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Studying the relationship between foreign donors and NGOs in developing countries: An effective or volatile partnership?

Rana Gawish

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Studying the Relationship between Foreign Donors and NGOs in Developing Countries: An Effective or Volatile Partnership?

A Thesis Submitted by

Rana El-Gawish

To Department of Political Science

December / 2015
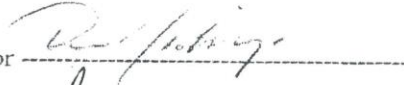
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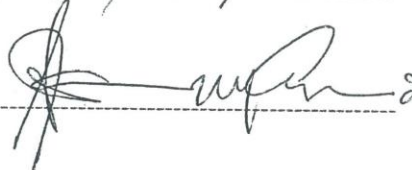
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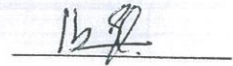
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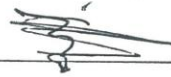
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The American University in Cairo

School of Humanities and Social Sciences

"STUDYING THE RELATIONSHIP BETWEEN FOREIGN DONORS AND NGOS IN DEVELOPING COUNTRIES: AN EFFECTIVE OR VOLATILE PARTNERSHIP?"

A Case Study of Human Rights-Focused NGO Behavior in Egypt

A Thesis Submitted to

The Department of Political Science

In partial fulfillment of the requirements for the degree of Masters of Arts

by

Rana Gawish

January 2016

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ABSTRACT

The NGO-donor relationship is exceptionally volatile. NGOs, particularly in developing countries, rely heavily on donor funding. Resource dependence has directed NGOs to adjust their objectives to fit with donor priorities. Fluctuating preferences of donors lead NGOs to shift their behavior and respond to the objectives of the donor rather than the beneficiaries of the local community. Many NGOs in developing countries modify their activities and target groups to attain or sustain financial resources. One major consequence of this is that NGOs' behavioral shift may have disconnected them from their constituents. Hence, aid allocated to recipient NGOs in developing countries may not be efficient in generating development in local communities. It is important to note that this research is not an evaluation of whether NGOs are 'good' or 'bad'. The study is about the relationship between NGOs and donor agencies.

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CHAPTER ONE

INTRODUCTION

INTRODUCTION

1.1. Background

As development actors, NGOs (Non-governmental organizations) have become the major service provider in states where the government is unable to fulfill its role in specific areas. NGOs are increasingly becoming a significant force. They are claimed to be effective, independent, flexible, and responsive to the least privileged in society. The past two decades in particular have marked a wave of a huge growth in the number of NGOs. Consequently, the role of NGOs in almost every society has been rising which led them to form a strong distinctive sector, which is composed of civil society organizations. NGOs have developed into crucial actors engaged in key aspects of social life; such as health, education, environmental issues, gender issues, development, and human rights. (Bagci, 2003).

NGOs operate by raising finances from governments, private sources, or donor agencies. According to statistics, international donor agencies form the fundamental financial contributor to NGOs. (Bagci, 2003). The amount of funds and the decision of who gets funded are in the hands of the donor agency. NGOs, particularly in developing countries, heavily rely on foreign donors for funds. Donor dominance is clearly evident. (AbouAssi, 2012). Thus, NGOs find themselves trying to fit their organizational procedures and operations to donors' priorities. The question that poses itself is to what extent do donors influence the decision making of NGOS?

Throughout the past decade, most NGOs as well as donor agencies have perceived the important link between human rights and development. It has even been noticed that both concepts go hand in hand. Human rights and development have become tightly linked. Their shared objective being the improvement of human well-being is based on a belief in the inherent dignity and equality of all people. (HRBA Portal). The gravest human rights concerns that have been ongoing for years are poverty and inequality. (UNDP, Human Development Report). In fact, development cannot be isolated from those concerns.

With the world witnessing so many human rights violations, the importance of NGOs became even more significant. However, NGOs still find themselves unable to be efficient and effective forces in the fight against human rights abuse. A major reason why NGOs cannot fulfill this task is due to funding problems. Because of the difficulty of being chosen by the donor agency, NGOs started adjusting their projects in ways that fit with the priorities of the donors. Consequently, NGOs started drifting from a focus on community needs to becoming a service delivery agent.

Donor dominance is especially evident in NGOs in developing countries. The aim of this study is to examine the NGO-donor relationship in developing countries and apply it to the particular context of Egyptian civil society, as Egypt is considered one of the developing countries that features both a growing number of NGOs as well as a rising number of human rights violations. This examination

draws on qualitative research that will be achieved through evaluating the behavior of NGOs, which were originally established as a tool for fighting and reducing, if not eliminating, human rights violations.

1.2. The Research Problem

Most of the non-governmental organizations in Egypt (NGOs) have emerged in response to the increasing human rights violations in the country. Despite different ideologies and priorities, an immense number of NGOs supposedly have the common goal of eradicating gross human rights abuses. However, even though the number of NGOs fighting human rights abuse has significantly increased, the reported incidents of human rights abuse have risen drastically.

The purpose of this research is to understand why NGOs adopt perspectives and priorities derived from funding sources. Understanding NGOs' organizational practice and performance is crucial to any explanation of their inability to completely fulfill their declared purpose. Hence, this study entails an examination of the structure and functioning of the organizations.

The influence of donors on NGOs is an explanatory factor in understanding why NGOs function as they do and why they select their project issues in a specific order. While donors set their funding priorities, NGOs find themselves in a situation where they have to adapt. The remarkable growth of NGOs over the last decade would not have been possible without the financial contributions of

donors. In the case of Egypt, the major source of development financial aid delivery to NGOs comes from international donors. This reality tends to drive NGOs to formulate their policies and projects in ways that fit donors' priorities.

International donors come from different cultures and face different problems than the ones faced by communities in developing countries. Therefore, some problems that could be significant to developing countries are not on the list of donors' priorities because the donor simply has other objectives. With the government doing very little help to strengthen and support NGOs, those organizations are obliged to shift their behavior and objectives to fit donor priorities in order to continue surviving.

1.3. The Research Question and Hypothesis

1.3.1. Research Question

What is the significance of donor conditionality in impacting the behavior of a resource-dependent NGO?

1.3.2. Sub-Questions

- To what extent does resource dependence theory help explain today's relationships between NGOs and donors?

- Why are international donors the major contributors of NGO funding rather than state agencies?

- What impact does donors' decision to change their funding priorities have on NGO's established priorities?

1.3.3. Hypothesis

Despite Egyptian NGO's sincere attempt to serve beneficiaries, NGOs' reliance on foreign resources has resulted in their shifting established priorities to align with donor interests.

1.4. The Research Objective

The objective of this research is to address the central research question. There are three major goals in addressing this question. The first goal is to apprehend the shift in NGOs projects based on a change in donor's priority areas through a comprehensive conceptual framework. The second goal is to provide a better understanding to NGOs behavior and decisions. Finally, the third goal is to identify and analyze the most obvious developmental problems that occur in society due to NGOs responding to the donors rather than to the people in the community.

1.5. Methodology

This study is a partial fulfillment of the requirements for the degree of Masters of Arts. A qualitative research methodology is used for this study. Michael Patton defined qualitative research as attempting to understand the unique interactions in a specific situation. (Patton, 1996). The purpose of understanding is not

necessarily to predict what may occur, but rather to comprehend the situation. Therefore, this study attempts to identify and explain essential elements of the relationship between foreign donors in Egypt, and by extension, NGOs in developing countries. The test of the hypothesis is attributed to a combination of factors. The two main factors that constitute a test to the hypothesis are: the impact of donors on NGOs shifting priorities and the extent of the significance of the shift in priorities.

Throughout this study, I used a combination of various research techniques for data collection and analysis in order to examine the aforementioned factors. The following outlines these techniques.

1.5.1. Observation

My study is initially based on a time I spent in a human rights organization in Cairo. Throughout my training there, I observed how actual decisions were being taken and how priorities were being formulated. I attended formal as well as informal meetings, which allowed me to form a concrete idea about the importance of funding in the creation of future projects. It is important to note that my reliance on this particular case study aims at touching on a reality extending far beyond the Egyptian context. What I have witnessed during my internship led me to start my research study on NGOs in developing countries.

This NGO, in particular, did not undergo a paradigm shift, which affects the test of my hypothesis. However, the changes that the NGO has implemented in priority areas according to donor preferences- even though under the same title of human rights- prove to be evidently significant. Furthermore, this NGO was initially based on personal funding. The moment the NGO turned to foreign donors is the moment where everything changed. Instead of committing to their initial projects and beneficiaries, this case illustrates how the need of resource eventually leads most NGOs to not only to turn to donors, but more importantly to prioritize donor interests. The knowledge I gained throughout this process gave me solid evidence that will help me answer my research question.

1.5.2. Documentary Analysis

I have done an extensive research through books, articles, and United Nations publications on the concept and practice of NGO-donor relationship. In this research, I focused on a document analysis procedure in the context of the study. The nature and form of publications involved in this research outlines the advantages and limitations of document analysis. The research documents are rich in terms of theories, approaches, and understanding behaviors. However, it is scarce in documents about NGO practice because NGOs are not explicit about their shifting behaviors. The application of document analysis to a grounded theory study is illustrated.

The aforementioned primary and secondary sources allowed me to collect the information I need to reach a reasonable conclusion to my research. Gathering information, participation and observation are all fundamental and highly important methods in all qualitative inquiry.

Despite problems and limitation with data resources, I was able to collect different kinds of data resources such as books, articles, and other documents from different resources along the previous period. These data are reasonable in light of the evidence and the aims of the study. Analyzing these documents and materials in a scientific way, makes it more reliable and credible. Finally, accuracy in a study comes from the validity of the research, the reliability of the findings, and the use of triangulation in data collection. Therefore, to address the accuracy of the analysis, transparency in presenting the data is always ensured.

1.6. Structure of the thesis

The Structure of the thesis is as follows; the first chapter serves as an introduction to the topic of this study, specifically clarifying the research problem, as well as the proposed hypothesis, the research objectives, the methodology underlying this research and the structure of the upcoming thesis chapters. The second chapter provides a review of the relevant scholarly literature and illustrates the conceptual framework of this study. It explains the Resource Dependence Theory, and its

importance for understanding NGO behavior. The chapter illuminates two important concepts that will further illustrate the relationship between NGOs and donors. Those two concepts are: the Dependency Trap and Power Relations. This chapter, furthermore, attempts to explain NGO behavior through Hirschman's theory of Exit, Voice, and Loyalty. The third chapter introduces the nature of the NGO-Donor relationship. The first part in this chapter discusses the NGOs' funding options and illustrates why most NGOs ultimately resort to international donors. The second part of this chapter explains NGOs' reactions to donors' decision to change their funding priorities. The particular focus of this chapter is to demonstrate how the shift from community-based assessment to donor priorities can impede the development of a society rather than enhance it. Chapter four is a contextualization of the NGO scene in Egypt. It focuses on the years post the 25 January revolution. This overall mapping illustrates the nature of Egyptian NGOs, the significance of foreign funding, and the areas of interests and specialization. The fifth chapter evaluates the work of NGOs in Egypt. The Arab House Foundation for Human rights is used as a case study to evaluate the shift in projects in the recent years. This chapter illustrates findings and explains how the shift in NGO projects has been a response to the donor rather than to the Egyptian community. The sixth chapter is the concluding chapter. It highlights all the major points tackled in this research. Furthermore, it provides recommendations for overcoming the volatile relationship between NGOs and donors. Finally, the limitations of this research will be addressed.

CHAPTER TWO

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

2.1. Literature Review

2.1.1. The nature of NGOs-donor relationship

One of the particularities of development is the reliance on international donors for policies and funding. Development administrators in developing countries, including NGOs, face a critical dilemma. They must maintain a consistent stance on values that emphasize self- determination, empowerment, and an equitable distribution of benefits, while also acting to fulfill the political agendas of donors who act according to their own national interests. (Hook, 1995; Brinkerhoff and Coston, 1999; Martens, 2008). This dilemma dominates the NGO- donor relationships.

It is hard to make generalizations about the nature of the relationship between donors and their recipient local partner organizations. NGOs play many roles in the relationship, such as implementers of donors' policies and programs, catalysts of change in their respective communities, and partners in the development process and aid industry. (AbouAssi, 2012). Although the degree of agency and autonomy varies among these categories, donors usually dominate the relationship.

The supply-led approach is the most dominant in the donor-NGOs relationship rather than the demand-led one. Donors have interests to accommodate besides

those of their beneficiaries (Martens, 2008). In the realist perspective on foreign assistance, precedence is given to the donor's national interests. Development assistance and aid policies are seen as tools for implementing the foreign policies of donor countries. In their study on who gives to whom and for what, Alesina and Dollar (2000: 55) confirm that aid allocations are "very effective at promoting strategic interests of donors".

