THE POTENTIAL FOR DONOR MEDIATION IN NGO-STATE RELATIONS: AN ETHIOPIAN CASE STUDY

Will Campbell

Summary

Relations between NGOs and states are often characterised by conflict, since each actor is in competition with the other for development resources. This paper is concerned with situations in which co-operation between NGOs and the state offers benefits to both parties but where conflict remains. It begins by constructing a simple model to identify the key determinants of relations between NGOs and governments, based on NGO function and regime type. It argues that co-operation can offer potential benefits to both NGOs and states, by increasing the effectiveness of NGO projects and strengthening the capacity of local government. The case of Ethiopia illustrates that, even when co-operation is expected, blockages can occur. These blockages are related to international processes, through which NGOs’ control over development resources is increasing relative to those of governments, and to the uncertainty generated by transitional environments. Despite the potential for donor intervention to improve NGO-state relations in Ethiopia, a review of EU-funded NGO projects reveals barriers at the institutional and policy levels which prevent the EU from performing this role. The paper proposes interventions donors can make at project and policy levels to facilitate co-operative NGO-state relations.

1 Will Campbell was a Research Assistant at the Institute of Development Studies, Sussex, at the time of writing this paper.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>1</td>
</tr>
<tr>
<td>1. NGOs and the State</td>
<td>1</td>
</tr>
<tr>
<td>(i) The context of NGO-state relations</td>
<td>1</td>
</tr>
<tr>
<td>(ii) A framework for understanding NGO-state relations</td>
<td>3</td>
</tr>
<tr>
<td>(iii) Co-operation and conflict</td>
<td>6</td>
</tr>
<tr>
<td>(iv) Changing environments, uncertainty and blockages to co-operation</td>
<td>8</td>
</tr>
<tr>
<td>(v) A role for donors in reducing blockages?</td>
<td>10</td>
</tr>
<tr>
<td>(vi) Conclusion</td>
<td>12</td>
</tr>
<tr>
<td>2. NGOs and the State in Ethiopia</td>
<td>12</td>
</tr>
<tr>
<td>(i) NGO-State relations under the <em>Derg</em>: pre-1991</td>
<td>12</td>
</tr>
<tr>
<td>(iii) Conclusions</td>
<td>17</td>
</tr>
<tr>
<td>3. The European Union and NGO-State Relations in Ethiopia</td>
<td>18</td>
</tr>
<tr>
<td>(i) European Commission aid to NGOs in Ethiopia</td>
<td>18</td>
</tr>
<tr>
<td>(ii) The impact of the European Commission on NGO-state relations</td>
<td>20</td>
</tr>
<tr>
<td>(iii) Conclusions</td>
<td>23</td>
</tr>
<tr>
<td>4. Conclusions: Proposals for Donor Intervention</td>
<td>23</td>
</tr>
<tr>
<td>(i) Project-level reform</td>
<td>24</td>
</tr>
<tr>
<td>(ii) Policy-level initiatives</td>
<td>24</td>
</tr>
<tr>
<td>Bibliography</td>
<td>26</td>
</tr>
</tbody>
</table>

# LIST OF FIGURES

- Figure 1: Ideal Types of NGO-State Relations 5
- Figure 2: The Share of Commission Aid to Ethiopia 19
  Channelled through NGOs
Introduction

The relationship between non-governmental organisations (NGOs) and states has never been easy - particularly in Africa. A large body of literature describes the conflict which arises out of the relationship between these two major development actors. Yet many argue that co-operation between governments and NGOs is essential if the distinct advantages of each actor are to be realised in effective development projects and programmes (e.g. Edwards and Hulme 1992).

This paper is concerned with situations in which co-operation between NGOs and the state offers benefits to both parties but where conflict remains. Its aim is to identify ways in which donors can intervene to improve NGO-state relations. The first section of the paper asks under what circumstances conflict is likely to be most and least intense, drawing on the literature on NGOs and the state. The potential role donors can play in reducing conflict is outlined. Section Two considers NGOs and the state in Ethiopia under the military regime (1974-1991) and under the Transitional Government (1991-1995) and discusses some of the blockages to co-operation in recent Ethiopian history. The experience of donors in NGO-state conflict in Ethiopia is outlined in the third section, with reference to an assessment of the impact of European Union aid to NGOs in Ethiopia. The concluding section offers donors a set of proposals to improve NGO-state co-operation.

1. NGOs and the State

(i) The context of NGO-state relations

It is important to establish at the outset what we mean by an NGO. The OECD suggests the following definition: "... an organisation established and governed by a group of private citizens for a stated philanthropic purpose, and supported by

---

2. This paper draws on an evaluation study conducted for the European Commission in Ethiopia in 1994/95 (IDS/IDR 1996). It does not necessarily reflect the views of the Commission, the Institute of Development Studies or the Institute of Development Research. Thanks to Simon Maxwell, David O'Brien, Mark Robinson and Carl Jackson for comments on earlier versions of the paper. Responsibility for omissions and errors lies exclusively with the author.
voluntary individual contributions” (OECD 1988: 14). This paper is concerned with those NGOs working in the development field. Even among these NGOs, however, there is diversity, with NGOs ranging from small, community self-help groups, to powerful international resource-mobilisers and policy advocates. It is useful to distinguish between international, indigenous, northern and southern NGOs. Northern NGOs are those with their head office located in a northern, donor country; southern NGOs are based in a developing country in the South. International NGOs (INGOs) are those which offer funding to, or operate in, more than one country; indigenous or national NGOs operate only in their country of origin. This paper will focus largely on international NGOs.

The growing stature of NGOs in development is related to the decline of the state as the dominant development actor in Africa. There has been a paradigmatic shift since the 1970s in the attitudes of donors and development policy-makers, away from state-centred development models towards more participatory, ‘bottom-up’ approaches. The African state has been criticised from both the right and the left, as being anti-market or as performing a ‘neo-colonialist’ role. Under Structural Adjustment Programmes, the crisis in public sector finances has been exposed and retrenchment of public sector workers has become the norm. The African state has also come under fire on political grounds, with criticism of the lack of legitimacy of the one-party monolithic state most apparent in donors’ focus on democratisation and human rights agendas (Farrington 1993: 178-80).

