firms, apart from the advantages they bring (for example in the field of participation and education) also entail notable disadvantages (especially in the area of authority, specialisation, labor productivity and wages). On the other hand, the general preference for combining producers into groups--in the form of associations or service-coops--is based less on primarily ideological motives and more on the range of pragmatic and organisational advantages referred to above; hence, it is not surprising that it also finds adherence among the neo-liberal 'new NGDOs' linked to the bourgeoisie.

To conclude this section some observations on the NGDOs themselves: their limitations and possibilities in the IEGA area. Multi- and bilateral agencies ascribe to them increasingly-heavy tasks in the field of poverty alleviation, including economic programmes (Gordon Drabek, A., 1987). NGDOs however suffer from severe limitations in manpower and scale. Although notable progress is being made, many are still badly prepared for non-agrarian activities, and in need of strengthening their professional staff in new economic and technical fields. But the 'trained incapacities' of many professionals, not used

to working with poor illiterate groups of people, render the recruitment c.q. development of adequate manpower a complicated process. Another problem is that of scale; 'economies of scale' are important and NGOs see themselves confronted with the need to enlarge the scope of their programmes, and/or to collaborate with those of other NGOs or of the government. Funds from multi- and bilateral agencies, as well as from local governments, are available: all of them are interested in supporting efficient and effective--preferably large-scale--poverty alleviation programmes of NGOs. Yet, as noted earlier, scale-enlargement is perceived as threatening their comparative advantages, while public types of finance may threaten their identity and autonomy. How to handle such risks? Special offsetting measures must be taken by the NGO. Only clear policies and good management can help the NGOs to prevent these risks. As the experience of South-Asian Bingo's tends to show (Wils et.al., 1988) what is needed is the following: not only a high degree of decentralisation, a 'flatness of organisation', together with a system of consistent bottom-up planning of the poor, as we saw above, but also a centrally controlled monitoring and evaluation system; centralised technical, commercial and administrative services; and an 'intervention cycle' which permits the NGO to withdraw from those communities where it has completed its IEGA programme and transfer it to autonomous grassroots organisations, while shifting its own resources to other communities to start the cycle anew. Besides, in the case of consortium and even direct financing from multi/bilateral agencies, NGOs manage to defend their own autonomy and avoid being relegated to extensions of an (inter)national development bureaucracy, thanks to the help of the private (co)financing agencies. The latter play a crucial role because their funding is often more permanent and predictable; they impose fewer conditions, and their moneys prevent the domination of (inter)national public funds; indeed, the CFA-funds are typically used to help sustain institutional costs, especially those of the 'core programme'.

It is worthy of note that the newer NGOs so closely linked to the business community in 3d world countries (whether (con)federations of businessmen or clubs like the Rotary, Lions and others), show far fewer qualms in working intimately with agencies like the World Bank, UN and

regional development banks, than the older NGDOs. Large-scale IEGA programmes of the newer NGDOs are already in place in Africa, Asia and Latin America, in the fields of credit, buying and selling schemes, technical assistance and deregulation. Sometimes older and newer actors join forces in such large-scale programmes, but mostly they stay separate. However, in future we may witness new combinations; for example, multi and bilateral agencies--so strongly and increasingly interested in bypassing corrupt and inefficient government agencies in 3d world countries--may try to increasingly channel their moneys (also) towards older 3d world NGDOs via western CFAs.

However that may be, NGDOs old and new may be expected to expand their IEGA programmes in future. The need is high and we may assume that the structural forces which limit the absorptive capacity of the formal (corporate and institutional) sectors, will continue to make themselves felt in the years ahead. As noted, the problem will be how to relate the massive nature of the poverty problem to small-scale solutions? In order to achieve a sustainable development process in many countries, small-scale participatory solutions remain (also) necessary, preferably--in view of scarce resources--without expensive capital lay-out. Hence, the present search for small-scale solutions which can be applied on a large scale. In my view, the sort of approach being developed by a few big NGDOs in South Asia, Africa and Latin America, offers a quite promising 'model'. So do new kinds of organisations of the poor and of the NGDOs supporting them,--organisations of the kind that have also played important roles in the development of western societies, viz. savings and credit associations, farmers' banks, regional or even national chains of cooperative shops,--all of them reaching a great many people, more or less participatory in organisation, working largely without subsidies, and showing a combination of high decentralisation with centrally provided services.

