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STRUCTURES AND STRATEGIES IN RELATIONS BETWEEN NON-GOVERNMENT SERVICE PROVIDERS AND GOVERNMENTS

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SUMMARY

This is an overview of research findings on collaboration between governments and NGOs in Bangladesh, India and Pakistan in three services: basic education, health-care, and sanitation. It questions the premise that NGOs that collaborate lose their autonomy and capacity for policy influence. It finds that, even where NGOs operate in constraining institutional environments and enter agreements with government, they are able to exercise strategic choices in response. Most of the studied NGOs depended on government for less than half their funding; they all had alternative sources, and so could make strategic choices to some degree. Non-government service providers are not passive in the face of structural constraints. Even though their strategies are not usually explicit, they balance the need for financial survival, defence of their organizational identities, and commitment to their goals - including influencing government. At least for these NGOs there is no contradiction between advocacy and service delivery.

Key words: NGO, non-profit, government, service delivery, collaboration, advocacy

INTRODUCTION²

This paper examines the factors that affect relations between governments and NGOs when they collaborate in service delivery. In particular, it explores the interaction between structural factors – the institutions and organizations that set the framework within which actors operate – and the ability of organizational actors to make strategic choices to shape their environment.

As McLoughlin's article in this issue shows, the literature on state-NGO collaboration in service delivery has tended to emphasize the structural factors that affect relations between them. For some researchers and policymakers, differences of organizational form and goals provide the basis for complementary relationships between state and non-state actors: they are seen as having comparative advantages that make them potential partners. But others have found that these differences may also predispose them to rivalry and conflict. Moreover, where they enter into collaboration, the very structure of the relationship establishes rules of the game that are at least as likely to favour the influence of one side as to be equitable.

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Much of the literature finds that, especially where the relationship is organized in the form of a contract, it establishes the precedence of government over NGOs. Indeed, NGOs are likely to ingest the subordination into their own systems by a process of isomorphism that makes them more like government (Ramanath 2009). A widespread view is that NGOs in a service delivery relationship with government effectively give up their autonomy by comparison with those that maintain their distance from government by adopting a role as policy advocates (see McLoughlin this issue, Brinkerhoff 2002 and 2011).

This article explores the influence of *structural factors* but balances this with an analysis of the *strategies* that non-government service providers use to manage relationships with government. McLoughlin's article indicates that this is a relatively under-explored aspect of the literature on state-NGO relations, although the idea of 'strategic choice' is an important feature of organizational theory (see Batley and Rose this issue; Rodrigues and Child 2008 for an account). We propose that, by combining analyses of structure and strategy, we are better able to explain the effect of relationships on NGOs. The article demonstrates that, while structural factors have force, NGOs can re-interpret and even reverse structures of power.

FRAMEWORK OF THE ANALYSIS

Like the other papers in this special issue, this article examines relationships between government and NGOs in the delivery of basic sanitation, primary education and primary health care in Bangladesh, India and Pakistan. Within these fields of policy, we focus on three programmes of collaboration that are present in these countries: support by local NGOs to government primary schools; their management of government primary health care centres; and their support of government programmes for community-based sanitation. The argument is illustrated by examples of collaboration by government with national or local NGOs in each service sector. The research approach is described in Batley and Rose (in this issue); in brief, it was based on analysis of the programmes at national level, case studies of specific NGO-government relationships, and the checking of findings with forums of other NGOs involved in the same programmes.³

The article begins with a comparison of the national contexts within which relationships have evolved between government and NGOs. It then follows the framework set out in Table 1 to analyse first the *structures* that influence collaboration. These include government's policy authority and financial control in the service sectors under study, the levels of financial independence of case study NGOs, and the nature of the agreements they formed with government. At each point in the presentation of structures, we analyse their cumulative force in constraining (or not) the options of NGOs, recognizing that structural factors which constrain some actors' options may create opportunities for others.

³ This article draws on working papers and publications written by the research team. For these and further information on the research approach, see http://www.idd.bham.ac.uk/research/service_providers.shtml#Whose

We then examine the *strategic behaviour* of NGOs, analysing how far they have been governed by structural factors or have been able to shape their environment. This covers strategy at four levels: the way their agreements with government have evolved, their strategies of engagement, their influence on government policy, and their management of the relationship.

Our conclusion is that, consciously or not, NGOs take into account the limits and the opportunities that their environment presents and, except in the most extreme situations, are able to devise strategies to maintain their organizational identity and advance their policy priorities. Following the framework set out in Table 1, the findings are summarized in Table 3.

