Between donor preferences and country context - An analysis of the Lebanese NGO sector

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Abstract

NGOs have arguably become the most prominent actors in development, managing increasing volumes of funding and becoming important interlocutors to government and international agencies. This thesis contributes to the increasing body of academic literature on NGOs. It presents a case study, namely Lebanon, in recent historical perspective and in the context of changing funding frameworks in overseas development aid.

It is examined how country context as well as donor frameworks shape NGO operations. Project implementation by NGOs is judged as highly context specific. That is to say NGO characteristics change with historical, political and social context. NGO operations are shaped by regulatory framework, international development discourse and donor demands. This dissertation addresses how country context, donor preferences and funding frameworks affect project implementation by NGOs

Two data sources are used to address this question firstly a large NGO survey, covering more than 3000 non-governmental organisations and secondly a qualitative study consisting of firstly a small database of 197 projects and secondly records of semi-structured interviews with NGO staff and experts. The qualitative data focuses rural development projects.

Descriptive analysis of the NGO survey is used to build a historical analysis of the Lebanese NGO sector in various periods. The focus of activity as well as staffing and funding patterns are found to vary across activity and time. Following an analysis of country specific influences on NGO operations is an analysis of donor preferences.

Multi-variate logistic regression analysis is used to analyse which donors fund what type of NGOs. Empirical manifestations of donor preferences indicate that Lebanese third sector, governmental and international donors have specific preferences of certain NGO characteristics, such as institutional sophistication, access to networks or sectarian affiliation.

Thematic analysis of qualitative data of rural development projects shows that, though donor influence is not articulated directly by NGO staff, it can be revealed through an analysis of implemented projects and a critical appraisal of their impact. Through funding frameworks donors are found to define from the outset a significant share of NGO project implementation

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Originally, a personal element was not planned in the acknowledgments, since a forthcoming poetry anthology in my name would be better suited to pay emotional tribute. But since I am not a very talented poet I feel I should pay credit to the support I received from those I hold dear.

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Acronyms and Glossary

ACDI/VOCA	Agricultural Cooperative Development International / Volunteers in Overseas Cooperative Assistance
ADR	Association for the Development of Rural capacities
AECID	Agencia Española de Cooperación Internacional para el Desarrollo (Spanish governmental agency for international development agency)
AFD	Agence Française de Développement (French governmental agency for international development agency)
AKF/NOVIB	Aga Khan Foundation/Dutch Affiliate of Oxfam
AUB	American University of Beirut
BRAC	formerly Bangladesh Rehabilitation Assistance Committee and later as the Bangladesh Rural Advancement Committee. Currently, BRAC does not stand for an acronym.
CHF	Cooperative Housing Foundation now Global Communities
CDP	Community Development Projects
CDR	Council for Development and Reconstruction, Republic of Lebanon
CI	Confidence Interval
DAC	Development Assistance Committee
ESFD	Economic and Social Fund for Development
FAO	Food and Agriculture Organisation
giz	Deutsche Gesellschaft für Internationale Zusammenarbeit (German governmental agency for international development)
IMF	International Monetary Fund
INGO	International Non-Governmental Organisation
INMA	Social and Cultural Development Association
M&E	Monitoring and Evaluation
MoA	Ministry of Agriculture, Republic of Lebanon
MoSA	Ministry of Social Affairs, Republic of Lebanon
NGO	Non-Governmental Organisation
NORAD	Norwegian Agency for Development Cooperation
ODA	Overseas Development Assistance
OECD	Organisation for Economic Cooperation and Development
OR	Odds ratio
QUANGO	Quasi-Governmental Organisation
RMF	René Moawad Foundation
ROSS	Emergency Initiative for Rehabilitation, Occupation, Services and Development
UNDP	United Nations Development Programme
UNIFIL	United Nations Interim Force In Lebanon
USAID	United States Agency for International Development

WRF	World Rehabilitation Fund
YMCA	Young Men's Christian Association

caza	Lebanese administrative unit, a district
iftar	Evening meal to break fast during Ramadan
muhafaza	Lebanese administrative region, a governorate (larger than *caza)*
Tanzimat	Literally reorganisation, the term refers to a period of modernising reforms taking place in the Ottoman Empire during the mid-19th century.
wasta	Intercession, using contacts to intervene on ones behalf to produce a favourable outcome outside formal administrative structures.
za'im, zu'ama (pl.)	local strongman/patron

I. Introduction

Over the past two decades, the presence of non-governmental organisations (NGOs) in development has become ubiquitous. NGOs have become most familiar as actors in either advocacy or social service delivery (Lewis and Kanji 2009). Still, their function and nature varies over time as well as contemporaneously from place to place. NGOs are involved in international advocacy, such as Human Rights Watch documenting war crimes in Syria to lobby for the international community to act against the Assad regime (Human Rights Watch 2012), and local advocacy, such as Paraguay's Totobiegosode Support Group lobbying against deforestation on behalf of the Ayoreos-Totobiegosode Indians (AFP 2011). NGOs provide social services, such as the Lebanese organization Skoun's treatment services for young drug users, or the British NGO Barnardo's educational support services. NGOs are not a recent phenomenon. Charitable organisations have provided social services to the sick and vulnerable throughout history (Bishop and Green 2010), while the formation of guilds, arguably the pre-cursors of contemporary advocacy organisations, dates back to early modernity (Van Leeuwen 2012) and may even date to 16th century in China (Ma 2002) or ancient Rome (Liu 2009). Though largely concerned with regulating trade as well as forms of burial and sickness insurance (Van Leeuwen 2012), Chalcraft (2004) argues that in early Ottoman Egypt, guilds also negotiated and petitioned with state authorities.

Analyses of NGOs reflect historical circumstances, in particular changing views on the relationships with donors, the state, markets and society. The NGO category encompasses a variety of organisations with numerous functions. Hence, key terms are discussed below, especially the definition and functions of NGOs, so as to more clearly formulate my research questions and relate them to Lebanon, the present case study.

1.1 NGOs: A residual category between state and market

Though the term NGO is frequently used by development practitioners and despite the seemingly self-defining nature of the non-governmental organisation category there is little agreement on where the boundaries of the category are and what criteria make one organisation an NGO but not another. Lewis and Kanji (2009:9) add to an inventory first put together by Najam (1996:206), listing 46 different acronyms for various types of NGOs. DeMars (2005:2) comments that the NGO category has 'become so irresistible that a broad assortment of notables, missionaries and miscreants are creating their own'.

NGOs are commonly located in the 'third' - non-profit, voluntary - sector (the 'first' being the public sector and the second the private for-profit sector) (Lewis and Kanji 2009:7–8). This makes NGOs something of a residual category, defined by what they are not, capturing anything that is neither of the state nor the market (Abdelrahman 2004; Paul and Israel 1991:20). Salamon and Anheier (1992) list five oft-cited frequently observed characteristics of NGOs: They are (1) formal with institutional permanence, (2) institutionally separate from the state, (3) non-profit-distributing, (4) self-governing, with own rules and procedures, (5) voluntary, even if the only voluntary work is small or a small fraction of income comes from voluntary contributions.

Some contestation of these characteristics exist, relating to the financing of NGOs, their institutional set-up and their independence from either state or market. The World Bank's definition (1996), excludes organisations that derive a majority of their operating budget from governments, while including some for-profit organisations. Brown and Korten (1991:49-50) argue that NGOs are distinguished from other organisations because they mobilise resources through shared values. Kidd (2002) points out that Salamon and Anheier's characterisation does not include less institutionalised forms of associational life or social movements. Lewis and Kanji (2009:15) advocate that NGOs may become end points of social movements when they have become institutionalised. Analysing NGOs in Africa, Igoe and Kelsall (2005) find that rural NGO projects are not always distinguishable from projects run by the state. Tvedt (1998) notes that some formally independent international NGOs are dependent on government support for institutional survival. Placing NGOs firmly outside the realm of government might understate their sometimes close relationship with the state. In addition, NGOs acting as public service contractors could be seen as part of the private market sector.

1.2 Donor NGO relations

While the involvement of NGOs in development initiatives may not be recent, such involvement rose to particular prominence in the 1980s (Tvedt 1998), when in addition to private charitable donations, NGOs began to compete for international government funding, hitherto the prerogative of state. After that point, international funding for NGOs increased substantially, though it remains dwarfed by intergovernmental transfers (Lewis and Kanji 2009). International funding bodies now support service delivery or advocacy campaigns in other countries. This leads Tvedt (1998) and Abdelrahman (2004) to state that NGOs and donors have their own political or ideological ambitions. This implies that NGOs reflect the socio-historical conditions of the locale in which they operate.

International aid became an important part of international relations after World War II. NGOs are more flexible funding channels than governments. (Lewis and Kanji 2009) Governments have political preferences that impact their NGO funding decisions (Fowler 1992; Edwards 1993). Governments may even make an NGO's adherence to a certain policy objective a condition of funding (Howell 2006). Development initiatives run by NGOs attempt to shape target societies in ways desirable to the NGO's donors. This process may lead to a widening rift between well-resourced service providers and poorly-funded social mobilization organizations (Pearce 1993; cited in Edwards and Hulme 1996). Fowler (1992) predicts that NGOs will increasingly function as a component of an international system of social welfare. Control over funds and decision-making remains unequal, with donors setting agendas of projects (Edwards 1999).

Institutionally, greater control by donors over project outcomes has been achieved by a shift from program- or core-financing to project-based funding (Gibson, O'Donnell, and Rideout 2007; Scott 2003). As the name suggests, the former financially supports NGO core operations, and can be used to fund overheads such as salaries or rent. Project funding on the other hand is obtained via writing a proposal to a donor, frequently in response to a call for bids. Projects generally have to address issues proposed by the donor, be run within a set timeframe and follow a number of reporting requirements. Project funds can often be used only to finance direct project costs and not overheads beyond a certain percentage. Since official aid is almost always allocated on the basis of specific pre-planned project agendas (Edwards 2008), NGOs face the constant challenge of understanding the latest policy fashions or pre-occupations among donors (Igoe and Kelsall 2005). Hence, fashions in development discourse are reproduced by NGOs responding to donors' funding priorities. This limits an NGO's discretion in responding to local needs. Comprehensive reporting requirements are a response to calls for greater accountability of NGOs, which emerged after public instances of mismanagement (Ebrahim 2009). Fowler (1993:335) points out that donors favour rigid reporting frameworks based on quantifiable indicators, placing greater emphasis on tangible results rather than slower structural change. Short-term project time-frames are preferred to the detriment of work that requires long-term investments with fewer opportunities for quantifiable results. An outcome of project based funding, is the loss of infrastructure, primarily staff, between project periods. While salary scale of NGO staff and their potentially fraudulent objectives are frequently discussed in the literature (Ebrahim 2003; Barr, Fafchamps, and Owens 2005; Weisbrod 2000); the often casual working conditions and high turnover of NGO staff, resulting from project finance, have received comparatively less but more recent attention (Clark and Michuki 2009; Abdelrahman 2007; Siddique and Ahmad 2012).

Presumed power relationships between donors and NGOs are not always clear-cut. Ebrahim (2003), in his analysis of Indian NGOs, questions that donor-NGO relationships are necessarily unequal by stating that funders depend on NGOs for information and the creation of success narratives. Donors structure and attempt to control NGO output and emphasis on project rather than program funding is critical to this consolidation of decision-making power by donors. As shown in the following pages, this is true in particular for international donors, which, due to geographical distance between donor agency and recipient NGO information flows less easily and oversight is less straightforward. Local donors on the other hand may put less emphasis on monitoring and evaluation but use alternative accountability regimes.

1.3 Introducing the case study: Lebanon

The context of the present dissertation is Lebanon. Lebanon has a lively non-governmental sector that includes large domestic organisations, some independent of international donor funding. The strong presence of NGOs in social and relief service provision, as well as advocacy, makes them a ubiquitous feature of the Lebanese political economy. The NGO-Unit run by the Lebanese Ministry of Social Affairs (MoSA) has more than 6,000 NGOs in its registers.[1] NGOs in Lebanon have been active well before the emergence of international development aid. Muslim religious endowments, *waqf,* date at least as far back as the mediaeval period. Jewish and Christian communities in the Middle East also have a tradition of endowments for charitable purposes, even adopting the *waqf* system from the Middle Ages until the end of the Ottoman state (Shaham 1991). The organisation of tradesmen and merchants into guilds dates back at to the Ottoman period. Comparable to contemporary NGOs, the nature and function of Ottoman guilds varied considerably across time and place. The term for guild (*ta'ifa*) refers to organisations or associations of social groups with various identifying features, such as a religious affiliation or a profession (Chalcraft 2004). The advent of foreign NGOs and international funding for domestic NGOs in Lebanon came with the end of the Civil War in the 1990s and has since seen a number of fluctuations in response to internal conflict and violence.

Lebanon is dominated by sectarian policy-making, and access to power, jobs, contracts or other resources is distributed across sectarian lines through influential intermediaries in return for political support. In effect, much opposition and government work, especially related to welfare, runs through NGOs as intermediary institutions, either in the form of sub-contracting by the state or private charity dispensed by wealthy politicians. Furthermore, the state does not hold a monopoly over either social control or violence. Lebanese institutions are governed by identity politics, where undemocratically chosen representatives of each sect are given access to government to defend their communities' interests. Consequently, Lebanese politicians strive to provide benefits for the community they represent rather than for all Lebanese and there is little political interest in the universal provision of social services. The government is a locus for elite competition and resource appropriation, not one of re-distribution. In this context, as observed by DeMars (2005), elites use NGOs for competition and reproduction. Since benefits are bestowed on the basis of contacts and favours, NGOs may be the institutional intermediaries of this distribution. Zurayk (2011) refers to NGOs affiliated to, and largely financed by, Lebanese elites with political ambitions as 'ruling class NGOs'. These ruling class NGOs are not held accountable through monitoring and evaluation but through socially constructed mechanisms of accountability such as social control. Migdal (1988:32) argues that if affiliates, in this case NGOs and their staff, consent with donor authority and endorsing it as legitimate as well as voluntarily contribute time or labour to it, donors can be said to exert social control over NGOs. Migdal argues that strategies vis-à-vis organisations that hold social control is influenced by material incentives, coercion and the manipulation of symbols. In the case of NGOs the material incentives can obviously be access to funds.

[1] Interview with Sawsan al-Masri from MoSA.

1.4 Research questions and methodological approach

Lewis and Opokuh-Mensah (2006:669) state that scholarly works on NGOs are often "insufficiently contextualised". As a counterpoint to the prevailing focus on the evolution of the non-profit sector in the global North, the evolution of the modern Lebanese NGO sector from the mid-19th century to the mid-2000s will be charted. The Lebanese NGO sector, focussing on local NGOs' engagement with foreign and local aid and their spheres of activities will then be analysed and the size of the NGO sector in terms of funding and employment estimated. In Lebanon, as elsewhere, donor preferences structure NGOs. Different donors, be they institutional or individual, governmental or private, shape NGOs by virtue of their financial contributions. This thesis argues that donors look for certain characteristics in NGOs, such as the degree of beneficiary participation, sectarian affiliation, budget size or activity focus. This allows to distinguish characteristics of NGOs that are government-funded from NGOs that receive international funds or service fees.

The second research question follows from the above; the processes used by donors to structure NGO behaviour will be analysed. In particular how funding frameworks and reporting requirements impact project implementation. This research question will be analysed with a particular focus on agriculture. Government-led support has almost entirely disappeared from the agriculture sector[2], which is managed almost entirely by NGOs. An assessment of a World Bank-funded Community Development Project (Srour 2008) indicates that projects in agriculture were the most successful out of the projects analysed. By analysing one sector in depth, interactions between NGOs and their donors can be better teased out. A theme addressed throughout is a discussion of NGOs as employers. The degree of casualisation of NGO employment, access to benefits and education levels of staff is examined.

Two sets of data are used to address these questions. To chart the evolution of the NGO sector in Lebanon, a large NGO survey, comprising 3,353 NGOs, carried out in 2006 is used. This is complemented with secondary data collected in Lebanon. Using the same dataset, it is identified what NGO characteristics are associated with what types of donors. A positivist approach is used to investigate the phenomenon of preferred funding of some NGOs by certain donors. Donor preferences for certain NGOs are explained by observable factors, such as organisation size, degree of beneficiary participation, or fundraising practices. However, this does not explain certain underlying characteristics of donor NGO relationships. For example, why international donors are more likely to give funds to NGOs with bank accounts, independent auditing practices and dedicated fundraising personnel? The second research question, by focussing on funding frameworks, analyses the mechanisms that underlie donor preferences. Using data from semi-structured interviews with NGO personnel as well as outside stakeholders such as local donors, academics, former staff and contactors, it is analysed what processes donors use to shape project outcomes.

This dissertation is structured as follows: The second chapter will discuss literature on NGOs with a particular focus on NGO-donor relations and accountability. This review will include a short introduction to Lebanon. The third chapter presents the data collection methodology of the quantitative NGO survey as well as eth qualitative data. It will discuss sampling, the survey instrument, statistical techniques used in the analysis and point to shortcomings in the data. The fourth chapter addresses the first part of the first research question and contains a description and historical overview of the Lebanese NGO sector. It will include largely uni-variate descriptive statistics. The fifth chapter tackles NGO donor relations in Lebanon and the

[2] Though this has changed slightly since the new Mikati cabinet of June 2011 with Hussein Hajj Hassan as Minister of Agriculture.

second part of the first research question, analysing what kind of NGOs receive funding from what kind of donors. It includes bi-variate and regression analyses. The sixth chapter tackles the second research question. It features a thematic analysis of the interview protocols, and describes how Lebanese NGOs implementing rural development projects are influenced by donor requirements. The seventh chapter concludes.

II. Literature Review and Short Introduction to Lebanon

NGOs have become ubiquitous on the international development scene. This chapter charts their rise to prominence. As hinted at in the Introduction, NGOs are not easily defined. This chapter will discuss literature that discusses what influences NGO operations and structure as well as examine how legislators have dealt with the challenge that NGOs may be to government legitimacy. Two approaches to NGOs are contrasted, one assuming their agency is autonomous and constituted from intrinsically motivated agents and another conceptualising NGO agency as embedded in context and donor-NGO relations. Donors are isolated as a particularity powerful actor in shaping NGO operations. Specifically this chapter analyses how donors use project funding as well as monitoring and evaluation requirements to assert control over NGO project implementation and even mission. Project based funding also affects NGO staff in making their employment more precarious. This chapter concludes with a brief overview of Lebanon, a country with a vibrant NGO landscape, which will constitute the case study of this thesis.

1 NGO characteristics

1.1 NGOs' rise to prominence

At the national level, not-for-profit organisations have a long history of, supplying social services or organising members into advocacy groups. Not-for-profit organisations operating on an international level are comparatively more recent. Referring to Anderson and Rieff (2005:31), Lewis and Opoku-Mensah (2006:668) argue that western European churches, within a missionary or colonial framework, are the predecessors of today's internationally operating NGOs Tvedt (1998:44) notes that Norwegian missions had operated in locations as diverse as Madagascar, South Africa, and China since the mid-19th century. Many contemporary internationally operating NGOs have religious roots. Chabbot (1999:228) points out that over two-thirds of international NGOs founded before 1900 and surviving into the 1990s mention religion in their title.

Aid in the postcolonial era was dominated by state-building ideologies, privileging large-scale industry and agriculture programmes (Tvedt 1998:166; Ebrahim 2003:34), coordinated at the governmental level. A number of interventions throughout the 1960s were seen as slow and ineffectual. This was attributed to failures by governments perceived as corrupt, and prompted the desire for a smaller state and more decentralised intervention (Lewis & Kanji, 2009; Paul & Israel, 1991). Consequently the 1970s and 1980s saw the rise of locally-driven and participatory approaches to development (Ebrahim 2003:38). NGOs were interpreted as signs of indigenous social organisations independent of the state. They were seen as benefiting directly those who needed help most while previous state-led approaches were labelled as too top down and bureaucratic (Igoe and Kelsall 2005:10-11) In this period, the 1970s and 1980s, buzz-words such as 'sustainability' and 'gender-equality', now ubiquitous in funding proposals, were coined (Ebrahim 2003:43-44). Meanwhile, the 'new policy agenda' of the Washington Consensus stipulated that macro-economic stability and good governance would allow for the efficient functioning of markets, increased growth and prosperity (Ebrahim 2003:47). Kidd (2002:239) adds that the rediscovery of private service provision is another symptom of the loss in faith in the state. As a consequence, NGOs received growing attention after the Cold War due to a neo-liberal climate hostile to large governments (Ebrahim 2003: 1). The number and size of NGOs in Africa, for instance, increased substantially in the 1980s (Fowler 1991).

In contrast, Tvedt (1998:44), argues that the shift from government to NGOs, as the primary purveyors of development projects and programs, pre-dates the end of the Cold War by a few decades. Using the Norwegian example he illustrates that before 1963, 20 private Norwegian organisations worked in developing countries. In 1963, government development aid funds were for the first time channelled through seven private organisations. State aid to NGOs was institutionalised in 1978, with the creation of the NGO Office. By 1981 the number of NORAD (Norwegian Development Agency) supported organisations had more than doubled to 70 organisations. Some NGOs received 100% of their income from the state, carrying out mainly contract work. This example of shifts in Norwegian development aid funding towards NGOs from the 1960s onwards, indicates that the rise to prominence of NGOs is not merely a neo-liberal project but also chimed well with radical ideologies of the 1960s.

Chabbot (1999:237) adds that the growth of NGOs is closely related to the mandates and initiatives of international organisations, such as various UN institutions or the World Bank. Paul and Israel (1991:ix) point out that formal World Bank cooperation with NGOs began in 1981. Davis (2006) argues that the role of NGOs was institutionalised under former World Bank President James Wolfensohn, who required developing countries to include advocacy groups and NGOs in their Poverty Reduction Strategy Papers, as insurance that aid actually reaches target groups. Direct budgetary support to government ministries by the World Bank and other donors frequently requires the drawing up of these Poverty Reduction Strategy Papers (Lewis and Opoku-Mensah 2006:667). Today, NGOs are invited through various UN and World Bank forums to contribute ideas and perspectives on needs of the poor, and to maintain a watchdog role on the performance of governments in implementing anti-poverty policies. Lewis (2006:182) states that "globally, the non-governmental sector is believed to command around US$ 5.5 billion annually, forming a third of multilateral aid flows."

Though dwarfed by governmental transfers in terms of volume, private charitable donations have a longer history than government aid (Lewis & Kanji, 2009). Eckel, Grossman, and Johnston (2005) found that private giving depends on a multitude of motivations such as preferences for certain charitable causes, information about the charity, and the respondents' own financial standing. Similarly Andreoni and Payne (2003) find that individual's charitable giving is influenced by factors such as education, income and age of donors. Individual contributions to NGOs could also be considered an expression of preference for certain questions of public concern, such as the level of supply of public services. By making a donation or participating in an NGO an individual can increase the weight of his or her preferences.[3] Theoretical papers hold that if government and private contributions are substitutes, public spending crowds out private donations, (Andreoni 1988; Gruber and Hungerman 2007; Warr 1982) or leads to a reduction in fundraising efforts from NGOs (Andreoni and Payne 2003). However, empirical literature from the US reviewed by Hungerman (2005), or work in the UK by Posnett and Sandler (1989) find contradictory results, with private donations increasing or decreasing or not responding at all to variations in government spending on welfare.

1.2 NGO activities

Tvedt (1998:77) argues that the increased availability of funds motivated an increasing number of organisations to apply for funds. Roessler (2005) and Hilhorst (2003) point out that cooperative organisations that existed prior to the increase in international aid to NGOs as well as so-called grassroots movements saw international donor bodies as an opportune source of finance. It is through this process of applying for funds and thereby accepting certain rules and procedures, Tvedt (1998:77) argues, that small, local groups were included in what he calls the International Aid System. As for Africa, Igoe and Kelsall (2005:2) point out that "African NGOs became a growth industry in a time where most other African sectors were in decline". A

[3] Individual citizens are likely to disagree on what the optimal level or quality of social services provision should be. The transfer of individual preferences into a collectively chosen level of social services provision is problematic. One of the most famous results of public choice theory is Arrow's impossibility theorem that no aggregation rule of individual preferences can be found for a society of at least two members over at least three choices that will satisfy reasonable requirements such as non-dictatorship, unrestricted domain or universality, independence of irrelevant alternatives and pareto efficiency.

side effect of the abundance of finance to NGOs in the early 1990s was the emergence of the "briefcase NGO", which only existed on paper with the sole purpose of raising funds (Igoe and Kelsall 2005:7).

NGOs are active in a variety of sectors, linked to either public service delivery or advocacy, sometimes both. Edwards and Fowler (2002:2) observed that certain sectors favour certain structures: most NGOs working in development services are hierarchically organised, connecting grassroots or community organisations with governments and donors. Lewis and Kanji (2009) call these intermediary NGOs, made up of people working on behalf of another, marginalised group. In contrast, grassroots and membership NGOs, Lewis and Kanji continue, are generally composed of people working for the advancement of their own interests. These can be trade unions or organisations concerned with arts or sports and professional associations. Edwards and Fowler (2002:2) add that membership-based organizations are more common in human rights and advocacy NGOs.

Service delivery and advocacy NGOs

The relationship between grassroots or membership associations and the state can be conceptualised in various different ways. Putnam linked the ensemble of civic associations, he conceptualised as Social Capital, to economic growth. His work on participation in community life in Italy and the United States (Putnam 1993, 2000) spawned a huge literature on Social Capital and is a key rationale behind much development finance directed at citizenship-building. The associational school, inspired by Tocqueville, thinks of these civic associations as scrutinising the state (Mohan 2002). Khan (1998b) points out that this is in contrast to classical and Marxian analyses of civic organisations. Marxist theory, in particular Gramsci, conceptualises Civil Society as the set of private organisations and institutions that underpin the capitalist state. Dominant classes use associations to legitimise and strengthen their position. (Gramsci 1971; cited by Khan 1998b; Mohan 2002) Khan argues that the shift of emphasis from Civil Society as underpinning the state to scrutinising it was concomitant to changing political conditions in developed countries in the 1980s, favouring conservative ideologies that came to see the state as inefficient and rent-seeking.

The relationship between service delivery NGOs and the state is somewhat different. Scott and Hopkins (1999:4) point out that many developing countries are poor and lack the resources to supply a sufficient level of welfare, even if they would like to. The wake of Structural Adjustment Programmes, has led to a delegation of many welfare tasks to NGOs (Farrington and Bebbington 1993; Gideon 1998). NGOs are seen in a contractor relationship to the state (in Lewis 2006:184). Gideon (1998) points out that in Latin America, NGOs are invited to compete for government contracts alongside private for profit companies. Igoe and Kelsall (2005) found that NGOs stepped up service delivery following the demise of state provision in Africa in the 1980s. Barr et al.(2005) concur that Uganda has seen an upsurge in NGO-provided social services the 1970s and 80s following the collapse of the government. Perouse de Montclos (2005) argues that in Somalia NGOs are replacing the missing state. Similarly, Ben Néfissa (2005) links the lively NGO presence in Lebanon to a weak state. This implies that countries with governments unable to provide a sufficient amount of developmental services are likely to have a higher presence of NGOs. Conversely, NGOs might scale down their services in response to an increase in government involvement. Deeb (2006:174) found that in Lebanon Hizbullah scaled down its garbage collection following government take-over of this service, by subcontracting it to a private company, Sukleen. A shortfall in government-sponsored public service provision could lead to the re-emergence of NGO provision.

Kidd (2002:328-329) argues that the provision of welfare services has always been a mixed economy with the state, market and voluntary, not-for-profit, philanthropic, mutual aid or informal networks of kin co-existing. He points out that presumptions that the voluntary sector is superior to the state is a reversal of earlier perceptions as the state as the best provider. He argues that the expansion of the state in the early 20th century was seen as the rational solution to social problems.

NGO service provision can undermine state structures. Tvedt (1998:190-191) cites the Sudanese case where NGOs progressively assumed more and more responsibility throughout the late 1980s. NGOs supplied social services that were in need and that the state did not supply. The organisations collected fees, which affected tax collection negatively, and no lasting administrative government structures were built. Mohan (2002) adds, with respect to northern Ghana, that NGOs set up parallel institutions running alongside underfunded local government. NGOs in this case are key pillars of strategies that allow for the rolling back the state. Edwards and Hulme (1996) raise concerns about the impact of NGO service provision on universal coverage, access as well as quality.

National legal frameworks

As suppliers of social services, often against the background of insufficient government supply, or as campaigners for a certain cause, NGOs have the potential ability to undermine government capacity or to rally a support base against governments. Hence, most countries regulate NGO operations. Legislation affects NGO operation through the distribution of licenses or permits as well as benefits such as tax breaks. Criteria according to which countries legally define NGOs can relate to the organisation's structural set up as well as its objectives or finances.

A common financial criterion is the so-called distribution constraint, which prevents NGOs from distributing profits to their members. Frequently, legislation attempts to prescribe NGOs' scope of activities or location of operation by defining different categories that NGOs must fit into, if they want to operate. These classifications often mirror political or national considerations (Tvedt 1998:25-27). British legislation, for instance, bars 'charities' (which qualify for certain tax exemptions) from political partisanship or political lobbying. Thus, NGOs such as Amnesty International have a different legal status in the UK than Oxfam or Save the Children. Tvedt expresses concern that NGO criticism of government policy is chilled in order to avoid potential conflict with charity law (Tvedt 1998: 220 cites Robinson 1991:176). In Bangladesh the government is keen to maintain oversight of internationally funded NGOs and classifies NGOs as 'without foreign support', 'local but with foreign support' and 'international'. In Ethiopia, by contrast, distribution of public funds along religious lines is an important political consideration so NGOs are grouped according to Muslim or Christian affiliation (Tvedt 1998:27). Abdelrahman (2004) adds to this the Egyptian case, where NGOs are either allowed to operate nationally in a single subject domain (e.g., women's education), or locally across several domains. The author argues that this limits the ability of government opposition to organise on a national scale. Wiktorowicz and Farouki (2000:686) observe that Jordanian NGOs are barred from operating for "political gains"; those that do engage in formal politics face government sanctions. NGO activities in Jordan are hence phrased in terms of charitable or religious obligations. Political organisation may have hence to take place under the veil of charitable activity.

1.3 Discussing the comparative advantage of NGOs

Over the past three decades, NGOs have become increasingly prominent actors in international development. They have acted independently or as government sub-contractors to supply services including, but not limited to: health care, education, drinking water supply, solid waste collection and disposal, forest management, agricultural extension, irrigation and watershed management, and microfinance (Abdelrahman 2004; Farrington and Bebbington 1993; Ghatak 2005; Igoe and Kelsall 2005; Tvedt 1998). Increased funding and institutional inclusion provided the material context facilitating the rise to prominence of NGOs. In addition, it has been argued that NGOs are also superior in providing public services when compared to government or private providers. This argument rests on three key assumptions: NGOs are assumed to be more cost effective, to be better at targeting and to provide higher quality services.

Assumption #1: NGOs are more cost-effective

Service delivery NGOs have often been described as operating more cost-effectively in the provision of services than government and private providers. Edwards and Hulme (1996) point to evidence from sanitation system development in Pakistan and education and credit schemes in Bangladesh, where large NGOs, the Orangi Project in Pakistan and BRAC in Bangladesh, provided services at lower cost than the government or commercial ventures (Hasan, 1993, and AKF/NOVIB, 1993 cited in Edwards and Hulme 1996). However, the authors point out that no general case can be made for cost effectiveness, citing research from Brazil, Africa and Asia by Tendler (1989; 1983) and Riddell and Robinson (1992). Cost-effective NGOs tended to be large and have highly developed bureaucracies, working in a similar fashion to government agencies. Referring to BRAC's activities in primary education, the authors add that the cost-advantage enjoyed by NGOs over government schools may be self-reinforcing, if increasingly effective NGO school programs are rewarded with corresponding greater funding, leading to greater economies of scale, and in the process eclipsing increasingly unfunded and inefficient government schools. With respect to agriculture development projects in Asia, Farrington and Lewis (1993:35-36) argue that NGOs and governments excel in different projects. While governments do well in extension services for high productivity areas and Green Revolution-type measures such as large-scale irrigation projects or the introduction of fertilisers and new seeds and crops, government-run projects do less well in more complex areas. NGOs seemed to be more successful in applying participatory strategies; however these only have a local impact and can sometimes lead to accusations that the NGO is creating patronage relationships. The authors add that in countries included in their analysis, high productivity areas often are cropped by powerful and vocal farmers, and generate a majority of the national agricultural surplus.

Assumption #2: NGOs are better at targeting the poor and working with grassroots organisations

Paul and Israel (1991:4) argue that since NGOs work with local communities, they are better positioned to articulate the preferences of minorities, or special needs of the poor. However, Tvedt (1998:130) states that NGOs tend to miss the poorest 5-10% of the population, ratios similar to that of state led programmes. Edwards and Hulme (1996) cite research on credit schemes, (Hulme and Mosley, 1995, Farrington and Lewis, 1993:55) and other forms of economic support (Hashemi, 1992; Riddel & Robinson,

1992) to argue that NGOs do not reach the most destitute of the beneficiary population. Abdelrahman (2004:67) adds that services provided by NGOs are often captured by the upper echelons of the group the NGO is meant to help. Clark (2004) argues that the material benefits of religious educational NGOs in Jordan are skewed in favour of the middle class. Examining school records from the Charity Society of the Jordanian Islamic Center, she found that less than one percent of the organisation's student population were poor students on scholarships, while the remainder were fee paying middle class students. Poor families in Jordan receive less help from this charity than from state-run equivalents. On the national level, Dreher el al. (2010) find that Swedish NGOs are no better at targeting the poor than Swedish government agencies. The assumption that NGOs are close to grassroots has also been questioned since NGOs eschew remote, rural areas and prefer to locate in proximity of paved roads and urban centres, creating "development hotspots" (Bebbington 2004:728 cites Mercer 2002: 13 and Chambers 1983). With respect to projects of Dutch NGOs in Peru and Bolivia, Bebbington (2004) notes that preliminary poverty analyses did not appear to be a primary factor in locating projects. Still, a recent large study of NGOs in Kenya found that while convenient access to beneficiaries did play a role, NGO locations did correspond to geographical areas most in need of social services (Brass, 2012). Bebbington (2004) argues that networks and personal contacts are vital in shaping NGO project location, since NGO staff identify and implement projects. Personal contacts may outweigh considerations of need, in particular when NGOs do not have the time or means to carry out needs assessments.

Donors themselves do not target the neediest countries. With respect to large, multilateral donor agencies, applied literature on aid flows (Collier and Dollar 2002; Harrigan et al. 2006) finds that aid does not necessarily or even typically go to the neediest countries, as would be implied by altruist donors, but is strongly influenced by political and strategic considerations. Siddique and Ahmad (2012) observe in Pakistan that donors' religious preferences match those of NGOs. Secular NGOs receive donations from international secular donors (albeit some of Christian origin), whereas religious, Muslim NGOs usually receive donations from Muslim donors. The latter are largely domestic and regional.

Assumption #3: NGOs provide better quality service

NGOs are meant to act out of altruistic motives rather than with the aim to accumulate and distribute profit. If quality of service is difficult to observe NGOs will commit to high quality since staff is assumed to be altruistically motivated and care for the service itself. Beseley and Ghatak (2001:1365) suggest that NGOs might be preferred over for-profit sub-contractors to deliver public services because NGOs "are perceived to be committed to high quality or serve better some groups due to their religious or ideological orientation" (emphasis added). Barr and Fafchamps (2006) found that if an NGO leader has a religious title in Uganda, the NGO was more likely to be perceived as altruistic. Unlike private companies, NGOs are not maximising profit. Hence, it is assumed since NGOs will not shirk on quality in situations where doing so would maximize profits, (Rowat and Seabright 2006). Citing surveys from the UK and the United States, Edwards (2008:63) points out that the public associates non-profits with "authenticity" more than with "professionalism".[4] Malani and David (2006) cite research by Schlesinger et. al. (2004) which found that between 1985 and 2000 two-thirds of US residents believed that not-for-profit hospital providers were more trustworthy but that for-profit hospitals provide better quality. The authors conclude that not-for-profit

[4] The UK survey is: 'Update public view on charity' from www.thirdsector.co.uk (June 26th 2002) the US American National surveys of Giving and Volunteering are run bi-annually and available on www.IndependentSector.org

status is not perceived by users as a good indicator of quality. In Uganda, Barr, Fafchamps and Owens' (2005) question the importance of not-for-profit status as a signal for quality on different grounds. They point out that while NGOs in developed countries have to prove their non-profit status to avoid corporate taxation, tax collection in developing countries is less vigorous, making non-profit status in some developing countries less relevant in practice as a signal for quality. Ebrahim (2009) even points to a decline in confidence in NGOs, citing evidence that in Brazil, Russia, and India private businesses are more trusted and perceived as less corrupt than NGOs. He attributes this to highly visible instances of non-profit failures in those countries.

Hence, none of the three assumptions discussed seems to apply universally, indicating that there is little in NGOs themselves that would make them always more cost effective, better at targeting or more able to provide quality services than the government or private sector.

2 How do NGOs acquire their agency?

In the preceding discussion, NGO attributes have been discussed without examining how they have been acquired by the organisation. NGOs are composed of individuals, whose supposed intrinsic altruistic or ideological motivation shapes NGOs' collective agency. Some authors (Besley and Ghatak 2004; Martens 2002; Murshed 2006; Rowat and Seabright 2006; Scott and Hopkins 1999) believe that this is the most important element shaping NGO agency, which is hence the autonomous expression of staff motivations, either self-interested or altruistic. Others (Gulrajani, 2010; Hilhorst 2003; Igoe and Kelsall 2005; Lewis and Opoku-Mensah 2006) argue that NGOs' collective agency is the product of context (Abdelrahman 2004:4); as well as the underlying agendas that motivate their constituting partners; namely donors and beneficiaries *as well as* NGO staff (DeMars 2005:43). The former are economists, applying economic models developed for varying contexts to NGO operations. The latter are anthropologists (Hilhorst, Igoe, Kelsall), political scientists (DeMars) or work in the field of development studies (Abdelrahman, Gulrajani, Lewis, Opoku-Mensah). They favour analyses of specific contexts and narratives of specific NGO projects over models applicable to a general case. Hence the divide in approach is methodological as well as related to the subject matter itself.

Below economic models of NGOs are first reviewed, conceptualising NGO agency as autonomous, before reviewing a critique of this approach pointing to the embeddedness of NGOs in host societies as well as development aid structures.

2.1 Economic models

Economists' attempts at modelling the internal workings of NGOs have often resulted in an application of economic models developed for not entirely analogous contexts. Public choice models of collective action argue that if neither the state nor markets supply a desired good or service, an entity providing it might be set up through voluntary contributions from potential beneficiaries. The success of collective action is then analysed with respect to group characteristics such as size or composition (Baland and Platteau 1997; Olson 1965). Industrial Organisation, in particular Principal Agent models have been adapted to represent NGOs offering public services (Besley 2006; Besley and Ghatak 2001). NGOs are seen as social enterprises competing for funding from donors. This requires NGOs to file performance reports with standardised data similar to for profit companies. As is the case in micro-economic theories of firms, NGOs maximise an objective function subject to a budget constraint. The key difference stems from NGOs pursuing a goal– selected by management or donors – as an end in itself rather than as a means to maximize profits (Glaeser 2003). These models can be situated in "new political economy" or "new welfare economics", which include factors such as asymmetric information into agents' objective functions previously only based on self-interest. They merge considerations of welfare and public economics.

The new political economy model proposed by Besley (2006) investigates whether the government should provide a public service or whether it should subcontract it to an NGO. The model features three actors: (1) an NGO, (2) either a government or a donor, and (3) a class of beneficiaries. The decision-making process is modelled as a several-stage game played between an NGO[5] and either a government or a donor (Besley 2006). Crucially, both the government or donor and the NGO value the public service that is to be provided. The benefit the NGO and the government derive is intrinsic to the service they provide rather than material benefits. It has been termed a "warm glow" feeling in models of altruism (Andreoni 1990; Laffont 1975) The focus of non-pecuniary objectives drives the conclusions, which stipulate that the agent (government or NGO) which values the public service more is also willing to devote most resources to it, and should provide it. This argument is essentially the same as a leading argument in favour of privatisation or outsourcing, but with intrinsic motivation replacing efficiency.

In another model, Besley and Ghatak (2001) assume that NGOs are chosen from a pool of honest and dishonest NGOs with an exogenously given fraction of dishonest ones. Dishonest NGOs can chose to take an initial transfer for a project and be fired once the donor discovers they spent the funds on private consumption or can mimic an honest NGO at some cost and spend the rest. The latter strategy generally provides maximum fraudulent 'profits' if the dishonest NGO is somewhat patient. A mimicking NGO will provide some of the public good. The only way of sanctioning an NGO is for the donor to fire it once it is revealed that it does not do its job properly. The final outcome depends on the cost of mimicking and the fraction of honest versus dishonest NGOs. The authors also assume that religion can be "a proxy for project valuation" by the NGO (Besley and Ghatak 2001:1365). If the public service is provided by an NGO with a certain ideology or religion, this lessens the government's valuation of the public service but does not affect the valuation of the service by the beneficiaries. In this model, ideological or religious preferences make the government less likely to cooperate with the NGO and decrease the possibility of a public-NGO partnership. The latter conclusion is inspired by results from empirical studies (Sen 1993), which find that beneficiaries are indifferent about an NGO's ideology However, as the case of a Bangladeshi NGO shows, beneficiaries may sometimes value an NGO's ideology (Farrington and Lewis 1993) or decrease beneficiaries' valuation. Fawaz (2005) for instance points out that some inhabitants of the Shi'a dominated suburbs of Beirut resent Hizbullah's ideological outlook and prefer not to take up services provided by it.

[5] The model assumes that this NGO is chosen at random in the first stage of the game. This presumes that the civil servant or donor faces a set of NGOs that, to his eye, is constituted of identical organisations. Frequently NGOs are not chosen at random but through tendering or application procedure, which leads to NGOs underbidding each other in terms of project costs. Frequently NGOs and for-profit contactors have pre-existing contacts in donor circles, which may influence which organisation is awarded the project.

2.2 NGOs' agency: embedded rather than autonomous

Principal Agent or Public Choice models assume that actors' agency is autonomous, that is to say constituted independently of social context. Arguing from a sociological institutionalism standpoint, Gulrajani (2010) rejects this assumption and states that agency is embedded in standards of behaviour and norms that are based on a collective understanding of what is the correct and right thing to do. Ebrahim (2009) adds that agents' opportunism is also reined in by the actor's context, which exerts some measure of social control. According to Migdal (1988:32) social control can be assessed according to the following three criteria:

- Compliance with sanctions
- Voluntary participation in institutions
- Legitimisation: the acceptance of rules from the conviction that they are right

For many NGOs there is an overlap between the organisation's objective and what constitutes morally appropriate behaviour. Jawad (2009:93) found that for the Lebanese NGOs Emdad and Quard el Hassan, both affiliated with Hizbullah, political and human solidarity discourse overlapped: social services are part of the resistance, the social is the political. Concurrent with Deeb (2006), Clark points out that in Jordan volunteer participants are motivated by a sense of charity, but also by the desire to demonstrate the feasibility or even superiority of the Islamic alternative in a political sense (Clark 2004:964). El-Said and Harrigan (2009) make a similar point about hospitals run by religious NGOs in Egypt and service provision by the Muslim Brotherhood in Jordan. Hence NGO staff motivation is not completely exogenous but also embedded in the organisation itself.

In addition Abdelrahman (2004:4) points out that political, historical and sociological context influence and define the behaviour of NGOs. Instead, factors such as an NGO's financial clout, political power, or an area's ongoing conflict are eschewed in the models. Investment volumes and ownership structures of a service provider may have more to do with country-specific social, political or historical contexts than considerations of motivation. What is gained through causal and internally logical deductions is associated with other losses in specificity. This approach fails to address "issues of power and conflict, let alone those pertaining to development and poverty alleviation"(Bayliss and Fine 2007:3). Indeed one of the key concerns for organisational sustainability, the availability of funds is omitted in the models reviewed above. Besley and Ghatak (2001: 1345) assume "that the NGO has cash". However, government resource constraints, more than government disinterest in the provision of services, drove instances of pure NGO provision of public services in Bebbington and Farrington's (1993) study of NGOs working in agricultural development. In fact, the power to disperse and withdraw funds is donor's single most powerful tool in shaping NGO operations (Ebrahim 2009; Jad 2004).

The debate between the autonomy or embeddedness of NGO agency is not unlike the sociological debate of whether structure or agency is the key determinant of human action. In the present context, economists take the capacity of NGO staff to act independently on their intrinsic motivations as the key determinant in shaping NGO agency while their critics emphasise that structural context of the organisation itself as well as social and political context shape NGO agency. As suggested by Giddens (1984) with respect to individuals in his theory of structuration, NGO staff may consciously alter their own motivations and objectives as well as their organisation's operations to fit or resist ambient social and financial structures.

This tension between staff mission and donor preferences is discussed by Wallace, Bornstein and Chapman (2007:6) who refer to Giddens to define agency not as intention but as the capacity to do something. The authors analyse how conditions attached to donor funding shape NGOs and how they interact with commitment of NGO staff.

3 How donor oversight influences NGO operations

Wallace at al. (2007:35, 111) point out that in response to challenges to their legitimacy and from a point of anxiety about impact donors attempt to increase control by introducing funding conditions using standardised management procedures, specifically logical frameworks. They point out that, though in use since the 1990s, they became ubiquitous throughout the 2000s. Using a theory of change these logical frameworks stimulate a series of inputs and activities that would lead to certain outputs. Success is measured against a series of indicators and NGOs are required to report on inputs, activities and outcomes as well as evolution of indicators. It tightly accounts for spending but not for complex social processes.

Scott (2003) and Gibson et al. (2007) describe similar changes in funding regimes. They concur that donors interpret NGO failures as a failure of oversight. The authors observe a shift from what they call ‘program’ or ‘core’ funding to ‘project’ funding. Core funding supports organisations in the pursuit of their mission, covering basic administration and organisational costs as well as program-related costs. The organisation’s program or mission would usually predate the onset of funding. In contrast, project funding, as its name suggests, is targeted at specific projects with limits on what the funds can be used for. Core costs, such as rent or salaries are often not covered (Carroll, 1992). In addition, funding horizons are shorter and renewal is less predictable. Scott (2003) argues that the intention behind the funding shift is to increase donor oversight over NGOs. This new funding regime appears to put into practice the repeated interaction game developed by Besley and Ghatak (2001) while funders eschew more context specific analyses of success and failure. If donor NGO relations are seen as principal-agent problems, in which principals employ agents to accomplish a set goal, accounting for project success or failure becomes an oversight problem to constrain opportunistic behaviour by agents (Ebrahim 2009). Gulrajani (2010) adds that, if NGO agency is conceptualised as autonomous, and either self-interested or altruistically motivated, its control or oversight inspires a number of administration practices associated with constant verification, transparency evaluation and reporting, with the ultimate threat of loss of funding.

Ebrahim (2009) calls this a technocratic accountability regime. Wallace at al. (2007) use the term rational management. It centres on monitoring and performance-based evaluation, quantifying performance so as to demonstrate success. It is technocratic since it relies on skills related to performance measurements, evaluations and the measuring of progress towards pre-determined targets. It is coercive in that funders condition continued support on adequate reporting and set reporting standards and frameworks, sometimes ill-adapted to the idiosyncrasies of projects. Accordingly the key issue to delivering successful development projects is reduced from the puzzle of how to improve human and social development to a question of oversight and meeting targets.

3.1 The impact of monitoring and evaluation on NGO operations

This technocratic or rational management accountability regime affects project implementation and development practice. Wallace et al. (2007:91) argue that donors set the following funding conditions:

- Design and implementation
- Funding modalities and accountability systems
- Content and development purpose
- Role to be played by the NGO in the process

Scott (2003) outlines the consequences of project-based funding and donor specified monitoring practices at the NGO level. She argues that NGOs experience mission drift, reporting overload, advocacy chill, and loss of infrastructure. To this Ebrahim (2009) adds reduced opportunities for learning and innovation. Each, except for the loss of infrastructure, will be discussed in more detail below. Infrastructure loss is a consequence of short-term funding schedules and refers to NGOs shedding staff and physical capital between project periods. This can make the impact of NGOs transitory (Jad 2004) and is the outcome of donor reluctance to support long term projects (Edwards & Hulme, 1996). Abdelrahman (2004:58) adds that short-term funding horizons do not address long-term problems of violence, political instability or chronic food shortages. Infrastructure loss with respect to staff will be discussed at the end of the chapter.

Mission drift, isomorphism and visibility

Ebrahim (2003:12) argues that due to their funding volume and rigid grant frameworks, centres of development expertise such as the IMF and World Bank have the power to define what methodologies to use to foster economic and social development. Since large international donors frequently follow international development discourse, funds shift over time between areas more or less fashionable. Donors consider an NGOs mission in selecting which organisation to fund (Ebrahim, 2009). This offers incentives for NGO management to adapt their missions to donor preferences. Wallace et al. (2007:82) find that NGOs develop of proposals in response to donor calls even though they may have in house competencies for it. Tvedt (1998:82) argues that funds are not distributed to where need is greatest but where NGOs' mission and donors' interests overlap. Tvedt (1998) adds that by virtue of their common funding resources and responding to donor calls for proposals, NGOs tend to exhibit isomorphism. Edwards and Hulme (1996) add that large NGOs might displace smaller agencies by dominating resources, which produces a monoculture of ideas rather than diversity of opinions, which is supposed to be a feature of a vibrant civil society. Instead of building up expertise in an area of local relevance, an NGO's mission may drift over time, while projects implemented concomitantly tend to be very similar. By abiding to demands made by donors, such NGOs could begin to resemble "new forms of cultural and economic colonialism" (Lewis and Opoku-Mensah 2006:670), and rather than being "a sign of vibrant Civil Society", NGOs become the agents of "a changing international aid agenda" (Abdelrahman 2004:25; cites Chabal and Daloz 1999:23) Ebrahim (2003) outlines how familiarity with development discourse is key to successful funding applications. This creates a role for an expert who can interpret the technical knowledge as well as reproduce the core of development language. If NGO workers' values are embedded within the NGO and its social context, they cannot be aligned with project funding since the process takes time and NGO mission thus constituted cannot be changed with ever-varying development discourse. Clark and Michuki (2009) find that key complaints by staff are related to impediments to the NGO fulfilling its mission, such as tied funding, unreliable funding, donor manipulation, grant competition and lack of coordination between NGOs. Wallace et al. (2007:71) point out that funding is increasingly concentrated among fewer larger NGOs with higher capacity, leading to increased competition despite on paper cooperation. In fact, donor demands are likely to have a negative impact on voluntarism since it restricts volunteers' ability to participate in shaping an NGO's agency. Hence, donor driven project design may run counter intrinsic motivation of staff.

Donors seek visibility for the projects they fund and volume of donations is sometimes linked more to image and media attention than to actual needs. Emergency activities are more rewarding for an NGO in terms of media attention and are less risky since implementation is straightforward and uncontroversial (Tvedt 1998:90). Referring to Bourdieu's concept of symbolic capital, Ebrahim (2003:52) argues that 'money talks' but is not the only capital that is exchanged between donors and NGOs. Symbolic and reputational capital is also transferred between the two. Donors introduce new techniques and concepts that enable NGOs to articulate the latest discourse and look good further up the aid chain as well as to other NGOs. Donors, on the other hand, rely on NGOs for long running, successful and well-reputed projects. Donor demands for visibility in successful projects vary. Ebrahim (2003:66-67) cites the European Commission as a donor who wanted unique publicity for a certain project and did not allow the NGO to raise funds from other donors without prior (cumbersome and time-consuming) approval.

Reporting overload

Ebrahim (2003:99) observes that similar to proposal writing, NGOs hire professionals, graduates and PhDs to articulate donor discourse and legitimise NGO work in reporting. Wallace at al. (2007:70) add that large NGOs have a significant number of specialist staff who understood the language. Local NGO staff consists of those that are familiar with donor rhetoric and know how to link up international and other actors rather than those familiar with local problems (Dijkzeul 2006:1140). Further, donors want to make sure their donations are used effectively. However, evaluation reports are often written by the same employees who implement the projects and wrote its funding proposal. These employees are aware that negative evaluations might result in less funding (Ebrahim 2003).

Edwards and Hulme (1996) state that reporting requirements are increasingly complex and that donors expect projected outputs to be achieved or threaten to withdraw funding. Ebrahim (2003:64-65, 67) refers to NGO managers frustration with the fact that successful projects for donors are those with auditable, quantifiable outcomes that can spend the budget, but that non-auditable positive outcomes will be considered failures. They are also aware that projects successful in this respect will make future funding more secure. Ebrahim points out that, as a consequence, NGOs are especially reluctant to share criticism. Consequently the flow of information between NGOs and donors is tightly controlled. Tvedt (1998:90) argues that evaluations are typically more of a reproducing ritual than actual evaluation. Edwards and Fowler (2002) add that NGO performance is a construct rather than an 'objective' observation.

Wallace et al. (2007:113) point out that heavy reporting requirements are a concern of NGO staff and that it squeezes out time for other types of accountability towards participants. Donors may thus be handicapping NGOs comparative advantage by keeping staff away from people they work with. They may also push through agendas that NGO staff themselves do not believe in. The authors add that, though proposals and paper plans are used to raise funds, they are often ignored during implementation and returned to only for reporting purposes. Ebrahim (2009) states that this may be because metrics used in evaluation forms are inappropriate for the NGO's context, or metrics may mask ambiguity or complexity of development projects. In addition, monitoring does not guarantee that an NGO will not find ways to give the appearance of satisfying the principal interests while pursuing others, or that an NGO will mimic success. Small NGOs with limited staff and resources are especially stretched by evaluation and reporting requests. Evidence from Egypt and Jordan shows that donors favour larger, well-established organisations because they are more likely to be professional and have a track record of delivered projects (Abdelrahman, 2007; Clark & Michuki, 2009).

Tangible results and little learning and innovation

Easterly (2002) argues that reporting pressures can prevent NGOs from learning from mistakes. Wallace et al. (2007: 113, 114)add that editorial control from NGO management makes sure the 'right' kind of story reaches the donor and cites NGO staff concerns that eth discussion of problems may lead to a loss of fundng. Ebrahim (2003:1) also links systems of reporting to learning; he argues that reporting shapes how NGOs think about what they do. He points out that donor requirements promote positivist, quantifiable measures of success. He refers to these as product rather than process data, the latter of which evaluates how projects are carried out. He argues that this focus on product data has a de-politicising effect since outcomes are assumed to be simple and discreet. This makes for easy comparability but ignores social and political environments. Indeed, Edwards (1999) points out that the difficulty involved in evaluations is compounded by different environments. In his study of NGOs in India and Bangladesh, projects which did worse had to operate in a more difficult environment with higher poverty rates, higher infant mortality and a lack of natural resources. Field-level process data, which contains information on how objectives were achieved or what problems or unintended consequences were encountered, are generally not transferred, nor systematically collected or evaluated. Edwards (1999) adds that the focus of donors on success stories leads to the use of euphemisms where, for example, project implementation is described as slow rather than fundamentally flawed.

Easterly (2002) argues that this likely leads to the excessive production of glossy reports for donors. The author continues to point out that development workers are rewarded, in the form of continued donations, for reports that feed back to donors rather than reflect the experience of recipients. Easterly further mentions that aid organisations often continue pouring money into projects even if they are unsuccessful, because an admission of failure would halt donations. ALNAP (2004) states that this incentive structure promotes defensive behaviour by NGOs and an optimistic bias by those compiling reports. Consequently, output is re-defined as money disbursed and little effort is spent on true ex-post evaluation of projects (Easterly 2002). For example, the Center for Effective Philanthropy in the United Sates and New Philanthropy Capital in the UK collect and publicise standardised data on management, experience, and funding volume, but not on social changes and transformations (Edwards 2008:69).

Similar concerns have been raised about the ability of NGOs to innovate. Particular situations require specific ideas to tackle them (Edwards 1999; Easterly 2002). Paul and Israel (1991) see NGOs as able to adapt and innovate effectively since they are unhindered by standardised, bureaucratic procedures. However, Fowler (1993:335) points out that flexibility on the ground is hindered by donors' emphasis on measurable outcomes set before the start of a project. This runs counter to NGOs supposed institutional advantage. The greater emphasis on tangible results forecloses diversity and vibrancy in the NGO sector. Performance assessments imply that funding goes to successful projects only, rewarding NGOs that stick to discrete data reporting and proven approaches, while potentially punishing those that are more innovative.

Wallace at al. (2007:118) add that working with communities takes time while funding cycles are short making NGO work more transient and less sustainable.

Advocacy chill

Paul and Israel (1991:7) point out that an understanding of development as rectifying skewed distribution of power and resources implies a role for NGOs as organisers and campaigners for a more equitable allocation of resources, increased participation and the protection of the rights of the marginalised. Abdelrahman (2004) and Jad (2004) point out that this conceptualisation of NGOs is necessarily political. Referencing his study in India and Bangladesh, Edwards (1999) underlines that institutionalised inequalities linked to, for instance, land ownership and gender are changed only with difficulty and meet with fierce opposition. He notes that governments, in his case the Bangladeshi government, discourage NGOs from organizing their clients into a grassroots membership organisation that could eventually levy political power (Edwards 1999:368). NGOs with a radical agenda can be co-opted into mere sub-contractors for projects tendered by large international NGOs(Abdelrahman 2004).

Working for change, without measurable outcomes that can be produced in a short time becomes impossible under a project framework and NGO services increasingly favour a technocratic approach to development over a political one. Edwards and Hulme (1996) suggest that NGO service provision can thus dull more fundamental struggles for changes in ownership structures which require significant economic and political changes. Analysing project proposals of two Gujarati NGOs, Ebrahim (2003:8-11, 17) shows how problems of development and poverty are described in terms of natural and environmental constraints while avoiding issues of structural disempowerment. He continues that unequal distribution of resources is linked to unequal power relationships and that poverty is a political condition and a result of asymmetry in power between different classes, not just a resource gap. Edwards (2008:74) points out that tackling these problems requires systemic change, which addresses the question of how property is owned and controlled and how resources and opportunities are distributed.

Lewis and Opoku-Mensah (2006:667) add that employing NGOs generates the perception that the policies are "participatory and 'owned' by a wider section of the population". Edwards and Hulme (1996) state that wholly pre-planned development projects cannot be truly participatory. Furthermore, NGOs formed in response to increased funding will have weak connections to, and support from, a grassroots support base. The desire for donor control can lead to conflict with NGOs' desire to maintain legitimacy with their recipients by trying to demonstrate a degree of independence and commitment to their cause. The legitimising effort often involves advocacy and lobbying, which might be restricted by donors (Tvedt 1998:83). The affirmation of an NGO's authenticity can be crucial for the NGO's survival, since the legitimate claim to the NGO label permits NGOs to claim public representation and achieve cooperation with recipients. Without legitimacy NGOs will be ineffectual (Hilhorst 2003:4-8). Due to their dependence on donors, NGOs can become "co-opted" (Lewis and Opoku-Mensah 2006:668). Jad (2004) points out that with the need to raise funds from international donors, NGOs may come to see their constituents as abstract target groups, while their main focus is towards donors, communication with whom is almost exclusively in English, increasing international connections at the expense of local ones.

