



The Role of Local Organizations in Sustainable Development

Report of a meeting in London, June 28th-30th 2010¹

INTRODUCTION

Focusing on the local level and on the knowledge and capacity of local organizations is essential for reducing poverty, managing natural resource use and protecting eco-system services. It is the level at which poverty and environmental hazards are felt. Most of the services the poor require, from water and sanitation to schools, healthcare and credit, are provided at this level; some by local government, some by other local organizations such as local NGOs or CBOs. *For most aspects of development, central government and donor organizations are only as effective as the local organizations they support*, including local governments but also private contractors, NGOs, and CBOs. It is at the local level from which low-income groups and their organizations can make demands to their government (and get on the voter's register). It is also generally at the local level that they need to organize to oppose projects that do not serve their needs and may indeed harm their livelihoods or threaten their homes – although larger alliances are often needed for success in doing so. Despite the importance of this local scale, the funding architectures of donor organizations and support from governments often poorly serve local needs and priorities and makes poor use of local capacities including local organizations. They often lack the understanding of what is needed at the local level. The same is true for many international NGOs who see advocacy 'for the poor' as a key part of their work yet they too lack an understanding of what is needed on the ground.

In 2007, IIED began an initiative to support local organizations to document what they do and provide them with the opportunity of suggesting what kinds of external support increase their effectiveness and the scale and scope of what they can do.² The main objective is to help international agencies and governments better understand the effectiveness of a diverse range of local organizations in development and environmental management. And through this, to encourage a rethinking how their support could be better directed to facilitating the work of these local organizations. It also seeks to help international agencies understand how local organizations operate and what makes them effective on the ground.

¹ This was drafted by David Satterthwaite and Gabriela Sauter and reviewed and improved by comments from other participants.

² See <http://www.iied.org/governance/key-issues/partnerships/local-organizations-introduction>

In June 2010, a three-day meeting was held to share the experiences of different local organizations – focusing on what they do and why. It also discussed the difficulties they face in acquiring support from external agencies, what kinds of support they need, and how this can be achieved. The meeting included staff from local organizations and a range of other organizations – from international funding and networking organizations to research institutes and the private sector. Participants shared their experiences in working with local organizations and the challenges they face in doing so. This report is a summary of the main issues raised in the discussions of this meeting. Box 1 lists the organizations who participated and the local organizations whose work has been profiled.

The meeting highlighted the importance of organizations operating at the local scale – whether in one community or an entire city. It focused on local organizations that include CBOs, NGOs, private sector and local government. These include trade unions (e.g. the Self-Employed Women’s Association - SEWA), funding systems that support local CBOs (e.g. the Urban Poor Fund International³), private companies that work with urban poor groups (e.g. CID Consulting), grassroots organizations, NGOs (e.g. Hamyaran) and networks of grassroots organizations (Slum/Shack Dwellers International – and their work with local government and other levels of government). Local organizations operate at the level in which environmental and poverty-related problems are experienced, where basic services can be provided, where they can work with urban poor groups to support them in making demands, advocating and opposing injustices.

Box 1: Local Organizations Partners	
Meeting Participants, 28-30th June, 2010	
The Self Employed Women’s Association (SEWA) CID Consulting Development Works International Southern Africa Trust Sabanci University Hamyaran Urban Resource Centre (URC) Slum/Shack Dwellers International (SDI)	Qatar Charity Interaction World Bank (Middle East and North Africa) BRAC Development Institute Development Planning Unit IIED TATA Consultancy Services Global Network of CSOs for Disaster Risk Reduction
Profiled Organizations⁴	
Association ANDES Casa Pueblo IIED-América Latina The Organization of Rural Associations for Progress (ORAP)	Pastoral Women’s Council Urban Resource Centre The Urban Poor Development Fund Due in late 2010

³ See <http://www.sdinnet.org/upfi/> for more details

⁴ All these profiles are available at <http://www.iied.org/governance/key-issues/partnerships/local-organizations-introduction>

Uplink Porong Paguyuban Warga Strenkali Uplink Banda Aceh Uplink Yogyakarta	Technical Training Resource Centre Self Employed Women's Association – SEWA CID consulting Hambaran
--	--

FUNDING AND PROJECTS

Many of the organizations who participated in the meeting, as well as many of IIED's partners who have been involved in this work, have commented on the difficulties in working with international donor agencies. This includes the difficulties in accessing donor funds for local priorities (donors often do not understand local contexts) and in meeting donor organizations' conditions once the funds have been acquired. Many local organizations try to avoid donor-funding or refuse donor support because of this. Donor agencies also find it difficult to manage a multiplicity of small funding requests; many local organizations operate on very low budgets; one partner, the Technical Training Resource Centre, an offspring organization of the Orangi Pilot Project Research and Training Institute in Karachi, has an annual budget of only a few thousand dollars.