In comparison, NGOs have been praised, again both by right and left, for the role they can play in development. The right sees NGOs performing a crucial role in the privatisation of previously government-owned resources; the left points to their focus on empowerment and people’s participation. The paradigmatic shift away from the state towards NGOs has created a set of oppositional views of NGOs and governments. Bishwapriya Sanyal has dubbed this the ‘good guy/bad guy’ approach. This view holds that NGOs are small, and therefore less bureaucratic than governments; they operate closer to beneficiaries and have greater knowledge of local resources and indigenous technology; they are neither coercive nor profit-seeking, focusing instead on empowerment and economic well-being; they have a holistic, cross-sectoral view of development; and they work in opposition to state policies through solidarity with the poor (Sanyal 1994: 38/9). One result of the dualistic view of states and NGOs is that NGOs have been increasingly used by donors to implement public policy, though sub-contracting arrangements. Hence, the ‘roll-back of the state’ has been accompanied by a growth in NGO service-provision and the replacement of
government structures by informal, non-governmental arrangements. (Farrington 1993: 189; Bennet 1995: xii)

The increasing acceptance of the 'NGO approach' to development has not gone without criticism. Common criticisms are listed below:

- NGOs have a limited capacity for research.
- They make weak links with wider policy arenas.
- They have weak interaction with other NGOs doing similar work.
- Their effects are small and localised.
- There is an absence of representativeness and accountability mechanisms.

These limitations have, in turn, made many governments suspicious of NGOs. A common view of international NGOs from an African perspective is expressed clearly by Yash Tandon: "Their secrecy, their non-transparency, the non-reciprocity of relations between northern and southern NGOs on matters of evaluation, the complexity of the constituencies from which the western NGOs derive their agendas and to which they are accountable - all these make western NGOs difficult for Africa to understand." (Tandon 1991: 75)

In conclusion, the current relationships between NGOs and governments in Africa are related to historical processes which have shaped their political and economic roles. The demise of the state's dominance in development thinking, coupled with the dramatic increase in development aid budgets granted to NGOs, have resulted in political tensions for control over development resources. As Michael Bratton argues:

> At base, the relationship between governments and non-governmental organizations is a political question that impinges on the legitimacy of various types of institutions to exercise power. Who has the right to assert leadership, to organize people, and to allocate resources in the development enterprise? (Bratton 1989: 570)

(ii) **A framework for understanding NGO-state relations**

Edwards and Hulme argue that, "traditionally, most NGOs have been suspicious of governments, their relationships varying between benign neglect and outright hostility" (1992: 16). This suspicion is related in part to difference in organisational structure and developmental objectives. For example, NGOs are often characterised
by flexibility and non-hierarchical structures, with values of participation and empowerment, whereas states tend to take the form of large, hierarchical bureaucracies, with centralised and paternalistic notions of development. Governments also tend to be suspicious of NGOs, of the resources they command, of the agendas they serve and of the values they hold.

This section proposes three 'ideal types' of NGO and regime, in order to provide a simple framework for understanding and predicting the nature of NGO-state relations. It should be emphasised, however, that not all NGOs are in conflict with all states. There is a diversity of philosophies and objectives between - and within - each, which results in a complex set of relations between NGOs and states.

John Clark (1992: 153) suggests three categories of regime which offer distinct environments in which NGOs can operate. The first category is liberal democracy, characterised by freedom of association. Here, in theory, NGOs are welcomed as an integral part of civil society and provoke little hostility to government. The second regime type is the single-party state. Here, a government may tolerate NGOs, particularly if their projects complement the government's development philosophy. There is, however, a greater risk of NGOs falling out of favour by following programmes independently of government and, especially, by opposing and criticising government policies. The most difficult environment for NGOs is experienced in the third type of regime, military and other dictatorships. If NGOs are restricted in following their own programmes, they are likely to side with the political opposition.

The nature of relations with government is also dependent on the functions served by NGOs. Welfare-provisioning NGOs, engaged in humanitarian relief (or 'First Generation NGOs', in Korten's terminology), are the least likely to experience conflict with the state. They may be positively welcomed, given that they reduce the burden on the state to provide social services. They also tend not to challenge government-held notions of development. The degree of political sensitivity of the work of humanitarian NGOs often depends on the geographical location of their projects. If they operate in marginal areas, with people excluded by, or opposed to, government, they may experience government restrictions.

NGOs engaged in grassroots development work, on the other hand, are more likely to provoke hostility. This is particularly true if they espouse a development philosophy in conflict with that of the state. Notions of people's empowerment, for example, are not likely to sit comfortably with a government threatened by unpopularity. Under
stable, democratic governments, these NGOs are more likely to be tolerated. NGOs experiencing the most hostile response from governments are those engaged in advocacy, including human rights work, in host countries. The key defining feature of these NGOs is their opposition to government policies and, sometimes, to state structures. Most governments are likely to monitor and attempt to control their activities; some may even ban or expel them.

Figure 1

Ideal Types of NGO-State Relations

<table>
<thead>
<tr>
<th>NGO function</th>
<th>Welfare provision</th>
<th>Grassroots development</th>
<th>Advocacy / human rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regime type</td>
<td>Liberal democracy</td>
<td>Single-party state</td>
<td>Military dictatorship</td>
</tr>
<tr>
<td>Liberal democracy</td>
<td>++</td>
<td>+</td>
<td>0</td>
</tr>
<tr>
<td>Single-party state</td>
<td>+</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Military dictatorship</td>
<td>0</td>
<td>-</td>
<td>- -</td>
</tr>
</tbody>
</table>

The three types of regime and the three functions of NGO are presented as a matrix in Figure 1. The best prospects for NGO-state relations (+ +) can be expected when NGOs perform welfare provisioning functions under liberal democracies; the greatest hostility (- -) is likely when NGOs engage in advocacy under military dictatorships. Between these two extremes, relations can be expected to be generally positive (+), neutral (0) or negative (-).
(iii) Co-operation and conflict

Development is the outcome of a synergistic process which combines the growth impulses from the top and bottom. To create this synergy the State and NGOs must work together, but only in ways which sustain the relative autonomy of each. (Sanyal 1994: 1)

Co-operation between NGOs and governments is often recommended on effectiveness criteria: in order to make, "the maximum use of all available resources and complementarity of skills" (Fowler 1988: 22). This is often interpreted in terms of the distinct 'comparative advantage' held by each development actor: "in contrast to NGO programmes, which tend to be good but limited in scope, governmental development efforts are often large in scale but limited in their impact" (Edwards & Hulme 1992: 13).