Thus by framing problems of inequality and poverty as poor coordination or resource allocation, requiring better management so as to be able to report positive project outcomes, NGOs may pay little to social relations and political economy (Ebrahim 2003:37). NGOs might even stifle local activism by monopolising finance and expertise and have a 'chilling' effect on advocacy.

Clientelism

Davis (2006) points out that the bypassing of governments to work directly with NGOs gives donors a direct presence in developing countries through the intermediary of NGOs. Edwards and Hulme (1996) point out that USAID's funding of NGOs in Central American in the 1980s to various opposed political organisations seemed to be an attempt at shaping the NGO landscape. Foreign funding may even underpin donor countries' foreign and domestic interests. International aid plays an important role in Lebanon, which receives large sums through the Paris I-III frameworks as well as through bilateral aid, most of which is channelled through quasi-governmental offices or NGOs. Similarily, DeMars (2005) observes that local elites might use NGOs for competition and reproduction. In Lebanon, Rieger's (2003) analysis of large NGOs linked to specific sectarian factions, lends support to this argument. These funds are often also distributed with political affiliations in mind. Alternatively, NGOs may attempt to work outside existing, clientelist distribution channels or attempt to independently run their own projects. Donors with political ambitions seeking to recruit clients are likely to use social and embedded proceses to hold their clients accountable.

NGOs carry out projects that have been negotiated with their donors' ideological preferences. Donors' ideological preferences can be reproduced with recipients. This requires time and is hence unlikely to be a consequence of project-based funding. However, if the relationship between a donor and an NGO endures over a considerable period of time, donors may recruit clients with the funded NGO acting as intermediary. Bebbington (2004) argues that the presence or absence of an NGO is linked to social and political economic interests. NGOs can be vehicles of patronage and institutionalise vertical power relationships between patrons and their clients.

In his edited volume on patron-client relationships in the Eastern Mediterranean, Gellner (1977) describes patronage as informal, unequal and personalised relationships, which are long-term rather than limited to a single transaction. Patron and client relationships reflect the participants' respective differing wealth and power. The patron can supply basic means of subsistence such as: access to land, employment and inputs, as well as provide insurance in a crisis, or offer protection from violence and competition by intervening on behalf of the client. These can be provided through the intermediary of a local charity and public services. In exchange the client, in eth present case the NGO, is expected to provide services, other than labour these can include organising and mobilising beneficiaries and promote the patrons interest (Gellner 1977). In the same volume, Scott (1977) points out that the legitimacy of the patronage relationship depends on the perception by the client of how much he benefits from the relationship in relation to what he contributes. Khan (1998a) states that clients readily re-negotiate allegiance if another patron offers better terms. Historical studies from modern Italy (Cavallo 1995), nineteenth-century Manchester (Shapely 2000), and twentieth-century India (Caplan 1998; Haynes 1987; Kidd 2002:338) suggest that philanthropic donations can have tangible returns to their donors consisting of political patronage or the acquisition of public office.

Resistance to and subversion of donor requirements

However, while donors demand tightly structured project implementation, Chhotray (2005) argues that dichotomous perceptions of NGOs resisting, or acquiescing to, donors are of limited utility. In her study of an NGO in Madhya Pradesh she describes how NGO interventions at once resisted government practices and delivered services to local communities that were deemed legitimate by the government. Ebrahim (2003:95-98) continues to show how NGOs resist donors by seeking to insulate key activities and decision processes from donor influence. He notes that NGO managers resent funders' priorities and what is perceived to be their interference. In fact, some NGOs may have considerable independence in the field with respect to day-to-day operations of projects due to distance from donors (Chabbott 1999:223). NGOs are unwilling to pass on narratives on how they go about development, presumably also to insulate themselves from interference (Ebrahim 2003:102). Wallace at al. (2007:173) add that late reporting by NGOs or poor accounting can be interpreted as silent resistance or subversion of donor requirements.

In addition, beneficiaries may suspend co-operation with an NGO, which might harm recipients more than NGOs. Edwards (1999:367) cites such a case in his study of four NGOs, two in India and two in Bangladesh, where recipients of an Indian charity's services ceased to work with volunteer staff when they were dissatisfied with the staff's performance. Similarly, Hilhorst (2003) underlines that if recipients do not perceive the NGO as legitimate they will not cooperate, while an understanding between NGO staff and their recipients can improve NGO work. Recipients are little involved in the decision-making process of the NGO; similarly they rarely give direct feedback to donors. Still, if they feel not represented or helped by the NGO they might suspend co-operation.

4 NGO staff

As a corollary to observations made above, this section reviews the importance of first, NGO staff motivation and second donor funding structures, on NGO operations. In particular, empirical evidence is reviewed examining the varying motivations of NGO staff and how NGO staff fare under project based funding cycles and donor specified monitoring and evaluation requirements.

4.1 Voluntarism and staff motivation in NGOs

As noted above, voluntary involvement in NGO work is an important aspect of NGOs. Edwards and Hulme (1996) note that volunteers contribute time and effort out of a personal sense of responsibility. Principal-agent models assume that NGO work does attract motivated staff who care about the work of the NGO, and are willing to accept lower remuneration in exchange for being personally involved in the NGO's mission (Besley and Ghatak 2004; Martens 2002; Murshed 2006; Rowat and Seabright 2006; Scott and Hopkins 1999). Therefore NGOs need not offer financial incentives to staff on a similar scale to the private sector and are willing to accept lower wages. Empirical evidence on this assumption is contradictory. In Pakistan microfinance fieldworkers earn less than employees in the corporate sector and it is the aspiration of many to change jobs in the future (Siddique an Ahmad 2012). However, NGO staff expressed gratitude to have a job against the backdrop of high unemployment. In Jordan, too, NGO managers complained about low salaries (Clark and Michuki 2009), while in Egypt salaries paid by NGOs are often higher than those paid by the private sector (Abdelrahman, 2007). Salary comparisons should be made with caution since all three authors collected data from different ranks within NGOs, Siddique an Ahmad (2012) collected data from fieldworkers while Clark and Michuki (2009) interviewed managers. Tvedt (1998) found that in Sudan NGOs had few staffing problems not because they paid more but because they paid reliably and offered fringe benefits such as access to cars and motorcycles. In the Ugandan context, Barr et al.(2005) found that NGO staff are better paid for a similar job than government employees. Bayat (1998:164) found that for many employees, NGOs simply provided a career opportunity rather than the chance to work for a public spirited organisation.

The conceptualisation of NGO staff motivation as intrinsically altruistic may be overly simplistic since workers might be motivated by a variety of factors affecting their performance, including the NGOs' mission but also building a career and networks within the sector. In the case of Islamic women's organisations in Yemen, Clark (2004) points out that participants gain a variety of benefits, such as friendships, confidence and skills. Another important factor she points out in particular for the Yemeni women's organisations is the chance to take part in public life in a way that conforms to conservative values. In Egypt, NGO workers chose NGO employment due to the varying and intellectually challenging character of the work as well as ideological satisfaction from the NGOs mission (Abdelrahman, 2007). Indeed, salary and mission considerations need not be mutually exclusive. Siddique and Ahmad (2012) find that for Pakistani micro-finance fieldworkers serving their countrymen while also earning a salary is a major incentive. In Jordan two-thirds of woman staff interviewed by Clark and Michuki (2009) said they work for NGOs because they care about its objective and enjoy having a professional career.

Fowler (1991) argues that NGO staff might value the continuation of their salaries and the institutional survival of the NGO over the well-being of beneficiaries. He adds that, at management level, NGOs are often staffed by career professionals from affluent sections of the population who have little knowledge of the conditions of the poor. A closer examination of the ranks of NGOs, indicates that NGOs are means for the upwardly mobile middle class to gain employment, even a career and make contacts. In addition, professional middle classes, dominate moderate Islamist charities in Egypt, Yemen, Jordan and Lebanon (Clark 2004; Deeb 2006). Abdelrahman (2007) found that NGOs seem to offer the best job prospects for middle class professionals, since basic technical skills (English and computer literacy) are required. The lower middle class is excluded by poor state education. By implication, she argues that Egyptians working in NGOs are privately educated. Jad (2004) even speaks of a globalised elite with shared values and aspirations.

Clark (2004) states that a significant portion of private donors and supportive civil servants also come from the middle class. Clark (2004) and Abdelrahman (2007) found that in Jordan and Egypt the large majority of NGO staff are hired through informal processes, such as personal contacts or recommendations.

4.2 The casualisation of staff under project funding

As argued previously, donors are unwilling to fund core costs of NGOs such as salaries. Another consequence of project funding, alluded to above as 'infrastructure shedding' is the loss of staff between projects and the casual character of NGO employment throughout projects. Siddique and Ahmad (2012) observed high staff turnover among Pakistani fieldworkers, hardly a worker had been with any one organisation for three years. Abdelrahman (2007) has similar observations for NGO managers in Egypt: most jobs were limited to the duration of the project and most contracts ranged from two to three years at a time. There are generally no assurances that a contract will be extended, and staff are constantly changing jobs within the same NGO as well as between NGOs. The project-based nature of most NGO jobs means that there is no space for promotion within the same contract. The heavy reliance of Egyptian NGOs on external donors implies that NGOs are not capable of providing secure sustainable careers. Job insecurity is cited as the single biggest disadvantage of employment within the third sector. Clark and Michuki (2009) interviewed NGO managers in Jordan and found that job insecurity was a frequently mentioned impediment to job satisfaction.

Contract duration is not the only source of job insecurity. Very few NGO staff receive health or social security coverage, often in violation of labour laws. None of the Pakistani microfinance fieldworkers interviewed by Siddique and Ahmad (2012) receive health insurance, though some nationally operating NGOs reimburse bills. Less than 10% of women workers had access to maternity leave. There is no childcare allowance and only national NGOs have retirement pension plans. Abdelrahman (2007) and Clark and Michuki (2009) observe similar conditions in Egypt and Jordan, where many NGOs have no health care or pension scheme for their staff. Abdelrahman (2007) found that health or pension benefits were especially rare among NGOs with fewer than 20 staff. Siddique and Ahmad (2012) also found better working conditions at larger nationally operating NGOs. Abdelrahman (2007) notes that most staff report not minding the lack of medical or social insurance since they would rather not have social security deducted from their salaries. The short-term contracts do not allow for significant pension contributions, and personal savings need to be accumulated to bridge future periods between contracts.

Evidence from Pakistan (Siddique and Ahmad 2012) and Egypt (Abdelrahman 2007) shows that NGO employees work long hours without overtime pay, in contravention of labour laws, and sometimes work in dangerous environments. In Pakistan, fieldworkers felt insecure, owing to the current security situation and found the logistics support offered by the NGO, in particular transport, was insufficient. The authors note that these working conditions are rarely mentioned in the reporting of most NGOs. Women are occasionally subject to harassment without NGOs taking action. In Egypt, NGO staff reported working most weekends as well as long hours and going on frequent fieldtrips. Despite being aware of the fact that their working conditions do not comport with regulation, none complained or reported this to superiors or donors. Abdelrahman (2007) notes that the draconian oversight of NGOs by the state is conspicuously absent with respect to labour law compliance.

While Siddique an Ahmad (2012) report no preference or aversion by NGOs in employing women in Pakistan, both Abdelrahman (2007) and Clark and Michuki (2009) found that donors prefer to give to NGOs with more women employees. The authors' conjecture that it is donors' intention to counteract the low rates of economic activity among women in the Middle East.

5 Conclusion

NOGs rose to prominence in response to increased international development finance being channelled through non-governmental institutions in the 1980s, spurred by disillusionment with governments as lead implementers of large development projects. NGOs are advisors to governments and international bodies such as the United Nations and the World Bank. Still, the financial capacity of most NGOs remains limited when compared to governments, and they rely on governmental and private donors.

NGOs can be split into membership organisations, also called grassroots or community organisations, where members organise to defend their own interests; and intermediary NGOs, which raise funds from donors to distribute to, often disadvantaged, beneficiaries. Though both types of organisations can and do engage in any kind of activity, membership organisations are more likely to be advocacy and lobby groups while intermediary NGOs are more likely to be involved in service provision. Both types of organisation can potentially challenge government power, hence national attempts at controlling NGO activities through legislation. NGO regulation may limit organisations' involvement in politics or their ability to receive foreign funds as well as restrict their activity to certain geographic areas.

Donor preferences for NGOs over governments are often justified by arguing that NGOs are more cost-effective, though evidence indicates that this is only true for large ones. Secondly, that NGOs are better than the state at identifying and targeting the poor, but evidence here has been contradictory, with a number of studies finding that NGOs have just as much difficulty as governments do in identifying the neediest beneficiaries. Thirdly, NGOs are commonly thought to supply higher quality services, and though trust in academic or religiously run institutions is higher, evidence from the US indicates that users believe the private sector to outperform non-profit institutions. According to economic models of NGOs, what allows them to outperform government agencies or private companies is the motivation of their staff, which allows NGOs to pay lower salaries than in government or the private sector. Economic models of NGOs are versions of principal-agent models, representing donors as principals, sub-contracting agents for the implementation of a development project. Repeated interaction between donors and NGOs is based on the previous performance and intrinsic motivation of the NGO.

Proponents of principal-agent models conceptualise NGO operations as autonomous, constituted from the intrinsic motivation of NGO staff, which is also the key factor setting NGOs apart from for profit organisations. Alternative conceptualisations of NGO agency see NGO operations as embedded in social context and funding structures. This is to say, rather than matching NGOs with autonomous motivations to donors with similar aims, donors themselves as well as context shape NGO objectives. Similarly NGO worker's motivations are seen as being constituted within an organisation, rather than merely formed independently within the individual. This debate between NGO operations as embedded or autonomous is somewhat akin to the sociological one between structure and agency and can similarly be resolved by arguing that factors, such as and NGOs context and funding, structure but do not determine NGO operations. NGO staff are likely to self-consciously engage and negotiate with donor demands and prevailing social contexts as well as their own preferences when designing projects. The relative power of an NGO vis-à-vis a donor is likely to determine who will have to make greater concessions, with the balance likely to be tipped in NGOs' disfavour.

In particular, changes in donor finance, from core funding to project funding, have affected NGO operations. NGOs are subcontracted for a short time-period to implement a project that fits donor guidelines and addresses prevalent development discourse reproduced by donors through calls for proposals. NGOs are structured by the reporting requirements that specify objectives and timeframe. Problems resulting from the shift to project-based funding and reporting requirements include mission drift, isomorphism, and loss of expertise in project implementation within NGOs at the expense of reporting requirements, leading to reporting overload especially for small NGOs. Complex reporting requirements may not actually fit the context of the reporting NGO's project, in which case the reports sometimes become *pro forma* -writing exercises with little relation to the NGOs actual work. Reporting requirements also prefer positivist, measurable data rather than ambiguous narratives about the development process. The threat of not having a project renewed, and the need to acquire new projects, creates a strong disincentive for NGOs to report mistakes, and may mean that little learning or innovation happens, since NGOs prefer to stick to tried and tested processes. Attempting to control an NGO's work, donors' desire for efficiency and evaluation, leads to a multiplication of reports rather than true evaluation, and learning does often not take place. In addition problems of unequal resource distribution in a society sit ill in evaluation matrices and are excluded even if they affect development outcomes. This discourages NGOs from engaging in advocacy. Conversely, politically motivated donors may use NGOs as intermediaries to support or seek clients.

NGO staff have a variety of motives in addition to caring for the NGO's goals themselves, career, salary and job security are also important concerns. NGOs often do pay less than corporate counterparts, but this in a context of underemployment where and decent job is fiercely contested. NGOs are also more prompt in salary payments and may offer fringe benefits such as access to means of transport. However, project funding means that NGO workers are increasingly casualised, working on fixed term contracts without benefits such as insurance and pension contributions or compensation for over-time. Clark and Michuki (2009) point out that few studies exist that examine quantitative data on the percentage of women working in NGOs and at what rank of seniority they work. They add that information on educational levels of NGOs staff is similarly scarce. One purpose of the present study intends to partly fill this gap.

The preceding discussion shows that individual motivation and commitment of NGO staff is not the key determinant shaping NGO behaviour. NGO staff's scope in shaping operations is embedded in context and constrained by donor conditions. These are two complementary explanations that will be further discussed in this thesis. The first, context, refers to historical, social, political and legal factors. NGOs have to abide by laws governing them, act in specific political and social structures and operate in a historical context that defines which NGO activities are relatively more recent compared to others. How context shapes NGOs is one question this thesis seeks to address. The second factor, donor conditions, is found to be a major concern for NGOs bidding for funding from donors adopting technocratic or rational management accountability regimes. Questions of NGO effectiveness are superseded by insuring NGO accountability. This is not to argue that donors should not hold NGOs accountable, but to point out that current monitoring and evaluation practices may not achieve their stated aim. This limits the capacity of NGOs to offer alternative forms of development. How donors, through their monitoring requirements, shape NGO operations is another key topic this thesis seeks to address.

6 Introducing the case study: Lebanon

NGOs are ubiquitous in Lebanon, a small open economy with liberal NGO regulation, making it an apt case study for this thesis. Two frequently used attributes used to describe Lebanon are that it is a merchant republic (Gates, 1998) and marked by sectarianism (Makdisi, 2000). These attributes are the outcome of political and historical processes, which will be outlined below. Lebanon is a tiny (10,400 sq km (World Bank 2007)) densely populated country. Three times as many Lebanese citizens live abroad than reside in Lebanese.

6.1 Economic history

Lebanon's reputation as a merchant republic stems from its role as trading hub and financial intermediary, which from the mid-19th century onwards developed increasingly at the expense of domestic productive industries. By the late 19th century the silk economy of Mount Lebanon depended completely on France for exports, while it relied on the Syrian hinterland for cereals and livestock supplies. The opening of Ottoman markets to European commodities by the British victory over Egypt in 1840 and the subsequent reduction of customs barriers led to the collapse of the local textile industry (Gilsenan 1996:73 cites Tamimi 1916; Traboulsi 2007:22), while the low price of silk meant that no investments were made to move up the value chain (Gates 1998:13). Returns in sericulture declined while activities related to the financing and exchange of silk commodities such as shipping, insurance, and brokerage prospered (Gates 1998:15). During the early 20th century, investments in real estate and finance, increasingly made by émigrés, were preferred over silk because of low risks and high returns (Gates 1998:21-22). The silk trade saw the emergence of a bourgeois class of merchants and financiers whose wealth grew with foreign trade and services. The importance of this merchant/financier class increased after the importance of the silk trade declined and Lebanon's role as an intermediary between the West and the Middle East increased (Traboulsi 2007:46-47, 56-58; Gates 1998:13-16) With a brief interlude during the Second World War and in the Civil War, the Lebanon has acted as an entrepôt trade post and financial intermediary, relying on the export of financial and trade-related services and real estate speculation. However, trade, or at least imports, were highly regulated. The French Mandate authorities introduced a system of economic concessions and licences to control nearly all sectors of economic activity, (Traboulsi 2007:95-97). Corruption dominated the issuance of import licences and quotas. Market restrictions from this colonial period remained and were legally enshrined in 1967, when commercial representation of foreign companies was restricted to an exclusive agent (Traboulsi 2007:157). Lebanon never fully industrialised and labour released from increasingly capitalist modes of production in agriculture could not be absorbed since the fastest growing sectors did not generate many jobs (Gates 1998: 143). As tertiary activity replaced commodities production, unemployment rose and emigration has been a prominent feature of the Lebanese labour market since the mid 19th century (Gates 1998:109).

Banking secrecy was introduced in 1956 and by the 1960s banking was a major industry in Lebanon (Dib 2004:99). Funds were deposited with Lebanese banks following nationalisations by socialist regimes in Syria, Iraq and Egypt. Beirut gained financially from the demise of Palestine, as Palestinians transferred funds into Lebanese banks and international aid started to be channelled through the Lebanese financial system

(Gates 1998:95). In addition, tourism and education emerged as among the most dynamic elements of the service sector (Gates 1998:118). The vast majority of the profits were absorbed in the commercial and financial centre of Beirut and Mount Lebanon. Banks did not lend to the productive sector but preferred to trade in gold, speculate in foreign currency and advanced commercial short-term loans to, among others, the World Bank and the Indian government. (Traboulsi 2007:156; Dib 2004:97).

The unequal distribution of the benefits of the mid-twentieth century boom created disaffection, especially among Muslim sections of the population who represented a much smaller share of the middle classes and elites. They were less well-educated, and Christian dominance in government bureaucracy as well as the private sector, and the clientelist system where patrons prefer to appoint co-religionists translated into poor employment prospects for Muslims (Johnson 1986:33). These social inequalities no doubt played a role in the Civil War (1975-1991). Johnson (1986:225) argues that already before the Civil War Lebanon's role as intermediary had begun to decline as Saudi Arabia and the Gulf States built direct relations with Europe and the United States. Lebanon is unlikely to ever regain its pre-Civil War position, despite the persistence of the image of Lebanon as a free and open broker.

The post-Civil War period was dominated by new elites either from the business sector, some of whom had made their fortunes abroad, or from Civil War militias. While the most dynamic economic sectors were dominated by Christian families before the war, the Sunni community came to dominate notably the financial services sector. This shift also translates into the political realm, with Muslims and in particular Sunni Muslims gaining more political representation through the Ta'ef accords of 1989. Rieger (2003) states that while old elites had used access to politics to secure rents and advantages in business, the new elite increasingly uses political power to generate new rents and gain business from the public, most prominently via reconstruction ventures but also through infrastructure and utility contracts. In addition, the emancipation of the Gulf States means that Lebanon lost its privileged position as a financial intermediary. Instead, it became dependent on financial inflows in the form of remittances (25% of GDP (Eid-Sabbagh 2007:67)) and foreign aid.

Four reconstruction programmes[6], spanning more than a decade from 1993-2007 were launched for the total sum of 30 billion US Dollars[7]. The programmes were several times adjusted to accommodate sectarian or patronage interests and rarely discussed in public institutions like parliament or the cabinet. The programs' focus on physical and real estate reconstruction had no real impact on the economy (Hamdan 2000:71). In addition, the reconstruction effort was skewed in favour of Beirut and its surroundings at the expense of other regions (Makdisi 2004:149-150). Corm (1998) and Hamdan (2000) criticise the reconstruction plans as undertaken with overly optimistic estimates of GDP growth. Corm (1998) asserts that policy makers misjudged the level of affordable indebtedness and while the 1995 budget scenario predicted a sharp decline in debt by 2003 and a surplus for 2005, instead the debt exploded in the late 1990s, and leaving Lebanon one of the most indebted countries worldwide. In 2006 the gross public debt reached 182% of GDP, though it has since declined to 137% (Ministry of Finance 2012). The post-Civil War monetary policy was one that encouraged international confidence (Gates 1998:9) Key monetary policies were and still are stabilising the Lira at the cost of high interest rates and with it high debt service. This also led to expensive credit at the domestic level, making investments costly (Hamdan 2000:72). Numerous authors (Leenders

[6] The national emergency and recovery program 1993-1995, the program of reconstruction and development 1993-1997 ,Horizon 2000 and Horizon II (Hamdan 2000:71)

[7] These are 2000 prices.

2004b; Fattouh and Kolb 2006; Gaspard 2004; Makdisi 2004) conclude that Lebanese financial stability was purchased at major economic cost in terms of failing growth rates, high debt and high unemployment.

The wage share in factor income declined from a pre-war 50-55% to 15-25% after the war (Dibeh 2005:10). Between 1990-1999, indirect taxes doubled as a percentage of GDP while direct taxes have nearly halved and average real salaries in 1997 were still lower than in 1966 (Makdisi 2004:149-150). No active social policies, with the exception of two increases of the minimum wage, were enacted (Nahhas, 2012). The government is an important employer in Lebanon, with 20% of the labour force (Leenders 2004a:8). Wealth distribution is regionally unequal, with the central areas of Beirut and Mount Lebanon more prosperous than peripheral regions of the North, Bekaa and South. Household survey data from 2004 and 2007 shows that as the North, Bekaa and the South suffer from higher rates of poverty than Beirut and Mount Lebanon (El Laithy, Abu-Ismail, & Hamdan, 2008).

6.2 Government institutions

Marked differences in wealth exist between Lebanon's main sects or confessions. However, these differences are sometimes overstated. Ussama Makdisi (2000:6) sees sectarianism as a practice that arose in a climate of transition and modernising reform in the 19th century. The political transformation of the *Tanzimat* reforms privileged religious community as a category for social organisation and access to power. Traboulsi argues that religious sects function as "enlarged clientelist networks" (Traboulsi 2007:viii) through which the competition for power and socio-economic benefits is articulated. These informal institutions dominate formal, constitutional centres of decision-making, namely parliament and the council of ministers. Traboulsi argues that it is the ambition of each prominent figure of a sect to become its unique political representative (2007:233). The position at the top of each sect, which can be understood as a pyramid with various classes of labour as its base and the professional classes as its middle, virtually guarantees access to government office.

The founding document of the Lebanese Republic, the National Pact of 1943, institutionalised the split of governmental office according to sect, with the presidency being allotted to a Maronite Christian, the post of prime minister to a Muslim Sunni and the least important office of speaker of parliament to a Muslim Shi'a. The National Pact was updated following the Civil War by the Ta'ef Accords, which increased the power of the Sunni prime minister and the Shi'a parliamentary speaker relative to the president and made the distribution of parliamentary power between Muslim and Christians more equitable. Makdisi and Sadaka (2003) point out that the sectarian formula is also informally applied to cabinet posts, which are distributed among the six largest religious communities. Meanwhile, the remainder of Lebanon's 18 officially recognised sects are understood to receive their share of posts at every other level of government. Government resources are distributed in a similar fashion, since members of parliament or other officials gain support through their ability to distribute patronage in the form of government jobs or favourable planning decisions to their constituents. Mistrust between confessions, rather than being resolved, is expressed through an insistence on veto powers, consensus or large majorities, all of which lead to what Leenders (2006:193) calls a "quasi-permanent institutional gridlock". When disagreements arise between the president and the prime minister, serious cabinet crises with sectarian overtones ensue (Makdisi and Sadaka 2003). This makes any kind of long-term policy-making, regarding, say, regulation of economic development programs, politically impossible and favours short-term improvisation, and encourages the adoption of informal institutions (Leenders 2006; Makdisi 2004). In terms of economic policies, the persistent political stalemate and the inability to agree on or implement policies results in a political economy system usually mistaken for laissez faire. In fact the Lebanese economic order is neither an intentional policy nor characterised by free market exchange. Rather it is marked by informal processes such as haphazard licence procedures, personal contacts or *wasta*[8] and highly restricts access to economic opportunity (Leenders 2006:191-192).

Foreign interests in Lebanon

An important feature of the Lebanese political set up is the prominence of foreign actors. In terms of volume, Saudi Arabia and France are usually the biggest donors (Hamieh and Mac Ginty 2008; Jomaa 2007). The government as well as the opposition enlist outside support. This leads to a relationship of mutual use and abuse in which foreign powers manipulate local actors and local actors call on foreign support to underpin their claim to power. Khalili (2006:65) adds that another foreign conflict, the increased competition between US Arab allies in the region (Saudi Arabia, Egypt and Jordan) and Iran may play itself out in the Lebanese political arena. The United States' aim is to integrate Lebanon in the pro-American fold of Arab States, and support the March 14 coalition. Saudi Arabia is unofficially bankrolling the Lebanese state, depositing hard currency with the central bank whenever the Lira is under pressure. Saudi Arabian competition with Iran is played out via the latter's support for and bankrolling of Hizbullah, who, in alliance with Amal, attempt to be the sole representatives of the Shi'a community. Though Hizbullah readily admits Iranian support, the degree of closeness between the partners is much disputed, from assumptions that Hizbullah is an Iranian stooge to declarations that the party of God is independent and merely consults with Tehran. El Husseini et al. (2004:206) state that Hizbullah's annual revenues from Iran stand at US$1 billion, excluding military and resistance spending.

6.3 Clientelism

Elites from each sect legitimise themselves through the allocation of government benefits and funds to their constituents, mostly but not exclusively, co-religionists. This in turn dominates the logic of political decision-making, which is extremely concerned with the perception of fair partitioning of material benefits among the sects. Political elites, deriving their power from their ability to serve their constituents, have no interest in secularisation or the universal application of any type of policy be it the availability of health care, schooling or a universal civil law code, covering issues such as family law or environmental regulations.

More recently, Makhoul and Harrison (2002:614) state that in order to campaign for infrastructure projects, such as rainwater collection tanks, the "more powerful of the local men compete for access to available funds, often using *wasta*", via the intermediary of a powerful family. Favours are granted in exchange for support. The authors argue that using connections is the most efficient way of getting things done. The authors echo Gilsenan's (1996) argument of vested elite interest in the patron client system and state that powerful families have no interest in having the government fulfil their clients' demands through the provision of universal access to services, since it increases the family's legitimacy and is a way for them to gain social control over their clients. Similarly, Makhoul and Harrison (2002)state that interviewees' attitudes

[8] *Wasta* can be translated as intercession, or using contacts to intervene on ones behalf to produce a favourable outcome, outside formal administrative structures.

towards *wasta* is ambivalent. In particular those without access to *wasta* and hence less power to attract privilege, blame the government for idleness and neglect of their concerns.

Johnson (1986:5-6) points out that in the Lebanese clientelist system the dominant social class to which patrons usually belong manipulates and divides the masses on whose exploitation they depend. The author argues that since patrons and clients themselves often interpret their relationship in terms of redistribution and exchange, where a patron genuinely believes he is supporting a client who is genuinely grateful, the diverging class interests of the two actors are not immediately apparent.

In order to maintain a large clientele it is essential to be regularly elected into government office. The status of a position is directly linked to amount of material benefits, such as contracts for public works and services, it gives access to. This influences the 'ranking' of ministries, with service-disbursing ministries particularly sought out. In order to survive electoral defeats, patrons need to be wealthy in their own right so as to be able to continue serving their clients even when out of office. Since access to the state is crucial for a patron to maintain his or her status position, political competition for government office is strong. Khan's (2000) description of factional competition in Bangladesh strongly resembles that in Lebanon, where the bargaining power of a faction depends on the number of people who can be mobilized to vote but also to participate in large scale demonstrations and strikes as well as coercions and the occasional violent face-off.[9]

In their anthropological micro-studies, Gilsenan (1996) and Johnson (1986) both refer to instances where clients maintained affiliation to a patron despite the fact that alternative affiliations might have better served their interests. Both authors point to social practices, such as visits, presence at weddings and funerals, enquires and knowledge about family members, but also narratives of honour and obligation that go beyond mere material transfers and establish social, non-material ties between patron and client. In addition to loyalty, ideology may play no unimportant part in a client's party affiliation. Political parties in Lebanon represent genuinely different interpretations of Lebanese history, present and by implication future policies. Loyalty and ideological preferences may be interpreted as markers of social identity and belonging which might override individual self-interest. The Appendix (p. 148) includes an inventory of important Lebanese families and their intermingling with government and business.

6.4 Social service provision

Lebanon does not have a coherent and comprehensive system for social protection (El Masri 2007). The Lebanese government does provide some social services to its citizens. However, Jawad (2009:170) states that Lebanese have low expectations of government services and believe that one needs *wasta* to benefit from them. More than half of resident Lebanese are without health insurance or retirement schemes and NGOs play a major role in providing social assistance to those cut off from formal protection systems (El Masri 2007). Slightly more than a third (37%) of insured Lebanese are covered through the National Social Security Fund (NSSF), the Army, Internal Security Forces or civil servants cooperative. 10% are privately insured, either at their own cost or through their employer or a syndicate. The NSSF excludes some of the most vulnerable, namely the unemployed, agricultural workers, and own-account workers (El Masri 2007). Lebanese are entitled to care at hospital emergency rooms and their hospitalisation in private as well as public

[9] It is worth pointing out that sectarian strife as a source of conflict within Lebanon can be overstated, Rodenbeck (2007) points out that some of the most "vicious political sniping" takes place within sects, some of Hizbullah's sharpest critics are Shi'a within the Amal movement while the Christian camp is also split. Makdisi (2004:167) argues that sectarianism is a relatively modern phenomenon and while it existed in Ottoman times it was not defining political camps.

hospitals is theoretically covered. However, in practice the tertiary care of the uninsured is assessed by hospitals on a case-by-case basis and the patient may only receive basic or palliative care. Government coverage does not include primary care or medical exams (El Masri 2007). Private hospitals are key providers of health care and 75% of public health expenditure goes to re-imbursement for private health care services (Jawad 2009 cites Ghaleb 2000:11). For a developing country, Lebanon's health expenditure is high, at 7% of GDP in 2010. However, private expenditure on health care outweighs public expenditure (World Bank 2012).

As for education, only 39% of students in Lebanon attend state schools ((Makhoul and Harrison 2002:616). Schaery-Eisenlohr (2005:224) attributes this to the pervasiveness of private schools. Both state and private schools usually require the payment of fees, though in theory state elementary education should be free. However state schools are, with fees of $133 a year, much more affordable than private schools where primary school fees for a school run by the Shi'a NGO al-Mabarrat cost $1,000 a year while standard private school tuition is $6,000-12,000 a year (Deeb 2006:89). On the other hand, at the level of tertiary education, the public Lebanese University enrolls 60% of all university students (Makdisi 2004:152). The quality of education in state schools is lower than in private establishments due to overcrowding, poorer facilities and less-qualified teachers. Jawad (2009:169, 171) argues that parents wanting their children to receive good education but who cannot afford a private school may put them in care (an orphanage) so that they will be subsidised by MoSA and receive a better education.

6.5 Conclusion

Reports assessing Lebanese economic performance praise the outward-looking character of its economy. Lebanon is heralded as surviving on financial services and tourism. Rampant unemployment, a spiralling debt, and widespread corruption are typically blamed on bad institutions. The country's economic order and the direction and pace of its development are critically shaped by the material interests of powerful elites, whose configuration and power in society is historically specific.

The role of the Lebanese state is, willingly or not, small in terms of social service provision. The resources it distributes seem not to be disbursed according to the criteria of need but according to considerations of political influence and affiliation. The benevolent, social welfare maximising concept of a state does not apply to Lebanon. The government is if anything a scene for elite competition and reproduction, not one of re-distribution or citizen participation. The unsteady provision of public services cedes aspects of sovereignty to the sects via affiliated private providers Though the scant provision of public services in Lebanon is also very much linked to budgetary constraints imposed by high debt, it is also the outcome of the Lebanese political system which relies on informal processes that institutionalise sectarianism and favour distribution along these lines.

III. Methodology

This dissertation is animated by a key question: 'What shapes NGO operations?' Though any response to this question is unlikely to be exhaustive, the literature review has raised a number of potential answers: First, NGO staff motivation can be considered a key driver of NGO operations. Second, donors attempt to prescribe project scope and scale; and third, NGO are shaped by and reflect the prevailing social, political and economic conditions they operate in. These three are not a comprehensive list of factors influencing NGO operations, beneficiary preferences are an important omission.

The first of these, staff motivations are not directly observable; observed instead are implemented projects or programs. These have of course been influenced by the NGO's context and donor demands, which NGO staff, if asked directly may not admit to. This dissertation hence analyses the influence of context and donor demands on NGOs, using Lebanon as a case study. NGO staff and their motivations will be analysed in more detail as a corollary to these two key points.

This chapter will first outline in more detail the research questions tackled by this dissertation, before discussing in more detail the ontological assumptions underlying the methodology used to tackle the research questions. The third section will discuss in detail the secondary as well as primary data used in this dissertation. The last section concludes with shortcomings and potential biases of method and data used.

1 Definitions and research questions

1.1 An attempt at defining and classifying NGOs

As alluded to in the introduction, NGOs are difficult to define and categories difficult to delineate. DeMars (2005:6) observes that distinguishing NGOs in categories of classification might hide more than reveal and diverts attention from how NGOs operate to achieve results while obscuring the influence of context. Igoe and Kelsall (2005:8) argue for a re-conceptualisation of NGOs that does not merely focus on organisational features or objectives. They argue that rather than assuming NGOs have "universally intrinsic qualities", NGOs reflect the socio-historical conditions of the locale in which they operate. Similarly Hilhorst, rather than attempting to devise a definition for all NGOs, considers any organisation that calls itself NGO as such. In doing so she draws attention to the fact that that the NGO label bears a claim, but not necessarily a reality that fits into a definition (Hilhorst 2003:4-8). Hilhorst's approach to NGOs focuses particularly on internal dynamics. This is possible due to the logic of her own research which traces the evolution of a single Filipino NGO rather than attempting to create a framework that allows for the comparison of many. Similarly studies by Ebrahim (2003), and Igoe and Kelsall (2005) focus on specific cases or countries and come to more conflicting conclusions, where what might be true for an NGO in a certain context does not apply to one facing different working conditions. Similarly Wallace et al. (2007:77) make no attempt to divide NGOs into a neat typology, but found that key criteria emerged during their research. Tvedt (2006) laments a lack of theoretical vigour and an excess of anecdotal evidence in NGO research. However, one might argue that the particularistic and hybrid nature of NGOs, the fact that much evidence pertaining to them is not universally applicable but depends on the political and economic context, is at the origin of the theoretical vagueness Tvedt deplores.

As have Wallace et al. (2007) and Hilhorst (2003), this study will use a similarly context driven, non-universal approach to defining and categorising NGOs. Any NGO that defined itself as such and could be found in any of the registers discussed in this chapter was considered as such. International NGOs are those that are Lebanese chapters of internationally operating organisations, while local NGOs only have offices in Lebanon. International approaches to defining NGOs have been briefly discussed in the Introduction (on p. 2) and a contextualised discussion of NGOs in Lebanon follows in chapter 4 (from p. 56 onwards).

Donors are a second category that requires definition for the purposes of this study, particularly chapters 5 and 6. Any individual, organisation or government disbursing funds to an NGO is considered a donor. Chapter 5 considers a wider range of funding sources to NGOs compared to chapter 6. Specifically, membership and service fees are briefly discussed (see p. 91 onwards), while chapter 6 focuses largely on institutional donors. A typology and discussion can be found in chapter 6 (from p.115 onwards).

1.2 Research questions

In detail the question of what shapes NGO operations in Lebanon translates into two research questions with sub-propositions. Propositions, unlike hypotheses, in this context should not be understood as mutually exclusive but adding to a mutable body of knowledge about NGOs.

RQ1: What shapes NGO operations?

Proposition 1: Context

This dissertation proposes, as have many studies before, that multiple contextual factors, such as legislation or prevalent development discourse, shape NGO operations. By tracing Lebanese NGOs evolution over time and across sectors, this dissertation analyses various statements made in the literature, such as whether NGO foundations are influenced by foreign aid, how the Lebanese government regulates NGOs and whether they operate as government subcontractors or are better at targeting poor populations. It also analyses idiosyncrasies of the Lebanese NGO sector, such as the prevalence of family NGOs.

Proposition 2: Donors

This dissertation further proposes that donors play a key role in shaping NGO operations. Accordingly, NGO characteristics (e.g., size, age, and sector of activity) are likely to vary from donor to donor (e.g., international donors, national or local government, private individuals and organisations). This dissertation will tease out to what extent observed NGO characteristics differ across donors and, by implication, what kind of NGOs are preferred by what kind of donors.

RQ2: How do donors shape NGO operations?

Proposition 1: Donors shape NGO operations through project funding and monitoring and evaluation (M&E) practices

This dissertation proposes that project funding and accountability regimes based around monitoring and evaluation (M&E) used by donors, structures NGO operations. NGOs are funded on a project rather than mission basis and staff reports on pre-determined project outcomes. It is argued that the structuring dynamics of these various accountability obligations impact NGO operations and may affect their humanitarian objective. It is this humanitarian objective that that has been discussed as NGO agency and commitment in the literature review.

Corollary: An outcome of the project funding regime is staff casualisation and potential loss of intrinsic motivation

This dissertation argues that short term funding cycles imply that NGO employment is increasingly insecure, impeding job satisfaction and potentially damaging to staff motivation.

2 Research design

Pragmatically, the choice of research methodology employed in this dissertation is motivated by the research questions. However, ontological assumptions, in addition to research questions, shape methodologies and what is considered valid evidence or good data. This section discusses two extreme poles of ontological assumptions, considering human action as either autonomous or embedded; these have briefly been alluded to in the previous chapter. It is outlined how the two poles may be reconciled, referring to the critical realist approach (Lawson 1997). The methodological approach employed in this dissertation is specified.

2.1 From ontological assumptions to research methodology

In terms of academic discipline this thesis has been compiled within an economics department. Economics has often been situated at one end of the social science spectrum, with anthropology on the other. Though Bardhan and Ray (2008) are careful to underline that none of the disciplines are monolithic, they consider the underlying dichotomy of ontological approaches to human action as a useful metaphor to contrast methodologies. The opposing poles of these two disciplines offer a good illustration of the variety of methodological approaches that exist within the social sciences. Various disciplines seek to describe and analyse different phenomena, but also differ in their assessment of what characterises a good explanation. Most social sciences centre on explaining human action and interaction; in this context, ontological assumptions concerning the degree of human agency and autonomy are critical.

Debating ontologies

Bardhan and Ray (2008:6) contrast two assumptions, one of which they attribute to economists and the other to anthropologists: the economics-associated assumption of autonomy, that individuals act independently within social constrains – and the anthropology-associated assumption of embeddedness – that human actions are influenced by the same social structures that bound their agency.[10] One's school of thought on the nature of human agency influences one's choice of unit of analysis. That is to say, the unit of analysis encompasses either the individual or larger social structures, such as households, communities or entire polities. Economists in particular, the authors argue, take autonomous individuals as a unit of analysis and explain societal changes as the aggregate result of individual choices, made on the basis of exogenously given and stable preferences. Referring to Taylor (1988) Bardhan and Ray (2008:6) describe this methodological individualism as a 'thin' theory of human behaviour: precise, parsimonious and claiming predictive power.

Methodological individualism is coupled with realist ontologies that assume phenomena exist independent of the researcher. Within these, Blaikie (2000) distinguishes between inductive and deductive methodologies. Inductive methodologies accumulate a large number of observations, generalise on their

[10] Though there is an economic school of thought called structuralists, from the 1980s. Structure there refers to national economic structures requiring change, within which agency is constituted.

basis, and epistemologically assume that it is possible to ascertain the truth of an assumption. Deductive methodologies test theories to eliminate and corroborate hunches, and epistemologically assume that reality can never be fully ascertained.

Anthropologists critique precisely the assumption that choice-making units, be they households or individuals, are autonomous and hold exogenously formed preferences. Indeed, referring to work by Bourdieu and Foucault it is argued that preferences unavoidably reflect culture and power. Therefore enquiry solely at the level of the individual is deemed insufficient. Since individuals are embedded in social and political relationships, those relationships require analysis and description if social phenomena are to be satisfactorily described (Bardhan and Ray 2008). Methodologies which attempt to discover underlying mechanisms by explaining observed regularities are termed retroductive or abductive (Blaikie 2000). Bardhan and Roy (2008:6) as well as Blaikie (2000) reject the assumption of a neutral observer or researcher, but point out that the researcher's presence will shape responses and that subtext implicit in social interaction can be as important information as those that are explicitly articulated. Since all observations are presumed to contain a certain bias, data is gathered that does not necessarily require the respondents' cooperation, such as fieldnotes from case studies, which contain more reflexive meta-data.

From ontology to epistemology

Thus, diverging ontological assumptions of how social choices are constituted and what role researchers play in gathering data, lead to different epistemologies of what makes a good explanation or how and on what level social phenomena are best described. This has implications on what is considered valid or good data and what is not. While economists prefer quantitative analysis of statistical datasets, aggregating a large number of individual observations, anthropological studies focus on collecting qualitative data through case studies containing few observations (Bardhan and Ray 2008:11-12). The kind of data collected also differs: information for statistical datasets is positivist and gathered through structured surveys or from government registers. Bardhan and Ray (2008) argue that case studies may yield better insights in human behaviour, but the 'thick' data collected in this way can be generalised only to a limited extent. Quantitative data, on the other hand, covers many more observations and in conjunction with the *ceteris paribus* assumption makes generalisation easier. The authors point out that the 'thinness', parsimony and also elegance of quantitative analytical models stems from the adoption of 'Occam's razor' from the natural sciences. Occam's razor postulates that the simplest possible, among equally valid theories should be used to correctly describe the observed outcome. In terms of research strategy the focus on certain data and omission of other, considering the universe of human action as a closed system, constraints serendipity. This limits the opportunity for stumbling upon elements not initially considered or theorised. The exclusion of some explanatory variables as 'insignificant' is deemed reductionist. For example, more qualitative methods describe how power operates and manifests itself in multiple ways, while quantitative data would measure it through positive observables such as poverty, which conceptualises power as a standing condition. Bardhan and Ray (2008:10) cite Lipton (1992) who argues that economics is primarily concerned with outcomes while anthropology focuses mainly on processes.[11] In addition, while realist methodologies that seek to generalise or test theories can rank hypothetical policy options in *ceteris paribus* conditions, few can answer 'why'

[11] Bardhan and Ray (2008) themselves are quick to recognise that economists themselves have criticised this preoccupation with equilibrium analysis at the expense of theorising how transitions take place.

questions, such as why certain social conditions exist in the first place. This makes quantitative data analyses more able to offer policy recommendation and is correspondingly more popular with policymakers.

Reconciling opposing approaches

Bearing in mind that the dichotomy between economists and anthropologists is presented above as an illustrative metaphor rather than a sufficiently nuanced presentation of reality, it nevertheless demonstrates how methodological approaches in the social sciences can be located between two poles. One based on the assumption of individual autonomy which describes reality as the aggregation of individual choices, and which in terms of research methodology prefers the individual as the level of analysis. The opposing pole assumes that individuals' choices are embedded and shaped by the social structures they operate in, and that their description is necessary to understand reality. These two approaches are not necessarily mutually exclusive.

Lawson (1997, 2003) reconciles the opposing ontologies by proposing a critical realist approach, where underlying mechanisms and structures, even if not directly observed, are assumed to shape individuals' motivations and preferences. Critical realism accepts that empirical observations can be made independent of the presence of a researcher, but proposes that underlying forces exist, which structure these observations. For instance, a number of empirical, quantitative studies demonstrate the relationship between poverty and single parenthood (reviewed in Hardisty 2008). While critical realists accept this correlation as an observed empirical regularity, deducing from it that poor parents should be convinced to marry so as to alleviate poverty, may be short-sighted. As a case in point, Boo (2003) demonstrates the failure of a policy aimed at promoting matrimony among poor Americans. The author's unveils that underlying factors, such as very low paid casualised work, lack of public infrastructure or social services and plain discrimination, offer a more convincing explanation of why poverty persists than singledom. Hence a critical realist approach involves both the positivist analysis of empirical data, as well as attempting to unveil underlying mechanisms that produce these structures, using retroductive methodologies. Epistemologically, while reality can be observed and modelled, knowledge about underlying structures cannot be complete but is changing and subject to additions and revisions.

A brief note on sample selection

Bardhan and Ray (2008) point out that a general problem of the social sciences, inherent in all methodologies but more readily admitted in realist, quantitative ones, is sample selection and the question of whether the sample or case study is random or self-selected. Inference problems linked to omitted variables or reverse causation arise in both quantitative and qualitative studies. Since by definition social sciences data stems from social observations rather than controlled experiments, alternative hypotheses are difficult to eliminate or even to stipulate. Duflo (2006) and Duflo, Glennerster and Kremer (2007) argue that research design in experimental economics is increasingly sophisticated and that pilot stages of social policy initiatives occasionally include treatment as well as comparison groups. Duflo (2006) cautions that differences between groups can be due to pre-existing unobserved differences rather than the policy at issue; however she argues that in large samples random selection of groups should make this negligible. Duflo (2006) admits that in practice randomisation is frequently impossible. Since structuralist approaches are less concerned with making generalised claims and some do not seek to establish causal links, sample selection is often purposive and selection problems are epistemologically of lesser significance.

My research

This dissertation adopts a critical realist approach. Positivist analysis of a quantitative NGO survey will be used to address questions related to RQ1 and its two subordinated propositions, such as which sectors NGOs are particularly active in; during which periods various types of NGOs were founded, or where NGOs locate. The proposition that donors structure NGOs and that NGOs receiving funds from different institutions have observably different structures is discussed. These questions are addressed using positivist, deductive methodologies. In this context it is reasonable to assume that the researcher is a neutral presence not affecting the outcome and to aggregate individual observations through the quantitative analysis of a large-scale survey. While the quantitative data provides answers to what influences NGO operations, it does not address how this influence is achieved. Hence, to address questions related to RQ2, namely what mechanisms are put in place by donors that structure NGOs, a retroductive approach is used based on semi-structured interviews with staff of Lebanese NGOs.

My presence in the field, as the researcher, was a potential influence during this last section of my research. In particular, budgetary questions are sensitive and the presence of the researcher is felt in the answers. This is not particular to Lebanon since surveys in Palestine (World Bank and Bisan Center for Research and Development 2006) and Uganda (Barr et al. 2003) have run into similar difficulties. For example, while interviewing NGO staff in Northern Ghana, Mohan (2002) felt that information released to him by his informants was done so on a strategic basis with informants presuming that Mohan would feed back data he obtained to other stakeholders. The author states that this made the information he obtained partial and politically selective, underlining that he did not present a neutral observer. Rieger (2003) expands that there are hardly any questions, be they related to project design, NGO affiliation, staffing or internal structure of the organisation, that are perceived as entirely neutral. She adds that an unstructured interview style, leaving the interviewee space to follow his or her own train of thought, yields significantly more information than closely structured questionnaires (Rieger 2003:8). Cammett (2006) concurs that in divided societies such as Lebanon maintaining the perception of neutrality is effectively impossible and informants or interviewees will second-guess and judge the researcher's intentions and affiliation, which shapes their answers. In this context she points out that introductions are crucial since interviewees are sensitive to how they will be perceived and represented and might be unwilling to meet or talk openly to a researcher that has not been recommended by a trusted third party. On the upside, Schwedler (2006) points out that the status of a foreign researcher might bring access, unavailable to local scholars.

3 Data

This section discusses in more detail the data used to tackle the first research question, namely what influences NGO operations. First, it surveys methodologies used by previous research on the Lebanese NGO sector. Secondly, it presents in detail the large-scale NGO survey used. The description of how and with whom semi-structured interviews were carried out to tackle the second research question is left to Chapter 6, after the quantitative and archival data analysis.

3.1 Previously used methodologies

A variety of authors (Elbayar 2005; El-Husseini et al. 2004; El-Moubayed Bissat 2002; Fawaz 2005; Karam 2005; Makhoul and Harrison 2002; Traboulsi 2000; Deeb 2006; Arsanios et al. 1996; Baalbaki and Muhieddine 1998; Crumrine 2002; Haddad 1995; Karam 1991; Kingston 1995, 1997, 2000; LCPS 1996, 1999; Rieger 2003) have empirically tackled the subject of NGOs in Lebanon from a number of perspectives. Many are unpublished reports commissioned or produced by think tanks, NGOs, international organisations or the government. The content of these studies will be discussed in more detail in the following chapter. This section outlines methodologies used and supplies an annotated bibliography of existing documents.

The study by the Lebanese Center for Policy Studies (1996) is the only historical study, tracing the evolution of the sector back to Lebanon's independence. Studies by Elbayar (2005), Karam (2005), El-Husseini et al. (2004), Traboulsi (2000) Arsionos, El Husseini and Ghossob (1996) and Haddad (1995) attempt to formulate generalised characteristics from analyses of cross-sections of Lebanese NGOs. They mainly used structured questionnaires and focus on listing NGO activities, funding origin, or affiliations, and describe Lebanese NGO regulation or the roles of Lebanese NGOs in public life. These studies obtain their data from Lebanese government sources, UN-affiliated organisations, local media, or NGO cooperatives as well as from interviews with Lebanese experts. Traboulsi (2000) carried out perhaps the most comprehensive NGO survey in Lebanon. Conversely, generalisations made in other studies are based on a very small number of observations (Haddad 1995). None of the studies cited above carry out survey-based research similar to the scale of Gauri and Galef (2005) and Barr, Fafchamps and Owens (2005).

A number of studies analyse NGOs working in a specific sector, either in social service provision (Baalbaki 1998, Rieger 2003, Cammett & Issar 2010); targeting a specific beneficiary group, in this case the disabled (Kingston 1997); or in advocacy (Kingston 1995, 2000). With the exception of Cammett and Issar (2010), these studies are based on semi-structured key informant interviews and are typically more specific and contain fewer generalised observations. Rieger (2003) and Kingston (1995, 1997, 2000) strongly contextualise their her work. Kingston (1995, 1997, 2000) relates his observations to the workings of the Lebanese politics, while Rieger integrates her analysis of NGOs into a wider description of social service provision in Lebanon, also consulting archives and government documents. Cammett and Issar (2010) use GIS data and voter records to link service provision by politicians to political preferences of Lebanese. Papers by Fawaz (2005), El-Moubayat Bissat (2002), Deeb (2006) and Makhoul and Harrison (2002) however, focus on case studies of one or several NGOs, examining projects implemented and carrying out field visits to locations where these organisations had completed or were still implementing projects. These studies either research rural NGOs (Makhoul and Harrison 2002; Crumrine 2002) or urban ones (Deeb 2006; Fawaz 2005). The authors conduct semi-structured interviews with NGO employees (El-Moubayed Bissat 2002; Fawaz 2005) and recipient stakeholders (Makhoul and Harrison 2002; Crumrine 2002) as well as participant observation within the NGO (Deeb 2006). Methodologies employed by Fawaz (2005), El-Moubayat Bissat (2002), Rieger (2003), Crumrine (2002), Kingston (1995, 1997, 2000) and Makhoul and Harrison (2002), focussing on interviews of NGO staff or NGO recipients, can be linked to studies by Edwards (1999) and

Farrington and Bebbington (1993) in Asia, while Deeb's (2006) ethnological approach is similar to that of Igoe and Kelsall (2005) in Africa and Hilhorst (2003) in Indonesia.

Lebanese sectarianism and clientelism is a widely researched subject (Gilsenan 1996; Johnson 1986; Leenders 2004b) and some of the NGO studies cited above make reference to sectarian and clientelist structures (Crumrine 2002; Kingston 1997, 2000; LCPS 1999; Rieger 2003). However, with the exception of Cammett and Issar (2010) they do not combine large-scale quantitative data of NGOs with qualitative observations as found in this thesis.

Libraries and Online Resources

A number of resources collect information on Lebanese NGOs. Below key collections and online sources are listed.

The Centre for Training and Research in Development Action (CTRDA)

CTRDA maintains a library with many reports written on NGOs in Lebanon. It also runs an NGO-themed newspaper archive, photocopying and archiving newspaper articles related to NGOs in Lebanon. All of their resources are hardcopies and unavailable online.

The Lebanese Ministry of Social Affairs (MoSA)

The Ministry of Social Affairs is the main source for NGO data in Lebanon. MoSA keeps a publicly-accessible record of all registered NGOs. MoSA contracted out and managed the NGO survey that much of this thesis is based on. It also keeps some unpublished analyses and reports based on that survey. A notable resource on the internal governance of NGOs is a report published by the Ministry of Social Affairs in 2004.

Lebanon Support

The UNDP-financed website Lebanon-support.org is a coordination platform where NGOs can advertise their profile, job vacancies, and publicise tenders and project reports. The site's managers complement data offered by NGOs with 'needs assessments' based on their own surveys, carried out, for instance, following the July 2006 war or the 2008 siege on Nahr el Bared, and by publicising government or UN reports on poverty and economic deprivation online.

3.2 The survey project

The NGO survey, which provide data used to tackle the first research question, namely what influences NGO operations, was commissioned by the Lebanese Ministry of Social Affairs and carried out by a private social research company. Meta-data on the survey was collected by speaking to officials from the ministry who commissioned the survey, as well as staff from the company involved in the data collection. Some ministerial staff had left government employment and were an especially useful source of information in particular on difficulties encountered by the company during data collection.

Context: A Period of Interest in NGO Research

The NGO survey was funded by the World Bank under the remit of the Community Development Project (CDP), which operated from 2001 until 2008. The CDP financed, through a $20 million loan, 326

NGO-led projects (Srour 2008) which were a departure from the large-scale infrastructure projects more commonly financed by the World Bank in Lebanon. The NGO survey was carried out within the CDP framework.

Two large NGO surveys were carried out in Uganda (Barr et al. 2003) and Bangladesh (Gauri and Galef 2005), also financed by the World Bank[12] and carried out during a similar period. It seems that during the early 2000s the World Bank was interested in and willing to finance large-scale research on NGOs. The CDP financed survey can be seen as part of this broad international research agenda. The Ugandan survey took place in 2002 and the Bangladeshi survey in 2003, each surveying approximately 300 NGOs. The Lebanese survey under discussion is much larger, covering more than 3,000 NGOs. It took place in 2006; while work on establishing a sample frame started much earlier in 2002. Both the Ugandan and the Bangladeshi survey contained a beneficiary component involving focus groups of individuals in the community where the NGO was operating. This was not the case in Lebanon.

Within Lebanon, the Community Development Project was managed by the Council for Development and Reconstruction (CDR). All World Bank-financed projects have to follow certain contracting procedures. The CDR and World Bank jointly published a call for proposals for a company to carry out and design the survey. The names of the CDR and the Community Development Project logo featured on the first page of each questionnaire. They would not have been perceived as neutral by NGO staff answering the questionnaires. The Council for Development and Reconstruction is considered to have a clear political agenda. The CDP would have been less well known, though its projects were occasionally discussed in the press. In addition, some surveyed NGOs would most certainly also have applied for one of the 326 small grants distributed within the Project. The questionnaire and by implication the enumerators administering them might have been perceived as, firstly, coming from a grant-giving agency, and secondly, from one with certain pro-Western political affiliations. This will most certainly have influenced some responses. NGOs may for example have overstated their capacity or experience or presented themselves in a way that they thought may increase the likelihood of receiving funds.

The Sample Frame

Data on the Lebanese NGO population was compiled from 2002 until 2006. The Official Gazette, where details of newly registered NGOs are published, was the key source for establishing an NGO population. In addition, the Ministry of Social Affairs (MoSA) in cooperation with the United Nations Economic and Social Commission for Western Asia (ESCWA) drew on information obtained from Ministries of Health, Education and Youth and Sport to obtain information on NGOs providing health care and education services as well as youth clubs and Scouts programs, which register with these ministries. From these sources by 2002 a list of 6,017 NGOs was compiled containing the name and registration number of the NGO, its area of activity, and contact details. Since NGOs are only added to official registers but are not deleted, it is impossible to obtain data on the presently existing NGO population from these records. This is why the list was forwarded to consultants, whose task was to verify it.