Among the difficulties that local organizations face in their relations with international funding agencies:

Different expectations and timeframes. Many local organizations are working on long-term programmes that span many years, but donors often want defined outputs for funding in one or two years. SEWA notes that both domestic and international donors demand immediate outputs, which is inconsistent with their long-term strategy as a labour union. Often the work that local organizations do – strengthening the relationship between different stakeholders such as the poor and local government, or building local government's understanding of community-driven processes – cannot be quantified. Donors often want spending faster than local needs require; the Urban Poor Development Fund in Cambodia highlights how communities may not be ready for external funds but because donors expect results and need to spend their budgets, the community is forced to start, making the funds less effective.⁵ CID Consulting was set up in Egypt as a for-profit organization in part because it could access funds and funders that were not available to local NGOs.

Local organizations also find that funds often come with restrictions that they have difficulties meeting – for instance limited funding for staff (when obviously an effective local organization depends on good staff). External funding may only be available for tasks or sectors that are not local priorities, or for particular geographic areas that also ill-match local needs. Projects end up being driven by the funder's requirements and often inappropriate conditions. Procedures for applying for funds are often

⁵ Phonphakdee, Somsak, Sok Visal and Gabriela Sauter (2009), "The Urban Poor Development Fund in Cambodia: supporting local and citywide development", Gatekeeper Series 137g, IIED, London, 26 pages; also published in *Environment and Urbanization*, Vol. 21, No. 2, pages 569-586.

particularly difficult for local organizations – including forms and procedures only available in the language of the donor and often designed for the convenience of the donor. Some local organizations operate in nations that fall outside international funders’ priorities. For instance, Hamyaran operates in Iran, where many international donors will not work, and Casa Pueblo operates in Puerto Rico, where its colonial affiliations with the United States, prevent many donors from engaging with them.⁶

The projectization of development: One of the largest challenges is that there is no capacity for and no interest in urban planning and so “development” ends up being the set of (often ill-coordinated) projects that different international funders choose to develop and support. As Arif Hasan from URC/OPP explained, in many Southern cities, urban plans have been replaced by projects – there is no consciousness of how the project relates to the larger society. This is the direction in which both governments and donor agencies have been moving. Laila Iskandar from CID Consulting highlighted how donors will fund pilot projects and support replication but they never follow through on the larger changes needed including policy changes. Projects become ends in themselves without relating them to the bigger picture.

The high costs of externally funded projects: Internationally funded initiatives often cost far more than they should. This often includes a large cost component for international consultants (whose lack of knowledge of local contexts is also often a large disadvantage). There are also no incentives to keep costs as low as possible – yet the lower the costs, the greater the possibilities of funding it with local resources and the more the possibilities of going to scale.

Given all the challenges and constraints faced by local organizations in accessing funds from international organizations, the question is – can international organizations and governments set up systems that provide support for local organizations? The following are key themes that came up in the discussions at the meeting.

KEY THEMES

1. Local Knowledge

The case studies presented demonstrated how over time, local organizations gain that detailed, contextual local knowledge about development (and the local constraints) that are needed for effectiveness. They also build relationships of trust with community-based organizations; as SEWA notes, the issue is to involve rather than to intervene. CID Consulting in Cairo operates in the private sector, bidding for large-scale donor funded projects in support of local NGOs and grassroots organizations such as waste collectors and informal recyclers. It operates in a context where governments and donors value external western expertise and “know-how” far more than local

⁶ Massol-González, Alexis Avril Andromache Johnnidis and Arturo Massol-Deyá (2008), *Evolution of Casa Pueblo, Puerto Rico: From Mining Opposition to Community Revolution*, Local Organization Profile, Gatekeeper Series, IIED, London; downloadable from <http://www.iied.org/pubs/pdfs/14568IIED.pdf>

knowledge. With the privatization of public services in Cairo, the city authorities brought in a number of international companies to develop a costly waste management system that is ill-suited to Cairo instead of working with the existing infrastructure and systems. CID Consulting had to reach key politicians with the evidence that there was local knowledge and experience that could be drawn from, and that there is an effective system already in place that could be built upon.

