

NGOs and Development in Bangladesh: Whose sustainability counts?

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Abstract

From its birth as an independent nation in 1971, Bangladesh became a site for Non Government Organisations. Initially focussed on relief and rehabilitation activities following the War of Liberation and succeeding natural calamities, International and local NGOs turned their efforts to longer term development in the absence of state capacity to deliver welfare.

By the mid 1980s still lacking a strong state, NGOs were faced with the challenge/opportunity to deliver social services into the long term and became the champions of “sustainable development”. International NGOs spun off their operations and “client” base into local and national NGOs. Bangladeshi NGOs found many opportunities for partnership with the growing international community of development NGOs, and Northern/Western government Development Agencies.

During the 1990s the NGO sector in Bangladesh grew rapidly. NGOs developed business strategies to both provide outlet for beneficiaries’ produce and to deliver goods and services to their “target groups”. Local income has become increasingly important in strategies for sustainability of the organisations and the careers of their employees.

Some NGOs are now the largest providers of a range of services in Bangladesh, and their role with respect to the poor, business and government has become increasingly subject to debate.

Introduction

In the 1980s I worked as a development practitioner in the NGO community in Bangladesh. I was idealistic and hoped that just as I was doing myself out of a job, so too NGOs and their projects would produce sustainable communities, market networks that would allow exchange of goods and services, and government agencies that would ensure provision of public goods and services. In other words, that development NGOs too would become redundant. Since 1999 I have had opportunity to return and observe that many of the old organisations remain, others have grown astronomically, and there are now many thousands more NGOs engaged in development programmes in Bangladesh.

My own surprise at the tenacity of development projects with which I was involved is echoed in this quote in Chowdhury & Alam (1997) citing Abed and Chowdhury (1989):

“When BRAC [Bangladesh Rural Development Centre] was started in 1972 we thought that it would probably be needed for two to three years, by which time the national government would consolidate and take control of the situation and the people would start benefiting from independence. But as time passed, such a contention appeared to be premature. After 16 years, we felt that we have not yet outlived our utility and need to do more and more”.

This essay is the initial stage of reflective research by a development practitioner into the key factors enabling ascendancy of NGOs and some of the key issues for policy and NGO partners. Why do NGOs “need to do more and more”? Is their main concern their own organisational sustainability or the sustainable development of the community?

The term Non Government Organisations (NGOs) as used here embraces grassroots, intermediary and international groups involved in community development (van Rooy & Robinson, 1998, p.33). They are distinguished here from community-based organisations (CBO) which include primary self help groups (*samity* in Bangla) organised around savings or credit and their secondary or tertiary associations.

Bengal’s rich heritage

Long before the land now known as Bangladesh became a byword for suffering and poverty in the 1970s, it was regarded as a rich source of renewable resources. Francois Bernier is frequently cited in official publications of the Bangladesh Government for recording in the 1660s a proverb “that the kingdom of Bengal has a hundred gates open for entrance but not one for departure”¹. Bengal, one of the most prosperous provinces of the Mughul empire, attracted extensive international trade to its agricultural produce, woven cloth and handcrafts in the seventeenth and eighteenth centuries (Chaudhury, 2002, p.4).

Cotton cloth production of Bengal attracted the colonial traders, primarily to exchange it for spices in the East Indies, their primary goal (Chaudhury, 2002). This trade kick-started the British ascendancy in cloth trade, but the imposition of tariffs on Indian produced cloth and increased production through mechanisation enabled Britain to out-price and thus eliminate the Bengal cloth industry (Counts, 1996, p.19). By the time of Pakistan’s independence from Britain in 1947 the once rich land of Bengal had become better known for famine than fine cloth.

Non-Government Organisations dedicated to Aid and Development were relatively unknown in Bengal. There was however a range of voluntary associations through which charitable and voluntary activities took place in Bengal. For example the Muslim community has long used institutions of *zakat* and *chanda* for both social welfare and cooperative development of public infrastructure such as roads,

¹ Bernier (1891) quoted in this version from (Chaudhury, 2002, p4). But Bangladesh Government web sites and information publications follow the example of the government’s official introduction *Meet Bangladesh* (Haq, 1979). Interestingly for this chapter, the third edition of *Meet Bangladesh* (Haq, 1979) was printed by the NGO press, BRAC Printers.

madrassas and mosques (Hasan, 1993, p.93). Village Welfare Societies were sometimes organised by public figures (Hasan, 1993, p.88).

Foreign organisations were involved in social welfare in Bengal from before the colonial era, the Baptist Missionary Society active since 1794 (Hasan, 1993). In addition to religious activities, mission organisations provided medical services and general education to the rural poor.

NGOs in the East Pakistan Period

In spite of its wealth of natural resources, East Pakistan also had its share of sufferings. McKinley (1979, p.19) reports ten tidal waves in the coastal area of Noakhali between 1960 and 1970. Floods were common and the disparity between the poorest and those who benefited from the natural wealth increased with each calamity.