Nearly two-thirds of all NGOs on the list only included the district (*caza*) as address. Pre-Civil War addresses and telephone numbers had not been updated. In addition, addresses in Lebanon are often informal descriptions and many streets have several names and lack numbering. Some NGOs are known under Latin acronyms or spellings, while official registers only accept Arabic letters. Some NGOs were listed

[12] In the case of Uganda, World Bank funding was complemented by financing from the Japanese government.

twice and many NGOs have similar names, such as "Cultural and Sports Club" or "Women's Association". The consultants cleaned and updated the list using various directories and listings of professional syndicates, international organisations and local authorities. NGOs do not have to de-register, they merely have to file annual reports with the Ministry of Interior Affairs (MoI). The MoI would thus be a good source to identify operating NGOs, since non-operating ones would have ceased to submit reports. However, an official letter to the Ministry by the CDR asking for information remained without reply.

Staff at the NGO Unit at MoSA took the decision to exclude certain NGOs, namely political parties, trade unions and health dispensaries from the sampling frame. International organisations that were authorized to operate by special decree were also excluded. International organizations that registered as local organisations, such as Amnesty International, do figure in the survey. It is unclear what motivated this decision. In total, 7 per cent of NGOs (423 organisations) were excluded. The final updated list of 2006 included a total of 6,032 NGOs (Etudes & Consultations Economiques and PADECO Co. Ltd. 2007). The sample includes a substantially lower proportion of NGOs that registered in the years 2005 and 2006 when compared to NGOs registered in earlier years. This is probably due to the fact that the formal sample frame was established by 2004 and, since the survey was intended as a census, NGOs that registered after 2004 were included as enumerators came across them, rather than in a rigorous or systematic way. It is noteworthy that the Ministries of Interior and Social Affairs, both of which play a key role in registering and keeping data on NGOs in Lebanon, are also a key source for data on NGOs in the Bangladeshi case (Gauri and Galef 2005) where the Department for Social Affairs keeps a comprehensive list[13] including a diverse set of organisations such as trade unions, clubs and mosques. In the Ugandan case (Barr et al. 2005) records from the Ministry of Interior Affairs were used.

Previous surveys (Gauri and Galef 2005; Barr et al. 2005) analysed smaller sub-sections of the sector. A more restrictive choice of sample frame, such as used by Gauri and Galef (2005) which only considered NGOs that had or intended to apply for foreign funding, and thus featured the required internal structures and administrative procedures, can create homogenous results. Broader sample frames such as the one used by Barr et al. (2005) lead to more heterogeneous results in terms of NGO budget, staffing, and funding structure. The sample frame of the present survey is broader than that of Barr et al. (2005) and Gauri and Galef (2005). It also includes membership associations, youth clubs or family associations. In contrast to NGOs engaged in more straightforward humanitarian work, the presence of membership, youth, and family associations in developing countries is rarely acknowledged. These organisations fall under the heading of Civil Society as understood by Gramsci (1971) or, from a different approach and more recently, Putnam (1993, 2000) and related Social Capital literature. In Lebanese society where social relations are organised along kinship and personal contacts, these organisations are likely to play an important role.

Survey design: instrument and enumerators

Two questionnaires were administered consecutively to NGO staff in two different sittings. Both instruments were developed by MoSA staff in cooperation with the consultants. The first, shorter questionnaire aimed firstly at updating existing records pertaining to the NGO's address, location and contact person, and secondly to gather general information on NGO members and staff as well as the organisation's

[13] Importantly, the authors felt this list was too comprehensive and decided to build a list by merging data from government' s NGO Affairs bureau, the Association of development Agencies in Bangladesh and branch registers of large NGOs (Gauri and Galef 2005:2046).

aims, services and target group. The second instrument asked more specific questions about staffing and members; it addressed issues including gender balance, the organisation's governance structure, planning and record keeping processes, financial accounts and funding sources, sectarian affiliation, and the NGO's relationship with the state. English translations of both questionnaires can be found in the Appendix on p. 150 and p. 154 respectively.

Several questions featured in the questionnaire were unspecific and open to different interpretations. For instance, one question inquires what the NGO's general character[14] is, giving four answer choices: general, religious, local, family or other[15]. None of these choices is mutually exclusive and are open to various interpretations, and answers may be inconsistent across NGOs. This is aggravated by the fact that, though the instrument was meant to be administered face to face, the consultants state that enumerators had to leave questionnaires with NGO staff to fill out in their own time on several occasions. As a consequence many questions were left unanswered and, if in doubt or unclear about certain questions, NGO staff were unable to consult the enumerators, who had been trained on the questionnaire. MoSA staff expressed frustration at this failure to administer the questionnaire in person. It is not clear from the data which questionnaires have been administered by enumerators and which were filled out by NGO staff on their own.

The consultants argue that the second questionnaire in particular was met with reluctance by NGO officials unwilling to disclose sensitive information. They state that it is generally higher ranking officials who were more willing to share information but that it was considerably more difficult to obtain appointments with senior management staff. The consultants add, that larger NGOs were generally less willing to disclose information, while smaller NGOs tended to inflate the scope of their work. The consultants conjecture that this was done in an expectation to obtain funding. As mentioned above this is not an unreasonable belief, considering that the survey was coordinated by the CDR, which is the biggest public donor in Lebanon. Fewer than 200 NGOs refused cooperation outright (Etudes & Consultations Economiques and PADECO Co. Ltd. 2007:24). The consultants add that many NGOs only keep informal records and that some answers related to financial records and planning by NGOs are estimates.

Response rate

Of the 6,032 NGOs in the sample frame, 3,758 NGOs (62.3%) responded to the first questionnaire. Though intended as a census, in the context of surveying non-profit organisations, this is a good response rate. Mark A. Hager, from the School of Community Resources and Development and Director of Research at the Lodestar Center for Philanthropy & Non-profit Innovation at Arizona State University, states that in social research response rates, below two-thirds should be cause for scepticism. However, he adds that his own experience with surveying non-profit managers has forced him to lower this standard to 50%.[16] Similarly, response rates in Lebanon to other NGO surveys have been low. Traboulsi (2000) distributed questionnaires to about 400 NGOs, of which 128 responded. Arsanios et al. (1996) dealt with a smaller sample of 62 NGOs, 46 of which responded and 39 of which filled in the questionnaire. Of the 3,758 NGOs that completed a questionnaire, 398 respondents (11%) were no longer operating[17] (see Table III.1).

[14] In Arabic: الطابع العام للجمعية

[15] In Arabic: عامة, دينية,محلية, عائلية, غيره

[16] This statement was made on 7th August, 2008, in an email discussion on the ARNOVA mailing list (ARNOVA-L@listserv.iupui.edu).

[17] For non-operating NGOs, a former member of the NGO was found to confirm that it had ceased to function.

Table III.1: Number of NGO respondents by geographical district

	Indentified NGOs			Responses			
	Initial List (2004)[2]	Sample Frame (2006)[3]	Excluded	Total Responses	Response rate (*Per cent of sample frame*)	Operating	Non-operating
Lebanon	4,073	6,032	423	3,758	*62*	3,360	398
caza[1]							
Akkar	104	172	12	99	*58*	87	12
Aley	150	234	19	159	*68*	149	10
Baabda	411	630	28	412	*65*	365	47
Baalbek	123	217	15	168	*77*	143	25
Batroun	58	138	15	75	*54*	73	2
Beirut	1,288	1,520	89	809	*53*	727	82
Bint Jbeil	32	55	2	42	*76*	30	12
Bsharre	23	42	4	27	*64*	26	*1*
Chouf	177	297	28	214	*72*	185	29
Hasbaya	20	56	3	49	*88*	36	13
Hermel	11	23	7	14	*61*	13	*1*
Jbeil	105	201	31	126	*63*	116	10
Jezzine	36	66	7	46	*70*	42	4
Kesrouan	169	243	18	131	*54*	123	8
Koura	51	86	9	59	*69*	56	3
Marjeyoun	17	52	*1*	47	*90*	36	11
Matn	312	493	44	258	*52*	251	7
Minnieh-Dunnieh	16	69	4	56	*81*	50	6
Nabatieh	106	156	10	128	*82*	109	19
Rashaya	14	31	2	25	*81*	23	2
Saida	160	240	7	177	*74*	155	22
Sour	105	157	3	107	*68*	98	9
Tripoli	299	390	12	225	*58*	208	17
West Bekaa	37	81	9	69	*85*	59	10
Zahle	147	263	28	206	*78*	170	36
Zghorta	47	72	13	30	*42*	30	*0*
not specified	55	48	3				

1. Second largest geographical administrative subdivision.
2. List submitted by MoSA to the consultants.
3. Final sample frame compiled by the consultant.
Source: (Etudes & Consultations Economiques and PADECO Co. Ltd. 2007)

The geographical districts comprising the capital and its suburbs, namely the *cazas* of Beirut, Baabda and Matn, feature a greater number of NGOs than any other region. 1,520 NGOs, equivalent to a quarter of the sample frame, are registered in Beirut, which is more than twice as many as are registered in the second most NGO-populated *caza* of Baabda. This concentration in and around the capital has also been observed in Uganda (Barr et al. 2005) and Bangladesh (Gauri and Galef 2005). The consultants state that it was comparatively easy to retrieve NGOs in rural areas with the help of mayors, municipalities or social service centres. Tracing NGOs in urban areas, especially Beirut and its suburbs, was more challenging. Table III.1 confirms that response rates vary considerably between regions. However, with the exception of Beirut, most *cazas* include urban as well as rural areas, making it difficult to verify whether in Lebanon NGOs operating from rural areas are indeed easier to trace than urban ones. Though Beirut and Matn, two largely urban *cazas* with very high NGO populations have among the lowest response rates, two largely rural *cazas*, Hermel and Akkar, also have response rates below the Lebanese average.

Geographic and temporal representativeness

If observed response rates vary non-randomly between regions, this would influence the national representativeness of the survey. To avoid this problem, both the Ugandan and Bangladeshi NGO survey selected administrative districts as primary sampling units and randomly selected NGOs from within these. Since the Lebanese survey was planned as a census, enumerators attempted to trace all NGOs.

I performed a Chi Square Goodness of Fit test to assess whether the number of NGOs reached by enumerators in each *caza* was close to those expected on the basis of the national average (see the Appendix on p. 162, Table VIII.1 for expected and observed counts). The response rate was not similar across *cazas*, ($p<0.01$). However, Simonoff (2003:77-78) and Agresti (2002:329) point out that if the sample is very large, goodness of fit tests will reject practically any null hypothesis, and find significant differences between samples even if the deviations are small and of little practical importance. The above authors instead suggest quantifying the practical importance of differences through, for instance, the Dissimilarity Index, which measures by how much the expected counts differ from what is observed. The Dissimilarity Index for the present case is $D = 0.046$, which implies that less than 5% of NGOs (about 275) would have to be moved between cells for the probability of them being surveyed or not to mirror the national one (see the Appendix for details). There seems to be no over-arching consensus on where exactly a threshold for 'practical' difference lies. The Dissimilarity Index is mainly applied in geography to measure racial or income-related segregation. In these cases, dissimilarity indices below 0.3 are considered low (Goering 2007:109; Iceland 2009:40). In the context of testing goodness or lack of fit of a distribution, dissimilarity indices should be lower. Simonoff (2003:78) argues that dissimilarity indices above 0.1 - 0.15 are noteworthy. This implies that, despite a statistically significant difference in response rates across *cazas*, this difference is of little practical importance and the survey sample can be considered as broadly, geographically representative.

Variations in NGO registration dates are very similar in the survey and sample frame. Correlation coefficients indicate very strong correlation (Pearson's $r=0.83$, $N=102$ (1900-2004), $p<0.01$), indicating that registration dates in the survey vary similarly over time as those of the sample frame (see Figure VIII.1 in the Appendix p. 163)

Missing value analysis and inconsistencies

Excluding non-operating NGOs, the present survey contains 3,360 NGOs. After data cleaning the total was reduced by seven observations to 3,353. This constitutes 56% of the sample frame. The two instruments were aggregated into a single dataset. Examining missing values for questions relating to the second survey, however, it appears that the second questionnaire had a lower response rate than the first. 3,034 NGOs, 50% of the sample frame, answered at least one of its questions. Attached to the second survey was a set of questions directed at the responding NGO official. Response rates for this attachment were even lower, with 2,412 respondents (40% of the sample frame). Response rates also vary significantly among questions. Questions relating to the financial set up or accounts of the NGO had some of the lowest response rates, with 44% missing values. Both previous quantitative NGOs surveys in Uganda and Bangladesh (Barr et al. 2005; Gauri and Galef 2005) as well as qualitative studies in Lebanon (Arsanios et al. 1996; Rieger 2003; Traboulsi 2000) also observe this reluctance to disclose financial information to third parties.

As a final note, it appears no distinction has been made between missing observations, unspecified observations and not-applicable observations. In the present context, inapplicability has frequently been coded as 'not specified' or 'missing' and 'not specified' answers have been left blank as if they were missing. Therefore all three of responses have been treated in the same way and were deducted them from the base before indicating valid percentages. In addition, whenever numerical answers were required, as for staffing levels or budgets, the entry '0' seemed occasionally to refer to what should in fact be a 'not specified' response. This has been confirmed by Abi Samra et al. (2009) who re-interviewed NGOs featured in the survey for a capacity-building project. This may lead to an underestimation of averages.

Conclusion

Three shortcomings and potential sources of bias exist in the survey data.

1. The absence of a reliable sampling frame introduces potential sampling bias
2. Unclear questionnaire design, such as ambiguously phrased questions in addition to the absence of face-to-face enumeration
3. Inconsistency between missing, non-specified, not-applicable, and 'zero' responses.

As for the first issue, though exact information on the Lebanese NGO population is lacking, thanks to MoSA registers it can be ascertained that the entire Lebanese NGO population in 2006 counted around 6000 organisations, very likely a few hundred more. With 3,353 organisations, the present survey has at least some information on over half of them. In addition, the difference in geographical distribution across Lebanese *cazas* between sample frame and surveyed NGOs is significant but not practically important, ensuring a degree of geographical representation. Still, despite temporal and geographical representativeness, the sample is not random. As discussed in the theoretical section on sampling bias, response bias may arise since NGO that did respond to the survey are likely to be structurally different from NGOs that did not respond.

The two remaining problems are related to the quality of survey design and execution. If questions are misunderstood, the instrument may not be measuring what it was intend to and confusing between various kinds of missing values may lead to overestimation of means and underestimation of response rates. Caution will be used when interpreting results. Despite these shortcomings, the present survey is a unique dataset, the first large-scale NGO survey in the Arab world, and a survey with an unusually high response rate within NGO research.

3.3 Qualitative methodology

NGO structure and operations vary widely across activities. The entire Lebanese NGO sector is too large for such a detailed qualitative study. Similar to Karam (2005), who concentrated on advocacy, and Kingston (2013), who focussed on environmental, women's rights and disability NGOs, chapter 6 of this thesis focuses on a particular section of Lebanese NGOs, namely those working in rural and agricultural development. This minimises confounding factors. Data from agricultural development projects will provide a micro-case study. The choice of the sector is motivated by two factors. Firstly, its small size makes it treatable in as a PhD thesis research project and secondly, this research took place in 2007 and 2008 following the 2006 war of Israel on Lebanon. Following the conflict, a number of international donors became active in Lebanon to support the reconstruction effort, transforming the rural development sector into a particularly dynamic, albeit small, one. The rural development sector is also interesting since an assessment (Srour 2008) of the World Bank-funded Community Development Project Fund indicates that projects in agriculture where the most successful projects financed by the Fund. In particular, processes of control used by international donors to structure agricultural development projects in Lebanon will be examined. This involves dissecting NGO programmes involved in micro-credit, marketing and other services, as well as observing modes of operation and management adopted by NGOs.

The qualitative data chapter draws on two data sources. Firstly, an inventory of agricultural development projects between 2008 and 2009 was compiled. Since there is no centralised register for development projects, this list was compiled from NGO websites and reports as well as databases[18] aggregating information on NGOs in Lebanon. 197 projects implemented by 60 individual NGOs were listed. This allowed to assess which donors and NGOs dominate the sector and in which sub-fields they are active. Of these, 37% were international and 44% local. The remaining fifth of the projects were implemented by the government. Though comprehensive, this list is not exhaustive. Small organisations that do not publicise their projects through reports or on the Internet are less likely to be included in the list. To counter the bias towards public listings, a particular effort was made to track down information about projects and organisations mentioned during interviews. In addition to a short description of what each project entails, data was gathered on project locations, duration, beneficiaries, budget and donors.

Secondly, semi-structured interviews were carried out. Respondents fit into two broad categories: firstly NGO staff, mainly from the middle management level and secondly experts, that is to say academics and journalists, public sector officials or professionals from the agro-food sector. Using information on agricultural development projects from the Lebanon-Support website, as well as information on NGOs active in agriculture from the NGO survey, a list of NGOs working in agriculture was compiled and called to arrange an interview, some were unavailable or had wrong contact details listed. This was especially the case for NGO details obtained from the survey.

Table III.2: Number of interviews carried out with various NGOs and donors

NGO staff working in NGOs implementing rural development projects		25
International NGOs	10	
Local NGOs receiving international funding	12	
Ruling class NGOs	3	
QUANGO, multilateral donor		5
QUANGOs running rural development projects	3	
Multilateral donor funding rural development projects	2	

Note: See appendix p.164 for list of organisations.

NGO staff engaged in the implementation of development projects in the agriculture sector were interviewed. These include staff from Lebanese chapters of international NGOs, as well as staff from Lebanese NGOs. In addition to NGO staff engaged in the implementation of development projects government employees who worked on similar projects financed by foreign donors were interviewed. Two

[18] Namely: Lebanon-Support, a Lebanese coordination platform, the UNDP and the NGO database compiled by MoSA.

multi-lateral donors, the European Commission and the World Bank have set up large projects inside government offices (see p.115 for a discussion). Staff working on these projects are officially government employees, but are financed by a foreign donor while implementing through public institutions. On the one hand they act like donors, disbursing funds to cooperatives and municipalities, on the other hand they are closely involved in project implementation since their beneficiary organisations often have low capacity. To account for the mixed constitution of these projects, part government, part donor and part NGO, they are referred to as QUANGO in this thesis.

An effort was made to speak to donors. However, few have offices in Lebanon. This is true in particular for bilateral donors who may have representatives at embassies but will not have staff making funding decisions stationed in-country. In contrast, multilateral donors, such as the European Commission or UN agencies, do have offices in Lebanon and were interviewed. In total 30 staff were interviewed, Table III.2 shows a taxonomy of interview partners and the number of interviews carried out in each category.

There is a notable scarcity of NGOs working in rural development that have an independent national donor base. The only local NGOs that do have sufficient funds from national sources are those with powerful political patrons and are referred to as 'ruling class' NGOs in Table III.2, following Zurayk (2011:178). He argues that in terms of financial capacities the Lebanese NGO sector is dominated by organisations such as the Fares, Hariri, Moawad, and Safadi Foundations who have solvent patrons with political ambitions. Among the local NGOs listed in Table III.2, international funding makes up most of their revenue. Two NGOs receive only little foreign funding compared to their local sources. One of them is Amel, a well-known Lebanese NGO with an unusually diversified donor base and eclectic project portfolio; and the second St. Vincent de Paul, a small NGO struggling with declining local donations but unable to win international funding.

As for the second category of respondents, experts, they could be consultants hired by NGOs or former NGO employees. The same interview format and only slightly altered questions were used. The interest in carrying out these interviews was to complement information obtained from interviews with NGO and QUANG staff. In addition, when interviewing relative outsiders it was hoped that they would corroborate or challenge observations collected in previous interviews. Unsurprisingly, many consultants or former staff were quite critical of some projects. These interviewees were accessed through snowball sampling, i.e. they were recommended, or encountered serendipitously. For instance, two of the most interesting interviewees were encountered while waiting to be called into the offices of another interview partner. Cammett (2006) observes that access to interviewees is often a function of personal contacts and points out that this 'snowball' sampling limits generalisation. However, she continues that in research that takes place in divided polities on sensitive issues, personal referrals are often the only way to access a respondent. Two of the most interesting interviewees were encountered while waiting to be called into the offices of other interview partners.

Table III.3: Number of expert interviews carried out

NGOs and donors not working in rural development	6
Former staff and relevant practitioners in the sector	11
Public servants from various ministries	10
Private sector professionals	5
Academics, journalists and researchers	13

Field notes: Trade Fairs, workshops, cooperative meetings, farm visits

Note: See appendix p. 165, Table VIII.3 for a more detailed break-down.

Expert interview partners were also sought for specific information, in the case of academics and journalists, previous research and experience. Government officials were asked for regulatory procedures and their experience in cooperating with NGOs. Professionals in the agro-food sector were interviewed so as to build up background information on the sector. In total 45 experts were interviewed (see Table III.3).

Interview guide

The second research question, namely what shapes NGO operations, was the underlying rationale for the guide used during interviews. Since qualitative data was gathered so as to uncover underlying mechanisms shaping NGOs, it was not asked outright what NGO staff thought shapes NGO operations. Instead the subject was approached indirectly, by asking about NGO projects and staff's understanding of development challenges. This is potentially patronising towards NGO staff since it effectively assumes that throughout the course of a few cross-sectional interviews, more can be learned about the inner workings of NGOs, than by asking NGO staff directly. However, when asked outright why an NGOs engages in certain topics, NGO staff themselves conceptualise their agency as autonomous of context and donors. Hence direct answers may not always be a good guide of what shapes an organisation's operations. Though some respondents were very lucid about the pressures they operate under.

The interview guide did contain questions, in particular numbers 5 and 7 in Table III.4, that asked about what influenced NGOs at least in their choice of work and how they see NGOs' scope in dealing with development challenges. Answers to these questions indicate that NGO staff see their own as well as their colleagues' agency as primordial in shaping NGO operations. However, responses to other questions, such as 2 and 3 in Table III.4, clearly indicate frustration with limitations imposed on NGO agency by external factors. This somewhat validates a more indirect approach.

Hence, to find out what shapes NGO operations and particularly how donors do so, staff was asked to list and describe projects. Information on project location, scope or timeframe as well as more subjective information related to difficulties encountered and successes achieved was collected (questions 1, 2 and 3 in Table III.4). These questions proved particularly revelatory of processes that affect NGO work. Further inquiries were made about NGOs' portfolio (questions 4 and 5 in Table III.4) so as to assess how important rural development is compared to other NGO activities. It was also asked how and where NGO staff place themselves within the broader rural development discourse (questions 6 and 7 in Table III.4). This question proved useful to ascertain to what extent responses were inspired by specific local experience or made with reference to international development discourse, in particular in light of the publication of the 2008 World Development Report (2007) on agriculture. The interview concluded with a discussion of the roles of donors and government, in particular the relationship between the NGO and its donors as well as the role of the government in rural development overall (questions 8 and 9 in Table III.4).

Each interview was framed by the same ten broad questions, in an order that seemed most logical in each context (see Table III.4). If a respondent had addressed the question already it would be omitted. If the respondent was keen on elaborating a relevant point, further questions were asked. This style of semi-structured interview meant that interview transcripts of varying lengths and focus were compiled. In contrast to quantitative research, where it is important that each respondent addresses each variable to the same extent, the interest here was to focus on respondents' interpretations of their role in implementing rural development projects, what meaning it had for them, and what challenges they saw.

Table III.4: Semi-structured interview guide

1. **What projects does your organisation carry out? Talk me through them.**
2. **What are your most successful projects?**
3. **Which projects do not work so well and why?**
4. **How important are rural development projects in your organisation's portfolio?**
5. **Why did you decide to work in rural development? How do you decide on which topics to work?**
6. **Where do you see the greatest challenges in agriculture for Lebanon?**
7. **What is the role of NGOs in alleviating them?**
8. **What is the role of the government?**
9. **Who are your donors? How would you describe your relationship with your donors?**
10. **NGO size, age, respondent education.**

Experts on NGOs were asked to comment on NGO-donor relationships since questions about donor relations were received with a certain degree of caution by NGOs themselves and addressed relatively briefly by most respondents. Experts were more forthcoming and critical of NGO-donor relations. In deciding how to record material Cammett (2006) states that while audio recordings are more detailed and allow for more verbatim quotes, they might also be intimidating and discourage frank discussion. It the present context it was felt that more insightful answers and frank discussions ensued when taking notes only. One respondent, towards the beginning of my research, refused that I record outright, prompting me to abandon recordings. Whenever a phrase was particularly noteworthy it was written down verbatim.

Since transcripts do not allow for verbatim quotes but only to paraphrase what I understood the respondent told me, it is important to separate my voice from the transcripts I took during interviews. Rather than using quotes, I decided to show citations from my transcripts in tables (see Table VI.3 for example). These tables have captions that make explicit that what is presented below comes from NGO or QUANGO respondents. Each table groups statements by theme and topic.

Data analysis methodology

Thematic Analysis was used to describe interview results. As recommended by Fereday and Muir-Cochrane (2006), deduction was used to identify themes from a list of topics discussed in the literature review and grounded in the research questions. Induction was used to identify data-driven themes that recurred during interviews. Two themes, each with three sub-topics were isolated. The first theme was deduced from the research question while the second theme was induced from recurrent mentions by respondents. The corollary, namely NGOs as employment generators, forms part of the larger corollary related to the second research question. From these themes it will be hypothesised what the mechanisms are that shape NGO operations, this constitutes the retroductive element to my analysis. Material published by donors on their funding guidelines and rationale for operating in Lebanon is also included in the analysis. Table III.5 shows the label and definition of each theme as well as the data source, if interview or secondary material. Areas of consensus and conflict around these themes are identified and analysed.

Chapter 6 will discuss the results of thematic analysis. Each theme and sub-topic will be discussed in turn. Excerpts from interview transcripts that have been coded as belonging to a particular theme or topic will be grouped together and shown in one table (see Table VI.3, for example). Statements made by NGOs will then be discussed and paraphrased in the text, referring back to the relevant table. Each table will take up one particular element listed in the 'themes' column of Table III.5.

Table III.5: Themes identified

Propositions made in the literature	Themes identified in interview transcripts	Questions addressed by theme	Data source
Theme 1: Donor funding frameworks and conceptualisation of development puzzles shape NGO projects			
Donors define project design, inspired by international practice not local experience (Ebrahim 2009, Wallace et al. 2007, Lewis & Opoku-Mensah 2006)	**Topic 1: What projects does the NGO run**	How is funding obtained? Why does an NGO chose to work in rural development? What kind of projects are implemented by NGOs?	Interviews, pamphlets published by donors, online project information
Donors define development purpose, implementation procedures and outputs (Wallace et al. 2007, Easterly 2002, Fowler 1993)	**Topic 2: Limits to project implementation** i. Limited ability to impose higher prices ii. Misguided export focus iii. Small producers face disadvantageous market structures	What are the NGOs' most successful projects? What are the most unsuccessful ones? Why?	Interviews
Donors determine the role to be played by NGOs in the development process. There is limited participation (Wallace et al. 2007, Lewis & Opoku-Mensah 2006, Jad 2004, Hilhorst 2003)	**Topic 3: Small scale** i. Forming cooperatives does not solve the scale problem ii. Limits of NGO capacity iii. Jaded beneficiaries: project participation is work for the NGO	What are the NGOs' most successful projects? What are the most unsuccessful ones? Why?	Interviews
Theme 2: Structuring dynamics of donor requirements			
Donor interests influence funding direction (Tvedt 1998)	**Topic 1: Geopolitical interests of donors influence project location**	Are there geographical donor preferences?	Interviews, pamphlets published by donors, online project information
Donors define project design and framework (Wallace et al. 2007, Ebrahim 2009)	**Topic 2: Timeframe for project implementation is short**	What is the average project duration? Who sets project timeframe?	Interviews, pamphlets published by donors, online project information
Donors set cumbersome reporting and accountability systems. Core costs are not covered (Carrol 1992, Edwards & Hulme 1996, Wallace et al. 2007)	**Topic 3: Reporting and budgeting requirements**	How do NGOs describe results?	Interviews and online project information

Corollary: NGOs as employment opportunities			
NGO staff work on temporary contracts, with little social protection (Abdelrahman 2007, Clark & Michuki 2009, Siqqique & Ahmad 2012)	NGOs as employment opportunities	(No direct question was asked investigating this.)	Interviews

3.4 Data use throughout this study

The following three chapters will address the two research questions discussed. The next chapter addresses proposition one of the first research question. Using descriptive analysis of the survey data it discusses to what extent context shapes NGO operations. The fifth chapter tackles the second proposition of the first research question. Using multi-variate analysis of the NGO survey it teases out what kind of NGOs are preferred by what kind of donors. After having completed the quantitative analysis of the NGO dataset, the sixth chapter will use qualitative data reviewed in the previous section, to address the second research question. While chapters four and five addressed *which* factors structure NGO operations and characteristics, the sixth focuses on *how* NGO operations are shaped

IV. Lebanese NGOs: Analysis of a sector

A key proposition of this thesis is that context shapes NGO operations. Part of this context is a country's legal and regulatory framework of NGOs as well as social and political conditions such as the degree of welfare provision by the government or the level of interest by international donors in the country. This chapter will describe the Lebanese NGO sector with respect to age, size and staffing, using uni- and bi-variate analysis of NGO survey data described in the previous chapter. It will outline the legal and regulatory framework in which NGOs operate and trace a short history of NGOs in Lebanon. Questions raised in the literature with regards to NGOs, including whether they are better able to target poor beneficiaries when compared to government agencies, will be explored. In light of the scant provision of welfare by the Lebanese state since the Civil War, NGOs have played an important role in the provision of public services. This chapter will address how NGOs relate to the Lebanese government: do NGOs increase or decrease service provision when government spending increases? The Lebanese government and NGOs are in a symbiotic, even mutually dependent, relationship with respect to social services. Lebanese NGOs also have to increasingly negotiate international donor demands and pressures. This chapter analyses to what degree Lebanese NGOs respond to increases in international development aid.

1 Legal and Regulatory Framework

There are significant disparities between official regulations pertaining to NGOs and actual implementation and enforcement of these laws. Below the existing body of law is reviewed and contrasted to actual implantation.

1.1 De jure regulation

To this day, NGOs in Lebanon are governed by the 1909 Ottoman Law on Associations. Because the law pre-dates the Lebanese state, it makes reference to institutions and authorities that no longer exist.[19] The 1909 law defines an association as a group composed of several Lebanese citizens or legally resident persons "permanently unifying" their knowledge and efforts for non-profit objectives (NGO Resource & Support Unit 2004:7; Elbayar 2005:18). Establishing an association does not require a permit, but founders must submit a statement to the Ministry of Interior Affairs detailing the organisation's main office address, objectives, and the names of individuals representing the NGO. In return, an association obtains a notification, akin to a receipt[20], from the Ministry. Details of the organisation are published in the Official Gazette. NGOs do not have to wait for receipt of the notification to start operating, but can do so as soon as all documents have been submitted. Nevertheless, El-Moubayed Bissat (2002) reports that in fact many associations wait for the notification before operating.

The law requires associations to maintain records of membership rolls, financial accounts, and formal decisions, any of which the Ministry of Interior Affairs may request. Organisations must annually submit an income statement, a membership list, and a draft budget to the Ministry of Interior Affairs, and must inform the Ministry of board elections. NGOs are exempt from commercial or industrial taxes, but liable to pay employee income tax. The organization must subscribe to the National Social Security Fund within 15 days of hiring their first employee. The NGO must pay non-resident tax if it lacks a Lebanese tax number, as well as taxes on capital gains and tariffs on imported goods (NGO Resource & Support Unit 2004).

Several later decrees have supplemented or modified the 1909 law. For instance, regulation specific to foreign associations was introduced during the Mandate period in 1939. If the founder or director is foreign, if the NGO is based outside Lebanon, or if more than a quarter of members are foreigners, the association is considered foreign and must obtain special permission from the Council of Ministers to operate Without a permit, a foreign NGO cannot legally open a bank account, hire staff or rent an office in Lebanon. Obtaining such a permit begins with an application to the Ministry of Interior Affairs and a vetting by the Ministry of External Affairs, all of which is reviewed by General Security and then sent back to the Ministry of Interior to be than signed by the Council of Ministers.

Regulations specific to cooperatives were introduced in 1964. In 1996, oversight of associations with mentorship authority (i.e. scouts as well as youth and sports clubs) was transferred to the Ministry of Youth

[19] For instance, the law stipulates that associations are not allowed to work towards politically separating 'the different Ottoman entities' (NGO Resource & Support Unit 2004:7).

[20] This is referred to as 'Ilm wa khabr' (علم وخبر) in Arabic.

and Sports. Such an organization also requires prior approval and a permit. Health care and educational institutions are subject to additional legislation from the health and education ministries, and trade unions are licensed by the Labour Ministry (NGO Resource & Support Unit 2004).

1.2 De facto application

The current set-up provides a comparatively benign regulatory framework, though there are marked differences in enforcement among different types of NGOs. While launching a mountaineering club proved comparatively quick and hassle free[21], the registration of a branch of a foreign NGO took the greater part of a year[22]. In another case, a foreign NGO succeeded in obtaining permission to operate through a decision of the Lebanese Council of Ministers as required by law. When the NGO's registration was announced in the Official Gazette, however, two powerful Lebanese syndicates objected publicly and threatened to challenge the Council of Ministers' approval in front of the Shura Council. Shortly thereafter a member of the Council of Ministers made an off-the-record request that the NGO withdraw its registration to avoid confrontation. The NGO complied.[23] The regulation of foreign NGOs poses a problem for Palestinian NGOs. If run by Palestinian residents of Lebanon, such NGOs bring in Lebanese board members to qualify as local; in these cases management often hires its board, rather than vice versa (Abi Samra et al. 2009).

For Lebanese NGOs, the receipt of notification can take months or even years. In the meantime the organisation in question has no proof of its status as a legal entity and might find it difficult to open a bank account, sign a tenancy agreement or apply for funding (NGO Resource & Support Unit 2004). The varying degrees of inspection that different NGOs are subject to suggest that the Lebanese government seeks to monitor certain elements of the NGO sector more than others. For instance, employee protection regulation, which stipulates that NGO employees must be registered with the National Social Security Fund is not enforced: nearly 80 percent of staff are without social security (see Figure IV.5 on p.75). Further, most small NGOs submit annual financial reports, required by the Ministry of Interior Affairs, which bear no relationship to any actual financial planning by the NGO; the reports are instead drawn up solely to fulfil annual reporting requirements (Abi Samra et al. 2009).

To conclude, current Lebanese NGO legislation was produced during several historical periods and several government authorities, occasionally with overlapping jurisdiction, are involved in supervising and regulating NGOs. Foreign NGOs are subject to more scrutiny than their national counterparts. Karam (1991) argues that the official multiplicity of authority reflects an absence of any one effective authority governing NGOs. This messy state of affairs is characteristic of Lebanese public regulation (Leenders 2004b).

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21 Interview with head of the club, who also works for an international NGO, on 13th March 2008 in Beirut

22 Interview with Planning and Programs Director of the NGO, on 7th November 2007 in Beirut

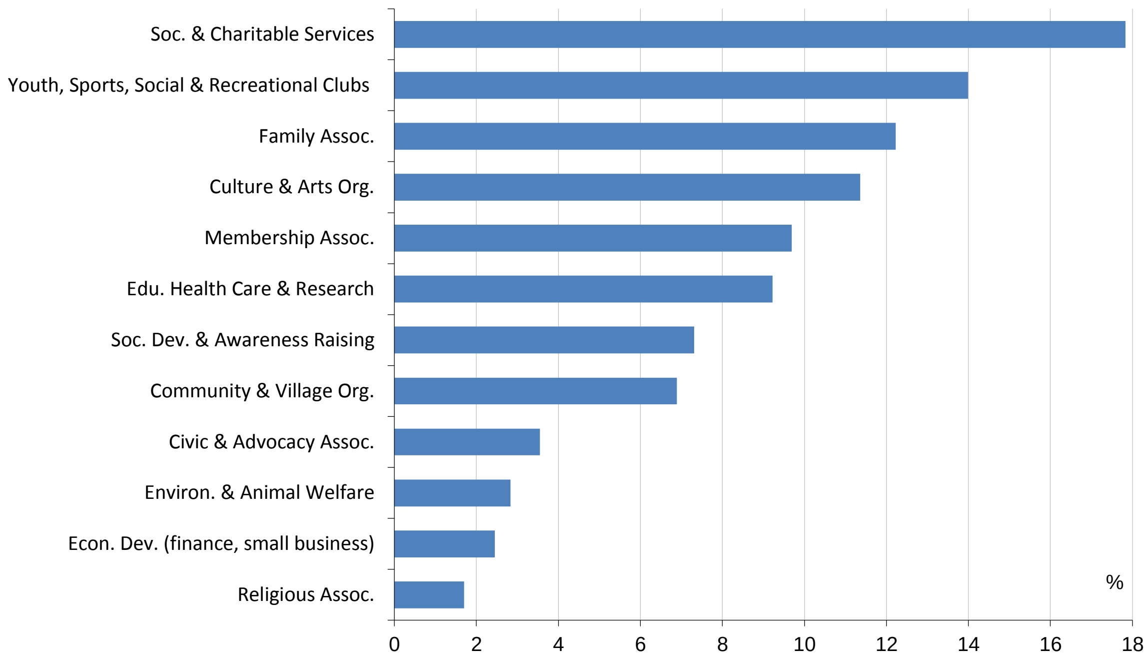
23 Interview with former Country Director of the NGO, on 13th June 2012 in Beirut

2 NGO Activity Sectors

A wide variety of organisations operate in Lebanon, from sports clubs to hospitals to family associations (see Figure IV.1). The present survey includes a wider array of organisations than was surveyed by Barr et al. (2005) or Gauri and Galef (2005), who focussed primarily on development-oriented NGOs and excluded welfare organisations and sports clubs. The type of NGO activity shapes many key internal, organisational aspects of an organisation. This impacts NGO characteristics such as staffing or budget size. NGO activity types were coded following the International Classification of Non-profit Organizations (ICNPO) standard (United Nations Department of Economic and Social Affairs 2003). Some codes were expanded and some compressed so as to safeguard international comparability while also respecting Lebanese peculiarities (see the Appendix p. 166 for details).

The largest segment of NGOs in Lebanon consists of organizations engaged in some form of social service delivery: 18% of organisations provide such social or charitable services. That is to say, they may support poor families, run orphanages or operate programs for the disabled. Closely related but excluded from the previous category are NGOs providing more specialised social services, such as health care, education, or research, which constitute 9% of NGOs. This group includes schools, hospitals or organisations that offer scholarships. Hence, more than a quarter of active NGOs (27%) in Lebanon in Lebanon are engaged in some form of social service delivery. This illustrates the important role that non-governmental organisations play in welfare provision in Lebanon, also commented on in the literature (Rieger 2003; Cammett 2007; Cammett and Issar 2010).

Figure IV.1: NGO activities



Base: 3353 NGOs
Note: The total number of NGOs includes 3 NGO networks and 29 NGOs with unclassified activity. These two do not appear in the figure.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

Seven percent of NGOs are classified as Social Development and Awareness Raising Organisations, 7% as Community and Village Development Organisations and 2% as Economic Development Organisations. Thus, 16% percent of Lebanese NGOs are engaged in local, economic or social development. Note that the 'Economic Development' category also includes rural and agricultural development NGOs, which is the NGO sector chapter 6 examines in particular.

A small share, 2% of NGOs, are classified as religious: mosques, churches or other organisations with a religious purpose. The LCPS (1996:50) observes that since all Lebanese are registered based on their religious affiliation, the reach and influence of these institutions is large. Religious institutions own large properties, run religious courts, schools, orphanages, hospitals, nursing homes, and youth groups. They manage internal relations of the community and negotiate interaction with other communities as well as the government (LCPS 1996). Religious affiliation of an organisation is a distinct issue discussed in more detail on p. 60.

As for Advocacy Organisations, 4% of Lebanese NGOs are classified as civic and advocacy NGOs. One could add the 3% of Environmental and Animal Rights Groups to this category. Tocquevillian concepts of civil society – defending individuals vis-à-vis the state – may be appropriate to describe these NGOs, which include initiatives that aim at electoral or citizenship reform. However, political demands can be appropriated by competing elites if it suits their interests. Kingston's (2000) analysis of the environmental movement in Lebanon aptly describes this tension, or process of structuration (Giddens 1984), between an organisation's agency in setting campaign goals and structural pressures, arising from participation in political decision-making or dealing with the demands of large donors, which tend to mute the bolder tendencies of campaigns.

The above are all intermediary organisations, defending the interests of vulnerable groups rather than primarily those of their members. In contrast, a substantial set of Lebanese associations, discussed below, work chiefly for the interests of their members.

These include Youth, Sports, Social and Recreational Clubs (14%) as well as Cultural and Arts Organisations (11%) and make up a quarter of Lebanese NGOs. Youth and Sports Clubs may be akin to the kind of organisations which Putnam (2000) links to social cohesion and social capital, and whose apparent decline in the United States he laments. However, current affairs commentators (Lee 2008; Worth 2008) argue that some organizations of this type may not be so unambiguously beneficent. These commentators argue that Scout movements in Lebanon, for example, have clear political affiliations and may even involve some degree of militarisation. In such cases, youth movements may be better analysed referring to Gramsci's (1971) association of civil society with the interests of a country's elite.

Another substantial set of NGOs are Family Associations, which constitute 12% of all NGOs in Lebanon, the third largest sub-group. Family organisations formalise links of kinship across several family branches and offer financial support, mentorship and patronage to junior family members, while giving senior members access to a support base helpful for gaining political office or leverage with larger patrons.[24] These are vertical organisations consolidating hierarchical family structures and can be contrasted to Membership Associations, constituting 10% of associations, which include professional, business, alumni and veteran organisations. Membership Associations are more horizontal than Family Associations, and bring together individuals of similar rank, education or material background. Although family associations are more prominent, membership organisations have been more dynamic since the early 2000s. Taken together, Family and Membership Organizations form 22% of Lebanese NGOs.

[24] See Johnson's (1986) study for examples with respect to Sunni families in Beirut.

Mission drift among Lebanese NGOs

When asked to tick boxes from a list of activities, most NGOs respondents chose more than half of all possible answers. This reflects how vague some NGOs chose to describe their activities. Barr et al. (2003) make similar observations and note that when prompted to identify which of a list of activities, their NGO focussed on, many managers indicated that they were focussed on every activity on the list. Similarly, Abi Samra et al. (2009:5) note that Lebanese NGOs they surveyed had vague and broad mission statements and that many managers failed to elaborate on the link between mission statement, projects implemented and their intended impact. This raises questions about how an NGO, or the respondent member of staff, conceives of the organisation's policy domain. Fafchamps and Owens (2009) argue that if NGOs operate as sub-contractors to donors, they have no need or interest in developing a programme or adhering to a mission. Indeed, Scott (2003) argues that this mission drift is an outcome of project-based funding, in which funding guidelines rather than NGOs themselves determine what kind projects receive funding.

There is some evidence of mission drift among Lebanese NGOs. Some NGO respondents gave very vague answers to questions related to the goal of their NGO.[25] For instance, Social Development and Awareness Raising organisations often define their organisational purpose using a number of vague terms that do not necessarily imply specific activities.[26] All contain the now omnipresent terms 'capacity building' and 'awareness raising'.[27] Like social development organisations, the culture and arts category includes NGOs with broad activity spheres, such as organisations caring for cultural heritage[28] and engaged in cultural exchange or international friendship[29]. While the above are precise activity spheres, many NGOs, also frequently simply replied "cultural" or "cultural activities"[30].

2.1 A note on self-declared religious affiliation of NGOs

Denominational affiliation is not an innocent question in Lebanon since an individual's or organisation's denomination, or sect, has political implications. Any individual, by virtue of his or her sect is presumed to identify or be affiliated with a set of political elites. The survey contains a question on whether the NGO has a specific denominational affiliation[31]. The same sectarian-political presumptions as apply to individuals are also valid for organisations, where the denomination of management or patrons has immediate presumed political connotations. These presumptions, valid or not; will influence whoever responds to the survey question, because the answer does not simply describe the organisation's religious beliefs, but is understood to describe some aspects of its public and political identity. In particular, it is presumed that NGOs of a certain denomination will primarily address the concerns of constituents from the political faction

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[25] The question in Arabic reads: Specify the goals of the organisation in accordance with the founding documents. (أبرز أهداف الجمعية وفق مستند التأسيس).

[26] Typical replies were: improving social conditions (تحسين الوضع الإجتماعي), cultural, economic, social and political awareness raising (الثقافية الاقتصادية والاجتماعية والسياسية التوعية), social, economic, medical and cultural aid (مساعدات اجتماعية اقتصادية طبية ثقافية), developing a spirit of cooperation and generosity in society (تنمية روح التعاون والمحبة في المجتمع)

[27] In Arabic: بناء القدرات and التوعية

[28] examples from the survey: preserve historic sites (ruins) (محافظة على الآثار), preserve Lebanese heritage, customs and traditions (المحافظة على معالم التراث والعادات والتقاليد اللبنانية)

[29] examples: cultural exchange with the Arab region (التبادل الثقافي مع المحيط العربي), cultural, economic and academic exchange between Canada and Lebanon (تبادل ثقافي اقتصادي علمي بين كندا ولبنان), bolster the friendship between the Lebanese and Ukrainian peoples (تعزيز الصداقة بين الشعبين اللبناني والاوكراني)

[30] In Arabic: ثقافي / ثقافية or نشاطات ثقافية

[31] The Arabic question reads: الإنتماء المذهبي للجمعية إذا وجد Followed by ten answer options: non-sectarian/non-confessional, the eight largest officially recognised sects as well as the option 'other'.

representing its denomination. Thus a number of organisations surveyed, whose name clearly indicates a religious affiliation, chose "non-denominational" as their answer.

However, since sectarianism structures such a large part of public life, sect very often influences what target populations an NGO serves or works with, whether or not by design. Cammett (2007) points out that beneficiaries self-select organisations of their own faith rather than providers having exclusionary policies. Cammett (2007) adds that, managerial staff of NGOs highlighted that volunteers and staff self-select NGOs that fit their own sectarian profile. Sectarian homogeneity often seem to be a by-product of social structure rather than an intentional strategy. One very large Lebanese NGO, whose managers insisted on the non-denominational character of their organisation, intended to create a map showing the location of all their agricultural development projects and then place the map on the organisation's website, but reversed course after realising that the projects were concentrated in the constituency of the NGO's patron.[32] Thus structural factors seem likely to inhibit religious diversity at an NGO unless such diversity is actively sought and promoted.

Still, faith clearly plays an important role for many Lebanese. Only a tiny minority would call themselves agnostic or atheist. In addition, many widely-respected Lebanese NGOs have known religious affiliations. Why, then, are Lebanese NGOs so eager to claim the non-denominational label, as indicated by survey results? This may be for two reasons. Firstly, as discussed above, sectarian affiliation has immediate political implication and indicating the absence of denominational affiliation may be a way to resist being pigeonholed. Secondly, Makdisi (2000:166) points out that within a nationalist understanding of Lebanon, which many NGO staff subscribe to, sectarianism is seen as illegitimate, divisive, and regressive. Indeed much of the writing on Lebanese NGOs criticises sectarianism (Baalbaki and Muhieddine 1998; Karam 2006; Kiwan 2004; Traboulsi 2000). Being non-denominationally affiliated may imply, from the point of view of the responding NGO, being modern and progressive. Organisations which subscribe to what Deeb (2006) calls a pious modern ideal, premising development on faith and piety, are seen with suspicion by many NGO staff who would call themselves secular, even if they admire the service delivery capacity and organizing prowess of some religious organisations.[33]

Survey results indicate, *prima facie,* that 588 NGOs in the sample, or 20% of valid responses, indicated that they have a denominational affiliation. Older NGOs in the sample are more likely to have indicated a denominational affiliation, than NGOs that registered from the 1960s onwards. Survey data indicates that the period from independence to the crisis of 1958 saw the most notable decline in NGOs with self-declared denominational affiliation. This is in accord with Baalbeki and Muhieddine (1998) who characterise the period from Independence to the early 1960s as one dominated by religious and urban associations while they characterise the immediate pre-war period by secular associations.

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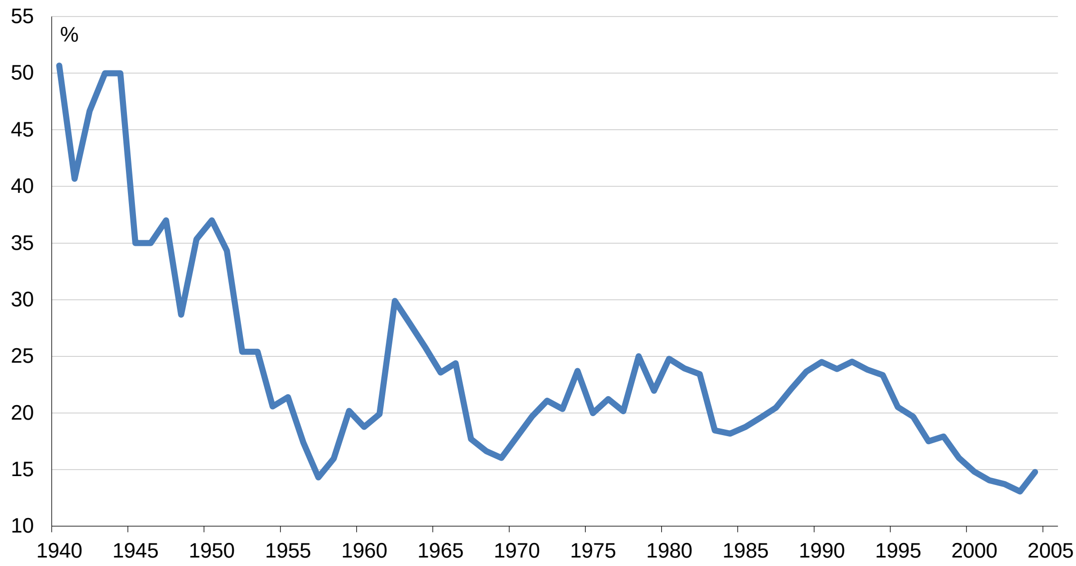
[32] Interview with NGO manager 4th November, South Lebanon.

[33] Deeb (2006) concentrates on Shiite organisations, mainly those affiliated to Hizbullah such as the Social Advancement Association or the Martyrs' Association. Rieger (2003) list the largest faith based organisations for the main confessions in Lebanon. In terms of public discourse, few enjoy a similarly stellar reputation in terms of capacity and efficiency, but also piety, as do Shiite and in particular Hizbullah affiliated organisations.

Figure IV.2: Founding dates of self-declared denominational affiliation of NGOs (1942-2004) (five-year moving average)



Note: Prior to the 1940s less than a handful of NGOs registered on an annual basis, only in the mid 1940s about 10 NGOs register per year, it is only in the 1960s that between 20 and 50 NGOs start to register every year and only beyond the 1990s do annual registrations reach about 100 NGOs. Excluded from the percentage calculations are 198 NGOs that did not specify an answer, only NGOs that replied to the second questionnaire are considered.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

As for international comparisons in large-scale NGO surveys, reported religious affiliation differs significantly between Bangladeshi and Ugandan NGO surveys. The Bangladeshi survey reported only a very small minority (0.5%) of NGOs as religious (Gauri and Galef 2005), while the Ugandan survey reported that about 30% of NGOs were faith-based organisations (Barr et al. 2005). These differing values are probably strongly influenced by the surveys respective sample frames. The Bangladeshi survey explicitly excluded mosques and focussed on NGOs that had applied for international funds, which may be less likely to identify themselves as religious. The sample frame for the Ugandan survey, on the other hand, is much more inclusive and the question of whether an organisation is 'faith-based', rather than "religious", may address the role of belief more subtly and may possibly result in different responses. In addition, the authors of the Ugandan survey point out that the 1970s and 1980s saw a boom in faith-based organisations, especially churches (Barr et al. 2005).

Denominational affiliation in Lebanon is not limited to a question of faith but is a marker of identity with political and social implications. Survey results on self-declared denominational affiliation of NGOs may be reductive and fail to describe the meaning of denominational affiliation with nuance. This data is included here because denominational characteristics of NGOs are the subject of academic literature on faith-based NGOs in general (Clarke and Jennings 2008; Hefferan et al. 2009; Clarke 2006) as well as the Middle East in particular, where it is frequently linked to Political Islam (Ismail 2006; Hefner and Zaman 2007; El-Said and Harrigan 2009). Contributing significantly to this debate is beyond the scope of this thesis. This section merely seeks to make public the information on denominational affiliation of Lebanese NGOs that the survey offers.

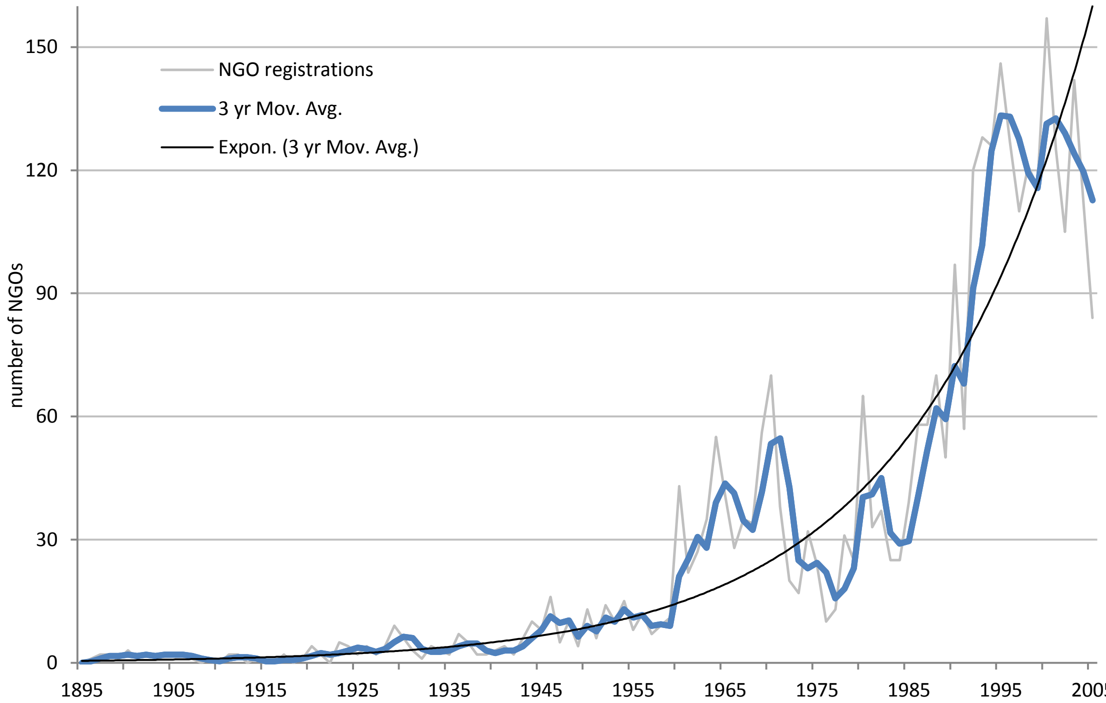
3 A historical account of the Lebanese NGO landscape

This section gives a historical account of the Lebanese NGO sector, tracing its growth throughout several periods over the past century.

The median founding year of NGOs in Lebanon was 1992.[34] This is similar to results found in Uganda where the median establishment year for NGOs was 1997 (Barr et al. 2005) and Bangladesh where the average founding year was 1993 (Gauri and Galef 2005). Reflecting to a certain extent the post 1980sNGO boom commented on in the literature review.

The number of organisations founded per year has varied considerably over time (see Figure IV.3)[35]. The oldest surveyed NGO registered in 1710, while the two youngest date from 2006. Throughout the 18th and 19th century, frequency of NGO registration was very low. NGO foundations become more frequent during the 20th century, in particular during its second half and especially its last decade. NGOs that indicated registration dates earlier than 1909, pre-date the Law on Associations and could be backdating their actual founding dates.

Figure IV.3: NGO founding dates



Base: 3274 NGOs

Note: The exponential curve has been fitted to the 3 year average to avoid 0 registrations in earlier years. The exponential curve has a fit of 82% as measured by R^2.

Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

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[34] The earliest NGO surveyed registered in 1710, about 3 NGOs indicated they registered in the 18th century and only 14 in the 19th century. Most NGOs in the sample registered in the second half of the 20th century.

[35] Further details about the correspondence of sampled NGO registrations discussed here and NGO registrations of the sampling frame can be found in the Appendix (see page 42).

It is noteworthy that, though establishments roughly coincide with the NGO in fact starting operation, there might be some delay in processing applications, depending on the prevailing political climate in general and the Ministry of Interior in particular. These factors may have affected variations in registrations. Therefore a trend line indicating the average over the preceding three years of NGO foundations for each year is useful in interpreting actual variations. Figure IV.3 shows that over the past century NGO registrations in Lebanon grew at an approximately exponential rate. Similar growth rates have been observed in Jordan (Clark and Michuki 2009) and the wider Middle East (Gubser 2002). A noticeable break in the growth pattern occurred during the Lebanese Civil War, when NGO registrations slowed.

Several broad periods of NGO foundations can be identified. NGO registrations increased slightly after 1920 during the French Mandate but remained low overall until Independence in the early 1940s. During most of the 1940s and 1950s, during what Traboulsi (2007) calls a phase dominated by merchant capital and marked by pro-western authoritarianism, slightly more than 10 NGOs registered per year. The 1960s and early 1970s saw Lebanon's first 'NGO boom', with on average 35 NGOs registering per year. This was a period of expansionary public policy with more Lebanese gaining access to education. The mid 1970s were a period of social crisis and marked the run up to and the early years of the Lebanese Civil War; NGO registrations slowed across activities by on average two-thirds and NGO registrations remained low throughout the first years of the Civil War. NGO registrations increased markedly across activities after 1982. Despite the fact that this was probably the most violent period of the Civil War, NGO registrations picked up. This is likely due to increased foreign intervention in the Civil War being accompanied by increased disaster and relief spending by international donors in Lebanon. Indeed, overseas development assistance (ODA) to Lebanon increased both during the Israeli invasion in 1982 and the Israeli bombing of Lebanon in 2006 (see Figure IV.10). From the mid-1980s to the end of the 1990s, annual NGO registrations increased fivefold, to more than 125 organisations registering each year. This second NGO boom during the later phase of the Lebanese Civil War and the post-war reconstruction in the 1990s coincide with the international NGO boom. Registrations remained high throughout the early 2000s.[36]

3.1 NGO activities

Over time, some NGO activities proved more popular than others. Several studies on NGOs in Lebanon (Baalbaki and Muhieddine 1998; Crumrine 2002; Karam 2000; Kiwan 2004; LCPS 1996) observe that the socio-economic and political context of a given historical period shapes what kind of NGOs were set up. Karam (2000) argues that since associations have accumulated and been superposed throughout Lebanese history, the NGO landscape itself reveals structures of social change in Lebanon. NGOs average founding dates vary significantly across activities (see Table IV.1) The key difference in NGO registrations across activity groups are (1) how early they started registering and (2) how pronounced the two NGO booms were for each activity. NGOs such as Youth & Sports and Religious NGOs experienced a more pronounced boom prior to the civil war, while for relatively more recent activity fields such as environmental protection, advocacy, or economic development the second boom was relatively more important. Variations in NGO

[36] Figure IV.3shows a decline in registration around 2005. However, as pointed out on page 100, this is likely to be due to data collection issues.

registrations across activity fields was analysed using statistical tests of similarity of variance (see Table IV.1), so as to assess if certain activities were more prevalent in certain historical periods than others.