From an NGO perspective, co-operation offers possibilities of 'scaling-up' the impact of projects. John Clark suggests NGOs can scale-up in four ways: through project replication, mobilising grassroots organisations, influencing policy reform and promoting international advocacy (Clark 1992: 153). Relations with the state are central to notions of scaling-up, either in an oppositional sense (lobbying for policy reform) or in a co-operative or complementary sense (project replication/expansion). There are also practical benefits to be gained by NGO co-operation with states, such as the rapid processing of registration documents or exemption from import duties.

From the perspective of the state, co-operation can offer benefits other than through scaling-up. First, interaction with NGOs can offer opportunities for learning from NGO approaches. An example of this is in the increasing adoption by state institutions of Participatory Learning Approaches to development (PLA, formerly PRA) (Chambers 1992). Second, co-operation enables governments to co-ordinate NGO projects in such a way that national development priorities are served. Third, co-operation can offer a non-confrontational and effective way of monitoring NGO activities. Last, the appearance of co-operative NGO-state relationships may attract donor funding to the state. This could come either directly, because of 'good governance' criteria, or in the form of joint government-NGO projects.

The costs of co-operation lie in the benefits each institution gains from its position of autonomy. Alan Fowler identifies three potential costs to NGOs of co-operation. First,
co-operation may lead to government co-optation or control. This is a particular
danger for southern NGOs operating in a hostile state environment but can also apply
to INGOs, and in apparently co-operative environments. The second cost is a
reduction in NGO organisational flexibility, which may result from adherence to
stringent government financial and reporting requirements. Third, NGOs may face
political costs of being identified with one regime by its successor. (Fowler 1988: 22)

The state’s autonomy can also be threatened by co-operation with NGOs. For example,
where the government’s development philosophy is opposed to that adopted by NGOs,
co-operation may undermine the development practices of the government. Where the
state’s legitimacy is weak, there are likely to be significant political costs from co-
operating in the spread of an alternative developmental paradigm. Even when the state
is politically secure, the exposure of civil servants to NGO approaches may
compromise the development goals of the government.

The costs and benefits of co-operation vary with the functions of the NGO and the
regime type: clearly, the benefits of NGO-state co-operation are greater the more
positive the relationship. However, in an environment of hostility or opposition, the
costs may exceed the benefits of co-operation. For example, an NGO may choose not
to co-operate with the state because of the threat of co-optation. And it may not be in
the interests of government to expose state employees to potentially subversive
approaches to development. In such situations, a relation of distance, or low profile,
between NGOs and governments may be the most appropriate course of action
(Bratton 1989: 581).

In relation to Figure 1, the benefits of co-operation are likely to exceed the costs for
each partner where the interaction of regime type and NGO function produces a
positive environment for NGO-state relations (the top left of the matrix). Where the
environment is more hostile (in the bottom right), however, the costs of co-operation
may outweigh the benefits.

In order to realise the benefits from co-operation, NGOs and states can enter into
various institutional arrangements. Eve Sandberg proposes four ideal types,
representing different attempts at institutionalising NGO-state relations in Africa
(Sandberg 1993). They are summarised below:
• **No formal institutionalised meetings**: NGOs and states remain autonomous, with co-operation only taking place on an informal level, perhaps between an individual NGO and a local government ministry.

• **A single office in the state**: one ministry, or the office of the President, is entrusted with official registration and co-ordination of NGO activities.

• **Each ministry is responsible for co-ordinating NGO-state relations within its sectoral jurisdiction**: for example, an NGO engaged in agricultural projects registers, and enters into co-operative relations, with the Ministry of Agriculture.

• **Co-ordinating at the level of decentralised local government**: local government co-operates with NGOs operating in each region.

These institutional arrangements can be used by the state to perform a variety of functions. They can be used for administrative purposes, such as speeding registration and tax exemption procedures for international NGOs; for co-operative purposes, to facilitate dialogue, information sharing and planning; and as mechanisms of control or restriction of NGO activities.

NGO co-ordinating bodies exist in many African countries, with the main purpose of increasing contact and information flows between NGOs. Another purpose of such bodies is to improve links with government (Stremlau 1987: 216). They can do this in three main ways:

• Providing services to member NGOs and government, such as providing registration details.

• Facilitating information flows between NGOs and government.

• Co-ordinating NGO advocacy work.

Again, NGOs can use co-ordinating bodies either to improve co-operation with government or to strengthen autonomy and opposition to government.

**(iv) Changing environments, uncertainty and blockages to co-operation**

Despite the potential benefits of co-operation between NGOs and states outlined above, there may be 'blockages'. These arise when the development roles of the two actors are undergoing change. This section will briefly outline two common sets of blockages.
The first relates to issues raised in the first section of the paper. The increase in resources channelled through NGOs since the 1970s has been accompanied by the roll-back of the state under structural adjustment programmes. This has resulted in NGOs taking over functions previously provided by the state, most clearly seen in social welfare provision. Donors have increasingly undertaken sub-contracting relationships with NGOs, where NGOs implement donors’ social welfare agenda directly, rather than through state institutions. This has been referred to as the ‘internationalisation of public welfare’ (Duffield 1991). In development work, NGOs also have a tendency to bypass state institutions, establishing ‘parallel structures’ for implementation of projects. Here, community-based organisations, or user groups, are used for implementation, rather than local government.

The phenomenon of NGOs bypassing state institutions is most pronounced in states where government capacity is weak, particularly in some of the poorest sub-Saharan African societies, where local government has almost disintegrated under structural adjustment. This is acknowledged by two NGO workers in southern Africa in the following extract.

