

# 08

## Dealing with Changing Government Priorities

Almost by definition NGO relations with government are fraught. On the one hand, NGOs believe that through their supporter base, values, and on the ground experiences they can advise governments on how they might run their aid programs. On the other hand, governments feel that they should get something back in return for the funding and tax breaks they provide to NGOs; and in particular by having ‘the hand that feeds’ not being bitten through NGOs’ public criticism of government policy. Chapter 7 has spelt out the positive relationship that ACFID, and the NGO community more broadly, had with government through the 1980s. There was a high level of funding and cooperation in dealing with some of the complex humanitarian policy issues of the time. In the 1990s this was to change, with an international questioning of NGOs’ role and usefulness in official aid programs. This did not mean that ACFID was beset with the broader structural problems which affected its work as happened in the late 1970s (See Chapter 1), nor did this questioning have any radical effect on its budget, such as happened to ACFID’s counterparts in Canada and New Zealand in the 2010s. The questioning of NGOs did affect, however, ACFID’s relationship with government in a number of key ways, and influenced the way ACFID worked in the 2000s.

The tension that these changes resulted in has to be managed and exhibits itself in a number of ways, ranging from the inevitable patron–client relationship that funding brings to the sometimes hostile relations that arise from differences in political ideologies between government and NGOs. Admittedly, ideological differences do not surface very often, or at least not enough to seriously affect relationships, but when they do NGOs often have difficulty in both understanding and managing these differences. This may have something to do with what Gaye Hart, a former president of ACFID, refers to as the ‘sense of entitlement’ among NGOs, or what Ian Smillie refers to (of some NGOs) as ‘cloying paternalism and self-righteousness’ (1995, p. 176). This sense of ‘self-righteousness’ comes from NGOs’ values and work, and is something that governments and others outside the NGO orbit have trouble either understanding or accepting. Critics of NGOs, such as the Australian conservative think tank the Institute of Public

Affairs (IPA), deny any real legitimacy for NGOs, seeing them merely as another (self) interest group, and seriously question the relevance and effectiveness of NGOs' work, particularly their advocacy work (Johns 2000).

The period from the early 1990s to the end of the Howard government in 2007 was such a time for ACFID and its members, when their credibility and legitimacy were frequently questioned by government and at times by the media. This general scepticism started when government picked up on the international questioning by academics and others in the early 1990s of the legitimacy of NGOs and their perceived dependency on government funding. This was used against ACFID in the context of an NGO 'scandal' at the time (albeit involving a non-ACFID member).<sup>1</sup> Later in the 1990s, ACFID was challenged with what it saw as an anti-NGO stance of the Coalition government of the day. These differences are also invariably tinged with the personal proclivities and prejudices that individual politicians, bureaucrats and NGO staff bring to the table. ACFID came through this period, in which tough and robust politics were played, a little scarred but with its values still in place. Most importantly, the everyday work ACFID undertakes with its members, policy dialogue with government, and its broader representative role in a number of fora were largely unaffected and continued on in much the same way as they had before.

## The 1990s: A period of questioning

The 1990s was a time when many in government and academia felt that NGOs had overstretched and oversold themselves in the previous decade. The early to mid-1980s saw NGOs bringing a new hope and vision to development practice, and with it a rapid increase in government funding in most Western countries to be 'the decade of NGOs' (Hellinger 1987, p. 142) or 'the Golden Age of NGOs' (Agg 2006). The growing popularity of using NGOs by the state was not necessarily always in the NGOs' interests, and there was the risk that 'engaging with the state and market would deprive [NGOs] of their autonomy and agency and thereby undermine their public legitimacy' (Miller et al. 2013, p. 137). The 1980s and 1990s were also the time of neoliberal social, economic, and development policies when centre-right governments were seeking to offload state responsibility to NGOs, and centre-left governments were exerting greater control over state/civil society interactions. In the 1990s the experiences in countries like Australia, the UK and Canada were similar, but these changes occurred at different times according to the political cycle (Smillie 1999c).<sup>2</sup>

1 A series of issues came up involving CARE Australia which are covered later in the Chapter.

2 In Canada and the UK it was a shift from centre right to centre left in 1993 and 1997 respectively, while for Australia it was the reverse in 1996.

By the mid-1990s the enthusiasm for NGO funding by donor governments was beginning to wane, and difficult questions were being asked by government critics whether the money was well spent, and by the more activist NGO supporters, whether increased government funding meant that NGOs' relations with government were getting too 'close for comfort' (Edwards and Hulme 1997; Smillie 1999a). From the NGO side there were also questions of the homogenisation of NGO practice brought about by government funding and its associated rules, and by globalisation (including of NGOs) more generally:

It would appear that NGOs are about to succumb to the homogenising forces of economic globalisation in favour of a market-inspired model of NGO identity and behaviour. Such a model gives highest merit to values of individualism, competition, extraction, accumulation, exploitation and rivalry as the normative mode for relations between people and between people and nature ... undermining virtuous values such as trust, reciprocity, mutuality, co-operation and tolerance of difference (Fowler 2000, p. 644).