4.3 Credit

In most 3d world countries the poor have no access to formal credit institutions. The latter limit their lending to formally registered

firms which can offer collateral, need larger loans which cost less on average in transaction costs, and which generate more earnings for the bank. In this situation NGOs pursue three strategies: (1) create 'parallel' institutions lending especially to the poor, (2) organise the poor in a struggle for access to formal public and private credit-agencies, and (3) attempt to establish linkages between their own programmes and those of the formal sector. Combinations of these strategies, in part or in toto, can also be found, especially of course at the aggregate national level.

When developing parallel credit institutions for poor targetgroups, NGOs frequently organise a whole infrastructure of small basic saving and credit groups ('solidarity groups') as well as central supporting institutions,--the latter controlled by NGOs and/or by organisations of the basic groups¹⁷. This configuration and the combination of saving with credit via small basic groups, have received a strong impulse from South-Asian experiences (especially the Grameen Bank, Brac, Proshika) and (though less so) from support from western savings & credit coops. The behavior of groupmembers is more affected by the combination of saving and credit than by borrowing only: it gives the groupmembers a greater personal stake in the use of funds. Group formation and social control over saving, expenditure and repayment, in a sense, 'replace' the collateral of formal credit agencies, but they also stimulate the rational application of capital, and help, together with 'a traditional ethic', account for repayment ratio's of these programmes which far exceed those familiar in formal sector agencies (97/99% vs 60/70%). Also the fact that such programmes often reach large groups of women--who often are in the majority in the informal sector anyway--plays a role: they usually show higher repayment ratio's than men. Moreover, this kind of set-up permits low transaction costs as institutional expenses can be distributed over large numbers of people, while the solidarity groups and NGOs take over important roles. It should also be noted that the formation of groups (homogenous in terms of gender in islamic countries) has made it possible for certain poor groups (for example, women in such islamic countries) to overcome certain social and cultural barriers, which normally impede such groups from participating in development programmes.

NGDOs and donor agencies often wrestle with the problem of how to convince those who borrow, for example, from a rotating fund, that they should consider and treat such money as if it were their own,--earned through their own sweat and labor? To this effect, the linkage between saving and credit has proved to be one crucial element, group/social control over moneys another. But the rate of interest also intervenes.

NGDOs tend to increasingly apply positive real rates of interest, and to no longer subsidise credit for the poor. The most important reason is the well-known fact that access to credit--also when lent at the prevailing commercial rate of interest--is most important; as a matter of fact, credit at commercial rates of the formal sector is often considerably cheaper than so-called informal credit (Stewart,F.,1989,84-87). Positive real rates also influence the economic behavior of the poor in a positive direction and stimulate the optimal use and repayment of loans. Differential rates of interests, however, are being applied, depending upon the rentability of sectors, length of cycles, and so on. Sometimes loans are used as a 'stimulant' so as to promote initially less/non-profitable investments which the entrepreneur does particularly favor.

It is not yet clear whether a monosectoral or an integral approach to credit is to be preferred; the evidence is not unequivocal. Most NGDOs apply a combination of credit and technical assistance, and do not consider credit as a goal but as part of a survival c.q. growth strategy which requires more than credit only¹⁸.

Linkages between 'parallel' credit schemes run by NGDOs and credit-programmes of the formal sector are becoming more frequent, nowadays, although the resistance of the latter against credit to the informal sector still remains high. However, by using funds of NGDOs and savings from grassroots groups as a guarantee to obtain additional funding from formal institutions, or via the use of other banking procedures (for example, rediscounting) organised groups of informal producers do get access to formal credit (Levitsky,J.1989; de Jong,M.and Kleiterp,N.D.,1990). In this case the NGDO acts as a bridge and renders

bank loans to the poor possible, either by subsidising itself the cost of organising groups and of group control, or letting the basic groups themselves bear this cost. In this way the bank's transaction costs--usually high where small loans are concerned and one of the reasons why they are less profitable--are greatly reduced, while its risk is being diminished as a result of the guarantee fund, NGDO intervention and group control. The limited resources of NGDOs' parallel credit-programmes, then, are considerably multiplied through such linkages with 'formal' credit-programmes.