Table IV.1: Average establishment year by activity group

	Mean	95% Confidence Interval[a]		Mode (year most NGOs were established in)	Reasonably Similar Groups test statistic[b]
Youth, Sports, Social & Recreational Clubs	1968	1944	1980	1970	Wilcoxon Rank sum p=0.60 Variance ratio test of transformed establishment year: p<0.001
Religious Associations	1977	1975	1979	1962, 1971, 1989, 1994, 2000, 2003	
Social & Charitable Services	1979	1977	1982	1993	
Education, Health Care & Research	1985	1982	1987	2000, 2001, 2005	Wilcoxon Rank sum p=0.32 Variance ratio test of transformed founding date: p<0.001
Family Associations	1987	1986	1988	1994	
Community & Village Organisations	1988	1985	1989	1993, 1998, 1999	Kruskal Wallis p=0.29 ANOVA of log transformed founding date: p=0.21
Social Development & Awareness Raising	1988	1985	1993	2000	
Economic Development	1988	1986	1990	2000	
Membership Associations	1988	1986	1992	2000	
Culture & Arts Organisations	1989	1987	1991	2003	
Civic & Advocacy Associations	1990	1989	1992	2004	
Environment & Animal Welfare	1995	1994	1997	2000	
Total	1985	1984	1986	2000	Kruskal Wallis p<0.001 ANOVA of log transformed founding date: p<0.001

[a]Bias adjusted confidence interval obtained through bootstrapping using 50 replications. Increasing the number of replications did not affect results.
[b]This column shows results testing the similarity of variance of founding date across activities. Since founding date is non-parametric, non-parametric tests were used. The data was also lag transformed to achieve normality. Normality was not satisfied after transformation. However, the central limit theorem states that if the sample is large enough this may not be an issue since the distribution of sample means becomes sufficiently normal. The population size of the smallest activity group (religious associations) is 57 observations, which according to Diehr and Lumley (2002) is sufficient. The user written Stata *simanova* command was used to assess the seriousness of the violation of homogeneity of variance assumption (UCLA: Academic Technology Services, Statistical Consulting Group n.d.). These simulation results suggest that there is little danger of falsely rejecting the true hypotheses for the log transformed variable. To assess similarity of variance when comparing two activities, the Wilcoxon Rank-Sum (Mann-Whitney) test was used for non-parametric data and the variance ratio test for log transformed data. To assess similarity of variance for more than two groups, the Kruskal Wallis Test was used for untransformed and ANOVA for log transformed data. The null hypothesis, in all cases, states that there is no difference in variance across groups. If p>0.05 the null hypothesis cannot be rejected.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

Though historical context shapes NGOs, registration of NGOs, a number of activity fields have been remarkably constant throughout history. Namely registrations of Religious, Education, Health Care & Research as well as Community & Village Organisations begin early and continue throughout the two NGO booms. Karam (2006:39) distinguishes four periods of NGO development[37] in Lebanon: firstly the mid-19th to mid-20th century, secondly the pre-war period from the late 1950s until the mid-1970s, thirdly the Civil War period (1975-1990), and fourthly the post-war period.

19th to mid-20th century: The earliest NGO registrations

The first NGOs in Lebanon were founded during the second half of the 18th up to the early 20th century. NGOs providing education or health care were among the earliest organisations, with the two oldest NGOs in the sample registering in 1868 and 1878; both are faith-based education organisations. The first

[37] Karam (2006) prefers the term 'association' to 'NGO'. It is a direct translation from the Arabic (جمعية) and commonly used in Lebanon to denote NGOs. I believe they can be used interchangeably but respect the authors distinction and will use 'association' whenever referring to his arguments.

Social and Charitable Services organisations in the survey sample registered in 1766 (followed by organisations registering in 1856 and 1879). These types of organisations were easily the most prevalent until the mid-19th century, and have remained among the top most dynamic fields of activity. NGO registrations have been the most constant for Religious Associations, the activity field with the smallest NGO populations, with the first NGO in the sample registering in 1736 (the second in 1867) and never more than three NGOs registering per year.[38]

Since Ottoman schools offered levels of education deemed insufficient, Beiruti Sunnis founded the *Makassed*, now one of the most important organisations, providing mainly education but also health care (Karam 2006:45). Karam (2006:51) cites Labaki (1988) who argues that between 1918 and 1920 there were only 17 secular schools in Lebanon. Karam (2006:43) states that the majority of associations served a family or community network and that the lack of social policy during the French Mandate period spurred the development of and competition between associations.

In addition to social service-providing organisations, several movements and ideologies articulated themselves through the formation of associations: ethno-sectarian, imperial, nationalist, pan-Arab, etc. (Karam 2006:43) Political parties are not included in the survey, but a series of political parties were founded in this period, such as the Communist Party in 1922, the Syrian National Socialist Party in 1936, the *Kata'eb* in 1943 or the Progressive Socialist Party in 1949 (Karam 2006:48). The first Culture and Arts Organisation of the sample registered in 1911, the second in 1929. Youth, Sports, Social & Recreational Clubs are the activity category associated with the earliest foundation dates. The first of these clubs registered in 1903 (the second in 1905), while the first Civic and Advocacy NGOs registered in 1919 and 1921. Judging from registration data from the survey, many Youth and Recreational Clubs were also founded during this period.

The pre-war years: A new type of mobilisation: modernist

Youth, Sports, Social & Recreational Clubs saw their heyday during the first NGO boom and the pre-Civil War modernising period, discussed in more detail below. The large confidence interval (see Table IV.1) indicates a sustained period in which these clubs were founded, though they have declined since the end of the Civil War.

The Lebanese Center for Policy Studies (LCPS 1999) states that the late 1960s and early 1970 were a period of political mobilisation, especially on the left and outside the habitual community or family structures that dominated associations previously. Karam (2006) adds that during the period following the 1958 Lebanon Crisis social inequalities were increasingly forced onto the political agenda. The period was marked by a changing socio-economic context and engendered a new type of association, one set apart by a desire for modernisation and development. Gilsenan (1996:97) observes a shift in policy-making from privileging the personal and community ties to a focus on technocratic decision-making and universal access. In 1961 the *Movement Social Libanais* was founded by Gregoire Haddad, a popular Greek Catholic cleric who decried social inequality and was inspired by liberation theology. Similarly Musa Sadr's 'Movement of the Deprived', a precursor of today's Amal movement, recruited among urban poor of the Beiruti suburbs as well as rural poor Shi'a of the Bekaa and the South (Johnson 1986:171). Karam (2006) refers to the *Movement Social Libanais* as emblematic for the period. It was open to all sects.

[38] Note that the earliest registered NGOs have been excluded as outliers in quantitative analysis. Since they reflect actual observations I discuss them in the text.

Widening access to education meant that a new generation of rural migrants received secondary and university education. This body of students constituted not only the cadre of the technocratic bureaucracy (Karam 2006:57) but also a new middle class which shaped the Lebanese association landscape. Karam (2006:58) argues that several left-leaning political groups invested in associations, in particular youth and cultural associations, as vehicles for their ideas. Kiwan (2004) argues that prior to 1975 the national student movement as well as national trade unions offered alternative modes of association to that of sectarianism. Political mobilisation by parties often went through universities, where parties would support student activities. Many Lebanese migrants from the southern periphery were absorbed into organisations of the left, such as unions and left-leaning political parties but also denominational organisations, especially Imam Musa Sadr's Movement of the Deprived. Traboulsi (2007:173) argues that the elite was unwilling to reform. Karam (2006:59) outlines the tension between organisations based on shared material experience and those based on kinship or personal and clientelist relationships. He cites studies by Ghassan Salem (1979), which describe how workers and farmers in Hermel failed to organise in unions or agriculture cooperatives; and Tabar (1997), who analyses a village youth association with leftist tendencies that publicly denounced local underdevelopment and had their offices raided and torched, forcing the association to cease activity. A noticeable feature from the survey data for the 1960s is the rise and peak in registrations of Youth, Social and Recreational Clubs, more than tripling from three or four per year to about 15 per year, registration levels not seen since. Similarly, Culture and Arts Organisations boomed during the 1960s until early 1970s. Registrations of Social and Charitable Services declined from the mid 1960s, where registrations halved from about 10 registrations a year in the early 1960s to four or five in the early 1970s.

Thus the pre-Civil War years were a period of social organisation that challenged the status of family and community as prime constituents of allegiance. Associations were founded that were based on shared material experiences and ideological perceptions of progress.

The Civil War: Institutionalisation and the emergence of international donors

Karam (2006:43) argues that the insecurities and emergencies of the Civil War led to the involvement of international donors and pushed for an increase in administration and institutionalisation within associations to be able to maintain and increase service delivery. Many authors (Deeb 2006; Elbayar 2005; El-Husseini et al. 2004; Makhoul and Harrison 2002; Makdisi and Sadaka 2003) argue that the vibrancy of the Lebanese NGO scene stems from their role as major welfare service providers and recipients of international aid during the Civil War. In addition, the *Movement Social Libanais,* the Lebanese chapter of the YMCA and the *Makassed* all intensified their relationship with international donor agencies, in particular the United Nations, to gain access to financial resources (Karam 2006:60). Registrations of Social and Charitable Service NGOs more than quadrupled between 1975 and 1980. Registrations of NGOs declined across activities during the early years of the Civil War, but picked up during the early 1980s, due to public reconstruction efforts and an increase in international aid flows (Makdisi 2004:65). With the support of international donor agencies, NGO umbrella groups were set up to coordinate the relief effort. The *Collectif des ONG au Liban* was formed in the mid-1980s and includes *Makassed*, the *Movement Social Libanis,* Caritas, Amel, *Terre des Hommes*, the Imam Musa Sadr Foundation and the *Secours Populaire au Liban*. In 1988 the NGO Forum, which figures in the survey, was set up, comprising the YMCA, the Lebanese Federation for Child Care, the Lebanese Association for the Disabled, the Superior Shiite Council, the Maronite League and the

Sunni *Dar al Fatwa* (Karam 2006:63, 68). Most of the NGOs listed in these two networks were recipients of foreign grants.

Civil War militias set up social services to support their military action and lessen their unpopularity in areas of operation. After the collapse of the Lebanese currency in the 1980s they became increasingly involved in the provision of scholarships, medical assistance and food subsidies. Makdisi and Sadaka (2003:17) estimate that these social services amounted to about 20% of large militias' budgets. During the Civil War local micro-powers such as parties or militias supervised NGO activities closely or became affiliated to them (Karam 2006:62). The Lebanese Association for the Disabled, for instance, is considered a close associate of the Amal Militia (Karam 2006:68). Baalbeki and Muhieddine (1998) argue that while the pre-war period saw organisations opposing sectarianism, the Civil War further entrenched sectarianism.

The post-war reconstruction and donor discourse

Reconstruction efforts of the post-war period led to a second, more pronounced boom in NGO registrations in the 1990s. Registrations in nearly all activity categories doubled or tripled. A number of relatively new categories, such as advocacy, the environment, and social and economic development saw strong increases in registrations. At the same time many categories that had been prominent in the pre-war period such as arts and culture activities, charities or education and health care providers also increased, making the Lebanese NGO sector more diverse than it had been in previous years (see Table IV.1).

A noteworthy feature of the immediate post-war period is a short-lived boom in family association registrations, which briefly increased to more than 25 a year. Some may have been founded to re-connect family members dispersed by the war and mobilise support networks. Karam (2006:71) argues that the remobilisation of family associations was not opposed by the government since family networks are a convenient control mechanism in a clientelist set up. Survey data shows that after Mount Lebanon, most registrations for Family Associations came from the South. The LCPS (1999) conjectures that that the large number of family association registering from the Bekaa and the South were due to changes in family leadership induced by the war and out-migration in particular in the South.

In terms of variance over time, Community & Village-, Social Development & Awareness Raising-, Economic Development-, Membership-, Culture & Arts as well as Civic & Advocacy Associations have followed similar foundation dynamics over time (see Table IV.1). These organisations marked the post-Civil War boom. They were founded concomitant to large ODA flows and emerging international attention to NGOs as development agents. Following the Civil War, NGOs began looking abroad for funding, in addition to the state or local benefactors (Karam 2006:66).

Though registrations reached pre-war levels, Youth, Recreational and Sports Clubs no longer constituted the most dynamic sector within the Lebanese NGO landscape, as they had been in the 1960s. Registrations declined significantly after 2000. Karam (2005) argues that youth activism was absorbed within other categories in the post-war period; in particular into advocacy NGOs since this terminology is preferred by donors. After the American intervention in Iraq, Lebanon emerged on the US' agenda for democratisation of the Middle East and is a recipient of funding for advocacy projects. Advocacy and Human Rights groups multiplied (Karam 2006:64, 71, 84). Rodenbeck (2007) argues that the 'freedom agenda' promoted by the G. W. Bush administration gained public traction in Lebanon more than in other Middle East countries. Toukan

(2010) adds that following the Independence Intifada in 2005 international funding for activism and arts increased significantly.

Environmental and Animal Welfare NGOs are another example of a newly emerging NGO category. The first NGOs from the survey that were active in this category registered in 1957 and 1979 and registrations increased most rapidly during the 1990s, peaking in 2000. The environmental damage caused in several locations by the Civil War, but more importantly relentless real estate expansion and virtually absent environmental oversight in industry are likely domestic catalysts for environmental protection movements. In addition, as pointed out by Kingston (2000), development funds for environmental projects became available through the Global Environmental Facility created at the Rio conference in 1994. In addition to earmarked funds for biodiversity administered by the UNDP and technical assistance by World Conservation Union are likely to have supported the boom in environmental NGOs. Like many aspects of the Lebanese NGO landscape, the boom in the Environmental activity sector is the outcome of domestic as well as international conditions.

3.2 A brief note on labour- and other social movements

The LCPS (1999) notes that guild-like associations such as professional associations, chambers of commerce, and trade unions emerged in the 1920s and 1930s. The first Membership organisations from the survey registered in 1921 and 1923. Secular social movements and organisations had more popular appeal before than after the Civil War (LCPS 1996). Johnson (1977) states that what little collective action there has been on behalf of workers, has generally been shut down by various governments. In April 1935 the French authorities shot at taxi drivers who went on strike against the French tramway company and to protest low pay. The French High Commission interpreted this, not incorrectly, as inspired by radical pan-Syrian nationalists, leftists and communists, whom they saw as a threat to their authority (Johnson 1986:24). At farmer protests in Nabatieh in 1973, two were shot dead, causing 20,000 to demonstrate in the streets of Beirut the next day (Traboulsi 2007:164-165). Demonstrations on January 27, 2008 in the Beirut district of Chiyah were roused by electricity cuts but were due more broadly to the concurrence of high unemployment; stagnating wages; rising prices of necessities such as fuel and food, health care and school fees; and cancelled second instalments of government payments to those whose houses had been destroyed by Israel in 2006. Army personnel shot three protesters. The government correctly took the demonstrations as, if not instigated than managed by Hizbullah. Concerns of the crowd however, were left unaddressed.

In the 1970s, Johnson (1977) adds, that *zu'ama*, local leaders, would not deal with organised labour and a salary increase was considered a gift from the *za'im* not subject to negotiation. Nahhas (2012) has argued that at present Lebanese unions are co-opted by employers, which is why they often oppose proposals such as real estate financed health care programs, or suggest wage increases below those of government proposals. He further argues that the multitude of unions registered and the fact that workers are allowed to register in several unions at once leave unions weak and reinforces social organisation along sectarian lines. Thus the labour movement only plays a tiny role in Lebanese Civil Society.

This does not just apply to the labour movement. Karam (2005) and Kingston (2000) examine how issue-based social movements (civil marriage, municipal elections and environmental protection) with universal rather than sectarian interests become jaded by their interaction with, and need to accommodate, sectarian political institutions in order to see their demands implemented. Kingston (2008) points out that the nature of civil society in Lebanon tends to reflect rather than transcend the socio-economic structures. Quilty (2006:82) adds that the vibrancy of the NGO landscape in Lebanon is not the "institutional expression of participatory democracy" but a network of organisations limited by Lebanese clientelism. Aside from organisations sponsored by and attached to political interests, such as the Future Movement, the Amal Movement, the Free Patriotic Movement, the Lebanese Forces, or Hizbullah; there are also more radical organisations such as the *Mouvement Social* or ad hoc cooperatives organising the efforts of several NGOs in times of crises like the *Mowatinoun* or now defunct *Samidoun* (list from Quilty 2006). Still, the latter are more poorly-funded than the former type of organisation, mainly because in being staunchly secular, rigorously against corruption and sceptical towards neo-liberal policies, they alienate the conservative religious as well as the pro-western free marketeers and lack (and in any event refuse) powerful political patrons.

4 NGO location and geographical concentrations of poverty

Authors reviewed in chapter 2 (Brass 2012, Edwards and Hulme 1996, Paul and Israel 1991, Tvedt 1998) discuss if NGOs have an advantage over the government in targeting the poor. This section examines this argument more closely.

4.1 NGO location

Lebanese NGO offices are mainly located in Beirut and its suburbs in Mount Lebanon. NGO concentration in and around economic and political centres has been observed by Barr et al. (2005) as well as Gauri and Galef (2005) in Uganda and Bangladesh. Bebbington (2004) also found that NGOs eschew remote areas.

Table IV.2: Geographical location of NGOs

Muhafaza	Number of NGOs	
	Per cent	Per 1,000inh
Beirut	22	1.5
Mount Lebanon	35	0.8
North	16	0.7
Bekaa	12	0.8
South	9	0.7
Nabatieh	6	0.9
Total	100	0.9

Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

Since geographical coverage of the survey approximates that of the sampling frame it is assumed to be representative for the entire NGO sector (see the Appendix p. 162). NGO concentration per inhabitant is higher in metropolitan Beirut than in any other region in Lebanon (see Table IV.2). This is little surprising considering that are a number of networking effects may be gained from locating close to key government offices, business centres, and other NGOs. However, considering NGO per inhabitant concentrations it is noteworthy that the *muhafaza* of Nabatieh, a largely rural and peripheral area[39], has also high NGO concentrations.

Emergence of NGOs across *muhafaza*

Crumrine (2002) notes that the oldest NGOs in Lebanon were founded in urban or suburban centres such as Beirut, followed by Mount Lebanon and the coastal towns of Tripoli (in the North *muhafaza*) and Saida (in the South *muhafaza*), followed by rural locations. However, excluding the North and Nabatieh, variations in NGO registration dates are not significantly different (p=0.48)[40] from each other.

NGOs registered in the *muhafaza* of Nabatieh have the most recent average founding dates (1989, CI: 1986-1991), implying that the NGO population in this *muhafaza* is generally younger than the national average. Nabatieh occupies a large stretch of the Lebanese-Israeli border and so has been the most severely affected region in the 2006 hostilities with Israel and shares hosting the UNIFIL troops with the South *muhafaza*. Consequently Nabatieh has been the focal point of repeated reconstruction efforts. The blue-helmet UNIFIL presence is also accompanied by a number of community development projects to win the sympathy and cooperation of local residents (Fisk 2007; CDA Listening Project 2009). These factors may explain the comparatively recent emergence of NGOs in this region as well as the high density of NGOs compared to other peripheral regions such as the Bekaa, the South and the North.

The North registered the oldest NGO population, with an average founding date of 1982 (CI:1981-1984). The NGO landscape in the North is set apart from the national average in that it has benefited little from the post-war NGO boom. Until recently the region was far from national headlines. Chaaban and Salti (2007) show how, compared to the North's high poverty and level of unsatisfied needs, it receives little public spending. Mouchref (2008) argues that Akkar, Lebanon's poorest *caza* and part of the North, is a 'forgotten' region. Indeed, the two most northern and deprived *caza*, Hermel and Akkar, have the lowest NGO density, at half the national average. A study of the geographical distribution of new NGO registrations shows that throughout the 1980s and 1990s registrations declined in the poor North while they increased in the comparatively less poor South (Traboulsi 2000:29). However, this is likely to have changed in recent years, not included in the survey. The razing of Nahr el Bared refugee camp in 2007, Islamist activities as well as the presence of Syrian refugees since 2011 is likely to have increased NGO presence in the North.

Rural-urban dynamics

Certain activities are more prevalent in cenral areas, in particular Beirut, while other types of NGOs are more frequently found in the periphery (see Table IV.3). Civic and Advocacy Associations are a case in point, more than 80% per cent of organisations are located in urban areas and 40% in Beirut alone, while another 30% are in Mount Lebanon. Similarly, 84% of Membership Associations are located in urban areas, 37% and 36% of which in Beirut and Mount Lebanon, respectively. For both advocacy and membership associations, an urban location benefits them, because cities and especially capital cities offer opportunities for networking and mobilisation as well as access to government. Associations providing education and

[39] Lebanon is densely populated. Most rural areas are within a two hour driving distance from urban agglomerations.
[40] Kruskal-Wallis equality-of-populations rank test used to compare groups.

health care also locate predominantly in urban areas (80%). Two-thirds of organisations are found in Beirut and Mount Lebanon. Unsurprisingly nearly 70% of Community and Village Associations can be found in rural areas. Similarly, a couple of activity fields can be found in predominantly rural areas. Occasionally, NGOs from one activity field are strongly represented in a certain *muhafaza*. Economic Development NGOs, for instance, are strongly represented in Nabatieh. Again, this is likely linked to reconstruction efforts and the UNIFIL presence in the region. There are comparatively few Youth, Sports and Recreational Clubs in Beirut.

Table IV.3: Per cent of NGOs activities by *muhafaza*

	% urban	Beirut	Mount Lebanon	North	Bekaa	South	Nabatieh
Membership Associations	84	37	36	11	6	6	3
Civic & Advocacy Associations	81	40	29	16	4	6	4
Education, Health Care & Research	80	31	36	16	8	6	3
Religious Associations	75	23	32	21	12	9	4
Social & Charitable Services	66	21	35	16	15	8	6
Environment & Animal Welfare	65	20	41	11	14	8	6
Social Development & Awareness Raising	64	27	29	20	12	6	6
Economic Development	63	17	37	10	17	7	12
Total	**63**	**21**	**36**	**16**	**12**	**9**	**6**
Culture & Arts Organisations	60	21	33	15	16	10	6
Family Associations	60	14	44	10	12	12	7
Youth, Sports, Social & Recreational Clubs	48	12	39	17	16	10	6
Community & Village Organisations	31	7	28	27	9	16	14

Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

NGO density in poor areas

Literature on NGOs debate whether NGOs address the needs of the poorest better than the state (Paul and Israel 1991) or do they target their services to the middle class or the better off among the poor (Abdelrahman 2004; Clark 2004).

NGOs in Lebanon do not locate in the poorest areas. There is no significant correlation between NGO density and the number of poor households in a particular region (p=0.98)[41]. This holds even when considering only charities, education and health care NGOs (p=0.91). Thus there seems to be no relationship between poverty and NGO location.[42] With small samples such as these the correlation coefficient is susceptible to outliers. Figure IV.4 confirms that there does not seem to be a relationship between poverty and NGO density, but that most areas seem to be clustered along a vertical line, implying similar NGO densities across the country, independent of local poverty levels. Similar evidence emerges when only considering welfare related NGOs, such as Social & Charitable Service and Education, Health Care & Research NGOs.

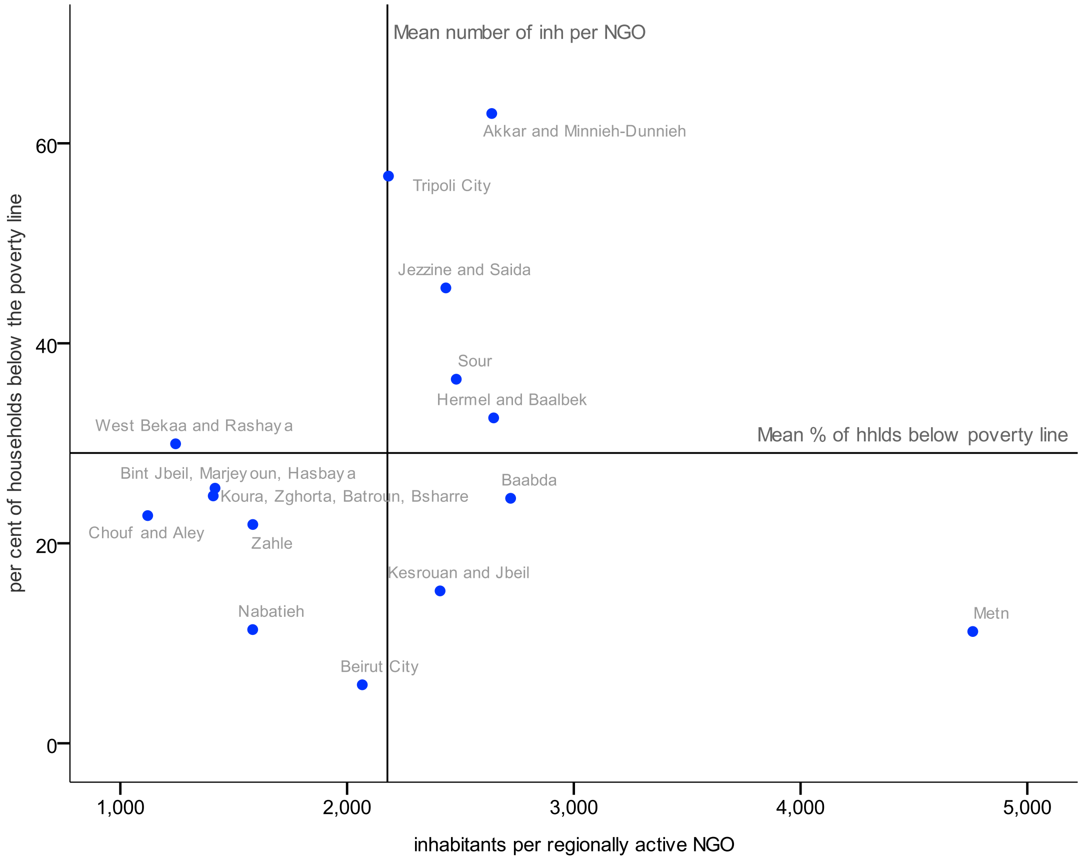
It is noteworthy, that nearly all areas with an above-average percentage of poor households also have lower than average NGO density, implying that, if anything, poorer areas have a less dense NGO population. It is unclear what conclusions can be drawn from this evidence: It may testify to NGOs ability to alleviate poverty or indicate that NGOs do not locate in poor areas to start with. Regions like Nabatieh, Bint Jbeil, Marjeyoun and Hasbaya but also Jezzine, Sour and Saida, have seen improvements in terms of

[41] Significances refer to the Pearson correlation coefficient.

[42] A number of NGOs with head offices in Beirut may run projects in remote areas. I will thus only consider NGOs active on a municipality or Caza level. Survey data indicates that regionally active NGOs also have their headquarters in the region they serve on.

poverty reduction between 1997 and 2004, while areas in the North, such as Akkar, Minnieh-Dunnieh and Tripoli have seen declines in household consumption (UNDP 2008). Thus the fact that comparatively few NGOs are located in Akkar or Minnieh-Dunnieh may indicate that they eschew remote and potentially difficult areas.

Figure IV.4: Poverty and NGO density



Sources: Poverty data are from (UNDP 2008:110, Table A.2.3). The upper poverty line was used. Population data are from (Etudes & Consultations Economiques and PADECO Co. Ltd. 2007:40). NGO data are from the NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).
Note: Nationally active NGOs are excluded. The poverty data for 2004 is available only within 15 sub-regions, some of which aggregate data for adjacent *cazas*. Population and NGO data was summed to match these aggregate regions.

Figure IV.4 below shows that the *caza* of Metn, which comprises the urban sprawl in the Lebanese littoral between Beirut and the *Nahr el-Kalb* river as well as some of capital's eastern suburbs, has a comparatively small share of poor households. It has also the lowest density in regionally active NGOs. It is noteworthy that if one includes NGOs active on a national level not represented in Figure IV.4, the region's NGO density increases to close to the national average. Its outlying position in the graph is consequently linked to the fact that Metn hosts few regionally active NGOs but more nationally active ones.

Chaaban and Salti (2007:15) point out that government provision is similarly skewed. The Ministry of Social Affairs supports social and health care centres through transfers to NGOs. The authors note that the distribution of these centres is skewed in favour of the Beirut. Indeed, social services financed by the Ministry of Social Affairs and carried out by NGOs reached 10% of the poor in Beirut but less than 2% in the North.

The inter-linkage between government and NGO social service providers implies that NGO and government target overlapping areas, indicating that NGOs may not be better than the government at identifying poor areas in Lebanon. However, poverty data is only available slightly above *caza* level, covering on average about 250,000 inhabitants. Poverty levels within areas vary (UNDP 2008) and NGOs might well target poverty pockets within comparatively well-off areas. Still, the evidence available shows that NGOs in Lebanon do not primarily locate in the poorest or most remote areas.

5 NGO Staffing

NGOs play an increasingly important role as employers. Though benefitting from a demographic dividend, Middle East countries face high unemployment rates (Jones 2012), especially among youth (Goldstone 2011; Hoffman and Jamal 2012), who have particular difficulty in finding decent work (Dhillon et al. 2010). Based on the present survey it is estimated estimate that NGOs in Lebanon employ approximately seventy thousand individuals, or 5% of the economically active population in Lebanon.[43] Personal information of the proxy respondent NGO employee was collected and gives some indication of education levels prevalent among senior or middle-ranking NGO staff. More than 92% of respondents had been to secondary school and two-thirds (67%) had a university degree. There is small variation in education levels across NGO activity categories. A lower than average proportion of staff interviewed at family, youth and community associations as well as Economic Development organisations had been to university, while a slightly higher than average proportion of staff at religious environmental cultural and civic NGOs[44] had graduated from university.

5.1 Paid staff and volunteers

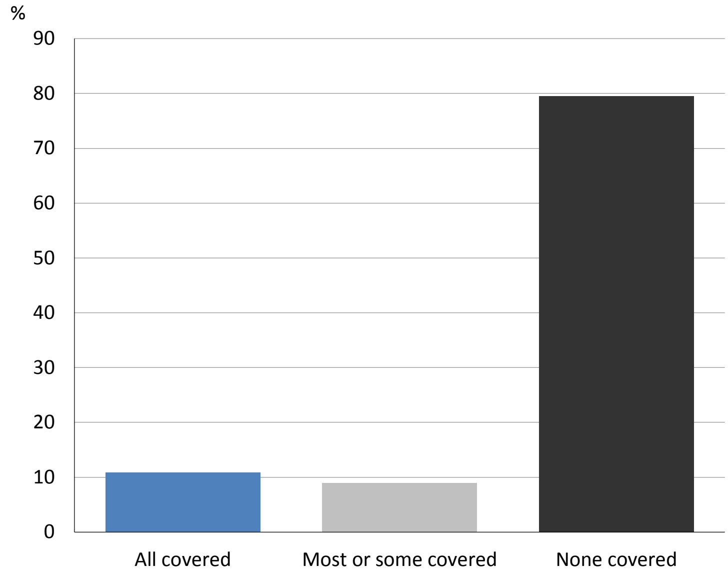
One quarter of NGOs (28%) employ permanent staff or contractors. A qualitative follow up study to the survey (Abi Samra et al. 2009) revealed that many NGOs who are coded in the survey as having no paid staff do in fact have employees. The authors state that NGO employees were reluctant to disclose exact numbers of staff. When NGOs do employ staff and disclose their numbers, they hire on average 42 employees or contractors (CI: 28-54). NGOs may under-report staffing levels to shirk on National Social Security Fund (NSSF) contributions, which they are theoretically obliged to pay for each member of staff. However, less than a third of organisations pay NSSF contributions for their employees. This is not unique to the Lebanese NGO sector. NGOs in Egypt (Abdelrahman 2007), Jordan (Clark and Michuki 2009) and

[43] This was calculated as follows: 27% of NGOs state that they employed at least one staff or contractor. Responding NGOs (N=655) employ 27,385 (CI: 21,348-42,182). Extrapolating this to the entire sampling frame from 2006, which comprised 6,032 NGOs implies that 1,673 NGOs hire 69,947 staff. ILO LABORSTA (ILO 2012) indicates that in 2007 32.7% of the Lebanese population was economically active. Lebanese survey data (CAS and Ministry of Labor 2009) as well as data on resident refugees (Chaaban et al. 2012; Chaaban et al. 2010) indicates a total resident population of 4.2 million, implying 1,373,400 economically active, of which NGO employees constitute 5.1%. This is a conservative estimate.

[44] There were only 50 valid responses to the question of education level in the Economic Development category, 43 valid responses for Religious Associations, 70 for Environment and Animal Welfare Associations as well as 74 for Culture and Arts Associations.

Pakistan (Siddique and Ahmad 2012) also tend not to offer insurance coverage to their staff. Lebanese NGOs may be taking advantage of the unfavourable labour market or, as Abdelrahman (2007) conjectures in Egypt, staff may wish to receive their salaries without deductions since their period of employment is likely to be short. Employees may therefore collude with their employers in evading NSSF contributions.

Figure IV.5: NGO employees covered by the National Social Security Fund



Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

Unsurprisingly there is wide variation in staff numbers across NGOs. Service delivery, charitable, and religious associations have on average twelve times as much staff as membership or advocacy organisations (see the Appendix Table VIII.6 on p. 168). Social clubs and arts organisations lie in between these two in terms of staffing levels. This is likely because the running of schools and hospitals does not benefit from scale effects to the same extent as membership or advocacy organisations do, where the cost of up-scaling a campaign requires fewer additional staff than the treatment of additional patients. There is significant skew in the data, with a few organisations employing many more staff than the large majority. In addition, more social service-providing NGOs stated that they have paid employees (e.g., 53% of education and health care providers) than others (e.g., 6% of membership NGOs) (see the Appendix Table VIII.6 on p. 168 for a complete list).

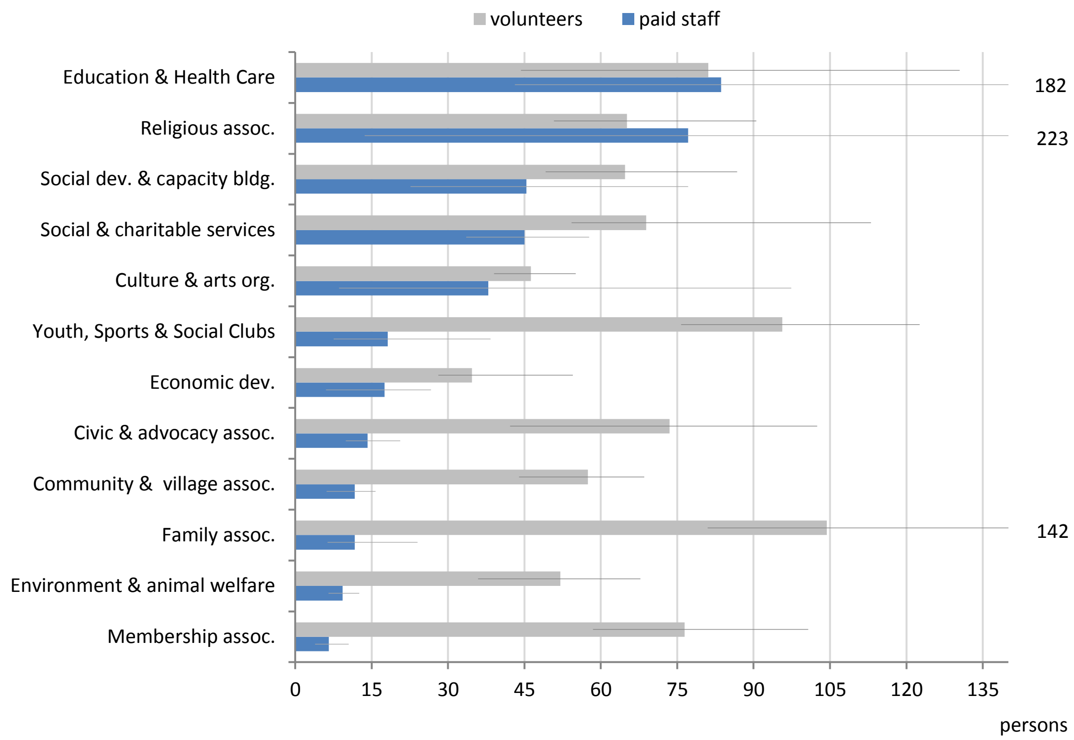
Volunteering

During times of crisis, such as the July 2006 bombings, NGOs often rely on local volunteers to scale up their efforts (Quilty 2006). Deeb (2006), Karam (2005) and Fawaz (2005) argue that for Lebanese NGOs in general volunteers play an important role in service delivery.

Three quarters (76%) of NGOs have volunteers, echoing the observation made by Salamon and Anheier (1992) referred to in the introduction, that volunteering is a key characteristic of the non-profit sector. The importance of volunteering does not differ much across organisations. Membership associations have the lowest share of organisations with volunteers (65%), likely because members are not considered volunteers, while environmental and animal welfare organisations are most likely to have volunteers (86%). If

NGOs do have volunteers, staff and volunteer numbers are correlated, reflecting the size of organisations. Indeed, significant correlation between staff and volunteer numbers are observed for health care and educational organisations (ρ=0.38, p=0.001)[45] as well as charitable organisations (ρ=0.25, p=0.01).

Figure IV.6: Average NGO paid staff and volunteers



Note: Bias adjusted confidence interval obtained through bootstrapping using 50 replications. Increasing the number of replications did not affect results.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

Family associations, environmental, advocacy, village and membership organisations as well as social clubs all have many more volunteers than paid staff, at least five times as many. These organisations are more likely to be supporting the interest of their members and volunteers rather than those of disadvantaged third parties. Staffing is likely based on amateur engagement. These organisations are the structural opposite of social service-providing organisations, such as non-profit schools and hospitals, which rely on many paid staff with technical skills.

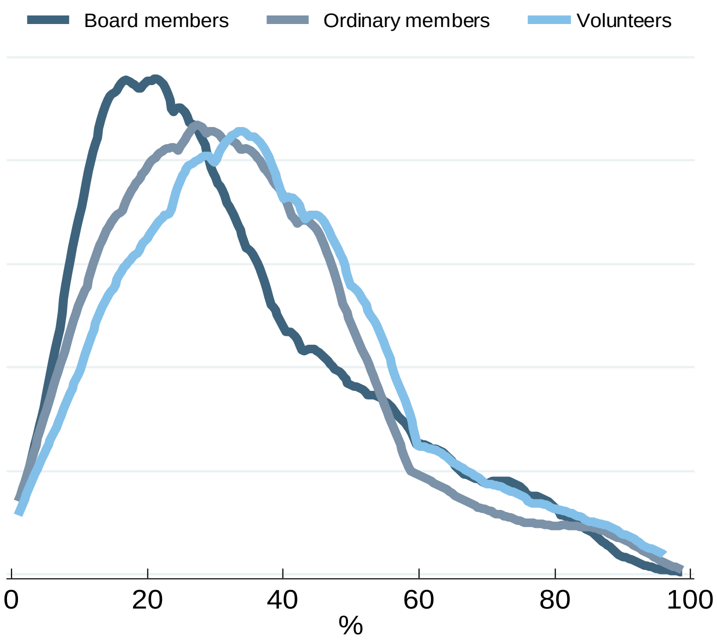
5.2 Women in Lebanese NGOs

Moghadam (2010) argues that Middle East labour markets remain prejudiced against women, especially married women. As a consequence, Clark and Michuki (2009) conjecture that NGOs are becoming increasingly important as employers of educated, professional middle class women. Gauri and Galef (2005) on the other hand observe that the staff of Bangladeshi NGOs are predominantly male. In Lebanon, 42% of NGOs have no women on their board, and about one quarter have neither women members nor women volunteers (27% and 24%, respectively). Nearly half (49%) have at least one women on the board and about

[45] Both variables are non-parametric, Spearman's ρ for rank correlation was used to assess and test correlation.

two-thirds have women members and volunteers (64% and 66% respectively). About one in ten NGOs are exclusively staffed by women at either the board level (9%), or without male members (9%) or volunteers (10%). If NGOs are composed of both men and women, women work as a minority among men. They constitute about a third of NGO personnel (see Figure IV.7), with on average 33% of board members being women (CI: 31-34), the average share of women members being 34% (CI: 33-35) and the average share of women volunteers 38% (CI:37-38). This implies that, if women outnumber men, it is likely that the entire organisation is constituted of women only.

Figure IV.7: The share and position of women in NGOs



Note: Density curves reflecting the share of women in mixed NGOs.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

Clark and Michuki (2009) state that in the Jordanian public sector, women work in lower echelons. The same applies to Lebanese NGOs. The share of women members and volunteers is significantly higher than the share of women on NGO boards ($p=0.045$ and $p<0.001$ respectively)[46]. Thus there are more women in lower ranks of NGOs than higher ranks, though absolute differences, even if significant, are not very large (see Figure IV.7). Once women are strongly represented in an NGO, they are so at all levels of the organisation. The shares of women on NGO boards, as members or as volunteers are significantly ($p<0.001$) and strongly positively correlated with each other, with correlation coefficients between 0.5 and 0.7[47].

In Jordan women NGO workers are concentrated in certain sectors, such as health and education (Clark and Michuki 2009), while Abdelrahman (2007) found that advocacy NGOs in Egypt are a ready employer of women. There is some evidence of the feminisation of certain NGO activities. The share of women on the board will be used as a proxy for women participation in NGOs in general. Correlation figures presented above justify this approach. Nearly half of all civic and advocacy NGOs have no male board members, echoing evidence from Egypt. Advocacy NGOs are the only sector where there are more

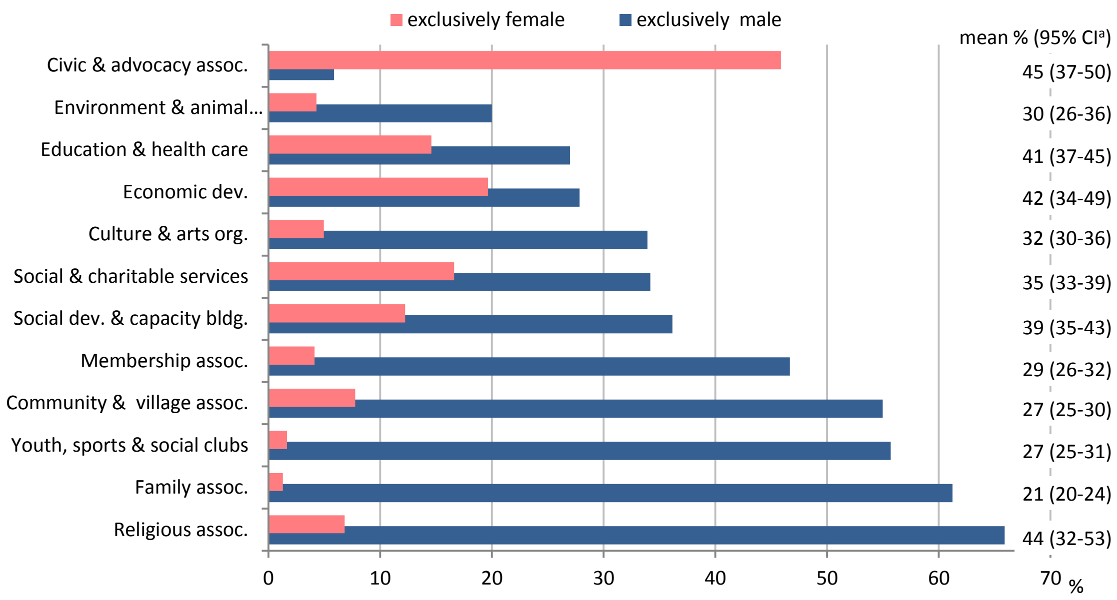
[46] Since all three variables are close to being parametric I used t-tests to compare means.

[47] Using parametric measures (Pearson's r) as well as non-parametric ones (Spearman's rank correlation ρ). Correlations were very similar across measures and all significant at $p<0.001$ for both parametric and non-parametric tests.

exclusively female than exclusively male organisations (see Figure IV.8). Nearly half or more of membership and community organisations and youth clubs have no women on their board. For family and religious associations, this approaches two thirds.

One in six social services supplying NGOs, such as schools, hospitals and charities, have no men on the board, this chimes with Clark and Michuki's (2009) argument. Interestingly however, a similar proportion of organisations involved in social (12%) and economic (20%) development are also composed exclusively of women. In fact, it is advocacy organisations that are most likely to have boards composed entirely of women.

Figure IV.8: Share of exclusively male/female NGO boards (share of women on mixed NGO boards)



Note: The bars reflect the share of NGOs that only employ women or only men. The right hand column of numbers is the average share of women board members in the NGO if it is mixed. For instance, 46% of advocacy NGOs have only women board members, while 6% of advocacy NGOs have only male board members. If an advocacy NGO is mixed, on average 45% of its staff or volunteers would be female.

[a] Bias adjusted confidence interval obtained through bootstrapping using 50 replications. Increasing the number of replications did not affect results.

Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

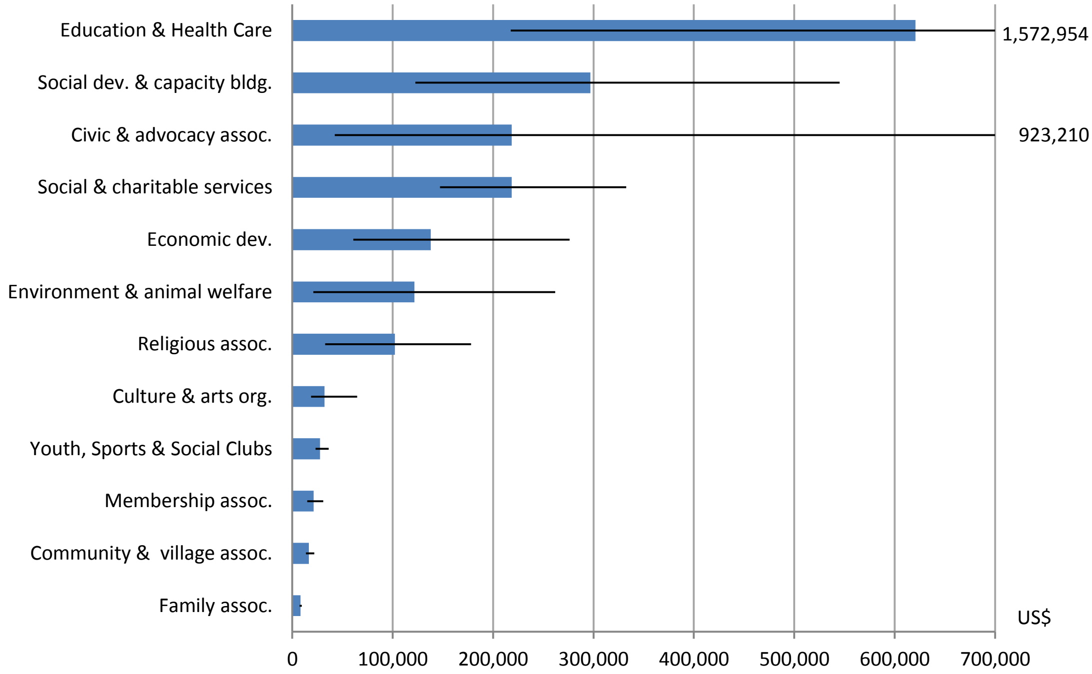
If they have men and women on their boards, advocacy organisations are also the ones closest to parity between the sexes, with on average 45% of the board being composed of women. It is noteworthy that on average, nearly half of the board of religious organisations is composed of women (44%). Social service and development NGOs have boards on which 35-42% are women. Family associations have the lowest share of women board members with about one fifth (21%). Community, youth and membership NGOs also have relatively few women their boards.

Thus, the Clark and Michuki's (2009) hypothesis that feminisation takes place in particular in social service providing NGOs does not apply to the Lebanese case. If anything, women are under-represented in Lebanese NGOs irrespective of activity. It is only advocacy NGOs that approach parity between men and women. This section confirmed Salamon and Anheier's (1992) conjecture that, in the Lebanese case, volunteers are an important resource for NGOs, in particular youth and family organisations. Still, a majority of NGOs employs paid staff. There are some indications that the staffing levels cited above are an underestimate since NGOs are reluctant to disclose staff numbers. Despite a legal obligation, very few NGOs pay social security contributions for their staff.

6 NGO revenue - between government and ODA

More than staffing levels, NGOs were reluctant to disclose income data. 50% of respondents chose not to declare their budget. Barr et al. (2005:664) faced similar problems in Uganda, where a third of their respondents were unwilling to provide financial accounts. They also note that of those who did, many were inconsistent. The authors conjecture that many Ugandan NGOs only keep approximate accounts. Similar cautions apply to the budget data presented below. This section also analyses in more detail two key sources of NGO funding in Lebanon, namely the government and overseas development aid (ODA)

Figure IV.9: Average NGO budget in US Dollars



Notes: Response rates were very low; the base of 1671 translates into an overall response rate of 50 per cent. Across NGO activities response rates varied between 39% (Religious Associations) and 61% (Youth, Sport & Social Clubs). Means exclude outliers and negative responses. Confidence intervals obtained by bootstrapping with 50 iterations. Bias-adjusted confidence intervals displayed.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion) .

6.1 NGO budgets

As was the case with staffing levels, there is a large amount of positive skew in the data for NGO budgets, since the size of NGOs surveyed varies considerably and average budgets are dominated by large NGOs. The 10% of NGOs (165 organisations) with the highest budgets account for 90% of the total sector budget, while the bottom 50% account for two percent.[48] This is comparable to the Ugandan case, where 30 NGOs, or 15% of valid responses, accounted for 90% of total sector budget (Barr et al. 2005:665). In

[48] This excludes two top outliers, one with a budget of $258 million and one with a budget of $68 million. All figures are from 2006 and have not been adjusted.

Lebanon, half of responding NGOs indicated annual budgets below $10,000. The median revenue for Ugandan NGOs in 2000/2001 was $ 22,000 (Barr et al. 2005:665). The average budget for Lebanese NGO respondents was $140,578[49]. The comparison with Uganda is instructive, if flawed, since many organisations with small budgets (such as Family Associations or Youth Clubs) were excluded from the Ugandan sample.

Older NGOs tend to have larger budgets. Founding year and budget are significantly, though weakly, negatively correlated ($\rho = -0.16$, $p<0.001$). There are marked differences in budget across activity fields. Membership and local grassroots-based organisations such as Family and Membership Associations, Community Organisations, Youth and Sports Clubs, and Arts and Culture Organisations have smaller average budgets of $32,000. Conversely, intermediary NGOs, such as those involved in education and health care, have budgets 20 times that value with $621,000, which is twice as much as charitable NGOs or advocacy and development NGOs. These have on average annual budgets of between $100,000 and $300,000 (see Figure IV.9). This pattern broadly reflects the staffing numbers discussed above.

Estimating the size of the NGO sector in terms of money disbursed is difficult. This difficulty stems from two main challenges. Firstly, while NGOs do submit income statements to the Ministry of Interior Affairs, these are often considered as an annual formality rather than an attempt to account for past activities (Abi Samra et al. 2009). The LCPS estimates the total budget of NGOs in the 1990s as between US$ 250 and 300 million (LCPS 1996:25). Extrapolating from survey data and assuming that half of all registered NGOs do not have a budget, which is to say are based solely on the in-kind and labour contributions of their members, a total sector budget of $420 million (CI: 280-565) is estimated, which is in line with estimates made by the LCPS, considering they were made in 1999 and the present ones date from early 2006.

About a third of the total sector budget (38%) is spent by education and health care organisations, which constitute 9% of the NGO population. A fifth (26%) is spent by social and charitable organisations, which constitute 18% of organisations, managing budgets of $218,000 per organisation, per year. Social development organisations, which constitute 7% of the NGO population, manage 15% of the sector's cumulative budget, and have average budgets exceeding those of charitable organisations at $297,000, though confident intervals are large, indicating a lot of variation within this group. Civic and advocacy NGOs spend 6% of cumulative non-profit budget and constitute 4% of the NGO population. They have on average same budget as charitable organisations. This is in contrast to Youth and Sports clubs which constitute 14% of organisations but only account for 3% of cumulative sector budget, or family associations constituting 12% of total organisations but managing 1% of total non-profit budgets. Thus numerous small grassroots or membership-based organisations with small budgets exist alongside fewer but in terms of budget much larger intermediary NGOs, providing services and working in development or advocacy.

6.2 NGO funding sources: the government and overseas development aid

As briefly alluded to in the section on NGO location (p. 71), the Lebanese government, in particular the Ministry of Social Affairs, subcontracts the provision of services to external providers, frequently NGOs. 20% of NGOs indicated that they received funds from the government and a third (32%) had some form of cooperation with the government. Cammett (2007) argues that since the government is a major indirect provider, as source of financing behind nominally private organisations, the distinction between state and

[49] This refers to strictly positive amounts only.

non-state actors in Lebanon is blurred. Within the 2006 budget proposal, the year applicable to the survey data, the Lebanese Ministry of Finance stated that the Ministry of Social Affairs spent $62 million, which is 97% of its budget, supporting 720 NGOs and welfare centres as well as on "contributions to social committees and UN projects" (see Table IV.4).

Table IV.4: Government contributions to NGOs

Responsible Government Agency	US$ million	% of government budget	recipient NGOs
Ministry of Social Affairs	62.33	97	233 contracts with NGOs,176 social welfare institutions, 65 special welfare institutions,146 social development centres &branches, typical centre for individuals with disabilities, contributions to social committees and UN projects
Ministry of Education& Higher Education	23.15	4.1	364 subsidized schools (affiliated to NGOs), 19 vocational training projects, Primary and Secondary Teachers Unions, Private Teachers Union, National Education Scout, National Education Counsellors
Ministry of Public Health	7.16	3.1	Young Men's Christian Association (YMCA),Red Cross, Caritas
Ministry of Youth & Sports	1.58	44.6	2 sports clubs,17 unions, 4 committees, 2 associations
Ministry of Information	0.66	4.9	
Ministry of Environment	0.53	27.3	7 protected areas, environmental associations
Ministry of Justice	0.46	1.4	1 Association for delinquent minors
Ministry of Tourism	0.45	5.8	7 Tourism Associations, 5 committees
Presidency of the Council of Ministers	0.43	0.2	Former Public Employees, Caritas, Pilgrimage Mission
Ministry of Labour	0.33	0.5	Labour Union
Ministry of Displaced	0.33	8.7	
Ministry of Industry	0.27	7.6	The Institute for Industrial Research
Ministry of Public Works and Transport	0.20	0.6	Technical School for Preparatory Training
Ministry of Culture	0.18	1.6	65 Cultural Associations, clubs, gatherings
Ministry of Foreign Affairs	0.03	0.04	Lebanese Ambassadors Forum
Total	**98.1**	**1.3**	

Source: Ministry of Finance (2006)

The Ministry of Education & Higher Education spent $23 million on subsidising 364 schools and 19 training projects. The Ministry of Public Health spent $7 million on support for the Young Men's Christian Association (YMCA), Red Cross and Caritas. This excludes additional subsidies to registered hospitals and dispensaries. In total $98 million was allocated to NGOs by Lebanese ministries, amounting to 1.3% of the government budget.

This is likely to be an underestimate, because research by Rieger (2003) lists NGOs not mentioned in Table IV.4. The government's contribution to private health care providers is more significant. Cammett and Issar (2010) state that the government is the major indirect provider of health care, as the key source of financing behind the mostly private health care organisations. Though coverage is minimal and of last resort, the Lebanese social security administration is the major funder of the healthcare system in Lebanon. Cammett and Issar (2010) add that the Ministry of Health, Ministry of Social Affairs, the army and cooperatives of employees are also important financiers of the system.

Conversely, a number of authors reviewed in chapter 2 argue that NGOs may replace government in terms of service provision (Deeb 2006, Farrington and Bebbington 1993, Gideon 1998, Hungerman 2005, Igoe and Kelsall 2005). Gruber and Hungerman (2007) argue that NGOs may take up social service provision in response to government budget cuts. Fruttero and Gauri (2005), however, find that projects of well known Bangladeshi NGOs were in the same locations as government projects. In Lebanon, subcontracting of social services to NGOs may lead to a similar overlap between government and NGO presence.

Table IV.5: Partial correlation between NGO location and public service provision (controlling for population)

Selected NGO Sectors	Overall public Spending US$ Millions (1996-2005)	Number of Public School students by *caza* (2001-2002)	Number of Public Schools by *caza* (2001-2002)	Number of hospital beds created (1996-2005)
Edu. Health Care & Research	**0.418***	-.270	-0.379	.291
	.04	*.19*	*.06*	*.16*
Soc. & Charitable Services	.347	-.277	-0.376	.251
	.09	*.18*	*.06*	*.23*
Soc. Dev. & Awareness Raising	0.363	-.122	-.121	0.376
	.07	*.56*	*.56*	*.06*
All sectors	0.347	-.288	-.316	**0.393***
	.09	*.16*	*.12*	*.05*

Note: The first line represents correlation coefficients, in italics below the two tailed significance levels.
Sources: Government expenditure, health care and education data from Chaoul (2007), population data from Etudes & Consultations Economiques and PADECO Co. Ltd. (2007) and NGO data from MoSA (2007).
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

There is a significant correlation between government spending per *caza*, and the number of NGOs located in it. However, this correlation becomes weaker or disappears when controlling for population. Table IV.5 analyses if NGO density per capita and government spending are correlated, that is to say take place in the same locations. While public spending per sub-region is positively correlated to NGO density the relationship is not always significant. If correlations between NGO location and government spending are significant, they are also positive. Thus government provision supports, rather than replaces NGO presence, an observation also made by Cammett and Issar (2010) with particular reference to health services in Lebanon.

The fact that many social services in Lebanon are provided by NGOs who act as subcontractors to the government implies that the relationship between government expenditure on the whole and NGO foundation is positive rather than negative. That is to say, NGO foundations increase as government expenditure increases. Indeed, Table IV.6 shows that the relationship between NGO registrations and the volume of government expenditure is positive and significant when controlling for ODA (r=0.41, p=0.04)[50]. Partial correlation was used to assess this relationship since the post-Civil War Lebanese government has relied extensively on foreign aid. In fact, ODA flows and Lebanese government spending are moderately correlated but the correlation is not statistically significant.

[50] Pearson's correlation was used despite the data being non-parametric. This is to assess shared variance. As above, Spearman's ρ for rank correlation yielded similar results and significance levels.

This positive relationship holds especially for NGOs engaged in social service delivery rather than advocacy. Indeed, correlations between NGO registrations and government expenditure, controlled for ODA, are positive and largely significant for social service and development organisations as well as environmental, advocacy and culture and arts organisations (see Table IV.6). The founding dates of charitable organisations are positively correlated to government expenditure (r=0.36) but just miss the 5% significance level. This is evidence against the argument that NGOs respond to shortcomings in government expenditure. These data support conjectures that increased government expenditure may lead to a proliferation of NGOs. Youth, Sports, Social & Recreational Clubs and Religious Associations in addition to Family Associations and Community and Village Associations were not significantly correlated to government expenditure. Thus, intermediary NGOs defending the interests of third parties are more likely to respond to increases in government expenditure than local or membership based ones.