On the receiver end, NGOs are compelled to dramatically transform their operation and organizational cultures to the extent that they lose much of their local identity, as well as their affinity with constituents. In developing countries, "donors develop their programs, preferences and priorities and revise them at an ever-increasing pace, while (at best) NGOs try to figure out how they might fit in or if they meet the criteria underlying the latest preoccupation of donors". (Doornbos, 2003: 15).

There is a high conditionality of grants in terms of targeted (and excluded) beneficiaries and locales and types of services to be delivered or brands of products purchased (Basombrío, 2000; Brinkerhoff and Coston, 1999; Chambers and Pettit, 2004). Thus, the most critical consequence is that as the NGO adjusts and conforms to the agendas, expectations, and interests of donors, it loses touch with both its mission and constituency. Froelich (1999) defines this practice as goal displacement, which "occurs when goals and activities are modified to satisfy the wishes of contributors" (250).

When an NGO shifts its programs to appeal to and appease the donor's appetite, its role and practices are "determined by donor fashion and demands according to ideas and designs imposed and imported from outside". (Edwards, Hulme and Wallace, 1999: 130). Despite an NGO's candid emphasis on or attempt to serve beneficiaries, NGOs' reliance on foreign resources shifts their sights and priorities to align with donor interests. (Chambers and Pettit, 2004).

2.1.2. Donor priorities vs. community needs allocation

Several studies argue that the targeting of official donors to needy recipient countries with reasonably good local conditions (in terms of basic institutions and economic policies) is far from perfect. The needs-based allocation of NGOs may be distorted by selfish donor motives. Alesina and Dollar (2000) found that bilateral partnership was dictated as much by political and strategic motives of donors as by need and local conditions in recipient countries. More recently, Berthélemy (2006) still labels various donors "egoistic", rather than selfless.

In several respects, NGOs may provide better-targeted aid than official donors. Most obviously perhaps is that the allocation of NGO aid should be less distorted by commercial and political interests of donor governments. The poverty focus of NGO aid may also be stronger than that of donors'; NGOs may be better in reaching the poor by avoiding governments in the recipient country and dealing directly with local target groups (Riddell et al., 1995). Moreover, after the World Bank posited in the late 1990s that government-to-government transfers do not

work when governance is particularly bad in the recipient country, it was sometimes argued that NGOs have comparative advantage of working in difficult environments (Edwards and Hulme, 1996).

Arguably, it depends on the degree of financial autonomy whether or not aid allocation by NGOs differs from that of state agencies. While NGOs suggest autonomy from government organizations, NGOs are often intimately connected with their home governments. However, the dependence of many NGOs on funding is expected to shape their aid allocation. To the extent that they follow their official donors, their aid allocation would no longer be superior in terms of targeting the needy and deserving. More specifically, with future funding from official donors at risk, financially dependent NGOs can be expected to allocate aid strategically, e.g., by targeting less poor communities where success is easier to achieve (Koch et al., 2007). In other words, NGOs may be tempted to improve the chances of continued official refinancing by demonstrating visible results that tend to be easier to achieve with projects addressing less entrenched forms of poverty. Hence, NGOs start working on development goals that may not be crucial to the citizens of the country.

The first section of this chapter discussed the literature review. The following section of the chapter presents the conceptual framework that is going to be employed in the qualitative study.

2.2. Resource Dependency Theory

Organizational theories consider organizations to be open systems. (Scott, 1987).
William R. Scott defined an organization as a "coalition of shifting interest groups
that develop goals by negotiation [...] influenced by environmental factors".
(Scott, 1987: 23). Thus, organizational decisions and behaviors are rooted in the
surrounding environment. (AbouAssi, 2012). Scholars who worked on the
Resource Dependence Theory emphasize that "to understand the behavior of an
organization, you must understand the context of the behavior". (Pfeffer and
Salancik, 1978: 1). Hence, understanding organizational practice requires
concentrating on organizations' interactions with the external environment.
(Thompson, 1967).

Resource Dependence Theory argues that organizations are resource-insufficient.
Their major challenge is to obtain and sustain resources from their external
environment. (AbouAssi, 2012). Since actors from the external environment
control resources, they perceive certain advantage in their relationship with the
organization. They exercise power through their control over resources by
exerting demands on organizations. The heavier the dependence of the
organization on external actors for resources, the more powerful the actors are and
the more influential their demands on organizations become in exchange for
resources. (AbouAssi, 2012).

For the organization, the major challenge is to find a way where it can effectively

respond to external demands while simultaneously not compromising its existing objectives. However, in reality, this challenge rapidly becomes paramount, and not merely "major". (Oliver, 1991). Organizations, then, become coalitions protecting external demands by "altering purposes and domains to accommodate new interests, sloughing off parts of themselves to avoid some interests, and when necessary, becoming involved in activities far afield from their stated central purposes". (Pfeffer and Salancik, 1978: 24).

Scholars studying organizational behavior developed three dimensions that determine the degree of dependence of organizations on external resources. The three dimensions (as exhibited in figure 1) are: criticality, concentration, and discretion. (Cho and Gillespie, 2006: 495).
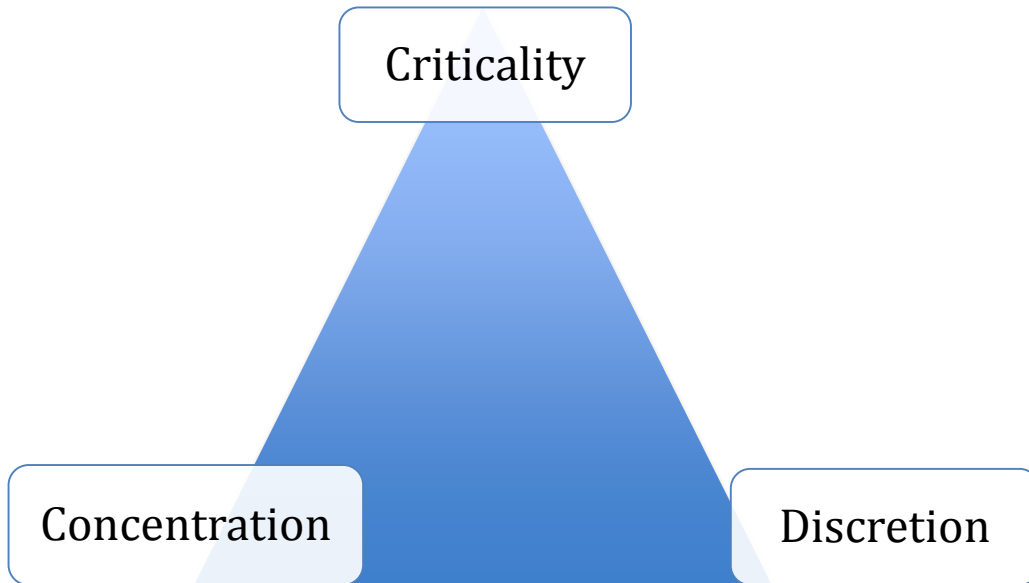
Figure 1: Resource Dependence Theory

The first dimension is criticality or, in other words, the importance of resources. This dimension measures the criticality of the input or output of the organization. (Cho and Gillespie, 2006). The level of dependency in this dimension is expressed by how much the organization needs external resources for not only its operations, but also, and more importantly, for its survival.

The second dimension is the concentration of resources. The availability of other sources in the external environment for the same resources is crucial in measuring the dependency of the organization. The organization's autonomy increases and dependence upon external actors decreases when there is availability of alternative resources. (Cho and Gillespie, 2006).

The third dimension is external actors' discretion over resource allocation and use. Who gets what is completely in the hands of external actors. All questions about the possession of resources, access to resources, actual use of resources, and ability to regulate the employment of resources is a choice made by the external actor. (Cho and Gillespie, 2006).

2.3. The Resource Dependence Perspective

The importance of the Resource Dependency Theory was not formalized until the 1970s. When Jeffrey Pfeffer and Gerald R. Salancik published "The External Control of Organizations: A Resource Dependence Perspective" (1978). This

book was necessary as it enabled scholars to understand the behavior of organizations through understanding the environments in which they are embedded. The Resource Dependence Perspective holds that in order to survive, organizations need to acquire and maintain resources through interacting with external actors. These interactions shape their activities and eventually lead to different outcomes. (Pfeffer and Salancik, 1978). In environments where resources are abundant, the interdependence between organizations and external actors are minimal. However, in environments where resources are scarce, organizations' survival are challenged due to their strong dependence on external actors for resources.

According to Pfeffer and Salancik (1978), organizations are dependent on external actors for the exchange of financial and physical resources, information, or social legitimacy. In return, external actors have demands that can conflict with the organizations' goals. In order to satisfy these demands, organizations find themselves in a vulnerable situation, which may be at the expense of their initial goals. Organizations, hence, become dependent on external actors in order to operate.

According to this perspective, organizations measure the level of dependence and consider it during decision-making. Furthermore, individuals within organizations are considered rational actors who weigh the cost and benefits of choices to maximize their own benefits, which accordingly shape their behavior. (Pfeffer and Salancik, 1978: 52).

2.4. NGOs and Resources

Judith R. Saidel (2000) defines the resources that nonprofits need as "anything of value, tangible or intangible that can be exchanged between organizations". (Saidel, 2000: 381). As an illustration, Saidel identifies the exchange of resources in the relationship between government and Non-Governmental organizations (NGOs) in terms of those provided by government, such as revenues, information, and access to policy processes, and those controlled by NGOs, such as service-delivery capacity, political support, and legitimacy (Saidel, 2000: 381).

Alnoor Ebrahim (2005b) distinguishes among resources exchanged in the donor-recipient relationship. He suggests that this 'capital exchange' can be of two forms: economic material resources such as money, property, and infrastructure, and symbolic non-material resources including authority, technical advice and expertise, reputation, information, and connections (Ebrahim, 2005a: 52). Exchange of resources between organizations is characterized by interdependence; one organization's output is another organization's input. An organization cannot produce its output unless and/or until another organization generates its own. Thus, interdependence transpires by behavior. In such a situation, the activities of one organization depend on those of another. That is "why nothing comes out the way one wants it to". (Pfeffer and Salancik, 1978: 40). Interdependence moderates the steepness of dependence that characterizes an NGO's relationship with a single funder. (Saidel, 2000). Accordingly,

organizations try to manage their resource dependence through the creation of interdependencies "which involve the exchange of resources rather than a flow that is predominantly in one direction". (Ebrahim, 2005b: 60). Nevertheless, although the motive is to reduce uncertainty, interdependence may create additional uncertainty and unpredictability, restructure relations but sustain power imbalances, and increase control issues between organizations.

An NGO, normally, balances its internal revenues with external funding, diversifies external sources, and avoids concentrating the flow of funding from a specific source. To illustrate, an NGO with diversified external funding source is in a better position to respond to and balance external demands, especially when the demands are different. (AbouAssi, 2012). If one source alters conditions for funding, an NGO can fend off the pressure to comply by relying on other sources that are more resilient, including its internal revenues. An NGO can also sequentially attend to the demands of various funders, which allows the organization to positively respond to what suits its interests and defer other demands until further developments occur. An NGO can explicitly play one donor off against another or benefit from available information to strengthen its position and influence or moderate donor demands. On the other hand, as NGO dependence on resources increases, the ability of donors to constrain the organization's behavior increases, while the ability of the organization to buffer external demands decreases. In such a case, an NGO does not enjoy many options to respond to changes in funding conditions. The NGO complies with donor interests, whether immediately when the donor monopolizes the resource

environment of the NGO or eventually when the NGO realizes its limited ability to find an alternative route. In such a case, adjustment becomes a haven from excessive control and a strategy to buffer and moderately appeal to donors' demands and ensure the continuity of funding. (AbouAssi, 2012).

Resource Dependence Theory indicates that the organization can comply, adapt, manage, or attempt to manipulate and alter its resource environment. It needs to assess the anticipated repercussions of non-compliance with external demands, the cost of abandoning the available resources and securing others, and the degree of conflict between the various demands of actors on whom the organization is dependent. (Oliver, 1990).

2.5. Power relations

Organizational theory accounts for the changes that are occurring in NGOs in developing countries due to their unbalanced power relationships with funding organizations. According to neoinstitutional theorists DiMaggio and Powell (1983), coercive, mimetic, and normative mechanisms lead to isomorphism, which means greater similarities between organizations. Coercive isomorphism is a result of formal and informal pressure between organizations as well as cultural societal expectations. DiMaggio and Powell (1983) suggest that the more dependent an organization is on its exchange partners, the more this leads to greater similarities between organizations. Therefore, according to this

perspective, one could expect that formal and informal pressures would easily influence dependent organizations; causing them gradually to become more similar to influential organizations as they adopt legitimating forms and practices. (Rauh, 2010).