There is another way to obtain access of the poor to formal credit, without the use of guarantee funds or other special financial procedures: follow an 'access strategy'. Indeed, often NGDOs prefer this way, because it is less 'artificial', promotes the democratisation of credit and redistribution of (including public) resources in society, and is often more permanent than the linkages previously described¹⁹. In an 'access strategy' NGDOs help informal groups to organise and obtain access to particular credit-schemes of the government or of other agencies which are more or less targeted at the poor. In such programmes the usual formal lending criteria are applied in a more flexible manner. NGDOs see their task to consist of the conscientisation, organisation and promotion of grassroots groups and to assist them (landless peasants, small producers, women groups) in properly knowing and using government programmes which are available. But organised NGOs and NGDOs also join in struggles to improve policies in this field. In these ways NGDOs and NGOs help or even force the government 'to do a better job' in poverty alleviation both in cities and rural areas.

4.4 Training and technical assistance

Training is defined here as a systematic transfer of knowledge and skills in a certain area, while technical assistance is more incidental and problem-solving. NGDOs are involved in both²⁰.

Here, too, NGDOs usually base their training programmes on the

organisation of groups: these have a territorial base where consumption activities are involved, and a sectoral or product base where productive activities in industry, trade or services are concerned. In this way homogenous groups are being reached which pass through an educational programme; this programme is normally highly practical and strongly combined with (if not consisting wholly of) in-service training. Group-training often serves as a point of departure for other activities--once common problems and needs have been identified--such as the joint purchase of inputs, storage and/or sales of goods. Sometimes in industry and services, basic groups of producers agree to establish (service) coops including an internal division of labor and capable of reaching markets bigger/higher than the producers could have reached by themselves individually; or they purchase as a group machinery too expensive and inefficient for individual use, but accessible and more efficiently used when operated jointly. In one way or another, such group schemes help raise quality, productivity and output.

In view of the special problems of many poor producers, general education is often combined with technical or specialised training in the area in which the group is engaged. Literacy and numeracy programmes, for example, but also courses less immediately connected with production but of great significance for the group concerned (sanitation, position of women), and in accordance with what the (often) gender-, ethnic-, religion- and/or region-specific group activities and groups demand. Such training enhances the cohesion and resistance-capability of groups, as well as their integration into society.

NGDOs have developed their own methods to train poor and illiterate groups in administrative, accounting, economic, technical, commercial and organisational aspects of enterprise activity. With (inter alia) audiovisual aids and in-service training they try to overcome the limitations of traditional 'small enterprise' training programmes developed for the formal sector. Experience has shown that trainers from traditional institutes really need to adjust to the concrete situation of informal producers and their MSEs, and to learn to think

and act differently. Sometimes NGOs try to work in an area complementary to training programmes of governments, by carrying out basic work which facilitates access to, and absorption of, such programmes. Owing to their greater proximity to the grassroots, NGOs are in a good position to perform this important preparatory and brokers' function in the field of training.

Training programmes of NGOs are characterised by their strong practical orientation, starting from concrete situations and problems, and maintaining a close connection with the process of application. In certain cases training is more permanent and accompanies the evolution of enterprises; training remains closely linked to other components of economic activity such as credit, marketing, maintenance, production etc. Training 'bare foot' trainers who originate from the basic groups and who work in (groups of) enterprises, helps create cadres with multiplying effects. Financing professional and cadre training practically always implies a subsidy, wholly or in part; NGOs, however, try to get technical assistance financed as much as possible through payment of these services by the producers, presumably out of the incremental income which is due to that assistance.

The latter fits into the self-reliance philosophy of the NGOs which they also apply in their income and employment-generating programmes, as we have seen: the economic units, from communal kitchens to coops, from micro enterprises to joint-purchasing associations, are supposed to survive independently in the market-place. It is for this reason that NGOs, at least a part of them, prefer to lend rather than subsidise; in the same way, (co)financing agencies try to promote the self-financing of NGOs via endowment funds and other means, including have NGOs and MSEs pay real prices to the NGOs for services rendered (Egana, R., 1987; Vincent, F. and Campbell P., 1989; Ward, F.L.A., 1987).