One of the earliest institutions for rural development in East Pakistan was the Academy for Rural Development, based in Comilla, from which emerged the so-called “Comilla Model” for small farmer cooperatives. The success of cooperatives of farmers with relative small landholding inspired a national scaling up or roll-out of the model through the Bangladesh Rural Development Board with links to the *Krishi* (Agriculture) Bank after the emergence of Bangladesh.

The non-government organisation CARE² initially distributed food parcels to survivors of World War II, mostly in Europe but according to CARE Bangladesh, also East Pakistan in 1949 (http://www.carebd.org/about_care.html). In the 1950's CARE distributed food aid more widely to newly emerging countries using American agricultural surpluses <http://www.care.org/about/history.asp>). In East Pakistan this took the form of powdered milk for schools from 1955 and lunches for school children from 1962, the year CARE established an office in Dhaka. In 1970 CARE sent relief to the victims of the cyclonic tidal wave which hit East Pakistan on 12-13 November, 1970 (<http://www.carebd.org/milestone.html>).

The Catholic agency CARITAS Pakistan had a branch in East Pakistan from 1967 (<http://www.drik.net/memisa/html/caritas.html>) but following the cyclone it was renamed Chittagong Organisation for Relief and Rehabilitation (CORR) in November 1970. It reorganised and became a national organisation called Christian Organisation for Relief and Rehabilitation in January 1971 with several Cyclone rehabilitation projects. (<http://www.caritasbd.org/about.html>). Then with the outbreak of conflict in the liberation struggle for Bangladesh on March 25 1971, CORR became heavily involved in sheltering vulnerable displaced people, particularly Hindus. At the end of the war CORR undertook to rehabilitate 200,000 families (<http://www.caritasbd.org/about.html>).

These early histories of CARE and CARITAS illustrate how the Cyclone of 1970, followed by the collapse of the democratic process and the slide into the Liberation War of Bangladesh changed the economic and social circumstances of Bangladesh

² CARE was founded as *Concerned American Remittances to Europe* in 1945 to send food packages from the United States of America to Europe, to ameliorate the deprivations of World War II (<http://www.care.org/about/history.asp>).

and brought into the international consciousness a picture of a nation in crisis. They are also indicative of the way NGOs adapted to the changing environment in which they found themselves.

NGOs in the new nation of Bangladesh

The suffering of the Bengali people due to a combination the cyclone of 1970 and the political turmoil that lead to the emergence of Bangladesh as an independent nation following liberation war from March to December 1971 prompted a massive response in multilateral, bilateral and non-government aid. In addition to the outside humanitarian organisations which responded, many local organisations were created to care for orphans and widows and assist the many refugees³ returning from neighbouring India after the war ended. BRAC, the largest NGO in Bangladesh today, was formed in 1972 as the Bangladesh Rural Advancement Committee. Its early objective was to deliver relief and rehabilitation programmes for refugees returning from India to resettle in Bangladesh (BRAC, 2004, p.9). The Lutheran World Federation is typical of the many international NGOs which provided assistance with relief and rehabilitation:

R[angpur] D[inajpur] R[ehabilitation] S[ervice], then a field programme of the Lutheran World Federation, India, began providing relief and rehabilitation to some of the one million refugees returning home from India after the nine-month War of Independence. Food, shelter and health-care were the priorities; later, there was rehabilitation of the farms, the schools, the hospitals. With one disaster following quickly after another, RDRS also found itself providing emergency relief to those caught up in the famines and droughts that devastated the young country into the next decade. (RDRS, 2005, p7)

During the first years of Bangladesh's independence in December 1971, humanitarian agencies and media coverage were focussed on the apparently overwhelming needs of a mainly rural population living on the edge of subsistence in a "disaster prone" environment while the national infrastructure was still being reconstructed from the destruction of guerrilla warfare during the struggle for independence. (Even as late at 1980, road travel in Bangladesh involved traversing many Bailey bridges, or ferries around bridges which had been strategically disabled by the Bangladeshi Freedom Fighters.) At the same time the machinery of government was also being rebuilt, replacing losses from the conflict and filling those roles previously provided by non-Bengalis under the National Government of Pakistan⁴.

"From relief to development"

In spite of working in an extended emergency environment, the organisations involved in relief and rehabilitation soon saw their mission in terms of development. After only one year working with returning refugees in the Sulla area of North-East Bangladesh (Begum, 2004, p.104), BRAC commenced a "program of integrated community development" seeking to develop "agriculture and horticulture, fisheries,

³ Up to 10 million sought refuge in India and the Government of Bangladesh's official count of the dead is 3 million (Mahmood, 1987).

⁴ Ahmed & Haggblade (2000) point out that about a third of East Pakistan's trade was with West Pakistan, and a vacuum in the management of industry, banking, insurance, and logistics caused by the loss of personnel from West Pakistan (who dominated these sectors) lasted for five years. In 1987 there still existed camps of people descended from immigrants from Bihar who were demanding to be "repatriated" to Pakistan.

adult education, health and family planning, vocational and other training programs” (Chen, 1986, p.3).