Table IV.6: Correlation coefficients for ODA and government expenditure with NGO registrations

	ODA		**Government Expenditure**
	N=44 (1960-2004, excl. 1981)		df=25 (1972, 1974-76, 1980, 1982-2002)
Correlation Statistic	Pearson Correlation	Spearman's Rho	Partial Correlation controlled for ODA
NGO registrations	.389**	.413**	.406*
	.01	*.01*	*.04*
Edu. Health Care & Research	.476***	.589***	.504**
	.00	*.00*	*.01*
Soc. & Charitable Services	.395**	.450**	.366
	.01	*.00*	*.06*
Soc. Dev. & Awareness Raising	.327*	.387**	.440*
	.03	*.01*	*.02*
Econ. Dev. (finance, small business)	.285	.373**	.404*
	.06	*.01*	*.04*
Environ. & Animal Welfare	.408**	.600***	.490**
	.01	*.00*	*.01*
Civic & Advocacy Assoc	.432***	.542***	.508**
	.00	*.00*	*.01*
Culture & Arts Org.	.313*	.361*	.525**
	.04	*.02*	*.00*
Membership Assoc.	.375*	.476***	.401*
	.01	*.00*	*.04*
Community & Village Org.	.305*	.333*	.231
	.04	*.03*	*.25*
Family Assoc.	.312*	.404**	-.058
	.04	*.01*	*.77*
Youth, Sports, Social & Recreational Clubs	-.115	-.133	.165
	.46	*.39*	*.41*
Religious Assoc.	.070	.106	.123
	.65	*.49*	*.54*

Note: *** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05, p values are given in *italics* below the correlation statistic. The year 1981 is an outlier, see Figure IV.10.

Sources: NGO registrations: MoSA (2007), Overseas Development Assistance: OECD-DAC (2009c). ODA in current prices was deflated using OECD-DAC (2009b) deflators for the USA. Ideally, ODA flows from each donor should be deflated individually and added up. However, since the United States are Lebanon's largest donor and I am merely interested in variations of ODA deflating the totality of ODA by a deflator for US American ODA is sufficient. Lebanese government expenditure: data for 1972, 1974-1976 and 1991 from Helbling (1999), for 1980, 1982-1990 from Makdisi (2004) and for 1992-2008 from the Lebanese Ministry of Finance (2009). Government expenditure in current prices was deflated using consumer price indices from Gaspard (2004). Refer to p. 167 in the Appendix for a more in depth discussion of how the time series for government expenditure was constructed.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

6.3 NGOs and ODA

In addition to the government, overseas development aid is an important source of NGO finance. NGO literature (Tvedt 1998) debates whether NGOs are in fact a response to increased availability of overseas development aid rather than a response to need. There are several sources for ODA flows, though none are entirely reliable. The most frequently used sources are OECD statistics on overseas development aid as well as more recently the AidData database. These data have two shortcomings. Firstly, especially when going back beyond the 1990s, the data does not provide a very good indication of how much money is disbursed to NGOs. Secondly, and more importantly, OECD data is flawed with respect to bilateral and multilateral donors from the developing world, in this case Arab countries and affiliated agencies as well as Iran. Arab countries frequently make donations to each other outside official donor conferences.

AidData (2011) as well as OECD (2009c) data show that France, the United States and Italy are the largest bi-lateral donors for Lebanon, while the European Community and Arab multi-lateral agencies are the most important multi-lateral agencies. This data may underestimate contributions made by bi-lateral Arab countries. In 1977, the Council for Development and Reconstruction (CDR) replaced the Lebanese Ministry of Planning and became the main administrating institution of loans and grants to the Lebanese government. CDR data is useful to validate OECD and AidData resources.

As for multi-lateral donors their contribution to Lebanon listed by the CDR broadly match those of AidData. However, there is some divergence when it comes to bi-lateral donors. According to the CDR (2010; 2007; 2011; 2008; 2004), Saudi Arabia and Kuwait contribute between 8-11% of ODA annually. Data from the CDR fills a gap with regards to the importance of Arab donors, which may avoid international donor structures and not figure in AidData nor OECD databases. A notable absence from CDR data is the United States, which contribute only 2% of CDR-administered funds.

Some donors prefer to disburse funds directly to municipalities or NGOs, circumventing the state (Karam 2006:85). Eid-Sabbagh (2007) argues that donors are increasingly disillusioned with the working of the Lebanese political machine and seek to implement programmes directly or channel funds through alternative institutions, circumventing those of the state. Western donors prefer to work through pre-existing development programmes they run in Lebanon, while most Arab donors use local Lebanese partners (Hamieh and Mac Ginty 2008). For example, in 2006 a $243 million grant from the EU was disbursed over four years through the European Commission Cooperation Framework's Beirut office. Similarly the majority of US funds is directly managed by USAID and affiliated NGOs (Traboulsi 2000:28).

Examining various donors' contributions after the July 2006 bombings is indicative of their political interests within Lebanon and their trust in the government. While Kuwait and Qatar signed protocols with the government, Iran did not lodge funds with the government and worked directly with municipalities. Iran declared support without a ceiling and newspapers estimate the funding volume in excess of US$1billion (Hamieh and Mac Ginty 2008). Saudi Arabia routed most of its funds through the central government, directly through the Prime Minister's office (then Sanyioura, a Hariri ally).

Though AidData has more project-based details and would be a preferred data source, its time series are shorter than those of the OECD, and hence OECD data was used. Survey evidence from Lebanon supports the hypothesis that development aid flows and NGO foundation are related. The post-Civil War period, when the country was awash with foreign aid money, was also the most dynamic in terms of NGO foundations. Table IV.6 shows that ODA[51] flows are moderately correlated to NGO registrations ($\rho=0.41$, $p=0.01$)[52]. The degree of correlation between ODA and NGO registrations varies from activity to activity. The only two activity fields not significantly correlated to ODA are Youth, Sports, Social & Recreational Clubs, and Religious Associations. Religious associations are more likely to receive funds from private individuals rather than governments. In addition, OECD data used may underestimate contributions made by governments of Muslim countries. The responsiveness to ODA is particularly strong for Advocacy and Environmental NGOs as well as education and health care organisations, the founding dates of which moderately to strongly correlate with ODA. As discussed on p. 68 of this chapter, this may be in part explained by reconstruction funding as well as the US' agenda for democratisation of the Middle East, which increased funding for advocacy projects (Karam 2006, Rodenbeck 2007, Toukan 2010). In addition, through the Global Environmental Facility of 1994, funds for environmental projects became available (Kingston 2000).

Beyond correlation coefficients

Correlation coefficients are limited in scope and some of the above results are puzzling. In particular the fact that the founding of Family Associations is correlated to ODA flows but not government expenditure. Especially since their key target group is very exclusive, mainly restricted to family members, and their purpose is to support a specific family network. In addition, the next chapter will show that hardly any institutional donor makes contributions to these organisations. Only one Family Association indicated that it received funds from an international or Arab donor. It may be that the correlation between NGO registration and ODA is spurious and veils additional underlying factors, such as the general revival in associational life following the end of the Civil War; concomitant but not necessarily related to increased ODA flows.

A scatter plot of NGO registrations and ODA flows to Lebanon (see Figure IV.10) shows that observations are clustered into two groups: The first, in the bottom left of the figure, comprises years when up to 75 organisations registered and ODA reached up to around $200 million. This cluster chiefly contains observations from the pre-Civil War period (1960-1974)[53] as well as some observations from the mid- to late-1980s and one from 1991. The second cluster can be roughly delineated by the gridlines that indicate between 100 and 150 annual NGO registrations and annual ODA flows of between $200 million and $400 million. This cluster depicts observations for the post-Civil War years (after 1990). Connecting these two clusters does indeed indicate a positive correlation between ODA and NGO registrations. However, no correlation exists within these two clusters. Splitting the sample into pre-war (1960-1974) and post-war (1991-2004) period, the correlation between ODA and NGO registration is small, not significant and even negative.

Additionally, observations in the lower right of the figure do not seem to follow the correlation of high ODA and high NGO registrations. These observations signify combinations of high ODA, i.e. above US$200 million annually, and average or low NGO registrations, i.e. below 100 registrations. All, bar one of these observations are for Civil War years. Due to conflict, associational life is likely to have slowed and NGO registrations are unlikely to have been processed promptly by the government, Development aid to

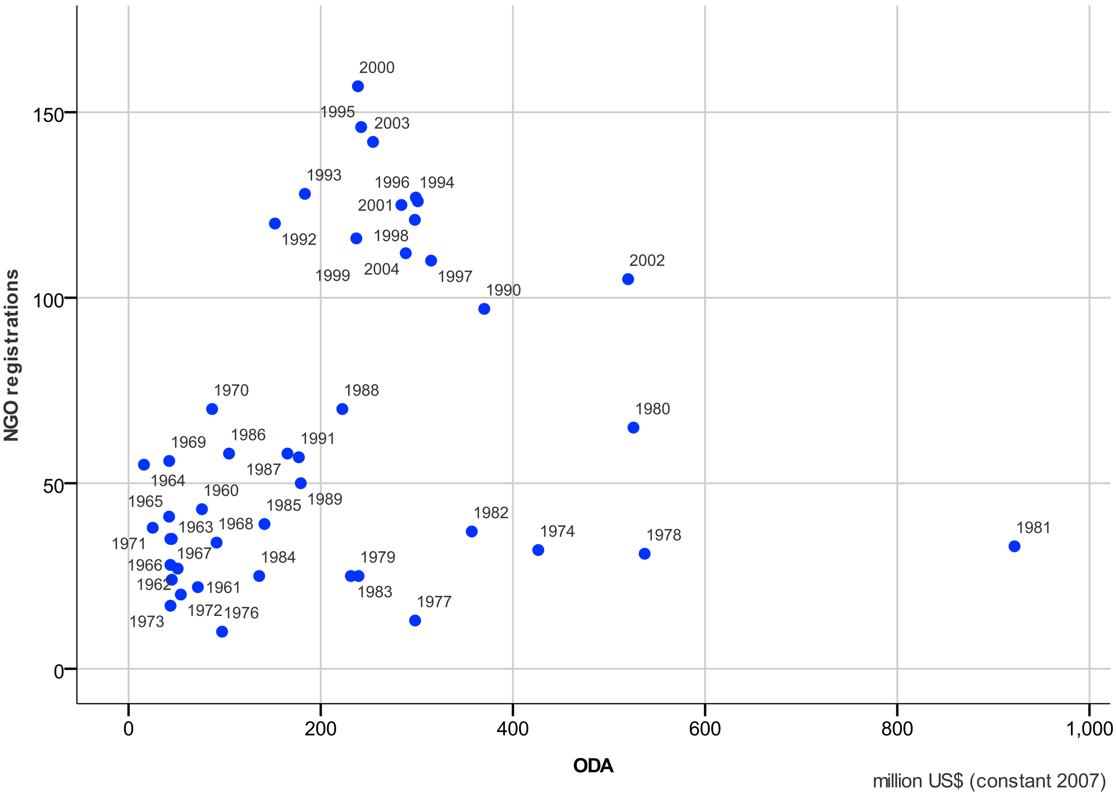
[51] As will be discussed below in more detail, ODA figures from the OECD tend to significantly underestimate funding from Arab states.

[52] Spearman's ρ for rank correlation was used since data are non-parametric. Pearson's gives similar results and significance levels.

[53] Observations for ODA are only available from 1960.

Lebanon has been high during or immediately after acute conflict that attracted international attention. The year 1981 is an outlier that falls in this group. While 33 NGOs registered in 1981, which is a similar number to adjacent years, Lebanon received US$922 million in ODA. This is more than five standard deviations above the mean and more than two standard deviations away from the observation's nearest neighbours, the years 1978 and 1980.

Figure IV.10: Scatter plot of NGO registrations and ODA



Sources: NGO data from survey carried out in 2006, analysed by author (see p. 42 for a discussion). Overseas Development Assistance: OECD-DAC (2009c). ODA in current prices was deflated using OECD-DAC (2009b) deflators for the USA.

General ODA disbursements[54] are often unreliable and delayed, and disbursement schedules depend on the budgetary requirements of donors more than recipients' needs (Bulíř̌a and Hamanna 2008). High ODA levels in 1978 are due to, official reconstruction efforts that had begun with support from the Arab summit in Cairo and in 1977. The CDR drew up a reconstruction plan in 1978, from which date onwards the CDR attempted to secure external loans and grants (Collelo 1989). The 1981 and 1980 and to a lesser extent 1982 increases in ODA to Lebanon are the actual disbursements of pledges made in 1979 in the framework of the Arab Summit in Tunis (Majdalani 1988:40). Less than a quarter of the amount pledged was received in practice (Makdisi 2004:66). Foreign aid declined after the withdrawal of the multi-national force in 1983; in particular US American aid was suspended following the Marines barracks bombing (Collelo 1989). Similar ODA spikes as in the 1980s were again seen in 2002. In 2002 the Paris II conference was held with

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[54] The OECD (OECD Development Assistance Committee 2009a), which collects the statistics I refer to define ODA as: "Grants or Loans to (...) developing countries which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element of at least 25 per cent]. In addition to financial flows, Technical Co-operation is included in aid. Grants, Loans and credits for military purposes are excluded. (...) Transfer payments to private individuals (e.g. pensions, reparations or insurance pay-outs) are in general not counted."

the main purpose to restructure Lebanese government debt. It also had development and financial aid components.[55]

It seems that the positive correlation between ODA and NGO registration may stem from connecting two different historical periods, or more visually, clusters: the low ODA, low NGO pre-war period with the very high NGO registration and comparatively higher ODA post-war period. Though ODA flows play a role in shaping the Lebanese NGO landscape, it is vital to consider the influence of domestic historical contexts in NGO registrations. High rates of NGO registrations in the post-war period may be a response to increased funding or a sign of reviving civic life after a period of conflict.

While ODA disbursed through the government may be used as budgetary support or potentially government support for affiliated NGOs, ODA allocated by donors directly, chiefly western funds, are an important source of revenue for Lebanese NGOs and may be a tool for Western donors to wield political influence.

7 Conclusion

This chapter sought to place Lebanese NGOs in their national as well as international context, by giving a historical overview over the role of the third sector in Lebanon and its importance in the country's labour market, as well as examining to what extent hypotheses made concerning NGOs in the literature apply to the Lebanese context.

The regulatory environment for NGOs in Lebanon is liberal, especially when compared to neighbouring Arab countries. Submissions of registration documents and annual reports are straightforward administrative requirements and often a mere formality. However, the Lebanese government discriminates among NGOs, with Palestinian and foreign NGOs subject to stricter oversight. This lax regulation, the outcome of a government unable to plan and execute comprehensive policy strategies, is probably an important factor contributing to the vibrancy, at least in terms of numbers, of the Lebanese NGO sector. NGOs are split almost equally, at least in terms of numbers, into on the one hand membership and grassroots organisations, namely social clubs (14%), family (12%), culture (11%) membership (10%), and community (7%) organisations; and on the other hand intermediary NGOs, namely social service providers, which make up one quarter of all NGOs, NGOs working in economic or social development (16%), and advocacy NGOs (7%). These categories are quite fluid; a number of surveyed NGOs indicated their organisations goals in vague terms and this may be evidence that mission drift is an issue among Lebanese NGOs.

The composition of the Lebanese NGO sector varied over time in response to changing circumstance. The number of NGOs operating in Lebanon has increased exponentially since at least the late 19th century, though there was a significant dip in registrations during the period of the Civil War. Charitable, family, religious as well as social and youth clubs are among the oldest NGOs, while development and advocacy organisations are significantly younger. Membership organisations, such as professional or alumni organisations are also quite recent, indicating at least a partial shift in social organisation from one based on

[55] A very similar follow up conference was held in 2007 (Paris III) a time period not covered by the survey data.

kinship (in family organisation) to one based on shared material experiences, such as education or profession. Four distinctive periods can be isolated. The first, during the early 20th century was a period marked by charitable and welfare organisations, often operating within religious communities. The second period, the pre-Civil War, was marked by a policy shift to modernisation policies of economic and regional development, this was concurrent to the heightened formation of political parties (not included in this survey) and social organisation expressed in the foundation of arts and culture associations as well as youth and social clubs. Policy focus on the underdeveloped periphery potentially played a role in the increased formation of village and community organisations. The formation of social service delivery NGOs declined, a trend that was reversed during the third period, the Civil War, which saw a shift of focus from development to emergency service provision. Service delivery NGOs were further institutionalised during the Civil War period, due to war pressures requiring service delivery without a state. Registrations of grassroots and membership associations declined. The post-war and fourth period, in the 1990s and early 2000s, saw the emergence of NGOs as international development actors on a global scale. Since the Civil War, in addition to domestic funding, international funding has become increasingly important. Lebanese NGOs increasingly respond to international trends in development discourse. The registration of development, but even more so advocacy organisations increased, as Lebanon became part of the drive for democracy in the Middle East and involved in environmental activism following the Rio conference. Lebanese NGOs are shaped by periods of war and peace and are involved in a political economy context of varying national and international funding priorities as well as political agendas.

Few Lebanese NGOs locate in remote areas; instead, they are concentrated in and around Beirut. NGOs also eschew poorer regions. As sub-contractors of public services, NGO location often mirrors the location of government spending, refuting the hypothesis that NGOs may be replacing the government as service providers. If anything, NGO provision tends to be reinforced by government spending, especially with regards to social services. There is little evidence in Lebanon that NGOs may have a grassroots information advantage that allows them to better identify the poorest of the poor. The NGO landscape in the South of Lebanon has seen a recent renaissance following the aid inflow after the July 2006 war, and as a consequence NGOs there have the youngest average age by registration year. NGOs are oldest in the North, a poor region which until recently was far from political interests, though with events in the Nahr el Bared refugee camp and continued clashes in the Bab el Tebbene neighbourhood in Tripoli as well as the recent Syrian refugee crisis, this may change.

As has been observed in other surveys, (Barr et al. 2005) many small NGOs, with few staff and small budgets, co-exist with a small number of large organisations. Only a quarter of NGO respondents had any paid staff and half of all respondents indicated annual budgets below $10,000, though budget and paid staff levels are likely to be understated. The average budget for NGOs is $140,000, size varies across activities, with social service providers having on average more staff and much larger budgets, while grassroots organisations have smaller budgets and fewer staff. Some organisations, such as those involved in advocacy or environmental protection have quite large budgets when compared to their comparatively few staff. Membership associations and social clubs have many staff but low budgets. Levels of volunteering are relatively higher among these organisations than intermediary NGOs. In total it is estimated that the non-profit sector in Lebanon has an annual budget of $421 million and employs about 5% of the economically active population. Two-thirds of proxy-respondent staff members are university or college graduates, and over 90% have attended secondary school. However, only a minority of Lebanese NGOs pay national social security contributions for their staff. The majority of NGO employees are male, senior positions in particular tend to be taken by men rather than women. It is noteworthy that nearly half of all advocacy NGOs are staffed solely by women. Conversely three-quarters of religious and family associations with staff, have only male employees.

Lebanese NGOs have international as well as national donors. NGO foundations respond to both government expenditure as well as international development aid. The government is an important contributor in particular to social service delivery NGOs. As for international aid, the foundation of religious associations and youth clubs is largely independent of international development finance while advocacy, environmental, education, and health care organisations respond more strongly to increases in international aid. Saudi Arabia, France and the United States are the largest bi-lateral donors to Lebanon, each with their own political interest. This is served by either supporting the government, as many Arab donors do; or channelling funds to sympathetic Lebanese organisations, as is the case of Iran; or donors can channel funds through local branches of their own organisations, which seems to be the preferred channel for western donors.

The next chapter will discuss these varying funding sources, and what kind of NGOs are the preferred recipients of what kind of funding sources.

V. Donor-NGO matching

Funding is a primordial consideration for many NGOs. This chapter will analyse what type of NGOs receive funding from what kind of donors. While the previous chapter addressed Proposition 1 of the first research question, by analysing how context shapes NGO operations, this chapter focuses on Proposition 2 of that question, namely how donors influence NGO characteristics. The previous chapter showed that historical events, for example, influence what types of NGOs are founded, such as social service providing NGOs during the Civil War. Similarly, legal context can stimulate or stifle the sector. The previous chapter already hinted at the importance of donors by highlighting that NGOs respond to the availability of funding, as demonstrated by the rise in advocacy NGOs linked to donors' democracy building agenda in the wider Middle East. NGOs in Lebanon have access to a variety of funding sources, from institutional donors such as international funding agencies or the government, to service or membership fees. International development aid to Lebanon as well as transfers by the Lebanese government to NGOs, were discussed at the national level in the previous chapter. This chapter analyses funding flows at the organisational level. Rather than answering questions related to how the NGO sector as a whole responds to increases or decreases in government funds or ODA, this chapter takes NGOs themselves as the unit of analysis.

This chapter hypothesises that each funding source shapes the structure of the organisation reliant on it. That is to say, NGOs relying mainly on funding from local government may have different institutional structures than NGOs receiving funding from international organisations. NGO structure here refers to NGO characteristics such as the organisation's activities, its age, location, institutional sophistication, share of women employees, or degree of worker protection.

First, the seven most important types of funding available to NGOs, will be described, namely

1. funding from local[56] or
2. national government,
3. service or
4. membership fees,
5. donations from private organisations, that is to say businesses, or individuals, and
6. international funding agencies or
7. the Lebanese non-profit sector.

Second the NGO characteristics that are assumed to be associated with certain funding sources are described, before analysing the results of multi-variate analysis, linking funding sources to NGO characteristics.

1 NGO funding sources

Funding shapes the governance and managerial structure of NGOs (Abi Samra et al. 2009). Though most NGOs receive funding from a variety of sources simultaneously, government funding, third sector grants, as well as private donations are more important for intermediary NGOs than for membership and grassroots organisations, with the latter more likely to fund itself through membership fees and volunteer labour contributions. Abi Samra et al. (2009) group funding sources available to NGOs into three categories: (1) "Easy money", which Abi Samra et al. describe as coming without accountability, and is chiefly comprised of donations made by private individuals, service and membership fees. (2) "Partisan money", which is granted to gain or cement the political allegiance of the NGO and compromise, where applicable, the NGOs' neutrality and independence. Political figures, parties and the Lebanese third sector or 'ruling class NGOs' are the main contributors. As discussed in the second chapter of this dissertation, government funds may occasionally also be partisan. And lastly, (3) "difficult money", requiring a project proposal and strict mechanisms of monitoring and reporting. It is focussed on mainstream NGOs that can abide by professional standards of program management and have a history of working with these donors. The main donors making these funds available are international development agencies.

The importance of funding sources and what percentage of the budget derives from each source cannot be ascertained from the survey data, merely what share of the NGO population as a whole makes use of what kind of funders. Most NGOs (94%) derive at least some of their revenue from membership and service fees. This confirms arguments made in the literature. Jawad (2009:107) argues that service fees constitute a substantial source of major faith-based social welfare providers' revenues. Ben Nefissa et al. (2005:9) concur that NGOs in the Middle East often raise funds by collecting payment for their services.

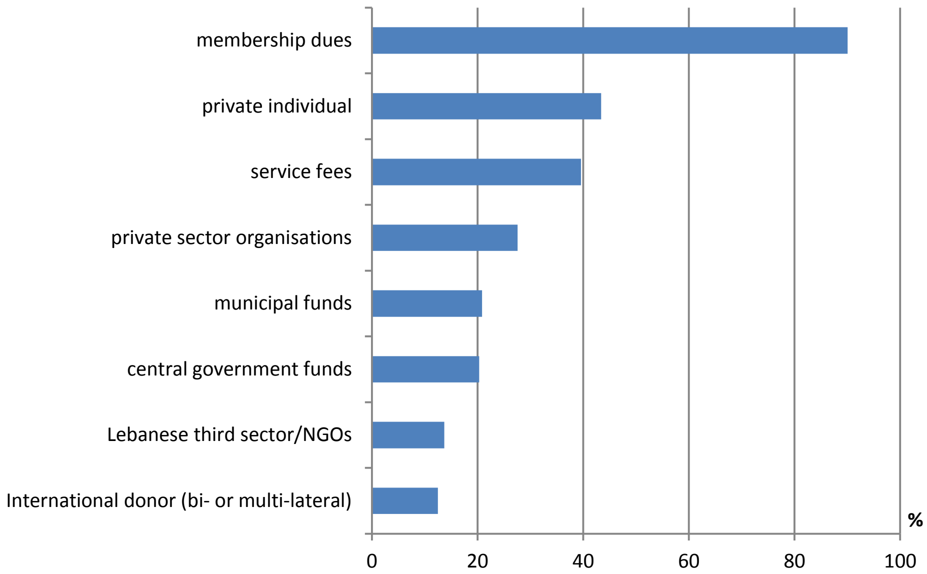
[56] Local government here refers to municipalities.

Examples in Lebanon include religiously run schools that charge fees, though quite low ones, or mobile clinics.

Figure V.1 shows that more than half (52%) of NGOs obtain funds from private individuals or organisations. Ben Nefissa et al (2005:9) point out that NGOs might have links to private businesses and engage in fundraising efforts such as donation boxes or fundraising events such as dinners or *iftars* A single Ramadan dinner hosted by Lebanese NGO *al-Mabarrat*, for instance, can raise as much as $2 million (Deeb 2006:89). Islamic NGOs receive religious donations, such as *khoms* and *zakat* (obligatory religious contribution, taken as a percentage from income.

One third (34%) of NGOs receive donations from central or local government sources. Abi Samra et al. (2009) report that interviewed NGOs which receive funds from the government, usually ran service centres on behalf of the government, echoing observations made in the previous chapter that NGOs in Lebanon work as subcontractors to the state for public services. As seen in the previous chapter, the Lebanese government is an important funding source for service delivery NGOs in particular. Only 14% of NGOs receive funds from the Lebanese third sector. 13% of NGOs receive funds from international donors. The previous chapter showed that NGO foundations increase in number with increased availability of overseas development aid.

Figure V.1: Sources of funding used by Lebanese NGOs



Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

These findings overlaps with observations made by Gauri and Galef (2005:2053) in Bangladesh, who found that the most common source of revenue for NGOs was from service and membership fees followed by local and central government contribution. Half of Bangladeshi NGOs surveyed had received a grant from bilateral, international or UN agencies, which is a higher share than found in the Lebanese NGO sector, even if one excludes activity fields not considered by Gauri and Galef (2005) (such as Youth, Membership, Family or Culture and Arts Associations). This may be explained by the authors' sampling methodology, which was limited to NGOs that had at some point considered applying for a grant with an international donor.

Table V.1: Revenue structure of 130 Lebanese NGOs

Funding Source	percentage of cumulative total
Government	8
Foreign	18
Service Fee	39
Local Donation	17
Other	13
Total	**100**

Source: Traboulsi (2000)

Since the NGO survey lacks information on the magnitude of each funding source, one can presume that their share of total income was approximately that found by Traboulsi (2000) in a 1999 study of 130 Lebanese NGOs (see Table V.1). Traboulsi found that membership and service fees are the largest source of NGO revenue, at 39%. The study also found that 17% from domestic donors, while 8% is given by the government and 13% from other sources (Traboulsi 2000:29). The proportion of revenue estimated by Traboulsi to come from overseas (18%) is less than that conjectured by Haddad (1995) who found that 70% ($165 million) of Lebanese NGO funding is local and 30% is foreign ($71 million).

2 NGO characteristics as predictors of funding source

2.1 NGO activities

Though service and membership fees are a source of revenue for nearly all Lebanese NGOs, funding structures differ across activities. Grassroots organisations such as culture and arts NGOs as well as youth and sports clubs, in addition to social development NGOs, follow the general funding structure outlined in Figure V.1. youth and sports clubs are, comparatively, the most likely of all types of NGOs to receive national (30%) and local (40%) government support. Conversely these NGOs are least likely to receive national (10%) or international (8%) third sector support. This is in contrast to environmental NGOs, the youngest category, which are more likely than other NGO types to receive funds from abroad (20%) or from national (28%) and local (29%) government. Few membership and family NGOs obtain funding from institutional donors. Not more than 9% receive government support, not more than 8% receive support from the local third sector and not more than 7% from international donors.

This echoes observations made in the previous chapter about the small budgets of these organisations and is likely tied to the organisational missions of lobbying and networking for the membership group's benefit. Non-institutional donors are slightly more important to membership and family associations, with about a quarter of this group raising funds via service fees and about a fifth raising funds from private donors and individuals. Donations from private individuals are particularly important for family associations (31%). However, their key source of funding remains membership dues.

Fees are also a critical income source for service provider such as schools and hospitals, as well as economic development NGOs, which include micro-finance associations and NGOs offering trainings for a participation fee or the use of facilities and equipment for rent. One third of economic development organisations receive funds from local government. As for schools and hospitals, the Lebanese third sector is an important source of financing, with more than a fifth of surveyed schools and hospitals receiving funding from that source.

Fewer religious associations receive government funds than other kinds of NGOs. Though religious organisations play an important role in politics and the private lives of Lebanese, this indicates that the majority are at least nominally financially independent from the government. Two-thirds of religious associations receive funds from private individuals, more than any other kind of NGO, while one-third of religious associations receive funds from private organisations. These figures are comparable to charitable organisations, of which more than half receive donations from private individuals and a third from private organisations. The Lebanese third sector is also an important donor to religious organisations; a quarter receive funds from it, more than any other kind of NGO.

In summary, religious, advocacy, and environmental NGOs are most likely to have foreign donors; religious NGOs are most likely to receive funds from the Lebanese third sector; and charitable, educational, health care, and religious NGOs are most likely to receive private donations. Schools, health care providers,, and economic development NGOs are most likely to receive service fees, while sports, social clubs, and service providing NGOs are most likely to receive local and national government funds (see Table VIII.7 in the Appendix for a detailed breakdown and significance of predictors).

2.2 Location

The funding structure of NGOs located in some regions differs from that of NGOs located in others. NGOs located in the Bekaa valley are more likely than other NGOs to receive government funds; one-quarter of Bekaa-based NGOs receive national government funds and 43% receive local government funds, more than twice as many as the national average. NGOs from Beirut and the Bekaa are the least likely to receive funds from service fees. NGOs located in Beirut are also the least likely to receive national (16%) or local, that is to say municipal, (6%) government funds. NGOs located in the North are less likely than average to receive funds from municipalities. Instead, NGOs located in the North (69%) are more likely to receive funds from private individuals than NGOs located elsewhere. The same holds for service fees, which nearly half of all NGOs located in the North receive (48%). A similar proportion of NGOs from Mount Lebanon also relies of service fees (46%). Private individuals (36%) and the Lebanese non-governmental sector (20%) are more likely to fund NGOs from Mount Lebanon than from any other region. NGOs from the North are the least likely to receive funds from private organisations. International donors prefer NGOs located in Beirut itself. NGOs from Nabatieh are the least likely to receive funds from both the Lebanese third sector (5%) and international donors (7%).

Thus international donors as well as the Lebanese third sector have a perceptible bias against NGOs located in the periphery, namely the North, the Bekaa, the South and Nabatieh. This also holds to a lesser extent for private organisations. Donations by private organisations mirror patterns of economic activity in Lebanon, with the centre around Beirut and Mount Lebanon being more active than the peripheral regions. The periphery vs. centre relationship is less clear for government funding. While there is a bias against NGOs from Beirut, NGOs located in Mount Lebanon are more likely to receive government funds than NGOs located elsewhere. Private donations and service fees are comparatively more prevalent in the North, a region comparatively neglected by government and international donors alike.

International donors, the Lebanese third sector, and private companies are more likely to give to NGOs operating on a larger geographic scale. The likelihood of an NGO receiving funding increases monotonically with the size of the area covered by its operations; NGOs operating within one municipality are the least likely to receive funding from these sources, while nationally operating NGOs are most likely to receive such funding. The relationship between geographic coverage and NGO funding from government sponsors or service fees or else private individual donors, is less strong and not monotonic. Predictably, municipal donors are significantly more likely to give to NGOs that operate on a municipal level than on a national or regional level. Private individuals are also more likely to donate to NGOs operating on a more regionalised scale, in this instance the *caza* level, rather than the national level (see Table VIII.8 in the Appendix for details).

2.3 Institutional sophistication, budget size and inter-agency cooperation

More institutionally sophisticated NGOs, that is to say those that have a bank account or commission external auditors, are more likely to receive funding from nearly all funding sources than unbanked or internally audited NGOs. Older NGOs are more likely to receive funding from all sources except international ones (see Table VIII.8 in the Appendix). NGOs with international donors are the most sophisticated in terms of having a bank account, using computers, hiring external auditors and hiring employees specifically to fundraising (see column percentages in Table VIII.9). This indicates that foreign donors are the most administratively demanding of all funding sources. NGOs receiving funds from municipalities tend to be the least sophisticated in terms of computerisation, banking, fundraising and reporting. Non-institutional donors give to NGOs with varying degrees of institutional sophistication, suggesting more nuanced donor preferences. Generally, non-institutional donors give to NGOs with less emphasis on fundraising staff and external auditing.

NGOs receiving funding from the Lebanese third sector as well as the national government rank second in terms of institutional sophistication. International donors, the Lebanese government as the Lebanese third sector are also the three institutional donors whose patronage has the greatest impact on NGO budgets (see Table VIII.9). NGOs with Lebanese third sector or foreign donors have, on average, budgets that are twice the size as those of NGOs without such donors. NGOs receiving service fees or government funds have an average budget four times the size of NGOs that do not. This may be linked to the fact that NGOs receiving service fees or government funds are often service providers (see Table VIII.7 in the Appendix). It also suggests the importance of service fees and government patronage to many NGOs. NGOs with private sector organisations as patrons have budgets that are 50% higher than those that do not, while having private individuals as donors increases budget size by about a third. Conversely, NGOs receiving municipal funds or membership fees have smaller budgets than NGOs without such donors. Sports and Social Clubs, as well as Arts and Culture Organisations frequently receive municipal funds and membership fees. As discussed in the previous chapter, these NGOs are often smaller than other types of NGOs such as schools or hospitals. This size differential for organisations relying on membership fees has also been noted in a qualitative study (Abi Samra et al. 2009).

NGOs that have more than one branch, or at least one paid employee or contribute to the national social security fund are more likely to receive financial contributions from all sources except municipalities and membership fees (Table VIII.11). NGOs with more than one branch are twice as likely to receive grants from international donors, roughly 50% more likely to receive support from the central government or the Lebanese third sector, about one-third more likely to receive service fees, and one-quarter more likely to receive funds from private individuals.

Similar observations can be made about NGOs with paid staff. Having paid staff doubles an organisation's likelihood to receive funds from international donors, increases an organisation's likelihood by 50% to receive funds from the Lebanese third sector and increases an organisation's likelihood by about a third receive funds from service fees and private contributions. Organisations with a larger staff are more likely to receive funds from these sources. This effect is particularly strong for organisation with funding from international donors, private organisations and service fees. Organisations that do receive funds from these sources have almost twice as many staff as organisations which do not. In addition, organisations with more staff members covered by social security are more likely to receive funds from private organisations, the Lebanese third sector and to lesser extent international donors. Organisations with at least some employees covered by the NSSF versus none at all, are particularly more likely to receive of contributions from the central government or international donors.

To briefly sum up NGO staffing conditions: Financial support from the central government, international donors or the Lebanese third sector is more likely to go to organisations which are larger, namely those that have more than one branch or paid staff, and of such NGOs which do have support from these sources, they also have a larger average number of employees and are more likely to pay NSSF contributions. Donations from private individuals and organisations, or funds from service fees, are also associated with larger NGOs, however their bias against smaller, less institutionalised NGOs is not quite as strong. Conversely, NGOs that rely chiefly on membership fees for their income are less likely to have paid staff. If such NGOs do have paid staff, they have much fewer, on average, than other organisations and their employees are less likely to be covered by national social security (NSSF) (see Table VIII.10 to Table VIII.12 in the Appendix for detailed listings). These results corroborate qualitative findings from Lebanon (Abi Samra et al. 2009) as well as quantitative results from Uganda, where NGOs that do receive grants from international donors tend to be older, have more staff and manage bigger budgets (Fafchamps & Owens, 2009). Siddique and Ahmad (2012) comment on the difference in size and organisational style between small and large NGOs in Pakistan. They found that small and regional NGOs, of which there are thousands, are much less likely to rent out expensive offices or lease costly SUVs. They also add that small NGOs are not under as much scrutiny. They add that job opportunities with large international NGOs are perceived as more desirable.

Data show that organisations that cooperate with the government, with local NGOs, or with international organisations are also more likely to receive government, private sector, Lebanese third sector or international funding.[57] NGOs cooperating with the government or other NGOs are approximately three times more likely to also receive funding from international sources. Similarly, NGOs cooperating with the government or contracting with international organisations are twice as likely to receive funds from the Lebanese third sector. NGOs that cooperate with either the government, other NGOs or have a contractual relationship with an international NGOs are about twice more likely to receive funds from private organisations than organisations which do not. NGOs with a contract with an international organisation or

[57] This in an implicit validation of the survey. The association between receiving government funding and cooperating with it is highly significant, indicating that the survey is internally consistent.

cooperating with another NGO are 50% more likely to receive government funding (see Table VIII.13 and Table VIII.12 in the Appendix for details).

2.4 Beneficiary committees and self-declared sectarian affiliation

While NGOs already connected to the government, international donors or international donors are more likely to be more successful at fundraising from a variety of sources, a reverse relationship is found with respect to beneficiary participation committees. NGOs receiving funding from any source analysed in this chapter are also significantly less likely to have beneficiary committees than those without these funding sources. For example, NGOs with beneficiary committees are half as likely to receive international donations as NGOs without these committees. Organisations relying on membership fees are an important exception, for them having a beneficiary committee increases the likelihood of receiving membership fees. This is an intuitive result since members are also likely beneficiaries of the organisation (see Table VIII.15 in the Appendix for details). These results indicate that institutional donors, such as the government or international donors, in Lebanon may prefer organisations with comparatively less participatory practices.

Another dimension of beneficiary-NGO relations is sectarianism, in particular in the Lebanese context. Sectarian affiliation of an NGO may increase or decrease the organisation's attractiveness to a donor. The Lebanese third sector is the only donor category significantly more likely to give to an NGO with sectarian affiliation as opposed to without. Two variables were constructed assessing which NGOs serve only Christians or Muslims (see Table VIII.16 in the Appendix). In the sample, 9% of NGOs serve only Muslims and 6% only Christians. Christians here include Maronites, Catholics, Orthodox and Armenians, while Muslims include Sunni, Shi'a, Druze and Kurds[58]. As with self-declared sectarian affiliation, here too the Lebanese third sector is more likely to fund NGOs which serve only Christians or only Muslims. Municipal funds are more likely to go to NGOs which serve Muslims only. NGOs serving only Christians are significantly more likely to collect service fees than other NGOs, while NGOs only serving Muslims are significantly less likely to collect service fees. This may be explained by Christians' comparatively higher socio-economic status, being more able to pay for services. These results indicate that sectarianism in donor behaviour is largely limited to private donors, with the notable exception of municipal funding. This does not imply that sectarian patronage at the central government level does not exist, but rather that it may be more complex than can be captured by a survey instrument..

All NGOs admit to running into difficulty when attempting to achieve their objectives; this should not be mistaken for incompetence. Self-reported difficulties demonstrate awareness by the NGOs of potential problems and difficulty. Being self-aware about problems increased the likelihood of receiving funding from all sources except for donations from private individuals (see Table VIII.14 in the Appendix).

In sum, uni-variate analysis of donors indicates that large institutional donors, such as the central government and international funding agencies, as well as to a lesser extent the Lebanese non-profit and private sectors, expect a higher degree of institutional sophistication, size and geographical scope from the NGOs they fund than local government donors or private individuals. In particular, membership fees are given irrespective of characteristics, such as size or reporting, that are important for institutional donors. The

[58] They are considered separately in the survey because, while Sunni, Kurds do not identify as Arab

next section will combine the predictors described in this section in a multi-variate analysis to investigate the relationship between funding sources and NGO characteristics in more detail.

3 Estimation of donor choice

This section examines NGO characteristics that jointly predict which donor contributes to what type of Lebanese NGOs. A logistic regression model is used to assess how NGO characteristics affect the probability of an NGO receiving funds or not from one of eight funding sources, namely (1) central government funds, (2) municipal funds, (3) donations from private sector organisations, (4) donations from private individuals, (5) funds from the Lebanese third sector, (6) international agencies, (7) service fees, or (8) membership fees. NGOs can appeal to several funding sources at the same time and these eight funding sources are not mutually exclusive. Hence the likelihood of an NGO receiving funds from each of these sources, given the NGOs characteristics, will be estimated separately.

3.1 The model

The outcome variable in all eight cases is binary, namely to receive funding from the donor in question or not. Y_i is the binary variable representing donor choice, which takes the value one ("1") if the NGO is receiving funds from the source under consideration and zero ("0") otherwise. The expected value of e of an NGO receiving funding from a donor is equal to the probability p_i. The actual probability of an NGO receiving funds from a certain donor is not observed, simply the actual outcome for each i^{th} NGO in the sample. The aggregated proportion of NGOs receiving funding from a specific source across the sample of NGOs is assumed to represent the actual likelihood across the Lebanese NGO population. The outcome is assumed to be conditional on explanatory variables, such as size, location or institutional sophistication; represented by the vector $\boldsymbol{x_i}$. This can formally be written as:

$$\mathrm{E}[\,Y_i\,|\boldsymbol{x_i}\,] = \;p_i \tag{1}$$

The probability of an NGO receiving funds from a specific source can be written as:

$$\Pr[\,Y_i = \mathrm{y_i}\,|\boldsymbol{x_i}\,] = \begin{cases} p_i & if\ y_i = 1 \\ 1 - p_i & if\ y_i = 0 \end{cases} \tag{2}$$

or in one line:

$$\Pr[\,Y_i = \mathrm{y_i}\,|\boldsymbol{x_i}\,] = p_i^{y_i}(1 - p_i)^{(1-y_i)} \tag{3}$$

Hosmer, Lemeshow, & Sturdivant (2013:6) point out that logistic regressions are frequently used to estimate dichotomous outcomes since the model coefficients, represented by vector $\boldsymbol{\beta}$, give meaningful estimates, namely odds ratios, of the effect a specific predictor has on the outcome probability. The exposition below follows their methodology. So as to be able to estimate the probability of an NGO receiving funds using linear predictors, the following model specification is used:

$$\mathrm{E}[\,Y_i\,|\boldsymbol{x_i}\,] = p_i \;=\; \frac{e^{(\boldsymbol{\beta}\cdot \boldsymbol{x_i})}}{1+e^{(\boldsymbol{\beta}\cdot \boldsymbol{x_i})}} \tag{4}$$

This is transformed using the logistic transformation, which involves taking the natural log of an odds ratio.

$$\operatorname{logit}\,(\mathrm{E}[\,Y_i\,|\boldsymbol{x_i}\,]) = \;ln\left(\frac{p_i}{1-p_i}\right) \tag{5}$$

which simplifies to:

$$\operatorname{logit}\,(\mathrm{E}[\,Y_i\,|\boldsymbol{x_i}\,]) = \boldsymbol{\beta}\,\cdot\,\boldsymbol{x_i} \tag{6}$$

This transformation allows specifying the probability of an NGO receiving funds from a specified source as a linear combination of NGO characteristics. The aim is to estimate the vector of coefficients $\boldsymbol{\beta}$ in equation (4). This is done using the maximum likelihood approach, based on a maximum likelihood function. The underlying likelihood function is the product of the probability mass function (3) across observations. Due to mathematical convenience, it is the log of the likelihood function which is maximised subject to $\boldsymbol{\beta}$. The vector of estimators obtained by maximising the log likelihood function denotes the maximum likelihood estimator $\boldsymbol{\beta'}$, which will be the estimator interpreted below.

3.2 Fitting the model

The econometric methodology applied here merely evaluates correlations, not causation, hence if an NGO chooses a donor or vice versa is a matter of theoretical framework. In the present context it may be more apt to speak of donor-NGO matching. Donor characteristics are not considered in the following estimations and form an important omission, since they are likely to be a major factor in convincing an NGO to apply for funding with a certain organisation or not. However, data on donors is not included in the present dataset.

A number of hypotheses with regards to implicit donor and NGO preferences have been elaborated in the previous section, and are re-stated below.

1. Large institutional donors seem to prefer large, more institutionally sophisticated NGOs that are not participatory
2. Membership fees and local government funds are preferred sources of finance for less institutionally sophisticated NGOs that are more participatory

The survey data previously described will be used to analyse the model. The empirical model to be estimated is defined overleaf:

$$FUND_i^j = \alpha + \beta_1 ACT_i + \beta_2 AGE_i + \beta_3 LOC_i + \beta_4 SECT_i + \beta_5 GVTcoop_i + \beta_6 NGOcoop_i + \beta_7 NGOcontract_i + \beta_8 INST_i + \beta_9 BENIF_i + \beta_{10} STAFF_i + \beta_{11} STAFFNO_i + \beta_{12} PB_i + \beta_{13} NSSF_i + u_i \ ,$$

where *FUND* is the binary funding source dependent variable after the logit transformation and *j* refers to either of eight funding sources, namely:

central government funds,
municipal funds,
donations from private sector organisations,
donations from private individuals,
funds from the Lebanese third sector,
international agencies,
service fees, or
membership fees.

As for the covariates*, ACT* is a five-level multinomial variable denoting NGO activity. The first, default, level are social service-providing NGOs, which include schools, hospitals, and charitable organisations. Religious associations are included in this group because many of them provide charitable services. Social service NGOs are compared to advocacy NGOs, the second level, which also includes environmental NGOs. The third level contains economic and social development NGOs; the fourth level is composed of grassroots NGOs, which include youth and social clubs, arts and culture organisations, and community or village associations. The fifth level is composed of membership and family NGOs.

AGE is the age of NGOs in 2007 transformed by the natural logarithmic function to correct for skew. *LOC* is a multinomial variable referring to an NGOs' location in one of the five governorates (*muhafazat). SECT* is a dummy variable that is equal to one if the NGO declared that it had a sectarian affiliation. *GVTcoop, NGOcoop,* and *NGOcontract* are three dummy variables equal to one if the organisation cooperates with the government, other NGOs, or has a contractual relationship with another NGO, respectively. *INST* is an index for institutional sophistication. The index is based on whether the organisation has a bank account, an employee dedicated specifically to fundraising, hires an external auditing firm, or uses computers. Rather than taking the uni-weighted sum of these four variables, which would imply that having a bank account has equal significance for the institutional sophistication of an organisation as hiring an external auditing firm, each element was weighted using their factor loading based on principal component analysis, following procedures proposed by Filmer and Pritchett (1999). Since the variables under consideration are dummies, tetrachoric correlation matrices were used a basis for the principal component analysis (Kolenikov & Angeles, 2009).[59] High values of *INST* indicate more institutional sophistication.

BENIF and *STAFF* are dummy variables that are equal to one if the organisation has a beneficiary participation committees or paid staff, respectively. *STAFFNO* refers to the number of paid staff employed in the NGO. To correct for skew it has been transformed using the natural logarithmic function, and to avoid undefined values, 1 was added to the variable prior to the transformation if the organisation does not have paid staff. The actual transformation reads: *STAFFNO=ln(number of paid staff +1)* (Bartlett, 1947; Osborne, 2002). The interpretation of the coefficients attached to the two variables *STAFF* and *STAFFNO* differ. Coefficient β_{11} is an indicator of how donor choice responds to increases in staff, given that an organisation already has paid staff, while β_{10} refers to the two cases of an organisation having paid staff at all or not.

59 The single factor kept explains 63% of variation and the Kaiser-Meyer-Olkin measure of sampling adequacy is 0.73, which according to Kaiser (1974) is middling.

NSSF is an ordinal variable in four levels. If *NSSF* equals one, all employees of the organisation benefit from national social security; if NSSF equals four, none does. *NSSF* is treated as a continuous variable in the model. *PB* is a dummy variable that is equal to one if the organisation declared having difficulty in carrying out its mission. Tables of uni-variate analyses for each predictor can be found in the Appendix (see Figure VIII.3 in the Appendix)

3.3 Sample size and internal validity

The number of effective predictors is quite large, with 22 covariates, including all levels of multinomial variables. A number of predictors have a substantial proportion of missing values (see Tables VIII.8.-VIII.15. in the Appendix for a list of valid observations per predictor). Since missing values are excluded list-wise, this reduces the valid sample size to between 2104 and 2214 observations, depending on the funding source. Too many co-variates for a limited number of observations may lead to over-fitting of the models, making results applicable only to the present special case but not to other; similar samples (Cibulka & Harrell, 2010; Harrell, 2001). Peduzzi et al. (1996) suggest that the minimum sample size should be at least ten times larger than the ratio of the number of covariates divided by the smallest outcome proportion of the dependent variable. In the present case eight independent variables are examined, namely the eight different funding sources. Alternative to Peduzzi et al. (1996), Tabachnick and Fidell (2006) recommend that the lower number of observations in the outcome variable should be more than fifteen or twenty times larger than the number of covariates present in the model.

Table V.2: Minimum required sample size

Outcome variable	smaller outcome[a]	number of co-variates	proportion	Peduzzi et al. (1996)		Tabachnick and Fidell (2006)	
				minimum N	actual N of total sample	minimum N	actual N in outcome
central government funds	positive	22	21%	1025	<2106	330-440	<452
municipal funds	positive	22	21%	1041	<2105	330-440	<445
service fees	positive	22	42%	519	<2106	330-440	<892
individual private donors	positive	22	43%	513	<2105	330-440	<902
private sector organisations	positive	22	27%	819	<2214	330-440	<595
Lebanese third sector	positive	22	14%	1613	<2104	**330-440**	**>287**
International donor	positive	22	12%	1781	<2105	**330-440**	**>260**
membership fees	negative	22	10%	**2200**	**>2111**	**330-440**	**>211**

[a] Refers to the outcome variable occurring or not.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

Table V.2 shows that following Peduzzi et al. (1996) the minimum recommended sample size is given for all funding sources, except for membership fees. According to Tabachnick and Fidell (2006) there is a risk in over-fitting the model for donor choice of the Lebanese third sector, international donors and membership fees. Harrel (2012) suggests that this is less of an issue if the main purpose of the model is not to report on its predictive accuracy but rather to assess the partial tests statistics of a set of pre-selected predictors. Indeed, in the present case the concern is less with predicting donor and NGO preferences than analysing what motivates different choices, which is to say the sign and significance of the models' coefficients are of interest when applied to different funding sources than with the predictive power of the models themselves.

In the absence of a second dataset for external validation of the model, Harrel (2012) suggests carrying out an internal validation of the models at risk of over-fitting, to verify the robustness of obtained results. In the present case bootstrapping is used for internal validation; it is a re-sampling method repeating the regression analysis for a number of samples drawn from the original number of observations. 500 repeated samples were used.[60] Results of the models estimated by bootstrapping show that measures of fit are virtually identical to those obtained through the standard estimation methods. Confidence intervals are marginally larger. Three odd ratios change significance after bootstrapping. Two become significant and one loses significance. One of these occurred in a model at risk of over-fitting as outlined by Tabachnick and Fidell (2006), namely the model examining NGO characteristics associated with funding from international donors. Two odds ratios changed significance in models with nominally enough observations according to both Peduzzi et al. (1996) and Tabachnick and Fidell (2006), namely the models examining central government funds and funds from private sector organisations (see Table V.3, odds ratios with superscripts a and b). The specific odds ratios are discussed in more detail in the results section. In all three cases, odds ratios' p-values hover just around the 5% significance level. The maximum variation in p-values before and after bootstrapping is less than a hundredth of a percent (0.01%). These results indicate good internal validity of the eight models.

3.4 Results

Table V.3 presents the model's estimation results. Since the same predictors are used to fit eight different choice models, the pre-defined set of predictors explains some of the eight choices available better than others. The varying degrees of fit are described in more detail in the following section, after an analysis of the results. Among the funding sources analysed are five institutional donors: (1) organisations from the Lebanese third sector, (2) international donors, (3) central and (4) municipal government sources, and (5) private sector organisations. In addition, three individual-based funding sources are analysed: contributions from (1) private individuals, (2) service fees, and (3) membership fees.

NGO characteristics associated with increased likelihood of funding across donor types

Though varying NGO characteristics are associated with different types of donors, a number of them are common predictors of funding across donor types. In particular in terms of activity, contributions from all five institutional donors as well as from private individuals or service fees are significantly less likely to go to membership NGOs, than to NGOs pursuing other activities. In addition, linkages or networks in the form of cooperation with the government or other NGOs, is an important predictor of nearly all funding sources, especially from institutional donors. An NGO with at least two of either (1) government cooperation, (2) NGO cooperation, or (3) a contract with another NGO, is significantly more likely to receive

[60] In the case of membership fees a number of parameters could not be estimated for 54 out of the 500 bootstrap replicates. Hence the revised estimators and confidence intervals are based on 446 repeated samples.

funds from an institutional donor, such as the Lebanese third sector, an international agency, local or central government, or a private sector organisation. This indicates that there are strong network effects among Lebanese NGOs and that NGOs well connected in government are more likely to receive third or private sector funding and vice versa. Fafchamps and Owens (2009) find similar results with respect to Ugandan NGOs, where success in attracting grants, from international donors in particular, depends mostly on network effects, defined as the NGO being part of an umbrella organisation, having a contractual relationship or affiliation with an international NGO, or a manager simultaneously working in another NGO. Note that the high odds ratios demonstrating that having a contract with an NGO increases the likelihood of receiving international funding ten-fold (OR 10.01, CI: 7.1-14.14), and the odds ratio showing that cooperating with the government increases the likelihood of funding from the government fourteen-fold (OR 14.34, CI: 10.32-19.9), are internal validations of the study. They indicate consistency between questions asking about inter-agency cooperation and funding sources.

Awareness of problems in implementing NGO activities increased the likelihood of receiving funding from all sources, however the odds ratio coefficient does not reach statistical significance for funds from international donors, the central government or private individuals.

Table V.3: Regression results (Odds ratios with confidence intervals in parenthesis)

		Lebanese third sector	Intl. donors	government funds	municipal funds	private sector org.	private individuals	service fees	membership fees
ACTIVITY	Social services	*default*	*default*	*default*	*default*	*default*	*default*	*default*	*default*
	Advocacy	1.03 (0.60-1.76)	1.77 [a] (1.00-3.15)	1.15 (0.67-2.00)	0.90 (0.51-1.58)	0.81 (0.52-1.28)	0.68 (0.44-1.04)	0.76 (0.50-1.16)	1.06 (0.59-1.89)
	Development	0.73 (0.45-1.19)	0.97 (0.57-1.67)	1.11 (0.71-1.72)	1.18 (0.76-1.85)	0.86 (0.59-1.24)	0.91 (0.65-1.28)	1.06 (0.76-1.48)	1.31 (0.80-2.16)
	Grass-roots	0.77 (0.54-1.09)	0.91 (0.60-1.38)	1.38 [a] (1.00-1.92)	2.12*** (1.55-2.88)	0.85 (0.65-1.11)	0.88 (0.69-1.13)	1.01 (0.79-1.30)	2.94*** (1.90-4.56)
	Member-ship	0.36*** (0.22-0.58)	0.36** (0.19-0.65)	0.33*** (0.20-0.55)	0.49** (0.32-0.75)	0.78 (0.57-1.06)	0.43*** (0.32-0.57)	0.69** (0.52-0.91)	3.76*** (2.17-6.51)
LOCATION	Beirut	*default*	*default*	*default*	*default*	*default*	*default*	*default*	*default*
	Mount Lebanon	1.62** (1.13-2.33)	0.52** (0.34-0.77)	1.78** (1.20-2.65)	5.15*** (3.25-8.15)	1.94*** (1.45-2.60)	1.09 (0.83-1.43)	1.84*** (1.39-2.42)	0.64* (0.42-0.97)
	North	0.45** (0.25-0.81)	0.62 (0.36-1.07)	4.84*** (2.91-8.05)	0.76 (0.40-1.45)	0.67* [b] (0.45-1.00)	3.10*** (2.20-4.36)	2.21*** (1.57-3.10)	1.26 (0.70-2.24)
	Bekaa	0.79 (0.48-1.31)	0.42** (0.22-0.77)	2.38*** (1.47-3.86)	10.50*** (6.31-17.48)	0.93 (0.63-1.37)	0.75 (0.53-1.07)	0.86 (0.60-1.23)	1.22 (0.67-2.21)
	South	0.40** (0.20-0.79)	0.22*** (0.10-0.48)	0.75 (0.42-1.36)	3.18*** (1.78-5.70)	1.22 (0.80-1.89)	0.40*** (0.26-0.62)	1.29 (0.86-1.94)	1.26 (0.63-2.55)
	Nabatieh	0.30** (0.12-0.75)	0.61 (0.28-1.33)	1.04 (0.54-2.01)	3.90*** (2.09-7.27)	0.77 (0.45-1.32)	0.61* (0.38-1.00)	1.30 (0.83-2.05)	6.01* (1.38-26.1)
AGE		1.10 (0.96-1.27)	0.90 (0.77-1.06)	1.30*** (1.13-1.50)	1.33*** (1.17-1.52)	1.00 (0.90-1.11)	1.08 (0.98-1.20)	1.15** (1.04-1.26)	1.08 (0.93-1.27)
INST		1.06 (0.94-1.21)	1.33*** (1.16-1.53)	1.26*** (1.13-1.41)	1.00 (0.89-1.13)	1.10* (1.00-1.21)	0.95 (0.87-1.03)	1.25*** (1.14-1.36)	1.02 (0.88-1.17)
GVTcoop		1.90*** (1.41-2.56)	1.90*** (1.33-2.70)	14.34*** (10.32-19.9)	2.0.3*** (1.56-2.65)	1.33** (1.05-1.67)	0.92 (0.73-1.15)	1.02 (0.82-1.27)	0.46*** (0.33-0.66)
NGOcoop		1.76*** (1.30-2.39)	1.07 (0.75-1.54)	1.17 (0.88-1.55)	1.76*** (1.35-2.28)	1.57*** (1.26-1.96)	1.20 (0.98-1.48)	1.06 (0.87-1.29)	1.00 (0.71-1.42)
NGOcontract		1.45* (1.03-2.06)	10.01*** (7.1-14.14)	1.43* [b] (1.00-2.02)	0.85 (0.59-1.21)	1.42* (1.07-1.88)	0.93 (0.70-1.24)	0.64** (0.48-0.86)	0.45*** (0.31-0.67)
SECT		1.42* (1.01-2.00)	1.27 (0.84-1.93)	0.89 (0.63-1.25)	1.13 (0.84-1.53)	1.05 (0.81-1.36)	1.04 (0.82-1.32)	0.92 (0.73-1.16)	0.53** (0.37-0.76)
BENIF		1.33 (0.98-1.80)	1.08 (0.77-1.52)	1.38* (1.05-1.81)	0.82 (0.62-1.07)	0.56*** (0.45-0.70)	0.59*** (0.48-0.73)	0.64*** (0.52-0.79)	1.03 (0.73-1.44)
PB		1.54* (1.03-2.32)	1.25 (0.81-1.92)	1.04 (0.74-1.46)	1.49* (1.06-2.09)	1.37* (1.04-1.80)	1.15 (0.90-1.47)	1.64*** (1.29-2.09)	2.25*** (1.55-3.27)
STAFF		1.23 (0.70-2.16)	1.30 (0.70-2.41)	1.42 (0.85-2.38)	1.02 (0.60-1.75)	0.81 (0.52-1.27)	0.96 (0.63-1.48)	0.56** (0.36-0.86)	0.80 (0.44-1.46)
STAFFNO		0.99 (0.82-1.21)	1.07 (0.87-1.32)	0.97 (0.81-1.17)	1.14 (0.94-1.37)	1.06 (0.91-1.24)	1.16 (0.99-1.36)	1.31*** (1.12-1.54)	0.89 (0.73-1.08)
NSSF		0.82** (0.71-0.94)	1.00 (0.85-1.17)	0.89 (0.77-1.02)	1.18* (1.02-1.37)	0.88* (0.78-0.98)	0.91 (0.80-1.01)	0.99 (0.89-1.11)	1.16 (1.00-1.36)
Constant		0.08*** (0.03-0.19)	0.08*** (0.03-0.22)	0.02*** (0.01-0.04)	0.01*** (0.00-0.02)	0.41** (0.21-0.78)	1.09 (0.59-2.01)	0.35*** (0.19-0.65)	3.24* (1.3-8.13)
N		2104	2105	2106	2105	2214	2105	2106	2111

Significant coefficients are in bold: * p<0.05; ** p<0.01; *** p<0.001

[a] becomes significant (p<0.05) after bootstrap, [b] loses significance after bootstrap (p>0.05)

Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

NGO characteristics associated with funding from institutional donors

Despite these commonalities there are a number of NGO characteristics that are associated with the receipt of funds from specific donors. For instance, the receipt of funds from the Lebanese third sector is about two thirds more likely (OR 1.62, CI 1.13-2.33) for NGOs located in Mount Lebanon, the Beirut suburbs, than Beirut itself. NGOs located in the North, South and Nabatieh, are significantly less likely to receive Lebanese third sector funds than organisations located in Beirut. Hence, there is a significant bias towards the centre, interestingly though the Beiruti suburbs are preferred to location in Beirut itself. NGOs with a self-declared sectarian affiliation are also more likely to receive funds from the Lebanese third sector than NGOs that did not declare such affiliation (OR 1.42, CI: 10.1-2.00). This may be explained by the fact that, in terms of financial prowess, the Lebanese third sector is dominated by what Zurayk (2011: 178) calls 'ruling class NGOs', organisations such as the Fares, Hariri, Moawad, and Safadi Foundations. These are comparable to what Clark and Michuki (2009) call 'Royal NGOs' in Jordan. While they are non-governmental, they are closely allied to the ruling elite and wealthy politicians. Since politics in Lebanon often takes place along sectarian lines, Lebanese ruling class NGOs may preferably give to NGOs with sectarian affiliation in order to strengthen the donors' role within his community. In terms of funding volume, the activities of these politically affiliated NGOs are likely to surpass those of any international or non-partisan NGOs (Abi Samra et al. 2009).