The argument that NGOs were heading down a corporate model of behaviour, while present in some NGO practices, was fairly weak overall as most business models were generally seen to be at odds with NGO values. There was, nevertheless, pressure to conform to quasi-business approaches (Lang 2012; Miller et al. 2013; Smillie 1999b). At the same time the argument of NGO 'dependency' on government funding arose almost as a mantra with little evidence to support it (Van der Heijden 1987, p. 103). In Australia NGO funding never reached any more than 8 per cent of the aid budget, and overall government funding to NGOs rose to a little over one third of their total income in the early 1990s (Smillie 1999b; AusAID 1995b; ANAO 1996).

Nikolova (2014) argues, however, that when government funding reaches around one third of an NGO's total, there can be a 'crowding out' effect on their public fundraising. The extent to which this effect occurred in Australia is unclear but it may explain the relatively flat level of fundraising from the public in the 1980s (Kilby 2014). While some agencies had large government contracts and received over half of their funding from the government, that level of funding never threatened the survival of those NGOs. And while NGOs did close their doors in the 1990s and 2000s, the loss of government funding was never a reason. Any dependency argument (in a survival sense) was fairly weak, but this is not to say 'sweating' on government contracts did not lead NGO managers and CEOs to have sleepless nights. The real issue that NGOs still have to deal with is relatively short funding time frames (usually three years) and the inflexibility of funding rules, which effectively imposes a cost on NGOs (Smillie 1999a).

The reason for the growth in the size and number of NGOs in the 1980s and 1990s was not as one-dimensional as some of the discussion at the time suggested, and went well beyond government funding. Charnovitz (1997) argues that the key reasons for the rise of development NGOs at the time were varied: they were to do with the growth of intergovernmental negotiations on domestic policy, which NGOs were asked to be part of; the end of the Cold War and an associated spread of democratic norms; globalised media and the much faster news cycles, which enabled messages to go out much faster than hitherto possible; and, finally, the resurgence of religious identities and the associated support they received from their compatriots in wealthier societies.

A report for the OECD on the changing NGO relations with OECD donors undertaken by Ian Smillie and others (1999) pointed to a complex set of factors not only driving the expansion of NGO work but also the NGO response to government funding. NGOs were seen to either succumb to the new global norms of managerialism – to do with strategic plans, key performance indicators and the like, often at the expense of flexibility, local control, and responsiveness – or they remained marginalised in what was rapidly becoming a more corporate environment with its ‘explosive demand for documentation’ (Mawdsley et al. 2005, p. 78). The other issue was the contracting culture of government whereby NGOs were seen to be public service contractors often at the expense of their values and mission (Smillie 1995, 1999b; Atack 1999; Najam 2000; Lang 2012). This was a growing phenomenon in the 1980s whereby, on top of receiving the block grant or subsidy from government to support NGOs’ own work, NGOs were also bidding for and winning government contracts in their own right. Such NGO contracting was common in the US, Canada, Italy and Switzerland. For example, Swiss NGOs raised only 14 per cent of their income from the public in the mid-1990s with the rest coming from government contracts (Smillie 1995, p. 171).

The big concern with this shift to government contracting was whether NGO values were compromised when ‘[they] were being asked to provide Band-Aids to cover up deep wounds’ at the expense of dealing with deeper structural issues (Smillie 1995, p. 173). The other side of the dependency argument was that the largesse from foreign donors led to local NGOs in developing countries crowding out the state to the point where NGOs were becoming a major, if not the major, provider of services such as health and education in countries like Bangladesh. In the dominant neoliberal policy framework of the 1990s, service provision in developing countries was being ‘privatised’ to NGOs through official donor funding (Smillie 1995; Besley and Ghatak 1999; Clark 1995; Wright 2012; Cumming 2013). NGOs saw an advantage in this role as Miller at

al. (2013) argue: ‘NGOs are more likely to have influence in invited spaces [as] their legitimacy is based on their expertise and the dependence of the state on their role in delivery’ (p. 147).

The ACFID 25th anniversary conference of 1990, ‘Through the Looking Glass – Australian NGOs and Third World Development’ (ACFOA 1990a), recognised the influence and importance of these rapid changes then in train, the challenges they represented and, to some extent, the problems they foreshadowed for NGOs and ACFID that were to emerge over the following 15 years. As Doug Porter put it at the time:

one tends to conclude the issue [of NGO effectiveness] has less to do with how NGOs can enhance local institutional capacity than how donor NGOs can limit the disruptive effects of [their] existing activities. What emerges is a growing hostility from NGO partners to the project approach and the bargaining relationships inadvertently caused by their offers of aid ... NGOs risk being captured by their own rhetoric ... [To overcome this] NGOs should remain at the margins, but not be marginal (Porter in ACFOA 1990a, p. 4).