Table 1: Framework for analysing structures and strategies in relationships between governments and NGOs

Structures affecting relationships	NGOs' strategies
Governmental authority over policy and finance in the service under study	Formation of relationships by evolution
NGOs' sources and types of finance	Strategies of engagement with government: avoiding, shaping or adapting to dependence
The form of collaborative agreements between government and NGOs	The exercise of influence on government policy
	Managing the relationship with government

NATIONAL CONTEXTS

As Nair's paper in this issue shows, the particular service sectors and relationships we have examined are influenced by wider national contexts. Governments' relations with voluntary associations or NGOs have evolved historically, and are affected by the institutional characteristics of states and by the practices of governments. These factors are too wide to make a formal part of the structural analysis within the limits of an article, but this section identifies some similarities and differences between the three countries which are relevant to the later analysis.

Government policy, in all three countries and across service sectors, embraces service delivery in partnership with voluntary associations or NGOs as well as with firms. This arose partly in response to the public sector deficits and the recognized failure of public services in the 1980s, but also in response to policy prescriptions, articulated and transmitted by governments, international agencies and NGOs. However, the discourse of partnership has always met with scepticism in practice: our research shows that even governments and NGOs that formally embrace partnership have remained sceptical about its meaning and acceptability.

There are some broad similarities of basic legal and regulatory frameworks between the countries. However, practice differs markedly depending on the political régime type (i.e. its stability, inclusiveness, openness); the location of authority for service provision between levels of government; the stability of the policy and legal frameworks within which NGOs operate; the role of donor agencies in influencing national policies; the scale and organization of NGOs; and the resource dependence of NGOs on governments and donors. (Nair, this issue. See also Lewis 2004, Mayhew 2005, Sen 1999)

While Pakistan and Bangladesh are overtly more committed to policies of partnership in service delivery, these rest on a less stable and plural political environment than in India, and are more driven by donor policies. NGOs' relationship with government in India is generally managed at a more decentralized level, particularly by comparison with Bangladesh, and has little political salience for the state.

Pakistan is a case of changing relationships and policy instability with regard to NGOs, resulting from abrupt changes in régime and in the balance between military, religious and external forces. Between 1950 and the 1980s, suppression of left-liberal, advocacy movements gave way to support for welfare NGOs, takeover by the state of private education organizations, and periodic support or control of faith-based organizations. In the 1990s, elected governments also sought to limit the influence of NGOs as a challenge to their political constituencies. However, in the 1990s and 2000s, commitment to partnership with NGOs and the private sector grew under donor influence and was then consolidated under President Musharraf's military government, at least partly as a way of bypassing the civil bureaucracy and provincial political leaders. (Bano 2007)

Bangladesh, while also having a history of alternation between military and elected governments, has maintained a continuous pattern of ambivalent relationships between government and NGOs due at least partly to the strong presence of donors. NGOs emerged with strong donor support as an autonomous sector in response to the incapacity of government to cope with natural disasters in the 1970s and 1980s. With external funding, they developed parallel systems of service delivery. In the 2000s, donors then encouraged collaboration between government and NGOs, whilst also continuing to support each separately. As a consequence, relations between them are ambiguous: government attempts to regulate NGOs' access to funds, but at the same time to incorporate them into policy. NGOs have split on party lines and government has periodically taken action to limit their political activities. (Alam 2007)

India has maintained a stable and plural political environment, where there is great variety of modes of action in different political territories and levels of government. External funding by donor agencies is not an important influence except in specific local cases. Relationships are therefore less inclined to lurch in response either to external pressure or to changes of régime. The state has set the parameters of the relationship, limiting and defining the role of NGOs and the private sector. Since the 1990s, internally sponsored liberalization of the economy was accompanied by more openness to partnership with non-state actors. However, recognition of the state's dominance in setting policy for service provision is the starting point for NGOs' attempt to influence

service delivery through advocacy and collaboration. Non-government service providers maintain an ambivalent relationship with government, seeking funding or engagement but concerned not to compromise their autonomy given the state's dominant position. (Nair 2007)

In all three countries, operational collaboration in service delivery is formally at state and local level, but in Bangladesh the approval of higher levels of government is essential and in Pakistan it is important for most NGOs to maintain networks of influence with central élites. In India, state and city governments have more fully decentralized powers of policy-making as well as implementation, creating greater opportunities for negotiation of local level relationships between state and non-state actors (Sen 1999). Particularly where agreements or contracts are negotiated above the operational level of government, there is often a gulf between, on the one hand, the policy commitment to collaboration and, on the other, the professional and bureaucratic antipathy which has to be overcome by NGOs' strategies.

STRUCTURES AFFECTING RELATIONSHIPS

Governmental policy authority and financial control

The first level of our structural analysis was to consider the 'resource dependence' of organizations operating in the chosen sectors; specifically, the policy and financial arrangements under which NGOs were involved in supporting government primary health care centres, primary schools, and community-based sanitation. The question is how far governments exercise policy authority and financial control over NGOs.

