

**ENHANCING THE ROLE OF NGOs
AND CIVIL SOCIETY IN POVERTY ALLEVIATION:
CHALLENGES AND OPPORTUNITIES**

A PAPER PREPARED FOR
THE HIGH LEVEL EXPERT GROUP MEETING
ON POVERTY ERADICATION

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ORGANIZED BY
THE DIVISION FOR SOCIAL POLICY AND DEVELOPMENT
OF
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS (DESA)
20-22 JUNE 2011
GENEVA, SWITZERLAND

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Introduction

Poverty alleviation is an ethical requirement. Despite the endeavour to meet the first Millennium Development Goal and other anti-poverty campaigns in the last two decades, it is an understatement to acknowledge there has not been universal success in eliminating world poverty. At least 1.4 billion people live in extreme poverty¹ and with the current worldwide financial crisis, researchers have estimated that another 100 million people may become extremely poor.

Governments and NGOs have identified many policies and practices which in our experience would improve the success of the efforts to alleviate poverty. Many of these policies will be discussed in the expert group meeting in June 2011, and I hope that they will be more successful than previous efforts.

To what degree and under what conditions would the alleviation of poverty occur more successfully by enhancing the role of NGOs and civil society?

As analysed in *RETHINKING POVERTY: A report on the world social situation 2010*,

Poverty is a multidimensional phenomenon. It is the deprivation of one's ability to live as a free and dignified human being with the full potential to achieve one's desired goals in life. It also includes the concept of vulnerability, which is the likelihood that people will fall into poverty owing to shocks to the economic system or personal mishaps, and the concept of social exclusion, which focuses on the lack of participation of individuals or groups in society. The real significance of a multidimensional approach to poverty lies in the fact that it allows for an expanded public policy agenda.²

Such an expanded policy space would also allow NGOs and civil society to broaden and deepen their contributions to achieving the alleviation of poverty.

Challenges in the alleviation of poverty – Opportunities for expansion of the role of NGOs and civil society

An effective policy for poverty alleviation must first address the root causes of poverty and second aim at the eradication of poverty for all – not just half as in MDG 1 – of the people living in poverty. In order to accomplish this, effective policies must overcome three challenges: technical, financial and political.³

¹<http://web.worldbank.org/WBSITE/EXTERNAL/EXTDEC/EXTRESEARCH/0,,contentMDK:21882162~pagePK:64165401~piPK:64165026~theSitePK:469382,00.html> Dated 26 August 2008.

² Summarized from *Rethinking poverty: Report on the World Social Situation 2010*, UN Dept of Economic and Social Affairs, 2009. pp. 8-11.

³ <http://www.ids.ac.uk/go/news/the-big-question-for-development-ids-podcast-may-2011>, podcast by Stephen Devereux, and Thandika Mkandwire, Institute of Development Studies, May 2011.

Technically, there are many policies that have been shown some success in the alleviation of poverty: micro-financing and support for women entrepreneurs and cooperatives, achieving gender equality, cash transfers both universal and conditional, establishment of a universal social protection floor, support for small- and medium-sized farmers, provision of decent work for all, investment in education and capacity-building, etc. Whatever the technical approaches, NGOs' experiences at the grassroots level require that they be people-centred, human rights-based and include the participants in the programme at all stages: development of the policy, conception of programmes, implementation and evaluation and monitoring. A study carried out by the NGO Committee for Social Development with the participation of over 100 NGOs from 62 countries resulted in the identification of key characteristics of programmes and projects that make for successful efforts in poverty alleviation:

- Multiple benefits for the whole community,
- Community-based assessment, planning, execution and evaluation,
- Participation of those most directly affected by the programme or policy,
- Replicability of the design and implementation,
- Sustainability of the programme or practice.⁴

Given the role that NGOs and civil society already play in poverty alleviation projects, supporting a scaling up of those projects which have been successful and providing an enabling environment with opportunities for grassroots participation in all stages of the policy can only result in more effective poverty alleviation.

Financially, many of the technical means to alleviate poverty may require a relatively small percentage of GDP. However, research indicates that many countries do not have the additional revenue to provide even these relatively small amounts. This may be because of the large number of persons living in poverty relative to the total population, or because of high level of indebtedness of the country, or on-going conflict, or other situations.

Addressing the root causes of poverty calls for a fundamental shift from the dominant development model with its trickle down approach and a resultant growing inequality gap. This shift must be coupled with a basic reform of the international financial architecture. As a part of this reform attention should be paid to the regulation of corporate globalisation which is profit-driven rather than putting people-centred. NGOs and civil society in many countries have been engaged in the struggle against the corporate globalization which impoverishes people.