This ‘growing hostility’ or, more correctly, tensions around demands from the international NGOs’ own government donors, which their NGO partners in the Third World were having to deal with, was to be an ongoing issue for ACFID and its members. It was about who was setting the agenda, especially as the larger NGOs became more globalised and ‘corporate’ in their structures (Cumming 2013). In this context it probably was impossible to meet Porter’s call for NGOs to remain at the margins without becoming marginal. ACFID needed to be at the centre of the policy debate, where it was a leader, but invariably the politics of funding got in the way.

A couple of trends were emerging: on the one hand, the argument was that NGOs were too close to government and beholden to them in terms of funding and, by extension, beholden to their policies and ‘new managerial’ practices as well; on the other hand, the corporate pressures on NGOs led them to globalise and be part of international networks and so lose touch with their local activist and Third World partner base regardless of government funding (Ensor 2013). There were also questions of NGO effectiveness, with some research suggesting that NGOs were no better than government at similar resource levels, with their effectiveness being in specific ‘niche’ areas but not more broadly; and while they did reduce poverty in the areas they worked it was not significant in the larger scheme of things (Agg 2006, p. 5). This finding was fairly unremarkable and what would be expected of NGOs, but maybe it also pointed to the fact that NGOs oversold themselves in what they could do, rather than not being effective in what they actually did (Smillie 1999a).

As NGOs were still taking what was seen as a largish chunk of the official aid program in the early 1990s, governments felt obliged to question NGO effectiveness in spending that money. As many indicators of effectiveness could be contested and expensive to measure, one approach was to develop much tighter processes and contractual arrangements in which project outputs and 'tangible' outcomes were more clearly identified and enumerated in advance, and so there were fewer block grants available to enable NGOs (and their partners) to make their own decisions on how the funds should be spent. There was also a prevailing belief that good design was at the heart of a good project (AusAID 2000), despite ACFID's obvious rejoinder that responding to the (ever changing) local context may also have something to do with the success of projects.

The 1990s marked the beginning of what might be referred to as the 'instrumentalising' of aid, where context seemed to be forgotten in favour of simplistic frameworks being applied to complex social and political environments (Smillie 1999b). This approach was to continue, more or less, for the following 20 years based on what would seem to be a couple of rather odd premises: first, people were the objects of development rather than subjects and, second, what worked in one place or context should work anywhere. While this was the approach of the failed integrated development projects of the late 1970s and early 1980s, the official view was that these projects were too complex and poorly designed rather than that they were trying to apply common approaches across different contexts, which simply would not work (Porter et al. 1991).

## ACFID in the 1990s

In the 1990s, after the rapid changes that ACFID and its members went through in the 1980s in response to the increased demands on it at the time, it had the challenge of maintaining and building its constituency after the success of NGOs acquiring government funding in the 1980s. A feeling emerged among some NGOs that they could do without ACFID, and this was to some extent exemplified by the failure of IDEC (Smillie 1999b; see Chapter 5). There was also a new player on the block who also thought they could do without ACFID. CARE Australia, in one way or another, was to dominate NGO policy and to some extent NGO politics through much of the 1990s, particularly between 1993 and 1996 when Gordon Bilney was the minister for Development Cooperation and Pacific Island Affairs in the Keating Labor government. This also coincided with key changes in AusAID as Philip Flood, a career diplomat, became director general of AusAID in early 1993, and in 1996 became secretary of the Department of Foreign Affairs and Trade. He, like Bilney, brought a natural scepticism towards NGOs, which quickly permeated AusAID. In hindsight, 1993 was a

‘perfect storm’ for ACFID: there was a new minister and a new director general of AusAID, neither of whom were naturally sympathetic to NGOs, and a major NGO ‘scandal’ was brewing which had implications for all NGOs.

The events surrounding CARE Australia were probably only a catalyst as the changes in relationships between ACFID and government would probably have occurred anyway, such was the mood of government to NGOs at the time, and not only in Australia (Smillie 1999b). CARE Australia was established in 1987 as a member of CARE International. It sought to quickly establish a strong Australian presence under the leadership of the former Coalition prime minister Malcolm Fraser as chair of the board. CARE, like World Vision 20 years earlier, decided to go it alone and not be a member of ACFID, as CARE Australia did not agree with some of ACFID’s advocacy and policies. With that, however, they were also not party to the Code of Ethics which had become mandatory for all members since 1989 (see Chapter 9). Even though CARE Australia was not a member of ACFID, a number of public incidents affecting CARE Australia resulted in collateral damage to ACFID and its members. The first of these was the very public resignation from the CARE board in 1991 of Clyde Cameron, a former Whitlam government minister over what he saw as excessive salaries and perks enjoyed by CARE management (Egan 1991). The second was questions by the auditor-general of CARE’s handling of food aid in the late 1980s and into the 1990s (Auditor-General 1993). The government was slow to respond, in part because CARE was not critical of government in the same way ACFID and other NGOs were, and because Malcolm Fraser, a former prime minister, was chair of CARE (Rollason 2013). ACFID rather presciently observed that a ‘scandal involving CARE had major implications for aid, the government, and NGOs’ and briefed minister Bilney to that effect in 1992 (ACFOA 1992c). In 1993 the delayed reporting to AusAID of a theft of a substantial amount of Australian government funded food aid from a warehouse in Mozambique brought matters to a head, causing further tensions and ongoing calls for CARE to join ACFID and be party to the Code (Bilney 1994; Mavor 1993b; ACFOA 1994d).