Quilty (2006) states that during the post-2006 reconstruction effort many parties worked through their politically affiliated NGOs in order to reach their clients. They worked in parallel to each other, according to Quilty, competing for access to international relief coming into Lebanon via the Higher Relief Commission (HRC). Hizbullah relied on its own resources, cooperated little with the government and received little aid. On the other hand, the Future movement, though very wealthy, has excellent access to government and was competing for international funds. Throughout the distribution process, NGOs accused the HRC of a lack of transparency and accountability, arguing that aid was apportioned according to political divisions. Organisations not representing politically important constituents received less than the Amal or Future Movements. Occasionally, politically affiliated NGOs would re-label UN or HRC logos with own party emblems (Quilty 2006). Similarly, Makhoul and Harrison (2002:619-620) add that some NGOs serve particular confessional groups and have for their main objective gaining popularity and electoral advantage for their patron. Fawaz (2005:245) adds that with respect to Hizbullah-affiliated NGOs, potential recipients who are not potential clients are not targeted, and applicants for services are asked about their Islamic beliefs and practices. Fattouh and Kolb (2006) state that this applies to NGOs in general and that they are more often than not intent on serving the clients of their patrons, be they in the business sector, traditional political families or political parties.

NGOs with staff members enrolled in the National Social Security Fund are less likely to receive funds from the Lebanese third sector (OR 0.82, CI: 0.71-0.94). An organisation's age, institutional sophistication, staffing levels or whether it does have beneficiary committees are not significant predictors of Lebanese third sector funding.

A slightly different set of predictors are associated with an organisation receiving funds from international donor agencies. In particular, they are more likely to make contributions to advocacy NGOs, than any other type of organisation (OR 1.77, CI: 1.00-3.15). Note that the odds ratio for advocacy organisations in the model becomes after bootstrapping only, but fails the significance test with p=0.051 before. The drive for democratisation of the Middle East as well as funding available for environmental projects following the Rio Conference, both reviewed previously, may explain foreign donors' interest in advocacy in Lebanon. NGOs located in the capital Beirut are more likely to receive funding from international donors than organisations located in other governorates, since odds ratios for all other governorates are below one, though only those for Mount Lebanon (OR 0.52, CI: 0.34-0.77), the Bekaa (OR 0.42, CI: 0.22-0.77) and the South (OR 0.22, CI: 0.10-0.48) are significant. In contrast to the Lebanese third sector, institutionally more sophisticated NGOs are more likely to receive funding from international donor agencies (OR 1.33, CI: 1.16-1.53). As will be discussed in the following chapter, onerous administrative and reporting requirements may lead international donor agencies to prefer NGOs that have a bank account, an employee dedicated specifically to fundraising, hire an external auditing firm, or use computers. Donors of 'difficult money' use labour-intensive reporting practices and project-based funding, which strictly frame NGO spending and implementation schedules. As for the impact of M&E accountability regimes on NGOs in Lebanon, little data exists. Abi Samra et al. (2009) suggest that international donors come with ready-made suggestions and target only larger NGOs. These international donors can often push their ideas into existence through project-based funding mechanisms.

However, neither age, sectarian affiliation, the presence or absence of beneficiary committees nor staffing levels or protection are not significantly associated with an organisation receiving founding from international donor agencies.

Receiving funds from the central government is associated with yet another set of NGO characteristics, in particular with respect to geographical location of organisations. NGOs that are located in the periphery namely in the North are more than four times as likely to receive government funds (OR 4.84, CI: 2.91-8.05) when compared to NGOs located in Beirut. Similarly, NGO located in the Bekaa are more than twice as likely to receive funds from government sources (OR 2.38, CI: 1.47-3.86) than their Beiruti counterparts. Organisations located in Mount Lebanon are also more likely to receive government funds (OR 1.78, CI: 1.20-2.65). Older (OR 1.30, CI: 1.13-1.50) and institutionally more sophisticated (OR 1.26, CI: 1.13-1.41) NGOs are also more likely to receive funding from the central government, as are NGOs with beneficiary committees (OR 1.38, CI: 1.05-1.81). In contrast an NGO's sectarian affiliation, or staffing levels and protection, do not affect the likelihood of it receiving central government funds or not.

Interestingly NGO characteristics associated with the receipt of central government funds differ from those associated with an NGO receiving municipal funds. Only three covariates are associated with central as well as municipal funds. Firstly, grassroots NGOs are significantly more likely to receive funding from both central (OR 1.38, CI: 1.00-1.92)[61] and municipal (OR 2.12, CI: 1.55-2.88) government. Grassroots NGOs encompass youth and social clubs, as well as culture, arts and village organisations. They are the type of organisation Putnam (1993, 2000) considers vital for the building of Social Capital. Secondly NGOs located in Mount Lebanon (OR 5.15, 3.25-8.15) and the Bekaa (OR 10.50, 6.31-17.48) are more likely to receive funds from these sources than those located in Beirut, though effect is much stronger for municipal funds for both regions. Thirdly, older NGOs are also more likely to receive donations from both public sources (OR 1.33, CI: 1.17-1.52). However a number of NGO characteristics are more likely to be associated with municipal than central government funds, namely being located in the South (OR 3.18, CI: 1.78-5.70) or Nabatieh (OR 3.90, 2.09-7.27) is significantly associated with municipal funding but not with central government funding. In the same way staff enrolment in national social security is positively associated with receiving municipal funds. In contrast location in the North, institutional sophistication, and having beneficiary committees, which significantly predicted the receipt of central government funds, do not impact

[61] The odds ratio becomes significant after bootstrapping only.

the likelihood to receive municipal funds, neither does the sectarian outlook of an organisation nor staffing levels.

Private sector organisations tend to rate yet another set of NGO characteristics. NGOs which locate in Mount Lebanon (OR 1.94 CI: 1.45-2.60) are more likely to receive private organisation funds than those located in Beirut, while NGOs located in the North (OR 0.67, CI: 0.45-1.00)[62] are significantly less likely to receive theses funds when compared to Beiruti NGOs. These geographical donor preferences are somewhat similar to those of the Lebanese third sector. In addition to geographical location institutional sophistication influences the likelihood to receive donations from private organisations; more institutionally sophisticated NGOs are significantly more likely to benefit from them (OR 1.10, CI: 1.00-1.21). NGOs with beneficiary committees (OR 0.56, CI: 0.45-0.70) however, or whose staff are covered by the NSSF (OR 0.88, CI: 0.78-0.98), are significantly less likely to receive private sector funds. Age staffing levels or sectarian affiliation do not affect the likelihood of an NGO receiving private sector donations.

NGO characteristics associated with funding from non-institutional, individual donations

NGO characteristics that affect the likelihood of it receiving donations by private individuals are related to activity, location and beneficiary committees. In detail, NGOs located in the North (OR 3.10, CI: 2.20-4.36) are more likely to receive donations from private individuals than NGOs located in any other region. Particularly NGOs located in the South (OR 0.40, CI: 0.26-0.62) or Nabatieh (OR 0.61, CI: 0.38-1.00) are significantly less likely to receive private individual's donations than NGOs located in Beirut and the North. NGOs with beneficiary committees are also less likely to receive funds from private individuals (OR 0.59, CI: 0.48-0.73). This negative association was also observed for donations from private organisations. Factors such as age, staffing levels or staff protection do not affect the likelihood of an organisation receiving donations by private individuals.

NGOs likely to receive service fees differ in some characteristics from NGOs likely to receive private individual's donations. They are more established as indicated by the positive association between receiving service fees and age, institutional sophistication as well as staffing numbers. Examining covariates in detail, NGOs located in Mount Lebanon (OR 1.84, CI: 1.39-2.42) and the North (OR 2.21, CI: 1.57-3.10) are more likely to receive funds from service fees than NGOs located in Beirut. Age (OR 1.15, CI: 1.04-1.26), institutional sophistication (OR 1.25, CI: 1.14-1.36) as well as higher staff numbers (OR 1.31, CI: 1.12-1.54) are associated with a higher likelihood to receive service fees. In contrast having a contract with another NGO (OR 0.64, CI: 0.48-0.86) decreases the likelihood of receiving service fees. In addition cooperation with another NGO or the government does not affect an NGO's likelihood to collect service fee. This indicates that receiving service fees is not associated with an NGO being well connected to the government or other NGOs. This is in contrast to institutional donors reviewed above, where an NGO's networks significantly affect the likelihood of it receiving funds. Having a beneficiary committee (0.64, CI: 0.52-0.79) also decreases and NGOs likelihood of receiving service fees.

Interestingly, while higher staff numbers increase the likelihood of receiving service fees, NGOs without paid staff are more likely to receive service fees (OR 0.56, CI: 0.36-0.86)[63]. This likely reflects a dichotomy of organisations relying on service fees. Those without staff are likely to be small local

[62] Note that the statistical significance of this odds ratio is not robust to bootstrapping.

[63] Note that the odds ratio is less than 1, since the variable underlying it reflects the inverse statement, namely that an NGO does have paid staff. Hence, an NGOs with paid staff is less likely to receive service fees.

organisations, such as cooperatives or community associations, which charge fees for the use of equipment or facilities, such as an olive press, cold storage, or a village hall. Those with paid staff are likely to be service-providing organisations, such as schools or hospitals, where increased staff and hence size increases the likelihood of receiving service fees. Thus while having a small corps of paid staff decreases the likelihood of collecting service fees; once an NGO does pay staff, having many employees increases an organisations likelihood to receive funds.

Characteristics of NGOs receiving membership fees differ from NGO characteristics linked to all other types of donors, indicating that membership organisations are differently structured to NGOs relying on other funding sources. Unsurprisingly, membership activities are strongly associated with receiving membership fees (OR 3.76, CI: 2.17-6.51). In addition, in terms of geographical focus, NGOs located in Nabatieh (OR 6.01, CI: 1.38-26.1) are more likely to receive membership fees than NGOs locate in Beirut. Conversely NGOs located in Mount Lebanon (OR 0.64 CI: 0.42-0.97) are less likely to receive membership dues when compared to Beiruti NGOs. Similar to service fees, an NGO's networks do not affect the likelihood of receiving membership fees. If anything, government cooperation (OR 0.46, CI: 0.33-0.66) or having a contract with another NGO (OR 0.45, CI: 0.31-0.67) decreases the likelihood of receiving membership fees. NGOs with sectarian affiliation are significantly less likely to receive membership fees (OR 0.53, CI: 0.37-0.76), than those that do have such an affiliation, Age, institutional sophistication, beneficiary involvement or staffing levels and staff protection do not affect an NGO's likelihood of receiving membership fees.

Though Abi Samra et al. (2009) argue that 'easy money' comes without accountability, in fact the nature of funds that constitute easy money, in particular membership and service fees, indicate that there is less of a feedback problem for 'easy money' as there is for 'difficult' or 'partisan' funds. While the latter two are intermediary funds, where donors do not directly benefit from contributions, the former funds are immediate, as members or service users are more directly able to assess the work of an NGO. Rather than there not being any accountability for 'easy money', members can easily withdraw their support if they feel no longer represented by their organisation. Members are at once donors and beneficiaries and there is less of a feedback problem than for services received by a third party.

It is noteworthy that, despite calls for beneficiary participation (Daly and Brassard 2011, Edwards and Hulme 1995), the presence or absence of beneficiary participation committees has little influence on an NGOs likelihood to receive funding. Central government funds are a notable exception reviewed above.

4 Concluding remarks and model fit

Different NGO characteristics increase the likelihood of receiving funding from different donors. NGOs located in the centre, institutionally sophisticated, well-connected to other NGOs and government and with preferably a sectarian affiliation are more likely to receive funding from the Lebanese third sector. Foreign donors emphasise advocacy, a central location, institutional sophistication and government cooperation, while beneficiary participation or employee coverage in the NSSF are not significant in multi-variate analysis. Local and central government agencies are more likely to fund older and grassroots NGOs as well as NGOs with connections to other organisations and the government. Central government funds are more likely to go to NGOs located in the North, while municipal funds are more likely to go to all regions but the North and Beirut. Central government resources are also more likely to go to NGOs that are institutionally sophisticated and participatory, while municipal government sources are more likely to go to organisations which pay NSSF contributions. Funds from private sector organisations are more likely to go to centrally located and institutionally sophisticated organisations.

As for funding from individual-based sources such as service and membership fees as well as contributions from private individuals, age and institutional sophistication increase the likelihood of receiving funds, though neither predictors are significant for service fees. Membership fees tend to go to institutionally more independent organisations, since government or NGO cooperation as well as sectarian affiliation decreases the likelihood of receiving membership fees. Membership fees are also more likely to go to peripheral regions than the centre.

Abi Samra et al.'s (2009) categories of 'easy', 'partisan' and 'difficult' money are useful, though not mutually exclusive, in interpreting donor preferences. The authors argue that membership fees, which are 'easy money', though limited in amount, are instrumental in guaranteeing an organisation's independence since they do not have strings attached. Lebanese third sector funds may be classified as 'partisan' since sectarian affiliation increases the likelihood to receive funding, as may be funds from international donors since they value activism. Lebanese third sector, government as well as international funding sources may be all be classified as 'difficult' since all three donors prefer to support organisations with a certain capacity, expressed by institutional sophistication, age and connectedness.

Logistic models are sensitive to misspecification in particular to omitting covariates, which may bias the remaining odds ratios (Begg and Lagakos, 1990). Table V.4 examines how well or how badly the eight models fit the present data.

Table V.4: Model fit

		Lebanese third sector	Intl. donors	government funds	municipal funds	Private sector org.	private individuals	service fees	membership fees
pseudo R^2		0.15	0.31	0.31	0.21	0.10	0.11	**0.07**	0.17
ROC		0.77	0.86	0.86	0.81	0.71	0.71	**0.68**	0.80
link test	hat	p<0.001	P<0.001	p<0.001	p<0.001	p<0.001	p<0.001	p<0.001	p=0.001
	hatsqu	P=0.155	P=0.370	p=0.763	p=0.446	P=0.879	**p=0.006**	p=0.194	P=0.081
Hosmer-Lemeshow GOF		χ^2=4.29 p=0.830	χ^2=7.38 p=0.496	χ^2=3.51 p=0.899	χ^2=4.08 p=0.850	χ^2=9.15 p=0.330	**χ^2=17.40 p=0.026**	χ^2=5.15 p=0.742	χ^2=8.58 p=0.379
Positive predictive value		65.3%	68.6%	64.7%	60.3%	61.9%	67.9%	59.9%	90.7%
Negative predictive value		87.6%	92.6%	87.9%	83.3%	76.8%	68.2%	65.6%	48.6%
Correctly classified		87.1%	90.6%	83.8%	81.0%	75.4%	68.1%	63.8%	90.0%

Note: Bold entries are cause for concern.
Source: NGO survey carried out in 2006, analysed by author (see p. 42 for a discussion).

The present model is a decent fit for NGO choice of government and international funds and a moderately decent fit for municipal funds and membership fees. Though pseudo R^2 cannot be interpreted independently or between datasets, they give a good indicator of comparable model fit within the same dataset. The ROC curve is an indicator how well the model discriminates between cases. Here, it indicates that the specified model fits the data best for donor choice of government and international agencies, followed by municipal funds and membership fees. The model is a borderline fit for private sector organisations, mainly due to the poor explanatory power of the model (as shown by the pseudo R^2 and ROC statistics). A similar argument applies to the Lebanese third sector. The model is a poor fit for service fees, due to the limited explanatory power and for the contributions of private individuals, where the link test is rejected. The link test measures if the model is accurately specified or if important predictors have been left out. The test refits a linear predictor 'hat' using the previously estimated model and should hence be significant ($p<0.05$), otherwise the model is mis-specified. The square of this predictor, 'hatsq' is also fitted but should not improve the fit of the model and should hence have no predictive power ($p>0.05$). If it is significant then a variable has been omitted. This is the case for contributions by private individuals. The Hosmer Lemeshov Goodnes of Fit test compares expected outcome frequencies from the model with observed ones; a good fit implies concordance of frequencies. Rejection of this hypothesis, as is the case for contributions by private individuals (see Table V.4) implies a bad fit (Vittinghoff et al., 2012).

It is noteworthy that the present models, emphasising inter-institutional linkages, NGO activity, structure, and location, work well in predicting which NGO characteristics are associated with large institutional donors, most importantly the central government and international agencies, and to a lesser extent also municipalities and the Lebanese third sector. The models do less well in predicting characteristics associated with contributions from private organisations and individuals or service fees. This may be due to the predictors used in this model being unable to capture more subtle, interpersonal donor NGO relationships.

VI. Rural Development Projects: A Qualitative Assessment

Chapter four analysed how context, such as an historical event or the regulatory environment influence NGO operations, thereby addressing Proposition 1 of the first research question. The previous chapter addressed Proposition 2 by analysing what NGO characteristics are associated with funding from what type of donors. It showed how network effects are particularly important for international donors; how, in contrast to other donors, the Lebanese third sector values the sectarian affiliation of an NGO; that scale matters for donations from the central government; and that membership NGOs are the most independent in terms of third-party affiliations. Both chapters touched on the second research question's corollary, namely the casualisation of NGO staff, by pointing out that many staff are not covered by national social security and that NSSF coverage is rarely associated with an increased likelihood of receiving funds.

While the previous chapters addressed *which* factors structure NGO operations and characteristics, the present one focuses on *how* NGO operations are shaped, with a particular focus on donors. A negotiation takes place between donors and NGOs. Donors stipulate project objectives and reporting requirements or mission and political affiliation. This attempt to control outcomes and targeting is mediated by implementing NGOs, who have their own interests and experience on the ground but require external funding. This negotiation process, between NGO commitment and agency and donor conditions, has been described by Ebrahim (2005), who points out that though donors are often the more powerful player, both sides need each other. The structuring dynamics of donor obligations impact NGO operations and may affect their humanitarian objective. The question arises as to what extent the structuring dynamics of donor objectives and reporting requirements can influence project design and implementation. Do NGOs behave like professionalised sub-contracting partners fulfilling donor requirements or is there space for NGOs to have their own understanding of development? To discuss these questions, this chapter presents a qualitative analysis of rural development projects implemented by NGOs in Lebanon.

4.1 Data sources and themes – an outline

This section draws on two data sources, discussed at length in the methodology (see p. 48), (1) a small database of 197 agricultural development projects and (2) semi-structured interviews with 30 NGO and QUANGO staff as well as 45 respondents who are experts in rural development or former NGO staff. Thematic analysis has been used to analyse these data. Excerpts from interview transcripts have been collated into tables under a joint theme. Throughout this chapter, with the exception of Table VI.1., tables summarise interview responses.

Two broad themes have been isolated that help address this question (see Table VI.1 reproduced from the methodology chapter). These themes also structure this chapter. The first theme addresses how donor funding frameworks and understanding of rural development challenges influence what kind of projects NGOs implement. Donors as well as NGOs are affected by contemporaneous development discourse, in this instance exemplified by the World Development Report for 2008 (World Bank 2007). This implies that a number of similarities exist across projects. This isomorphism affects how NGOs relate to each other, if cooperatively or competitively, which in turn may affect the NGO's humanitarian goal. NGOs try to achieve project objectives agreed on with their donors. However, NGO operations are also shaped by context, which may prevent the NGO from achieving the project's stated objectives. These limitations to project implementation form a sub-topic to the first theme. For instance, many projects aim at obtaining higher prices for small producer's output, which succeeded in the rarest cases. Further, an export region suggested by a donor may not be one where Lebanese producers have an advantage. Another example discussed under this theme is that prevalent disadvantageous market structures make it difficult for small producers to assert themselves (see Table VI.1.). A second sub-topic addresses how NGOs attempt to address the problem of scale, at the producer as well as at the project level. The second theme analyses how donor geopolitical objectives and reporting requirements structure NGO operations. In particular how geopolitical objectives influence geographical targeting and how funding limitations and reporting requirements limit implementation timeframes and define how success is evaluated.

A simple typology of NGOs will be used throughout this chapter to distinguish between NGOs. Three different types were identified in the methodology chapter (p. 48), international NGO, national NGO and ruling class NGO. More than donor nationality, affiliation of the NGO distinguishes how projects are implemented. Four distinctions can be made. Firstly and most commonly are NGOs that rely on international donor funding and have limited own resources, they will simply be referred to as 'NGO'. Secondly, as alluded to in the previous chapter, 'ruling class NGOs' are those affiliated to a political elite and are often vehicles for that elite to distribute patronage. These ruling class NGOs may also be recipients of funding from international donors, but crucially have substantial funds of their own and do not rely on donor funding for their day-to-day operation. Thirdly are what will be called QUANGOs, quasi-non-governmental-organisations. While the term commonly refers to nominally independent organisations funded by the government, in the present case QUANGO refers to projects funded by international organisations but implemented through the government. Respondents from QUANGOs would hence be either civil servants or staff recruited by the government specifically for the implementation of a third party funded project. Lastly, activist NGOs will occasionally referred to. These distinguish themselves not so much by their donors but by their actively political outlook, even if that would be foregoing funding.

Nationality of an NGO, Lebanese or international, is not always a distinguishing feature. Lebanese and international NGOs compete for funding from the same donors, with the same conditions. Hence distinction between the two will not always be made. However, what can be, but not always are, distinguishing features are donor nationality, be that USAID, or the Italian Cooperation, to cite a two. Donor nationality will be pointed out in the text when relevant.

Table VI.1: Themes identified during qualitative interviews

	Questions addressed by theme	**Data source**
Theme 1: Donor funding frameworks and conceptualisation of development puzzles shape NGO projects		
Topic 1: What projects does the NGO run	How is funding obtained? Why does an NGO chose to work in rural development? What kind of projects are implemented by NGOs?	Interviews, pamphlets published by donors, online project information
Topic 2: Limits to project implementation iv. Limited ability to impose higher prices v. Misguided export focus **vi.** Small producers face disadvantageous market structures	What are the NGOs' most successful projects? What are the most unsuccessful ones? Why?	Interviews
Topic 3: Small scale iv. Forming cooperatives does not solve the scale problem v. Limits of NGO capacity **vi.** Jaded beneficiaries: project participation is work for the NGO	What are the NGOs' most successful projects? What are the most unsuccessful ones? Why?	Interviews
Theme 2: Structuring dynamics of donor requirements		
Topic 1: Geopolitical interests of donors influence project location	Are there geographical donor preferences?	Interviews, pamphlets published by donors, online project information
Topic 2: Timeframe for project implementation is short	What is the average project duration? Who sets project timeframe?	Interviews, pamphlets published by donors, online project information
Topic 3: Reporting and budgeting requirements	How do NGOs describe results?	Interviews and online project information
Corollary: NGOs as employment opportunities	(No direct question was asked investigating this.)	Interviews

4.2 A focus on rural and agricultural development projects

Agriculture in Lebanon contributes 7% to GDP and directly employs about 300,000 workers. Though up to a third of Lebanese are estimated to depend in one way or another on agriculture for their livelihood. It is also worth pointing out that Lebanon has, compared to its Arab neighbours, significant water supplies and an ideal climate and terrain for varied agriculture (Riachi & Chaaban, 2011). Government-led support during the period of this research, that is to say from 2007 until the cabinet reshuffle in 2011, was almost entirely absent and government interests focused instead on urban areas and the service sector. The Ministry of Agriculture itself remained cash-strapped and reliant on foreign donors to its finance projects, according to a government official interviewed for this study. Though the Ministry's financial situation has improved slightly since 2011, the government official stated that at least half of all technical positions are vacant due to budget cuts. Much of new staff is financed by external donors and once their funding ends, the staff's position is eliminated. A view supported by a US-funded NGO employee who argues that most projects run by the Ministry of Agriculture are foreign-funded and managed (see Table VI.2). Most respondents interviewed for this chapter are in agreement that NGOs play an important role in Lebanon and even at times replace or at least overshadow the government in agricultural service provision (see Table VI.2). NGOs and INGOs point to corruption on top of under-investment.

Table VI.2: The role and capacity of the Ministry of Agriculture in rural development

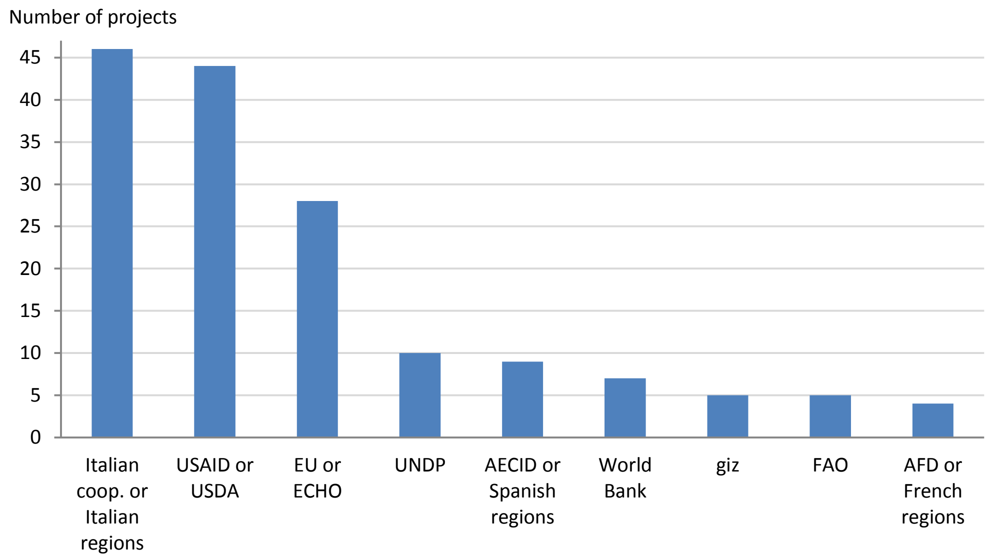
Comments on the role and capacity of the Ministry of Agriculture	
Internationally funded NGOs	US funded: ▪ Most projects at the Ministry of Agriculture are foreign funded ▪ There are no policy strategies towards agriculture. When free vaccines are promised, they disappear with vets selling them. ▪ The agriculture sector is important but politicians are not convinced of it. Spanish funded: ▪ The Ministry of Agriculture does not care about farmers: no support to production, no protection, no training ▪ The Ministry of Agriculture is not useful Italian funded: ▪ The agriculture sector is living off NGOs, it needs them. ▪ Extension services of the government are non-existent, so NGOs play a major role in agriculture
ruling class NGOs	▪ The reason the government does not give money to agriculture is a political question, most people who benefit from agriculture are supporters of the [than] opposition while the government thinks Lebanon is a tourist and finance centre. ▪ There is no agriculture policy. Hence, no appropriate infrastructure, no extension services. ▪ The Ministry of Agriculture is weak. Government services are weak. ▪ The government is badly organised and has wrong priorities, there is no political will to support agriculture. ▪ The Ministry of Agriculture is getting very little money because other ministries have priority. Due to the post Civil War reconstruction, Lebanon has a lot of debt, which prevents the government from increasing expenditure.
Government/QUANGO officials	▪ The Ministry of Agriculture depends on foreign donors for many projects.. ▪ It is a pity that the comparative advantage in Lebanon in terms of climate and water is not used. ▪ It is not a priority for higher ranks of politics.

5 Theme 1: Donor funding frameworks and NGO projects

5.1 Donors and their funding frameworks

Multilateral as well as bilateral donors fund rural and agricultural development projects in Lebanon. In the period of analysis, the most active multi-lateral donors in terms of number of projects funded were the European Union (EU) and the European Community Humanitarian Office (ECHO), followed by the United Nations Development Program (UNDP), the World Bank, and the Food and Agriculture Organization of the United Nations (FAO). As for bilateral donors, the Italian (The Italian Cooperation), US American (USAID), Spanish (AECID), German (giz) and French (AFD) governmental development agencies are the most active (see Figure VI.1). Regions in France, Spain and Italy have their own development agencies funding overseas projects. They are grouped together as one national entity.

Figure VI.1: Number of projects funded by each donor



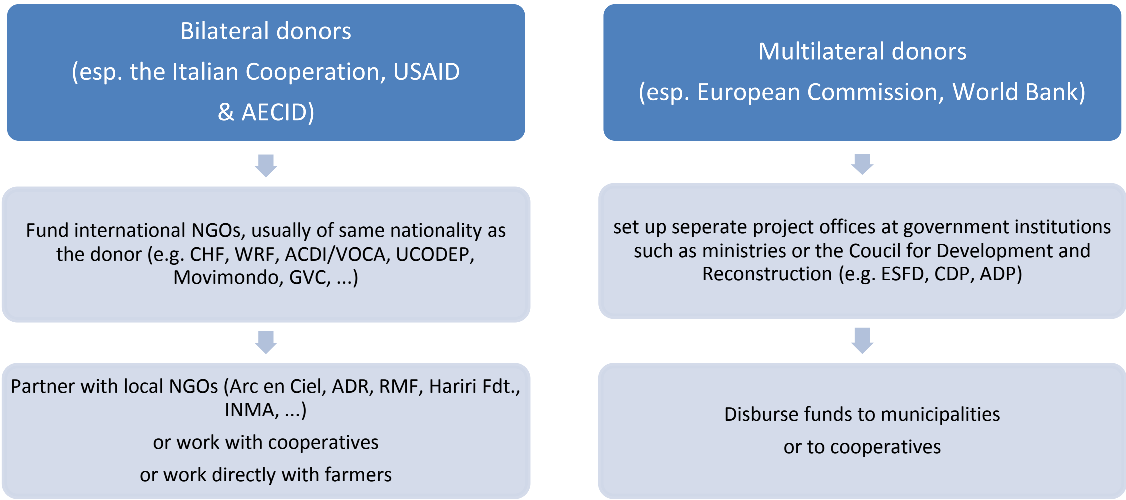
Source: Inventory of agricultural development projects between 2008 and 2009, compiled by author (see p.48 for details).

Multilateral donors are more likely to work through the Lebanese government than bilateral donors, as discussed in section 6.3, chapter IV (p. 84). This is true in particular for the EU and the World Bank and to a lesser extent the UNDP and FAO. At least half of listed projects funded by either of these agencies were implemented by government institutions. The World Bank financed all its rural and agricultural development projects through the Council of Development and Reconstruction (CDR), under the Community Development Projects (CDP) framework. World Bank funds were targeting and directly disbursed to municipalities. The European Union[64] had two major programs targeting rural and agricultural development: Firstly, the Agricultural Development Project (ADP), which operated from the Ministry of Agriculture, and secondly, the Economic and Social Fund for Development (ESFD), attached to the Council of Development and Reconstruction. This project is similar to the World Bank's Community Development Projects, both of

[64] ECHO disbursed funds directly to NGOs, however, these were small when compared to the two EU programs discussed above.

which are targeted at municipalities.[65] In contrast, bilateral donors funded rural development projects via the intermediary of NGOs. The only exception is a project implemented by the Lebanese Ministry of Agriculture funded by the Spanish AECID. Figure VI.2 illustrates these main disbursement channels graphically.

Figure VI.2: Main disbursement channels of bi- and multilateral aid



Source: Author extrapolation from qualitative interviews (see p.48 for details).

Bilateral donors may also give directly to a local NGO, bypassing international ones. But that is rare. In addition, as discussed in chapter 4 (p. 79) German bilateral aid is an exception an channelled through the government. Ruling class NGOs are not included in the figure. They are institutionally linked to a political patron as a key funding source. This does not exclude the western leaning ones from receiving funds from international donors. Their capacity and ability to implement make them attractive partners.

Donors define funding strategies, which set out what kind of projects they are willing to fund. Projects proposed by NGOs hoping to raise funds from a specific donor have to fit into this strategy. For instance, within 'Economic Activities', one of four funding sectors stipulated by the Italian Cooperation, it sets out to fund income generating activities in the private sector in regions that have been destroyed by conflict and that also address women's empowerment and the environment (Italian Cooperation, 2006). Similarly, within its 'Expanding Economic Opportunities' program USAID suggested project activities such as supporting and initiating agribusiness and light agro-industries and proposes a focus on high value food stuffs and competitiveness in niche markets. The donor also suggested specific activities, namely extension services, microcredit, food processing or the creation of cooperatives to benefit from scale economies as well as the introduction of new crops. USAID also emphasised that gender should be a cross-cutting theme of all projects (USAID, 2002). The European Commission had a similar focus as the previous two examples with an emphasis on the upgrading of SMEs and the funding of projects that increase the competitiveness of the private sector (European Commission, 2006).

The funding frameworks of donors reviewed are similar to policies recommended in the World Development Report 2008 (World Bank, 2007). It argues that farmers should join producer organizations and contact supermarkets and exporters to sell high value produce. The Bank advised to make affordable credit

[65] The Fund was conceived to eventually become independent of the CDR. It never did, though, according to staff interviews, the day to day running of the ESFD is autonomous of the CDR.

available to enable farmers to make the necessary investments to scale up production. Civil Society in turn was urged to organise and empower producers, since effective producer organisations are seen as essential in allowing small holders to face the challenge of being able to export and supply supermarkets (World Bank, 2007, pp. 21–24). This report has been heavily criticised for proposing technical fixes rather than structural solutions, for being skewed towards international trade arrangements, which render farmers unable to compete in their own country, as well as for lacking in evidence (McMichael 2009; Oya 2009; Woodhouse 2009, Zurayk 2011). However, as will be seen below, policies proposed in the report are mirrored in projects implemented by Lebanese NGOs.

In response to donor funding frameworks and international reports, NGOs design projects to meet donor guidelines. An outcome of this process is a pandering to development fashions. A Lebanese staff member at a US-based NGO with long-standing experience in Lebanon lists the 'development fashions' she has seen come and go. She states that in the late 1990s the fashion was integrated rural development projects, rural infrastructure, improving tap-water, irrigation channels and improving access to healthcare. In the early 2000s it was stimulating markets and providing women with income (see Table VI.3). Currently her NGO frames its work in terms of food processing for high value niche markets. Appeal to international 'best practice' is a common feature in project proposals. The manager of one large NGO receiving funding from a European donor explains that development tools are built on international best practice, but none incorporate local research. An academic from the American University of Beirut added that he was asked to advise on the benefits of a grey water project only after the funding for it had already been won, despite the fact that he felt it would be unlikely to succeed. Lebanese staff from another US based NGO add that strategies proposed in its headquarter sometimes do not work in Lebanon but can be abandoned only with difficulty. The staff member of an Italian funded NGO states that NGOs largely seek to please donors, implementing projects that 'look nice' with funding agencies but have little long term value (see Table VI.3). Hence very little consultation with local stakeholders takes place at the project design stage. Projects mirror international best practice rather than suit the local context.

Table VI.3: NGO comments on project strategies

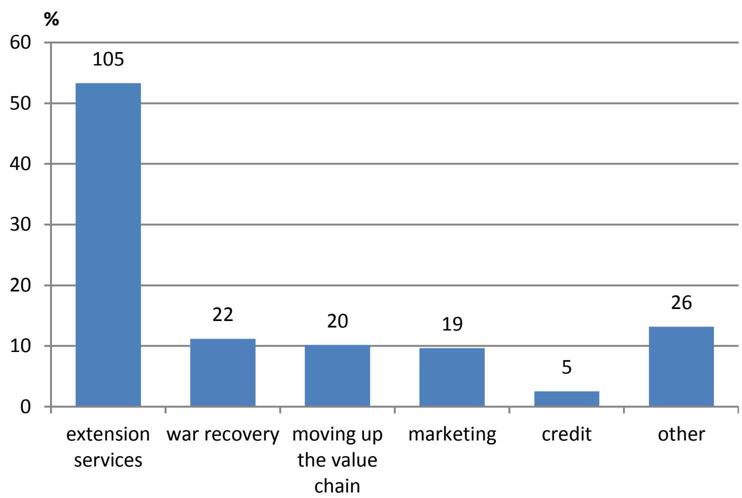
Comments on project strategy set by donor	
NGO	▪ Strategies proposed in the headquarter in the US do not work in Lebanon ▪ Very little can be done in the month of Ramadan so and entire project month is lost ▪ Now the agro-industry if fashionable. Nine years ago it was integrated rural development projects, rural infrastructure, improving tap-water, irrigation channels, improving access to healthcare, training to produce healthy products, five years on it was 'smart projects' simulate markets, women provide income, demonstration plots… ▪ Target women because it is appealing to western donors. ▪ NGOs run projects that look nice to donors but have no long term value i.e. distribute cows, but to those who have no idea about cows, after one year they die or farmers sell them.
QUANGO	▪ The World Bank came with funds but also with a structure that was unfeasible in Lebanon. An American company won the bid for project coordination, but proved incompetent and was fired.

These statements clearly illustrate the tension and even conflict between donor driven project design and NGO staff commitment. Wallace et al. (2007) similarly observed that donor demands usually supersede opinions of implementing NGOs on the ground.

5.2 Projects implemented by NGOs – the danger of isomorphism

Consistent with donor funding frameworks, the large majority of rural development projects carried out in Lebanon – 105 according the small database– focus on extension services (see Figure VI.3). They introduce new, higher value crops such as safflower, avocado, or kiwis, and aim at improving animal husbandry by introducing new breeds or better fodder and launching vaccination campaigns. Extension projects include soil and water testing services, the running of nurseries and trial plots to test new plant varieties, farmers' training workshops, organic or fair trade certification programmes, and irrigation and water management projects. NGOs usually provide inputs such as seeds or saplings, animal feed or feed mixers, starter kits for apiculture, or chicken coops free of charge or at low costs. The largest share of extension projects is aimed at a small number of rural sub-sectors, namely, in descending order: olives, animal husbandry, horticulture, water management, and apiculture. Other sectors include fishing, soap and essential oil production, and the growing and harvesting of medicinal and aromatic plants.

Figure VI.3: Rural development projects by NGOs



Base: 197 projects
Note: Series labels refer to the number of projects implemented under the respective category.
Source: Inventory of agricultural development projects between 2008 and 2009, compiled by author (see p.48 for details)

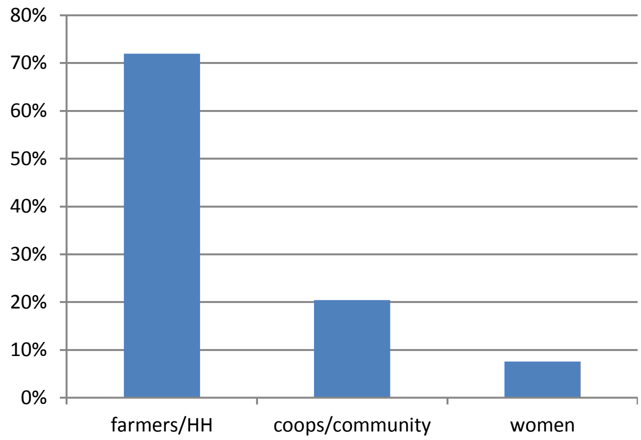
As for war recovery projects, many involve the reconstruction of water management or irrigation systems using very short term emergency funds. In addition to water infrastructure rehabilitation, many war recovery projects consisted of distributing destroyed inputs, or the distribution of livestock.

So as to add value to agricultural produce, a number of projects, 20 projects in the database, involve small food processing enterprises. They mainly consist of building small food processing workshops. A standard project would involve the purchasing of equipment, such as furnishing a small workshop, a training course in food hygiene, production quality, accounting and marketing, as well as branding the product. Equipment would include items such as an olive press, a distillery for essential oils, or professional kitchen facilities, as well as free or subsidised use of storage, packaging or processing facilities. Some projects involve quality testing by external laboratories. Examples of projects include tomato paste manufacturing managed by a USAID-funded NGO or dried tomato production, funded by the Italian cooperation. A number of Italian- and Spanish-funded NGOs are involved in soap production. In addition to food processing, some projects in this category focus on post-harvest technologies, such as packaging or cooling, to increase the quality and value of produce.

Marketing projects are very similar to the above, with the exception that no manufacturing stages are added. Typical marketing projects involve the creation of a brand and label for the output, as well as marketing and accounting training. A number of projects involve the extension of micro-credit to farmers or the set up of food processing facilities.

Beneficiaries of development projects carried out by respondent implementing agents are, with one exception: small farmers, cooperatives of small farmers, or municipalities (see Figure VI.4).

Figure VI.4: Beneficiary groups



Source: Inventory of agricultural development projects between 2008 and 2009, compiled by author (see p.48 for details)

One interviewed NGO has worked on IT, agriculture, health and education projects. When asked why his organization targets women in particular, a staff member at another NGO answered that his organisation focuses on women because the subject is appealing to Western donors (see Table VI.3). One US-funded NGO staff member criticises the donor-driven character of some NGOs in the post-2006 conflict, stating that some NGOs came for war relief and then stayed since money for development projects was available. In order to secure funding, NGOs may twist their initial objectives to fit those of donors, potentially leading to mission drift on the side of NGOs.

Donor funding strategies, in particular when very similar, lead NGOs to compete for funding with very similar project proposals and isomorphism of projects. Similarity of projects may lead to duplication and competitive rather than cooperative behaviour. Seven respondents called for more cooperation among NGOs, four relate cases where NGO work has been duplicated. One staff member at an Italian- and Swiss-funded NGO stated that competition for funding led to a 'you do your own business, you don't share information' attitude. The staff member of a Swiss-funded NGO relates that her NGO was working with a women's cooperative and later found out that a second NGO was working with that same group of women. The NGO learned this by coincidence through a third party. She adds that many NGOs are raising funds for very similar projects. A staff member from a US-funded NGO states that a cooperative her organisation works with received the same set of equipment twice and sold one set. In a third case a Spanish-funded NGO complained that it was working with farmers in a specific village and that an Italian-funded NGO started working on similar projects in that same village. The staff member of a ministry-based QANGO relates how two olive presses were installed in the same area by two different NGOs and that now neither can operate at full capacity. This duplication takes place on a much larger scale. The World Bank Community Development Project and the EU-funded Economic and Social Fund for Development projects are strikingly similar. Both target municipalities and both fund capital and infrastructure investments. Competition between NGOs implies that international NGOs may feel entitled to funding from their host country and resentful if it goes to NGOs of other nationalities. One Spanish, one Irish, and one Italian NGO staff asserted that development aid from their governments should be channelled through NGOs of the same nationality.

Project based funding structures, which outline project goals and timeframe, may lead NGOs to behave like sub-contractors. In addition isomorphism and competition for funds may lead to competitive rather than cooperative behaviour among NGOs and lead to duplication.

5.3 Limitations of implemented projects

Irrespective of the dangers of isomorphism and competitive behaviour among NGOs, all implement their projects with humanitarian goals in mind. Self-sufficiency, or failing that, at least a significant supplement to rural households' income, is the stated aim of all but two respondents' NGOs. Asked about what they believe to be key challenges in rural development, many NGO staff's responses mirror interpretations of the donor community and that of the World Development Report (2007). A quarter of respondents argued that inconsistency of quality produced is a major problem (see Table VI.4). Shortcomings in marketing were as frequently mentioned as quality inconsistencies. The lack of technical expertise was also mentioned, though less frequently. The projects discussed above tackle these challenged. Increasing price through increasing product quality, or capitalising on existing superior product quality by improving marketing, is one strategy. Targeting affluent consumers through exports and supermarkets is another related one. As is organising farmers to increase scale. However, these strategies face a number of challenges, not explicitly stated in funding frameworks, namely disadvantageous market structures and limits of NGO capacity in particular with respect to their ability to improve rural infrastructure. This section discusses NGOs' ability to achieve their stated humanitarian objective in the framework of the projects they implement.

Table VI.4: NGO assessments of development challenges

How are problems framed
Small scale farmers cannot compete ▪ *high production cost: market price for a whole chicken is too low for small producers* ▪ *very few large farms exist, majority of farmers are small, size is a big problem* ▪ *it is difficult to work on only six apple trees* ▪ *only large land owners can sell to supermarkets but farmers do not set up a network or combine their capacity* ▪ *producers are not organised to bargain for better prices*
Lacking consistency in quality (with a view to export) ▪ *produce does not confirm to European standards* ▪ *quality not fit for export: no certification of products* ▪ *need for exports but the problem of quality has to be solved* ▪ *small bananas can be exported only to Syria, problem is quality and quantity*
Lack of marketing ▪ *there is good quality produce but the problem is marketing* ▪ *no product differentiation (find a high value niche)*
Power relations in the supply chain ▪ *retailers and wholesalers benefit from market exchanges not producers* ▪ *input agents currently supply extension services, sell inputs (often on credit)* ▪ *farmers take loans from input agents to purchase seeds, they also sell their crop to these agents* ▪ *buyers do not have the power to enforce prices even if they have superior quality* ▪ *input costs receive too little attention, same across the world: producers are caught between input providers and large buyers.*
Knowledge and technology shortcomings ▪ *lack of expertise* ▪ *improve post-harvest technology* ▪ *problem of mentality of farmers*
Lacking demand ▪ *cost conscious consumers with little interest in quality*
Price information ▪ *lack of price information*

Increase value and price of agricultural output

The number of extension services and marketing projects as well as those aiming to move products up the food products value chain by adding food processing stages are indicative of NGOs' strategy to compete in niche markets and on quality. For instance, a staff member of a USAID-funded NGO stated that olive oil quality is low: acidity levels are high and pruning, olive harvesting, pressing, and olive oil storage needs to be improved. She adds that her NGO's project aims to address these shortcomings.

However, NGO staff openly admit the difficulties their projects face breaking even. The manager of a poultry cooperative project states with respect to broiler prices, that even when carving up the chickens and selling breasts and legs separately, the cooperative still only manages to sell one third of its meat production in the market. The remainder is sold locally at below production cost. The production costs for chicken meat and eggs are above the market *retail* prices for these products. He states that the largest Lebanese poultry and egg producer sells a pack of eggs at less than a quarter the price of the NGO. The project relies on donor funds for paying salaries. Similarly, the manager of a soap making project states that the project's soap production costs are higher than the market retail price and that they face trouble selling their soap. The same NGO runs a bakery, the revenue from which covers production cost except salaries, which are paid by the NGO. Another example is an Italian funded dairy project which buys milk from beneficiary-farmers at the market price. Then the milk is tested, pasteurised, and processed into *labneh* or white cheese. The products is sold in local outlets but the retail price is so low that the NGO does not even recover the raw milk costs, not to mention the manufacturing and labour costs.

It may be argued that desired price levels are not achieved since buyers hedge against the moral hazard problem of varying quality among producers. However, NGO staff stated that producers are unable to enforce higher prices, even if they offer quality certification. A USAID-financed dairy project tested and certified milk quality before it being sold to middlemen or dairy processing facilities so as to offer a quality assurance and obtain higher prices. The project's manager asserted that despite certified quality levels, dairy farmers could not obtain the target prices.

None of the respondents interviewed could affirm that the advocated strategy to compete on quality or niche markets was sustainable and that production would continue beyond the involvement of the NGO. A number of NGO staff admit that local demand for high-end agricultural produce is lacking. An NGO employee states that in her experience one of the major problems in projects carried out by her organisation is that consumers are so far unwilling to pay more for high quality or certified products. Similarly, the manager of the poultry cooperative referred to before, argues that consumers do not care about the quality differential of the coop's free range chickens versus the much cheaper battery chickens that dominate the Lebanese market.

The purchasing manager of a large supermarket chain, interviewed for this study as an expert, confirms that in his chain's outlets, the basic cheapest eggs sell best, while organic and small artisan ranges are in stock for the customer's convenience, but that the supermarkets do not make much profit from them. This indicates that supermarket themselves only stock niche products if consumer demand for it is pre-existing, but that supermarkets do not make much profit off them. Many NGOs rely on infrequent and unreliable outlets such as annual producer fairs, gift hampers sold around holidays, or selling through small stores attached to the processing facilities. These are often themselves organised by NGOs. Three respondents initiated marketing initiatives. In two out of these three instances, this involved setting up farmers' markets in urban areas on an annual or weekly basis. In all cases the NGOs cover the running costs of the market. Transport costs are usually at the expense of the producer. It is unclear if these markets would persist without the involvement of the NGOs, which coordinate and make the space available, though the latter is often offered for free by the municipality. These initiatives focus on local, affluent urban markets, rather than export markets.

Production costs of small scale food production and processing initiated by NGOs, are much higher than those of large competitors. So as to sell at least some output, NGOs absorb salary and other costs and launch marketing initiatives. It is noteworthy that the way NGO staff frame development challenges and their solutions, overlaps strongly with how they are articulated in prevailing donor discourse. This may indicate that NGO agency is completely embedded in donor discourse and shaped by donor interpretations of development. However, there is some evidence of NGOs challenging this view.

A misguided export focus

In their search for affluent consumers, many NGOs focus on exports. Though nine respondents state that exporting is among the aims of their project, only two have actually exported goods produced in the framework of their projects, namely tomato paste to the UK and an assortment of preserves and olive oil to the United States. A trainer interviewed as an expert for this study relates that she once worked on a project, not included in this study, where processed foods were exported to Canada and Dubai. These are the only instances of exports found in the course of this research. It is noteworthy that NGO staff most frequently mention the EU as an export destination followed by the United States. An EU funded price dissemination project includes only information about European wholesale markets, not Arab ones. This is despite the fact that Riachi and Chaaban (2011) show that high-income Arab countries are the most important destinations of Lebanese food exports, with the United States and Australia being somewhat important export destinations, especially for olive oil. The European market, however, is a source of imports rather than a significant export destination. One NGO staff, managing a Spanish funded project, criticises the export focus towards Europe. He states that instead, NGOs should look for alternative markets in the global South, mentioning Algeria or Africa. Otherwise, by attempting to sell to Europe, NGOs would be "selling fish to the sea" since European producers find it much easier to produce at qualities and for European tastes than their Lebanese counterparts.

In sum, instances of NGO managed projects exporting foodstuff are very rare. NGOs' focus on exports to the EU is misguided considering current trade relations. Despite the widespread focus on exports to the US or Europe, which is counter existing trade patterns in Lebanon, only on staff member interviewed found that strategy inappropriate for the Lebanese context.

Markets are not a level playing field

In addition to producing niche, high value produce and targeting solvent consumers abroad the World Development Report 2008 (World Bank 2007) also suggests to set up price dissemination programs. This would allow farmers to know what their wares fetch at various regional wholesale markets and allow them to better negotiate with middlemen. This suggestion was taken up by the EU in Lebanon. The EU-sponsored ADP project collects and publishes wholesale prices from the largest five Lebanese wholesale markets as well as key European wholesale markets. Farmers can subscribe to a free email or text message service, containing weekly price updates. However, a survey of Lebanese fruit and vegetable farmers and wholesalers found that only a quarter of respondents were aware of the scheme. Among those who knew of it, only a third or less felt that the reported prices were accurate (Seyfert, Chaaban & Ghattas 2014). A large farmer, interviewed as an expert for this study, pointed out that the actual prices he receives are 25% - 50% lower than those reported to him by the price dissemination scheme. He adds that he has no power to enforce the stated price and complains that the export prices disseminated are for European countries, while Arab countries are the more significant export market. This is echoed by a staff member from a US funded project who questions the assumption that farmers do not know what their products are worth in the first place. She states that farmers know among each other how much their produce is worth but adds that they have no power to enforce these prices with middle men.

The emphasis on price dissemination implicitly assumes that the only hindrance is imperfect information. Otherwise, all parties to an exchange, be they farmers, input salesmen, middlemen or supermarkets, are assumed to be equal. This is not the case in Lebanon. A quarter of respondents state that small producers are at a disadvantage in the agricultural supply chain. Sellers of agricultural inputs and buyers of output have more pricing power than small producers. One staff member of a USAID-funded NGO reports that buyers set prices. She continues that they are better educated and more organised and frequently exchange information about clients. She points out that farmers frequently take loans from the same agents who also buy their crop and or sell fertiliser and seeds. Producers are also the ones bearing the risk of a bad harvest, states the manager of a ruling class NGO. He adds that middlemen, purchasing produce at the farm gate, usually deduct a certain percentage for loss occurred during storage and transport.

Unequal market power is aggravated by rising input prices. An official working on an EU funded project argued that, due to the continuous rise in oil prices, input prices increased. Similarly the manager of a USAID-funded poultry project states that feed prices nearly doubled between 2007 and 2008. Fertiliser prices doubled from 2007 to 2008 as asserted by a large farmer, interviewed as an expert for this study. Further, high petrol prices make running refrigerated trucks for small dairies unaffordable, argues the manager of an USAID-funded agri-business project. However, the squeeze of profit margins has taken place entirely on the producer level. Despite a doubling on input costs discussed above, the poultry project was able to increase egg prices by only 20%. The manager of small ruminant projects notes that prices for meat and milk rose by a much smaller amount than input prices. In this case, improving farming techniques does not necessarily make farmers more competitive if, as pointed out by McMichael (2009) production is reliant on imports, as is the case for Lebanon. McMichael (2009:239) criticises that many new production technologies rely on internationally manufactured, petrochemical inputs.

In addition, the market for agricultural inputs is highly concentrated. Imported products in Lebanon are brought into the country by designated agents who hold the license for specific brands or products. A report commissioned by the Ministry of Trade and Industry (Consultation and Research Institute 2003) shows that a single company controls 95% of the market for liquid fuel. The top three companies dealing in agrochemicals control two-thirds of the market (64%).[66] Frequently market concentration is higher than it appears to be. For instance, the five companies controlling more than 50% of the pharmaceuticals market, which also deals in pesticides, actually belong to only two families, and those families in turn are related by marriage (Zurayk 2008). This impacts the price and quality of agricultural inputs. For a Novartis-produced antifungal pesticide, a large-scale farmer reported that the Lebanese wholesale price is twice as high as the Cypriot retail price[67], where he now sources the pesticide. Staff from an Italian-funded NGO tested the protein content of some animal feed sold on the Lebanese market and found it contained 12% protein, even though the stated minimum on the package was 16%. In response, the NGO initiated a feed mixer project. The start-up costs, that is to say the mixer, storage, and first batch of materials, were paid for by the NGO. The feed mixer is working without other subsidies from the NGO, and is managed by a group of 58 livestock farmers, eight or nine of which sit on the feed mixer's managing committee. A USAID funded NGO working with a poultry cooperative also supports the mixing of feed from imported corn and soy. These are examples of NGOs setting up projects in response to context and a very country specific need. However, it is noteworthy that both of these projects were on the second wave of their funding cycle, that is to say they had a pre-existing relationship with their donor. This seems to indicate that, once an NGO is engaged with a donor, project design is carried out in a more participatory manner, where NGO staff can suggest project activities. Indeed, providing feed is not mentioned in any of the funding guidelines mentioned above, but has in both cases been suggested by NGO staff.

Conclusion: NGOs negotiate between funding frameworks and contextual constraints

The rural development projects outlined above are the outcome of the negotiation process between donors and NGOs hinted at by Ebrahim (2005). NGOs apply for funds adopting published fudging guidelines in their proposed project design. However, the stated aim of sustainably increasing rural households' income has not been achieved by the vast majority of projects. Producing niche, high value products failed due to high costs of small scale food production and processing, where NGOs absorb

[66] These figures are based on VAT data. Small companies with less than LL500million (approx. US$333,000) turnover do not have to register. The researchers estimate that about 25% of sales remain unreported. However, these sales will come from small companies.

[67] The farmer initially sourced the pesticide from a Cypriot wholesaler. But when he complained to his Lebanese wholesaler about the price difference, the Cypriot wholesaler was instructed not to sell to him anymore and the farmer now uses Cypriot retail outlets.

overhead costs, implying that the projects are not sustainable. Targeting solvent consumers abroad failed, also due to choosing the EU as key destination of exports, instead of rich Arab countries which currently are key recipients of Lebanese food exports. A price dissemination project aimed at improving farmers' negotiation position, did not report correct prices and farmers were unable to enforce them.

This evidence somewhat contradicts the assumption implicit in donor recommendations and the World Bank's (2007) report, which posit that providing appropriate trading partners with price and quality information would solve the low pricing problem. These recommendations are inspired by New Institutional Economics, which posits that information asymmetry is a key problem in market exchanges. However, in the Lebanese case these strategies did not prove successful. Hence, information asymmetries as regards price and quality may not be the appropriate framework to think about the low price dilemma faced by small producers. Power relationships in market exchanges between middlemen and input merchants vis-à-vis farmers dwarf information asymmetries. In fact, successful projects, namely the one involving the feed mixer, directly tackle power inequalities and are set up not in response to donor frameworks but in response to context and beneficiary demands. However, these have only been funded once a relationship with a donor was pre-existing. It appears that with progressing funding cycles, especially if the project implemented in the initial wave is facing problems, NGO staff have more wiggle room to push for project designs inspired by needs they meet on the ground. This implies that NGO agency vis-à-vis donors may increase with progressing funding cycles, as donors trust their implementers and become aware of the limitations of their approach. It might be that trust replaces the more technocratic processes donors use to control NGO activity.

