

A Managerial Dance to a Broken Systemic Tune

Non-Governmental Organizations and Aid-Funded Project Implementation

George Baah, Ph.D.

Weatherhead School of Management
Case Western Reserve University, Cleveland, Ohio
gkb22@case.edu

Abstract

Leading scholars have wondered whether shifting to heavy reliance on NGOs as aid-delivery vehicles is justified and have suggested the need to verify whether NGOs do a better job than national governments do.

This study fills a gap in the research on the operational dynamics and effectiveness of NGOs implementing aid-funded projects.

Preliminary findings, based on 19 interviews in Ghana, suggest that though the macro and systemic factors referenced in foreign-aid literature are prevalent, the main reasons behind aid-project failure are managerial.

We conclude that aid-project implementation fails because of poor alignment with government's development agenda, poor collaboration, poor planning and poor accountability.

Proposal:

Foreign aid disbursement through nongovernmental organizations (NGOs) is a significant and important part of the aid allocation and delivery process (Lancaster, 1999). The portion of foreign aid disbursed through NGOs has increased dramatically between the last decade of the 20th century and the first decade of the 21st century. Only 0.7% of foreign aid was disbursed through NGOs in 1975 (Edwards & Hulme, 1996) compared to 40% as of December 2011 (OECD Stat Data, 2012).

Two decades of surging NGO prominence in foreign-aid delivery has led some researchers to question the role of NGOs as mediators in aid delivery and their performance in managing aid-funded projects. Leading scholars such as Gilles and Yontcheva (2006); Gray, Bebbington, and Collinson (2005); Keck and Sikkink (1998); and Zaidi (1999) have wondered whether there is justification for the shift to heavy reliance on NGOs as aid-delivery vehicles and have suggested the need to verify whether NGOs do a better job than national governments do.

Nowhere are answers to these questions more urgent than in SSA. The region has become the epicenter of donor aid and development experimentation, commanding a third of OECD countries \$124 billion annual aid budget. Actual annual dollar disbursement to sub-Saharan African (SSA) countries has nearly doubled from \$22 billion in 2000 to about \$42 billion in 2010 (OECD, 2012), representing a third of OECD countries annual budget. Of the \$42

billion given to SSA countries, 40% is disbursed through a complex web of NGOs approved by donors.

Despite the importance of the debate and the prominent role of NGOs in aid administration and developmental initiatives in SSA countries, there is relatively little research on the operational dynamics and effectiveness of NGOs implementing aid-funded projects. The study behind this proposed paper is an effort to fill the gap. We attempt to answer the question of how best to deliver aid to developing countries, by carrying out a careful investigation in Ghana, an important SSA case. The fundamental questions we seek to answer are:

- How do NGOs actually operate in a receiving country?
- What are the experiences of those who have achieved success and those who have achieved less success?
- Due to NGOs' increasing role in development policy, how might one improve their effectiveness?

Ghana is a critical case. It alone receives more than \$1 billion annually in aid (OECD, 2012). Consequently, the number of NGOs operating in Ghana has increased by more than 1,300% in less than two decades. There were 350 NGOs registered and operating in Ghana in 1996 (Laird, 2008), the department of social welfare estimates that 4,500 NGO were registered in Ghana as of December 2009.

The interview subjects are NGO leaders who are leading or have led the implementation of aid-funded projects in Ghana. Preliminary results from analysis of 19 interviews indicate that though the systemic problems cited in aid literature are prevalent, the main problem facing aid-funded projects tends to be managerial in nature. The managerial problems have been categorized into poor project choice leading to lack of government alignment and buy-in, lack of genuine sustained collaboration with stakeholders, lack of accountability to stakeholders and poor project planning processes. We draw this initial conclusion by comparing the reasons behind successful and not so successful implementation of aid-funded projects respectively. The preliminary findings indicate that aid-funded project managers require managerial training to successfully implement aid-funded projects.

This research aims to shed light on the factors that affect the operational effectiveness of NGOs involved in educational, infrastructural development, health, political, social, and economic initiatives across several key regions in Ghana. The key goal is to identify distinctive experiences of successful and not-so-successful NGOs and suggest ways on how to improve their performance and possibly apply the lessons from this research in other developing countries.

Selected References

- Bräutigam, D. A., & Knack, S. (2004). Foreign aid, institutions, and governance in sub-Saharan Africa. *Economic Development and Cultural Change*, 52(2), 255–285.
- Buss, T. F., & Gardner, A. (2005). Why Foreign Aid to Haiti Failed—and How to Do It Better Next Time. Louis A. Picard, Robert Groselma, and Terry F. Buss, eds., *Foreign Aid and Foreign Policy: Lessons for the Next Half-Century*, 173.

- Collier, P. (2007). *The bottom billion: Why the poorest countries are failing and what can be done about it*. New York, NY: Oxford University Press.
- Easterly, W. (2003). Can foreign aid buy growth? *Journal of Economic Perspectives*, 17(3), 23–48.
- Ebrahim, A. (2003). Making sense of accountability: Conceptual perspectives for northern and southern nonprofits. *Nonprofit Management and Leadership*, 14, 191–212.
doi:10.1002/nml.29
- Edwards, M., & Hulme, D. (1996). *Beyond the magic bullet: NGO performance and accountability in the post Cold War world*. West Hartford, CT: Kumarian Press.
- Gray, R., Bebbington, J., & Collison, D. (2006). NGOs, civil society and accountability: making the people accountable to capital. *Accounting, Auditing & Accountability Journal*, 19(3), 319-348.
- Laird, S. E. (2007). Rolling back the African state: Implications for social development in Ghana. *Social Policy & Administration*, 41(5), 465–486.
- Lancaster, C. (1999). *Aid to Africa: So much to do, so little done*. Chicago, IL: University of Chicago Press.
- Nancy, G., & Yontcheva, B. (2006). Does NGO aid go to the poor? Empirical evidence from Europe. International Monetary Fund.