The state is withering away at a local level in countries such as Mozambique and Zambia, though not quite in the manner that Marx predicted. Gallantly stepping into the breach come the [northern] NGOs [NNGOs]... Whole districts, or sections of once-functioning government ministries, are handed over to foreigners to run, especially in health and social services. This process is enhanced as structural adjustment programmes bite ever deeper... The more NNGOs are prepared to move in, the easier it becomes for governments to reduce support... But NNGOs have notoriously short time frames; they are rarely able (even if willing) to commit themselves for more than 3 years ahead... The example of Mozambique is instructive. There, discovering an absence of (southern) NGOs, many NNGOs responded by setting up their own operations, rather than working through the existing government structures... This clearly represents a process of institutional undermining rather than institution building... Surely it is a self-fulfilling prophecy when NNGOs then say that they are forced to become operational because of weak government structures? (Palmer and Rossiter 1990: 48/49)

Under these conditions, it is hardly surprising that governments have become ever suspicious of NGOs. If NGOs and the state are seen as competitors in development, the above example shows that in some situations NGOs have the upper hand. Yet, as Palmer and Rossiter acknowledge, NGOs cannot replace the state, "for they have no legitimacy, authority or sovereignty and, crucially, they are self-selected and are thus not accountable" (ibid.). A response by government may be to attempt to restrict NGO operations, in order to prevent NGOs from spreading their control over development resources.
The second set of blockages arises in transitional environments, where the instability or changing nature of the regime results in uncertainty for states and NGOs. The framework in Figure 1 can be seen as a rather static view of state-NGO relations. A dynamic approach would also consider the changing nature of the regime. If a government is engaged in political liberalisation, for example transforming from military to civilian rule, NGO-state relations would be expected to improve, as we have seen. There can, however, be 'transactions costs', where the uncertainty of the nature and extent of political reform reduces the prospects for co-operation. This can, for example, result from the increase in competition between state and civil society institutions unleashed by political reform. Even if a reform process is intended to increase political space for civil society institutions, conflict may arise as NGOs and the state flex their muscles in the new political environment.

(v) A role for donors in reducing blockages?

The literature on NGO-state relations abounds with references to the potential role that international donors can play in reducing conflict between NGOs and the state. Anne Gordon Drabek, for example, argues that, "multilateral donors may be able to serve as a kind of 'buffer' between governments and NGOs in order to avoid unnecessary political tension and to promote coherent national development strategies" (Drabek 1987: xiv.; see also Farrington 1993: 189). Eve Sandberg claims that, "in every case where successful NGO-State collaboration has been achieved to any degree, donors have played an important role offering payoffs for both state and NGOs for initial participation" (Sandberg 1993: 13).

It is possible to identify three reasons why donors are in a unique position to perform such a role. First, both NGOs and governments are increasingly dependent on donors for aid resources. This has given donors a great deal of power in defining developmental agendas, through the imposition of aid conditionalities. Conditionality is most apparent in its impact on recipient governments, for example in relation to structural adjustment programmes or human rights agendas. It is also evident in the funding of NGO projects and programmes, where donors expect NGOs to fulfil certain implicit conditionalities, such as the encouragement of a project focus on poverty, gender or environmental issues.

Second, donors usually have relations with both governments and NGOs in recipient countries. This gives them a strong position to facilitate communication between the
two. Some donor representatives have contact with both government and NGO staff, which enables them to perform a mediating role in situations of conflict.

Third, many of the blockages to co-operation discussed in the last section relate to the agenda of donors. Increased donor funding of NGOs, for example, lies at the heart of government competition with NGOs. And uncertainty about the trend of future funding exacerbates such tension. This suggests that donors bear some responsibility for deteriorating relations between NGOs and states and that they may be able to reduce conflict by being more open about their political and developmental agendas.

While the literature proposes a role for donors in promoting co-operation between NGOs and states, the mechanisms for achieving it are rarely elaborated. It is, however, possible to identify potential donor interventions in situations where blockages prevent co-operative relations between NGOs and the state. Many of the potential costs to co-operation expressed by the state relate to competition with NGOs over the control of development resources, a fear that NGOs may replace the state in certain functions and that state personnel may lose their jobs or status. These fears are fostered by an uncertainty about donors' agendas in their funding of NGOs. Similarly, NGO suspicion of government is often related to uncertainty about government policy.

In order to reduce uncertainty, which underlies these perceived costs of co-operation, there are two main issues which donors can address: information and resources. One example of donor intervention to improve the information flow between NGOs and governments is the funding of co-ordination bodies for joint NGO-government meetings. These meetings provide a forum in which NGO and government concerns can be raised. They can take the form of discussion meetings on specific issues, such as NGO/government development strategies, or, where possible, they can be set up to improve information exchange between government and NGOs. Alternatively, donors can convene such meetings themselves, acting as brokers of NGO-government communication.

In order to increase the benefits from co-operation, donors can provide resources for joint NGO-government projects, as implied by Eve Sandberg in the quotation above. This reduces government fears about the transfer of resources to NGOs and also improves contact and collaboration between government and NGOs.
(vi) Conclusion

This section considered the determinants of NGO-state co-operation. It was argued that the relations between states and NGOs are determined by the regime type and the function of the NGO. The nature of the NGO-state relationship provides a set of prospects for co-operation, which are determined by the perceived costs and benefits of co-operation to each actor. Where benefits outweigh costs to co-operation, it was argued that co-operation is the best course of action for states and NGOs; where costs are greater than benefits, a relationship of distance and autonomy is preferable. But even where co-operation seems the most likely course of action, blockages prevent states and NGOs from achieving the benefits of co-operative relations. These blockages are related to uncertainty generated from the changing roles of NGOs and states and from the transitional environments in which they operate. It is possible to identify areas in which donors can intervene to reduce the blockages to conflict between NGOs and states, the most obvious concerning information and resources.

2. NGOs and the State in Ethiopia

Ethiopia provides an illustration of the ideas presented in the first section of the paper. Ethiopia’s recent political history can be divided into the 1974–91 period of dictatorship, under Mengistu Haile Mariam’s military regime (the Derg, or military committee), and the post-1991 period of transition, ending in 1995 after the election of the Ethiopian People’s Revolutionary Democratic Front (EPRDF) to Federal Government. They are two distinct periods in Ethiopian history, characterised by two distinct political and economic environments. Relations between NGOs and the state would be expected to fare quite differently in each period. This section considers NGO-state relations in Ethiopia in each period.

