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Perceptions of Non-governmental Organizations and Socio-economic Progress: The Case of Four Latin American Countries



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ABSTRACT

This article identifies multiple roles and functions of non-governmental organizations as perceived by various stakeholders. The primary purpose of the study on which this article is based was to test the theory of community capacity that states that social capital, human capital, and organizational resources available to the community are predictors of its collective ability. The methodology for this article included secondary data analysis from a survey and qualitative study conducted to assess the effectiveness of Adventist Development and Relief Agency (ADRA) Internationals' food security programs. The four Latin American countries in which the study was done are Peru, Bolivia, Nicaragua, and Honduras. The study relied on a survey that was administered to approximately 1,200 heads of household, 300 from each of the four countries. It also relied on a qualitative component that drew from eight focus group discussions and eight in-depth interviews. The experimental and comparison groups were each composed of approximately 150 subjects per country; the experimental group participated in the food security programs of ADRA International while the comparison group had not received any food security services. Many study participants reported the perception that non-governmental organizations (NGOs) are more effective and efficient than the agencies of their respective governments in responding to disasters and poverty. Most study participants also shared the perception that they have progressed economically as a result of the development services they received from ADRA international. They expressed strong support for International NGOs in these four Latin American countries. This study provides a base level empirical model for testing theses with respect to the neo-liberal perspective on non-governmental organizations. However, the researchers believe that a test of the neoliberal economic model calls for a larger and diverse sample of International Non-Governmental organizations located in randomly selected developing countries.

Keywords: *community capacity, economic development, international non-governmental organization, Latin America*

Introduction

According to the University of California at Berkeley, there are over 47,000 International Non-Governmental Organizations (INGOs) around the world that provide services to developing countries in areas such as health promotion, socio-economic development, promotion of democracy and civil society, and micro-enterprise (University of California Berkeley, 2006). The United States of America, like many other industrialized countries, is significantly involved in the provision of humanitarian, socio-economic development services to countries in need of such assistance. The registry of private volunteer organizations of the United States Agency for International Development (USAID), for instance, shows that more than 600 national and international non-governmental organizations are headquartered in the United States (USAID, 2014 December 16). Available information also shows that this agency of the United States federal government, which in turn provides funding to INGOs, is well funded in spite of the fact that USAID's budget was reduced by 9.5% from 2009 to 2010. In 2009 the agency's annual budget was \$11,015,751,000 (USAID, 2009) while its budget for 2010 was \$10,406,296,000 (USAID, 2010). This budget reduction took place in the face of mounting public criticisms of foreign aid waste due to inefficient non-governmental organizations. It seems evident that a large amount of resources is being invested in supporting INGOs, in spite of concerns about their effectiveness and/or efficiency. It is noteworthy that the United States trails all industrialized nations in the amount of money it allocates for foreign aid as a percentage of the country's Gross Domestic Product (GDP). In 2008, for instance, the United States gave less than two tenths of one percent of its GDP for foreign aid (Bill and Melinda Gates Foundation, 2010). Nevertheless, the fact that the US has the largest GDP of any country in the world makes its actual contribution to foreign aid quite significant. In other words, the low percentage of its GDP donated by the US is countered by the size of its GDP, which is almost twice as large as China's, a country with four times the population of the U.S. (1.3 billion vs 316 million) and a lower rate of unemployment (8.1% for the U.S. vs 6.5% for China) (Nationmaster, 2012).

Roles and Functions of INGOs

Kaag (2008) proposes that the work of non-governmental organizations around the world is made necessary by the global capitalistic and neo-liberal economic system, which creates economic inequality and motivates governments to disassociate themselves from social welfare activities. The withdrawal of many neo-liberal governments from social welfare activities has left many population subgroups vulnerable and has created a vacuum of services that non-governmental organizations (NGOs) around the world have been trying to fill. NGOs, however, face multiple challenges such as maintaining appropriate levels of funding, evaluation and navigating the very diverse political and cultural contexts in which they operate. Such challenges have motivated NGOs to form associations or coalitions such as InterAction.