The 1993 auditor-general’s report prompted not only reviews of CARE’s reporting, but also AusAID’s extended it to all NGOs reports, with Bilney accusing NGOs of not reporting on or acquitting AusAID funds, citing 415 reports from 61 NGOs dating back to 1985 not being recorded as received (Bilney 1993). Of course the idea that AusAID failed to process most of these reports was not considered or acknowledged, and the NGOs had to wear the opprobrium and resubmit hundreds of reports.<sup>3</sup> This incident together with growing AusAID antipathy to ACFID led to a worsening of relations (Rollason 1993) so that by 1994 ACFID’s own performance as a peak body was being questioned (Russell 1994). If this was not enough, in 1994 a disgruntled former CARE staff person accused CARE

3 At the time, the author was given the task of resubmitting very many such reports for Oxfam.

of extravagant wastage and inflating food aid prices purchased with government funds in order to cover its overheads (Broughton 1994). This story culminated in a major television exposé and public controversy in February 1995 (Vincent 1995; Smillie 1999b). These events put ACFID in a difficult position of having to manage the fallout over an agency which was not a member when Bilney began querying the standards and effectiveness of NGOs more generally. All of this put the spotlight further on the probity of NGOs (Thornton 1996; Cohn 1995; Millar et al. 2004) and had a 'profound effect on the relationship between the government of Australia and the Australian NGO community' (Smillie 1999b, p. 42).

As a result of ACFID's poor relationship with government and the fact that CARE was not a signatory to it, the existing ACFID Code of Ethics was largely ignored and, by implication, seen to be ineffective. In 1995 Bilney set up a new committee, with parliamentary oversight and a minority NGO membership, to develop a code of conduct for NGOs, which was to be administered and run by AusAID. While the NGOs provided important input into the development of the Code they fought hard for it to be administered from ACFID, and after many months of argument ACFID finally won the day and kept control of it (see Chapter 9). The Code was to represent a sea change for ACFID and its work, shaping it and giving it direction for the next 20 years (Tupper 2012). CARE joined ACFID and signed up to the code in 1996 and, as a member, ACFID backed CARE and its work, including in 1999 when CARE Australia staff were imprisoned in Serbia (Eggleton 1996; ACFOA 1996b). The lesson from this and other cases demonstrates a point that McCarthy raises, which has also affected ACFID in other contexts:

bad practices by one organisation can tarnish the image of all. In the environment in which NGOs often function, there is no room for hair-splitting or rationalisation. In that environment, a tarnished image can threaten the work of organisations and the safety of [their] workers (2000, p. 10).

This experience with AusAID in the mid-1990s affected the relationship NGOs had with government, and ACFID at times had to fight to have its voice heard and its funding secured. ACFID, however, still provided important input and policy advice and even leadership in key development issues of the time, including gender, HIV/AIDS, environment and development, and human rights, and was part of government delegations to the major global conferences of the 1990s.<sup>4</sup> ACFID continued to have access to the minister and provided input to Treasury in its role as representing Australia on the board of the IMF and World Bank, and to DFAT on human rights issues.

<sup>4</sup> Rio Earth Summit of 1992; Vienna Human Rights Conference 1993; Beijing Women's Conference 1995; and the Copenhagen World Summit for Social Development 1995.

In late 1994, at the height of the CARE issue, AusAID questioned ACFID about its own performance as an agency and what it saw as the large number of agencies outside of ACFID – Red Cross, CARE, and Fred Hollows Foundation being the main ones – and all for quite different reasons (Rollason 2013). AusAID suggested reducing the subsidy it provided to support the ACFID secretariat from a ratio of around twice the level of member contributions to equal contributions from both ACFID members and AusAID (Russell 1994; Terrell 1994). In the end the agreement was that over the life of the four-year agreement the AusAID contribution would fall from 1.9 to 1.5 times the member contributions, with the AusAID grant being capped at \$500,000. By the 2000s the AusAID contribution was less than half of ACFID's running costs, which was probably wise given the effects on CCIC (Canada) and CID (New Zealand) of sudden funding cuts to their core operations by their respective governments.

The other key event at the time was the NGO Effectiveness Review undertaken in 1994, with the final report being released in 1995 questioning NGOs' 'dependency' on AusAID funds (AusAID 1995a; ANAO 1996). The project assessment part of the review was very rigorous, sampling 10 per cent of the projects funded under the ANCP to NGOs over five years, and testing them on a number of dimensions, including effectiveness, gender inclusion, meeting objectives, and sustainability. Overall the review found that NGOs were very effective in their work (with gender being the notable exception), a finding supported by some international studies (Riddell 2007) but not others, for example a UNRISD report which found NGOs not particularly effective (Agg 2006).