5.4 The scale problem

One suggestion of the World Development Report does tackle power inequalities in market exchanges, namely the one to aggregate farmers into cooperatives so as to take advantage of scale economies as well as improve small producers bargaining position. The suggestion to organise farmers into cooperatives so as to alleviate the scale problem figures in donor frameworks as well as NGO staff propositions (see Table VI.4). A third of respondents mention small farm sizes as a challenge. The manager of a ruling class NGO considers land tenure and the fractionalisation of landholdings among siblings as a key challenge to agricultural productivity. "It is difficult to work on only six apple trees", he says. So as to deal with small farm size and processing volume, a number of NGOs, have attempted to organise producers into cooperatives or to strengthen existing cooperatives.

Organising farmers

A fifth of rural development projects from the database compiled deal with cooperatives as main beneficiary group (see Figure VI.4). As for respondents to semi-structured interviews, six NGOs ran projects working with cooperatives and three were involved in setting cooperatives up. For example, one NGO works at aggregating farmers and building a network of cooperatives. Similarly, another works at setting up a network of women's cooperatives, mainly focussed on food processing. Most cooperatives involve food processing projects, often women's cooperatives. This is because much of the processing involves making preserves, such as pickled vegetables, stuffed olives, jams, tomato paste, etc. which is considered women's work in Lebanon. Five out of the six NGOs commented on how difficult setting up or working with cooperatives is. Two organisations, one US-funded and one French-funded, relate that it is difficult to convince farmers to invest in a cooperative, commensurate to the share of cooperative-capital they make use of, be that machinery or labour of cooperative staff. A trainer of cooperatives who has worked for a number of NGOs, interviewed as an expert for this study, states that in her experience cooperatives cease to operate as soon as the patron NGOs leave. She adds that often NGOs bring in machinery and funding, while cooperatives themselves 'have nothing'. Many cooperatives cease to be active at the end of the project unless a new NGO can be recruited as a patron. Four respondents confirmed that they work with cooperatives which had previously been managed or set up by another NGO.

Among the NGO staff interviewed, only two respondents stated that they coordinated the association of farmers which would remain active beyond the involvement of the NGO. One of them is the feed mixer described earlier and the second is a coordinated negotiation for vaccinations by a group of dairy farmers. The latter resulted in lower vaccine costs and accompanying vet fees. While the feed mixer project was proposed by dairy farmers rather than the NGO, the coordinated bid for vaccination was pushed for by an NGO. In fact, the manager of the project states that initially farmers had asked for the NGO to pay for the vaccines outright. The two examples were farmer cooperation persisted beyond the patronage of an NGO, are cases were scale either increased farmers bargaining power, enabling them to purchase vaccines at a lower cost; or allowed them to import soy and corn to run a feed mixer, a project too large for one single farmer. The lacking success of food processing cooperatives is likely due to the fact that even after grouping women into a cooperative to produce tomato paste, to cite one example, the joint production volume of a dozen women is still dwarfed by the output of their large industrialised competitors. Thus setting up cooperatives is not be a 'one size fits all' approach as has been advocated by donors and a fair number of NGO staff, but it is crucial to consider if the resulting increase in scale is large enough to have an impact.

Unintended consequence: Work with NGOs leaves farmers jaded

Four respondents dwell more extensively on the expectations of cooperatives and farmers towards NGOs. A staff member of a Spanish-funded NGO states that in his opinion nearly all (in his words: "99%") of the cooperatives are established to attract funding and materials from NGOs. A staff member from another NGO added that cooperatives see NGOs as an income stream rather than a provider of start-up capital.

This has been observed not just at the level of cooperatives. Two respondents lament the 'corruption', as both call it, of farmers by NGOs. The manager of one US-funded NGO argues that the post 2006-war period was a 'gold rush' for NGOs which has 'corrupted the minds of beneficiaries'. The manager of an NGO, also US-funded, added that beneficiaries are getting used to NGOs coming and distributing cash and capital and do not take responsibility for their own fate. This is reflected in the political weakness of cooperatives. An official from the Ministry of Agriculture asserts that cooperatives do not have much, if any, lobbying power. None of the NGOs interviewed organises farmers with a view to lobby government.

In addition, a staff member of a US-funded NGO states, farmers observe the salaries and overheads that go to NGOs. She adds that especially international NGOs spend a lot of money that does not necessarily go to farmers. She continued that beneficiaries feel that these funds are meant to go to them and feel NGOs are being fraudulent. The manager of the large-scale US-funded agricultural development scheme concurs that there is NGO fatigue, with beneficiaries thinking: 'another NGO another meeting'. He added that farmers wonder why so much money goes into overheads and staff salaries. A cooperatives trainer, interviewed as an expert, states that there is a widespread belief among beneficiaries that NGOs are pocketing money for themselves. Beneficiaries' perception that their participation in development projects creates value not captured by them is not entirely mistaken since, as pointed out by Ebrahim (2005), beneficiaries supply the narrative that allows NGOs to claim due implementation of projects towards their donors, insuring future income streams.

In this respect, NGOs may set precedents that weaken future activism, since the expectation of financial reward becomes a pre-condition for farmer involvement and may 'commodify' activism in the sense that farmers start conceiving of their activism as labour. In an interview with Naiman (2011), Dr. Zurayk relates that he was trying to organize

> "hundreds of farmers in order to pass a certain message. And then somebody, one of the farmers asked me - "Who's going to pay us for that?" I said, "What?" He said, "There are going to be expenses. We're going to have to come to Beirut, go, etcetera. Who's going to pay us for that? Can't you get some money from some NGO to pay for us for that?"

He continues that farmers "automatically think, in terms of what they are going to get, in terms of aid". This implies that beneficiaries believe or have experienced that their activism is labour, generating value for someone else, very often NGOs.

5.5 Conclusion

Many of the projects outlined above fail in their stated objective to sustainably increase farmers' income because producers have virtually no pricing power. Not only are producers unable to pass on increases in input prices, or enforce what they believe to be accurate wholesale prices using price dissemination mechanisms, they are also unable to charge a sufficiently high premium for improvements in product quality or processed foods. Donor and NGO analyses argued that producers may be able to charge higher prices if they improve quality or move up the value chain by adding processing stages to the production of raw foods. However, the small scale processing costs of NGO run projects are similar or even much higher than the prevailing retail price, implying that producers are not even able to pay for their own labour, and cannot match prices of large capitalist competition. The Lebanese evidence in this respect is not unique, Oya (2009:232) criticises the focus on small scale productivity as a pathway to poverty reduction, put forward in the World Development Report (2007) as contradictory to evidence.

Equally unacknowledged in donor frameworks are oligopolistic input markets and highly competitive output markets, though these are mentioned by a number of NGO staff. In fact, one of the only two project reviewed above that continued without donor funding is the feed mixer for dairy cows, which addressed a precise problem, namely low quality and expensive feed, by circumventing an oligopolistic market and directly importing and mixing feed. However, this was only possible due to repeated interaction between the beneficiaries, the NGO and the Italian donor over two cycles of the renewed ROSS framework. This exchange may have been facilitated by political affinity between donor and beneficiary, both of which have communist leanings. All members sitting on the feed mixer managing committee are communists in a Hizbullah dominated village. They have names such as Fidel and Che.

In general though, political affiliation or donor nationality do not to influence project design. If anything, there are striking similarities across the political and ideological spectrum. Hence, global development discourse is pervasive enough to shape NGO operations into similar designs irrespective of the implementers' ideological or political outlook. Indeed, NGOs with the same donor can disagree in their interpretation why projects are not working as intended. While a USAID-funded NGO blamed the 'mentality' of farmers for the slow adoption of new technologies, a staff member from a second USAID-funded NGO disagreed, arguing that since farmers take all the risk of technological upgrading, any project involving the introduction of new techniques has to give farmers better insurances against catastrophic failure.. This indicates that, in terms of project design, NGOs have limited agency vis-à-vis donors. The incidences where NGOs were able to increase their influence over project design, took place during the second funding cycle, when a relationship between donor and NGO was established, indicating that for donors to leave NGOs influence in project design, there needs to be a pre-existing trust relationship. This section discussed how development discourse as articulated by donors shapes NGO operations. The next section will discuss how specific managerial and reporting requirements made by donors structure project implementation.

6 Theme 2: Structuring dynamics of donor requirements

Even before an NGO applies for project funding, donors will specify a number of project characteristics in their calls for proposals. Broad project goals set by donors have been discussed in the preceding section. In addition donors may have preferred target beneficiaries, linked to specific geopolitical interests, and are often setting project timeframes. Once an NGO wins a project, the donor will require the NGO to fulfil a number of reporting requirements. How these sets of donor requirements structure NGO project implementation will be the topic of this section.

6.1 Geopolitical interests of donors and project location

It has been argued at the international level that development aid funds are disbursed according to donors' geopolitical interest rather than a recipient country's need (Martens, 2002). Similar comments were made by two NGO staff respondents. One stated that 'Donors have a political agenda' or that 'all money is tied to political agendas'. Both argued that US American as well as European[68] aid goes to certain beneficiaries of the donor's preference and is meant to advance foreign policy goals. One states that some donors in the North serve preferably Sunni villages while others prefer Christian ones. The second respondent outlines that in the South of Lebanon the 'Italians are interested in the Shi'a to protect their troops'. Both respondents emphasised that their organisation does not accept funding from USAID or other large donors the NGOs' staff politically disagree with. Both understood themselves as activists with a political

[68] 'European' vs. 'American' are categories used by the respondents.

agenda. Their opinion implicitly concedes that who an NGO receives money from impacts on the organisation.

The respondents' differentiation between European and US policy interests is reflected in the donors funding guidelines. There are significant differences in the discourse used by USAID or European unilateral donors to justify their involvement in Lebanon. As hinted at by one of the respondents, the seminal event for European donors was the 2006 war and the subsequent increase in UNIFIL (United Nations Interim Force in Lebanon) soldiers deployed at the Lebanese-Israeli border. Indeed, following the 2006 war, and following the Stockholm donor conference, emergency aid to Lebanon increased significantly (Ministry of Finance Lebanon, 2006). The 2006 war also led to an increase in UNIFIL troops, where Italy, France, Indonesia and Spain had the largest contingents, with more than 1,000 soldiers each. In addition, since February 2007, UNIFIL has been under either French, Italian or Spanish command (Reigeluth, 2009). Protection of troops and winning the goodwill of the local population are part of the commanding countries' donor strategy. For example, the Italian ROSS framework is a war relief program initiated in 2007 and renewed twice until 2010 with funding going largely to the south of Lebanon. The Spanish overseas development agency (AECID) has marked the area of Spanish UNIFIL troop deployment as a priority area for its development projects and in 2009 the country contributed ten times more ODA to Lebanon than to Syria (Reigeluth, 2009). An irrigation and dairy processing project are located in the vicinity of the Spanish UNIFIL headquarter in Marjeyoun. Similarly, the French AFD purchased and installed four olive presses in villages within the deployment zone of French UNIFIL troops. This is the only agricultural development project in Lebanon financed by the AFD.

While war recovery was a stated objective in nearly a quarter of Italian-financed projects, only one out of the 44 projects funded by USAID was related to war recovery. The 'Cedar Revolution' and subsequent withdrawal of Syrian troops from Lebanon in March 2005 were important pivots motivating US support of liberal, pro-Western elements in Lebanon, in particular during the run-up to municipal elections in 2010. Indeed, staff from the USAID's Office of Transition Initiatives (OTI) states that its objective is to provide youth with alternatives to extremist politics and to mitigate conflict. In addition, USAID-financed NGOs are prohibited from cooperating with Hizbullah, classified by the US State Department as a terrorist organisation. This prohibition inevitably excludes certain governmental actors, notably Hizbullah-run municipalities. These restrictions did, until 2013, not apply to European donors.

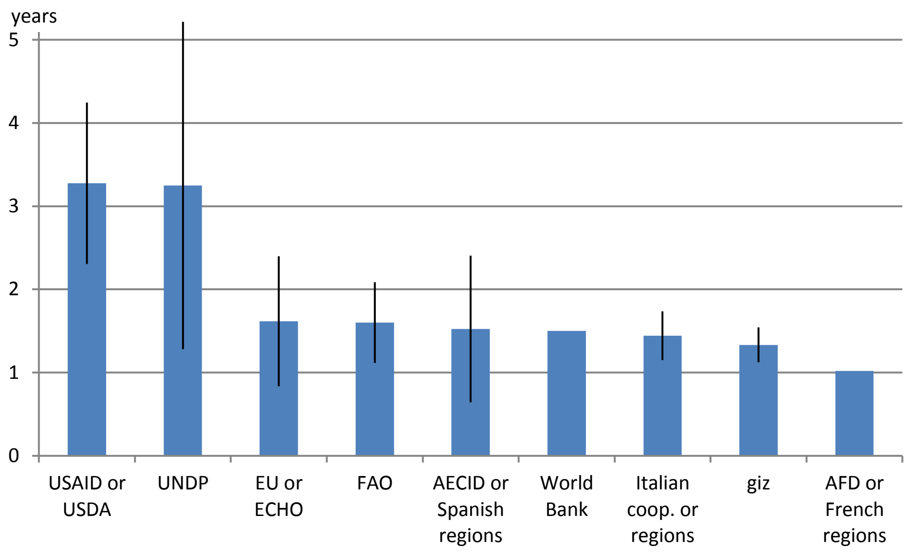
The German development agency is an exception, in that it manages all of its projects through the CDR and partners with ministries, universities and municipalities rather than other NGOs. In this preference for governmental partners, Germany acts more like a multi-lateral donor than a bilateral one. Germany only contributes at most 300 soldiers to UNIFIL, largely marines (Bundesregierung, 2013). In addition, the country's foreign policy is strongly supportive of Israel as demonstrated by Merkel's speech at the Knesset in 2008 and may gain from sitting on the fence, as demonstrated by the country's role in brokering prisoner exchanges between Israel and Hizbullah in 2004 and 2008 (Putz, 2008).

One case was observed where, despite donor preferences, the NGO had some leverage in whom to target. The Lebanese NGO operating in the North of Lebanon, cited at the beginning of this section, convinced their Swiss donor to include a mix of Christian and Sunni villages as beneficiaries despite the donor's initial reluctance to also include Christians. However, the NGO respondent states that the NGO was initially reluctant to do so and that changing the eligibility criteria required a significant amount of negotiation. Hence, in Lebanon, implementing NGOs have very little influence on determining target groups.

6.2 Project implementation timeframes

In addition to project location, donors influence project duration through their funding frameworks. For instance, three NGOs discussed in this chapter received project funding from USAID within the 'Expanding Economic Opportunities Program II'. The total duration of any project funded within this particular program was limited, from the outset, to the duration from 2005-2007, with an option to extend by a year. Similarly, projects funded by the Italian Cooperation for Development within the 'ROSS Emergency Program' had a stipulated maximum duration of one year, from March 2007 until March 2008.

Figure VI.5: Average project duration by donor



N=110
Confidence Intervals for the World Bank and AFD were very large due to the fact that these agencies only fund 3 and 2 projects respectively. Confidence intervals are omitted. Note that USAID/USDA and the UNDP have statistically significant longer project durations than other donors, differences among which are not statistically significant.
Source: Inventory of agricultural development projects between 2008 and 2009, compiled by author (see p.48 for details)

Average project duration, according to the small projects database, was two years (CI: 1.7-2.4)[69] though half of projects lasted 18 months or less. Figure VI.5 shows that the two-year average is due to USAID and the UNDP having longer average project durations of just over three years, while the majority of donors funding rural and agricultural development projects have project time-spans of about 18 months.[70]

More than half of all respondents interviewed mentioned that funding cycles are too short. One of the most frequently criticised funding frameworks was the ROSS framework of the Italian Cooperation, which was intended as an emergency framework but funded development projects, albeit on an emergency schedule. Of the nine respondents who did *not* complain about the shortness of funding cycles, three benefited from comparatively longer term USAID-funding. Figure VI.5 shows that USAID funding cycles are the longest. Two further NGOs without timeframe concerns were implementing projects in coordination with the government. Projects implemented by the government, but funded by various donors, had longer average funding cycles (3.5 years, CI: 1.9-5.1) than projects implemented by NGOs. These QUANGOs complain about delays due to the slow working of government and a lack of official cooperation. This may be

[69] Confidence intervals are displayed to give an idea of the (very small) variance of project duration across projects.
[70] Note that if funding for projects was renewed for an additional cycle, this has been added up.

one factor in longer project duration. However, political power, size, and lacking budget constraints mean that governments are more powerful vis-à-vis donors than NGOs. One NGO not complaining about short timeframes was a Lebanese ruling class NGO with a wealthy political patron. According to two ruling class NGOs active in the South, extension services and the distribution of input such as tree saplings are very popular with beneficiaries. One of the two organisations continues to run these services even after the end of the foreign funded project, charging farmers only the input costs, excluding salaries. The continuation of this popular project is only possible due to the ample financial resources at the disposal of the NGO.

For NGOs that rely on time-limited funding, a funding cycle regulates the beginning and end of a project as well the amount of staff employed, since NGOs are not allowed to retain unspent project funds. Of course, staff, aware of the fact that they will likely be unemployed once the project finishes have an interest in advocating longer project horizons. However, many respondents cited concerns unrelated to themselves as consequences of short funding horizons. One worker from an NGO points out that short timeframes lead NGOs to disappoint beneficiaries, since it put pressure on her NGO to finish the project quickly. She relates being told by beneficiaries that 'You lied to us' when the project closed. Similarly, at an organisational level, funding cycles imply that, in the case of one activist NGO, staff go unpaid between funding cycles or in most other cases are let go. The respondent from this activist NGO, points out that organisations need to be engaged in constant fundraising to maintain a regular income stream so as to avoid shedding staff and remain active with their beneficiaries. Though time consuming, this work is not rewarded. He continues that time committed to a cause, outside project deliverables, is an important element in NGO legitimacy and argues that his NGO gained credibility through their long presence in the area, irrespective of donor funding flows.

Two NGO staff point out that the particularities of the agricultural sector may require longer funding horizons. To illustrate this, one of them noted that olive trees take 20 years to mature[71], and another added that to observe results from changing production techniques one needs to wait at least a year to observe results during the following harvest. Occasionally even comparatively long term projects were criticised for being too short in the agricultural sector context. For instance, an ambitious USAID project aimed at the entire Lebanese dairy sector was criticised for being too short. Staff argued that it took two years alone to learn enough about the sector, and voiced frustration that the project finished too soon.

Abiding to project schedules may take precedence over successful implementation. An NGO was compelled to hold a training session on the *Adha* holiday despite predictably low attendance rather than allowing the project to overrun for a few days. Similarly, staff from another NGO state that donors prefer incomplete rather than late projects. During armed clashes in 2008, farmers participating in an apiculture project could not reach their bees and many hives were spoilt. The NGO was forced to complete the project at the pre-determined timeframe, despite demands from the community to continue working on it after the clashes. Table VI.5, below displays NGO responses in more detail.

[71] In fact, olive trees generally reach maturity after about 10 years, but 20 year-old olive trees may produce better fruit than their teenage cousins.

Table VI.5: NGO assessment of project timeframe

Comments on project timeframe set by donor	
USAID funded	▪ Project horizons are between 1-4 years, an olive tree takes 20 years to reach maturity, 10 years is not a lot in agriculture ▪ Three years is too short term, it took two years to learn all there is about the sector and then the project had to close ▪ 10 years is maybe a sufficient project horizon ▪ While a project is executed, we already fundraise for the next one so as to be able to retain staff
EU funded	NGO receives funds from several different EU county donors: ▪ Either an NGO is project driven or it needs to constantly raise funds. Salaries were not paid for three months due to funding shortfalls. ▪ Biggest hindrance is the short term nature of contracts (Italians give only 1-2 year contracts) ▪ Short term time horizon puts pressure on NGOs to finish projects and beneficiaries say 'you lied to us ▪ Project cycles are 18 months, this is too short, the minimum should be 5 years. ▪ QUANGO: Project horizons are two, sometimes three years; most things actually take twice that long (QUANGO respondent). ▪ QUANGO: Political turmoil meant throughout the program there were seven ministers of agriculture. Getting the required signatures from official sources delayed things. Only 7 out of 10 projects were completed. ▪ Teacher training had to be held on Adha holiday so as not to delay the project despite likely poor attendance. ▪ Clashes in 2008 meant that farmers could not get to their bees and died. Despite this the project was ended. Italian funded: ▪ ROSS emergency programs have one year cycles. This is not enough, one needs at least 3-4 months for an initial assessment ▪ ROSS runs an emergency programme but in Lebanon there is no need for an emergency programme, so they run development projects in an emergency framework. ▪ The funding horizon is only one year, which means the NGO expands a lot and then shrinks a lot ▪ There is a need to spend all the money or lose it and reapply for a new project or an extension. This implies we were without funding for several months. Spanish funded: ▪ We had a 20 months contract with four months extension. 24 months are not at all appropriate; results will only show the following year, when the crops planted with the new techniques are harvested. The donor sets the time limit. French funded: ▪ It is a three year contract, but the work will actually take five years.

Hence, projects less affected by funding constraints are firstly, those funded by a donor that has longer funding cycles, in this case, to a certain extent, USAID, secondly, organisations with their own endowments, such as 'ruling class NGOs' in Lebanon, and thirdly projects implemented through the government. On the other hand, NGO staff working on short project cycles reported that these prevent them from, firstly, learning enough about the context, secondly from building trust with beneficiaries, thirdly does not allow for unforeseeable events and fourthly, threatens organisational sustainability.

NGOs receiving funds from international donors have no agency at all with regards to project duration, in the sense agency is used by Wallace at al. and refers to NGOs' actual capacity to do things differently if they wanted to. Short time frames are a near universal complaint but no organisation interviewed was able to act counter donor set time constraints. The only exception are ruling class NGOs, in this specific case the project discussed involved the distribution in agricultural inputs. It may be argued that these fit neatly into the NGO funder's patronage ambitions and hence funding continued.

6.3 Reporting and budgeting requirements

Donors have requirements related on what project funds can or cannot be spent on. Staff from two NGOs point out that many donors only fund direct project costs, but no running costs, such as rent or utilities, nor staff salaries. Both relate experiences where donors were complicit in circumventing their own guidelines. When both NGOs argued that certain funding restrictions were infeasible for a small organisation such as theirs, instead of amending funding guidelines, local donor staff helped both NGOs to prepare falsified budgets that satisfied reporting requirements. Suggested amendments included making out fake receipts over hours worked as a contractor instead of declaring that a monthly salary has been paid. In consequence, NGO staff has become jaded as regards proposal writing and reporting requirements. Writing grant proposals is called by that one small NGO staff a mere 'writing exercise' unrelated to reality. A staff member from a USAID-funded NGO echoes this observation, suggesting that if the NGO's head knows how to 'talk the talk' then her organisation can get as much funding as it wants (see Table VI.6). Hence, reporting requirements do not fulfil their intended function, that of holding NGOs' accountable.

Table VI.6: NGO comments on donor reporting guidelines and donor conceptualisation of success

Comments on donor reporting guidelines and donor conceptualisation of success	
local NGO	▪ Some donors only fund direct project costs, so there is money for activities but not for salaries. But staff are permanent not just project based. ▪ Writing grant proposals is a writing exercise i.e. charming donors and knowing how to do that is more important than actual involvement in projects ▪ If the NGO head knows how to talk the talk and has good contacts he can get as much money as he wants from the World Bank and USAID
INGO	▪ USAID requires labelling of output produced with project aid, making it is very difficult to sell in certain [US hostile] regions, hence they have to be shipped further distances, increasing costs. In times of unrest USAID stickers on cars are a liability. (Note: There is disagreement among respondents how strictly the 'sticker rule' is enforced.)

In addition, some donors, most notably USAID, require that NGOs clearly signal that a certain project is financed by that donor agency. In regions hostile to US foreign policy, this impacts successful project implementation. USAID requires labelling of output produced, in the present case free range eggs and broilers, making it very difficult to sell them in certain regions. Hence they have to be shipped further afield to different regions, increasing costs. In times of unrest USAID stickers on cars is dangerous, with one NGO staff reporting attacks on the parked NGO vehicle.

Donors require success narratives and measureable outcomes. Interviewed NGOs frequently articulated success in terms of how many beneficiaries are reached. NGOs seek to make this figure as large as possible by including individuals who only tangentially benefited from the project, such as dependents. In addition, drop-outs or late additions to existing programs are frequent, and even participants who did not complete the project may be counted. One NGO included labourers on its project as beneficiaries. Day labourers helping in the apple harvest, receiving LL24,000 per day, barely above the minimum wage, were counted as project beneficiaries along with the apple farmers. The rationale behind this being that, since Lebanon suffers high unemployment, any form of employment generation can be counted as a project benefit, even if the work is casual and badly paid. Similarly the EU-financed 'Agricultural Development Project' listed fruit and vegetable exporters, food processors, local distributors, the Ministry of Agriculture, the Lebanese Agricultural Research Institute and Federation of the Chambers of Commerce, Industry and

Agriculture in Lebanon as secondary beneficiaries, since they all some way worked with the project. This is not to dispute who should or should not be included as a beneficiary, but rather to point out that the number of beneficiaries says little about project success. Even when NGO staff believe their project is worthwhile they may find themselves pressured to report beneficiary numbers, since they are easily understood and comparable. Eight respondents recited without prompting the number of beneficiaries or land surface affected by the project. A Spanish-funded Lebanese NGO declares that it currently reaches 150 beneficiaries. A Lebanese NGO 'reaches' 320 women and 'supports' 100 farmers, a EU funded INGO has 250 beneficiaries, which includes three cooperatives. This is to satisfy donor requirements for measurable results within their reporting requirements. One interviewed NGO staff member expressed his dislike for this kind of evaluation since, as he argues, it is more about telling a success story for donors than about actual learning from project outcomes.

A good illustration of the difference between a successful project and measureable outcomes are trainings. Nearly half of respondents stated that their projects involve the provision of training. Trainings could be on soil erosion, pesticide and fertiliser use, cooperatives management, financial management, marketing, apiculture, soap production, new high value crops (avocado, seedless grapes, kiwi, special kind of bananas), harvest techniques, packaging, quality standards, hygiene, nutrition, jam or pastes production, composting etc.

As for beneficiary preferences, the manager of a Spanish NGO stated that trainings are unpopular. The manager of a large ruling class NGO in the South reported that bookkeeping and management courses were especially unpopular. However, the same NGO manager pointed out that trainings on specific topics with direct market relevance, i.e. how to make tomato paste, were very popular. This is echoed by the employee of an Italian funded NGO with respect to training on animal husbandry, as well as the manager of a US funded dairy project who said that the vaccination programmes for goats and sheep were popular because it offered a precise vaccination calendar and a follow-up training on how to avoid diseases. She also said that farmers generally do not like to sit in classrooms but prefer field visits or on-the-ground training. A cooperatives trainer, interviewed as an expert, suggested that many trainings are too broad and unspecific for farmers to easily perceive a benefit. A manager from the branch of a US funded NGO adds that farmers prefer interactive and individual attention, which is expensive. Many NGO staff (from, for instance, a large ruling class NGO, an Italian funded NGO, or a large USAID-funded one) point out that farmers like being able to call for advice or to make individual appointments to visit trial plots. However, individual attention is expensive. One NGO gives farmers the opportunity to have individual conversations with experts. This NGO's trainings cost $700-$1000 per day, while another NGO proposes to run a classroom based week-long soap production course for only $500. A focus on beneficiary numbers may misrepresent the benefit of a project. A small and expensive but useful training may be valued less than a cheaper but less useful training course.

6.4 Conclusion

Donor requirements structure NGO project implementation in three respects. Donors influence beneficiary targeting (1), project timeframe (2) and how NGOs evaluate and hence think about, their projects (3). Foreign policy objectives of donors do translate into NGO project location. However, there is evidence that NGOs are able to influence donor targeting. It is noteworthy that in the present case, activist NGOs in particular attempted to influence donor targeting. Hence NGOs have some agency with respect to targeting, this is in contrast to project timeframes. Donors set funding timeframe. NGOs working on short funding cycles find that it limits their ability to learn from projects, build trust with beneficiaries or to react to unforeseeable events. Nearly all respondents mentioned short timeframes as a key constraint. QUANGOs, USAID funded NGOs and ruling class NGOs benefit from longer project timeframes. For QUANGOs this is likely due to the organisation's association with the government, a comparatively powerful actor vis-à-vis donors. Ruling class NGOs benefit from budgets that are not bound by foreign funds but bound by the willingness and capacity of the NGO's patron to continue funding a certain project. Lastly, reporting requirements of donors do not fulfil their intended function, that of holding NGOs' accountable. NGOs feel that reporting is largely a writing exercise with little connection to the actually implemented project. Few even state that donor staff assists in breaching reporting regulations. In addition, donors' focus on measureable outcomes leads to a focus on quantity rather than quality. Small and expensive but popular projects may be valued less than a cheaper but lower quality ones.

7 Corollary: NGOs as job creators

One theme permeated a large number of interviews (11 respondents) without prompting, namely NGOs employment of skilled Lebanese workers in rural areas. The large majority of NGO staff interviewed are agronomists, agricultural engineers, environmental engineers or agricultural economists. All had at least one university degree and about half were women. Employment for them is scarce in rural areas and NGOs offer welcome employment opportunities, allowing skilled Lebanese to stay in their villages.

Table VI.7: NGOs as employment generators

NGO	▪ There are no companies in the region, no industry. There is a little tourism. Most people work in the army and as school teachers. Lots of people go to Beirut because there are no universities here. In the entire region, there is just this project, there is nothing else. I cannot take a wife, cannot marry because of insecurity. ▪ Most agriculture graduates either work for NGOs or have left Lebanon. ▪ Out of a dozen students many now work in landscaping, some in Dubai. Some work in marketing some in environmental engineering, one selling fertiliser, one is doing a PhD in Paris. One came from a farm and is still working on a farm. ▪ The NGO received 60-70 CVs for 3-4 positions for a 3 year project. The initial contract is one year, which can be extended. ▪ NGOs are becoming organisations for employment generation at the least. ▪ One respondent states, her husband winning a UNDP contract and her job with the NGO were the reasons the two of them were able to locate back to their village. Of her siblings, all of whom have studied, only one is still in the village, the others are in Beirut or emigrated. ▪ NGOs create work for agronomists; otherwise they would have to work for big agro-businesses. ▪ At least NGOs offer employment to agriculture engineers; otherwise there is no work for them.
ruling class NGO	▪ Agriculture engineers are hired by fertiliser companies and work effectively as sales people and no longer as engineers.
QUANGO	▪ Agriculture is a nice study topic, but there are no job opportunities unless one inherits property. It is fun to work in the field, but very few stay. From the respondent's cohort at university only one other woman and no man are still in Lebanon.

The manager of a poultry coop states that he would not be living in his village without the NGO-financed project. A similar statement is made by the employee of an Italian-funded NGO who was able to stay in her village due to the good fortune of both her and her husband finding employment financed by international donors. Two respondents listed where their former university classmates are currently employed, and both stated that many emigrate and only a very small minority works in agriculture (see Table VI.7).

The alternative to NGO employment seems to be work with seed and fertiliser companies, which the two respondents spoke about in disparaging terms, arguing that one would effectively become a 'sales person' and no longer work as engineers. However, work for an NGO does not offer much job security since it is limited to the project timeframe. The poultry cooperative manager points out that job insecurity prevents him from getting married. Still, demand for these NGO jobs is high, with the manager of a large USAID-funded project stating that he received 60-70 CVs for three or four positions, all of which are initially limited to one year, with the possibility of an extension for a 3-year project. Employment with NGOs is limited to the duration of the project. As discussed previously, donors do not fund overheads. As can be seen from discussions in section 6.2 in this chapter and can be seen in Table VI.5 employment with NGOs is based on short term contracts. Chapters 4 and 5 discussed that most NGO staff do not benefit from insurance cover. In contrast, employees of ruling class NGOs benefit from permanent contracts as well as insurance cover. Still, despite these shortcomings, employment with an NGO reliant on international development fudning is considered attractive work.

This is perhaps also testimony to the unattractiveness of work in agriculture; if the skilled and bright people in rural areas work for NGOs rather than in agricultural production, which many NGO projects promote. Banerjee and Duflo (2011) cite evidence that in a developing country context being an employee is preferred to small-scale entrepreneurship, which often involves hard work, is very risky and if successful may yield only little reward. In fact, one reason employment in the army is so attractive is that parents, children and spouse are covered by social security. Most rural families will have at least one family member employed in the armed forces for this very reason. Banerjee and Duflo (2011) argue that it is these benefits and reliability of income that make being an employee much more attractive than being an entrepreneur. The preponderance of rural employment in the army or in public services in Lebanon is indicative of the preference for being a rural employee as opposed to an entrepreneur.

8 Conclusion

This chapter tackled the research question of how NGO project implementation is shaped, with a particular focus on donors. Donors disburse funds according to funding frameworks which stipulate project aim, have preferred target beneficiaries and set project timeframes. NGOs have to follow specific reporting requirements which impact how they conceptualise success. However, within these restrictions, NGOs have some space to bring in their own ideas and agency of how and what kind of projects should be implemented.

International donor funding frameworks call for NGOs to propose the implementation of projects the objectives of which fit into international development discourse and international best practice, largely without consulting beneficiaries or local experts. This funding process benefits NGOs without a clear mission, which can easily adapt their work to donor requirements, more than NGOs with longstanding missions and a commitment to a certain cause and community. Hence, conceptualisations of rural development puzzles in Lebanon are similar across NGOs and reflect recommendations made in international development literature, particularly the 2008 World Development Report (World Bank, 2007). Many NGOs see key shortcomings in quality and marketing of Lebanese agricultural production. Many advocate export or selling high quality niche products to affluent consumers. If focussed on export, NGOs advocate exporting to the EU, despite Arab markets being a more important destinations for Lebanese agricultural exports. Projects tackling these problems offer solutions through, for example, extension services, in particular for olive orchards, animal husbandry, and fruit and vegetable cultivation. Alternatively, projects aim as moving farmers' products up the value chain by setting up small scale processing cooperatives or improving marketing through better labelling and packaging.

In order to secure funding NGOs may adapt their objectives to fit those of their donors, leading to mission drift on the side of NGOs. Similarity of donor objectives leads to isomorphism of projects across NGOs. The competition for funding and similarities of project objectives have led to several cases of duplication in Lebanon, with NGOs running very similar projects consecutively or simultaneously.

However, few NGOs manage to achieve their stated goal of sustainably increasing rural households' income with the projects they initiated. Farmers have difficulty obtaining higher prices for their produce even if they increase quality and produce for niche and high value markets. Production costs of small scale facilities remain very high and NGOs absorb most overhead costs, implying that the projects are not sustainable. Small scale production for a high value niche market is not a successful strategy in Lebanon. Some NGOs identify concentrated input and wholesale markets as impediments to small farmers' profitability, though these do not figure in donor frameworks. In fact producers can neither negotiate wholesale prices obtained from a price dissemination program, nor pass on increases in input costs. Rather that informational asymmetries linked to price or quality, power relationships between middle men and input merchants vis-à-vis farmers affect their ability to set prices. In fact, successful projects directly tackle and circumvent these power inequalities. They are set up not in response to donor frameworks but in response to context and beneficiary demands.

Small production scale is a challenge acknowledged by both donors and NGOs, in response to which producer cooperatives were set up. However, organising famers into cooperatives should not be a universally applied solution. In the Lebanese case cooperatives were successful only if the resulting increase in scale has an impact on prevailing market structures and hence price, such as lowering vaccination or feed costs. Otherwise, cooperatives tend to be vehicles for aid distribution rather than genuine organisations that would increase farmers' economic and political power. Scale is not just a problem for producers; the coverage of NGOs themselves is minimal. The staff member of a QUANGO believes that NGO projects are minor 'drops in a bucket' since the 54 projects his organisation runs reach only 142 families. NGOs themselves rationalise this lack of coverage by seeing themselves as a 'catalyst'. However, this lack of scale affects what kind of development challenges NGOs are able to take on. A Lebanese staff member of an Italian-funded NGO argues that the most important problem facing agriculture in Lebanon is the unfulfilled demand for irrigation. Some water harvesting projects are carried out by NGOs but they are small-scale. Infrastructure investments on a large scale are too expensive for NGOs. However, Woodhouse (2009:273) believes that investments in public goods, especially water infrastructure, are a better policy to increase agricultural productivity than, for instance, extension services or marketing.

Donors' geopolitical interests influence beneficiary targeting. This chapter showed that in rural and agricultural development, the most important donors are the EU and affiliated organisations, UNDP, the World Bank, FAO, Italy and its regional agencies, USAID, Spain and regional agencies, Germany and France.

Multilateral donors and Germany prefer the Lebanese government as implementing agency while bi-lateral donors work primarily through NGOs, frequently those of their own nationality. There is a political dimension to bilateral grants to rural and agricultural development projects. For European donors with increased UNIFIL contingents following the July 2006 war, notably the Italian, Spanish and French governments, winning the goodwill of populations living in proximity to UNIFIL forces is a motivating factor for aid disbursements. Projects are frequently located in the Bekaa and the South and non-US NGOs may cooperate with Hizbullah in project implementation. As for USAID, strengthening local, pro-Western allies, in particular as alternatives to Hizbullah and Islamists is a factor motivating disbursements.

Donors set project timeframes. The timeframe of foreign funded rural development projects is very short. In particular European donors have project lengths averaging 18 months. Some projects were initiated as post-war emergency projects but are now effectively carrying out development work. US-funded projects are not emergency programs and last longer, on average three years. Lebanese ruling class NGOs do not face the problem of short timeframes. While finance by international donors to NGOs is typically project-based with limited timeframes, ruling class NGOs are able to extend successful projects beyond the original funding horizon thanks to the financial resources of its political patrons, if they so choose.

A number of donor requirements, in addition to the limited timeframe, constrain NGO work, namely that only direct project costs are covered by grants, and that all funds need to be spent before the end of the project. In addition, fundraising and reporting are not covered by the grant. This has a number of negative impacts on NGO work, since fundraising and reporting are not remunerated. Stringent reporting requirements are labour intensive and have little bearing on what is actually being implemented. Many NGOs consider these a pro forma writing exercise without any real relevance to their day to day operations. Emphasis on tangible and reportable results may privilege cheaper per-beneficiary activities over more expensive but more effective ones.

Hence, donor obligations, such as a focus on international best practice and discourse, geopolitical interest, time and reporting considerations impact NGO operations and humanitarian outcomes. A focus on international best practice led to mission drift, isomorphism and duplication in Lebanon. Short timeframes hinder NGOs' ability to build trust with beneficiary and donor reporting requirements lead NGOs to focus on measurable rather than high quality outputs. However, NGOs do not all behave like professionalised sub-contracting partners fulfilling donor requirements. A negotiation takes place between donors and NGOs. This chapter reviewed evidence that NGOs can affect in particular beneficiary targeting and project design, though donor timeframe and reporting requirements are not negotiable.

An interesting corollary to this discussion is that NGOs increasingly function as employment generators for rural graduates. However, it is noteworthy that employment with NGOs is a more attractive option for Lebanese agricultural engineers that becoming producers themselves. This could also be seen as buttressing criticisms of the projects run by NGOs, attempting to create livelihoods that many NGO employees would not chose themselves.

VII. Conclusion

With more than 6,000 organisations registered, Lebanon has a very active NGO landscape. This thesis estimates that the non-profit sector in Lebanon has a budget of $421 million and employs about 5% of the economically active population. Local NGOs outnumber international ones and the country has a long history of charity and philanthropy, often with religious histories. International NGOs and development finance are considerably more recent. Lebanon has a weak central government, hostage to elite interests. The regulatory environment governing NGOs is liberal, due to the government's inability to enact stronger regulation, and because it suits elite interests. Reporting required by the government of NGOs is straightforward. Submitted documents are often a mere formality rather than a useful collection of information about NGO institutions and procedure. Foreign NGOs, which include Palestinian organizations, are an exception and subject to stricter oversight. The lax regulatory environment contributes to the vibrancy, at least in terms of numbers, of the Lebanese NGO sector. This study is based on quantitative data collected in early 2006 from more than 3000 organisations and qualitative data collected between 2008 and 2011 on rural development projects.

Research Question1 - Proposition 1: Context shapes NGOs

NGOs are commonly distinguished into organisations where members organise to defend their own interests, called membership or grassroots organisations; and intermediary NGOs, which raise funds for third-party beneficiaries. In Lebanon, NGOs are split almost equally between grassroots (54%) and intermediary NGOs (46%). Levels of volunteering are relatively higher among intermediary than grassroots NGOs. As has been the case globally (Clark and Michuki 2009; Tvedt 1998) the number of NGOs operating in Lebanon has increased exponentially throughout the 20th and 21st century, though NGO registrations slowed during the Civil War. The oldest NGOs, dating from the 18th and 19th centuries, are family, religious and charitable organisations. During the mid-20th century the foundation of arts and culture associations as well as youth and social clubs increased, fostered by a climate of social reform and increased political activism. Policies aimed at developing the periphery played a role in the increased formation of village and community organisations. The formation of social service-delivery NGOs declined during the mid-20th century, only to rebound during the Civil War in the second half of the 20th century, when NGOs took on emergency service provision and service-delivery roles. In the post-Civil War era, international funding geared at reconstruction became an important funding source for Lebanese NGOs alongside domestic sources. This was simultaneous to the global emergence of NGOs as implementers of development projects. The number of development advocacy NGOs increased. Professional, alumni and other membership organisations are comparatively more recent than family or religious charitable organisations, indicating a shift, however partial, in social organisation from one based on kinship and religious affiliation to one based on shared material experiences, such as education or profession.

The majority of NGOs operating in Lebanon are very small. Only a quarter of NGO respondents had paid staff, and half indicated annual budgets below $10,000. Social service-providing NGOs have, on average, larger staff and budgets than grassroots organisations such as Culture and Arts or Community Associations. Organisations such as Civic and Advocacy and Environmental and Animal Welfare Associations have large budgets compared to their staff numbers. Conversely, membership associations and social clubs have many staff but low budgets.

Evidence is contradictory as to NGO's ability to identify the neediest beneficiaries when compared to the government. The literature debates whether, due to their close links to beneficiaries, NGOs are better at identifying and targeting the poor when compared to the government or, if instead, NGOs locate close to political and economic centres (see discussion p. 12 and Brass 2012, Edwards and Hulme 1996, Barr et al. 2005, Gauri and Galef 2005, Bebbington 2004). In Lebanon, little evidence exists that NGOs have an information advantage or are better at identifying needy beneficiaries than the government. NGOs eschew the poorest regions and fewer locate in remote regions. Service-delivery NGOs frequently operate as government sub-contractors and their location significantly correlates with locations of government spending. In Lebanon, rather than replacing the government as service providers, NGO provision is reinforced by government spending. In addition to government funding, Lebanese NGOs also respond to increases in international development finance. However, while government donors prefer service-delivery NGOs, international development aid primarily goes to advocacy and development NGOs, a reflection of the US-led drive for democracy in the Middle East and attempts to promote secular political organisation.

Geopolitical interests of international donors impacts NGO targeting (see discussions on p.70, p.84 or p.128 as well as Tvedt 1998, Abdelrahman 2004). Indeed, in Lebanon USAID aims at strengthening local, pro-Western organisations. It directly funds pro-Western 'ruling class' NGOs; organisations such as the Hariri, Issam Fares, Makhzoumi or Mowad Foundations. In contrast, European donors, in particular the Italian, Spanish and French development aid agencies target the south of Lebanon since they have been furnishing, until very recently the largest share of UNIFIL soldiers. Financing development projects in regions of UNIFIL deployment is aimed at winning the goodwill of neighbouring communities. This impacts

NGO registrations. NGOs registered in the South of Lebanon are the youngest of any region, reflecting the influx of development aid following the July 2006 war, which most heavily affected this border region. However, within the broader targeting regions, such as the North or the South, NGOs have some opportunity to influence the choice of beneficiaries. For example, one NGO convinced its donor to work in Christian as well as Sunni villages.

So as to address the research questions a few concepts already discussed will be reviewed again briefly. Throughout this thesis, NGO agency has been conceptualised following Wallace at al. (2007) who, referring to Giddens, specify that NGO's agency can be conceptualised as their the capacity to do something rather than something else (see p. 16). The authors also called this commitment. This is in contrast to mere intention which may not necessarily translate into action. Some authors reviewed (Besley 2006, Besley and Ghatak 2001) conceptualise NGO agency as autonomous, that is to say constituted independently of social context, while others (Ebrahim 2009, Wallace et al. 2007) argued it is embedded in political, historical and sociological context.

Proposition one of the first research question, addressing the importance of context, can now be addressed: lax regulation of domestic NGOs in Lebanon leads to a vibrant NGO landscape. NGO activities reflect historical context. More social service organisations are set up in wartimes while culture and arts predominate in peacetime. Organisations respond to increases in domestic and international funding, frequently acting as sub-contractors of social service to the Lebanese government and implementing advocacy or development projects for international donors. NGOs' location decisions and geographical targeting are influenced by geopolitical preferences of their donors, be they national or international. NGOs do not seem to be better at targeting needy beneficiaries than the government. In fact, needs assessments are rarely carried out.

Research Question 1 – Proposition 2: Donor preferences and NGO characteristics

In view of donors' position, as sources of funds, they are particularly powerful in shaping NGO operations and characteristics (Ebrahim 2009, Jad 2004). This is raised in proposition two of the first research question, namely to what extent observed NGO characteristics differ across donors and, by implication, what kind of NGOs are preferred by what kind of donors. The model fitted to analyse what NGO characteristics are matched to which kind of donors uses predictors such as NGO activity, location, age, institutional sophistication, cooperation with the government or other NGOs, sectarian affiliation, beneficiary committees and awareness of implementation difficulties, as well as staff volume and membership in National Social Security. Though of varying fit, the model is appropriate to assess the receipt of governmental, international membership fees donations from private sector organisations. The model is a poor fit for service fees and contributions of private individuals, which are omitted in this conclusion. There are notable differences in what characteristics various donors value in an NGO.

International donors are more likely to make contributions to advocacy NGOs than to organisations pursuing other activities, while membership organisations are less likely to receive these funds. NGOs located in Beirut are more likely to receive international donor funds, as are organisations cooperating with the government or having a contractual relationship with another NGO. Internal characteristics such as beneficiary participation or employee coverage in the NSSF are not significant predictors for funding by international donors.

Membership organisations are the least likely to be funded by the Lebanese third sector. Donors from the Lebanese third sector are more likely to make contributions to NGOs located in Beirut's suburbs and to a lesser extent in Beirut itself, compared to the periphery. Older organisations that are institutionally more sophisticated, that is to say have a bank account or hire external auditors, are more likely to receive funds from the Lebanese third sector. As was the case for international donors, network effects are important for donors from the Lebanese third sector and NGOs with government or NGO cooperation are more likely to receive funding. Donors from the Lebanese third sector are the only donor group more likely to contribute to an NGO with sectarian affiliation than without. The importance of sectarian affiliation of an NGO for the Lebanese third sector may be due to the heavy influence of ruling class NGOs which are implementing projects as well as disbursing funds. Since politics in Lebanon often takes place along sectarian lines, Lebanese ruling class NGOs may prefer giving to NGOs with the sectarian affiliation of the donor, so as to strengthen the donors' role within his religious community.

Central and municipal government funds are more likely to go to grassroots NGOs, such as social clubs and community organisations, and least likely to membership organisations. In contrast to international and local third sector funds, central government funds are more likely to go to NGOs located in the North, the Bekaa and to a lesser extent Mount Lebanon than NGOs located in other regions. Interestingly, government funds are split with regards to the North, with central government funds most likely directed to the North while municipal government likely to go to any region but the North and Beirut. Central government funds are also more likely to go to NGOs that are institutionally sophisticated, have a contract with another NGO and hold participatory beneficiary committees. Local government funds are more likely to go to older organisations that cooperate with another non-profit. Of all donors, municipal government funds are the only ones more likely to go to NGOs whose staff are enrolled in the NSSF.

Private sector organisations are more likely to make contributions to NGOs located in Beirut's suburbs than other regions. Private sector donors also prefer well-connected NGOs which cooperate with the government or another non-profit, and organisations that show awareness of difficulties faced during implementation. However, organisations with participatory beneficiary committees, or whose staff are enrolled in national social security, are less likely to receive funds.

Membership fees are more likely to be given to membership or grassroots NGOs located in peripheral regions, in particular Nabatieh. Membership fees are also more likely to be given to older and institutionally sophisticated NGOs. In contrast to all funders discussed previously, cooperating with the government or another non-profit actually decreases the the likelihood that the NGO collects membership fees; having a sectarian affiliation is also negatively correlated with the collection of membership fees. This suggests that membership fees tend to go to institutionally more independent organisations. Indeed, a qualitative report argues that membership fees, though limited in amount, are instrumental in safeguarding an organisation's independence (Abi Samra et al. 2009). Acknowledging difficulties experienced in project implementation increases the likelihood of collecting membership fees. With the exception of membership fees, there are strong network effects among Lebanese NGOs, with well-connected NGOs more likely to receive funding. This corroborates with results from Fafchamps and Owens (2009) in Uganda, where success in attracting grants from international donors depends mostly on network effects.

The discussion of donor preferences above indicates that observed NGO characteristics differ across donors. Having examined what NGO characteristics are preferred by what donor groups, the second research question analyses in more detail how donors achieve influence over NGOs.

Research Question 2: How donors shape NGOs

In Lebanon, NGOs bid for funding from international donors using project proposals that match donor-defined funding limits and time frames, and which are tailored to topics identified by donors. These topics frequently fit into international development discourse. In the domain of rural development, conceptualisation of development problems and their proposed solutions are remarkably similar across NGOs. NGO staff interviewed for this thesis, describe development challenges faced by Lebanese small farmers in ways that mirror international development discourse. Solutions to these challenges are equally very similar to suggestions made globally, reference to 'international best practice' is often made. At the same time, NGO staff underline their commitment to the humanitarian objective of the organisation they work for. Hence, international discourse has to a certain extent been internalised and NGO agency become embedded in that discourse.

For instance, reflecting international discourse, many NGOs see key short-comings in the quality and marketing of Lebanese agricultural produce and advocate the selling of high quality niche products to affluent consumers in Lebanon and abroad. To improve agricultural product quality, proposed development projects frequently offer extension services or involve setting up small scale processing cooperatives to move up the value chain, or marketing initiatives consisting of better labelling and packaging. This adherence to development fashions may lead to isomorphism and duplication of projects implemented in Lebanon, with NGOs running very similar projects consecutively or simultaneously. For instance, several NGOs installed olive presses in the Lebanese South, with the effect that most presses operate below capacity.

Some NGOs are conscious of the problems in international donor discourse. Frustration is expressed with respect to the fact that preferred export destinations prescribed by donors are the EU or US, even though Arab markets are presently the more important export destinations. However this did not influence project design. Hence, awareness of design shortcomings does not necessarily translate into agency, or the ability to change them.

Producing niche, high value products failed due to high costs of small scale food production and processing, where NGOs absorb overhead costs, implying that the projects are not sustainable. This evidence somewhat contradicts the assumption implicit in donor recommendations and the World Bank's (2007) report, which posit that providing appropriate trading partners with price and quality information would solve the low pricing problem. These recommendations are inspired by New Institutional Economics, which posits that information asymmetry is a key problem in market exchanges. Concentrated market structures in input and wholesale markets put downward pressures on product prices and even if output quality improves, producers are unable to pass on costs incurred. Power relationships in market exchanges between middle men and input merchants vis-à-vis farmers dwarf information asymmetries. These are unacknowledged in donor frameworks.

While small production scale is a challenge frequently acknowledged by both donors and NGOs, organising famers into cooperatives does not necessarily increase production scale to a necessary level. In the Lebanese case cooperatives were successful only if the resulting increase in scale had an impact on prevailing input costs. Otherwise, cooperatives set up by NGOs tend to cease operations after the end of a project, becoming vehicles for aid distribution rather than producer organisation. Successful examples of farmer cooperation include coordinating farmers to jointly purchase cow vaccines.

There are few instances where NGOs could influence project design to adapt to a specific context and deal with idiosyncratic problems. For instance, a small feed mixing plant was set up to circumvent concentrated input markets offering low quality feed. However, this took place only during the second funding cycle. Rural development projects are the outcome of the negotiation process between donors and NGOs. Donor influence on project design benefits NGOs without a clear mission that operate as quasi-subcontractors, able to adapt to donor demands. NGOs with longstanding mission and commitment to a certain cause, on the other hand, are often forced to twist their initial objectives to secure funding. Ebrahim (2009) and Wallace et al. (2007) note that international best practice pushed by donors does not necessarily lead to learning.

In addition to project design, donors set project timeframes. Foreign funded rural development projects run on a short timeframe. European funded projects average 18 months, substantially shorter than US funded ones, which run for on average 3 years. Though projects may be extended for an additional funding cycle, no NGO consulted for this thesis was able to change project timelines, even if this resulted in worse outcomes. An important exception are projects run by ruling class NGOs. If the ruling class NGO won project funding from a foreign donor agency to start a project, the ruling class NGO will often continue funding the project indefinitely if it was deemed successful. NGO timeframe is an important factor because the longer a project runs, if run well, the more credible the NGO becomes with beneficiaries and the more effort they are likely to invest in a project. NGO. This implies that longer-term funding may be more effective. Hence, in terms of project duration, NGOs reliant on international donors have no agency at all.

Donors distributing project-based development finance frequently require NGOs to submit detailed reports using the same templates used by the donor for the donor’s own reporting. Reporting requirements often stipulate the usage of comparable metrics to measure and evaluate a project. These requirements do not always fit the project’s context and reports to donors may become a writing exercise, the content of which has little relation to the NGOs work. Emphasis on tangible and reportable results may privilege cheaper per-beneficiary activities over more expensive but more effective ones. In addition, NGOs may be reluctant to disclose mistakes for fear of losing funding. Accountability strategies based on monitoring and evaluation produce multiple reports but do not encourage critical reflection on a project’s outcome. Respondents complain that fundraising and reporting costs are not covered by projects funds. Frequently, only direct project costs are covered by grants. This is especially difficult for small organisations with few resources. While NGO agency is bound by reporting requirements, there is some evidence of subversion. Several respondents stated that reporting was a mere writing exercise which had little to do with actual implementation on the ground.

NGOs commitment is embedded in historical, political and social context, as well as international development discourse and donor preferences, NGO agency is expressed more strongly in certain project aspects compared to others. For instance, NGOs have little influence on regional targeting but have some opportunity to fine-tune who is an eligible beneficiary within a target region. As for project design, NGOs have some agency to design projects in response to specific local problems, especially if interaction with a donor stretches over more than one funding cycle. As for timeframe and reporting requirements, NGO agency is extremely limited or non-existent and most have to abide by donor set timeframes and reporting requirements. An important exception are ruling class NGOs which do not depend on international development finance.

Donor frameworks affect the capacity of NGOs to offer alternative forms of development. NGOs can become unresponsive to local needs by donors’ pre-occupation with the geographic targeting of politically important areas, as well as donors’ pre-occupation with international development discourse. Meanwhile, the focus on international practice may overlook local opportunities and lead to duplication and isomorphism. Pre-defined reporting metrics, the threat of losing funding, and short project time horizons impede learning and lead NGOs to lose legitimacy and beneficiary trust in the long run. Project funding inadvertently discourages commitment to a mission and the building of context-specific expertise. Hence, the stated aim of sustainably increasing rural households' income has not been achieved by the vast majority of projects.

Throughout this thesis repeated reference has been made to the working conditions of NGO staff. NGO staff in Lebanon have education levels above the national average. Most proxy-respondents to the large scale survey completed high school and two-thirds have a university or college degree. The majority of NGO employees are male, senior positions in particular tend to be filled by men rather than women. In NGOs with mixed staff, women make up about a third of NGO staff. In Lebanon, advocacy NGOs are most likely to employ women while religious and family associations are least likely to do so. However, though prestigious, employment in NGOs is insecure since the duration of appointments is tied to project timeframes, which frequently does not exceed 18 months. Only a minority of Lebanese NGOs enrol their staff in National Social Security. A notable exception are employees of ruling class NGOs whose employees benefit from permanent contracts as well as insurance. It is also illustrative that many NGO staff with training in agriculture, prefer not to work in production but for an NGO. Hence NGOs work on creating livelihoods that many NGO employees would not chose for themselves.

Recommendations

This is a very critical appraisal of NGO and donor work in Lebanon. NGOs have been criticised as donor driven, without much leeway in shaping their own projects and goals. However, there is some evidence that NGOs can influence donors. One NGO discussed convinced a donor to include Christian and well as Sunni villages in a project. Two others proposed projects that did not figure explicitly in donor frameworks by proposing to set up feed mixers. For NGOs to be able to pro-actively engage with donors they have to be knowledgeable and experienced in the field they operate in. From these observations stems the first recommendation to NGOs, to not accept funding frameworks prima facie but to suggest alternative project designs.

Donors seek to, as much as possible, control project design, targeting and implementation. Through reporting requirements they also control the narratives that are told about implemented projects. That is to say, donors are risk averse to public failure to the extent that they shy away from innovative projects. Their influence on NGO operations and project implementation may limit NGO effectiveness and stifle their capacity to offer alternative forms of development. In particular technocratic accountability regimes described by Ebrahim (2009) and Wallace at al. (2007), who use the term rational management, impede learning and limit NGO agency since they centre on monitoring and evaluation of indicators selected and defined irrespective of context, on quantifying performance so as to demonstrate success rather than learn from failure.

One way to alleviate this problem, while still maintaining control, would to allow for and fund an inception phase for each project. The term come from Rational Unified Process used in software development, where it forms the first phase (Kroll & Kruchten 2003). The key objective of this phase is to achieve an agreement among all stakeholders on what the objectives and scope of the project are and if it is feasible. In the present case this inception phase could be an opportunity for both NGO staff and donor to discuss key project design elements. Field visits to potential beneficiaries could be included. All stakeholders could discuss how performance should be measured and what indicators would be most appropriate to measure success. In addition to agreement on indicators, NGO staff could relate specific and idiosyncratic characteristics of the beneficiary population and insist on more complex forms of reporting that go beyond logframes. Ideally beneficiaries themselves would be involved in this design stage.

Recommendations that could be made to donors could involve the increase of funding time horizons. However, these are unlikely to be achieved. Donors report to their governments or members who themselves are bound by terms, which impacts project timeframe, and are keen to demonstrate straightforward successes to their constituents. Still, reporting requirements could be amended to overlap with NGO internal reporting. The inception phase could be part of the project itself and planned for as an activity. This is already practice especially in external project evaluations, where the implementer and evaluator both agree on the terms of the evaluation.