In organizational theory, 'resource dependence' is signified by the degree to which actors' discretion is limited by other actors' authority, control of finance, information and other inputs. Organizational actors may be able to mobilize resources and establish their independence, or they may be dependent on resources controlled by others. (Pfeffer and Salancik 1978; Oliver 1991) In the spheres of policy studied, the level of NGO resource dependence was considered against the following factors:

1. The authoritativeness of government policy within which NGO collaborators have to operate
2. The extent to which funding arrangements legitimize and give authority to government policy
3. Whether NGOs operate primarily in direct individual relationships with government or in networks with other NGOs

The level of their dependence (high, medium or low) was a matter of degree based on permutations of these factors. The research found no instances where NGO providers were wholly dependent on government or donors.

High dependency: A strong government policy stance is supported by associated flows of funding. NGOs are bound into this by formal agreements leading to mainly hierarchical relations with government, without significant collaboration with other NGOs.

Medium dependency: A broad framework of government policy creates opportunities for alternative methods of non-governmental engagement, with various sources of funding. Relations between NGO and government may be more or less formal and contractual.

Low dependency: Government policy is weak or absent and not supported by significant resources. Programmes and funding are generated through particular relationships between NGOs and regional or local governments. The primary networks of NGOs are of mutual support with other NGOs, local governments and funders.

NGOs operating in a more dependent environment have the benefit of clear sources of funding as long as they conform to national policy. On the other hand, there is a price to pay: where policy is highly specified, NGOs may be required to act as agents. By comparison, those operating in less dependent environments have to be more reliant on their own capacity to mobilize resources and negotiate policy with government, often at local or regional levels.

A classic example of *high dependency* is the contracting out of primary health centres in Bangladesh. Here, unlike the other two countries, in both urban and rural environments there is a national policy commitment to contracting out. Bangladesh's Urban Primary Health Care Project is funded by donors and coordinated by the Asian Development Bank but the funding is channelled through government. In the poorer areas of the country's largest cities and towns, government primary health centres serving a total population of 10 million have been contracted out by open competitive tender to 20 NGOs. The project is administered through an elaborate structure linking levels of government, and through contracts that specify in detail the activities and functioning of NGO-managed centres. NGOs' dependence arises from their incorporation into a government-managed system of implementation and from the unity of government authority with donor funding. (Alam, this issue)

Medium dependency environments offer a more open policy framework and alternative sources of funding. An example is NGO provision of government sponsored non-formal education (NFE) in India. Indian education plans recognize the role of NGOs in supporting government's objectives. NFE programmes for 'out of school' children were initiated by some state governments in the 1970s, and then adopted in a central scheme for educationally backward areas. By 2000, more than 300,000 NFE centres were funded by the national government with both state governments and NGOs receiving assistance. Donors funded additional centres directly. Government and donor funding were then consolidated into one Education for All programme through which NGO centres were fully funded. So government provides a broad framework of policy and funding within which state and local governments negotiate with NGOs their own form of collaboration, whether by contracting them to run education centres, or to support government schools. Many NGOs bring to these relationships their own additional funding. (Rose, this issue)

Community-based urban sanitation in Pakistan is an example of *low dependency*, where government supports only a very loose policy environment. Urban sanitation has received low national priority and strong cases have depended largely on the initiative of particular NGOs with city councils and provincial governments. The national government has offered limited support for private, voluntary and community actors in the water and sanitation sectors, giving grants for community-managed schemes. Unlike Bangladesh, there is no country-wide programme for urban community sanitation but only sporadic provincial and city programmes. The most significant of these, where large NGOs work in partnership with local governments, small NGOs and communities, are: the Tareeqi Foundation in Balochistan and the Orangi Pilot Project in Karachi. Both models have been replicated: the first with UNICEF and federal government support; the second by the adoption of the OPP model by other city governments with NGOs. (Bano; Sansom, this issue)

In general, the Bangladeshi examples are associated with more directive policy frameworks matched by greater NGO dependence for funding. Although there are many other cases where donors fund NGOs directly, in our examples donors have chosen to channel funds through government. Across the countries, the sanitation cases present the least controlling environment. Sansom, in this issue, explains this sectoral distinction as a result of the fact that sanitation rarely has a clear ministerial home, and that it has been neglected as a focus of policy and funding. As he explains, the strongest steps to policy coherence in sanitation have been taken in Bangladesh.

Sources of funding and the level of NGOs' financial dependence

The next step in the structural analysis was to consider the general financial position of the case study NGOs. The previous section showed that NGOs may be more or less dependent on government in the particular sector programmes that were studied. However, relationships between government and NGOs cannot be understood merely on the basis of collaboration in particular programmes. They are also affected by the funding arrangements and options that NGOs have for the whole range of their activities. Most NGOs operate in more than one policy environment. For example, the core role of the Punjab Rural Support Programme in Pakistan is to organize community self-help; managing primary health care was not part of its regular mission. The Bangladeshi Friends in Village Development organization offers micro-credit as well as basic education. On the whole, NGOs typically engage in a wide range of activities with different sources of funding, and some work in more than one service sector (Table 2).