For nearly 30 years, the Pakistani NGO, the Orangi Pilot Project Research and Training Institute has been demonstrating local solutions for sanitation, water, housing and local services improvement that are far cheaper and more effective than those proposed by international funding agencies. Indeed, for many initiatives, costs are recovered from low-income groups that are served and so no longer need external funding. This NGO – which has facilitated a community-driven process to connect over 1 million homes to the city's sanitation mains since the 1980s – has shown that there are alternative ways to deliver public services to the urban poor, often at much lower costs with more suitable technologies. Arif Hasan noted the key relationships between needs, standards, and resources; all are dynamic and can change over time. This is what incremental development is about but this is what international funders lack the capacity to understand and support. International funders should be helping legitimize the knowledge and experience of local organizations to the government agencies with whom they work.

2. Networks

Most local organizations help build and are able to mobilize large networks. SEWA's success is in large part due to its networking and the collective strength that its members have. Over time, most local organizations develop relationships with other organizations working on similar issues. Many participants raised the issue of external funders needing to know what is out there – so as not to replicate what is already being done. Local organizations' effectiveness often depends on developing relationships with other organizations – for example with different levels of government. The lasting relationships they build provide foundations and contacts for future initiatives or negotiations.

For some organizations like the Urban Resource Centre in Karachi, building and supporting a network of pro-poor organizations and facilitating their contacts with other key actors are the primary means of action and influence.⁷

In many low- and middle-income countries, there are fairly well-established institutional arrangements in rural areas but urban areas have grown and changed so fast that the conventional institutional arrangements do not work. New mechanisms and institutional structures are needed to deal with urban poverty. Networks of local organizations and strong linkages with government and other actors can help answer the question of how to bring the urban poor into the governance system through critical mass.

Building networks of local organizations is often critical to building the critical mass needed for achieving policy change – as demonstrated by the multistakeholder alliances built by the URC in Karachi. In Yogyakarta, one member from a local NGO in explained how a staff member of the German NGO

⁷ Hasan, Arif (2007), "The Urban Resource Centre, Karachi", *Environment and Urbanization*, Vol. 19, No. 1, pages 275-292.

Misereor was very helpful in connecting them with local organizations in other Indonesian regions and India after an earthquake so they gave the Misereor representatives the nickname Nokia because he is about 'connecting people'.⁸

As Marcus Oxley (from the Global Network of CSOs for Disaster Risk Reduction) noted, networks are part of the solution that we are looking for. Not just in terms of the support they provide for sharing and learning but also for harmonization and collaborative actions and the collective strength in numbers. It is very important to get funding for networks as a strategic resource but most funders want to fund projects.

Hoveida Nobakht (from the World Bank) noted how the dialogue between the Bank and local organizations can be greatly enhanced if the capacity of those organizations could be built – and networking is a crucial part of this.

3. Scaling Up

a. Funding Alternative Models

How to support successful pro-poor models developed by the poor themselves, was a central theme in discussions. Local organizations have learnt that simply pointing out problems is not a successful way to negotiate with governments for better conditions and accountability to the poor. One effective way of engaging government that has been demonstrated in many nations and contexts is for community-based organizations to develop their own solutions to show governments and donor organizations what they are capable of. This is true for ACHR/CODI housing in Thailand, the OPP sanitation system in Karachi, community police in Mumbai and housing and land developments in urban centres in Zimbabwe. When local governments begin to see what the poor do and can do, it can fundamentally change the way they view them and work with them.

The Urban Poor Fund International is one example of how international funders are able to support development initiatives designed and implemented by grassroots organizations. Over the last ten years, some US\$ 5 million worth of small grants has been channeled to federations of slum or shack dwellers through Slum/Shack Dwellers International (SDI) to representative organizations of the urban poor – for the initiatives they have developed. This is a fund and fund allocation process that has accountability downward to the urban poor, as well as upward to the funding bodies. Since 2001, the Fund has been demonstrating its effectiveness to donors, and recently, new funding agencies have committed to support this and to also support a comparable initiative by the Asian Coalition for Housing Rights.⁹

b. Working with Government

The issue of local organizations' relations with their governments was much discussed. Korel Goymen noted how the chances of success are higher when a governance approach is taken – looking at politics

⁸ Thohir, Awali, Saeful Wardah Hafidz and Gabriela Sauter (2009), *The how, when and why of community organisational support: Uplink Yogyakarta in Indonesia*, Gatekeeper (137k), IIED, London, 13 pages.

⁹ For more details, see <http://www.achr.net/ACCA/ACCA%20home.html>

and sources of power. It means linking in with government, so that they are there as partners but not in a position to dominate the process. But in many nations with authoritarian regimes, the possibilities for local civil society organizations is very limited. The growth of civil society is often a systemic reaction to a governance gap between government and citizens – but it is often fragmented.

