

NGOTips

A Legacy of Strong NGOs and Networks

October 2011

NGOs Defined by Type: A Primer on the Types of Entities You May Encounter in Designing and Implementing Your Programs

Q. What kinds of private, non-governmental organizations (NGO) are there? What distinguishes one from another?

A. A diverse group of organizations come under the NGO umbrella, including associations, societies, foundations, charitable trusts, nonprofit corporations and other organizations that are not part of the governmental sector. And, as you will see, a long list of initialisms has been developed to further classify NGOs by type and mission.

Research and experience in the field of development have demonstrated the importance of including private, nonprofit organizations in USAID-funded activities to achieve successful and sustainable outcomes. Therefore, a winning development strategy in any sector should consider how to involve such organizations to help ensure program results by broadening outreach, delivering services, advocating for improvements or complementing or monitoring government efforts. The following sketches are provided to help you match the type of partner organization to the activity you want to conduct.

1. Non-governmental Organization (NGO)

An NGO is a legally established, recognized entity created by private individuals or organizations to further political or social goals. In terms of work styles and purposes, NGOs tend to fall into two main categories: advocacy and operational. Advocacy organizations work at the policy level as advocates or watchdogs of government performance, while operational NGOs engage in the delivery of services in agriculture, health, education, enterprise development and so on. While some NGOs confine their work to either advocacy or service delivery, many are involved in a mix of activities. NGOs may exist at the local, community, district, regional, national and international levels.

The NGO sector includes both membership and non-membership organizations. In the former, the members are the highest governing body within the organization.

These NGOs have boards of directors or some similar body made up of members who are elected by and responsible to the entire membership. They are usually required to report to the membership during annual general assemblies, when board elections are conducted. In non-membership NGOs, the highest governing body is a board of directors or similar body which is not accountable to any higher-level organization. There are fundamental structural differences between the two.

- *Membership NGOs* typically pursue subjects or activities for the benefit of their members, such as farmers' associations, women's rights organizations or business federations.
- *Non-membership NGOs* typically are dedicated to working for the

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Foreign assistance has too often been delivered in a top-down fashion... U.S. foreign assistance programs should be carried out in concert with local private or public partners... Programs should be demand-driven so that they respond to local needs and therefore have a better chance of creating lasting solutions... We believe that new initiatives, increased funding and, most importantly, lasting results will occur if we more proactively collaborate with non-governmental actors.

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Beyond Assistance
The Help Commission Report
on Foreign Assistance Reform
December 2007

benefit of society as a whole or some specific segment of it. This might include environmental trusts, scholarship programs or foundations dedicated to medical or other research.

Theoretically, membership organizations are subject to supervision by the members. Therefore, they do not require significant government oversight or scrutiny, although the public may have an interest in how these NGOs operate. Non-membership organizations are generally created by small groups of individuals, often through wills or testaments, for a specific purpose. They may take the form of endowments or grant-making institutions and are often subject to some degree of government supervision.

Typically, all types of NGOs are required to have boards of directors or leadership bodies comprised of non-paid volunteers, though they may have paid staff, usually led by an executive director. Technically, the board is the policy-making body, while the staff's role is to implement the board's decisions.

Depending on the political context and official government policy, NGOs may enjoy tax exemptions or other advantages. On the other hand, they may be subject to special scrutiny.

>Advantages: NGOs are often recruited to act as advocates or watchdogs for monitoring the formulation, adoption or implementation of legislative or administrative initiatives. Those that have large memberships, broad outreach capacity or the ability to reach women, youth, specific ethnic groups or other subpopulations are especially helpful for initiatives designed to raise public awareness, interpret citizen's needs or achieve grassroots participation. may help to ensure program success.

2. Private Voluntary Organization (PVO)

The term PVO is an alternative to NGO and was chosen some years ago by U.S. nonprofit organizations dedicated to international development and is favored by the U.S. Agency for International Development (USAID or the Agency). The rationale was to stress what the organizations are rather than what they are not. Initially, U.S. PVOs were involved in humanitarian aid in response to natural disasters and war-related destruction. Over time, that assistance broadened to include development efforts addressing the root causes of poverty and related social needs.

To receive USAID financial support, [PVOs must be registered with the Agency](#). Many enlist local collaborators for specific program activities, while others seek to identify local affiliates or build indigenous partners.

>Advantages: PVOs are especially helpful in situations where there are no local organizations with the capacity to manage and account for financial support or the technical ability and experience to implement activities in an efficient and effective manner. Such situations may include on-going conflicts, post-conflict environments or specialized technical areas.

3. Civil Society Organization (CSO)

This term is defined differently by various groups and agencies and has generated considerable theoretical debate in academic literature. It is used by some as a synonym for NGO, but for others, it connotes a broader range of organizations. The seminal document on which the creation of USAID's Civil Society program was based replaced the term CSO with "civic advocacy organizations" (CAO) to highlight the activist and public interest nature of the organizations USAID seeks

NGOs with large memberships or that have developed broad outreach capacity or the ability to reach women, youth, specific ethnic groups or other sub-populations are especially helpful for initiatives designed to raise public awareness, interpret citizen's needs or achieve grassroots participation.