Studying the dynamics of success stories provides examples for the expansion of the role of NGOs and civil society to promote such a shift. Two recent successes are the victory of the tribal women of a tiny hamlet called Plachimada in India's Kerala State against one of the world's largest corporations, Coca Cola⁵, and the collective action of civil society against the corporate actions of Bechtel during the attempt at the privatization of water in Cochabamba, Bolivia.

Addressing the root causes of poverty also calls for a fundamental shift in attitude related to security and the military. Ruling by power, dominance and the imposition of so-called

⁴ Social Integration in Action: Stories from the Grassroots, NGO Committee for Social Development, 2009.

⁵ <http://infochangeindia.org/water-resources/features/plachimada-vs-coca-cola-1000-days-on.html>, extracted in June 2011.

security-related control of citizens through costly militarization often accompanied by war crimes such as genocide, rape, along with the destruction of infrastructure, agricultural lands and homes, contributes to impoverishment and the disintegration of societies. Secretary-General Ban Ki-moon decried the extent of investment in the military in an address to youth in December 2010:

Every year, the world spends \$1.4 trillion dollars on weapons. With a fraction of that we could cut poverty, fund schools, provide health care, and protect the environment. One year of global military spending could pay the UN's budget for 732 years.⁶

Long-term, governments in partnership with NGOs and civil society need to work together towards a new paradigm based on human rights⁷, equitable distribution of resources and sustainable living patterns. Nothing short of this can succeed in eradicating poverty.

Meanwhile, in the time before such a fundamental reform can be designed and implemented, other sources of financing need to be found both internationally and domestically.

In addition to Overseas Development AID (ODA), several proposed innovative sources of financing could be implemented and the revenue generated would more than finance poverty reduction programmes for those countries with insufficient domestic revenues.

In many cases simply reducing military expenditure could immediately be a new source of funding. In addition, two other policies more likely to be accepted as sources of financing for development are the Currency Transaction Tax (CTT) and the Financial Transaction Tax (FTT). Both of these taxes envision levying small taxes on the financial sector. However, given the size of transactions being taxed the resulting revenue would be both significant and stable. The CTT proposes a very small rate with the intention of not disturbing the global market for major currencies. Depending on the actual rate used, revenue estimates for this tax range between US \$24 billion and US \$300 billion. The Financial Transaction Tax (FTT) envisions a broader scope for the tax than the CTT. One version calls for a levy of 0.05% to be applied to various categories of financial transactions including stocks, bonds and currency. This would be imposed on both domestic and international transactions. With global agreement, this tax could raise between US \$600-700 billion.⁸

In addition to these two new taxes, a second programme would seek to raise funds domestically. We know that capital flight and tax evasion continue to drain much-needed resources for development. *Tax Justice Network* estimates the amount of funds held offshore by individuals is about \$11.5 trillion with a resulting annual loss of tax revenue on the income from these assets of about 250 billion dollars. This is five times what the World Bank estimated was needed to address the UN Millennium Development Goal of halving world poverty by 2015.

⁶ Secretary-General's remarks to Security Council "informal informal" Youth Session, New York, 21 December 2010.

⁷ One such example is the development of the guiding principles for the human rights of persons living in extreme poverty.

⁸ <http://europeansforfinancialreform.org/en/news/support-podimata-report>, Podimata Report, March 2011.

Combatting capital flight and other illicit transfers of funds requires an automatic exchange of tax information between governments. Transparency, supervision and regulation are essential in institutions such as hedge funds, private equity and sovereign wealth funds. Cross-border tax evasion should be treated as criminal activity and tax havens must be closed. The "United Nations Committee of Experts on International Cooperation in Tax Matters" would have to be strengthened and upgraded into an intergovernmental body. Its agenda would include measures to combat capital flight and tax evasion and also measures to assist developing countries to improve their tax administration. In the long run a World Tax Organization should be established.

Once again, because of the people-centred work of NGOs and civil society, an expanded role for the participation of NGOs and Civil Society would allow major contributions to be put forth in setting up a regulatory system for the financial sector, in determining the direction of funding to support the eradication of extreme poverty in its various dimensions, and designing an accountability mechanism to ensure that the funding is effectively used.