InterAction is an association of non-governmental organizations headquartered in the United States committed to combating most global social problems. Its wide range of activities clearly reflects the concern of its members for alleviating global social problems. InterAction's work focuses on:

- Fostering economic and social development
- Providing relief to those affected by disaster and war

- Assisting refugees and internally displaced persons
- Advancing human rights
- Supporting gender equity
- Protecting the environment
- Addressing population concerns
- Pressing for more equitable, just and effective public policies

Benefits associated with membership in InterAction include support in the areas of networking, advocacy, ethical organizational behavior, accountability, and transparency in financial management, fundraising, governance, and program performance (InterAction, 2015).

Former United Nations' Secretary General Boutros Boutros-Gali has formally recognized and emphasized the importance of NGOs within the system of the United Nations (UN). In his view, NGOs play a key role in the promotion of peace, humanitarian assistance and democracy. Furthermore, the capacity of NGOs to effectively carry out these functions is enhanced by their ability to effectively lobby within the UN. Article 71 of the UN charter enables the UN to consult with NGOs (Cox and Pawar, 2006, p. 62).

Another important function of international INGOs is to strengthen the image and influence of industrialized countries like the United States around the world. As previously mentioned, the work of NGOs serves to strengthen neo-liberalism and economic dependence, which in turn helps industrialized countries increase their wealth (Cox and Pawar, 2006). In addition to the economic gains, the work of NGOs provides the donor countries with excellent opportunities to be representatives of philanthropy and altruism. For instance, a study conducted to identify the factors contributing to the expansion of the US economic global influence identified the "patterns of the U.S. foreign aid" as a significant contributing factor (Chilcote, 1994, p. 357). Reportedly, other key factors contributing to the US economic preeminence include its military might, political presence in other countries, influence of American multinationals, and the dominance of US international banking.

Without a doubt, international NGOs serve to promote the values of their sponsoring governments. The following is the vision statement of the United States Agency for International Development, which provides funding for hundreds of US based NGOs: "To accelerate the advance of democracy, prosperity and human well-being in developing countries." USAID's Mission Statement is even more specific in identifying American values when it makes reference to "advancing democracy, building market economies" (USAID, 2009).

The increased number of NGOs in the international arena is in part the result of a trend to outsource government services (Werker and Ahmed, 2008). Furthermore, according to Hii Dunia (2010), the role of NGOs as facilitators of bottom up development is legitimized by the insufficient capacity and resources of governments to implement comprehensive economic reforms. Reportedly, NGOs "...have both the means and flexibility to reach remote communities to address specific issues which the governments lack the capacity to cover..." (p. 3). The previous authors support the views of Nel, Binns, Motteux (2001) and Dicklitch (1998), which are described in the following paragraphs.

NGOs serve as external catalysts that help initiate the change process. It is believed that without their intervention it would be very difficult for many countries to overcome the forces of inertia and depart from their old ways (Nel et al., 2001). The ability of international NGOs to

act as catalysts for change is enhanced by their ability to attract significant bilateral and multilateral funding necessary for development initiatives.

International NGOs make an effort to stay away from the politics of their host countries even though they are not valueless and they owe loyalty to their sponsoring governments. They understand that it is not in their best interest to become involved in local partisan politics as this may interfere with their ultimate goal of helping the needy and the poor. NGOs are perceived as great empowerment agents. They may indirectly influence the balance of power in their host countries through the financial and educational empowerment of the poor. Finally, given the usual neutral stance of NGOs in relation to local politics, they are often well positioned to act as fair intermediaries between top-down and bottom-up forces for change (Nel et al., 2001).

According to Nel et al. (2001) and Dicklitch, (1998) NGOs are often perceived as vehicles for democratization and the promotion of good governance. They are often able to assist grass roots movements and organizations formulate and implement development policies.