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to support with democracy funds. CAOs were seen as organizations advocating for policy change and measures to create or strengthen democratic governance. Despite some objections at the time, political parties were excluded from the definition (though technically they are NGOs advocating for change) “largely because they seek control of the state.”

>Advantages: The benefits of involving CSOs in USAID programming are largely the same as those for working with other types of NGOs. They may play important roles in the realm of advocacy or as watchdogs of government performance, or they may be enlisted for their ability to deliver needed services or conduct activities in priority technical areas. The strongest CSOs, however, have well-defined missions that reflect the perspective of a given interest group in society, and that perspective does not always correspond with that of a given USAID project.

4. Community-Based Organization (CBO)

As the name implies, CBOs are nonprofit groups that form at the community or grassroots level, usually to resolve specific problems or provide local representation in village councils or in municipal or regional government. They typically must obtain legal recognition from the town council or local government, rather than from the national government. However, they may also be required to register with the national ministry charged with overseeing the sector in which they work (health, education, agriculture, etc.). In some countries, CBOs are permitted to work only within a certain geographic area, and in others, they are completely unregulated and do not even need to register.

Relations with CBOs are often nurtured by larger NGOs seeking to work in the

villages and communities represented. Typical program objectives range from the improvement of local socio-economic conditions to citizen education and involvement in policy-related advocacy efforts. The tenor of these relations tends to depend on the degree to which CBO members are consulted and permitted to participate in the design and implementation of the NGO’s activities, rather than simply rubber-stamping programs created in the capitol at NGO headquarters.

>Advantages: CBOs often serve as bridges between national- and local-level efforts. They are particularly important in activities that seek to identify local priorities and engage citizens in advocacy efforts or initiatives designed to meet local needs. They also are often the driving force in community development projects. The greatest drawback to working directly with CBOs is that they often do not have the capacity to receive substantial grants or manage grant funds.

5. Cooperative Development Organization (CDO)

As defined by USAID, “Cooperatives (co-ops) are member-owned, democratic, community-based businesses. As such, they allow for increased economic benefits and the ability for members to direct and control their own development.”² Co-ops exist in traditional economic sectors such as agriculture, fisheries, consumer and financial services as well as in sectors and activities, such as health and social care, schools, tourism, utilities (electricity, water, gas, etc.) and transport (taxis, buses, etc.).³ To be eligible for USAID funding under the Cooperative Development Organization (CDO) Program, applicants must be U.S. co-ops or have links to U.S. co-ops. They also must have an active, dues-paying membership and, within the past five years, have a minimum of two years experience in planning, managing,

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monitoring and reporting on overseas development programs involving cooperative-based activities.

>Advantages: *Co-ops represent a way to increase economies of scale, which are required to take advantage of new technologies and to remain cost competitive. Individuals, seeing increasing limitations to singular business strategies, look for such innovative ways to pool resources while retaining their independence. Individuals acting as a group may be better able to gain access to markets, supplies or services. As governments around the world cut services and deregulate markets, cooperatives are being considered as a useful alternative to provide goods and services. Cooperatives also create benefits for members and their communities, since they offer a unique link to the community as member-owners are typically concentrated in a specific geographic area. The social and economic benefits flowing from the co-op to the members can enhance community well-being in unique ways.*

6. Faith-Based Organization (FBO)

As defined by USAID, “FBOs are groups of individuals who have come together voluntarily around a stated spiritual or belief system that informs and guides their work together. FBOs range from small, grassroots organizations with simple structure and limited personnel to large, global institutions with highly sophisticated bureaucracies, wide networks, substantial financial resources, and significant human resources.”⁴ In December 2002, by Executive Order of former President Bush, the Center for Faith-Based and Community Initiatives (CFBCI) was established at USAID. A second Executive Order was issued “to guide Federal agencies in formulating and developing policies with implications for [FBOs] to ensure equal protection of the laws for faith-based and community organizations,

to further the national effort to expand opportunities for, and strengthen the capacity of faith-based and other community organizations so that they may better meet social needs and to ensure the economical and efficient administration and completion of Government contracts.”⁵

CFBCI does not fund FBOs, but rather serves as an internal advocate and facilitator, providing information to FBOs on how to obtain USAID funding for their projects around the world and building working relationships with the Agency, both in Washington and in the field.