In what ACFID called a 'perplexing' argument, the AusAID report also found that based on its review of international literature Australian NGOs were probably too close to government and should be less 'dependent' on it for their funding despite the high level of effectiveness of their work and the relatively low levels of government funding (ACFOA 1995d; AusAID 1995a). The review seemed to be saying that on the one hand there was clear evidence of the strength and success of the ANCP, while on the other hand suggesting that support to NGOs should be wound back. This scepticism by government of NGO work was also evident in an Australian National Audit Office (ANAO) report of AusAID's administration of NGOs programs the following year, which seemed to ignore the findings of the Effectiveness Review and picked up only on prevailing international views:

there is an absence of a large body of reliable evidence on the impact and effectiveness of NGOs [and] ... increasing evidence that NGOs do not perform as effectively as had been assumed in terms of poverty-reach, cost-effectiveness, sustainability, popular participation (including gender), flexibility and innovation (ANAO 1996, p. 2.19).

The ANAO obviously did not see the Effectiveness Review as constituting 'reliable evidence'. The effect of these adverse, or at best 'damned by faint praise', government reports was to put ACFID on the back foot, having to constantly defend its, and its members', legitimacy. The ANAO report also presented a difficulty for AusAID as it was roundly criticised by the ANAO in its management of NGO programs. The solution, for which AusAID sought help from ACFID, was that in addition to the Code of Conduct, a more formal accreditation process was to be put in place for all Australian NGOs wishing to receive AusAID funding (Hunt 2012). This accreditation process was to be administered by the existing CDC that oversaw AusAID's ANCP, and which already had quality assurance mechanisms through regular agency peer reviews, field visits, and evaluations, but without a formal accreditation attached to it (ACFOA 1997b; Hunt 2012). The accreditation process for NGOs was probably the most useful outcome of what, to many, was an unfortunate period.<sup>5</sup>

## The Howard government

In March 1996 the Coalition government led by prime minister John Howard was elected. One of its first acts was to have a review of the overseas aid program. While the review recommended a greater focus on economic growth overall, it recommended a 'business as usual' approach with regard to NGOs (Simons 1997). This, however, was not the end of pressure on ACFID and the Australian NGOs, as the Howard government picked up on the ideological hostility to NGOs from some parts of the media, conservative politicians, and right-wing think tanks. This hostility was driven in part by the popularity of public choice theory with right-wing think tanks in their battles with the social democratic and liberal ideologies that were generally supportive of NGOs.

Public choice theory argued that while NGOs saw themselves as being public benefit organisations, as posited by Lissner (1977) and others (Kilby 2011; Salamon et al 1996; Staples 2012), they were in fact self-interested organisations seeking rents from government through the aid dollar (Johns 2000, 2003). The theory questions the existence, or at least the extent, of altruistic values and the promotion of a public benefit as the basis for the behaviour of NGOs. Its central argument is that self-interest is the driver of NGOs and their supporters (Staples 2007; Lissner 1977) who justify their actions by 'idealizing NGOs' (Williamson 2010, p. 23).

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<sup>5</sup> The other major outcome, the Code of Conduct, was arguably an expansion of what was already in place (see Chapter 9).

Public choice economists make the ... assumption – that although people acting in the political marketplace have some concern for others, their main motive, whether they are voters, politicians, lobbyists, or bureaucrats, is self-interest (Shaw 2002, p. 1).

Of course this theory hinges on the value systems of individuals and the extent to which they see a public interest as a greater good. Schroeder argues that ‘individuals whose value system ranks [altruistic] values will be inclined to approach regulatory decisions differently, giving greater priority to other [non self-interest] values’ (2010, p. 24.) When two completely different world views – one about self-interest and the other about a public interest – clash then it is hard to have a reasoned or reasonable debate, as the respective starting points (of the debate) are so different.

The public choice theorists also picked up on the arguments of the early 1990s that NGOs were not effective, and then provided an ideological underpinning of self-interest to argue for conditional relationships between NGOs and government (Williamson 2010). The conditions for government support of NGOs, according to these theorists, should be that if NGOs sign up to certain government programs they should acknowledge and adhere to the values inherent in that government program and even the values/policies of the government more broadly, even if the NGO’s own values may be in conflict with them (Wright et al. 2011). The effect of these moves was that the whole notion of rights and entitlements of aid recipients, once thought settled, was again reopened. ‘Accompanying the associated turn in politics has been a steady series of developments in policy, pulling back from entitlements based on rights, and moving towards programmes of obligation and conditionality’ (Wright et al. 2011, p. 304).