Finally, the political challenge to the alleviation of poverty looms as the largest obstacle to the successful implementation of policies to eradicate poverty. This lack of political will stems from several sources as has been recognized since the World Summit on Social Development in 1995:

1. The perspective and experience of people living in poverty has not been included when political and social policies have been developed based on traditional theories. These traditional theories of development are grounded in an attitude of paternalism, an ethic of materialism, and practices of exclusion and domination. What is needed is a theory based in a sense of solidarity among all peoples.
2. In some theories a certain level of poverty may be considered desirable, as a source of cheap labour and to maintain a passive political constituency.
3. In some cases there has been a failure to recognize the complexity of the condition of poverty. Its multidimensional aspects have not been considered and the assumption has been made all people living in poverty have essentially identical needs and aspirations.
4. There is a tendency for those who are not living in poverty both in the government and in the private sector to usurp control over and resources of anti-poverty projects and to hijack their benefits, and perpetuate their economic and social advantages.⁹

Can the role of civil society organisations be expanded to influence political will? In the Civicus study on the state of civil society in Rwanda¹⁰, the following actions were attributed to civil society organisations:

- Informed people about an important issue (e.g. government election, HIV/AIDS)
- Helped community to come together around a specific problem
- Specifically helped people living in poverty in the community to improve their lives

⁹ <http://www.earthsummit2002.org/es/inter-agree/International%20Agreements%20Toolkits/Poverty.pdf>

¹⁰ <http://www.civicus.org/news-and-resources/reports-and-publications/csi-reports/africa-country-reports/327-rwanda>

- Directly solved a specific problem/addressed a specific need (e.g. building a well)
Helped community members to set up income-generating activities specifically helped women in the community to improve their lives.

The same study also notes that “that Rwandan civil society has weak spots around encouraging governmental transparency and environmental protection.” To respond to this, it recommends expanding the role of civil society to include improving partnership between the state, private sector and civil society, strengthening CSO voices in lobbying and advocacy and to concentrate on ways of boosting the capacity of civil society to hold the government accountable for its decisions.

Once again, beyond the recommendations made in this Rwandan study, because of the people-centred and grassroots work of NGOs and civil society everywhere, with an expanded role they can bring people to the table who will speak from their own experiences and perspectives to build a more real and vibrant political will.

Challenges in expanding the role of NGOs and Civil Society

Identification The first and most important challenge is to identify which civil society organizations can accomplish the alleviation of poverty in a sustainable way which benefits the entire community. Civil society and NGOs exist in such a wide variety as to be almost indefinable except by saying what they are not: not government and not market. Even with that among the types of NGOs that pass for civil society are GONGOs (Government Organized NGOs) and MANGOs (Market Advocacy NGOs) so the task of identifying those that truly are people-centred and human rights-based is necessary to ensure that, with an expanded role, the policies developed will reach those living in extreme poverty and empower poverty eradication.

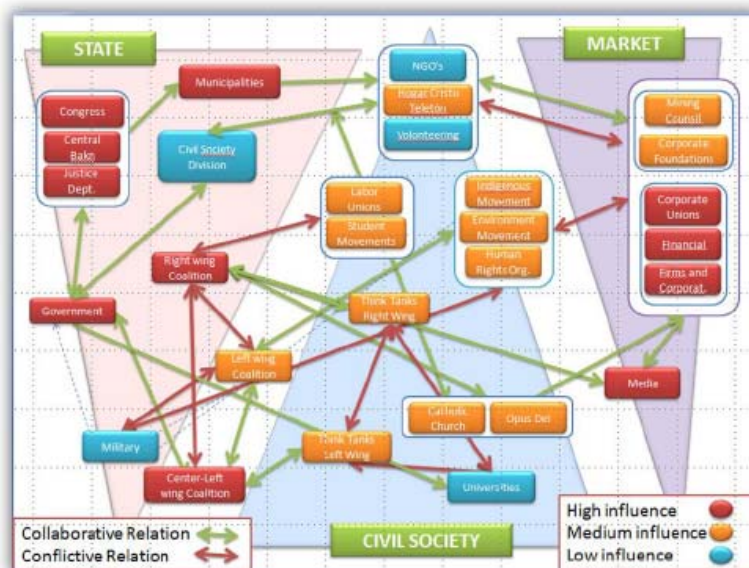


Figure 3 - Analysis of Chile's social forces by type of relationship

Effectiveness and influence

As part of an on-going study by CIVICUS of the state of civil society in 25 countries, Figure 3 provides a look at the role of NGOs and civil society in Chile. It suggests a structure for looking at the challenges and opportunities for the expansion of the role of NGOs in alleviating poverty within the structure of a given state.¹¹ In the subsequent analysis, Blanco suggests that “the majority of CSOs have low to medium influence, while those organisations with higher influence are concentrated in the state and the private sector. Private foundations tend to have

more influence. Many CSOs have earned a position of influence, with increased access to