Wallace, Bornstein and Chapman (2006) argue that the relationship between NGOs in developing countries and international donors is explained through the concepts of coercion and compliance. Donor agencies control funding and therefore are in a position of power. These donors set the agenda and conditions required for receiving a grant. (Markowitz and Tice, 2002; Henderson, 2002). According to Wallace et al. (2006), this coercion goes hand in hand with the dependent organization's consent to the conditions on funding. Because donors have control over the funding and can decide to withdraw their contribution, coercion may include force (Wallace et al., 2006). However, it is often a result of the acceptance of norms that are rarely questioned or challenged because they are seen as the standardized or "correct" way to do development work (Wallace et al., 2006). In other words, coercion may be direct or indirect through the adoption of norms held within the NGO.

Donors are in a position of power since they control resources on which NGOs' depend. Consequently, donors specify conditions on how aid is used and how programs are implemented. (Chambers and Pettit, 2004). The problem that arises is that foreign funding often creates program objectives in a very different context than where they will be implemented. Therefore, those objectives often do not fit

the cultures that receive them. (Lindenberg, 2001). Donor priorities fluctuate towards development areas that are currently popular. (Degnbol-Martinussen and Engberg-Pedersen, 2003). These frequent fluctuations in donor priorities increase environmental uncertainty and the pressure to implement programs that are likely to be seen as "successful" rather than addressing the root of the problem, which usually involves complex, long-term processes. Funders often favor programs with easily quantifiable results, but these often are not able to promote longer-term, sustainable projects (Lindenberg, 2001). Similarly, donor agendas may limit particular political strategies, even when they lead to greater long-term and meaningful social change. (Markowitz and Tice, 2002).

Furthermore, the financial instability in many recipient countries makes salaried employment at an NGO a much greater opportunity than what would otherwise be available, and therefore, securing grants at any cost can become a powerful focus of some organizations (Petras and Veltmeyer, 2001). These aspects of power and dependency have resulted in some NGOs shifting their focus from important areas for their beneficiaries, towards areas of donor interest that will attract a large amount of funding (Edwards and Hulme, 1998).

Organizations further down the aid chain from their funding sources will be subject to formal pressure to adopt donor-driven goals, policies, and standardized procedures. (Lister, 2000). Informal pressures to adopt the values, norms, and legitimating practices have a powerful effect on dependent organizations. (Brehm,

2001). Together, these direct and indirect pressures have resulted in NGOs in developing countries adopting Northern agendas and practices.

2.6. The dependency trap

Scholars argue that the relationship between NGOs and donors often becomes trapped in a dependency cycle. Kendall W. Stiles (2002) identifies three stages in the NGO-Donor relationship, based on his research of NGOs in Bangladesh, which he refers to as the "intermestic development circles". (Stiles, 2002). He maintains that social structures gradually emerge from an initiation stage to institutionalization stage and finally to the maturation stage. The initiation stage is characterized by bargaining and negotiating, where each side expresses its interests and objectives. Donors always want to do more with less, while NGOs aim for more with more. (Stiles, 2002). After this phase, the relationship between NGOs and donors reaches the institutionalization stage. This stage is characterized by basic contract agreements; the donor approves funding and the NGO begins to work on a project that is monitored and evaluated by the donor. When the relationship becomes prolonged and is based on ongoing interaction and coordination, it enters the next stage, which is the maturation stage. This stage of maturation is distinguished by a coherent social structure that separates itself from the rest of society. All members of the donor-NGO circle undergo certain changes to fit within the emerging structure; however, the degree of change is relative. Donors must reposition themselves to accommodate the demands of

other members; however, the change they undergo is subtle compared to that initiated by domestic organizations. (AbouAssi, 2012). Stiles (2002) calls this change the 'universalization of like-mindedness', where the policies and objectives of donors and NGOs start to converge or reflect each other. (Stiles, 2012).

On the receiver end, NGOs are compelled to dramatically transform their operation and organizational cultures to the extent that they lose much of their local identity, as well as their touch with constituents. Hence, the further down the maturation stage, the less is the ability of these NGOs to work on their own and the more dependent they become on external funding. (AbouAssi, 2012).

2.7. Uncertainty in the Relationship

Within this dependency lies uncertainty. The NGO-donor relationship is especially volatile because of the inconsistency in donors' funding and the consequent confusion and instability among partner organizations. Landell-Mills (1992) emphasized that "external funding should always take the form of supplementary assistance and ought never be the main source of what is needed". (Landell-Mills, 1992: 554). Otherwise, the sustainability of the organization becomes highly questionable. (AbouAssi, 2012).

In developing countries, "donors develop their programs, preferences and priorities and revise them at an ever-increasing pace, while NGOs try to figure out

how they might fit in or if they meet the criteria underlying the latest preoccupation of donors". (Doornbos, 2003: 15). Frequent fluctuation in funding priorities entrenches uncertainty in the surrounding environment of the NGOs and leads to additional pressure on and confusion among these organizations. (Degnbol-Martinussen and Engberg-Pedersen, 2003).

The consequences of such uncertainty and confusion take different forms. One consequence is the drive towards changes in the governance, management, and culture of recipient organizations. NGOs start modifying their organizational culture to fit with the changing surrounding environment.

Another consequence of the discrepancy between donors' interests and NGOs' objectives is the rising concept of 'designation'. (Barman, 2008). This concept basically means that the funder specifies where the contribution is to be spent and which beneficiaries are to be targeted, instead of allocating an unrestricted grant. (Barman, 2008). Such a practice is at the heart of international development assistance, evidenced through the conditionality of grants in terms of targeted (and excluded) beneficiaries and locales and types of services to be delivered or brands of products purchased (Basombrio, 2000).

The most critical consequence is that as the NGO adjusts and conforms to the agendas, expectations, and interests of donors, it loses touch with its mission and constituency. This practice is defined as goal displacement, which "occurs when goals and activities are modified to satisfy the wishes of contributors" (Froelich, 1999: 250).

When an NGO shifts its programs to appeal to and appease the donor's appetite, its role and practices are "determined ... by donor fashion and demands according to ideas and designs imposed and imported from outside" (Edwards, Hulme and Wallace, 1999: 130). Despite an NGO's candid emphasis on or attempt to serve beneficiaries, NGOs' reliance on foreign resources shifts their sights and priorities to align with donor interests. (Chambers and Pettit, 2004). In the expressively titled article, 'AIDS is Money', Simon Morfit (2011) asserts that to maintain credibility and viability among international donors, Sub-Saharan African NGOs had to 'do AIDS' because this was the priority of international funders. While the status of these NGOs rose vis-à-vis other organizations working on other sectors, attention was also diverted away from other critical problems faced by African communities (Morfit, 2011). Thus, when the NGO sector becomes heavily dependent on donor agencies, such as in Kenya where 90% of NGOs' funds come from foreign aid (Hearn, 1998), NGOs find themselves in a dependency trap; "they needed the financial resources provided by donors in order to survive" (Bieber, 2002: 27).

Due to increased dependency and inconsistent donor funding, NGOs have to struggle with balancing normative development imperatives and institutional imperatives. The normative imperative is considered a bottom line approach that compensates for the failures of other sectors, empowers marginalized groups, encourages voice, focuses on stakeholders, highlights flexibility and risk taking, and invests in impact-oriented programs towards long term goals that ensure sustainability. (Smith and Gronbjerg, 2006). However, institutional imperatives

lead to a hierarchical relationship, with bureaucratization and duplication of initiatives, falloff in flexibility and innovation, a compromised ability to articulate ideas and values, a critical suspicion by and isolation from local interests, loss of small-scale comparative advantage, and conflicting accountability mechanisms (Sanayal, 1997).

The abundance and inconsistency of funding constitute a twofold risk. Abundance of funding might attract "unscrupulous organizations possessing agendas which are antithetical" to donors' priorities or to the community's needs and interests (Robinson, 1995: 76). Inconsistency in funding exhausts NGOs and forces them to pay attention to donors rather than to their constituencies.

2.8. Explaining NGO behavior

In his book "Exit, Voice, and Loyalty", Albert O. Hirschman (1970) explains his theory of exit, voice and loyalty options in terms of consumers who feel that the products of a particular company are deteriorating (see figure 2). Even though his theory is stated in terms of businesses and the market, it has a further application on partner organizations. Hirschman's theory argues that customers who are dissatisfied with a particular product or service, have the choice to either complain to the firm and call for change (voice) or simply leave the firm and find an alternative one (exit) (Hirschman, 1970). According to Hirschman, the key determinant of the choice between exit and voice is the flexibility of the demand for a particular product or service. In other words, the necessity of this product or

service to the consumer and the ability to find an alternative dictate consumer's reaction and behavior.

'Exit' is a feasible solution for consumers as long as there are other options available to them. In competitive markets, consumers can easily switch from one firm to another. Hence, if a consumer is not pleased at one firm, 'exit' is the viable solution to the customer. However, if the market is monopolized and the product is a necessity, 'exit' is no longer possible solution to the consumer. (Hirschman, 1970). No matter how low the quality is, customers can no longer leave since this is the only option to get what they need. However, they can still utter discontent to the management by using the 'voice' solution. This solution requires the customer to put up with the degradation of the product for a period of time and the uncertainty of whether the firm could come back on track or not.

Exit

Behavior directed towards leaving the organization

Voice

Active and constructive attempts to improve conditions

Loyalty

Passively waiting for conditions to improve

Figure 2: Hirschman's model of explaining behavior

Hirschman then discusses the interactions between both 'exit' and 'voice'. He illustrates that when both options are available to the consumer, the consumer will end up more probably choosing 'exit' over 'voice'. (Hirschman, 1970). The consumer will simply look for a better alternative and leave. On the other hand, customers will only resort to 'voice' when they have faith that the management will respond effectively to their complaints. (Hirschman, 1970).

To Hirschman, with the concepts of 'exit' and 'voice' comes the concept of 'loyalty' or 'adjustment'. He introduces loyalty and defines it as a feeling of attachment to an organization of which one is a member. (Hirschman, 1970). With the presence of loyalty, the cost of 'exit' is higher. Hence, loyalty alters behavior and pressures the consumer to invoke their 'voice' option instead. Loyalty can delay the 'exit' option but not exclude it entirely. Hirschman (1970) stresses that loyalty is a rational calculated behavior. Thus, if loyalists find no change after exhausting the 'voice' option and are convinced that the firm is doomed to fail, they would 'exit' for sure.

In application to the NGO-donor relationship, the demand for funding, as a product or service, is supposedly elastic due to the fluctuation in NGO reliance on external resources and the growth in operations. Thus, the assumption is that 'exit' could be a common option because demand is changing. However, in the practical world, NGOs have different modes of reactions based on several factors.

One important factor is the availability and access to information. The more the NGO has access to information about the donor's interests and plans; it is more

likely to practice the 'voice' option. (Gehlbach, 2006). The cost of the 'exit' option here is very high because the NGO has already made investments in its organizational capacity to comply with donor requirements.

Another crucial factor is the time interval of the relationship. When there is a long relationship between the NGO and the donor, the probability of using the 'voice' option is far greater than the 'exit' one. (AbouAssi, 2012). With a longer relationship, the NGO is able to understand what is going on and what is coming next. There are systems already in place that allow the NGO to respond to donor requirements of reporting, accounting, monitoring, and evaluation. (AbouAssi, 2012). NGOs invested in these systems because they wanted to relax and stabilize their relationship with the donors. Therefore, dissatisfaction with a donor decision is not, in itself, critical enough for the NGO to 'exit'. They resort to bargaining instead because it is worth the NGO's invested time, efforts, and resources. (AbouAssi, 2012).

The most important factor, however, is the availability of other donors. While the previous two factors take the concept of 'loyalty' into great consideration when taking decisions, this factor does not. Whenever an opportunity poses itself in front of the NGO for a better donor, the NGO will immediately use the 'exit' option. As mentioned previously, 'loyalty' is a calculated behavior. (Hirschman, 1970). The cost of 'exit' here is low because the donor cannot impose any penalty on the NGO for its behavior or decision to leave.

These factors help explain the behavior of NGOs most of the time. However,

organizations are best understood through analyzing their behavior economically rather than their internal social or political dynamics. Any serious endeavor to explore how 'exit, 'voice', and 'loyalty' show up in actual everyday behavior among nonprofits needs to confront the ways that labeling organizations as 'nonprofit' is heavily loaded with economic bias. (AbouAssi, 2012). Accordingly, 'exit', 'voice', and 'loyalty' are primarily economic behaviors, as opposed to political or social behaviors.

In conclusion, the main argument here is that shifts in donor funding have transformed the NGO sector in developing countries. The transformation is perceived as being holistic and deterministic in that a single NGO cannot swim against the flow and has to exhibit the same behavior as others. (AbouAssi, 2012). However, this might not be—and it is more likely not—the case. One way to understand NGOs' behavior is to consider shifts in funding as a form of deterioration in a relationship between a consumer (NGO) and a producer (donor). Consequently, the following section examines the nature of the relationship between NGOs and donors in an attempt to understand NGOs' behavior and reaction to shifts in donors' priorities.