AusAID tried to move its relationship with NGOs along the path pushed by public choice advocates through the early 2000s, and at one point tried to have a clause inserted in the Umbrella Contract with NGOs that signatories support AusAID policy, but this was quickly dropped when some of the major NGOs threatened to withdraw from the AusAID funding schemes (I. Davies 2012). Of course the point of much, if not most, NGO advocacy is to remind governments of people’s rights and entitlements and seek to change policy. While there is lobbying for more NGO funding, much of global education and campaigning has been about policy change.

In Australia the right-wing think tank the IPA entered the fray. It was led by former Labor politician Gary Johns who argued:

The surest way to maintain an open contest for influence on collective decision-making is for Government never to confer the mantle of public

authority on non-government organizations ... [but] governments furnish access and resources to NGOs. In so doing, governments lend NGOs an authority beyond their actual legitimate claim (Johns 2000, p. 2).

This was a hard argument for the IPA to maintain as the NGOs and ACFID arguably had more influence, particularly with the Whitlam Labor government in the 1970s when they had little or no government funding. ACFID was rather more interested in the contest of ideas to improve policy for the benefit of aid recipients.<sup>6</sup>

Internationally the attacks on NGOs, particularly development NGOs, continued with the main players being the right-wing think tank the American Enterprise Institute and its *NGO Watch* website, which regularly reported on the work of NGOs.<sup>7</sup> *NGO Watch* had its origins in a 2003 conference, 'Non-governmental Organizations: The Growing Power of an Unelected Few', held at the American Enterprise Institute's offices in Washington but sponsored by the IPA in Australia (Jordan 2005; Kilby 2004; Hortsch 2010). The argument to emerge from that gathering was that participatory democracy has been at the expense of representative democracy. Gary Johns from the IPA argued that while NGOs may perform a useful role in non-democratic states, in democracies they can undermine the role of government and reduce or supplant the interest of the citizen with the interests of the NGO (Johns 2003). What was interesting is that none of the speakers at this conference chose to examine the role of corporate interests, corporate interest NGOs, and their advocacy with government by way of comparison (Kilby 2004).

What was also overlooked in these debates is that advocacy often comes from grassroots groups in poor countries, so there is a three-way tension: on the one hand the international NGO may want moderate change on an issue (Nelson 1997; Jordan 2005), while on the other the local groups may want international NGO support for something more radical, without necessarily understanding the delicate political relationship international NGOs may find themselves in:

Because the ebb and flow of a successful campaign must match the rhythm of the political process, it often appears that trade-offs must be made, at least in the short term, between policy gains and strengthening grass roots associations. Lobbying actions sometimes can't wait for

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6 The IPA is itself an NGO, albeit with diametrically opposed values, but had no public disclosure of its funding sources at all and, despite its claims, even took government contracts during that period (Tupper 2012).

7 *NGO Watch* was not very successful as any adverse reports they published tended to be trivial, and so it effectively provided a new audience for NGO arguments.

slower-paced grass roots education and participation efforts. Sometimes, the strategies preferred by the grass roots frame the issues so that they are hard to win (Covey 1995, p. 865).

The Howard government was very quick to pick up some of the principles of public choice theory and often referred to the NGO sector as 'single-issue groups', 'special interests' and 'elites', and Howard promised that his government would 'be accountable only to the Australian people' (Staples 2007, p. 4). It was as if these groups were somehow not made up of Australian people or did not represent them. The result was that the relationship with advocacy NGOs, particularly peak bodies across the country, soured so that by 2002 around two thirds of the national peak bodies were reporting tense relationships with government. Many had either lost their grants entirely, particularly in the environment sector, or they were severely cut back (Melville and Perkins 2003). Globally, the terrorist attacks of 11 September 2001 in Washington and New York provided more argument for a stronger centralised state and more controls on civil society organisations and NGOs, and as a result global funding to developing country advocacy NGOs was cut sharply (Parks 2008; Howell et al. 2008). At the same time NGO regulation through legislation such as the Patriot Act in the US and anti-terrorist legislation in other countries, including Australia, made it hard to operate in many countries, in particular those of the Middle East.

For ACFID, the late 1990s and early 2000s were difficult times with continual threats to both its funding and its advocacy positions. Internally, there were moves by a few agencies for ACFID to be split, with the larger agencies forming a separate grouping, an idea that had been first raised in the early 1990s (Smillie 1999b). There were some meetings about this but wiser heads saw the dangers of 'divide and rule' which the government had done with other national peak bodies, and ACFID remained to grow its membership over the following 10 years (Hunt 2012; Hobbs 2013). In the 1999 AusAID funding agreement with ACFID all mention of advocacy and global education was gone, with the focus being on a series of service functions for AusAID.

Effectively, ACFID's funding was split between member funding and AusAID funding with different purposes for each. AusAID was no longer funding into the core budget of ACFID as such, with the AusAID contract being of a performance-based purchaser-provider type (AusAID 1999). This led to changes in the policy and practice of the 'provider' to reflect the priorities of the 'purchaser', in this case AusAID: 'The coercive isomorphic pressures that encourage the adoption of specific policies and practices by a provider can lead to unwanted external scrutiny and interference in its internal processes and policies' (Cunningham 2010, p. 194). This occurs even if some of the funding is not only from government. While the activities can be quarantined the internal

scrutiny of an agency by government may not be able make this distinction, and so agencies like ACFID are cautious in how they use non-government funding also.