(i) NGO-state relations under the Derg: pre-1991

The period of military rule was characterised by state control of the economy and brutal repression of political opposition. Three major wars were fought in the period: the independence war in Eritrea, the civil war against the EPRDF, and an international war against Somalia in 1977/78. While the state was militarily and to some extent

---

4. The most glaring example of this is the Red Terror of 1977/78, in which "well in excess of 10,000 people" were murdered by state security forces in an attempt to destroy urban political opposition movements (Africa Watch 1991: 101).
economically dependent on the Soviet Union, for much of the period, most international aid donors denied Ethiopia development assistance on account of its poor human rights record, providing only emergency aid.\(^5\)

Between 1974 and 1984, several Ethiopian and international NGOs operated in the country, but only under strict state control. The military regime was openly hostile to the forces of international capitalism and western international NGOs were anathema to the Derg’s attempt to build a strong, socialist-oriented state. After the outbreak of the major famine of 1983/85, however, the number of NGOs operating in Ethiopia grew rapidly. This was in part welcomed by the Derg as a means of securing international aid resources; it was also in order that the Derg could be seen to be assisting its own people in the north and east of the country.

After 1985, many international relief NGOs remained in the country to assist ongoing emergency needs. Although the majority were engaged in relief and rehabilitation work, some focused on development projects. In addition to those operating within government-controlled Ethiopia, some NGOs channelled resources from Sudan into Eritrea and areas of northern Ethiopia controlled by the Eritrean People’s Liberation Front (EPLF) and the Tigray People’s Liberation Front (TPLF) (Duffield and Prendergast 1994).

In relation to Figure 1, the regime type in Ethiopia between 1974 and 1991 was clearly a military dictatorship, the least conducive environment for co-operative NGO-state relations. Welfare provisioning and development NGOs were tolerated, so long as they did not challenge government policy openly. In part, this tolerance stemmed from the lack of development resources from official donors. NGOs were, however, restricted from operating in regions experiencing civil unrest or warfare, and prohibited from challenging government policy. MSF (France), a humanitarian NGO, was expelled in 1985 in response to their criticism of the Derg’s resettlement policy and the wars in the north (Bratton 1988: 580). In terms of the framework in Figure 1, this can be seen as a shift in NGO function from welfare provision to advocacy, resulting in a move in relations from tolerance to hostility. Unable to engage in advocacy with the Derg, some NGOs were forced to make the choice of working either in government-controlled or opposition-held Ethiopia.\(^6\)

---

5. The notable exceptions being the European Community, the African Development Bank and the Italian Government.
6. Other NGOs did continue their programmes in government-held Ethiopia, while secretly channeling relief supplies through Ethiopian and Eritrean NGOs connected to the liberation fronts. See Duffield and Prendergast (1994).
Under the *Derg*, the costs of co-operation between the state and NGOs were clearly substantial for both parties. For NGOs working in a centralised and *dirigiste* economic environment, the possibilities of scaling-up the economic and institutional impact of projects through collaboration with government and advocacy of policy reform were limited. For a state intent on achieving a top-down transition to socialism, there was little perceived benefit in learning from participatory, bottom-up approaches to development. Although there was little alternative for NGOs but to operate through state structures at a local level, and some NGOs did support regional ministry staff with resources and training, co-operation remained limited (Jones 1992: 85).

The state’s institutional arrangements relating to NGOs focused very much on control. Each NGO was required to register with the Relief and Rehabilitation Commission (RRC); projects then had to be cleared with the relevant line ministry. These mechanisms were used to restrict NGO operations. The most important co-ordination body for NGOs was the Christian Relief and Development Association (CRDA) which, by 1988, had 53 members (Borton 1995: 35). Under the *Derg*, CRDA’s role was limited to ensuring the autonomy of member NGOs and in promoting inter-NGO co-operation.

(ii) **NGOs and the Transitional Government: 1991-1995**

During the transitional period, 1991-1995, the victorious EPRDF established a Transitional Government (TGE), comprised of the various movements opposed to the *Derg* and representatives of ethnic groups. The TGE embarked on a process of political and economic liberalisation, including a regionalisation policy, wrote a new constitution and set the stage for multi-party regional and national elections. In the national elections held in May 1995, which ended the transitional period, the EPRDF "swept the board" (Africa Confidential 1995: 4) and the Federal Democratic Republic of Ethiopia was established.

However dramatic the change in regimes in Ethiopia, the TGE was by no means a liberal democracy. The legitimacy of the TGE was hampered by the withdrawal of the Oromo Liberation Front (OLF) and other opposition movements, which resolved to continue the armed struggle. Proclamations of a free and independent press and judiciary were tempered by accusations of control and interference. Independent observations of election processes, although generally positive, were qualified. However, the TGE certainly offered substantially more political space to civil society institutions than the previous regime.
Operational NGOs in Ethiopia have proliferated since 1991. According to the RRC, the number of registered NGOs has grown from 60 to 250. The end of the military period in Ethiopia, the establishment of peace, a more liberal political and economic environment and Ethiopia’s extreme needs all played their part in this growth.

The increase in political space for civil society institutions in Ethiopia eased relations between the state and NGOs. There was little danger of any *bona fide* NGO being expelled or banned. The new political and developmental direction of the TGE also suggested that relations between the state and NGOs would improve radically. As well as promoting a more liberal political and economic environment, the development philosophy of the new regime was more in tune with NGO approaches, including a focus on grassroots participation. Therefore, the potential for scaling-up NGO activities was more favourable. There was also a much greater willingness on the part of the government to learn from NGO approaches, and a clear desire to incorporate NGO projects into national development objectives. Moreover, the existence of an independent co-ordinating body for NGOs, CRDA, which by 1995 had 64 members and 36 associated members (including non-Christian NGOs), offered potential for facilitating co-operative NGO-state relations. It appeared that the potential benefits of NGO-state co-operation greatly outweighed the costs.

However, new sets of tensions between NGOs and the state were unleashed, which were related to Ethiopia’s transitional environment. The growth of NGO activity occurred simultaneously with the dismantling of the Stalinist state apparatus of the military regime, with the decentralisation of state functions to regions, with economic liberalisation under a Structural Adjustment Programme, and with an ever increasing donor tendency to channel aid resources through NGOs. The TGE sought to impose rules and regulations on NGOs, in order to co-ordinate their operations and to ensure that their activities did not threaten the legitimacy of the state.