V. CONCLUDING OBSERVATIONS

This overview of the income and employment generating activities of the NGOs has brought out, hopefully, the transitory stage in which many of

the older NGDOs--in many 3d world countries still the majority--find themselves in this area of work. As they--at least, an important number of them--gradually bring themselves around, they are faced with the strong impulse coming from the newer kinds of NGDOs. The latter, favored by their business experience and good connections, and enjoying access to multi and bilateral as well as to local public financing, strike out on a scale and with an impetus which may well render them in the near future into 'a', if not, 'the' major supporting actor in the IECA field. And even though their programmes may favor formal small enterprises in particular, they do enter also into the 'lower' stratum of informal micro-enterprises, that is, they cover an important part of that field where many poor are concentrated.

It is not yet certain whether, and to what extent, their work will bring them the social and political harvest which they--referring especially to those linked to the business community--hope and expect to reap; the class identifications and political orientation of poor and micro producers is not yet well understood and so far little research has been published²¹. The older and 'progressive' NGDOs, on the other hand, still nourish doubts on this score--whether to cast the informal producers into the role of small entrepreneurs and harbingers of a new sort of mass-capitalism, as de Soto would have it, or consider them as part of a popular base movement fighting for democratisation and equity. Accordingly, these NGDOs have not yet fully resolved this conceptual and ideological dilemma but will need to do so in the not too distant future (Bromley, R., 1985).

One possible line of development is that due to differences in origins, ideological position, resource base and rythm of expansion in the area of income and employment generating programmes, the older and newer NGDOs 'divide the territory' as it were: the former concentrating on basic needs and empowerment strategies (including organisation for consumption and the fight for access to economic support from government), the latter specialising in work with MSEs. Another possible line of development is that the older NGDOs will accelerate their entry into IECA but restrict themselves largely to support for survival of poor families, leaving efforts to promote entrepreneurship

to others. A third, and insofar as I can see, more likely line of development is that besides the newer NGDOs the older ones will continue to differentiate themselves into subgroups, some doing the sort of things indicated in the first alternative, others those in the second, and a third group acting more or less as both types of new NGDOs do.

Factors which tend to strenghten this third line, can be identified both on the level of the NGDOs, and in the context in which they are working. Among the former are: -the great heterogeneity of the older NGDOs which will not disappear so easily; they are widely different in level of organisational evolution, scale of work and present programmes; and NGDOs may be flexible, yet one often finds notable internal resistance of staff especially against changes in expressive values and also, though less, against marked shifts in operational ways of doing things; -existing linkages with grassroots groups and networks with institutions related to previous kinds of work; -and the NGDO's present resource base, experience and 'biases'. NGDOs have acquired sufficient critical mass to function as 'institutions' with their own internal complications, indeed, sometimes and unfortunately, their relations with the poor are more strongly mediated by the outcome of their own inner dynamics, than by real needs of the poor themselves. Networks with like-minded NGDOs (and donors) tend to shore up such institutional continuities by acting as relatively closed and self-reinforcing circuits.

Among the contextual factors stand out: -regional and national settings which greatly differ, for example, in terms of levels of poverty, the size and composition of their informal sectors as well as in government programmes which are available and specifically targeted towards the poor and their economic activities; indeed, access strategies of NGDOs make sense particularly in countries (e.g. India) where such targeted programmes exist; -the political space for empowerment strategies which under certain repressive or authoritarian regimes may be quite restricted (Wils et al., 1988); -the policies and resources of multi/bilateral and private donors, and the kinds of IEGA programmes which they favor.

The combination of such institutional and contextual factors is so varied that we will continue to be witnessing an often somewhat bewildering variety of responses of NGOs to the problems of poverty. The balkanisation of NGOs fortunately meets with countervailing forces emanating from ever widening networks and processes of professionalisation which crosscut closed segments and circuits; at the same time, the mass of poor people grows hand in hand with the pressure from the donor community to act through IECA programmes in particular. The NGOs, the older ones especially, are faced with a kind of challenge which, first and foremost, demands changes on their part.