The purchaser–provider arrangement is consistent with public choice theory ‘[which] concentrates government control over service delivery undertaken in non-state locations’ (Wright et al. 2011, p. 300). The effect of constraining ACFID’s public policy work was boosted by a much higher level of scrutiny by the foreign minister, which highlighted the inherent difficulty of arguing that separate funding sources could be used to justify ACFID’s public stance on the public policy debates of the time. There was close scrutiny for overtly ‘political content’ in ACFID activities funded by AusAID (Ronalds 2010). For example, foreign minister Downer criticised ACFID’s comments on West Papua and the World Trade Organization, suggesting they reflected political rather than humanitarian agendas (Downer 2000, 1999; Tupper 2000); and Sir Ronald Wilson’s comments on Indigenous issues in the late 1990s were incorrectly linked in the press to his role as chair of ACFID and its government grant (Montgomery 2000). Despite this Graham Tupper, the executive director through much of this period, said that these pressures had little effect on ACFID’s advocacy work at the time (Tupper 2012). Under Janet Hunt ACFID had already begun to wean itself off the high proportion of government funding so it could keep its independent voice and be relatively well insulated from arbitrary government cuts (Hunt 2012).

An issue that brought the relationship of ACFID and AusAID to a head was the seemingly trivial one of ACFID making a submission to the regular DAC’s review of the Australian aid program (DAC 2005). This regular review happens to all DAC member countries, roughly every four years, and the process usually includes NGOs in a round table. In 2004 neither the NGOs nor ACFID were invited to a round table, but ACFID offered to make a written submission which the DAC then quoted from and cited in their report. While the submission was cleared with ACFID’s executive committee it was not shown to AusAID prior to being submitted to the DAC. AusAID reacted very strongly to the submission, in particular to the sentence: ‘High [staff] turnover can also lead to uneven and inconsistent approaches [and] constrains the development of constructive relationships with key partners [including NGOs]’ (DAC 2005, p. 67), which AusAID misinterpreted as referring to it being unprofessional. AusAID attacked ACFID saying that ACFID could not be trusted, with implied threats to the funding of not only ACFID but also member agencies (Tupper 2012; de Groot 2013). While Graham Tupper had planned to leave ACFID prior to this incident, its effects were far reaching. His departure was seen as a circuit breaker and a more cautious approach was taken by ACFID in its relations with government

until the advent of the Labor government in 2007, which was quite explicit in being open to criticism from NGOs as the Labor Party saw it as part of ACFID's job.

This period of tension with government also represented an important opportunity for ACFID. While the relationship with government was not as strong as it had been in the past, and the government funding of the NGO sector had declined in real terms through the late 1990s into the 2000s, public support for NGOs climbed steadily through the 1990s. There was an average growth of 11 per cent a year from 2000–04 (Chapman 2004; Kilby 2014). The strong growth pattern was to remain until 2010, when the ongoing effects of international economic crises saw personal savings increase at the expense of consumer spending which collapsed. This was reflected in a drop of donations to aid agencies but to a level (as a proportion of GNI) that was still much higher than it was in the 1980s and 1990s (Kilby 2014).

## Experiences elsewhere

Internationally other NGO peak bodies had similar experiences to ACFID of faring badly under conservative governments, but some did far worse (Smillie 1999c, 2013; Cumming 2013). Both the Canadian NGO peak body CCIC and CID in New Zealand suffered a complete cut in government funding in 2010 due to what was seen as ideologically driven policy from conservative governments (CID 2011). CCIC had its three-year contract with CIDA ended and, after two months into a three-month temporary extension, CIDA without warning stopped providing funding. CCIC was forced to lay off most of the staff and close programs, including some of its work on codes of ethics (Buchanan 2012; Millar 2013; Plewes 2013). They also had to sell their office space in order to meet the cost of severance and other staff obligations.

Unfortunately, it's hard not to see de-funding as yet another example of the 'political chill' message this government has been sending to the development community, says Gerry Barr CCIC's President and CEO. 'What we're experiencing here is punishment politics. Speak out against government policy and risk losing your funding' (CCIC 2010a).

CCIC, which was established in 1968 three years after ACFID, represented a similar number of NGO members as ACFID, and like ACFID had a long history of promoting and advocating for NGOs and their work, as well as monitoring and analysing federal policies on foreign affairs, aid, trade and peace building, all with CIDA funding its core activities (Plewes 2013). A few months after funding ceased, CIDA closed its subsidy scheme and put all of its NGO funding onto a competitive basis, thus breaking the strong sense of solidarity that Canadian

NGOs had built up. It also severely disadvantaged the smaller NGOs with less capacity to compete, and resulted in excessive delays in decisions being made and funding approved (Barr and Takacs 2010; CCIC 2011).<sup>8</sup> By 2012 CIDA had cut funding to some 75 NGOs, both local and international (Caplan 2012). This experience in Canada, not unlike in the Australian domestic NGO scene, was the result of an ideological shift which has seen a proliferation of ways individuals rather than groups could notionally input into policy while at the same time severely curtailing collective action (Laforest 2012). In 2012 in Australia a conservative Queensland state government was also cutting funding to local NGOs because of their opposing views on government policy (Hurst 2012).