CHAPTER THREE

UNDERSTANDING NGO BEHAVIOR

UNDERSTANDING NGO BEHAVIOR

3.1. Relationship between States and NGOs

In developing countries, the relationship between the State and NGOs can take one of three forms: dependency, collaboration, or confrontation. (Lorgan, 1998). NGO dependency on the state is very rare due to the government's will to control the actions of NGOs and also due to the limitations of funds. Collaboration can take place sometimes when NGOs work on policy issue, which is also not very common. Douglas Webb (2004) suggests that "long-term sustainability ... lies in the support that NGOs can provide to government rather than vice versa, and the development of NGO capacity must not be at the expense of that within government and public sector ranks". (Webb, 2004: 22).

Confrontation is the most prominent form of relationship between states and NGOs. The relationship between states and NGOs is identified as being problematic. Due to political competition and lack of resources, the relationship between some developing states and NGOs had proved to be extremely difficult which has had negative implications for coordination of efforts. (Batsell, 2005). Hence, the relationship between both actors proves to be weak and fragile. The consequence of the weaknesses in the relationship between the state and NGOs is translated in NGOs' resorting to international donors for funding.

3.2. Relationship between donors and NGOs

Most NGOs in the developing countries rely on international donors for policies and funding. It is hard to make generalizations about the nature of the relationship between donors and NGOs. However, most scholars who have studied the peculiarities of the NGO-donor relationship, argue that donors usually dominate the relationship. (Hook, 1995; Brinkerhoff and Coston, 1999; Martens, 2008). The supply-led approach is the most prevailing in the NGO-donor relationship. (Martens, 2008). Donors have interests to accommodate in return for providing resources to NGOs.

Donors situate themselves outside of the local context, while in reality they are an integral part of it. Not only are donor agencies acting as governmental organizations executing the policies of their countries, they are also key players in shaping the national policies of aid recipient countries. (Mitchell, 1991). Donor agencies shape the national policies of recipient countries directly and indirectly by negotiating priorities and controlling aid. They also establish direct and indirect partnerships and networks with local actors, which lead, in some cases, to the introduction of programs and strategies at odds with the local environment, and in other cases, the reinforcement of existing social and economic inequalities. (Mitchell, 1991). Hence, development can be crippled by those who claim to support it.

The process of goal displacement can be deceptive. Bebbington (2004) uses the term 'intentional' development to describe international aid channeled into

programs with specific goals set by donor agencies and their partners, including NGOs. Carothers and Ottaway (2000) note that the donors follow the same approach everywhere: funding objectives are created in donors' headquarters, a completely different context and environment than where programs will be implemented (Lindenberg and Bryant, 2001). Some of the assistance programs take what the local people are familiar with and actually know and formulate it into well-developed ideas that appeal to funding strategies and fit within current development paradigms. The local people become sole recipients of assistance instead of being the agents of change (Schlesinger, 2007: 60).

This is coupled with changes in the political economy of aid. Development assistance retains a spotlight in the international policy agenda, but must compete for resources and attention amidst concerns around peace, security, and anti-terrorism (Bryant and Kappaz, 2005). The general commitment to aid is being challenged. With a new global poverty agenda, countries had to review their funding strategies and aid distribution (Bebbington, 2004). NGOs had to 'explore market-based approaches to development to sustain funding for services provision. More emphasis has been placed on the scrutiny of funds, and consequently on demonstrating evidence about the impact of development programs. Arguably, the intended result was to quickly find success stories, satisfy the interests of donors, and demonstrate impacts to secure additional funding. However, the result is that the same group of people is continuously targeted with development initiatives, limiting the scope of impact.

The second approach in the donor-NGOs relationship is the demand-led model.

Golub (2000) calls for more "home-grown ideas of individuals and organizations most likely to blend dedication, innovation and flexibility" (158). After all, "development happens mainly through homegrown efforts" (Easterly, 2007: 29). In a demand-led model, NGOs assume responsibility and take the initiative in designing and presenting their agenda and preferences; donor agencies would then place "consolidated resources at the disposal of local institutions that decide on and own the uses to which they are put" (Edwards, Hulme and Wallace, 1999: 123). This recipient-donor approach is a process of mutual learning, transparency and participation, and equal partnership (Doornbos, 2003).

The demand-led model in the donor-NGO relationship is participatory. Participation challenges any monopoly in development. However, the approach has received less attention compared to the supply-led approach, since, admittedly, it is rare in the world of development aid.

3.3. The Question of Partnership

The term 'partnership' has increasingly been used in policy and practice to describe the relationship between international donors and NGOs in developing countries (Lister, 2000; Harrison, 2007). In this context, partnership is suggestive of a qualitatively different type of relationship from that of international donors merely working with NGOs in developing countries. The rhetoric of partnership is based on the many supposed benefits that such a relationship may bring to development work. Such benefits commonly fall into two groups. First,

partnership may result in a more efficient and effective effort. For example, Lister (2000) suggests that synergies derived from partnerships may make better use of scarce resources and increase the sustainability of interventions. Secondly, partnerships are believed to allow devolution of power with development decisions being taken closer to local communities (Harrison, 2007) perhaps with the direct involvement of potential beneficiaries (Lister, 2000). Harrison (2007: 391) goes as far as suggesting that the 'rhetoric of partnership therefore focuses on reversing the power relations in the aid chain'.

However, a number of authors question whether the developing rhetoric of partnership signifies a change in relationships between international donors and NGOs in developing countries. In terms of the actual relationships, Harrison (2007) states that different agencies may have different conceptions of principles underpinning, as well as the behaviors associated with, partnerships. Moreover, Lister (2000: 228) criticizes partnership as a idea imposed by developed countries and suggests that development of 'authentic partnerships' are constrained by the control of funding retained by international donors. Summing up these factors, Laird (2007: 467) argues that:

"Despite the rhetoric of partnership, NGOs in developing countries, whether indigenous or the country programmes of international organizations, generally acquiesce in the development agenda of donors or their northern-based head offices."

Seckinelgin (2004) makes a similar point, suggesting that the use of the term

partnership commonly masks the ongoing power relations between NGOs and international donors. Power relationships between international donors and NGOs in developing countries are discussed by a wide variety of authors. The power of international donors resides primarily in the funding that they make available. Batsell (2001: 16) suggests that NGOs in developing countries become tied to the agendas adopted by international donors. Similarly, Zaidi (1999) suggests that the short-term and project-specific nature of funding results in NGOs working within tight constraints and on highly specified tasks. More generally, the system of funding from international donors has reduced the diversity of NGOs due to a 'self-replicating' process of funding being directed to the largest NGOs (Hulme and Edwards, 1996).

Besides the generalities of the system of international funding, processes related to accountability, such as monitoring and evaluation, are widely identified as mechanisms that reinforce power relations. A number of authors report that NGOs are increasingly becoming accountable to international donors rather than to the communities with which they work (Zaidi, 1999). Moreover, imposed norms and systems of monitoring and evaluation have additional effects on development work by NGOs in developing countries. These effects include NGOs focusing on short-term quantitative outputs (Zaidi, 1999), considering only their own performance rather than co-operating with other NGOs and overlooking the long-term impact of provision (Seckinelgin, 2005).

Overall consequences of these power relations may have significant implications for individual NGOs and the NGO sector as a whole. Hulme and Edwards (1996)

suggests that the alterations to NGOs' modes of operation engendered by funding from international donors are continually reinforced and reproduced. This suggestion is also recognized by Seckinelgin (2005: 359) who observes that NGOs that participate in funding relationships, in which they are regarded as service delivery tools gradually become disconnected from their community relationships.

These effects create a paradox in which a supposed basis for NGOs' effectiveness, their democratic relationships with local communities and individuals, is undermined resulting in a reduced capacity to initiate social change (Edwards and Hulme, 1996).

3.4. Shifts in Behavior: Donor priorities vs. Community based Assessment

Being closer to the poor, NGOs are widely believed to provide better-targeted aid than state agencies. It has traditionally been an article of faith (Tendler, 1982) that NGOs are closer to the poor than official aid agencies, and that the allocation of NGO aid is less distorted by commercial and political mandates of state agencies. As for foreign aid, economic and political self-interest of donors appears to have had an important impact on the allocation of aid across recipient countries (Alesina and Dollar, 2000; Berthelemy, 2006).

In several respects, NGOs may provide better-targeted aid than official donors.

They are closer to the community and they know what they really need. However, donor political or commercial interests have usually triumphed over the needs-based allocation of aid. The NGO might know best about the target groups that need aid, yet because they do not have control over the funds; they end up executing projects that are of more priority to the donors.

The dependence of many NGOs on external funding shapes their aid allocation. They follow their donor interests in order to continue receiving grants. Consequently, their aid allocation is no longer relevant in terms of targeting the needy and deserving. Eventually, NGOs start allocating aid strategically by targeting the less poor where success is easier to achieve. (Koch et al., 2007). In other words, NGOs may be tempted to improve the chances of continued official refinancing by demonstrating visible results that tend to be easier to achieve with projects addressing less entrenched forms of poverty.

A prominent example of shifting behavior of NGOs is Lea Jellinek's account of an Indonesian NGO that started as a small grassroots-style microbank for women. (Jellinek, 2003). Due to donor funding, it grew very rapidly in less than three years and changed its focus to good governance programs. Jellinek (2003) states that although the NGO is considered to be a great success with donors, the NGO's focus shifted from its original grassroots style and goal to support the poor to being a "complex, top-down, technically oriented capital-intensive bureaucracy…out of touch with what was happening on the ground". (Jellinek, 2003: 179). The NGO focused on professionalization through the opening of more offices, equipping them with computers and other technology, and spending time

organizing formal events with government officials. However, the NGO's daily work involved less and less contact with the community, less democratic selection procedures of community representatives, and limited delivery of programs that actually reached the poor. Despite these problems, the organization's growth and professionalization increased its legitimacy with donors. (Jellinek, 2003).

In order to demonstrate success, NGOs are inclined to minimize risk which weakens their incentive to operate in difficult environments where failure may jeopardize future funding. Accordingly, NGOs may become completely delinked from the local needs of the people. Abandoning the community needs assessment entails neglecting the group that needed the aid the most. Donors, thus, dominate the behavior of NGOs, and donor interest is prioritized over local needs.

CHAPTER FOUR

CONTEXTUALIZATION OF THE NGO SCENE IN EGYPT

CONTEXTUALIZATION OF THE NGO SCENE IN EGYPT (Since 2011)

4.1. The nature of Egypt's NGO community

Egypt has the largest NGO sector in the Arab world, and commentators and scholars often note how vibrant Egyptian civil society is in comparison with many of its neighbors. (Pollock, 2013). Yet, until the recent transition in 2011, Egypt was a repressive, semi-autocratic state, which routinely violated the human rights of its citizens. It sought to maintain control of, or at least influence over, many aspects of life, including civil society, and the laws governing Egyptian NGOs are extremely restrictive. It remains in question how much this will change under the revised constitution and the democratically elected government.

Egypt has a large and vibrant NGO sector, yet it also has restrictive laws governing NGOs, and the government has frequently cracked down on the sector, both before and after the 25 January Revolution. Therefore, the question is; what explains the size and vibrancy of Egyptian civil society in the face of this repression? After exploring the nature of the NGO sector in Egypt, it is estimated that internal and external pressures on the Egyptian government as well as a lack of state capacity for repression might explain the size of the NGO sector. The Egyptian government intentionally promoted the growth of the NGO sector, while using the state's coercive power to influence these organizations. By both promoting and manipulating NGOs, the state has been able to pursue several objectives: providing social services with fewer state resources; co-opting

organizations into behaving in accordance with state interests; pitting potential opposition factions against one another; and improving the state's image abroad while discrediting liberalism at home. (Pollock, 2013). While the Revolution in 2011 brought renewed hope for legal reform, the future of NGOs in Egypt remains unstable.

With over 90 million citizens and around 40,000 registered local NGOs, despite a history of highly restrictive NGO laws, Egypt is described as having one of the largest and most vital civil society sectors in the developing world. (Mikhail, 2014). The International Center for Not-for-Profit Law (ICNL) explains that while the Egyptian government never used an outright ban on civil society, it conveniently provided "enormous discretionary powers to the Ministry of Social Solidarity." (Mikhail, 2014).

Following the Egyptian revolution of 2011 and despite a rapid and insistent expansion of civil society, the government's relationship with NGOs only worsened, due to multiple attempts to pass more restrictive laws and an actual physical crackdown on existing NGOs. (Mikhail, 2014). Those organizations were supposedly more committed and effective in reaching the poor than were the governments of developing countries. The nature of their work requires NGOs to interact with local communities on a daily basis, building relationships of cooperation and trust to understand local needs and tailor projects that respond to those needs. However, due to restrictive laws and lack of government resources, several NGOs had to restructure their operations. Instead of having intimate working relationships with the people of the community, several NGOs shifted

their focus towards projects that suit new partnerships with foreign donor agencies. (Pullock, 2013).