RDRS also describes itself as shifting “from relief-and-rehabilitation to Sectoral Development Programme” (RDRS, 2006, p7).

RDRS grew from a small, somewhat slapdash charitable body working in the remotest corner of Bangladesh into a major player in the country’s development. It became known for its innovative spirit, its readiness to improvise according to the resources available and to the needs of the poor. (RDRS, 2005, p7)

Integrated Rural Development had become the “dominant methodology” for community development (Hailey, 1999), so it was natural that the NGO sector would adopt this approach, especially in the context of multi-sectoral needs of Bangladesh. An organisation’s credibility became tied to the comprehensive reach or “holism” of its programme.

Alongside the increased focus on development, organisations also began to consolidate their Bangladeshi identity. For example *Gono Unnayan Prochesta* formed from a partnership between some Bangladeshis and the international Quaker Peace and Service organisation, whose representatives suggested that the Bangladeshi partners form their own organisation which the Quakers would fund (Gono Unnayan Prochesta, 1999). The organisations created directly by international NGOs and the great many more that have emerged endogenously following their example have diversified their funding sources and the role of those international NGOs is now much reduced (Stiles, 2002, p.836).

Targeted Development Assistance

In 1977 BRAC adopted a “targeted approach” to development. Its target was the poor and landless and the main vehicle through which BRAC sought to address their needs was the establishment of village organisations (VO) (www.brac.net/timeline.htm). The basic groups or *Samity* were comprised of 20-25 poor people, their homogeneity based on land-ownership class. The *Samity* were to eventually be linked “into a federation of the poor” (Chen, 1986, p.13) which would act as a buffer between the poor and the village power structure, which BRAC had shown was the most immediate constraint on mobilising the poor (BRAC, 1983). Subsequently the BRAC approach was adopted by other NGOs working in rural community development. That these ideas were widely adopted within the NGO sector is shown by *Gono Unnayan Prochesta* (GUP or “People’s Development Efforts”) which itself claims to be “...the first non-governmental organization in Bangladesh to build associations of the poor as a core poverty alleviation strategy” (Gono Unnayan Prochesta, 1999).

Innovations by BRAC easily diffused through the NGO community. BRAC’s Training and Resource Centre in Savar had two external purposes besides training its staff and key group members. It was also used to train staff and beneficiaries of many other NGOs thereby inter alia earning BRAC revenue locally from a core activity. In this way BRAC contributed to the quality of the overall efforts of development NGOs whilst simultaneously offering a glimpse of how they might also reduce dependence on foreign donors through the activities which were intrinsic to their operations.

To assist the *samity* market what they produced as a result of training, motivation and savings/credit activities (Nobusue, 2002, p.37) BRAC also set up marketing outlets.

Community Based Organisations

The next major innovation in NGO philosophy and strategy was the extension of the community group structure by incorporating them into secondary associations and even tertiary federations in “community based people’s organisations” in the early 1990s (RDRS, 2005, p.7). This formulation of Community Based Organisations (CBO) shows its antecedents in the “federation of the poor” proposed by BRAC in 1977. Blair (1985) demonstrates how four successive regimes from Ayub Khan to Ershad had planned or initiated institutions for local participation along similar lines. Each of these regimes collapsed partly because the ruling elite sealed off the institutions preventing them from influencing elite politics. Ziaur Rahman (1975-81) also proposed a system of cooperatives which would have primary, secondary and higher tiers of federation (Blair, 1985, p.1237). While there are inherent contradictions in participatory institutions which are not related to democratic government, Blair (1985, p.1240) argues collusion between the nation’s ruling elites and local rural elites to channel patronage to the village ensures that pressure for change is kept in check.

The CBO approach (or federation of primary groups) has been adopted by many NGOs. However there appears to have been no examination of their impact nor their consequences for the communities and governance. Some of the issues which deserve attention include:

- The capacity of the poorest (NGO target community) to participate in tiered institutions on a voluntary basis;
- What the secondary and tertiary bodies actually provide for the primary groups;
- The full range of benefits and costs of secondary or tertiary associations engaging in business using capital raised from primary groups;
- How CBOs articulate with the government and representative bodies at the corresponding levels of Upazilla (sub-district) and District.

Microfinance- life-line for NGOs?

Credit programmes or revolving loan funds, were common among NGOs from the beginning of their involvement in Bangladesh. In 1974 BRAC launched a savings and credit programme⁵ (BRAC, 2004). Some NGOs offered loans to individuals and some to groups (Maloney & Ahmed, 1988). By about 1990 trialling of the Grameen Bank model had developed micro-credit as an intervention ready to be “scaled up”.