NGOs may therefore have greater independence in their funding and in their relationship with government than would be implied by their experience in any one programme. The availability of options about the nature and sources of finance is likely to influence their strategies and their relationship with government.

Apart from the range of NGOs' activities and therefore possible sources of finance, they also had different *types* of funding to cover their administration and activities. While the

literature does identify the risk to autonomy of reliance on official, overseas and single sources of funding (Brown and Trout 2004, Clayton 1999, Hulme and Edwards 1997, Lewis and Sobhan 1999), our classification also distinguishes between funding types. These included membership subscriptions, endowments, charitable donations and grants, fees paid by individual customers, and payments by governments and donors in return for services rendered. Funding types carry with them different implications for NGOs' accountability, motives and levels of autonomy in setting their policy goals. The research identified three categories of funding types according to their likely impact on NGOs' ability to determine their own priorities and activities. The categories go from more to less dependence on funders:

1. *Project funding for tied services contracted by governments (national or local) and international agencies:* We took this to be the category that would make NGOs most dependent in defining their public purpose because it would lock them into policy priorities determined by governments or donors.
2. *Payment of fees for services by individual customers:* NGOs respond to the preference of many clients but are not subject to any. In practice, among the cases we studied, this was a small category, mainly referring to fees paid by recipients of micro-credit in a few NGOs.
3. *Contributions in support of NGOs' general objectives:* membership subscriptions, endowments, charitable donations and grants are usually made in support of the broad objectives and performance of an NGO which retains responsibility for defining the project or service to be delivered. This is the category that gives NGOs most independence in defining their purposes.

Taking into account the range of their activities, sources and types of funding, Table 2 classifies the NGOs according to their overall level of financial dependence on government. Table 3 compares this with their resource dependence on government funding and policy authority within the specific programmes. We might expect that organizations with more independent financial sources would avoid participating in very directive government programmes. With some variations, this is broadly confirmed for Indian and Pakistani NGOs. But, in the case of Bangladesh, even NGOs with relatively independent and mixed sources of funding seem prepared to enter highly resource dependent relationships with government. We will come back to this point when we consider NGOs' strategies.

Table 2: Financial dependence of case study NGOs

NGO name and country	Specific activity studied	Range of activities undertaken	NGOs' funding and financial dependence	
			Range and types of funding	Level of dependence on government
Bangladesh				
Unnayan Shahojogy Team	Community sanitation	Water, sanitation, and hygiene promotion. Women's empowerment	Funded 85% by one donor through an INGO; also by contracted government projects	High
Population Services and Training Centre	Urban primary health care management	Family planning, primary health, poverty reduction, education, training, disaster management	Mainly direct from multiple donors, also from government contracts, and fees for services	Medium-low
Friends in Village Development	Support to non-formal education programme	Basic education, literacy, livelihoods and micro-credit	Funding for education mainly from donors, but nearly half of funding is from payment for micro-credit and financial services	Medium-low
Pakistan				
Orangi Pilot Project - RTI	Community sanitation	Low cost community sanitation and water supply	Bank endowment and untied contributions from international NGOs	Low
Punjab Rural Support Program	Primary health care management	Community self-help for basic services; micro-credit	Core endowment from Punjab government plus donor grants and contracts	Medium-high
Idara-Taleem-o-Aagahi	Primary school management	Own non-formal education; improvement of government schools	Corporate and private donations; donor grants and contracts; computer course fees	Low
India				
Shelter Associates	Community sanitation	Housing and sanitation for urban poor; community participation; poverty mapping	Mainly donor grants and contracts, government contracts, family support	Medium-low
Karuna Trust	Primary health care management	Primary healthcare, education, micro-finance, and livelihoods	More than half state and national government funding; over a quarter from donors; the rest from untied grants and donations	Medium-high
Door Step School	Support to government primary schools	Non-formal and primary education	Multiple individual contributions, corporate and bank grants, family trusts, foreign donors and government	Low

The form of agreements between government and non-government service providers

The next step in the structural chain is that NGOs, with more or less financial autonomy and operating in policy spheres where government has more or less authority over policy and funding, may enter into more or less controlling agreements with government. Since we were interested in agreements as a relationship of control and their effect on autonomy, we identified two relevant elements of analysis from the small literature that analyses contracts between government and NGOs in this way (see Mcloughlin, this issue: Baruah 2007; Batley 2006; Bhat et al 2007; Brown et al 2006; Clayton 1999; Gazely 2007; Smith and Lipsky 1998).