>Advantages: *In testimony before a Subcommittee of the U.S. House of Representatives Committee on Foreign Affairs in September 2006, the USAID CFBCI Director quoted a statement by Samaritan’s Purse to explain the comparative advantages of working with FBOs:*

“The church can be viewed as the largest, most stable and most extensively dispersed [NGO] in any country. Churches are respected within communities and most have existing resources, structures and systems upon which to build. They possess the human, physical, technical and financial resources needed to support and implement small and large-scale initiatives. They can undertake these actions in a very cost-effective manner, due to their ability to leverage volunteer and other resources with minimal effort.”⁶

7. NGO or Civil Society Network

There are as many definitions of civil society networks as there are types of networks. According to one study, “The term ‘network’ is very expansive and encompasses a wide variety of sub-categories, including communities of practice, knowledge networks, lateral learning networks, and consortia, just to name a few.”⁷ Some networks begin as informal associations of

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FHI 360
Supporting Civil Society
Networks in International
Development Program

individuals or organizations with mutual interests, evolving—or not—into more formal structures over time. Another study defines networks as “civil society groups, organizations and sometimes individuals that come together voluntarily to pursue shared purposes of social development or democratic governance. These purposes may include exchanging resources, addressing common social goals or expressing their identities as a community or social group.”⁸

Some studies also consider that groups such as coalitions, alliances, associations and others are types of networks which, depending on their purposes and objectives, may demonstrate differences in their dynamism, structure and openness to new members.

>Advantages: The last study cited underscores the importance of civil society networks as mechanisms “to enable citizens to amplify their voices and achieve greater influence and impacts in policy, democratic governance and social change.”⁹ It is also pointed out that “[e]ffective networks can enable service-providing [CSOs] to increase their social development impacts by extending their reach to poor and marginalized groups, expanding the scale of their programs or improving the quality of services.”¹⁰ For networks to be effective, however, they often require substantial assistance, because they inevitably require groups with diverse structures and interests to work together toward a common goal.

8. Intermediary Support Organization (ISO)

ISOs are private organizations that may be nonprofits, academic institutions or businesses that provide support services to NGOs for their organizational development and strengthening. They are generally able to inform, train, and advise NGOs,

and often facilitate access to NGO networks and coalitions. In countries where institution-building techniques are not yet known within the NGO community, support for the establishment or operation of ISOs has been part of USAID’s effort to provide organizational development (OD) support for the longer-term sustainability of NGOs.

Two main methods have been used to establish ISOs. The first method is to transform an existing NGO into an ISO by adding to its original mandate. The other is to create an entirely new entity. While there is still limited evidence about which method is preferable, the first has two real advantages: 1) it avoids the “birth pangs” of a new organization; and 2) it benefits from support for the NGO’s primary work (e.g., office rent may already be paid, staff is already able to handle finances, etc.). However, if the NGO being converted competes with its potential clients for external funds, this may limit the appeal of the new NGO/ISO to the presumed beneficiaries.

The sustainability of the ISO itself is a key concern. Becoming an endowment or a grant-making institution is one approach. For example, USAID/Russia developed the grant-making capacity of NGO Resource Centers, and procurement competitions to support NGO activities were introduced in over 45 municipalities. In Bosnia and Herzegovina, the National Democratic Institute created a grant-making and training ISO, which demonstrates the potential role of foreign donors in the development of the grant-making capacity of ISOs. In 2003, the Croatian Parliament established the National Foundation for Civil Society Development as a nonprofit entity to support and strengthen civil society. Its activities include training, publications, grant giving, public grassroots initiatives. The Foundation is funded through the state budget and

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the awareness campaigns, and support from the Croatian lottery, as well as private donations and income from economic activities.

Another way ISOs operate is by creating networks among themselves, which allow them to share information and resources and provide support to a broader range of NGOs. USAID/Russia supported the creation of a regional network of 11 ISOs throughout Siberia called the Siberian Center Foundation. Similarly, Macedonia has a network of 12 NGO resource centers that provide services in both rural and underdeveloped regions.

Other examples of USAID support for ISOs may be found in countries such as

Egypt, Kyrgyzstan, Sri Lanka and various countries in Latin America and Africa.

>Advantages: In some countries, USAID has found that, rather than providing support to all NGOs for the development of their individual organizational development skills, establishing or supporting ISOs is a better alternative for advancing the long-term organizational sustainability of NGOs. Available evidence suggests that ISO services for NGOs range from strategic planning and board development to financial management, resource mobilization and other key organizational functions.

Initialisms

NGO – Non-governmental Organization: a legally established, recognized entity created by private individuals or organizations to further political or social goals.

PVO – Private Voluntary Organization: an alternative to the term NGO, which stresses what an organization *is* rather than what it *is not*. PVOs are involved in a range of development and relief activities across multiple sectors.

CSO – Civil Society Organization: the term has various definitions; for some it is synonymous with an NGO; and for others it connotes an organization that engages in civic advocacy.

CBO – Community-based Organization - a nonprofit organization that forms at the community or grassroots level, usually to resolve specific problems or provide local representation in village councils or in municipal or regional government.

FBO – Faith-based Organization: an organization of individuals who have come together voluntarily around a stated spiritual or belief system that informs and guides their work together.

NGO or Civil Society Network – Non-governmental Organization: civil society groups, organizations and sometimes individuals that come together voluntarily to pursue shared purposes of social development or democratic governance.

ISO – Intermediary Support Organization: a private organization that may be a nonprofit, academic institution or business that provides support services to NGOs for their organizational development and strengthening.

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- ¹⁰ Ibid.

For more information:

This NGO Tips brief is available online at www.NGOConnect.NET. This dynamic and interactive site is dedicated to connecting and strengthening non-governmental organizations (NGOs), networks, and support organizations worldwide.

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