Grameen Bank developed from an action research project of Professor Muhammad Yunus of Chittagong University in Bangladesh. He observed that although considered “un-bankable” by commercial banks due to their lack of collateral and low earning capacity, most of the rural poor he met actually had loans. These loans were obtained from traditional money lenders at exploitative rates of interest (Hashemi & Morshed, 1997). In 1976 Yunus lent \$US27 of his own funds to 42 people for

⁵ Although BRAC (2004) uses the term “micro-credit” in relation to the 1974 programme, this term was not used until after Maloney and Ahmed’s (1988) description of Grameen Bank and the main NGO credit programmes.

income generating activities (Associated Press, 2006). The recipients formed groups of five members who assessed the proposed use of the loan and administered repayment. The project expanded in an extensive trial through some branches of the Bangladesh Krishi (Agriculture) Bank.

In 1983 the Grameen Bank⁶ was gazetted as a specialised financial institution. Although a form of bank, in many ways it operates like an NGO, and is often counted among the major NGOs of Bangladesh. Grameen works on a “social capital” model, still using the same model of a peer group with similar landless status. From 46,955 borrowers in 1983 it now has 6.6 million (Associated Press, 2006). Its growth was funded by access to World Bank funds, however by 1994, 82% of its \$US 50.5 M revenue came from interest on loans to members- 94% of them women. Microfinance works on the assumption that the rural poor know how to make money in their context, and simply need credit at reasonable rates of interest to do business. The system has been widely adopted by NGOs in Bangladesh and donors who have advocated it for asset-poor people around the world, especially those with access to active markets.

NGO growth and multiplication

A few Bangladesh NGOs grew very substantially in the early 1990s with the help of “large-scale donor support” (Fernando & Devine, 2003, p230). At the same time the number of NGOs registered to receive foreign donations has increased six-fold to 2006 (see table 1, below).

Table 1: NGOs registered to receive foreign donations in Bangladesh 1990 to 2006.

Data from more than one source are shown to illustrate the ambiguity of the data and because it has not been possible to verify one correct data set.

Data source	National NGOs		International NGOs		Total	
	F&D	ADB	F&D	ADB	F&B	ADB
Year						
1990-1	395	395	99	99	494	494
1991-2	523	521	111	111	634	632
1992-3	600	596	125	126	725	722
1993-4	683	684	124	122	807	806
1994-5	790	848	129	139	919	986
1995-6	882		132		1,014	
1996-7	997		135		1,132	
1997-8	1,096		143		1,230	
1998-9	1,215		146		1,361	
1999-2000	1,223		147		1,370	
2004					1,882	
Oct 2006	1,870		194			

Sources: F&D denotes data from (Fernando & Devine, 2003) and ADB from Asian Development Bank (1999, p.4), both of whom cite as their sources the Government of

⁶ Yunus and the Grameen Bank are joint recipients of the Nobel Peace Prize for 2006.

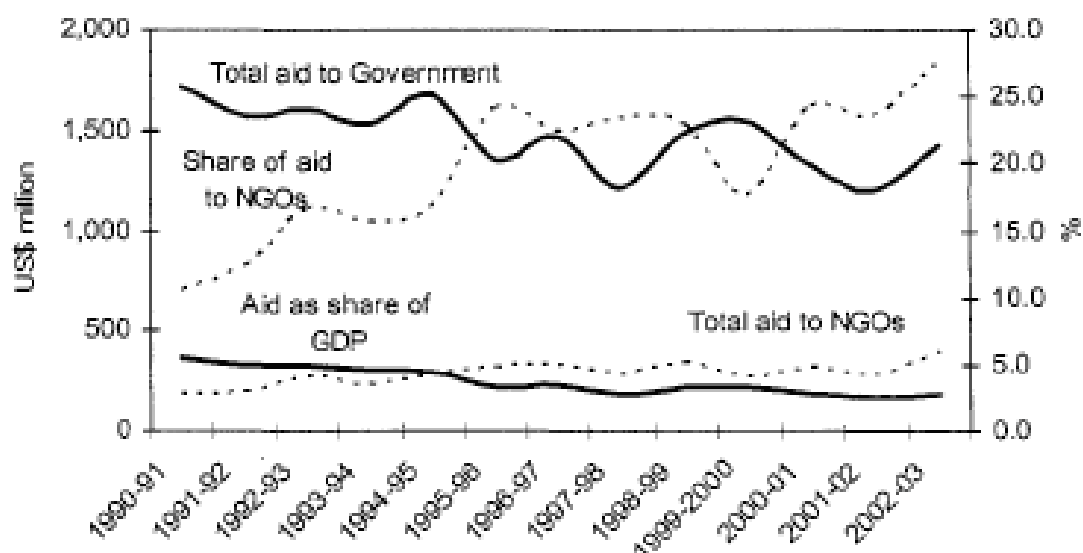
Bangladesh NGO Affairs Bureau (NGOAB). 2004 data from World Bank (2006). Data for 2006 was obtained by the author from the NGO Affairs Bureau.