Notes:

1. This term seems to me less adequate than, for example, 'Private Development Organisation/Agency' because in the modern organisations professionals are employed fulltime, on a contractual basis and as part of a professional career, leaving hardly room for a 'voluntary' element. Tendler herself writes about 'turning private voluntary organisations into development agencies' (Tendler, J., US.AID, Washington D.C., 1982)
2. Co-financing agencies are private donor agencies which channel funds received from the government aid budget as well as funds which they themselves have collected among the public, towards 3d world NGOs or NGOs. In 1985 5% of total ODA funding for an amount of U.S. \$1.5 billion was channeled via the NGO circuit. Cfr. OECD, 'Voluntary Aid for Development, the Role of Non-Governmental Organisations', Doc. DCD/87.11, September 1987, Paris, Tables IV-1A and IV-1B
3. There is hardly any literature dealing specifically with the NGOs' income and employment generating programmes. Among the studies which seem to me to be useful are the following: US.AID, 'Report on the Workshop on Private Voluntary Organizations and Small-Scale Enterprise Development', US.AID, Wash. D.C., July 1985; Cernea, M., 'NGOs and Local Development', World Bank, Washington D.C., 1988; Egger, P., 'Banking for the Rural Poor: Lessons from some Innovative Savings and Credit Schemes', International Labour Review, 125.4. July-August 1986; de Groot, H. and Hospes, O., 'Policy Guidelines for NGOs Involved in Saving and Credit Schemes', NOVIB, The Hague 1988; van der Heijden, H., 'Enhancing the Role of the Private Voluntary Sector in Development' (mimeo), Paris 1986; Hunt, R., 'Private Voluntary Organizations and the Promotion of Small-Scale Enterprise', US.AID Evaluation Special Study no. 27, Washington D.C., July 1985; Kilby, P. and D'Zmura, D., 'Searching for Benefits', US.AID Special Study no. 28, US.AID, Washington D.C., July 1985; Tendler, J., 'Rural Projects through Urban Eyes', World Bank Staff Working Papers no. 532, Washington D.C. 1982; Tendler, J., 'Whatever Happened to Poverty Alleviation?', Evaluation of the Ford Foundation's LEIG programme, Ford Foundation NY 1987; Huerta, J. et al. 'Cuatro Anos de Experiencia con Pequeños Talleres Productivos', (mimeo), SUR, Santiago de Chile, 1988; Verhagen, K., 'Self-Help Promotion', Cebemo/KIT, Amsterdam 1987; and the collection of papers in the special supplement of World Development, 3. Sept. 1987.
4. In October 1987 CIPE (Center for International Private Enterprise) together with the US.AID organised an international conference on 'The Informal Sector'. An important part of those attending consisted of representatives from such 'new' NGOs, and most papers refer to case-studies of their programmes in Latin American, African and Asian countries. The key-note speaker was Hernan de Soto. CIPE, Washington D.C., October 1987.
5. Professor Yunus from Chittagong University played a fundamental role in the establishment and development of the Grameen Bank, probably the largest credit institution specifically oriented towards the poor(est)

in Asia ; Carbonetto from CEDEP/ILO did in the development of IDESI (Instituto de Desarrollo del Sector Informal), probably the largest NGDO in Latin America providing various lines of credit to informal producers.

6. A good recent summary of such NGDOs and their programmes is provided in Judith Tendler's evaluation study, 'Whatever Happened to Poverty Alleviation?' op.cit.
7. Institutions like the World Bank and the European Economic Community have created special liaison committees with NGDOs in which western cofinancing agencies and in part 3d world NGDOs are represented.
8. This seems to be the case, for example, in Colombia where decentralisation has made significant progress, as in the state of Kerala in India. In both instances, NGDOs are gaining influence. An example of a big NGDO helping 2nd and 3d level grassroots organisations of tribals and outcastes to get access through local elections to positions in local government, is AWARE in the state of Andra Pradesh, India.
9. An interesting example of NGDO participation in formulating government policies is what happened in Venezuela, after the massive riots in february 1989, linked to the implementation of structural adjustment policies. NGDOs were invited by the government to sit on high-level advisory committees and help define and implement special measures and programmes for the poor including the informal sector. In a regime change like the recent one in Chile, codified and systematised NGDO experience in many areas helped to shape several of the present government's policies and programmes.
10. A Bingo like the Sarvodaya Movement in Sri Lanka reaches about 8000 rural communities, out of a total of about 24.000 on the island; Idesi in Peru has spread practically over the whole country, the same applies to the CDTF in Tanzania.
11. Much of this discussion of problems of scale is based on the programme evaluation of Bingo's in South Asia (Bangladesh, India and Sri Lanka): 'Big and Still Beautiful, an enquiry into the efficiency and effectiveness of three big NGOs (Bingos) in South Asia', by Wils et al., Dgis/Novib, The Hague, 1988
12. Hernan de Soto's book, 'The other path' (Harper and Row NY, 1989), has stimulated work on deregulation; quite a bit of this work in various countries (including the Philippines, Paraguay, Brasil) was being reported in the CIPE/US.AID Conference in Washinton D.C. of 1987 referred to in note no.4. The conflicting interests of big and micro/small industry, though clearly spelled out in de Soto's work, were nicely left undiscussed, however, during the conference. Business associations and development agencies promoting this line of work might get into serious political difficulties if they, as de Soto himself tends to do, take his analysis seriously and consider big industry as 'inefficient' and (only) capable of maintaining themselves through political means (use of the state and policies like tariffs, subsidised prices, state demand etc).