In spite of all the positive functions of NGOs, they have often been criticized for lacking the capacity of involving the ultra-poor. Reportedly, several NGOs claim that the ultra-poor do not operate on democratic principles and that they encourage dependency (Nel et al., 2001). Nevertheless, studies conducted by Díaz, Drumm, Ramírez and Oidjarv (2002) and Díaz, Ramírez-Johnson, Basham and Pillai (2008) found that residents of communities receiving socio-economic development services from a specific NGO had higher levels of social and human capital than residents of communities that were not receiving such services. The study also found that economic progress and food security were higher among community residents with higher levels of social and human capital.

Study Justification

For quite some time, large non-religious and religious INGOs such as OXFAM and CARE have received disproportionately large shares of the USAID budget (Lindenberg, and Bryant, 2001). This trend is still revealed when looking at the member organizations of InterAction, an association of non-governmental organizations headquartered in the United States (InterAction, 2015). With USAID support, NGOs thrust themselves forward as agents for community capacity building and socio-economic progress in developing countries. This fact motivates us as scholars to seek empirical support for Chaskin, Brown, Venkatesh and Vidal's (2001) theory of community capacity. It is realized, however, that while knowledge-building on community capacity is viewed as a very worthy goal, empirical research on community capacity building in developing countries suffers from several drawbacks. First, studies that focus on the perceived social and economic correlates of community capacity in the presence of INGOs are few and far between. Secondly, very few studies are based on representative samples from individuals who belong to communities targeted for capacity building by INGOs. Thirdly, multivariate studies on perceived economic social benefits of community capacity building are lacking. The purpose of this study is to help fill the gaps in the current scientific knowledge base.

Theoretical Framework

The purpose of this paper is to test the theory of community capacity as proposed by Chaskin, et al. (2001, p.7). According to this theory, social capital, human capital and organizational resources available to the community are predictors of community capacity. This article attempts to test the theory by examining the impact of a particular international INGO's work on community capacity by exploring how such capacity is associated with perceived economic gains among residents of targeted communities in the Latin American countries of Peru, Bolivia, Nicaragua and Honduras. Consistent with this theory, the intervention provided by the INGO is viewed as an organizational resource made available to the communities.

The use of this theory makes relevant the debate on the effectiveness of non-governmental organizations in developing countries and the various perspectives associated with it. The first perspective, the neo-liberal, suggests that INGOs exist to present accommodative and helpful imageries of international capital in developing countries and are, therefore, only weakly effective in addressing issues of poverty in developing countries (Mercer 2002, Natsios, 2006). According to this view, target populations do not significantly benefit from the presence of INGOs, and benefits to communities in developing countries may only be incidental.

The second view is that INGOs are effective organizations for addressing issues of poverty where governments and political systems have mostly failed to bring about meaningful improvements in standard of living in the developing countries (Delhey & Newton, 2003; Nannestad, 2008). The third perspective suggests that INGOs serve to adjust the inequities of the capitalist system. Economic inequality including poverty and even extreme poverty are viewed as inevitable byproducts of capitalism. At the same time, many developing countries lack adequate financial resources or the capacity to effectively respond to the needs of its citizens. As a result, INGOs respond to the needs of the poor in countries and situations in which governmental agencies are unwilling or unable to effectively respond to such needs (Petkoski and Twose, 2003). INGOs also serve as external catalysts that help initiate the change process. Without their intervention, it would be very difficult for many countries to overcome the forces of inertia and depart from their old ways (Nel et al., 2001). The ability of INGOs to act as catalysts for change is enhanced by their ability to attract significant bilateral and multilateral funding necessary for development initiatives. Thus, INGOs are seen as helpful and efficient organizations bringing about significant improvements in the standard of living of the target communities in developing countries (Díaz, et al., 2002; Díaz, et al., 2008).

The proposition that improvements in community capacity will lead to perceived economic gains was tested through a specific international INGO in specific socio-cultural contexts. This study focuses on the work of ADRA International, an international INGO that operates with funding from the United States Agency for International Development and is affiliated to a religious organization.