Not shown in Table 1 are the many thousands of local NGOs, over 21,000 according to Fernando and Devine (2003, p.229), who are not registered with the NGO Affairs Bureau because they do not officially receive foreign donations. However, not all of them have development programmes. The Association of Development Agencies in Bangladesh listed a total of 2,152 NGOs in Bangladesh in 2004 (World Bank, 2006).

As the numbers of NGOs increased rapidly, the amount of international aid funds coming to NGOs “ballooned from roughly [US]\$150 million in 1990 to nearly [US]\$450 million in 1995, the peak year of the decade” to 2000 (Stiles, 2002, p.837). Interestingly 1995 was also a peak year internationally, with gross outflows of US\$18,000 million from all NGOs in OECD countries (Van Rooy, 2001, p.22). Since the early 1990’s “15% of all foreign aid to Bangladesh” has been going to NGOs (Begum, 2004, p.102). The proportion of foreign aid to Bangladesh going to NGOs increased from about 11% in 199-91 to about 27% in 2004 as shown in Figure 1 taken from World Bank (2006, p.vi). The graph also indicates that the importance of foreign aid has declined from over 6% of GDP to under 4% in the same period.

Figure 1 Comparison of foreign aid sent to NGOs and the Government of Bangladesh from 1990-91 to 2002-03 fiscal year. Dotted line denotes NGO funding and solid line aid to government.

Source: World Bank (2006, p.vi)



How did NGOs become so ubiquitous and dominant in Bangladesh society and economy? Explanations for the growth of NGOs range from the conspiratorial (Saifullah, 2001, p.114) to theories of a weak state. There are key factors both internal and external to Bangladesh.

The first generation of Bangladeshi nationalists were very idealistic. The first government (of Sheikh Mujibar Rahman) tended towards socialist politics and there has always been stream of discourse idealising simple and shared community life in Bengali society. In neighbouring West Bengal the Communist Party has remained in

power for 30 years. In Bangladesh, the succession of regimes from Sheikh Mujib to H.M. Ershad (1982-1990) each attempted to build participatory democratic systems while simultaneously keeping them quarantined from impacting on the ruling regime at the national level (Blair, 1985). Aside from popular tension eventually boiling over and each regime eventually being toppled, along the way educated idealists were diverted from participation in open politics into the NGO sector (Wood & Sharif, 1997, p.28). Thus the NGO sector attracted very able people with strong ideals.

The availability of donor funds was obviously a key ingredient in NGO growth. The growth of Northern NGOs is discussed later. Some of these like OXFAM and NOVIB became early supporters of local Bangladeshi NGOs, as did some “progressive” official aid donors such as Canada’s CIDA⁷, Scandinavia and the Netherlands (Wood & Sharif, 1997, p.28).

Nobusue (2002) and Ahmed (2001) suggest that the Bangladesh State failed to assist the poor and that NGOs grew into that gap. In the period following the emergence of independent Bangladesh, as has been noted above, the infrastructure was badly damaged, government services were severely disrupted by failure of many professionals who fled to India in the civil war (Novak, 1994, p.167) and destruction of facilities. Funds were available from the international community, so NGOs were able to form or get involved. Furthermore, Nobusue (2002, p.35) claims that “the Bangladesh power elite” deliberately allowed Bangladesh to fail to develop and the state to remain weak, thereby giving them access to Overseas Development Assistance (ODA) funds and cheap labour. The self interest of the ruling elites sought to maximise opportunities for patronage through flows of aid.

NGO focus on income generation activities in the 1980’s was confounded by a weak market infrastructure for cottage and cooperative scale manufacture and large gaps in the commercial sector for modern goods and services. Many NGOs developed business strategies to deliver goods and services to their “target groups” and develop markets for their produce. BRAC opened its first retail store, Aarong in 1978. The success of commercial venture and the perceived lack of opportunities for its “target” community in the commercial sector have resulted in BRAC establishing numerous related companies and even a university.

Another factor in the growth of NGOs was the increasing attractiveness of micro-credit to international donors. While their strategic objective may be the alleviation of poverty and the development of sustainable healthy communities, one short term objective is to move money from their funding base to their beneficiaries in an accountable, acceptable manner (Stiles, 2002, p.838). Micro-credit suits this purpose admirably because the very poor are all by definition eligible recipients of international aid, and the programme can be rapidly “scaled up” using the Grameen model of micro-credit. Accountability is relatively easy to achieve through very well known accounting and auditing protocols.

NGOs as a learning community

There was generally a spirit of cooperation among the NGOs working in Bangladesh. The (international) NGOs in Bangladesh organised themselves into the Association of

⁷ Canadian International Development Assistance

Development Agencies in Bangladesh (ADAB) in 1974. ADAB became the peak body for organisations involved in development (initially agriculture) in Bangladesh (Netherlands Ministry of Foreign Affairs, 1998). In the early years ADAB was characterised by openness and willingness of its members to learn from each other. It published a newsletter which later took on journal format, organised conferences and coordinated training, much of the latter provided by BRAC's Training and Research Centre (TARC) established in 1978 (www.brac.net/timeline.htm).