4.2. Foreign funding in Egypt after 2011

Prior to the outbreak of revolution on 25 January 2011, Egypt's vibrant civil society already played an important role in raising public awareness. In the aftermath of the revolution, however, controversy over foreign funding to Egyptian NGOs within both the Egyptian press and the general public grew. The underlying problems stem, to a large extent, from the deficient legal framework that regulates the work of NGOs in Egypt. Many NGOs are forced to accept foreign funding due to the lack of domestic funds, from donations, endowments, and other sources of charity, and the abuse by the regime of the few governmental resources available. The Mubarak regime took advantage of the existing legal loopholes in order selectively to punish or reward NGOs according to their political line. The former regime also used the issue of 'foreign funding' to discredit certain NGOs or civil society's call for democratic reform in general. While some critics in Egypt are genuinely suspicious of the intentions of externally- funded organizations, others distort their role in an attempt to stain their image in the eyes of the public. (Elagati, 2013).

Public opinion had some concerns about foreign funding. According to Mohamed Elagati (2013), there are several negative aspects of NGO foreign funding in Egypt. The main negative aspects include: donors forcing a specific agenda onto the general work of the organization; flawed legislation governing foreign

funding; unwillingness amongst NGOs to reveal sources and amounts of foreign funding, as well as   the conditions under which it was granted; donor intervention in the work of these organizations; creating 'local agents' for the donor states' vested interests; foreign funding inciting the creation of projects by local NGOs only for the sake of securing funding; the misuse of foreign funds by some NGOs for illicit purposes, giving a negative image to foreign institutions and civil society as a whole; the risk of civil society corruption and the creation of a new class of Egyptians working with foreign organizations that depend on foreign money; abundant foreign funding reducing Egyptian NGOs' preparedness to search for local sources of funding, thus weakening the development of local alternatives; and the risk of a long-term structural dependence of Egyptian NGOs on foreign funding. (Elagati, 2013).

These concerns, however, did not fundamentally affect the presence or influence of foreign donors in Egypt. Most international donors have increased their funding for Egyptian NGOs after the revolution, focusing their activities more strongly on civil participation, supporting youth, the media, freedom of information and political participation, as well as social justice. (Elagati, 2013). Moreover, important governmental donors such as USAID and the European Commission have scrapped controversial pre-revolutionary policies of requiring civil society grants to be cleared with the Egyptian authorities first.

According to an investigation file on NGO foreign funding submitted to the Cairo Criminal Court by the investigating authorities in February 2012, Investigative Judges Sameh Abu-Zeid and Ashraf el Ashrawy claimed that 95 per cent of the

money spent by the investigated foreign organizations came from the US. The report claimed that prior to the revolution, US organizations spent around $1 million per year in Egypt; after the revolution, their workload increased substantially and funds amounted to $18 million in one year. The investigation also demonstrated that approximately 95 per cent of funds during the past year were used to support the work of new post-revolution entities. (Elagati, 2013).

The scope of this study does not allow for an exhaustive or representative overview of all foreign funding provided to Egyptian organizations. However, in financial terms, among the most important foreign supporters of democratic reform and civil society in Egypt are governmental and non-governmental donors from the European Union and the United States, as well as international multilateral organizations. Important non- governmental sources include the Ford Foundation, Freedom House, and the Arab Human Rights Fund. Moreover, a broad range of foreign NGOs provides technical assistance in supporting 'political' civil society. These include notably the National Endowment for Democracy (NED), the National Democratic Institute (NDI), the International Republican Institute (IRI), and German political party foundations, including the Friedrich Ebert Foundation, the Friedrich Naumann Foundation, and the Konrad Adenauer Foundation.

Understanding the role of civil society in Egypt before and after the revolution is not possible without a detailed understanding of the question of financing. Understanding the question of funding is the key to explaining the changing behavior and interests of NGOs in Egypt.

4.3. Shifts in interests and specialization

After the 25 January Revolution in 2011, foreign donor preferences have shifted more towards the concept of 'democratic transition'. Foreign donors showed a keen interest in playing a large role in shaping the country's transition towards democracy. When donor interests shifted towards the focus on democratic development, NGOs that relied on or needed foreign funding in Egypt, in most cases, had three choices: tailor their projects based on donor priorities (loyalty), negotiate with donors to receive funds related to their original vision (voice), or to quit (exit). The available research material on NGOs in Egypt demonstrates that the two situations that are more likely to occur are either 'loyalty' or 'exit'. The following section illustrates examples of cases that occurred in Egypt that explain how a shift in donor interests can affect NGO behavior.

4.3.1. USAID

Just a few weeks after Mubarak's regime was toppled, the United States Agency for International Development (USAID) directed some $65 million towards "democratic development" programmes in Egypt, out of total economic and civil assistance estimated at around $200 million in 2010/2011. (El-din, 2011).

USAID made a big shift in its funding priorities in Egypt. The Egyptian government itself notes that USAID has played an active role in rebuilding the Egyptian economy over more than 30 years. Furthermore, there is no question that

USAID has played an enormous role in improving Egypt's infrastructure, especially in the sectors of telecommunications, electricity, health and sanitary drainage." Official figures show that USAID has offered Egypt more than $50 billion in civil assistance over 40 years. (El-din, 2011).

Since 2011, USAID has showed great interest in funding projects related to democratic transition in Egypt. There is no denying that democratic transition in Egypt matters immensely to the United States strategically. US Ambassador to Egypt Ann Patterson clearly stated: "It matters to our allies, and it will serve as a model for the rest of the Arab world". (El-din, 2011). The USAID has allocated millions of dollars to democratic development programmes. It has granted $105 million to various non-governmental organizations to assist with their participation in the political life of the country. (El-din, 2011).

According to a Middle East Online study on US aid in Egypt, more than one thousand Egyptians have lined up to submit proposals at USAID's Cairo office to obtain grants allocated to democratic transition programmes. (El-din, 2011). While a significant number of NGOs shifted their priorities in accordance with the USAID new interests in order to receive funds, other NGOs such as the Egyptian Organization for Human Rights (EOHR) has declined to apply for grants from the USAID. Hafez Abu Saeda, chairman of the Egyptian Organization for Human rights, in a statement to Ahram online has indicated that NGOs that accept money from USAID should be very clear about its objectives rather than the NGOs'

original objectives. (El-din, 2011). In other words, USAID will always prioritize the United States' strategic interests in Egypt over the interest of the people at the community level. The EOHR was fortunate, however, because its funding depended on local sources and other foreign donors. Hence, a shift in donor priority did not affect the behavior of this particular NGO because it had other sources for survival.

4.3.2. NED

The National Endowment for Democracy (NED) "was launched in the early 1980s, premised on the idea that American assistance on behalf of democracy efforts abroad would be good both for the U.S. and for those struggling around the world for freedom and self-government." (NED). NED has never shifted its interests; democracy has always been its priority. After 25 January revolution, NED became interested in Egypt more than ever before because it initiated a path towards democratic transition. During my internship at the Arab House Foundation for Human Rights (AHFHR), I got to meet the program officer of the Middle East North Africa region working for NED, Ms. Tatjana Sharif-San Luis. Ms. Luis informed me prior to her visit that she was coming to Egypt and wanted to meet with the NGO staff and discuss the work we do. During her visit, I got to talk to her about my thesis and she was very helpful in answering some of the questions I had. I asked her why did NED send a program officer after they have already approved the proposal sent by the NGO. She answered by saying that they had installed a new system where NGOs only receive an initial approval based on

the project proposal submitted and then a program officer has to visit the NGO for a second and final approval. When I asked her about the importance of the second approval, she replied stating that over the past year they have received over hundreds of proposals that look good on paper, however, from NGOs that had no prior experience in democratic development. NED realized that projects were being tailored in accordance with their objectives for the sake of funding. Her final comments were about how NGOs in Egypt have become resource dependent to a significant extent where interests are being changed and priorities are being set for the sake of receiving the grant.

The aforementioned examples of NGOs and foreign donor agencies are a few examples of the relationship between both entities. The following chapter will investigate a case study of the Arab House Foundation for Human Rights in detail.

CHAPTER FIVE

CASE STUDY

CASE STUDY

ARAB HOUSE FOUNDATION FOR HUMAN RIGHTS

5.1. Case Profile

5.1.1. Operating Context

The Arab House Foundation for Human Rights is an association focused on awareness programs. Consequently, it works with experts on human rights to create activities not only in Cairo, but more importantly in governorates that are less privileged. This kind of association works on community-based projects, hence, it is of great importance that those communities understand the nature of the association and the projects it implements. For this reason, AHFHR staff not only make plans for the project, but more importantly, each and every single member of the staff is involved in the implementation process of every project until the very end. This creates good relationships with community members, which facilitates the implementation process of the project and enhances a positive feedback towards the foundation's activities.

5.1.2. History

The Arab House Foundation for Human Rights is a newly established association. It received approval as a development organization on March 2013. Since then, AHFHR has started an array of projects and activities related to human rights awareness in Egypt. The foundation has tried to cover all news related to human

rights violations in Egypt and post them on its webpage to increase awareness among readers. Furthermore, the association has organized workshops and training sessions to teach members of society from several governorates in Egypt about their basic human rights and how to call for them.

5.1.3. Overall Mission

Arab House Foundation for Human Rights is a local Egyptian association founded under the Egyptian law of Non-Governmental Organizations. AHFHR believes that nations will not develop unless every individual's rights are respected. This can be achieved only after they become aware of their rights and how to call for those rights. This explains the role of the association. It is its ultimate vision.

5.1.4. Institutional structure

Being a newly established association, the institutional structure of the AHFHR is not a complex one. Basically it is consisted of three segments. The first segment is the Upper Council, which administers all formal decisions and plans in the association. The upper council comprises four positions of the senior staff. Those positions are: the president of the council, vice president of the council, General Secretary, and the treasurer. The president of the council, Mr. Ehab Rady, is responsible for top management decisions and plans executed within the foundation. Along with Mr. Rady, the vice president is there to plan activities and organize the team needed for every activity carried out by the foundation. The general secretary is another important member of the team, as he organizes not only all meetings within the upper

council, but more importantly organizes all business trips, interviews volunteers, and schedules training sessions and workshops. The final member of the upper council is the treasurer. This person is responsible for taking care of the finance of the association as well as finding possible sources of funding.

The second segment is the Experts Council. This council is responsible for investigating, researching, and studying the most problematic issues in regards to human rights in Egypt. It looks at key issues and considers how the foundation might tackle them. This council works under the supervision of the president of the association, who makes the final decision on which key issues are more relevant.

The third segment of the institutional structure is the Volunteering Team. This team is where all the magic happens. Part of those volunteers are prominent figures in society: parliamentary candidates, university professors, journalists, or human rights activists. Those are the part of the volunteering team responsible for giving trainings. However, the workshop itself is organized by the upper council along with another set of younger volunteers. This set of volunteers act as organizers for the workshop.

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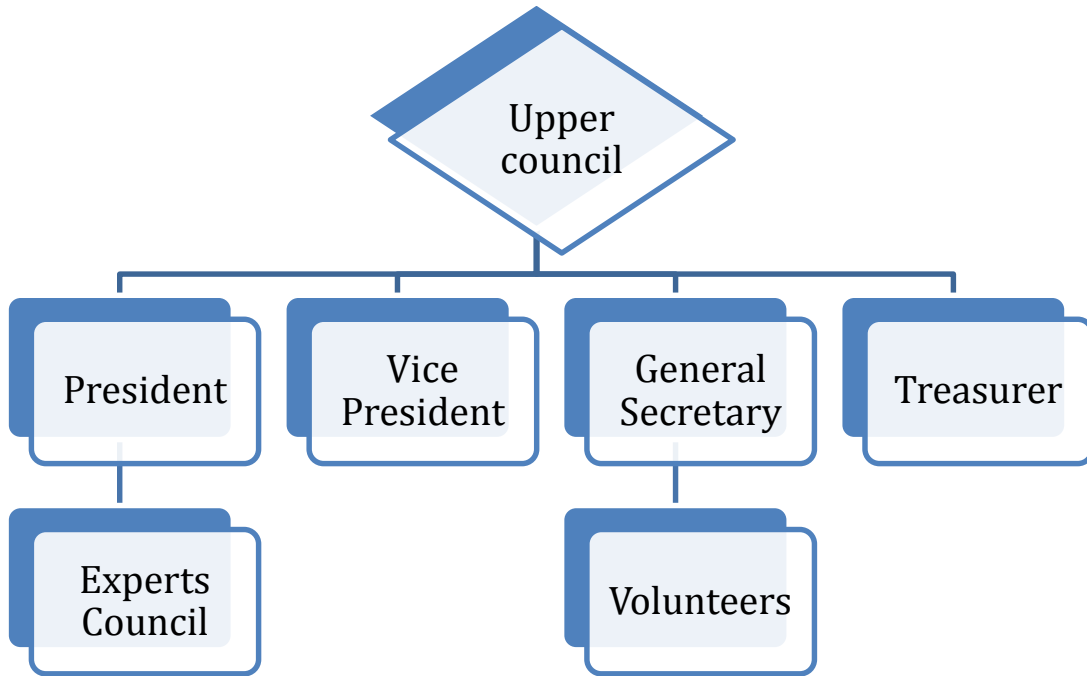
Figure 3: AHFHR's Organizational Structure

5.1.5. NGO's Objective

Arab House Foundation for Human Rights' main objective is to spread awareness amongst citizens about their basic human rights and how to call for them.