We identify alternative forms of contract and agreement according to whether they are (i) formal or informal and (ii) hierarchical or horizontal/mutual. By 'formal', we mean that there is an overt agreement in writing about the way roles and responsibilities are divided and disputes are resolved - at the extreme, the relationship is fully prescribed as a legal contract. Formality might apply in the case of either a hierarchical or a mutual relationship, but it is more likely in the case of a hierarchical arrangement - where one actor (the principal or purchaser) procures a service or product from the other (the agent) - because of the financial transaction this implies. On the other hand, a horizontal or mutual agreement is based on shared responsibility where neither party funds or subordinates the other:

- *A classical (hierarchical) contract* is one where the provider is expected to execute the requirements of the purchaser who controls the flow of finance, as set out in an agreement enforceable by law.
- *Mutual agreements* do not involve a transfer of competencies or delegation of authority between a purchaser and provider. They are arrangements whereby state and non-state actors decide voluntarily to plan and act together, contributing separate funding to shared or complementary ends and taking on distinct roles in the provision of a service. Agreements are often set out in a memorandum of understanding, probably not enforceable by law. (OECD 2010)

Half of the case-study relationships between NGOs and government were contracts where one party (the NGO) was to be funded by and act as the agent of the other. This was clearest in the Bangladeshi cases, where government drew up elaborate contracts to pay NGOs to perform a service. The other half were mutual agreements, where government and NGOs each contributed separate funds to shared ends.

There was a general trend towards the formalization of agreements in the shape of memoranda of understanding if not fully legal contracts. Even some NGOs that had well-established relations of mutuality with government were moving in at least some of their activities towards legal contracts. There was one NGO that stood resolutely against this trend. In its work on community sanitation in Karachi, the Orangi Pilot Project (Bano;

and Sansom, this issue) has maintained a strong informal, mutual relationship with the City Government, the Water Supply and Sewerage Board, and community organizations. OPP has deliberately avoided written agreements in the belief that these would make their relationship rigid and have the effect of undermining trust.

Whatever the nature of the agreement, in practice many of the relationships we examined did not belong clearly to any of these ideal-types. Apart from the three Bangladeshi classical contracts and the informal agreement of the Orangi Pilot Project, arrangements rarely conform to the pure types. The field we researched was one of incomplete contracts, loosely specified agreements, verbal understandings, and often written but not legally registered documents. Moreover, we will see in the next section that the hierarchy of classical contracts may be inverted in practice, while ‘mutual’ agreements may in fact be manipulated to give control to one of the parties.

The mutual agreements and most of the contracts were built on *relational understandings*. By this we mean that, even in the case of legal contracts, agreements are not purely formal, impersonal or legal. They also depend on unwritten understandings about obligations, are built on trust, and sustained by the wish to preserve the relationship (Macaulay 1963). They allow terms to be adjusted in the light of experience. The three exceptions are the Bangladeshi cases where funding for some of their work is channelled by donors through government departments to contracted NGOs. Donors’ requirements for the delivery of measurable results have been passed on by the Bangladesh government to NGOs in the form of rigid contracts that specify in detail the inputs and activities required of them, allowing little flexibility.

From the perspective of NGOs, hierarchical contracts with governments threaten their autonomy, unless they can discover ways to manage the relationship. NGOs often compare the experience of working in hierarchical contracts with the more positive experience of relational and mutual agreements, usually with donors. The question is what factors and strategies have led them to accept hierarchical arrangements, and what room they have for managing them in a direction they would prefer.

Table 3 summarises the NGOs’ structural dependence and their strategic response. The second column clusters the case study NGOs according to their level of overall financial dependence - based on the range and type of their sources of funding. The third and fourth columns refer to their engagement with government under the specific programmes of activity that we studied. The third column summarizes their resource dependence on government (through its control of policy and funding) in the sectoral programmes within which they operated. The fourth column refers to the nature of their agreement with government within those sector programmes. Finally, the fifth column summarizes the next section by typifying NGOs’ strategic response to the structures of their relationships with government

The table shows that NGOs that were more financially independent were more likely to enter into mutual rather than hierarchical relationships with government. Conversely, in the sector programmes where government had more policy authority and financial

control, it was more likely to enter into hierarchical contracts with NGOs. There is therefore some concordance between the structural factors, but there were also exceptions that may be explained by the strategic behaviour of actors.

Table 3: NGOs' structural dependence and their strategic response

NGO names, countries and sectors	General level of financial dependence (Note 1)	Relationship with government in specific agreements (Note 2)		
		Resource dependence on government for policy and funding	Form of agreement with government	Strategic response to the relationship
Unnayan Shahojogy Team (Bangladesh, sanitation)	High	Medium	Formal hierarchical contract	Adapt
Punjab Rural Support Program (Pakistan)	Medium-high	High	Formal hierarchical contract with relational understanding	Adapt and shape
Karuna Trust (India, health)	Medium-high	Medium	Mutual agreement shifting to contract with relational understanding	Shape
Friends in Village Development (Bangladesh, education)	Medium-low	High	Formal hierarchical contract	Adapt but seek to avoid by gaining donor funding
Population Services and Training Centre (Bangladesh, health)	Medium-low	High	Formal hierarchical contract	Adapt but seek to avoid by gaining donor funding
Shelter Associates (India, sanitation)	Medium-low	Low	Formal mutual agreement	Avoid and shape
Door Step School (India, education)	Low	Medium	Mutual agreement shifting to contract with relational understanding	Adapt
Idara-Taleem-o-Aagahi (Pakistan, education)	Low	Medium	Formal mutual agreement	Shape
Orangi Pilot Project (Pakistan, sanitation)	Low	Low	Informal mutual agreement	Avoid