In New Zealand there was a similar experience when CID, which had been funded through the official aid programme, was cut from \$900,000 a year to \$500,000 over two years (NZPA 2009; New Zealand Labour Party 2010). A year later it was cut to the point that it was having trouble functioning at all (Challies et al. 2011). In CID's case there was some warning as Janet Hunt had conducted a review in the early 2000s and noted that their funding base led them to being vulnerable to political shifts and they should diversify their income sources, but this advice was largely ignored (Hunt 2012). In Canada and New Zealand CCIC and CID had both recovered to some extent at the time of writing, and continue to function albeit at a reduced level. The issue, however, is that while they provide important services to their members, NGOs do not have the ear of government in the same way they had in the past, or the same input into policy.

## ACFID in the 2000s

The Indian Ocean tsunami of 2004 provided a circuit breaker for ACFID. Given the scale of the response and the reputational risk involved for government and NGOs, both government and ACFID realised they needed each other. They started giving joint press conferences and the like on the response to the tsunami and the accountability mechanisms being put in place, with ACFID agreeing to coordinate reporting (O'Callaghan 2013). In one sense the tsunami enabled ACFID to engage with government on a new footing with the emphasis on lobbying rather than public advocacy. This did not mean that advocacy was not occurring through campaigns such as Make Poverty History, but there

8 In early 2011 the ongoing ideological battle with NGOs erupted into a political scandal when the minister responsible for foreign aid overturned a departmental recommendation for funding by inserting by hand the word 'not' into the text of a CIDA document, making it look as if CIDA opposed the grant (Bev Oda's serious transgression 2011; CCIC 2010b). This led to allegations of misleading parliament and a call for the minister's resignation (Herbert 2011). But the Conservative prime minister Stephen Harper backed the minister and she survived.

were fewer public attacks on government and much more direct lobbying for change, with a greater focus on the role of NGOs (O'Callaghan 2013; Lang 2012). ACFID, however, did keep the importance of aid on the agenda, with the Howard government committing to doubling the aid budget, and the subsequent Rudd government agreeing to increase it to 0.5 per cent of GNI against the wishes of his own party. This was due in part to a resurgence in aid due to global security issues following the terrorist attacks in the early 2000s, the traction gained by the MDGs, and more intense competition in the global aid space with the rise of non-DAC donors such as China and their influence.

While the relationship with the Howard government had improved from 2005, it blossomed with the Rudd Labor government in 2007. Not only was the prime minister very supportive of the aid program, but NGO funding from government also increased rapidly after some years of stagnation. There was also closer cooperation between ACFID and government, particularly on a disability focus for aid, a closer alignment with the MDGs, and ACFID agenda items such as the Ambassador for Women and Girls being agreed to and taken up. In 2013, with the election of the Abbott government, there was some nervousness about the relationship. However, the Coalition government is continuing the strong relationship with NGOs, seeing their role as being important in the aid program. The deep cuts to the aid program announced in 2013 and 2014 (a 20 per cent drop overall) and the fall in public support for aid, however, has prompted ACFID to review its approach to campaigning and to engage more directly with key constituencies on the effectiveness of aid and its overall importance (Purcell 2015). This approach resulted in some small victories around NGO funding but not a major reversal in policy. The focus of ACFID with conservative governments has been more on lobbying than on public advocacy. While this has been criticised, the view is that having a seat at the table is important in a policy sense.

## Conclusion

While there has been a backlash against NGOs from governments around the world (Dupuy et al. 2014), ACFID and its members have survived most, if not all, the negative effects of that backlash. The challenge of relations with government is the same the world over: 'to maintain or revive an independent, distinctive and critical stance in a situation where [there is] danger of incorporation, an absence of alternative popular spaces, and a marginalisation of dissent' (Miller et al. 2013, p. 153). Since the early to mid-1990s there have been a series of questions raised by government as to the effectiveness, representativeness and accountability of ACFID and its members, which ACFID has generally weathered but not without some important changes in how it relates to government. While CCIC and CID

folded when government arbitrarily cut the support they were receiving, they have survived but have been weakened in that they do not have the ear of government in the same way they had before. If government provides support for peak bodies to be the first port of call for advice and the like, then by virtue of this support they have a seat at the policy table. Without that seat, while peak bodies can represent a voice, the nature of the engagement by its very nature is more distant. The challenge, however is to avoid the inevitable co-option and agreeing to or accepting policies and conditions, or being silent on matters that one would or should not be silent on.

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