- Teaching citizens about their human rights and how can they protect them.

- Executing basic human rights awareness programs in the least privileged governorates in Egypt.

- Stressing the importance of a dignified life for everyone.

- Reaching out to a larger group of the community who has been suffering from human rights abuse.

5.1.6. Approach towards achieving its objectives

Arab House Foundation for Human Rights adopts a participatory approach to development. This foundation is based on engaging the civil society in every project or activity undertaken by the AHFHR. This approach is driven by its main objective of empowering civil society members through engaging them in training and workshops in order to enhance their participation as active members in society.

5.1.7. Relationship with its constituency

Arab House Foundation for Human Rights, unlike other associations, does not focus on one specified target group. The foundation looks at the community as a whole. Since its main focus is human rights problems in Egypt, the foundation believes that what it is offering is suitable for all sectors of society. In every project, it tries to reach out to all individuals in Egypt. AHFHR has implemented its projects up till now in Cairo, Alexandria, Qena, Al-Gharbia, and Bani-Sweif. In the future, the foundation is planning to cover the governorates in Egypt, particularly in the least privileged areas where teaching them about their rights is very essential, particularly in today's world.

The relationship between the foundation and its public is a very friendly one. It is based on guidance and assistance. This participatory approach to development in which civil society and target groups participate in the development process and are essential players in the implementation process guarantees more sustainability. This approach gives the beneficiaries a sense of ownership and belonging to the project

and their capacities are built to carry out the acquired skills and activities after the end of the project. Thus, the Arab House Foundation for Human Rights implements its projects through working with the community.

5.1.8. Relationship with other organizations

The Arab House Foundation for Human Rights is part of a congregation of 76 human rights organizations in Egypt. Almost 40 of those associations- including AHFHR- have very strong bonds due to their similar agendas. AHFHR's relationship with the rest of those organizations is a very good one. They issue reports and cover news under one auspice. AHFHR does not have any conflicts with other human rights organizations. It does not seek to compete with other organizations, however; AHFHR seeks to complete the overall job of supporting human rights in Egypt.

5.1.9. Sources of funding

Arab House Foundation for Human Rights is based on personal private funding. However, lately the foundation has been communicating with aid institutions for external funding. The foundation initially refused to accept any foreign funding because of the suspicion of foreign intervention and foreign agendas. However, relying on private funding established that there cannot be assured sustainability in any of the projects executed. This led the foundation to start drafting proposals for reputable aid institutions to fund its programs.

Table 1: Summary of AHFHR's Case Profile

	AHFHR
Mission	Human Rights Awareness
Reason for establishment	Group Commitment
Key turning point	Arab Spring
Stakeholders	Local Communities
Participatory Approach	In practice
Members' role	Decision making and implementation
Executive Committee	4 members
Internal governance	Low leadership/no clear division of authorities
Decision-making process	Agreement and consensus
Transparency	Members' access and internal reporting
Gender representation in leadership	Male
Human resources	Project-based and volunteers
Professional expertise	External
Type of activities	Awareness and projects
Needs assessment	Local needs
Relationship with state government	Limited complementarity
Relationship with donors	New/Formal/Necessary/Negotiative
Relationship with other NGOs	Strong/Stable
Relationship with media	Activities' reporting

5.2. Findings

The extent to which the association of Arab House Foundation for Human Rights
succeeded in achieving its objectives or not, can only be determined by looking at the
outcomes and results of the projects and activities executed by the foundation.
Throughout my internship, I realized that the association gave much more than it
received. In other words, the association provided much by way of news coverage
throughout the three months of my internship by giving news of human rights on its
webpage. Hence, the web-page of the foundation was successful enough to cover
news from a non-biased approach; however, it was not very successful in reaching out
to all citizens who do not have access to the association's page. At the same time, the
mainstream media did not normally cover the successful other activities by AHFHR.

As for these, which included workshops and training sessions, the association brought
prominent figures and experts on human rights to give sessions in Cairo and other
governorates in Egypt. Those sessions were very organized and beneficial and
attracted a number of participants. However, as they did not offer anything but
knowledge, the foundation had difficulty in attracting large numbers of members of
the community.

AHFHR could have been more successful had it received funds to create projects and
activities on a larger scale. Those projects are too good to be done only once or heard
of only by a few. Media coverage of those projects could have led to awareness

among a larger number of members of the community. One project that proved to be very successful was "Preparing a new generation to become human rights activists". This project was intended to prepare the candidates that volunteered to lead future projects. Several news channels and online pages covered this project. It also attracted the attention of several members of the community.

There is no doubt that AHFHR is facing serious challenges. From an objective perspective, the foundation has difficulty in growing or becoming one of the more prominent Egyptian human rights associations for the following reasons:

5.2.1. Challenge #1: *The question of funding*
The number one challenge without doubt is funding. For any organization to grow, it needs financial resources flowing into the organization. However, being a non-profit organization based on personal funding, AHFHR finds it very hard to create any sustainability or even enlarge its ongoing projects.

5.2.2. Challenge #2: *Timely administrative procedures*
The administrative procedures take far too much time and energy. For every activity, a lot of time is wasted while waiting for a certain signature or specific paper work needed for the execution of the activity. During this lost time, the organization's projects are seriously hindered.

5.2.3. Challenge #3: *Timely security approvals*

Another challenge is the time lost in security approvals. The bureaucratic procedures needed for every project are very time consuming. This lost time also hinders the organization's pace towards achieving its plans and activities in a timely manner.

5.2.4. Challenge #4: *Difficulty in finding volunteers*

Arab House Foundation for Human Rights relies to a great extent on volunteers. Just like any other organization, finding volunteers is not an easy task particularly if the organization is still a newly established one. Thus, AHFHR has a hard time finding volunteers ready to commit to fulfilling the tasks of the organization as well as to travelling around the governorates of Egypt.

Throughout the last days of my internship, I came to the most important finding of all. During the final stage of my internship, everything changed when I started helping the upper council to write proposals to be submitted to aid agencies to request funding for the NGO. At that time, the organization was facing financial problems and was starting to feel that it could not rely anymore on private funding. The AHFHR, then, had decided to work on a proposal calling for funding from international donors. The NGO was advised that the United Nations Development Programme (UNDP) was accepting proposals. The Upper Council immediately started working on drafting a proposal on one of the projects that had not been completed due to lack of resources.

AHFHR was initially working on a project enhancing higher education capacity in Egypt. Throughout the year 2013, UNDP's priority theme for funding was 'responsive institutions'. This description perfectly applied to the NGO's proposed project. However, the UNDP suddenly shifted its priority areas to favor 'democratic governance' and 'gender equality'. When donors offered a novel source of funding that attracted the attention of numerous NGOs, AHFHR was encouraged to undergo organizational changes, in order to develop potentially eligible projects and also to communicate with officials distributing the grants to access information helpful in acquiring funding.

In order to survive, the AHFHR, correspondingly, shifted its behavior into 'adjusting' its project to fit with the new priorities of the UNDP. Later, the NGO contacted other donors with the same priority areas: the National Endowment Fund (NED) and the United Nations Democracy Fund (UNDEF). (see Appendix B & Appendix C). The major drawback, however, is that when AHFHR adapted its agenda to the priorities of donor programs, it led the organization to abandon its initial aims and field of activity.

5.3. Reflection and analysis

Sadly, the Arab House Foundation for Human Rights probably lacks the means to ensure the sustainability of the projects. The range of activities undertaken by the NGO requires economic capital and trained personnel. The lack of both will not allow

the projects to continue on their own. For the first nine months of its existence, the NGO functioned within clearly defined limits. However, once the environment altered, the foundation changed its goal in order to meet the new expectations of donors. In doing so, the NGO shifted its projects, scope of work and target group. It may well also have become largely irrelevant to its original purpose.

AHFHR abandoned its role towards its primary stakeholders. The team became incapable of fulfilling their responsibilities. The organization starting proposing projects that were not of high priority to residents of those unprivileged areas. This abandonment of the community's needs and priorities led to a huge disappointment accompanied by mistrust towards the NGO. This vulnerable group of people lost any hope they had towards the future. However, because the NGO was on the verge of collapsing it shifted its behavior and changed its objectives.

Arab House Foundation for Human Rights' new objective changed to spreading awareness in the new path towards democracy so that every citizen could participate and know that their voices can and will be heard. The new objective of the NGO meant that their new focus is not basic human rights anymore. While the AHFHR did not undergo a paradigm shift, however, they integrated their original objectives with the greater goals of the donor. While on paper, this was not considered an enormous shift; it led to the abandonment of the basic needs of the local community while prioritizing the interest of the donor. Furthermore, their target group is no longer the

least privileged areas governorates either. The immediate objectives of the NGO became:

- Teaching citizens about their human rights and how can they protect it.

- Acting as a further stepping stone towards democratic development in Egypt.

- Spread political awareness among a larger group of the community.

- Stressing the importance of freedom of thought and expression.

- Providing support for journalists who are trying to provide citizens with the reality of the situation in Egypt.

- Enabling political participation of women.

This shift in behavior and objectives constitutes an application of Hirschman's 'Exit, voice, and loyalty' model.

5.3.1. A behavioral shift

The previous section in this chapter highlights the main findings during my internship at the Arab House Foundation for Human Rights in 2013; the reasons that led me to investigate why organizations behave the way they do. The time I spent at the AHFHR allowed me to see the point where organizations will switch behavior the minute they feel threatened to survive. What organizations might not admit to the public, I was in a place where information about the NGO could not be hidden. During my internship I was inside a real life experience of an organization shifting behavior in order to fit with donor priorities in return for resources.

AHFHR was designed to take local priorities into account. Selecting the parties to receive NGO assistance was based on identifying the most deprived groups in underprivileged governorates in Egypt. The NGO was based on the idea of improving their living conditions through awareness programs to teach them about their rights and how to call for them. Furthermore, the NGO's program of establishing a new generation of human rights activists promised a lot of job vacancies since the people who are attending those workshops were supposed to work in their governorate in the following year. The plan was to provide a sustainable project, run later by the beneficiaries themselves who have acquired the highest level of attendance to the workshops in the entire year where the project is implemented. The NGO was expected to leave more responsibilities to the primary stakeholders to make them feel more involved. The NGO was supposed to mobilize their members to work in the projects to gain appreciation and credibility in their local community. Hence, the outcome of this project would have led to supporting a long-term local recreation in this community. It was expected to enhance broader participation every year that could have changed people's lives. Unfortunately, due to lack of resources, the NGO had to shift its behavior and projects.

The following section concentrates on the developments that occurred in the foundation over the past two years. Since the end of my internship, I have been following the behavioral shift that the AHFHR has been going through. It began with a public announcement by the executive director of the Arab House Foundation for Human rights to "Sada El-Balad". (Othman, 2014). He, openly, denounced the attack

on foreign funding stressing that foreign funding does not cause any harm (something the organization was against initially). He mentioned that with over 40,000 organizations in Egypt, only 450 organizations are receiving external funding according to the Ministry of Social Solidarity. (Othman, 2014). Furthermore, in his announcement, he addressed the government on its role in getting involved and communicating with foreign donors to expand their grants to reach a larger number of NGOs in Egypt. His announcement was only a beginning to the NGO's behavioral shift.

In 2014, the NGO started working on programs and drafting proposals focusing on democratic transitions and youth encouragement. Leaving their original target group in the least privileged governorates led to deterioration in all the past projects that the AHFHR was initially working on. Projects related to preparing a new generation of human rights activists, enhancing the education capacity in poor areas, and the awareness programs about human rights had no more resources to continue. Being a resource dependent NGO, the AHFHR had no option but to work on the popular projects that were actually receiving funds. In 2014, donors like NED, UNDP, and UNDEF were all focusing their grants on projects related to democratic transition in the Middle East and youth encouragement. Consequently, the AHFHR shifted not only their objectives, but their behavior as well. This shift resulted in donor acceptance of the new projects by the AHFHR.

In 2015, there was another shift in the NGO's behavior based on a shift in donor priorities. Donors shifted their focus towards projects related to women empowerment and gender equality. Hence, in 2015, the AHFHR started working on a project related to risks and abuses faced by women in Egypt, and how they can overcome them.