The relevance of studying the contributions made by INGOs associated with religious organizations seems evidenced by the experience of the Catholic Church in this region of the world. Landim and Thompson (1997) explain the very important role the Catholic Church played in the emergence of philanthropy and social action throughout Latin America during the Spanish and the Portuguese colonization. For a long time, the Catholic Church in Latin America behaved as a non-governmental organization even though the INGO designation did not exist at

the time. Through its many religious orders, brotherhoods and associations, the Catholic Church contributed immensely to the development of beneficence and charitable institutions. Religious charity helped meet the needs of the poor, needy and marginalized. It also served as an effective means for the evangelization of people in the Americas. In Mexico, for instance, the Catholic Church funded social assistance institutions as early as the 16th century. Furthermore, the investment of the church in philanthropy was so significant that historians refer to the 16th century in Mexico as its charitable century (Landim and Thompson, 1997). All this information suggests that religiously affiliated INGOs may play a crucial role in improving community capacity in impoverished communities and countries.

Methodology

This article relies on a secondary analysis of data obtained from an international survey that aimed to assess the effectiveness of ADRA International's food security programs. Díaz et al. (2008) conducted a multinational quantitative and qualitative study in the Latin American countries of Peru, Bolivia, Nicaragua and Honduras. As part of the quantitative component of this study a cross sectional survey was administered to a random sample of approximately 1,200 heads of household, 300 from each of the four targeted countries. The qualitative component relied on eight focus group discussions and eight in-depth interviews conducted with community leaders and other key informants. The survey's experimental group consisted of approximately 150 subjects per country who are heads of households and who have participated in the food security programs of ADRA International. The comparison group consisted of approximately 150 subjects per country who have not received food security services from this particular INGO or from any other non-governmental organization. Criteria for the selection of comparison communities included:

1. Communities had to be located within the same political districts as the experimental communities.
2. The ethnicity of experimental and comparison community residents needed to be the same.
3. All communities needed to be rural.
4. All communities needed to be of similar socio-economic levels. Participation was completely voluntary. No financial or material compensation was provided to anyone in exchange for their participation.

Dependent Variable

The principal investigators (Diaz, et al, 2008) decided to focus on perceptions of economic progress in targeted communities for several reasons. First, residents of targeted communities are part of agrarian societies in which many business transactions do not involve the exchange of money or currency. This made it difficult for respondents to report household incomes. Second, many wives that were interviewed did not know how much money their husbands made but were able to share perceptions of their households' economic progress. Third, interviewers reported that many community residents were afraid to share information about their income because they suspected that researchers were representatives of their government's income tax collection

agency. The fourth and last reason is that reportedly, one of the cultural norms of the studied populations prevents people from boasting about their income.

The dependent variable (labeled benefit) is self-reported improvements in wealth among ADRA participants. It is operationalized as improvements in either income or property owned over a period of three years. The specific question asked of the respondents was, “In your opinion, does your family earn more, the same or less income than three years ago?” Those who said that either their income or property saw significant improvement over time are coded 1 and the rest are coded 0. The independent variable is labeled “timepar1.” This variable is associated with the question, “For how long have you participated in this (these) program(s)?” Those who participated in the program for more than three years at the time of the interview are coded 1 and the rest 0. The control variables used are education, gender, the four countries surveyed, and income. Education is measured in terms of the number of years of schooling. Gender is coded 1 for male and 0 for female. Annual Income is measured in US dollars. Four categorical variables were constructed to represent the four countries; Peru, Bolivia, Nicaragua, and Honduras. The last three countries, Bolivia, Nicaragua, and Honduras were included in the analysis as dummy variables. The reference country is Peru.

A logistic regression analysis was conducted to assess the effect of length of participation in ADRA programs on the perceptions of wealth or income gains.