These tensions were apparent in focus group discussions with NGO staff held in Addis Ababa in March 1995. Although they welcomed the new political and economic environment in which they were working, they claimed there was almost no change in the poor relations between NGOs and the state. Many said that the Transitional Government had attempted to impose even greater controls on their operations than the military regime. As an example, the TGE’s *General Guidelines for the Implementation of the National Policy on Disaster Prevention and Management (NPDPDM)* (TGE 1994) devotes 41 pages to conditions of NGO operations in Ethiopia.

---

This document, which limits the number of expatriates eligible to work for NGOs and authorises the RRC to assign NGOs to regions, was seen by many NGOs as a threat to their autonomy. Several government representatives also demonstrated hostility towards the NGO community, appearing suspicious of their political interests and the lack of accountability of their work. This suspicion is apparent in the tone of the General Guidelines.

The tension between NGOs and the TGE can be explained by fears surrounding the transitional environment in Ethiopia. NGOs were uncertain about the direction of the political transition and were unclear about the nature of the government, given the EPRDF’s past commitment to Marxist-Leninist ideology. They were also uncertain about the direction of the reform process, particularly concerning regionalisation, which has involved an extremely strong decentralisation of decision-making power to ten regional states. While many NGOs expressed fears about the political ramifications of an ethnically-based federal system, all NGOs experienced the impact of regionalisation in operational terms. Under the new system, NGOs must register at the federal level, but reach agreements about projects at the regional level. This resulted in a great deal of uncertainty about operational procedures and about the relative power of the regions vis à vis the centre.

There was also uncertainty at the Central level about which state institutions are responsible for co-ordinating NGOs: while the RRC set out the framework for NGO operations in the General Guidelines, for example, NGOs had now to register with the Ministry of Justice. These uncertainties made NGOs reluctant to enter into co-operative agreements with the state. The government, for its part, was suspicious of the increasing resources channelled through NGOs, seeing them as competitors over aid resources instead of partners in development. It also distrusted donors’ political agenda in channelling resources through NGOs, rather than directly through government.9

More recently, there is evidence that NGO-state relations have improved somewhat. Discussions in Ethiopia in December 1995 revealed that many NGOs now accept that the government is entitled to co-ordinate NGO activities and support the present policy of fostering the growth of Ethiopian NGOs. The RRC, for its part, now differentiates between 'good and bad NGOs', suggesting a degree of acceptance of

---

8. As were other observers: see, for example, de Waal (1994).
9. One government official complained to me that he received no information on which NGO was funded by which donor. This perceived lack of transparency around donor/NGO funding contributed to suspicion.
NGOs. In operational terms, there is also evidence of increasing NGO-government co-operation: many NGOs are beginning to provide direct institutional support to regional government line departments in the form of training, secondment or the provision of resources.

It is too early to assess the extent to which NGO-state relations are likely to improve. It is possible, however, to speculate on reasons for the improvement. The election of the first Federal Democratic Government and Regional governments in May 1995 has probably given government a degree of legitimacy and has reduced the potential for political instability in Ethiopia for the foreseeable future. This has undoubtedly reduced some of the uncertainty surrounding the political environment. And it is clear that state institutions and NGOs have put a great deal of work into understanding each other’s positions. Conflict still remains, however: at the end of 1995, ten Ethiopian NGOs were suspended, which raises questions about the future direction of state-NGO relations.

(iii) Conclusions

The Ethiopian case is a good example of blockages to NGO-state co-operation in a transitional political environment. Under the Derg, NGOs and the state adopted positions of non-co-operation. The establishment of the TGE in 1991 raised the prospect of much greater co-operation. But co-operation was not fully realised during the transitional period because of uncertainty and mutual suspicion. NGOs, on the whole, retained their positions of non-co-operation established under the Derg. And there has clearly been a degree of ‘muscle flexing’ by the TGE, in an attempt to assert political control over resource flows into Ethiopia.

At present, the prospects for NGO-state co-operation in Ethiopia appear to be more favourable. However, it has taken four years to reach this position. It is possible that the tension could have been reduced and co-operation reached sooner with mediation by international donors. The next section will consider to what extent donors became involved in NGO-state conflict during the transitional period, with particular reference to the European Union.
3. The European Union and NGO-State Relations in Ethiopia

The European Union is one of the major international aid donors to Ethiopia. Its programmes are managed by the European Commission. Since 1976, the Commission has committed an annual average of more than ECU 110m (US$ 140m) to Ethiopia, amounting to a total of more than US$ 2.5 billion. Through the years of the Derg, the Commission was one of the few aid donors consistently to support Ethiopia with development assistance, provided under the framework of the Lomé Conventions. At the same time, the EU has been a major donor to international NGOs operating in Ethiopia.

The Commission would appear to be well-placed to promote co-operative NGO-state relations in the post-1991 period. First, its involvement in Ethiopia since the mid-1970s provides long experience of working in a complex and changing environment. Second, the Commission has had a large and diverse country programme in Ethiopia, which presents opportunities for policy dialogue. And third, the significant share of resources which have been provided to European NGOs (and, through them, to Ethiopian NGOs) offers the possibility of becoming involved in policy issues of relevance to NGOs.

This section will consider the EU’s relationship with NGOs in the context of NGO-state relations in Ethiopia. In particular, the section will ask to what extent the Commission has been successful in facilitating co-operative NGO-state relations.

(i) European Commission aid to NGOs in Ethiopia

There are three instruments of EU aid to Ethiopia which are open to NGOs. First, emergency aid and aid to refugees is committed under the framework of the Lomé Conventions. Second, food aid is provided from the Commission's budget. NGOs have received around two-thirds of aid provided to Ethiopia under these two instruments. Third, also under the Commission budget, is NGO cofinancing, through which the Commission provides around half of total costs of NGO development projects.

---

10. The Lomé Conventions set out the priorities and mechanisms of co-operation between the Commission and the African, Caribbean and Pacific (ACP) states. Each Convention has covered a five year period. Resources programmed under Lomé are allocated from the Commission's European Development Fund (EDF). Additional resources are provided to ACP and other states out of the Commission's budget.

11. Relatively recently, the Commission has also funded a micro-project in Ethiopia, implemented by an Ethiopian NGO, out of Lomé resources.
Figure 2 shows the share of Commission aid to Ethiopia provided through NGOs, broken down between the three aid instruments. Clearly, food aid is the most significant component. The chart also shows that the share of aid channelled to NGOs has fallen from a peak of almost 35 per cent in the mid-1980s to 25 per cent in the early 1990s. It should be noted that, despite the falling share of NGO projects in total Commission aid to Ethiopia, the current level of 25 per cent is still relatively high.