The shift of donor priorities is due to the fact that they no longer need so many NGOs pushing for transitional democracy. Instead, the focus shifted to women empowerment as an element perceived as required in the Middle East by foreign donors. The immediate effect of every shift by foreign donors is that numerous programs initiated by NGOs in Egypt become abandoned. AHFHR, like many other NGOs, find itself at the mercy of the agendas and priorities of foreign donors. The grass-roots issues addressed by local NGOs in Egypt often do not correlate with the international issues upon which their funding is based, and this incompatibility creates uncertainty for many programs. Unfortunately, students who may have had a better chance in getting educated and youth who could have become better individuals aware of their rights in very remote areas have failed to receive any tangible benefit after this behavioral shift.

AHFHR already face an uphill battle with a lack of resources and experience. The current process for providing developmental assistance lacks long-term sustainability because funding priorities are not always in accord with local needs and programming cycles. The insecurity brought about by shifting foreign agendas is just one more

challenge for the NGO. More importantly, it is one more barrier preventing it from improving the standard of living for its community.

The events that occurred in the recent years have shifted the focus of foreign donors as the development budget is tied to national interest. Once again this is what eventually leads to the abandonment of programs, leaving many communities to fend for themselves. The cycle of short-term projects and insecurity for NGOs, who are reliant on foreign funding, continues.

5.3.2. Explaining behavior according to Hirschman

The question of how NGOs in developing countries react to shifts in donor agencies' funding is applicable to the case of the Arab House foundation for Human rights. When the National Endowment for Democracy accepted the AHFHR's project on youth empowerment in the process of democratic transition in 2014, the organization became resource dependent on NED. All their work during that year was focused on the role of youth under the new regime in Egypt. However, when NED shifted its priority the following year to women empowerment, AHFHR started re-evaluating its agenda, again, due to concerns regarding the future prospects for donor support. Consequently, the NGO started preparing new eligible projects on women empowerment in order to match donor priorities.

Due to funding concerns, AHFHR while working under the same umbrella of human rights, shifted its approach more than once towards projects that of priority to the donor rather than of priority to the local community. Emerging funding trends suggested that NGOs could increase sustainability by seeking financial and technical support from donors on the condition of prioritizing their interests in the region.

According to Hirschman, the NGO is this case clearly chose the 'loyalty' option as a mode of behavior. As mentioned previously, 'loyalty' in this paradigm means adjustment. When an NGO has no other alternative to allocate resources, it does not have the privilege to 'voice' or 'exit'. In seeking survival, the NGO's only choice was to alter and modify its objectives to fit with donor priorities.

CHAPTER SIX

CONCLUSION

CONCLUSION

The acquisition and sustainability of financial resources continue to be paramount challenges for non-governmental organizations (NGOs). Contrary to other institutions, which rely on generating profits from selling products or services, NGOs seek financial resources mainly from international donors. However, due to continuous fluctuations, receiving international funds is not promised. This case study establishes that since NGOs' survival may rely on these funds, their performances will not only take donors' interests into consideration but often even prioritize them. Hence, resource allocation has possibly become the major determinant of NGO behavior and decisions.

Research on NGOs has established that resource dependence theory does much to explain the relationship between donor funding and NGO behavior. Resource dependence theory suggests that the form of behavior of an NGO is a reflection of its dependence on an external actor for resources. The level of resource dependence affects, and possibly determines, the behavior of the NGO.

The relationship between resource dependence and an NGO's decision to shift its behavior can also be explained through Hirschman's 'exit, voice, and loyalty' model. The higher the resource dependence of an organization, the more likely it will practice the 'loyalty' concept. However, the lower the resource dependence of an organization, the more likely it will practice the 'voice' or 'exit' options. In other words, when the NGO has various alternative options to allocate resources, it will tend to be less controlled by the donor. Conversely, the more loyal and dependent the NGO is on certain donors, the more their behavior will always be along the lines of prioritizing donor interests.

My contribution to scholarly debates on NGO-donor relations is not focused on labeling NGOs or donors as 'good' or 'bad'. Instead, it is an attempt to understand NGO behavior. Regardless of their success or failure, there is an unhealthy relationship between donors and NGOs. It is a realist world where all actors will seek self-interest. The developmental problem here is that NGOs are the closest institution to local communities. It is the institution that best understand their needs. How can communities develop when their closest ally is prioritizing donor interests rather than community interests?

NGOs are caught in the dependency trap. Since NGOs are resource insufficient, the fate of their local communities will usually be in the hands of the donor. Donors who live in different communities and have different interests dictate what kind of projects NGOs can work on. Consequently, most resource dependent NGOs are choosing overlapping projects while neglecting crucial projects that could be more essential to the local community. In order to survive, NGOs will shift their behavior in order to sustain donor funding rather than responding to people's needs.

The case of Egyptian NGOs is only an illustration of the NGO-donor relationship in developing countries in general. NGOs in Egypt after the 25 January revolution have experienced a dependency trap. The lack of government resources led NGOs to pursue foreign funding. The more dependent the NGO is, the higher the probability that it will shift interests in accordance with donor priorities. Local needs of people are not being addressed because if their problem is not already on the donor agenda then it does not become a priority.

The case of the Arab House Foundation for Human Rights focuses on how NGOs

respond to changes in their environment, specifically how they react to shifts in donor funding. NGOs are increasingly replacing government agencies as providers of social services, yet they often rely on private donors for funding. As a result, NGOs may experience a tension between upward and downward accountability. On the one hand, NGOs are accountable to the community they serve. On the other hand, to the extent that they depend on external funding, NGOs are also accountable to their donors. This case, while faces several limitations, supports the hypothesis by touching upon the tension between upward and downward accountability, reaching the point where NGOs' resource dependence will result in shifting priorities to align with donor interests.

The question, "why do NGOs adopt perspectives and priorities derived from funding sources", has essentially been answered throughout the foregoing pages. The answer itself boils down to a distilled awareness that Human Rights-focused NGOs involve only small numerical percentages of the populations of Third World societies, that awareness of Human Rights issues is limited in such contexts, that Human Rights issues may be very divisive questions in many Third World contexts, and that funding remains problematical for many, if not most, Human Rights-Focused NGOs in the Third World. In short, then, the answer to the research question raised above is that the combination of real material needs to work on behalf of Human Rights and an equally real lack of material means to accomplish this goal combine to pressure Human Rights-focused NGOs to adopt perspectives and priorities derived from funding sources.

Derivative sub-questions can now also be addressed:

- To what extent does resource dependence theory help explain today's relationships between NGOs and donors? I would say to "a great extent".

- Why are international donors the major contributors of NGO funding rather than state agencies? I would suggest that impressionistic evidence from the Egyptian scene suggests that human rights issues are divisive in the Third World; so international funding is an attractive option.

- What impact does donors' decision to change their funding priorities have on NGO's established priorities? The evidence from the case study suggests the answer to this would be: NGOs tend to modify their own priorities in order to remain compatible with those of funding agencies.

Recommendations

Donors should revisit their funding strategies and mechanisms. They ought to relax the conditionality of funding and be more inclusive in tackling development projects. If donors want to see NGOs make a real change in people's lives, they will have to let the NGO work since NGOs are more aware of what local communities need. Nevertheless, NGOs have the bigger role in overcoming the complications in the NGO-donor relationship. NGOs should include donor interests but not prioritize it. Whenever donor interests are not parallel to the needs of the target group, NGOs have to practice the 'voice' option and say 'no'. NGOs should empower themselves through a powerful vision. Only then can an NGO resist shifting its performance and commit to its original objectives. NGOs and donors are responsible for finding a way where not only both can benefit, but

more importantly the beneficiaries that they have responsibility towards.

Limitations

- This research focus on the behavior of an NGO in real setting, however, it is based on only three months of observation.
- While qualitatively rich, this research lacks a quantitative significance. There is only one case study in this research due to the difficulty of interviewing other NGOs and expecting them to give similar information. It is hard for NGOs to admit that they are prioritizing donor interest because they need resources.
- The research does not extensively go into detail about the reason behind donors' shifts in projects and changing priority areas.
- The research was limited to NGOs in developing countries. NGOs in developed countries may not face similar situations.

I consider both the findings and the limitations of the research to be potential opportunities for future research and examination.

APPENDIX A: TRAINING CERTIFICATE

Arab House Foundation for Human Rights

Date: 19/11/2013

To whom it may concern,

This is to certify that Miss Rana Reda El Gawish, a graduate student in the Faculty of Political Science at the American University in Cairo (Major in Development) has successfully completed three months long internship (from July 1st 2013 to September 30th 2013). During the period of her internship, she was found punctual, strict to deadlines, hardworking, team player, and had excellent analytical skills.

We wish her every success in life.

EHAB RADY
_____

Authorized Signature

Facebook page:
https://www.facebook.com/ArabHouseFoundationForHumanRights?ref=ts&fref=ts#!/ArabHouseFoundationForHumanRights

APPENDIX B: PROJECT PROPOSAL

NATIONAL ENDOWMENT FOR DEMOCRACY

PROJECT PROPOSAL

1. SUMMARY

Decentralization is one of the reforms that states need to adopt to recover from oppressive authoritarian regimes and move to a democratic governance regime. The road is not easy and the milestones need to be met. This project arises out of a new constitutional framework that prioritizes women and youth. Its main aim is to enhance their ultimate participation in the political life. This project is taking place during the transitional period that Egypt is going through. This period requires the investment of all range of societal factions, in particular the marginalized and incapable groups, to enhance their political participation.

Egypt now is experiencing a transitional period from a highly centralized state to a decentralized one. After the constitutional referendum, it is estimated that 50% of the Local People's Councils seats will be for women and youth. Accordingly, this project is significant as it aims to empower the youth and women, particularly in marginalized areas in governorates, to establish Local People's Councils that fights corruption. This will only be attained through active members who are well aware of their responsibilities and duties. The project will achieve its objectives through studies, training, and monitoring members during the local elections.

2. BACKGROUND

Egyptian youth identified the root cause of all their problems through lacking their political rights through today's democratic governance systems prevailing in democratic countries. The corrupt institutions and the elite dominating political life with no hope of alternation of power caused Egypt's economic and political problems. They also realized that the corrupt government is incapable of delivering public services to its people and is a root cause for the lack of equal opportunity.

Democratic transition in Egypt has faced several impediments which led people today to lose their hope and belief in a democratic rule to occur. The new drafted constitution, however, provides a significant importance to localities through the Local People's councils. Those councils are the only way towards true representation. Citizens have a chance where their voice could be heard, where their voice can actually matter. The most important question is how can we ensure that those localities will neither be corrupt nor insignificant? The proposed project, thus, creates a chance for those localities to make a difference in people's lives. Those localities will only function correctly if the citizens are empowered. The project's target group is the youth and women as they make up about 50% of the new law for localities. The organization seeks to target youth and women in the most marginalized areas in the state. Those people are the key towards a true representation in localities if they become aware of their rights and knew how to call for it.

3. PROJECT OBJECTIVES

- An assessment on citizens' problems and their needs from the local councils.

- Drafting a new law for local people's councils.

- Awareness program

- Providing trainings for marginalized youth and women

4. PROJECT ACTIVITIES

Objective 1:

- An assessment on citizens' problems and their needs from the local councils.

Relevant Activities:

- o Surveys
  - Research team to put a plan and expert to analyze and create recommendations
  - Workshop: to evaluate the results and how to use it (with the attendance of the ministry and parliament representatives).

Objective 2:

- Drafting a new law for local people's councils

There is a problem in the law that has been continuing for years. Hence of the activities of the project is lobbying for a new draft law that calls for decentralization, transparency, accountability, fighting corruption, and supports the youth with consideration that the new drafted constitution states that 50% of the seats in the localities is for youth and women. In addition, the current law from 1979 has not changed up till today.

Relevant activities:

- o Experts committee for preparing a draft of the new law for local people's councils which aims to issue a new project law that ensures achieving the objectives.

- o Community discussions to all range of all political streams and classes (civil society, parties, sects) about the draft law.

- o Interviews and meeting with decision makers, government, and minister for local development.

- o Suggest a final draft to the law to give it to the government and decision makers to pressure its issuing. Pressure can also be through the parliament to enforce this new drafted law.

- o After its acceptance,
  - Create awareness programs
  - Provide training for members of Local People's Councils.
  - Provide training for target groups (women, youth, civil society, youth members of parties) in 27 governorates through the seven provinces. Ex: El delta province, canal cities province, South Upper Egypt province.

Objective 3:

- Awareness program

Relevant Activities:

- o Production of media and art works through caricatures and promos in the social media and television from 1 to 10 minutes maximum. This aims to spread awareness and simplify the information and ease its delivery to all range of society (vulnerable and illiterate in villages and distanced areas).
  - These works will be used in training programs and workshops, as well as publishing them in the social media and television.
- o Establish a newsletter that aims to illustrate the project's importance and its outputs.
  - Communications tool with the target group to publish the aforementioned arts works.
- o Create brochures to illustrate the project team and the objectives of this project to be distributed on the target group and beneficiaries.
- o Public meetings with the target group to spread awareness about the importance of participation in the elections of the local councils.