ADAB also provided a forum for resolving differences between NGOs, going some way towards self-regulation (World Bank, 2006). ADAB functioned best on behalf of the whole NGO community during the periods when government oscillated in and out of military rule. Paradoxically, the return to multiparty democracy dominated by the struggle between the opposing Bangladesh Nationalist Party and Awami League coalitions led on the one hand to an expansion of NGO activity, but also a split in the ADAB (World Bank, 2006, p.35). An alternative *Federation of NGOs in Bangladesh* was formed in 2003 by NGOs who felt that ADAB had been active in party politics and partisan in voter education programmes for the 2001 election (Anon., 2003).

NGO relations with the State

In spite of NGOs targeting their activities to the poor and using the language of empowerment they have generally not provoked containment by the governments of Bangladesh (Wood, 1994, p.296).

After an early phase of relaxed regulation, NGOs were made more accountable for the funds they brought into the country, but the arrangements which have lasted to date offer a lot of flexibility. NGOs have been required to register under one of a variety of laws in a legal framework which a World Bank report (2006, p.57) comments "is outdated, obsolete". Yet perhaps because of its weakness has enabled the growth of the NGO sector and facilitated innovation.

In 1978 the Foreign Donations (Voluntary Activities) Regulation Ordinance was promulgated (by President Ziaur Rahman) to exercise some control over the burgeoning NGO sector by monitoring the use of foreign donations for voluntary activities (Ahmad, 2001). The most significant increase in government regulation of NGOs commenced in 1990 when the NGO Affairs Bureau was created as the contact point between the State and all NGOs receiving foreign donations (Ahmad, 2001).

Some NGOs such as CARE have always worked in partnership with Government through programmes such as food-for-work. Others like BRAC who adopted the conscientisation approach have not developed the kind of advocacy and mobilisation role that might have been imagined. Instead they focussed on economic self-reliance and got involved in delivering some of the services needed to support that (Blair, 2005, p.926). The contracting of service delivery to NGOs by government has led to a semi official status for some NGOs. The efficient and effective delivery through NGOs acts as a spur to government, but the World Bank (2006) points out, as the leadership of NGOs undergoes succession from the first generation, the potential for collusive relationships to develop with the elite in the government system is increased.

Aid to NGOs is described by official aid institutions as empowerment of Civil Society, however Stiles (2002) points out that civil society in Bangladesh is penetrated by political forces through which the elites maintain loyalty through patron client relations. To the extent that NGOs themselves are not co-opted into partisan politics, they give the appearance of monopolising civil society while moving away from the grassroots mobilisation that initially characterised them.

Complex and multi-layered problems such as flood management need institutions of participation and plurality in problem analysis which are lacking. Policy in government is often in the hands of a technocratic elite (Leaf, 1997). Although the NGO sector played a role in opposing the Flood Action Plan of 1988, the main NGOs are in danger of avoiding such issues, preferring to safeguard a loyal client base through economic activities.

However, advocacy and community empowerment have been problematic in the history of Bangladesh. NGOs in Bangladesh had a strong empowerment agenda in the 1970s and early 1980s, BRAC being a leader. However unlike comparable situations in India (Edwards, 1999), empowerment and advocacy were not able to leverage necessary services from government. *Nijera Kori* (Do it ourselves) is one example of an NGO maintaining its focus on grassroots mobilisation, eschewing microfinance and service delivery (Blair, 2005). An advocacy role is increasingly viable as the level of service delivery through government and partnerships with the big NGOs means there are services to access.

Overall NGOs have worked on a basis of weak government and chosen to provide alternative services such in informal education, or work with external donors to assist government deliver services such as Extended Immunization Programme, training for Traditional Birth Attendants and a range of agriculture services.

NGOs in the wider picture

The experience of Bangladesh NGOs has quite naturally reflected the trends in the international community. In the seventies the politicisation of students over the Vietnam war injected vigour into a whole range of organisations, including non-government humanitarian agencies. The counter-culture's critique of society was accompanied by critical and compassionate responses to the increasingly graphic coverage of humanitarian disasters on television. Voluntary organisations working in the Philippines and South America (eg. Flavio, 1974) contributed to a wider debate about the modernisation project (Schumacher, 1973), in particular its role in international aid and development assistance. Alternative development discourse argued against the contemporary emphasis on infrastructure and service delivery and for people centred development (Chambers, 1987).

The emergence of democratic governments from former totalitarian regimes in Africa and the Americas during the 1980s opened the space for increased NGO activity in areas of human rights and democratic processes (Van Rooy, 2001, p.26). Within the Christian church there was a re-appraisal of ethical obligations for international social action (eg. Sider, 1978; Sine, 1983; Wallis, 1981), expansion of church based development programmes and commitment to NGOs. Many Northern NGOs began to take more radical approaches to development such as the conscientisation approach of Freire (1970) (Pettitt, 2002, p.31).