![Figure 2](Image)

**Figure 2**

The Share of Commission aid to Ethiopia channelled through NGOs (an estimate)

Commission aid to NGOs is administered by various divisions of DGVIII (the Commission’s Directorate-General for Development): section B/1 is responsible for food aid; B/2 for NGO cofinancing, and the European Commission’s Humanitarian Office (ECHO) for emergency/refugee aid. As the Commission’s country Delegations are responsible primarily for the management of aid programmed under Lomé, they

---

12. This runs counter to the experience of most bilateral donors, which have channelled ever-increasing quantities of aid through NGOs (Sklias 1993: 74-5). There are two main reasons for this apparent anomaly. First, Ethiopia experienced two major famines in 1984/5 and 1987/88, which resulted in unusually high levels of emergency and food aid in the 1980s. The major role played by NGOs in the provision of humanitarian assistance was reflected by a much higher NGO share in total Commission aid in those years. Second, the unfavourable policy environment in Ethiopia during the 1980s led the Commission to channel a greater proportion of its aid resources to NGOs.
play a limited role in aid to NGOs. For example, of the twelve professional staff employed by the Addis Ababa Delegation in 1995, only two were involved with NGOs: an economic adviser, who was responsible for NGO cofinancing, as well as other tasks; and a food aid monitor.

Commission aid through NGOs is thus relatively centralised in Brussels. This offers several advantages. First, it is relatively efficient: information flows between the NGO European head office and Brussels, reducing the involvement of the recipient country NGO (or implementing NGO) and the country Delegation. Second, it ensures that project proposals and reporting are standardised for all NGOs operating in all countries. Third, when governments are perceived as ‘unreceptive’, offering limited opportunities for promoting humanitarian and developmental objectives, centralised programming offers a means of by-passing government channels.

(ii) The impact of the European Commission on NGO-state relations

In the pre-1991 period in Ethiopia, when the Ethiopian government was generally unreceptive as an aid recipient, the centralisation of Commission funding for NGOs acted as a distinct advantage. The additionality and separation of resources channelled to NGOs from those programmed through government channels enabled the Commission to support NGO autonomy in the face of a hostile military government. Indeed, it enabled the Commission to perform a political balancing act: supporting NGOs engaged in relief and development activities in areas controlled by the Eritrean and Tigrayan liberation movements, while maintaining a significant aid programme in government-held Ethiopia.

During the Transitional period, when the TGE was perceived by donors as a more receptive aid recipient, there is evidence that the EU became more involved in dialogue with NGOs. For example, in 1992, EuronAid (an intermediary agency entrusted with supplying NGOs with food aid) sponsored a major seminar on food aid in Ethiopia. And there have been several meetings between Delegation staff and NGOs.

On the other hand, there is also evidence that the EU could have had a bigger impact in promoting co-operative NGO-state relations. The review of NGO cofinancing and food aid channelled through NGOs suggests four limitations of NGO projects. First, while NGOs are generally good at identifying emergency needs, there is evidence of geographical bias in Commission cofinanced development projects. Projects have
been concentrated in the south (Omo) and far north (Tigray) of the country, while vulnerable areas in other parts of Ethiopia, such as the east (Hararghe) and other parts of the north (Wollo, Gonder and north Shoa) have been less well covered. This has led to criticism of NGOs by government and a resulting tendency to control NGO operations, for example, by allocating NGOs to specific regions. Since the Commission cofinances NGO projects in a responsive manner, i.e. allowing NGOs to identify project location, it is unable to influence the geographic spread of NGO projects.

The second issue concerns the extent to which NGOs are prepared to work in cooperation with local government on relief and development projects. In Ethiopia, as in other countries, most NGOs have been reluctant directly to involve local state institutions in projects. Government officials complain of the relative abundance of resources brought into Ethiopia by NGOs, compared with the extremely weak capacity of regional and local government departments. While the Commission requires NGOs to set out the capacity-building components of projects in proposals, this is more often carried out in relation to local NGOs or community-based organisations, rather than to local government.

Third, relief and development interventions by NGOs have often been undertaken separately, which has reduced the potential for 'linking relief and development', a major policy of the TGE (Maxwell and Alemayehu 1994). Consequently, many NGOs have by-passed the government’s attempt to link relief projects to development activities, through Employment Generation Schemes. It should be noted that Commission staff have discussed this issue in great depth with NGOs in Ethiopia.

Finally, international NGOs are often criticised for the lack of accountability of their projects to Ethiopian institutions. Ultimately, projects are accountable to the donor from which the NGO received funding and to the governing body of the NGO. In Ethiopia, this has been a cause for concern in government circles. Again, the Commission has not addressed this issue in its criteria for project proposals.

These four limitations of NGO projects have all contributed to blockages to NGO-state co-operation in Ethiopia. And yet there are institutional barriers which have prevented the Commission from engaging more effectively in the NGO-state debate. There are three issues here.
a) Centralisation and human resources

While the centralisation of Commission aid to NGOs has benefits, as discussed above, it has reduced the scope for addressing Ethiopia-specific issues. In theory, the Ethiopia Delegation has a mandate to engage with NGOs, as well as with government. In practice, the lack of human resources in the Delegation forces staff to prioritise Lomé aid over that channelled to NGOs. In focus group discussions, for example, NGOs complained that Delegation staff tended to refer them to Brussels for advice. And government officials complained that they were unaware which NGOs were funded by the EU, let alone by how much and for which projects. Consequently, the EU has had limited success in addressing the problems of geographical concentration of NGO development projects and NGO-government collaboration on both relief and development projects.

b) Separation of budget lines for NGO projects

The separation of Commission resources channelled to NGOs for food aid and for development projects has contributed to the inability of NGOs to effectively link relief and development in Ethiopia. The Commission's food aid unit has begun to be more flexible about the use of emergency resources for development purposes and has engaged in discussions with NGOs in Ethiopia on the potential for linking relief and development. However, the separate administration of food aid and development aid to NGOs constrains the extent to which the Commission is able effectively to promote links between relief and development in Ethiopia.

c) No Commission strategy on NGOs in Ethiopia

Perhaps the most serious issue is the lack of a comprehensive EU country strategy which includes the role of NGOs. The EU expresses its country strategy in its five-yearly National Indicative Programmes. These documents focus on Lomé resources and therefore excludes aid channelled through NGOs (with the minor exception of NGO-implemented micro-projects). The lack of such a strategy reinforces the separation of NGO funding from Lomé resources and the separation of the three main budget lines available to NGOs. It also reinforces government distrust of the donor/NGO relationship, in the sense that a strategy can play a role in clarifying a donor's policy on NGOs to government.