Objective 4:

- Providing trainings for marginalized youth and women

Relevant Activities:

Two types of trainings:

1. Training possible candidates to become: active, aware, skilled to perform all tasks relevant to people's needs.

2. Training sessions to team to spread awareness amongst people in coordination with civil societies in the targeted areas.

5. EVALUATION PLAN

- The project will be monitored on regular basis by the project management team to ensure that all activities are taking place as scheduled and with high quality.

- Every six months, external experts will be invited to evaluate the performance of the project. Furthermore, it is important that they give recommendations on how to correct any irregularities.

- Trained groups should create entities to evaluate the performance of the Local People's Councils after the project ends.

6. INTERIM ASSESSMENT

NA

7. ORGANIZATIONAL BACKGROUND

AHFHR has started an array of projects and activities related to the current situation in Egypt. Therefore, throughout the past months, the main focus of the association has been democratic transition in Egypt. When planning for and organizing workshops and trainings, the organization has brought prominent figures and experts on human rights

and democracy to give sessions in Cairo and more marginalized groups in other governorates in Egypt. Those sessions were very organized and beneficial and attracted a lot of civilians. The numbers of attendees started increasing one project after another due to current misunderstandings people have due to biased media channels and newspapers.

One project that is proving to be very successful is "Preparing a new generation to become human rights activists". This project is intended to prepare the candidates who volunteered in the project to rely on them in future projects. This project has been lately covered by several news channels and online pages. It had also attracted several members of the community, and are being very well trained by experts on human rights and democracy. Another projects executed this year were the "New Labor Law draft" project and the "Constitutional awareness" project.

Other funding:

None

References:

Mr. Hafez Abu Seada (Director of Egyptian Organization for Human Rights), Contact info: 01222188309, E-mail: hafez@abuseada.com

Mr. Negad El Borai (Director of United Group), Contact info: 01222129637, E-mail: negad@ug-law.com

APPENDIX C: PROJECT PROPOSAL (UNDEF)

Project Proposal

UNDEF Application

1. Applicant Information

Organization's name: Arab House Foundation for Human Rights

Organization Acronym: AHFHR

Type of Applicant: NGO

First time or prior applicant: First time

Head

       Prefix: Mr**.**

       Name: Ehab Rady

       Title: Chairman of the board of trustees

       Phone: 01224001969

       E-mail: Ehap_rady@yahoo.com

       Website: https://www.facebook.com/#!/ArabHouseFoundationForHumanRights

       Address of the organization: 4 Ahmed Maher Buildings, Bab El-Khalk,

Downtown. Ciaro

Key contact

       Name: Rana Gawish

       Title: Project Coordinator

       Phone: 01011000610

       E-mail: ranagawish@hotmail.com

       Address: 2 El Obour Buildings, Salah Salem st., Heliopolis. Cairo

Prior Experience of the organization:

AHFHR has started an array of projects and activities related to the current situation in Egypt. Therefore, throughout the past months, the main focus of the association has been democratic transition in Egypt.

When planning for and organizing workshops and trainings, the organization has brought prominent figures and experts on human rights and democracy to give sessions in Cairo and more marginalized groups in other governorates in Egypt. Those sessions were very organized and beneficial and attracted a lot of civilians. The numbers of attendees started increasing one project after another due to current misunderstandings people have due to biased media channels and newspapers.

One project that is proving to be very successful is "Preparing a new generation to become human rights activists". This project is intended to prepare the candidates who volunteered in the project to rely on them in future projects. This project has been lately covered by several news channels and online pages. It had also attracted several members of the community, and are being very well trained by experts on human rights and democracy. Another projects executed this year were the "New Labor Law draft" project and the "Constitutional awareness" project.

Operational budget: 80,000$

Prior experience with the UN:

The organization has no prior experience with the United Nations, but it is looking forward to build relations with the UN in regards to achieving mutual goals by combining our efforts.

Affiliation with other associations or organizations:

The Arab House Foundation for Human Rights is part of a congregation of 76 human rights organizations in Egypt. Almost 40 of those associations- including AHFHR- have a very strong bond due to their similar agendas and more importantly, their similar political affiliation. AHFHR's relationship with the rest of those organizations is a very good one. They issue reports and cover news under one auspice

2. Project Information

Project title: Youth and Women Empowerment: The importance of local representation

Project location: Egypt, all governorates

Project Summary:

Decentralization is one of the reforms that states need to adopt to recover from oppressive authoritarian regimes and move to a democratic governance regime. The road is not easy and the milestones need to be met. This project arises out of a new constitutional framework that prioritizes women and youth. Its main aim is to enhance their ultimate participation in the political life. This two year project is taking place during the transitional period that Egypt is going through. This period requires the investment of all

range of societal factions, in particular the marginalized and incapable groups, to enhance their political participation.

Egypt now is experiencing a transitional period from a highly centralized state to a decentralized one. After the constitutional referendum, it is estimated that 50% of the Local People's Councils seats will be for women and youth. Accordingly, this project is significant as it aims to empower the youth and women, particularly in marginalized areas in governorates, to establish Local People's Councils that fights corruption. This will only be attained through active members who are well aware of their responsibilities and duties. The project will achieve its objectives through studies, training, and monitoring members during the local elections.

Requested grant amount: 250,000 $

Applicants own contribution (cash/in-kind):
Contribution will in-kind. It will be through planning and organizing, consultating, and managing.

Main feature of the project: Civil society empowerment, including women.

Gender considerations:

This project is very gender sensitive. One of the target groups of the project is women. The project seeks to empower women and teach them the importance of their participation.

Marginalized or vulnerable groups:

This project targets the most marginalized groups in the state. It seeks to empower the most vulnerable groups in all 27 governorates and let them know their rights and how to call for it. It puts them on the road to become active citizens.

3. Project Description

Problem:

Egyptian youth identified the root cause of all their problems through lacking their political rights through today's democratic governance systems prevailing in democratic countries. The corrupt institutions and the elite dominating political life with no hope of alternation of power caused Egypt's economic and political problems. They also realized that the corrupt government is incapable of delivering public services to its people and is a root cause for the lack of equal opportunity.

Democratic transition in Egypt has faced several impediments which led people today to lose their hope and belief in a democratic rule to occur. The new drafted constitution,

however, provides a significant importance to localities through the Local People's councils. Those councils are the only way towards true representation. Citizens have a chance where their voice could be heard, where their voice can actually matter. The most important question is how can we ensure that those localities will neither be corrupt nor insignificant? The proposed project, thus, creates a chance for those localities to make a difference in people's lives. Those localities will only function correctly if the citizens are empowered. The project's target group is the youth and women as they make up about 50% of the new law for localities. The organization seeks to target youth and women in the most marginalized areas in the state. Those people are the key towards a true representation in localities if they become aware of their rights and knew how to call for it.

Objectives:

- An assessment on citizens' problems and their needs from the local councils.

- Drafting a new law for local people's councils.

- Awareness program

- Providing trainings for marginalized youth and women

Key activities:

Objective 1:

- An assessment on citizens' problems and their needs from the local councils.

Relevant Activities:

- o Surveys
  - Research team to put a plan and expert to analyze and create recommendations
  - Workshop: to evaluate the results and how to use it (with the attendance of the ministry and parliament representatives).

<u>Objective 2:</u>

- Drafting a new law for local people's councils

There is a problem in the law that has been continuing for years. Hence of the activities of the project is lobbying for a new draft law that calls for decentralization, transparency, accountability, fighting corruption, and supports the youth with consideration that the new drafted constitution states that 50% of the seats in the localities is for youth and women. In addition, the current law from 1979 has not changed up till today.

Relevant activities:

- o Experts committee for preparing a draft of the new law for local people's councils which aims to issue a new project law that ensures achieving the objectives.
- o Community discussions to all range of all political streams and classes (civil society, parties, sects) about the draft law.
- o Interviews and meeting with decision makers, government, and minister for local development.

- o Suggest a final draft to the law to give it to the government and decision makers to pressure its issuing. Pressure can also be through the parliament to enforce this new drafted law.

- o After its acceptance,

  - Create awareness programs

  - Provide training for members of Local People's Councils.

  - Provide training for target groups (women, youth, civil society, youth members of parties) in 27 governorates through the seven provinces. Ex: El delta province, canal cities province, South Upper Egypt province.

Objective 3:

- Awareness program

Relevant Activities:

- o Production of media and art works through caricatures and promos in the social media and television from 1 to 10 minutes maximum. This aims to spread awareness and simplify the information and ease its delivery to all range of society (vulnerable and illiterate in villages and distanced areas).

  - These works will be used in training programs and workshops, as well as publishing them in the social media and television.

- o Establish a newsletter that aims to illustrate the project's importance and its outputs.

  - Communications tool with the target group to publish the aforementioned arts works.

- o Create brochures to illustrate the project team and the objectives of this project to be distributed on the target group and beneficiaries.
- o Public meetings with the target group to spread awareness about the importance of participation in the elections of the local councils.

Objective 4:

- Providing trainings for marginalized youth and women

Relevant Activities:

Two types of trainings:

3. Training possible candidates to become: active, aware, skilled to perform all tasks relevant to people's needs.

4. Training sessions to team to spread awareness amongst people in coordination with civil societies in the targeted areas.

Outputs:

- Awareness: 30 public meetings in villages and marginalized areas in the governorates targeting 2700 citizen.
- Two types of trainings should lead to:
1) Possible candidates. Choose 15 from every governorate (27 governorates) which means that the project targets 405 possible candidates to run in the elections in the Local People's Councils.

2) Training the youth to spread awareness through public meetings in the governorate (10 from every governorate) to ensure sustainability and can later monitor the Local People's Councils.

Results/outcomes:

1) Changing the law.

2) Awareness leading people towards more participation in elections.

3) Cadre of 405 qualified candidates to participate in Local People's Councils.

Monitoring and evaluation:

- The project will be monitored on regular basis by the project management team to ensure that all activities are taking place as scheduled and with high quality.

- Every six months, external expert will be invited to evaluate the performance of the project. Furthermore, it is important that they give recommendations on how to correct any irregularities.

- Trained groups should create entities to evaluate the performance of the Local People's Councils after the project ends.

Innovation:

- Drafting a new law

- Awareness through arts and media to simplify information.

- Youth monitoring to Local People's Councils post the end of the project.

Sustainability:

- Use trained groups to create entities to ensure the sustainability and continuation of the project.

- Community welfare will be regarded as crucial to improve people's living standards because their better quality of life will be enhanced only through those localities.

Why UNDEF:

UNDEF's main concentrations are exactly what this project needs. Strengthening the civil society, promotion of human rights, encouraging participation of all groups, community development, youth and women empowerment, and media, are all elements that the project borrows from the mission of UNDEF. Hence, there is no better institution to fit such project for not only funding, but also evaluation and recommendations.

4. Partner Information

Proposed executing agency: -

Specify Local Office of Executing Agency:-

Name of contact person:-

Position-

E-mail:-

Phone Number:-

Partner: National Council for Research and Consultancy.

NCRC offers a unique portfolio of programs for senior public service policy makers and managers, parliamentarians, media representatives and people from NGOs worldwide. Their programs are designed to provide participants with insights into many facets of the Egyptian evolving public administration agenda. They feature visits to central and local government departments and agencies, related public sector organizations, parliament, the media, NGOs and private sector bodies. They provide an ideal opportunity for the exchange of information and ideas between public service representatives from around the world with each other and with their counterparts in the Egypt.

Other donors or sponsors: -

5. Budget

Budget by activity

Activity description	Amount in US$
Workshops targeted at local youth and women	**60,000**
Community discussions and public meetings	**15,000**
Production of art and media works targeted at empowering youth and women	**35,000**
Development of advocacy/outreach materials	**25,000**

(surveys, brochures, newsletter)	
Training sessions targeted at local youth and women in governorates around the country	90,000
Total project cost	225,000
Monitoring and evaluation	25,000
Total requested grant amount	250,000

Budget by input

Activity description	Amount in US$
Salaries *(Professional project personnel (national and international employees) and consultants. Administrative personnel and all other staff costs for general project management.)*	40,000
Travel *(Travel and per diem (meals and accommodation) for project management team.*	20,000
Contractual Services *(Commercial services, translation, providers, etc.)*	3,000

Workshops, meetings, seminars *(rental of premises, refreshments, banners,* *public address systems, interpretation,* *travel, hotels and meals, resources,* *including human resources)*	**110,000**
Study tours *(travel, hotels and meals, resources,* *including human resources)*	**0**
Project equipments *(IT equipment, project support equipment* *e.g. TV, radio equipment, printer)*	**5,000**
Outreach *(publications, pamphlet, brochures, print* *material, websites)*	**38,000**
Miscellaneous *(stationery, communications, postage,* *courier plus fuel, insurance, maintenance* *contracts, utilities)*	**3,000**
Audit *(certification of reports on the use of funds* *by an independent auditor/accountant)*	**3,000**
Other *(Please Specify):* Gender Advisor	**3,000**

Total project cost	225,000
Monitoring and evaluation	25,000
Total requested grant amount	250,000

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