Local organizations are asking for ways in which international organizations can help bring them into a conversation with the affiliated government body about decisions and budgets (Laila Iskandar, CID Consulting). Most funding from international agencies is channelled through national governments. Local organizations ask how they can draw from this external funding. As noted by Hoveida Nobakht, since international organizations also have trouble working with weak governments, they need to first build the capacity of the governments with whom they collaborate. This can provide a window of opportunity for them to support and legitimize the knowledge and experience of local organizations.

Arif Hasan discussed ways in which successful pro-poor models developed by civil society can become official policy. The experiences of the Asian Coalition for Housing Rights in supporting community-based housing and upgrading projects in Asia and learning through exchange visits with SPARC and the National Slum Dwellers Federation (NSDF) in India, resulted in the establishment of a formal government support agency for community-driven initiatives in Thailand, the Community Organizations Development Institute (CODI).¹⁰ This occurred through a process of constant meetings of leaders, of visits to see each other's work and interchange of ideas, and very important part of this is technical and planning support. There is much to be learned from this example, and how this changed official policy and practice on the ground.

CONCLUSIONS AND NEXT STEPS

1. Hearing about the work of local organizations and learning about their perspectives on development was valuable for policy makers and for practitioners promoting the empowerment approach to local development. Participants recommended that the profiles of local organizations be continued with more focus on models of stakeholder collaboration at the local/community level and scaling up strategies that have demonstrated efficiency and effectiveness.

2. The profiles presented at the meeting and the experience of participants highlighted the importance of knowledge development and knowledge sharing, particularly through networking of local and community organizations. The work of SEWA through its SEWA Academy, CID in Egypt, the Urban Resource Centre in Karachi, SDI in many nations in Africa and Asia and CODI in Thailand are examples of the far reaching impact made by community based knowledge and learning bodies. Yet this aspect of

¹⁰ See Boonyabancha, Somsook (2005), "Baan Mankong; going to scale with 'slum' and squatter upgrading in Thailand", *Environment and Urbanization*, Vol. 17, No. 1, pages 21-46; Boonyabancha, Somsook (2009), "Land for housing the poor by the poor: experiences from the Baan Mankong nationwide slum upgrading programme in Thailand", *Environment and Urbanization*, Vol. 21, No. 2, pages 309-330; both are available at <http://eau.sagepub.com/>; see also <http://www.codi.or.th/webcodi/> (this is in Thai but there is a button that provides an English version).

poverty reduction is not given due consideration by governments or by donors. Participants suggested that one of the local organizations take the lead in creating a forum for bringing the community based knowledge centres together and using their collective strength to engage donors and governments in a dialogue designed to promote investment in strengthening knowledge sharing and networking.

3. New pro-poor funding mechanisms such as the Urban Poor Fund International of SDI and the ACCA programme of the Asian Coalition of Housing Rights provide know-how, knowledge and the tools for more sustainable and cost effective models for poverty reduction. At the same time local capacities created through such innovative funding, with accountability to both communities and donors, provides opportunities for linking with and leveraging local resources and through the synergy, making far more impact. These local capacities also facilitate state-community collaboration to change systems and policies that do not serve the poor. Participants recommended a wide sharing of the pro-poor funding mechanisms with governments, donors, UN agencies, multilateral development banks, and other stakeholders and the promotion of community based funding mechanisms in international and regional forums. Furthermore, the response to the recent financial and economic crisis had provided an opportunity for changes that are more pro-poor. The World Bank was requested to take an active role in promoting new pro-poor funding mechanisms.

4. The presentations by CID and TATA provided evidence of the potential contributions of a vibrant business sector to poverty reduction. Participants recommended that the private sector, under its Corporate Social Responsibility become more actively engaged in the poverty reduction campaign and be sensitized to the possibilities of working at the local level supporting local organizations.

5. Among the needed next steps, the Pro-Poor CSO group, which helped organize the London meeting, plans to hold action-focused regional consultation meetings in S. E. Asia, the Middle East and Africa. The Middle East meeting would focus on up-scaling community based initiatives at the local level, the South East Asia meeting planned to share good practices in South-South Cooperation and the African event would highlight networking to hear the voices of the poor. The outcome of the London meeting provides an opportunity for the organizers of the regional gatherings to exchange knowledge and experience and facilitate cross regional collaboration. Governments, Donors and UN agencies and other stakeholders were called upon to support these events and facilitate state-people collaboration in taking forward the poverty reduction agenda, as articulated in the MDGs.