Notes: (1) The second column refers to NGOs' general financial dependence for *all their activities*. (2) The third, fourth and fifth columns refer only to *the specific agreements* with governments that were studied.

THE STRATEGIES of NON-GOVERNMENT SERVICE PROVIDERS

The previous analysis has established that actors operate within the framework of structural constraints: contractual agreements set out the roles of actors and the rules of their relationships, within policy spheres that are more or less authoritative and backed up by finance. In this section we ask to what extent actors can, nevertheless, exercise agency, that is make strategic choices to manage their structural dependency and pursue their organizational interests and policy goals. The answer is that they can make choices but within limits.

Trajectories in the evolution of relationships

Literature on contracts between government and NGOs in North America (Gazely 2007, Van Slyke 2006, Brown et al 2006) suggests that formal contracts precede the development of trust and of relational contracts. This research indicates an opposite evolutionary path. In most of our cases, formal agreements had evolved out of informal relations between governments and NGOs. Sometimes the original trust-based relationship was displaced by formalization, but more often it carried on as a relational adjunct to the written agreement. In one case – the Orangi Pilot Project (OPP) in Karachi – the relationship had remained wholly informal in the sense that it was unwritten.

Apart from OPP, three linked trajectories of evolution in the relationship with government can be identified:

- i) *The NGO has a long track record of providing services and working informally with government. On the basis of its reputation, it is invited to formalize an agreement as a memorandum of understanding.* For example, Door Step School, an NGO in Mumbai, collaborates with the municipal corporation to improve educational provision for poor children in government schools and education centres. This was first within the framework of a mutual agreement for school improvement. After many years it entered into a contract for the supply of non-formal education with the municipal corporation and later the national government (Rose, this issue). A similar track would apply to most of the other NGOs that we studied.
- ii) *Similar to (i) but international agencies support the transition.* Having supported an NGO for a long period, a donor awards project funding that encourages joint working with government. In the case of Shelter Associates in Maharashtra, India, the same donors have funded separately both the NGO and the municipal corporation with which Shelter works, on the understanding that they would collaborate in the improvement of community sanitation in slums. (Sansom, this issue)
- iii) *Once established, the formal agreement is deepened and extended by NGOs' cultivation of working relationships with government officials.* As will be shown below, NGOs commonly invest in building relationships so as to deepen formal agreements, and win official and political cooperation.

A counter case to these examples of evolutionary relationships is that of the formal contracts between government and NGOs in Bangladesh. These are supported by international agencies (the Asian Development Bank and the United Nations Children's Fund together with bilateral donors) but their funds are channelled through government. In each service sector, government consulted leading NGOs on the design of projects and on the terms of their involvement. Thereafter, these NGOs had to compete with others for the award of contracts. These are the only cases in our study where the award of contracts was based on formal competitive tendering rather than on the evolution of relationships. Those that won were then faced with strict and scarcely alterable contractual conditions. Supported by donors, government sees itself as properly applying contractual terms, but

NGOs, ill-equipped for a contractual relationship, see themselves as trapped in a one-sided relationship. Channelling aid in this way deliberately upset the established pattern of parallel government and NGO service delivery systems described in the first section of the structural analysis.

If the common experience of evolution from informal to formal relationships is distinct from western country experience, why should this be? The explanation may be in the prevalence of formal contracting and unacceptability of private deals in more developed countries. Another is in the history of government/NGO relationships in service delivery (Nair, this issue). India, Bangladesh and Pakistan have long histories of civil society organizations acting as significant providers of basic services with their own sources of funding; governments have never been universal in their provision. There was therefore a ready-made field of collaborators for governments seeking to extend public services. To work with a few reputed providers and then to collaborate increasingly formally with them gave governments more security of outcomes than a competitive tendering process would allow. The selected NGOs also gained: they could enter formal agreements on the basis of established trust and privileged access.