13. This is a criticism levelled at most donors.
14. The institutional constraints to linking relief and development are explored in Davies (1994).
(iii) Conclusion

The review of Commission funding of NGOs in Ethiopia suggests that, while the EU is well-placed to mediate between NGOs and the Ethiopian state, its performance during the transitional period has been limited. In particular, the centralised administration of funding for NGOs, the separation of budget lines and the lack of a comprehensive country strategy have combined to limit the extent to which the EU was able to become involved in mediation.

The purpose of this section has not been to compare the Commission with other donors. It has simply illustrated the institutional constraints which prevent donors from mediating in NGO-state relations. The final section of the paper will build on the experience of the European Commission in Ethiopia by proposing recommendations of more general interest to donors in the NGO-state debate.

4. Conclusions: Proposals for Donor Intervention

This paper began by asserting that NGO-state relations can be characterised by conflict, since each actor is in competition with the other for development resources. A simple model was constructed to identify the key determinants of relations between NGOs and governments, based on NGO function and regime type. It was argued that co-operation can offer potential benefits to both NGOs and states, by increasing the effectiveness of NGO projects and strengthening the capacity of local government. In some situations, however, non co-operation may be a more rational course of action. Even when co-operation is expected, blockages can occur. These blockages are related to international processes, through which NGOs’ control over development resources is increasing relative to those of many governments, and to the uncertainty generated from transitional environments.

In Ethiopia, despite the potential for donor intervention to improve NGO-state relations, a review of EU-funded NGO projects reveals institutional barriers which have prevented the EU from performing this role.

This final section will propose certain areas where donors can intervene to reduce blockages to NGO-state co-operation. Interventions can be made at both project and policy level.
(i) Project-level reform

Action taken by donors to improve the effectiveness of NGO projects could also improve NGO-state relations at a local level. First, donors could require that all NGO projects pay particular attention to linkages with local government. This could involve joint project planning and implementation or simply dissemination of project experience through workshops, etc. Where possible, NGOs should consider actively strengthening local government structures. This might involve training local ministry staff or channelling resources through government structures. Such activities are appropriate in relief and development projects alike.

Second, donors should require improved accountability of NGO projects. It would be most effective if monitoring and evaluation are participatory, involving project beneficiaries and local government representatives, as well as local consultants.

These reforms can be carried out relatively simply, by updating criteria for the funding of NGO projects. The benefits would be felt by NGOs, which could increase the impact of projects through scaling-up; by the donor, through increased effectiveness of its aid; and by local government. The improved information on NGO projects transmitted to local government and the increased accountability of projects to government would be likely to make a significant contribution to reducing government's suspicion of NGO projects.

It should be noted that NGOs may resist these reforms, preferring to remain in a position of autonomy with respect to the state. But this position must be challenged if the full benefits of NGO operations are to be realised. Donors can play an important role in stressing to NGOs the importance of co-operation with governments.

(ii) Policy-level initiatives

The purpose of donor policy initiatives on NGO-state relations would be to improve the possibilities of scaling-up the impact of NGO projects and to encourage the coherence of NGO projects with government-stated development objectives. There are several options which donors could follow, depending on their own analysis of the problem of state-NGO relations in each country and the funds available for policy work. Possible options include:
• A country-level task force on the role of NGOs. This could involve international and southern NGOs, government representatives and other donors. It could look at current development issues and government policies.

• Organising workshops on issues of concern to NGOs or government, such as the changing nature of NGO funding or the effects of political reform on NGOs.

• Convening regular NGO-government meetings where they do not already exist. These could be organised from the government side, the NGO side or independently of each, through the donor. They would act as a platform for airing concerns, such as discussing the government’s registration procedures, and planning joint activities.

• Providing funds to government and NGO co-ordination bodies to convene meetings themselves.

These measures would benefit both NGOs and government, by fostering a greater mutual understanding of agendas and interests and by removing some of the obstacles which are currently hampering NGO-state co-operation. They would also benefit the donors’ profile.

It is clear that donors are in a strong position to intervene to improve co-operation between NGOs and government. They will not be able to address all of the concerns of each party. Deepening structural adjustment processes and a continued tendency for donors to channel funds through NGOs, for example, is likely to remain a reality, at least in the short-term. Donors can, however, act to remove some of the constraints to co-operation, thereby promoting a more favourable environment for effective development projects.
BIBLIOGRAPHY

Africa Confidential (1995), 'No Contest,' 36: 11, May


CEC (1987), 'General Conditions for the Cofinancing of Projects Undertaken in Developing Countries by Non-Governmental Organisations (NGOs)'; DG VIII, VIII/764/87/EN, Budget article B7-5010


Clark, John (1992), Democratising development: NGOs and the State,' Development in Practice, 2: 3

Davies, Susanna (1994), 'Public Institutions, People and Famine Mitigation', IDS Bulletin, 25:4


Farrington, John, Anthony Bebbington, with Kate Wellard and David J. Lewis (1993), Reluctant Partners? Non-Governmental Organizations, the State and Sustainable Agricultural Development, London and New York: Routledge


OECD (1988), Voluntary Aid for Development: The Role of Non-Governmental Organisations, Paris: OECD


Pearce, Jenny (1993), 'NGOs and Social Change: Agents or Facilitators,' Development in Practice, 3: 3


Sklias, P.G. (1993), The International Political Economy of Non-Governmental Development Organizations (NGDOs): The Case of the European Community, Athens: Hellenic Institute of Co-operation and Solidarity (Helinas)


Tandon, Yash (1991), 'Foreign Ngos, Uses and Abuses: An African Perspective,' IFDA Dossier, 81: April/June

TGE (1994), 'General Guidelines for the Implementation of the National Policy on Disaster Prevention and Management (NPDPM)', Addis Ababa, October