13. Such subcontracting exchanges (bolsa de subcontratacion) exist in various Latin American countries e.g. Brasil and Chile; they help upgrade MSEs in terms of technology and skills, and also tend to improve economic conditions under which suppliers work (there being far less competition than f.ex. in Japan)
14. A good example is FOS' programme in Sao Paulo. FOS (Fondo de Obras Sociais) is a programme for informal producers, sponsored by FIESP, the federation of industrialists from the state of Sao Paulo, Brasil.
15. The KUPEDES programme of the Bank Rakyat in Indonesia is an outstanding example of a large-scale successful (semi)public programme of credit, delivered via a highly decentralised system of local banks reaching far into rural and urban areas.
16. For an interesting discussion of such a division of roles and sectors, see, for example, Farbman, M. and Lessik, A., 'The impact of classification on policy', in A. Gosses et al. (eds), 'Small enterprises, new approaches', Ministry of Foreign Affairs, D.G. International Cooperation, Operations Review Unit, The Hague, 1989, ps 105-123.
17. This brief discussion is based, amongst others, on de Groot, H. and Hospes, O., 'Policy Guidelines for NGOs Involved in Savings and Credit Schemes' op.cit.; Egger, P., 'Banking for the Rural Poor: Lessons from Some Innovative Savings and Credit Schemes', op.cit.; Bouman, F., 'Indigenous Savings and Credit Schemes in the Third World: a Message', in Savings and Development, 1977, ps 189-219; Levitsky, J., 'Innovative Financing Systems' in Gosses, A. et al. (eds), 'Small Enterprises, New Approaches', op.cit., ps 123-139; de Jong, M., and Kleiterp, N.D., 'Kredietverlening Klein en Micro bedrijf' (mimeo), FMO, The Hague, Jan.1990; Inter-American Development Bank, 'Credit and Financial Intermediation for the Informal Sector', Plans and Programs Dept, Sectoral Policies Division Working Paper no.4, August 1988.
18. Judith Tendler argues that monosectoral programmes limited, for example, to credit only, have many advantages (including applicability on large scale, capable of drawing more highly qualified professionals etc), cfr. her 'Whatever happened to poverty alleviation' op.cit.. Our study of Bingo's in South Asia suggest, however, that integral approaches also do have size as well as other advantages, cfr. Wils et al. 'Big and still beautiful', op.cit esp. ps 42/3
19. One hears often from, and I have myself seen, NGDO projects whose 'success' in linking up their credit schemes with those of banks via guarantee funds, lapsed as soon as the NGDO withdrew. As Levitsky and others have observed, guarantee funds do fail in most cases to catalyse the banks' own funds for lending to informal enterprises (Levitsky, op.cit.). A notable exception is the agreement between Idesi and the CCC Bank in Lima, Peru.
20. In addition to my own frequent missions in the field of NGDO programmes, I base myself also on readings such as the collection of studies in van Dam. A. et al (eds), 'Educacion popular en America Latina', CESO, The Hague, 1988; Fluitman, F.(ed), 'Training for work in the informal

sector', International Center for Advanced Technical and Vocational Training, ILO, Geneva, 1989

21. For example, the studies carried out on the informal sector in Peru, its political attitudes and the way it behaved during the last presidential elections (Tueros, M. 1984; Chavez O'Brian, E. 1990; Villaran, F. 1990).

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