NGOs' strategies of engagement: managing resource dependence

Organizational theory presents two classic responses of organizations to their dependency on other organizations' resources of authority, materials and finance: they may seek to *dominate* the environment or *adapt* to it (Pfeffer and Salancik 2003; Greenwood and Hinings 2006). Analysis of our cases suggests these responses can be further broken down into three broad strategies of engagement: *avoid* resource dependence, *shape* it, or *adapt* the organisation to the resource environment:

1. Avoid resource dependence:

Two types of avoidance strategy present themselves. The Orangi Pilot Project in Karachi (Bano; and Sansom, this issue) avoids financial support from government or donors (except for allied international NGOs), has an untied endowment, avoids written agreements, and pursues its own approach in informal, relational agreements with government and communities. Other NGOs studied in this research avoid over-dependence on government by maintaining multiple sources of funding. The Bangladeshi Population Services and Training Centre is explicit about this, describing itself in its Annual Reports as

a not-for-profit organization... committed to long-term sustainability through multiplying its revenues and sources of funding and charging fees for services, consistent with its social commitments.

2. Shape the environment of resource dependence:

Two NGOs in particular - Idara-Taleem-o-Aagahi (ITA) in Pakistan and the Karuna Trust in India - have embraced the opportunities presented by the partnership paradigm and established themselves as knowledge brokers between government and external agencies. They are able to explain and 'sell' new approaches to collaboration and even take on the role of drafting for government the framework of agreements between them. ITA enters

into mutual agreements with government for the support of government schools, but in practice it takes charge of shaping the relationship (Bano; and Rose, this issue). Karuna Trust, which manages primary health centres under contract to the state government of Karnataka in India, is formally financially and contractually dependent on government. However, in practice, it has shaped the policy of contracting out, effectively reversing the roles of principal and agent.

3. Adapt the organization to the resource environment:

Other organizations' response to the external environment can be characterized as adaptive. Willingly or reluctantly, they accept the terms of engagement that are offered by government – financial dependence, hierarchic agreements and government policy leadership. Although all the NGOs in this category had alternative sources of funding, most felt that their choice was constrained. The Bangladeshi NGOs were concerned that funding was increasingly likely to come through government and that donors expected them to work in partnership; it was important to show willingness and, at least for now, to accept very detailed contract specification (Alam, this issue).

Door Step School in Mumbai is an apparently anomalous case, with a high degree of financial independence based on untied contributions and endowments. Its relationship with Mumbai Municipal Corporation for support to basic education has evolved from purely informal understandings through mutual agreements to more formal, hierarchic contracts funded by state and national governments. It was prepared to enter into these more formal relationships because it trusted the corporation to operate sensitively. (Rose, this issue)

As the final column of Table 3 shows, higher levels of resource dependence generally evoke more adaptive behaviour. However, this is not always the case. NGOs' response is not wholly determined by their structural position of resource dependence or independence. The Karuna Trust shows that it is possible to behave with autonomy in what is objectively a constrained environment. On the other hand, the Door Step School case illustrates that an organization may choose to adapt without being constrained to do so, when it has confidence in the underlying relationship with government.

NGOs' influence on policy and practice through collaboration with government

The NGOs involved in these programmes of collaboration seek to influence government policy but not by adopting an oppositional posture. They share a common broad stance of seeking to improve public services provided by government. They have grown up in relation to government and donors, and have responded continually to changing policies and sources of funding.

To varying degrees, these NGOs exercise influence not only on policy but also on practice by example and interaction, while avoiding confrontation with government. The boldest cases of influence are those that generally have more autonomous sources of finance, and that exercise some control over their relationship with government – by avoiding or shaping it. However, the 'adapters' too may exercise influence. By

comparison with the blunt view of much of the literature - that collaboration in service delivery undermines NGOs' freedom to undertake advocacy - our evidence supports the view (Najam 2000; Brinkerhoff and Brinkerhoff 2002) that it affects how, not whether, they influence policy and its implementation.

Some NGOs have influenced the general framework of government policy and practice:

- The Orangi Pilot Project, after 10 years of working on sanitation in slum communities in Karachi, in 1992 lobbied the city authorities against taking a large loan from the Asian Development Bank for infrastructure investment, persuading the mayor to accept an incremental, community-supported approach that is now influential nationally and internationally. (Sansom, this issue)
- The director of the Karuna Trust initiated a donor-supported programme of NGO partnership in primary health centre management in remote areas of Karnataka State using community-oriented preventive medicine. He then advised on its extension to state and national levels. He also chairs a task force which has developed an integrated health policy for the state. (Nair 2008a)
- The leader of ITA has the explicit aim of influencing education policy and raising public education standards not only in Pakistan but also Southeast Asia. Her influence is based on her technical knowledge and the networks she developed as an adviser to government and UNESCO. (Bano; and Rose, this issue)

In addition to these explicit and larger-scale cases, influence is also asserted more implicitly and incrementally through day-to-day practice. As one of the founders of Door Step School in Mumbai argued, provision of services 'is itself advocacy, providing evidence of what can work' (Rose 2008), and can lead to 'policy and system level changes' (Nair 2008b). DSS has facilitated children's access to state schools, pressing for changes in governmental documentary requirements that poor families could not fulfil, and developing teachers' capacity to support these children in the classroom. Shelter Associates, also in Maharashtra, India, has deliberately avoided becoming involved in the direct provision of sanitation in order to focus on influencing government: identifying need, organizing community demand, lobbying the state government for changes in policy, supporting municipal staff, and generating local political support (Sansom, this issue).