¹¹ Diagram is taken from Analytical Country Report 2009-2011: Deepening Democracy in Chile- Civil Society Index in Chile, Christian Blanco, 2011: Fundación Soles, Civicus, p. 27.

media and enhanced material and human resources which allow them a higher standing. However, these organisations are not in the majority and, as was pointed out in a regional workshop, their position of influence often corresponds with having a difficult relationship and poor reputation with grassroots organisations.”¹²

Expanding the role of NGOs and Civil Society: The challenge of financing

From a 2010 study on the impact of the financial crisis on civil society organization,¹³ we can see some of the missed opportunities for the alleviation of poverty that could have occurred.

The revenue decline because of the crisis came at the same time as demand for services increased, requiring more, not less, funding. CSOs reported that the amount and scope of requests for support by the constituencies and partners of civil society organizations grew because of climate change and the food crises. More than half of the responding CSOs reported that demand for services has already risen substantially. They project for the next two years further increases in requests for emergency relief and for support to provide basic social services.

Later in this same study the participating civil society organisations explicitly make recommendations to governments for actions that would alleviate poverty in its multidimensionality.

CSOs are keenly aware that for all their efforts, they are relatively small actors in social development....

First, home governments where CSOs operate are strongly urged to mobilize the requisite resources for social development programmes. This requires, in the view of the survey respondents, more effectively tackling corruption and collecting taxes that are more fairly structured. The programmes needed are embodied in social safety nets, income support for the poorest, and implementation of the Decent Work Agenda. Internationally, participants called for donor governments to step up their official development assistance and to channel more of it directly through CSOs on the ground, in particular in countries in which CSOs have faced public corruption and policy indifference.

Second, CSOs look to the international community for more effective cooperation on economic matters to ensure the international cooperation needed to control tax evasion and develop innovative sources of financing social protection.

They also expressed the need to restate global principles that should govern international economic and financial policy through a new UN charter for a sustainable and socially oriented market economy.¹⁴

People around the world have been less able than before to step up their assistance. Similarly, private foundations face reduced capacity to deliver funds as their own assets

¹² Ibid. p. 29.

¹³ Eva Hanfstaengl, *Survey: Impact of the Global Economic Crises on Civil Society Organizations* (New York, Feb. 2010), p.3.

¹⁴ Ibid.

and earnings have declined in the crisis. Therefore, in the future governments and international institutions need to step in and act “counter-cyclically” and seek a way to institutionalize financial support for the necessary programmes of CSOs during global crises.

Conclusion and Recommendations ¹⁵

We know that civil society by itself cannot achieve poverty eradication. It must act in partnership with governments and other institutions but it must be one of the partners and not just a servant to carry out the designs of governments or corporations. This paper has argued for the expansion of the role of NGOs and civil society organizations in three specific areas related to poverty eradication: technical, financial, and political. It has argued that one of the essentials for eradicating poverty is the participation of those whose lives are affected by decisions and that this can only happen when there is an enabling environment designed to promote this participation. With this in mind, we offer the following:

Policy recommendations:

- People living in poverty must have an enabling environment/a participatory forum that will enhance their participation in determining and implementing the decisions and policies that affect their lives.
- The international community and governments should establish a legally binding regulatory framework for national and transnational corporations, which aims at a sustainable society.
- A modified or alternative program to the MDGs is needed to address the root causes of poverty and the social and environmental failings of the current model of economic development.
- Economic growth is not an adequate measure of the poverty. Neither is a measure such as \$1.25 per day effective in identifying those who live in poverty. Just as poverty is multidimensional, so too must its measurement be multidimensional. Reports should no longer use economic growth or \$1.25 per day as measures.
- A comprehensive program is needed to tackle the global development crisis at its roots, mitigating its social impact and preventing future crises. Needed are effective regulations and reforms in the global economic and financial system which can address the multiple crises of this time: energy, food, climate change, etc.
- Expand the role of NGOs to garner grassroots support for the initiation of a universal social protection floor that is determined at the national level.¹⁶

¹⁵ The author is grateful to the many members of the NGO Committee for Social Development who provided assistance in preparing this paper. Any errors, however, are hers.

¹⁶ During the 2012-2013 year, the NGO committee for social development will be conducting a letter-writing campaign to gather support for a social protection floor. This effort will be used to raise awareness and advocate at the national, regional and international levels for such a policy.