In “Northern” countries, the number of NGOs grew from relatively few prior to 1966 to almost 40,000 in 1996 (Van Rooy, 2001, p.19). In the 1990s the combination of the criticism of corruption in official aid programmes, the neo-liberal agenda of “smaller government” and enhanced civil society, and the win-win promise of micro-finance (Morduch, 2000) for the poorest provided an irresistible attraction for donors of aid to countries like Bangladesh to work with and through NGOs.

“Small is beautiful, but big is necessary”

This quote comes from the 2004 Annual Report for BRAC. Given the philosophical origins of the organisation, some kind of argument was considered necessary to introduce the statistics of 97,912 employees, coverage in 78% of the villages in Bangladesh and international expansion (BRAC, 2004, p.9). While the large organisations celebrate their reach and the scope of their activities, there are concerns over their impact and the relationship of NGOs and their clients/stakeholders for national governance. Similarly there are concerns about the size of the NGO sector as a whole and its relation to both government and the commercial sector (Ahmad, 2001).

BRAC epitomises what has happened in the sector and what many others would like to emulate. BRAC aims for financial sustainability of its Rural Development Programme, indicated by interest revenue from loans to village organisation members covering the operating cost (Chowdhury & Alam, 1997, p.178). By December 1995 30% of branches were financially self sustaining. The RDP was operating in 58 out of Bangladesh’s 64 districts and Taka 9,600 million in loans were disbursed to 1.5 million members (Chowdhury & Alam, 1997, p.178).

As the number of NGOs has increased, and their reliance on revenue generated through microfinance programmes, so issues like market share and “brand” loyalty have become important. In any lending situation creditors always like to know something of the debt carried by potential borrowers in order to assess the risk of default on the proposed loan. This is also important for microfinance where there are no assets and very small cash flows. From a development perspective, the organisation’s facilitators-cum-field workers need to help the community partners (who are also its borrowers) develop their capacity to plan and manage cash flow, assets and liabilities. However, in the process of implementation of policies of debt disclosure and ensuring borrowers are not overcommitted to repay loans, relations can easily become a form of hegemony and the focus shift from the community and its needs, to brand loyalty and market share.

White (1999, p.321) also draws attention to the double claims of the big NGOs to both represent the poor and their interests, and also to serve them with, inter alia, micro-credit. The large NGOs have become effective because they have developed efficient management and professionalism in their staff. These well educated staff are not representative of the main clients/beneficiaries and the policies of the organisation are not set through involvement of the beneficiaries in participatory management. In the process of organisational capacity building, such NGOs have changed the relationship so that now “the poor” are their clients or customers.

Since faith in the idea of development and a belief that engagement in “development programmes” will result in elimination or amelioration of poverty is the value framework within which NGOs and their projects operate (Van Rooy, 2001), the corollary is that the need for particular projects will come to an end. Hence Bilateral Aid Agencies presume to be able to limit their commitment over time. Consequently they require some indication of the “sustainability” of NGO projects before funding them. Furthermore, increased use of official development assistance funds by many Northern NGOs requires them to be accredited with their national development assistance agency (e.g. in Australia through the AusAID NGO Cooperation Programme). Consequently Northern NGOs institutionalise the sustainability objective/requirements for all their partnerships. Fernando and Devine (2003, p.10) argue that this has driven the focus onto the financial sustainability of the NGOs, rather than on sustainable livelihoods for the poor. This has been one reason why micro-credit operations have come to play a key role on NGO strategy. However, prioritising micro-credit has demanded “a type and quality of relationship that actually limits poor people’s room to manoeuvre” (Fernando & Devine, 2003).

In actual fact the poor of Bangladesh are adept and accustomed to managing enormous risk. Even the “extortionist interest rates” charged by traditional informal credit sources⁸ can be seen as part of complex patron-client relationships through which they seek to mediate risk (Fernando & Devine, 2003). The poor will assess the benefit from their relationship with an NGO on its welfare credentials in broader social and political terms. Part of their assessment includes the level of support which exists from the local elites. However NGO analysis has traditionally seen these same elites as the cause of the social immobility (Fernando & Devine, 2003) which entraps these same “poor”.

Contrary to NGO strategies, village people will also resist NGO attempts to “graduate” them and to withdraw services (White, 1999, p.316). The value of this resistance on the part of rural poor is seen in the way that NGOs espousing self-help and self reliance will readily channel emergency relief to their community partners in times of natural disaster. As has already been noted, the frequency and severity of natural disasters in Bangladesh is possibly just as significant as any other factor in shaping the trajectory of rural fortunes.

The result is that it is not in the interests of communities nor of the NGOs to withdraw, but simply to redefine the relationship and recast it in more “sustainable” terms. Former colleagues recently pressed upon me the argument that yes, our efforts 20 years ago had been effective and had really made a difference in the livelihood and health of the community in which we worked. However they (and their organisation) still need to work in the same communities, with lesser intensity, for their “social and spiritual development”, to bring about a more just society.