Table 1: *Logistic regression of perceived improvements in either income or property during the three years prior to the survey on duration of participation in ADRA activities.*

Variable	B	S.E	Wald	Odds Ratio
Perceived Benefit (timepar1)	.005*	.003	28.540	1.018
educ	.060*	.023	7.020	1.062
Gender Ref: Female	.618*	.136	20.601	1.855
Annual Income (usdollar)	.000*	.000	4.175	1.000
Bolivia Ref:Peru	-.139	.197	0.507	0.870
Nicaragua Ref: Peru	.372*	.196	4.004	1.482
Honduras Ref: Peru	.393*	.197	1.031	1.229
Constant	-2.774*	.280	98.196	0.062

*= $p < .05$

Table 1 presents the results of logistic regression of benefits on the independent dummy variable, timepar1 and the controls. The effect of participation in ADRA activities among those who have participated for more than three years on wealth improvement over time is positive. The odds of reporting positive gains either in terms of income or property during the three years prior to the

survey among those who have participated in ADRA activities for more than three years is about 1.02 times the odds of reporting positive gains either in terms of income or property during the three years prior to the survey among the rest of the population. The reference group, the rest of the population, includes all those who have participated for periods less than three years as well as those who have never participated, the respondents from the comparison communities. The odds are significant at the .05 level. This result is consistent with expectations based on Chaskin et al. (2001) theory of community capacity. Two of the country variables, Honduras and Nicaragua are significant at the .05 levels. The odds of perceived benefit among respondents from Honduras and Nicaragua are positive compared to respondents from Peru. We further investigated the interaction effects of Nicaragua and Honduras with level of participation in ADRA activities. In order to test this, we compared the level of perceived benefits among those with more than three years of participation in ADRA activities in Nicaragua and Honduras, respectively, with a similar group from Peru. We found no significant differences in these comparisons.

Conclusion and Discussion

The work of INGOs on behalf of the poor seems to be an inevitable outcome of economic neo-liberalism, structural adjustment policies and the inability or unwillingness of many governments in developing countries to engage in significant social welfare or socio-economic development activities. Within this context, religiously affiliated non-governmental organizations engage in socio-economic development work in an effort to be faithful to their value systems and make a difference in people's lives. Furthermore, in the process of conducting socio-economic development, religiously affiliated non-governmental organizations directly or indirectly, also promote the values and political agendas of their sponsoring governments (Almog-Bar & Schmid, 2014;Verschuere & De Corte, 2012).

The significance of this study and this article lies on the fact that:

- It identified and discussed perceptions about NGOs in the development community and among key players before exploring the effectiveness of a particular international non-governmental organization on the perceived economic progress of targeted communities in four Latin American countries.
- Study findings provide support to Chaskin, et al. (2001) theory of community capacity.
- The study did not rely on secondary analysis of data. Instead, the investigators directly collected quantitative and qualitative data in the four Latin American countries of Peru, Bolivia, Nicaragua and Honduras.
- The study relied on a random sample of experimental communities and random samples of residents within those communities. It also relied on a list of comparison communities and random samples of residents within those communities. As a result, the study samples are highly representative of the populations from which they were drawn. The representativeness of our sample was also enhanced by its size (n=1,200).
- Finally, this article findings stem from a multivariate data analysis, which adds to its rigor.

The limitations of the study include the lack of a fully experimental design. Furthermore, we believe that a test of the neoliberal thesis calls for a larger and diverse sample of International Non-Governmental organizations located in randomly selected developing countries. In spite of these limitations, our study provides a base level empirical model for testing these with respect to the neo-liberal perspective on non-governmental organizations.

Many study participants reported that they perceive non-governmental organizations to be more effective and more efficient than the agencies of their respective governments in responding to disasters and poverty. They expressed strong support for INGOs in these four Latin American countries in spite of particular concerns. Their reservations include the uncertain financial future of INGOs and the question of whose interests these organizations truly represent (Díaz, et al., 2008, p. 106).

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