

CHAPTER HIGHLIGHTS

THE STATE OF NONPROFIT AMERICA

LESTER M. SALAMON *editor*

Chapter 7 Highlights **INTERNATIONAL ASSISTANCE**

Shepard Forman and Abby Stoddard

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INTERNATIONAL ASSISTANCE *

By Shepard Forman and Abby Stoddard

During the past 30 years, non-governmental organizations (NGOs) have become key players in international relief and development efforts. But violent new intrastate conflicts, a shrinking pool of public funding, and other forces have complicated their operations and challenged their principles. According to authors Shepard Forman and Abby Stoddard, both of New York University's Center on International Cooperation, NGOs stand at a crossroads that is forcing them to reexamine their role in world crises as well as their organizational structures and operational tactics.

This analysis is part of the broader assessment of *The State of Nonprofit America*, coordinated by Dr. Lester M. Salamon of the Johns Hopkins University and published by the Brookings Institution Press in collaboration with the Aspen Institute.

Globalization is one of the most potent forces confronting international relief and development NGOs, and it has presented opportunities as well as challenges. On the downside, globalization has resulted in shrinking public sector funding coupled with fraying social safety nets in many developing nations and formerly socialist countries. Private charitable giving has failed to fill the gap. But on the other hand, globalization has also unleashed a flood of commercial capital, which is pouring into developing countries at a 500-percent higher rate than a decade ago, offering both a new source of fundraising and possibilities of private sector partnerships.

Forman and Stoddard contend that the future of NGOs will include increasing numbers of partnerships with firms interested in penetrating developing markets. But, they say, these so-called "cross-sector alliances" must be approached with caution. NGOs must find a way to maintain their independence while forging closer partnerships with the private sector.

Maintaining independence amid collaboration is not a new challenge for international relief and development NGOs. In their historical analysis of the rise of the NGO sector in this field, Forman and Stoddard demonstrate how complex relationships with donor governments, as well as host governments, have prepared foreign relief and development organizations to handle such situations. It's a skill NGOs must also exercise in dealing with the trend toward the "indigenization" of relief efforts, which has fueled the rise of new indigenous organizations in developing countries. Sometimes northern NGOs find themselves in awkward competitions for funding with these new organizations that they have helped to create and strengthen.

Like collaboration, funding is an ongoing challenge for NGOs, although the sector's current financial problems are exacerbated by heightened global instability, which has thrust NGOs into a more prominent role than ever in humanitarian and development assistance. NGOs must face this challenge with a general lack of endowments and reserve funds, especially in the area of rapid humanitarian crises—in which responses must be mounted before grant applications can be made.

NGOs' funding problems increased when the United States slid into recession last year. Organizations that invested their endowments or reserves in the stock market lost a large portion of their buffer. And, in the wake of September 11, many people in the field of international assistance fear that attention and resources will be diverted away from efforts outside regions of concern to the counter-terrorist agenda.

Other challenges threatening NGOs are personnel and security problems, which have accelerated as combatants in some civil conflicts have ceased viewing humanitarian workers as off-limits targets. Unrealistic public expectations and increasing demands from donors for evidence of effectiveness also present growing challenges.

Forman and Stoddard believe the NGO sector will succeed at meeting its many new challenges, because, as they demonstrate, international relief and development has always been a highly introspective field capable of adaptation. But they say the NGO landscape will change dramatically during the next five years. They predict that the trend toward professionalism and homogenization of operating standards that is underway will accelerate. They also believe the large and reputable northern NGOs will continue to solidify their market dominance among the tightening circle of international agencies. Ultimately, Forman and Stoddard think NGOs will devolve into global networks of international affiliates with locally based capacity—networks in which southern NGOs play an increasingly vital role.

* Adapted from "International Assistance" by Shepard Forman and Abby Stoddard in Lester M. Salamon, editor. *The State of Nonprofit America*. Washington: The Brookings Institutions Press, 2002. Published in cooperation with the Aspen Institute.

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THE STATE OF NONPROFIT AMERICA

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“Tells a readable story of how a multitude of intertwined public and private trends – shifts in demography, public policy and attitudes, technology, the marketplace – have combined to shape today’s diverse nonprofit sector. Beyond reporting on how the sector has responded to past challenges, it provides provocative suggestions for changes necessary to promote nonprofits’ health over the long term. It is a welcome addition to the literature, and I commend this book to anyone interested in the special role nonprofits play in American life.”

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“Provides a revealing insight into the important role that nonprofit organizations have come to play in the effective operation of our publicly funded services. It makes clear why we must make this partnership work.”

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“The State of Nonprofit America is an indispensable resource for those who seek to understand America’s nonprofit sector and the forces that are shaping it. So good, so complete, it is both immediately relevant and bound to stand the test of time.”

– Peter B. Goldberg, President and CEO, Alliance for Children and Families

Chapter highlights are from “International Assistance” by Shepard Forman and Abby Stoddard, a chapter in *The State of Nonprofit America*, edited by Lester M. Salamon and published by the Brookings Institution Press in collaboration with the Aspen Institute.

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