NGOs continue to provide health services and education programmes, even expanding the range of their services. In fact, according to the Poverty Reduction Strategy Paper (Government of Bangladesh, 2005) NGOs will also work with government agencies in agriculture extension, improving livestock productivity, disaster management, and tackling corruption and injustice (World Bank, 2005, p.5).

⁸ Garry (1999, pp.357,8) describes the complexity of a the system in which mortgaged land is seldom recovered and interest rates can be as high as 400% per month, yet women are often active money lenders.

However, contractual arrangements with government for service delivery make it hard for the NGOs involved to engage in advocacy (Blair, 2005, p.926).

Whose sustainability?

This essay has described the growth of NGOs, their increasing partnership with government for delivery of services and their potential conflict with the commercial sector. I conclude with a brief discussion of some of the issues and tensions which are important for the study of sustainable development more generally as well as for the NGO sector in Bangladesh.

White (1999) warns that the growth of NGOs and the expansion of their delivery of key social services could lead to

The rehabilitation of an old and discredited agenda: the presentation of development as a techno-bureaucratic project realized by specialist agencies, rather than a highly contested terrain in which social, economic, personal and political interests are sought, compromised, denied and achieved. (White, 1999, p.325)

This has special resonance in the quest for sustainable development, for the threats and the keys to sustainability are often emergent properties which are not immediately evident to the “developmentalist” technocrats. Of far greater danger, as White argues, the separation of the interests and the representation of the poor from the national political process is likely to mean that political activity serves the interests of contending elites and that the instruments of policy such as taxation, education, health and social security fail to be tuned to the development needs of the nation (White, 1999, p.325). One of the results could well be continuation of sustainable development NGOs whose existence serves the needs of the poor, the educated classes and the political elite, but depends on ongoing subsidy from wealthy nations and potentially undermines national identity in an era of globalised trade and ideology. Although government service continues to be the favoured employment for educated young people because of its connection to patronage and the pension system, the NGO sector has become a major job market, especially for educated women (Stiles, 2002, p.839). The importance of this employment to such a large number of people with some education and influence brings its own inertia or agenda to the question of where NGOs are going in Bangladesh.

Discussion of NGOs and their roles in Bangladesh needs to differentiate between the NGOs delivering development programmes and Community Based Organisations which are formed through NGO activity. The former were mostly initiated by idealistic outsiders to the group they seek to help, and their organisational evolution has been discussed above. However, there is very little discussion in the literature of community-based institutions (such as Federations (Garry, 1999)) or people’s organisations and their role in empowering the poor. Discussion about “Bangladesh civil society” should also distinguish between those NGOs who are branches of international organisations, the corporate NGOs on the one hand, and voluntary and community organisations which truly represent particular sections of Bangladesh society on the other hand.

The quest for sustainability has not only led large NGOs to aim to recover the costs of their programmes, but like BRAC, to diversify into retail, publishing, agri-business, weaving, non-formal and university education (Stiles, 2002, p.843). In response, the commercial sector criticises NGOs’ ability to use tax shelters and subsidies while

engaging in commercial activities like pisciculture, dairy, poultry or telecommunications (Stiles, 2002). The current low level of opposition could develop into a “full blown anti-NGO lobby” in a few years. The solution proposed by Stiles (2002, p.841) that NGOs “include labour unions, chambers of commerce and professional association in [their] boards of directors” seems naive in light of her observation of the deeply entrenched patronage system within these institutions. However, for NGOs to maintain a competitive advantage in particular market segments due to their non-commercial regulatory status seems to undermine their goals of empowering the community and nation-building.

Globally, support for NGOs is running high. Community support for campaigns such as *Jubilee 2000* or *Make Poverty History* is evidence of this. The White Paper on the Australian Government’s overseas aid programme released in 2006 is indicative of official aid agencies willingness to channel international development assistance through NGOs. The Australian government will “expand support for NGO involvement” (AusAID, 2006, p.64), with possibilities for international NGOs and NGOs in countries other than Australia to access funds. The challenge for Development NGOs and policies relating to NGOs is to ensure that the sustainable development of poor and marginalised communities is realised rather than sustainability of NGOs who are simply accepted *ipso facto* as representing the poor.

The external regulators of donations to NGOs (such as AusAID) and the Government of Bangladesh face the challenge of allowing NGOs flexibility and creativity while ensuring good governance. The potential of innovative programmes to benefit communities should not be cut off unreasonably by insistence on financial sustainability of NGOs. In development practice, a major challenge is to find innovative ways for NGOs, government and the commercial sector work in a synergistic manner to develop institutions that will meet human needs into the future. While NGOs have filled gaps in the market and government service provision in the past, sustainable development is facilitated by markets that respond to demand and government services which are responsive to community needs. NGOs have an important role to play in facilitating their development and need to balance these larger issues against their own concerns for organisational sustainability.

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