The cultivation by NGOs of an insider status as a means of defending the relationship and achieving policy influence with government

The relationship in the three countries between government and NGOs has passed through a series of historical changes that have each had enduring effects that persist into later phases. As a result, different and contradictory narratives infuse the relationship between government and NGOs.

A widespread background narrative of distrust and accusations of corruption are traded between governments and NGOs. On the other hand, in all of the cases we studied, there is also a long history of informal working relationships and understandings. Formalization and contractualization may suit donors that channel funds through

governments, governments that seek control of NGOs, and NGOs that seek a clarification of roles and obligations. However, formalization also leads to discomfort on the part of many NGOs about being treated as 'mere contractors' or 'arms of government'. Entering into a contractual relationship is at odds with many NGOs' value premises and view of what partnership should signify. In response we have seen that NGOs try to reconstruct or preserve informal understandings as a relational aspect of their formal agreements. Efforts to maintain the relational aspect of contracts or agreements are largely initiated by NGOs. They seek a special relationship, based on their status as insiders who are not a threat to government but bring complementary advantages.

NGOs' role as trusted insider serves the dual functions of winning the confidence of government and defending the relationship, and of using this to achieve policy change. The general strategy is to avoid conflict or confrontation with government - not only because the NGO would lose business but also because it would sacrifice influence.

In regard to the first function of defending the relationship, NGOs are objectively the weaker partner even in mutual agreements, because government has choice about whether and with which NGOs or private organizations to collaborate. To obtain and retain the insider relationship, NGOs therefore need to find ways of winning official trust. This implies, on the one hand, establishing their credibility as useful partners and, on the other, demonstrating their willingness to work collaboratively with government.

Credibility can be established on the basis that the NGO contributes something that is lacking in government: capacity to work with communities, specific technical skills and professional expertise, access to the finances and the language of funding agencies. For example, ability to work with community groups and technical capacity to undertake poverty mapping and use geographical information systems are particularly important in the sanitation NGOs (Sansom, this issue). Reputation in educational circles, ability to network between government and donors and to understand the policy agendas of funding organizations are the basis of the legitimacy of Idara-Taleem-o-Aagahi (ITA) in Pakistan (Rose; Bano, this issue).

All the organizations put great emphasis on cultivating relations with officials and politicians, and giving credit for any achievement to governments rather than claiming it for themselves. For example ITA, like most NGOs, is careful to invest time in developing relationships at both senior levels of government and at operational levels – following the 'normal channels' and avoiding giving offence to officials. Entering into dispute with government officials damages reputation and makes the NGO vulnerable in the event of senior administrative or political changes.

The second reason for developing an insider relationship is to achieve the changes in policy and organizational arrangements that were described in the previous sections. NGOs are outsiders to government but, through contracts or agreements, become insiders to a relationship whose structure gives them more or less influence. While playing the 'insider role' may carry the risk of compromising actors' independence, it also gives them increased leverage to assert influence. (Semi-) insiders have the opportunity to

understand the rules and the constraints on change, and therefore to develop convincing explanations for why change is necessary, offering support rather than a threatening challenge to government.

CONCLUSION

While NGOs are subject to external constraints and the rules of relationships, they also exercise strategic choice about how they respond to these pressures.

Relationships of NGOs with government, though formally often hierarchical, were less formal and hierarchical than at first appears because they usually emerged from established informal relations, and these remained an important basis of trust. Moreover, most of the studied NGOs depended on government for less than half their funding; they had alternative sources, so all could make strategic choices to some degree. Non-government service providers are not passive in the face of structural constraints. Even though strategies are not usually explicit, their tacit strategies balance the need for financial survival, defence of their own organizational identities, and commitment to their goals - including influencing government policy and practice. Organizations that are more structurally dependent on government are more likely to adapt to government's terms, but there are cases where apparently dependent NGOs in practice take the lead in shaping the relationship and others where more financially independent NGOs choose to adapt. Successful strategists understand the constraints and opportunities in their environment and choose to adapt to them, exploit, shape or avoid them – depending on their own values and interests.

There are common elements in NGOs' strategies. While avoiding confrontation with government, to various degrees the case-study NGOs exercise influence on both policy and practice by demonstration and engagement. To achieve this, they seek a role as trusted semi-insiders. At least for NGOs in the programmes of collaboration analysed here, there is no contradiction between advocacy and service delivery. Engagement in service delivery embeds them in government, makes them credible and gives them opportunities for influence. This is a form of 'persuasive advocacy' (Najam 2000) or soft lobbying rather than oppositional advocacy.

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