Limitations

At the time of research new funding frameworks gained traction among international donors. These have not been touched on in this thesis. The shift from large infrastructure programs to project funding has been outlined (see p. 18) however, the shift, during the early 2000s of development funding back to the state (Mitlin et al., 2007; Wallace et al., 2007) has been omitted. This shift is not a return to large infrastructure projects but rather one that involves larger projects channelled through developing country's governments or large NGOs, capable of handling large sums of money. This has led to a concentration of NGOs, with smaller organisations struggling to raise funds.

In Lebanon, this funding shift has been muted. This is likely due to the fact that access to government is highly political and politicians in office may or may not have the support of the international community and hence the aid system (see p. 30). Channelling funds through the Lebanese government may mean that donors may end up funding political figures they do not support. Indeed, the only examples that could fall under this new funding framework are funded by multi-lateral donors. They include the CDP funded by the World Bank as well as the ESFD and ADP, both funded by the European Union However, all three involve further sub-contracting and not direct implementation. They have been discussed in this thesis as QUANGOs to highlight their different characteristics. Looking further into the effects of these new funding frameworks on NGOs would be an avenue for further research.

A related shortcoming is the fact that Lebanon is not a classic MENA case study. NGO regulation is significantly more liberal than in any other MENA country, more liberal probably than even in many European countries, considering the lack of oversight by the government. This does not invalidate the wider aims of the thesis, which is to analyse how context and donor preferences shape NGO operations. In fact it illustrates what could happen to the sector in a liberal legal context. Since donor frameworks are defined irrespective of country context, the fact that this is a Lebanon case study is likely to affect the approach of donors to Lebanon only in terms of politics, not in terms of technical program design. Still, this study is not illustrative of what happens elsewhere in the region.

In terms of methodology, a key shortcoming of this thesis is that it relies on a single observation per NGO, that is to say represents a cross section of NGO data, rather than being based on several interviews with the same organisation across the project implementation cycle. Hence, no project life cycle narratives have been collected. Instead, accounts from NGO staff about temporal processes have been taken at face value. This is despite the fact that embedding of NGO agency in context and donor preferences is likely a process that takes place over time. In particular questions of attribution, to for instance donor discourse or NGO agency, are more difficult to address without more time series type data.

Secondly, more importantly, this thesis is guilty of the same criticism it levies against NGOs, namely that of excluding beneficiaries from the narrative. This would have provided valuable insights on what beneficiaries feel about the projects NGOs implement. In particular it would have been possible to analyse if beneficiaries see a difference between donors and NGOs or if they are seen as a single organisation. For reasons of time and scope beneficiary accounts or time series data have not been collected. Both of these limitations offer avenues for future research.

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VIII. Appendices

1 Appendix to Chapter 2

1.1 Important political families

Rieger (2003:90) distinguishes between four generations of Lebanese *zu'ama*, as Lebanese leaders or patrons are called. The first generation held aristocratic positions in the Ottoman administration and owned large estates which gave them a rural base. Among them are for instance the Druze Arslan and Jumblat families. Another example are the Shi'a Assad, Hamadeh and Ossayran families[72] or the Maronite Boulos, Franjieh, Moawad, Duwaihi and Khazen families. All still have large landholdings and have diversified into business ventures. They are involved in politics, and held or do hold ministerial portfolios, parliamentary seats or other high-ranking positions in public administration. This group of *zu'ama* was especially susceptible to social downward mobility if they did not diversify their agrarian economic basis. Not all of these families remained as influential; the Shi'a families especially lost their position to the Amal movement and Hizbullah. Rieger's (ibid) second generation of *zu'ama* includes career officials in the Ottoman or French administration,

[72] Hamadeh is an absentee landlord from Baalbek who had a virtual monopoly over the post of speaker of the chamber of deputies, during the remaining sessions before the Civil War. This post rotated to Assads and Ossayrans from the South (Khalaf 1977)

namely families such as Edde, al Solh, Salam, Karame or Khalil. Her third generation includes leaders of political movements during the years following independence, namely Najah Wakim, Maarouf Saad, or Gemayel, and include those who rose thanks to their personal wealth, like Emile Boustany. An influential group she does not mention, which overlaps with her second and third generation is the Beirut elite of traders and bankers. The Sursock, Asfar, Fayad, Jubayl, Naccache and Pharaon families greatly benefited from the prospering silk trade (Traboulsi 2007:22) and set up banks and holding companies and gained access to government. Rieger's last generationincludes *zu'ama* who gained prominence either as militia leaders, such as Geagea or Berri, or who could translate fortunes made abroad into political capital, such as former Prime Minister Rafiq Hariri or Issam Fares.

In terms of personnel, elites move between positions in the private sector and government. For instance: an architect of the constitution, Michel Chiha was a banker. His sister was married to president Beschara el Khouri, whose administration dismantled French industrial policies. Her son Michel el Khouri, also a banker, became governor of the central bank. Similarly, Prime Minister Salim el Hoss was a banker and chairman of the government banking control commission. Farid Roufal, the founder of the Banque Libano Française, became minister of Finance. High-ranking government officials such as Najib Salha and Rafic Naja who left government, found a place in banking. Dib (2004) argues that as early as 1960s at least a quarter of Lebanese politicians had a head start in banking.

MPs and officials are often connected to powerful families that control large parts of the private sector, heavily influence government and frequently provide candidates for powerful posts. Prime Minister Sanyioura was made Finance Minister by the late Rafiq Hariri, who had also hired him as Chairman and Managing Director of his Groupe Mediterranee, which encompasses four Hariri-owned banks. Political parties are weak and often overshadowed by one individual. Makdisi (2004) points out that though this arrangement affords unequal rights to the different sects and introduces an element of constant instability, each communities' vigilance to see its rights protected, produces a certain measure of political and economic freedom

2 Appendix to Chapter 3

2.1 First Questionnaire

(Translation)

A - Name and address of the NGO

A01 – Official name of the NGO in Arabic as it appears in the founding document
A02 – Official name of the NGO in the foreign language if existent
A03 – acronym of the NGO
A04 – Is the current location of the NGO:
1. private?

A05 – The Muhafaza:
1. Beirut
2. Mount Lebanon
3. North
4. Bekaa
5. South
6. Nabatieh

A06 – The Qaza or district
__ (consult the symbol booklet)
A07 – The town or municipality
A08 – The area or quarter
A09 – Street
A10 – Landline number
A11– Mobile phone number
A12 – Fax number
A13 – Name of person interviewedA16 – His position
A17 – Name of last NGO head
A18 – His telephone number

B **General Information**

B01 – Year of establishment
B02 – Year the NGO actually started operation
B03 – King of founding document
1. *Ilm wa khabr*
2. *Marsoum*
3. *Qirar*
4. other, specify

B04 – Date of founding document
B05 – number of founding document
B06 – Does the NGO have the Public Utility function
B07 – Date of obtaining the Public Utility Function

B08 – Nationality of the NGO
1. Lebanese NGO
2. Arab NGO
3. Foreign NGO
4. International NGO
5. Branch of Arab NGO
6. Branch of foreign NGO
7. Branch of international NGO

B09 – Kind of the NGO
1. Club
2. NGO
3. Scout
4. Alumni association
5. Economic association
6. Friendship association
7. Professional association
8. Scientific NGO or research centre
9. Other

B10 – Form of the NGO
1. Individual NGO
2. Union, network, umbrella

B11 – General character of the NGO
1. general (they translated: Civil Society)
2. religious
3. local (they translated community)
4. family
5. other, specify

B12 – Number of members of the NGO, if existent.

B13 – The geographic area where the programs and activities of the NGO cover
1. the entire nation
2. Specific muhafazat
3. specific cazas
4. Specific municipalities (local)

B14 – The target group of the NGO (several answers possible)
1. various groups
2. children
3. youth
4. women
5. elderly
6. orphans
7. Disabled
8. other, specify

B1501 – Objectives of the organisation (five lines: 1502, 1503, 1504, 1505, but only 1501 coded)

B16 Information about workers and volunteers in all branches and establishments of the NGO
B1601 – Total number of employees with wages at all branches and establishments of the NGO
B1602 – Total number of contractors with wages at all branches and establishments of the NGO
B1603 – total number of volunteers with wages at all branches and establishments of the NGO

B17 (not delivered by Pedco) last budget year and amount
B1701 – year
B1702 – Budget amount in LBP

C Actual Activities and Services performed by the NGO

(in SPSS the suffix .av means 'service available' and the suffix .pe means budget percentage)

C000 – Social Services
- C001 –Social Care services for children
- C002 – Social Care services for youth
- C003 – social Care services for the elderly
- C004 – Social Care services for the disabled
- C005 – Social Care services for families
- C006 – sponsoring orphans
- C007 – social housing

C008 – other, specify

C010 – Health Services
C011 – Reproductive health and family planning
C012 –Public health services
C013 – primary health services (what is the difference to C0102?)
C014 – emergency services
C015 – others, specify

C020 – Aid and Relief activities (the layout from the questionnaire differs from what has been entered)
C021 – In kind or cash support to poor families (C021)
C022 – in kind or cash support to disabled

C023 – In kind or cash support to elderly
C0247 – In kind or cash support during disaster (C024)

C025 – scholarship (C025)
C0226 – others, specify (C026)

C030 – Empowerment activities (*tamkeen*)
C031 – Development of local communities: micro-credit
C032 – Development of local communities: small reproductive projects
C033 – Other, specify

C040 – Capacity Building activities
C041 – development and empowerment of families
C042 – development and empowerment of women
C043 – development and empowerment of youth
C044 – illiteracy and adult education projects
C045 – vocational training activities
C046 – other, specify

C050 – Environmental protection and awareness projects
C051 – Environment protection activities
C052 – raising awareness for protection of the environment
C053 – working for legal change to promote the protection of the environment
C054 – activities on to rationalize water usage
C055 – activities on recycling and garbage
C056 – cleaning campaigns
C057 – others, specify

C060 – Awareness-raising in various fields
C061 – health
C062 – religion
C063 – legal (law)
C064 – political
C065 – consumers
C066 – others, specify

C070 – Activities for the protection of rights
C071 – human rights
C072 – women's rights
C073 – children's rights
C074 – fighting violence
C075 – consumer awareness
C076 – others, specify

C080 –scientific and cultural activities
C081 – Conducting researches, studies, and statistical surveys
C082 – Establish databases /databanks
C083 – publishing books and magazines
C084 – holding conferences, seminars, workshops, lectures
C085 – other, specify

C090 – Art and recreational activities
- C091 – Printing and sculpture
- C092 – music and Singing
- C093 – theatre and cinema
- C094 – outings and camping
- C095 – clubs, social and sports activities
- C096 – Other, specify

C097 – Activities outside Lebanon
- C100 – participating in conferences and seminars
- C101 – participation in training programs
- C102 – others, specify

D Information about branches of the NGO and affiliated establishments

D01- Does the NGO have branches and/or centres
1. Yes
2. No

The remainder of D was not delivered by the consultancy.

2.2 Second Questionnaire

(Translation)

SA12 – Total surface of the NGO's head office
SA13 – What is the annual rent in LL, if it exists?
SA14 – Are the NGO's premises accessible for the disabled?
1. yes all of them
2. yes, most of them
3. yes, some of them
4. no, none of them

SA15 – Number of branches of the NGO, including the head office
SA16 –centres or establishments affiliated to the NGO

SB Organisational structure of the NGO

SB01 – Boards and departments of the NGO and how often they are convened

	Boards or committee of the NGO	Non-existent	Weekly	Monthly	Quarterly	Annually
01	General Assembly of the NGO	1	2	3	4	5
02	Council of Reps	1	2	3	4	5
03	Supervisory board or committees	1	2	3	4	5
04	Board of trustees	1	2	3	4	5
05	Board of directors (executive?)	1	2	3	4	5
06	Board of founders (for NGOs in process of establishing)	1	2	3	4	5
07	specialised boards	1	2	3	4	5

SB02 – The elections, or renewals or uncontested return of the executive board that took place within the organisation throughout the following years:

	year	uncontested/unanimous	election	renewal
01	2000	1	2	3
02	2001	1	2	3
03	2002	1	2	3
04	2003	1	2	3
05	2004	1	2	3

SB03 – number of executive boards of the NGO since 1980
SB04 – number of presidents since 1980
SB05 – number of meetings of the executive board of the NGO since 2005
SB06 – number of meetings of the general board since 2005
SB07 – number of members of the current executive board of the NGO
1. male
2. female
3. total

SB08 – way of choosing members of the executive board
1. election
2. appointment

SB09 – governing time of the current executive board
B0901 – from B0902 – to
SB10 – Does the NGO follow an annual plan in its operations?
1. yes
2. no

SB11 – Does the NGO have difficulties with its annual plan?
1. yes
2. no

SB12 – What are these difficulties?
1. financial
2. internal/administrative
3. external/administrative
4. lack of necessary experience
5. other

SB13 – Does the NGO prepare periodical follow up report on its activities?
1. yes, with monthly reports
2. quarterly
3. annually
4. no

SB14 – Does the NGO use the following records?

	Kind of records	No	Yes
SB1401	Record of employees/working hours	1	2
SB1402	Asset record	1	2
SB1403	Meeting minutes records	1	2
SB1404	Financial records	1	2
SB1405	Beneficiary records	1	2

SB15 – Are there any special administrative and financial regulations in the centres and establishments of the NGO?
1 . No
2. Yes

SB16 – Specify the kind of these regulations

		No	yes
SB1601	Financial regulations	1	2
SB1602	Employee regulations	1	2
SB1603	Specific Administrative regulation	1	2

SB17 – Are employees in the NGO and its centres and establishments included in National Social Security Fund?
1. yes, all of them
2. yes most of them
3. yes, some of them
4. none

SB18 – Does the NGO have an employee that specifically prepares funding files?
1. no
2. yes

SB19 – Does the NGO appeal to outside experience to prepare financial files?
1. no
2. yes

SB20 – Does the NGO have committees in which the beneficiaries of activities, projects, and programmes can participate?
1. no
2. yes

SB21 – Does the NGO use external experts for managing its activities, programs and projects?
1. no
2. yes

SB22 – Information on the tools used to prepare the annual plan
- SB2201 – the committee that prepares the plan
- SB2202 – the committee that approves it
- SB2203 – time in weeks it usually takes to prepare that plan

SB23 – information on the sections of the annual working plan of the NGO in 2005

	Sections of the working plan	Percentage of spending	completed	Partially implemented	Not implemented	Reasons for partial or no implementation
SB2301	Seminars and conferences	%	1	2	3	
SB2302	Training and Rehabilitation	%	1	2	3	
SB2303	awareness	%	1	2	3	
SB2304	Fundraising	%	1	2	3	
SB23-05	Other, specify	%	1	2	3	
SB2306	Other, specify	%	1	2	3	

SC01 – Does the organisation derives from, belong to, is affiliated to, linked to, an association or organisation?
1. no

2. yes

SC02 – What kind of association or organisation?

	Sections of the working plan	Derives from	Associated/follow	Linked to/ related to
SC0201	Political or party-affiliation, specify	1	2	3
SC0202	Religious, specify	1	2	3
SC0203	Syndicate, specify	1	2	3
SC0204	Scientific, specify	1	2	3
SC0205	Other, specify			

SC03 – sectarian/confessional affiliation of the NGO if existing

1. non-sectarian/confessional
2. Sunni
3. Shi'a
4. Druze
5. Kurdish
6. Maronite
7. Catholic
8. Orthodox
9. Armenian
10. other, specify

SC04 – Groups benefiting from the programs and activities of the NGO.

			No	Yes
SC0401.	NGO members only		1	2
SC0402.	a specific family		1	2
SC0403.	a specific municipality		1	2
SC0404.	a specific area	1	2	
SC0405.	a specific profession		1	2
SC0406.	Sunni		1	2
SC0407.	Shi'a		1	2
SC0408.	Druze		1	2
SC0409.	Kurdish		1	2
SC0410.	Muslims in general		1	2
SC0411.	Maronites		1	2
SC0412.	Catholics		1	2
SC0413.	Orthodox		1	2
SC0414.	Armenian		1	2
SC0415.	Christians in general		1	2
SC0416.	other, specify			

SD Human Resources of the NGO

SD01 – number of current members in the NGO
SD0101. male
SD0102. female
SD0103. total

SD02 – Are there special conditions on membership with the NGO?
1. no
2. yes

SD03 – mention the conditions
SD0301. familial (related to a family)
SD0302. age
SD0303. gender
SD0304. Religion
SD0305. sect
SD0306. profession
SD0307. sport
SD0308. political
SD0309. certain disability
SD0310. a certain illness
SD0311. a certain area
SD0312. income

SD0313. other, specify

SD04 Total number of paid employees in all branches and establishments of the NGO, as follows:
SD0401. total number of employees who are paid from the NGO budget
SD0402. total number of employees who are paid from outside the budget of the NGO
SD0403. Total number of technical employees
SD0404. Total number of administrative employees
SD0405. total number of employees who work in support (cleaning, security…)
SD05 Number of contractors paid in all branches and establishments of the NGO, as follows:
SD0501. total number of contractors who receive their salary from the budget of the NGO
SD0502. total number of contractors that receive their salary from outside the budget of the NGO
SD0503. Total number of technical contractors
SD0504. Total number of administrative contractors
SD0505. total number of contractors who work in support (cleaning, security…)

	No	Yes
SD0601. Does the NGO have volunteers	1	2
SD0602. approximate number of male volunteers		
SD0603. approximate number of female volunteers		
SD0604. Approximate total number of volunteers		

	No	Yes
SD0701. Does the NGO have disabled volunteers	1	2
SD0702. approximate number of male disabled volunteers	1	2
SD0703. approximate number of female disabled volunteers	1	2
SD0704. Approximate total number of disabled volunteers	1	2

	No	Yes
SD0801. Does the NGO lack volunteers	1	2
Reasons for lack of volunteers:		
SD0802. volunteers are short on time	1	2
SD0803. general economic situation	1	2
SD0804. Shortage in understanding the NGOs goals and the importance of its role	1	2
SD0805. shortage in information for motivating volunteering in NGOs	1	2
SD0806. bad social attitudes towards the work of the NGO	1	2
SD0807. other, mention it		

How does the lack of volunteers influence the work of the NGO	No	Yes
SD0808. inability to complete all the NGOs activities	1	2
SD0809. necessity to have an employment policy (to employ someone) even if it is usually		
SD0810. not necessary	1	2
SD0811. lack of communication with the local community	1	2
SD0812. other, specify		

Proposition of the NGO to solve the problem of lacking volunteers	No	Yes
SD0813. awareness raising on the importance of volunteering	1	2
SD0814. contact youth who are the main resource for volunteering	1	2
SD0815. give a bonus to volunteers	1	2
SD0816. other, specify	1	2

SE training and educational activities at the NGO

Kind of training activities the NGO's employees participated in during 2005.

	No	Yes
SE0101. training modernising/updating administration and institutional building	1	2
SE0102. training financial management	1	2
SE0103. training democratic practice and teamwork participation	1	2
SE0104. volunteer mobilization	1	2
SE0105. assessing needs of local communities	1	2
SE0106. evaluating the NGO performance	1	2
SE0107. change strategy of the NGO	1`	2
SE0108. principles and ethics of civil work	1	2
SE0109. information and communication technology	1	2
SE0110. networking	1	2
SE0111. managing productive projects	1	2

SE0112. Other, specify

SE02 – number of trainees from NGO members, employees or volunteers
SE0201. Approximate number of males trainees
SE0202. Approximate number of female trainees
SE0203. Approximate total

SF relationship between the NGO and the government

SF01 – is there any kind of cooperation between the NGO and the government? 1 No 2 Yes
What kind of cooperation between the NGO and the government:

SF0101. financial support/fundraising	1	2
SF0102. joint projects with the government	1	2
SF0103. technical support, training	1	2
SF0104. supervision and follow up by the government of NGO projects	1	2
SF0105. other specify	1	2

SF02 – Does the NGO have a contractual relationship with a ministry or any part of the official administration? 1 No 2 Yes
Give the name (5 names SF0201-SF0205)

SF03 – how do you describe the cooperation with the government?
1. very positive
2. quite positive
3. acceptable
4. negative
5. very negative

G NGO relationships with other organisations and associations

SG01 – Does the NGO cooperate with other NGOs? 1 No 2 Yes
Give the names (5 spaces SG0101-SG0105)
SG02 – Does the NGO have a contractual relationship with another national or international NGO, association, organisation? Give the names (5 spaces G02-01 – G02-03) 1 No 2 Yes
SG03 – Does the organisation belong to an international, regional or specialised union or network or umbrella 1 No 2 Yes
Give names (5 spaces to SG0305)
SG04 – If the NGO does not belong to any network or umbrella, would it like to join one or more? 1 No 2 Yes
SG05 – Does the NGO wish to collaborate or develop contacts with other NGOs? 1 No 2 Yes
What type of collaboration would you propose? 1 2

SG0501. exchange of experience	1	2
SG0502. joint conferences and workshops	1	2
SG0503. entering a common fund	1	2
SG0504. other, specify	1	2

H Private financial leadership in the organisation

SH01 – is there among the NGO's staff: No Yes
SH0101. Treasurer responsible for the NGOs funds only 1 2
SH0102. an accountant responsible for accounting only 1 2
SH0103. a treasurer who is also responsible for the accounting 1 2

SH02 – Does the NGO have a bank account or accounts? 1 No 2 Yes
Who has access to these bank accounts?
SH0201. the president of the NGO 1 2
SH0202. the treasurer 1 2
SH0203. the accountant 1 2
SH0204. other, specify

SH03 – Does the organisation use the following financial records: No Yes
SH0301. Books of Account 1 2
SH0302. expenses and payment orders 1 2

SH0303. Receipts	1	2
SH0304. other, specify		

SH04 – Information on budgetary tools
SH0401. which department prepares the budget
SH0402. which party approves the budget
SH0403. Duration to prepare the budget (In weeks)

SH05 – Information on the close of books of the NGO(?)
SH0501. which department prepares it
SH0502. which party approves it
SH0503. how long does it to prepare it? In weeks

SH06 – Information on the process preparating for financial reports at the NGO
SH0601. which department prepares them
SH0602. which party approves them
SH0603. Duration to prepare them(In weeks)

SH07 Last budget of the NGO
SH0701 – year
SH0702 – amount in LL
SH08 – Does the NGO usually publish its budget?

How is it published?	No	Yes
SH0801. media	1	2
SH0802. distribute copies to NGO members	1	2
SH0803. publish on the boards at the NGOs premises	1	2

SH09 – Mention sources of fundraising	No	Yes	SH10 – share of the budget
SH0901. member subscriptions fees	1	2	SH1001.
SH0902. government aid	1	2	SH1002.
SH0903. international aid	1	2	SH1003.
SH0904. aid from Arab or international sources	1	2	SH1004.
SH0905. aid from Lebanese organizations (implied individuals, foundations)	1	2	SH1005.
SH0906. municipality aid	1	2	SH1006.
SH0907. donations from individuals in the private sector	1	2	SH1007.
SH0908. Donations from private sector organisation	1	2	SH1008.
SH0909. from sales or services provided by the NGO	1	2	SH1009.
SH0910. Other, specify			SH1010.

SH11 – Does NGO receive aid from the private sector No Yes
SH1101 to Sh1103 Specify the sectors that the NGO receives aid from, space for three names

SH12 – annual subscription fees in LL
SH13 – determine annual membership fees in LL
Please answer the following questions
1. No
2. Yes
SH14 – Does the NGO have a contract with a financial auditing company?
SH15 – Does NGO have its own financial system?
SH16 – Does the NGO use a computer
SH17 – Does the NGO use electronic accounting softwares

SH1801 – Does the NGO have financial committees yes no

What are the means for publishing the budget		
SH1802 – financial auditing commission	1	2
SH1203 – fundraising committee	1	2
SH1804- others, specify		
SH1805- others, specify		

SI - difficulties NGO faces in practicing its activities

SI0101. NGO have difficulties in carrying out its activities		yes	no
Specify these difficulties			
SI0102. Inadequate in human technical abilities		1	2
(implied little technical skills, accounting computing etc)	1	2	
SI0103. Lack of funding		1	2
SI0104. Lack of equipment		1	2
SI0105. hardship in dealing with the government			
(implied no political back-up, no wasta)	1	2	
SI0106. Inability to satisfy needs of target beneficiary group	1	2	
SI0107. Difficulty in reaching the target groups that the NGO			
addresses in its activities	1	2	
SI0108. other, specify			
SI0109. other, specify			

SJ - NGO Position regarding NGO law in Lebanon

SJ01 – how much are you aware of this law
01. in detail and in depth
02. have a general idea about it
03. not aware
SJ02 – if you are informed about this law, do you consider it:
01. provides independence and freedom in NGO work
02. restricts the work of NGOs
03. no opinion
SJ03 – Do you think this law should be amended?
01. Yes
02. no,
03. no opinion,

SJ04 – What amendments do you suggest?
SJ0401-J0405 suggestions

K - NGO future vision

SK01 - What are the fields that the NGO wishes to play a bigger role in the future?
SK0101-SK0105 fields
SK02 – what are the new fields that the NGO wishes to practice activities in?
SK0201-SK0205 fields

L – statements on important activities and projects, implemented/in the process of being implemented by the NGO in the last three years

SL0101 – the name of the project
SL0102 – partners
SL0103 – project's budget
SL0104 – funders
SL0105 – amount of funding
SL0106 – target groups
SL0107 – year the project started
SL0108 – duration of the project
SL0109 – project outcomes

SL0201 – the name of the project
SL0202 – partners
SL0203 – project's budget
SL0204 – funders
SL0205 – amount of funding
SL0206 – target groups
SL0207 – year the project started
SL0208 – duration of the project
SL0209 – project outcomes

SL0301 –name of the project
SL0302 – partners
SL0303 – project's budget
SL0304 – funders
SL0305 – amount of funding
SL0306 – target groups
SL0307 – year the project started
SL0308 – duration of the project
SL0309 – project outcomes

SL0401 – the name of the project
SL0402 – partners
SL0403 – project's budget
SL0404 – funders
SL0405 – amount of funding
SL0406 – target groups
SL0407 – year the project started
SL0408 – duration of the project
SL0409 – project outcomes

M appendices related to the NGO

SN: personal information about executive director, president and government contact person: sex, date of birth, nationality, place of registration (for Lebanese NGOs), marital status, educational level, speciality of education, participation as a trainee in session on social work.

2.3 Comparing NGO response across *cazas*

Table VIII.1: Expected and Observed Responses across *cazas*

	Sample Frame	Observed Responses	Expected Responses
Akkar	172	99	107
Aley	234	159	146
Baabda	630	412	392
Baalbek	217	168	135
Batroun	138	75s	86
Beirut	1,520	809	947
Bint Jbeil	55	42	34
Bsharre	42	27	26
Chouf	297	214	185
Hasbaya	56	49	35
Hermel	23	14	14
Jbeil	201	126	125
Jezzine	66	46	41
Kesrouan	243	131	151
Koura	86	59	54
Marjeyoun	52	47	32
Matn	493	258	307
Minnieh-Dunnieh	69	56	43
Nabatieh	156	128	97
Rashaya	31	25	19
Saida	240	177	150
Sour	157	107	98
Tripoli	390	225	243
West Bekaa	81	69	50
Zahle	263	206	164
Zghorta	72	30	45
not specified	48		
Lebanon	6,032	3,758	

Dissimilarity Index

The dissimilarity index describes the difference or lack of fit between observed frequencies, n, and expected frequencies, ê.

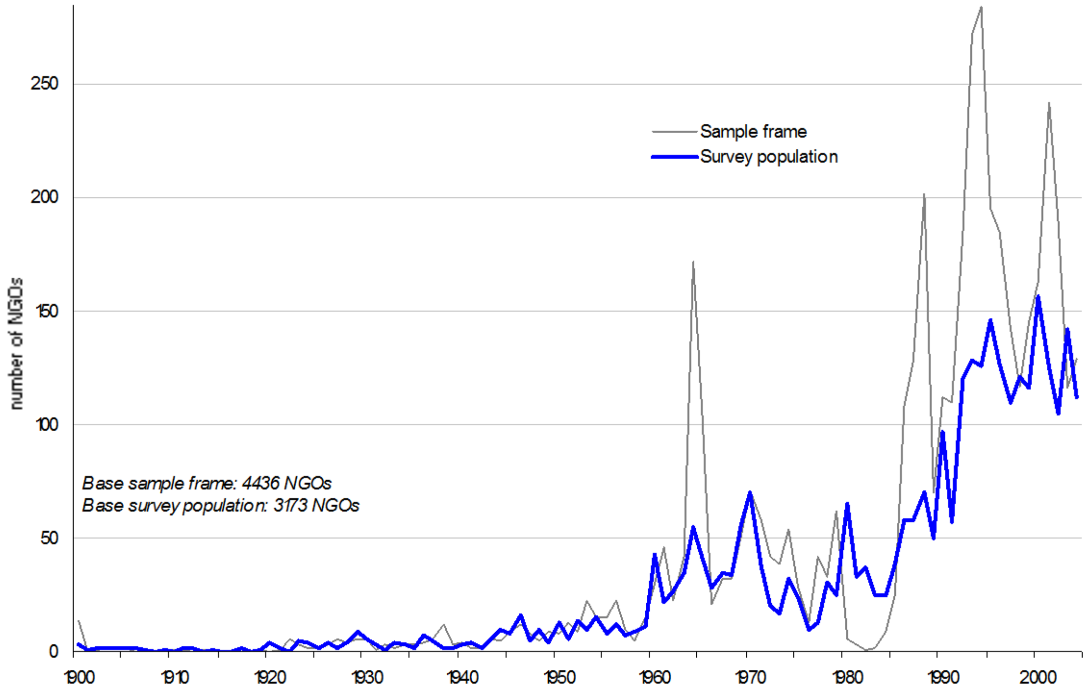
$$D = \sum_{i=1}^{K} \frac{|n_i - \hat{e}_i|}{2N}$$

The index varies between 0 and 1, where smaller values imply a closer fit. The dissimilarity index is often used in assessments of geographical inequality and is interpreted as the number of people that would have to move for the index to become 0. In this context it can be interpreted as the share of NGOs that would have to move between cells for the Index to become 0.

2.4 NGO registrations in the sample frame and survey

Figure VIII.1 shows that NGO registrations in the sample frame are more variable than those of the sample frame. The sample frame only includes NGOs that survived until 2004;In times of NGO booms a number of NGOs may be set up that are unable to sustain activities over a prolonged period of time. In addition, during the early 1980s registrations in the sample frame declined further than those covered by the survey. During this period hostilities intensified and it is likely that, though NGOs deposed registration documents with the relevant ministry and took up operations, public institutions were unable to officially register them. Thus data gathered from public records for the sample frame may not overlap with NGO records.

Figure VIII.1: Comparison of NGO registrations in the sample frame and survey



2.5 Respondent details for qualitative interviews

Table VIII.2: Detailed break-down of NGO and donor respondents

List of organisations interviewed	categorisation
Cooperative Housing Foundation now Global Communities (CHF)	international NGO
Institute for University Cooperation (ICU)	international NGO
Group Christian Volunteers (GVC)	international NGO
Institut Européen de Coopération et de Développement (IECD)	international NGO
Movimondo	international NGO
UCODEP, now Oxfam Italy	international NGO
ACDI/VOCA	international NGO
Relief International	international NGO
World Rehabilitation Fund WRF	international NGO
Association for the Development of Rural capacities	local NGO receiving international funding
Baldati	local NGO receiving international funding
Ard wa Nas	local NGO receiving international funding
Arc en Ciel	local NGO receiving international funding
Social and Cultural Development Association INMA	local NGO receiving international funding
Jezzine coop	local NGO receiving international funding
Agripole	local NGO receiving international funding
Arsal RIFI	local NGO receiving international funding
Mada	local NGO receiving international funding
Heliopolis coop	local NGO receiving international funding
CTRDA	local NGO receiving international funding
St Vincent de Paul	local NGO receiving little international funding
Amel	local NGO receiving international funding but with a strong local donor base
René Moawad Foundation (RMF)	ruling class NGO
Jihad el Bina	ruling class NGO
Hariri Foundation	ruling class NGO
Save the Children	no rural development projects
MercyCorp (email exchange)	no rural development projects
Catholic Relief (email exchange)	no rural development projects
International Medical Corps	no rural development projects
Nahwa al Muwataniya	no rural development projects
Economic and Social Fund for Development (ESFD) hosted by CDR financed by European Union	QUANGO rural development projects
Agriculture development project (ADP) housed by the Ministry of Agriculture financed by EU	QUANGO rural development projects
Community Development Project (CDP) at the CDR financed by the World Bank	QUANGO rural development projects
Office of Transition Initiative (OTI) USAID	bilateral donor no rural development projects
UNDP	multilateral donor rural development projects
European Commission	multilateral donor rural development projects

Table VIII.3: Detailed break-down of respondents to expert interviews

NGOs and donors not working in rural development		6
Bilateral donor no rural development projects	1	
NGOs without no rural development projects	5	
Former staff and relevant practitioners in the sector		11
Board member if rural development NGO	1	
Former civil servant now NGO staff	1	
Former NGO staff	4	
NGO network staff	2	
NGO staff with donor insights	2	
Expert on cooperatives for Amel and CTRDA	1	
Public servants		10
Ministry of Cooperatives	1	
Litani Water Authority	1	
Ministry of Social Affairs	1	
Ministry of Energy and Water	1	
Ministry of Agriculture	3	
Local government (mayor or head of municipality)	3	
Private sector professionals		5
Head of Beirut fruit and vegetable wholesale market Bir Hassan	1	
Large farmer	1	
Head of purchasing for large supermarket	1	
Vet	1	
Environmental entrepreneur	1	
Academics, Journalists & researchers		13
Lebanese academic	5	
International academic	4	
Lebanese researcher	3	
Lebanese journalist	1	
Field notes		
Trade Fairs		
Hippodrome Green Fair, Beirut		
Ardi Trade Fair in Dahiye, Beirut		
Nowara Launch, women in agriculture, Beirut		
Village visits		
Froun, Nabatieh (post 2006 reconstruction)		
Hermel, North (Illicit crops, ruminants in dry-land)		
Arsal, Bekaa (smuggling, women’s coop)		
Aytaroun, Nabatieh (women’s coop workshop)		
Nabi Sheet, Bekaa (Farmer focus group/interviews)		

3 Appendix to Chapter 4

3.1 NGO activities in detail

NGOs in the survey were classified by area of activity following the International Classification of Nonprofit Organizations (ICNPO), a classification system recommended in the *UN Handbook on Non-Profit Institutions in the System of National Accounts (United Nations Department of Economic and Social Affairs 2003)*. It groups organisations into 12 major activity groups, which are further divided into sub-groups. This classification system has been slightly amended, that is to say some categories have been compressed and others expanded so as to be still broadly comparable internationally while bringing out Lebanese peculiarities.

Table VIII.4: NGO classification in detail

Present Classification System	ICNPO Group	Sub-Code	Description of Sub-Group
Culture & Arts Organisations	1. Culture and Recreation	1100	Culture and Arts
Youth, Sports, Social & Recreational Clubs		1200	Sports
		1300	Other Recreation and Social Clubs (i.e. Lions)
		1400	*Youth, Scouts*
Education, Health Care & Research	2. Education and Research	2100	Primary, intermediary and secondary education
		2200	Higher education
		2300	Other education (vocational, adult learning)
		2400	Research
	3. Health	3100	Hospitals and rehabilitation
		3200	Nursing homes
		3300	Mental health and crisis intervention
		3400	Other health services (incl. education, awareness)
Social & Charitable Services (includes also 6200)	4. Social services	4100	Social services (الأعمال الخيرية).
		4200	Disaster and emergency
		4300	Income support and maintenance
Environment & Animal Welfare	5. Environment	5100	Environment
		5200	Animal welfare
Community & Village Organisations	6. Development and Housing	*6110*	*Community (الضيعة, بلدة) development, village and neighbourhood organisations*
Economic Development (includes also 6300)		*6120*	*Economic development: savings associations, micro-finance, small business, agriculture, handicrafts*
Social Development & Awareness Raising		*6130*	*Social development, improve capacity and awareness and public well-being*
within: Social Services		6200	Housing
within: Econ. Development		6300	Employment, career advice, training
Civic & Advocacy Associations	7. Law, Advocacy and Politics	7100	Civic and advocacy organisations, protection of rights
		7200	Law and legal services: crime prevention, delinquency support, consumer protection
		7300	Political organisations
None in sample	8. Philanthropic intermediaries and voluntarism promotion		
None in sample	9. International		
Religious Assoc.	10	10100	Religious associations,
Membership Associations	11. Business and Professional Associations	11100	Business associations
		11200	Professional associations
		11300	Labour unions
		11400	*Alumni and veteran organisations*
Family Associations		*11500*	*Family associations if for the benefit of family members only*
Unclassified	12	12000	Unclassified

Note: Sub-categories in *italic* do not figure in the ICNPO classification but have been added to suit the Lebanese case.

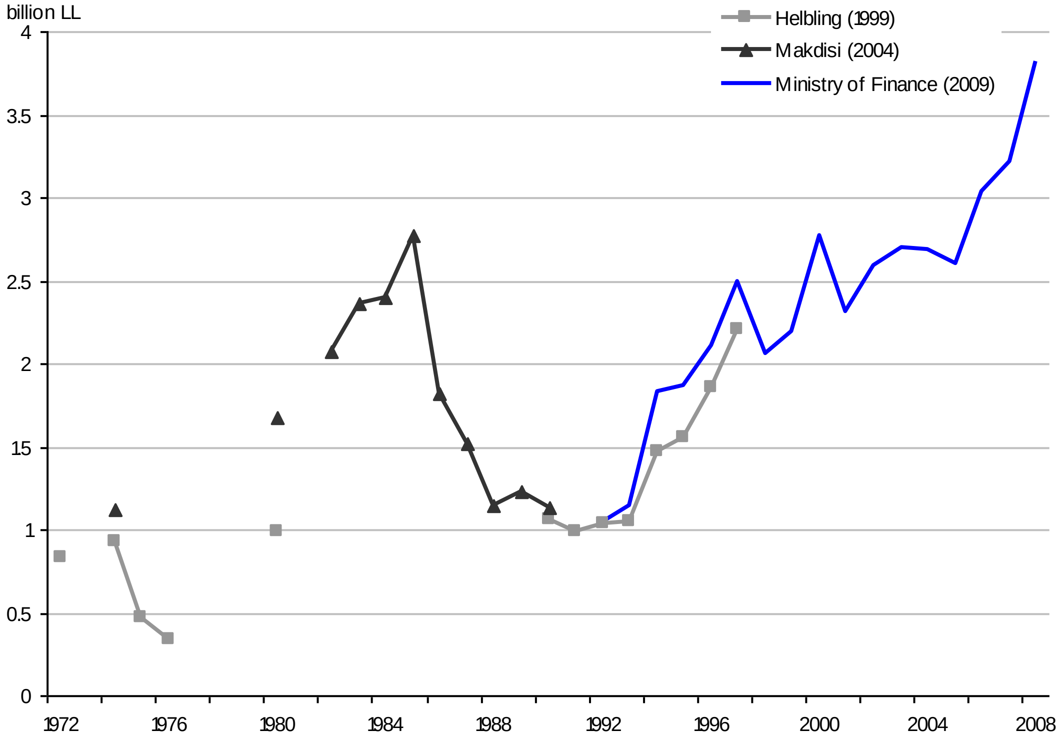
Table VIII.5: Detailed NGO activities

ICNPO Codes		Number of NGOs	Per cent
1	Culture and arts	381	11.4
	Sports	290	8.7
	Other recreational and social clubs	41	1.2
	Youth, Scouts, YMCA	138	4.1
2	Primary, intermediary & secondary education	41	1.2
	Other education	66	2.0
	Research	24	0.7
3	Hospitals and rehabilitation	47	1.4
	Nursing homes	18	0.5
	Mental health and crisis intervention	11	0.3
	Other health services	102	3.0
4	Social and charitable services	486	14.5
	Disaster and emergency	17	0.5
	Income support and maintenance	67	2.0
5	Environment	85	2.5
	Animal welfare	10	0.3
6	Community development	231	6.9
	Economic development	245	7.3
	Social development, improve capacity	73	2.2
	Housing	28	0.8
	Employment, career advice, training	9	0.3
7	Civic and advocacy organizations	110	3.3
	Law and legal services	9	0.3
10	Religious associations	57	1.7
11	Business associations	88	2.6
	Professional associations	79	2.4
	Alumni and veteran associations	158	4.7
	Family associations	410	12.2
12	Unclassified	29	0.9
	NGO networks	3	0.1
	Total	3,353	100

3.2 Lebanese government expenditure

Due to the prolonged period of civil war, time series data on Lebanese government expenditures are hard to come by and the current series has been pieced together from various sources. Helbling (1999) compiles government expenditure data as percentage of GDP for 1972, 1974-1976, 1980, 1985, 1988-1997. I multiplied this with GDP data at current market prices from Gaspard (2004). Makdisi (2004) compiles data for 1974,1980, 1982-1990 at current prices. The Lebanese Ministry of Finance (2009) keeps a time series for the post-war period from 1992-2008, also at current prices. I deflated these three series using a consumer price index from Gaspard (2004). Unfortunately this time series only lasts until 2002, since the Ministry of Finance does not publish CPI or GDP deflator data, I used Gaspard's deflator for 2002 for the years 2003-2008. Since inflation has been comparatively low in Lebanon during this period this will only slightly overestimate government expenditure.

Figure VIII.2: Lebanese government expenditure (in constant 1972 prices)



For consistency's sake, I gave preference to data by Makdisi (2004) and the Ministry of Finance (2009), since they have longer time series data. I used Helbling (1999) data whenever it was the only data-point available.

3.3 Share of NGOs hiring paid employees

Table VIII.6:Share of NGOs hiring paid employees

	%
Family assoc.	6.3
Youth, Sports & Social Clubs	16.6
Membership assoc.	18.0
Community & village assoc.	19.8
Environment & animal welfare	20.3
Culture & arts org.	21.7
Economic dev.	33.9
Social dev. & capacity bldg.	38.8
Social & charitable services	38.9
Religious assoc.	43.6
Civic & advocacy assoc.	44.3
Education & Health Care	53.5
N	2,353

4 Appendix to Chapter 5

Table VIII.7: NGO activities by funding source

Activity	unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership
significance level		***	***	***	***	***	***	***	***
Sports, Soc. Clubs	row %	30.1	40.3	42.6	48.4	26.7	10.3	8.3	94.0
Schools &hospit.	row %	27.7	18.8	49.2	48.6	32.3	22.4	18.4	78.9
Economic dev.	row %	28.8	34.9	51.5	42.4	25.4	16.7	18.2	84.9
Env. & animal	row %	27.5	28.8	36.3	36.3	28.6	16.3	20.0	86.3
Culture and arts	row %	21.7	27.6	44.1	46.3	28.6	16.2	14.0	93.5
Soc. Dev.	row %	23.8	15.4	43.6	46.5	28.4	14.4	14.4	88.1
Commun. village	row %	21.1	22.7	37.6	45.4	21.4	10.3	7.2	96.4
Civic, advocacy	row %	25.6	7.8	36.7	47.8	33.7	16.7	39.0	83.3
Soc. & charitable	row %	23.2	20.1	44.8	53.8	36.3	18.7	17.0	84.6
Religious	row %	12.8	8.5	42.6	61.7	35.3	27.7	21.3	78.7
Membership	row %	8.8	8.4	27.7	19.3	23.1	7.7	6.6	94.2
Family	row %	2.0	7.5	26.6	31.2	15.5	4.1	0.3	98.3
N	*NGOs*	*2,754*	*2,753*	*2,754*	*2,753*	*2,897*	*2,752*	*2,753*	*2,760*

Pearson's χ^2 to test differences significance level: *** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.8: NGO age, geographic location, and targeted area by funding source

Variable	unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership
Founding year	*difference in percentage change*[a]	***	***	***	***	**	***	NS	*
	difference in absolute amounts[b]	***	***	***	***	*	**	NS	NS
no funds	Mean (*95% CI*)[c]	1986 (1986-1987)	1986 (1985-1987)	1986 (1986-1987)	1986 (1985-1987)	1985 (1985-1986)	1986 (1985-1986)	1985 (1984-1986)	1981 (1977-1983)
yes, receives funds	Mean (*95% CI*)[c]	1979 (1977-1981)	1982 (1980-1984)	1983 (1981-1984)	1984 (1982-1985)	1983 (1981-1984)	1981 (1976-1984)	1984 (1981-1986)	1985 (1984-1986)
N	*NGOs*	*2720*	*2719*	*2720*	*2719*	*2862*	*2718*	*2719*	*2726*
Geographic location[d]		**	***	***	***	***	***	***	***
Beirut	row %	15.5	6.1	29.2	40.4	26.5	15.0	20.8	89.2
Mount Lebanon	row %	22.6	28.1	46.0	40.6	36.3	20.2	12.5	87.3
North	row %	20.0	6.3	48.4	68.7	17.5	5.9	9.5	91.9
Bekaa	row %	26.0	42.5	28.8	33.2	24.3	13.1	8.1	91.9
South	row %	16.9	23.0	39.4	30.1	26.1	6.1	8.0	92.5
Nabatieh	row %	16.5	23.2	35.4	33.5	18.6	4.9	7.3	98.2
N	*NGOs*	*2781*	*2780*	*2781*	*2780*	*2925*	*2779*	*2780*	*2787*
Covered geographic area[d]		NS	*	*	NS	**	**	***	***
countrywide	row %	21.9	18.4	36.4	44.2	31.2	16.9	19.1	86.9
Governorate (Muhafaza)	row %	19.4	20.0	41.4	50.5	28.5	13.7	10.5	94.8
Sub-governorate (Caza)	row %	20.5	18.8	45.9	45.2	25.8	13.2	8.9	90.5
Municipality	row %	18.8	23.60	40.1	41.7	24.7	11.3	7.5	93.0
N	*NGOs*	*2627*	*2626*	*2627*	*2626*	*2761*	*2625*	*2626*	*2632*

[a] Using t-tests of the natural log transformation. The variable is trimmed to exclude outliers.
[b] Using the two sample Wilcoxon Rank-Sum (Mann-Whitney) test.
[c] Bias adjusted confidence interval obtained through bootstrapping using 50 replications. Increasing the number of replications did affect results.
[d] Pearson's χ^2 to test differences between categorical variables
*** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.9: NGO institutional sophistication by funding source

Variable	unit		government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership fees
Bank Account			***	NS	***	**	***	***	***	**
No	row %		10.1	17.7	27.1	39.8	16.1	6.5	3.9	93.5
Yes	row %		23.5	20.6	44.8	45.5	31.1	15.9	15.9	89.2
N	*NGOs*		*2,693*	*2,585*	*2,587*	*2,586*	*2,713*	*2,585*	*2,585*	*2,592*
Employees specifically for fundraising			***	NS	***	NS	***	***	***	***
No	row %		15.6	20.1	36.7	42.1	24.3	10.8	8.3	92.9
Yes	row %		35.7	22.2	50.0	45.9	37.0	23.0	25.6	81.3
N	*NGOs*		*2,693*	*2,692*	*2,93*	*2,692*	*2,828*	*2,692*	*2,692*	*2,698*
Auditing firm			***	NS	***	***	***	***	***	***
No	row %		17.5	21.2	38.42	43.2	25.3	12.1	8.7	92.6
Yes	row %		33.4	19.3	52.81	51.3	41.2	21.3	29.5	80.6
N	*NGOs*		*2,559*	*2,560*	*2,560*	*2,560*	*2,674*	*2,559*	*2,559*	*2,565*
Computers			***	**	***	NS	***	***	***	**
No	row %		14.6	18.6	35.9	43.6	21.9	9.7	6.5	92.1
Yes	row %		27.0	23.3	47.4	45.5	35.3	18.3	19.1	88.8
N	*NGOs*		*2,541*	*2,542*	*2,542*	*2,542*	*2,657*	*2,541*	*2,541*	*2,546*
Column Percent		***Total***								
Bank Account			***	NS	***	**	***	***	***	**
Yes	col %	73.4	87.1	77.2	82.8	76.9	84.2	87.6	92.2	73.4
Employees specifically for fundraising			***	NS	***	NS	***	***	***	***
Yes	col %	23.8	41.2	25.3	29.4	25.0	32.0	39.5	48.4	21.1
Auditing firm			***	NS	***	***	***	***	***	***
Yes	col %	18.5	29.6	16.7	23.4	20.7	26.9	27.9	42.8	16.1
Computers			***	**	***	NS	***	***	***	**
Yes	col %	46.4	61.8	51.9	53.2	84.2	58.2	61.8	71.6	45.4

Pearson's χ^2 to test differences significance level: *** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.10: NGO budget by funding source

Variable	unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership fees
Budget (US$)	*difference in percentage change*[a]	***	**	***	***	***	***	***	***
	difference in absolute amounts[b]	***	**	***	***	***	***	***	***
no funds from source in question	Mean	80,210	136,169	56,723	112,878	125,081	117,708	116,547	653,870
	(95% CI)[c]	*63,65-114,249*	*88,884-247,337*	*43,041-80,891*	*51,024-319,922*	*68,754-228,646*	*66,330-194,129*	*73,910-192,208*	*221,413-1,552,186*
yes, receives funds from source in question	Mean	315,192	109,537	240,314	147,407	185,401	220,606	237,770	86,849
	(95% CI)[c]	*190,184-664,133*	*64,153-176,419*	*132,519-349,848*	*111,488-188,932*	*140,250-278,214*	*150,370-350,706*	*166,459-334,793*	*59,232-122,906*
N	*NGOs*	*1633*	*1632*	*1634*	*1633*	*1633*	*1632*	*1632*	*1636*

[a] Using t-tests of the natural log transformation. The variable is trimmed to exclude outliers.
[b] Using the two sample Wilcoxon Rank-Sum (Mann-Whitney) test.
[c] Bias adjusted confidence interval obtained through bootstrapping using 50 replications. Increasing the number of replications did affect results.
*** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.11: Paid staff and NSSF contributions by funding source

Variable	unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership fees
has paid staff (employees or contractor)[a]		***	NS	***	***	***	***	***	***
No		17.2	20.8	37.8	40.5	26.0	12.4	10.0	92.3
Yes		33.3	21.3	47.4	55.3	34.5	19.3	22.8	81.0
N		*2781*	*2780*	*2781*	*2780*	*2925*	*2779*	*2780*	*2787*
number of paid staff[e]	*difference in percentage change[b]*	***	NS	***	***	***	***	***	***
	difference in absolute amounts[c]	**	NS	***	**	***	**	**	***
no funds	mean *(95% CI)[d]*	31 (22-41)	35 (22-53)	18 (14-26)	37 (20-58)	30 (22-46)	34 (23-54)	28 (21-42)	82 (46-154)
yes, receives funds	mean *(95% CI)[d]*	42 (20-64)	33 (25-43)	53 (34-93)	33 (25-41)	55 (28-92)	35 (26-48)	57 (30-83)	23 (19-29)
N		*540*	*539*	*540*	*539*	*574*	*539*	*539*	*541*
employees in NSSF[a]		***	NS	***	**	***	***	***	***
all	% row	38.4	19.2	49.6	49.6	47.4	29.9	28.0	74.6
most	% row	42.7	18.3	59.2	51.5	42.1	27.2	28.2	80.6
some	% row	43.1	29.3	48.8	47.2	30.3	17.9	20.3	90.3
none	% row	16.6	21.7	38.4	40.4	24.6	11.3	9.7	92.2
all	% col	19.5	9.6	13.2	12.8	18.3	22.7	23.4	9.0
most	% col	8.2	3.5	6.0	5.0	6.5	7.8	8.9	3.7
some	% col	9.9	6.7	5.9	5.5	5.4	6.2	7.7	5.0
none	% col	62.4	80.2	75.1	76.7	69.8	63.3	60.0	82.3
N	*NGOs*	*2,501*	*2,500*	*2,501*	*2,500*	*2,638*	*2,499*	*2,500*	*2,506*

[a] Pearson's χ^2 to test differences between categorical variables;
[b] Using t-tests of the natural log transformation. The variable is trimmed to exclude outliers.
[c] Using the two sample Wilcoxon Rank-Sum (Mann-Whitney) test.
[d] Bias adjusted confidence interval obtained through bootstrapping using 50 replications. Increasing the number of replications did affect results.
[e] These averages exclude NGOs which indicated that they do not have employees or contractors on their payroll.
*** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.12: NGO branches by funding source

Variable	Unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership fees
has branches		***	NS	***	**	***	**	***	NS
no	% row	20.2	23.8	36.1	40.0	28.5	15.8	11.8	90.2
yes	% row	30.0	24.9	49.3	50.5	38.8	22.9	26.3	88.5
N	*NGOs*	*1770*	*1769*	1769	*1769*	*1863*	*1769*	*1770*	*1774*

Pearson's χ^2 to test differences between categorical variables; *** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.13: Cooperation with the government and other NGOs by funding source

Variable	unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership fees
Cooperation with the government		***	***	***	NS	***	***	***	***
no	row %	6.8	14.1	37.5	43.7	21.6	8.9	7.7	93.3
yes	row %	48.4	34.6	44.8	43.2	40.1	23.7	22.2	83.9
N	*NGOs*	*2721*	*2,720*	*2,721*	*2,720*	*2,858*	*2,719*	*2,720*	*2,727*
Cooperation with other NGOs		***	***	***	***	***	***	***	**
no	row %	13.1	12.8	36.1	38.9	19.2	8.0	6.4	91.9
yes	row %	26.9	27.8	43.5	47.5	35.3	18.7	17.8	88.7
N	*NGOs*	*2,681*	*2,680*	*2,681*	*2,680*	*2,821*	*2,679*	*2,680*	*2,687*
Contract with international NGO/organisation		***	NS	NS	NS	***	***	***	***
no	row %	17.3	20.2	39.3	42.7	24.0	11.1	5.6	92.3
yes	row %	35.0	22.9	41.2	44.9	43.6	26.5	47.5	79.3
N	*NGOs*	*2,673*	*2,672*	*2,673*	*2,672*	*2,810*	*2,671*	*2,672*	*2,679*

Pearson's χ^2 to test differences between categorical variables; *** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.14: NGO funders and problems in performing key activities

Variable	unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership fees
Difficulties in performing its activities		**	***	***	NS	***	***	*	*
No	row %	16.0	12.2	30.8	41.8	18.5	7.2	10.2	87.6
Yes	row %	21.5	23.1	42.6	43.9	30.3	15.4	13.2	90.9
N	*NGOs*	2735	2734	2735	2734	2871	2733	2734	2741

Pearson's χ^2 to test differences between categorical variables; *** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.15: NGO funder and beneficiary committees

Variable	unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership fees
Beneficiary committee		***	**	***	***	***	**	***	**
no	row %	26.4	24.2	51.9	54.7	38.4	16.2	18.04	87.3
yes	row %	17.3	18.9	33.9	37.3	21.9	12.5	9.4	91.6
N	*NGOs*	2,706	2,705	2,706	2,705	2,846	2,704	2,705	2,711

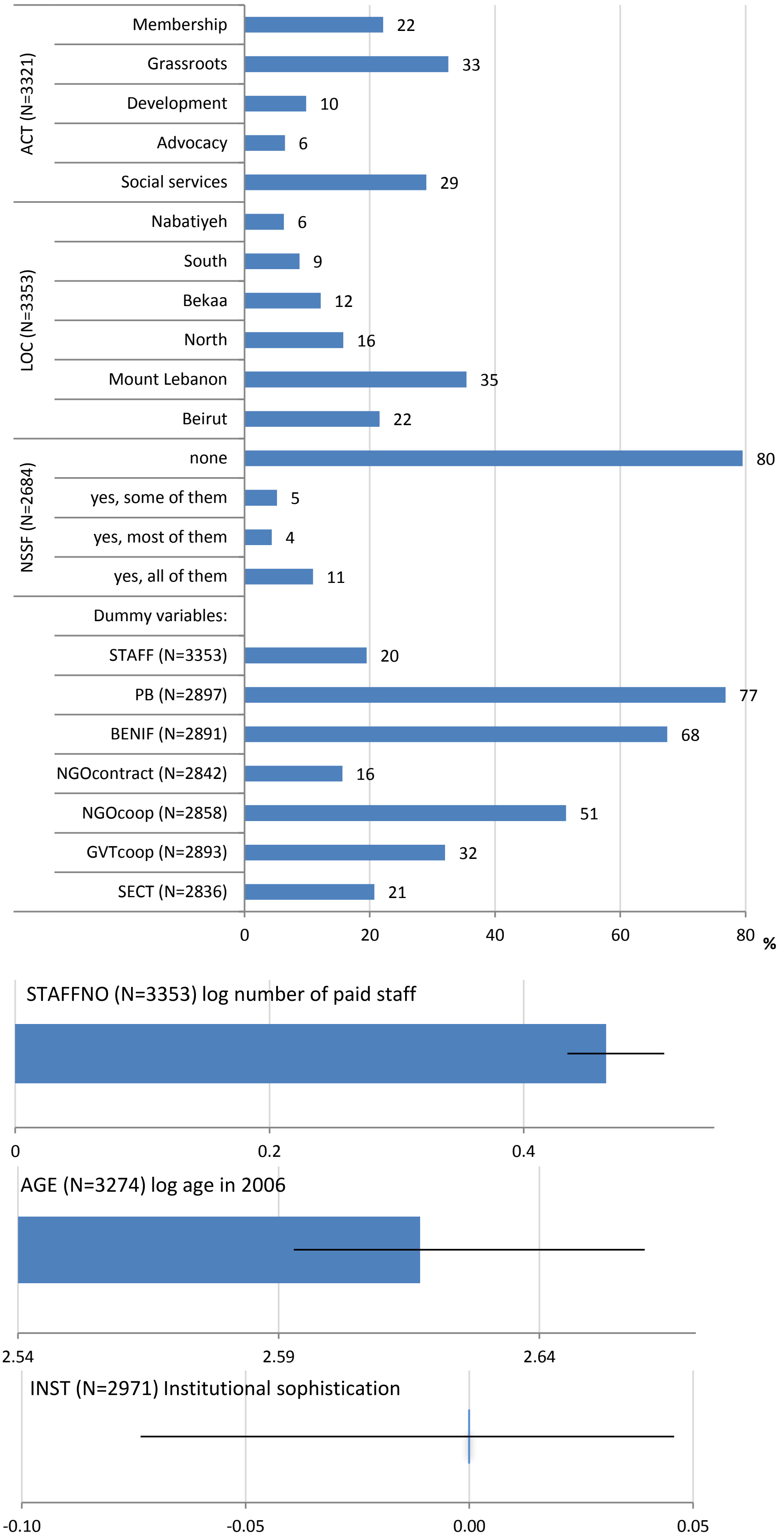
Pearson's χ^2 to test differences between categorical variables; *** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Table VIII.16: Sectarian affiliation by funder

Variable	unit	government funds	municipal funds	service fees	private individual	private sector organisations	Lebanese third sector/NGOs	International donor (bi- or multi-lateral)	membership fees
self-declared sectarian affiliation		NS	NS	NS	NS	NS	*	NS	***
w/o affiliation	row %	21.3	20.3	40.7	44.1	27.4	12.9	12.7	91.2
with affiliation	row %	18.7	24.0	39.9	43.8	28.4	17.1	11.2	85.2
	NGOs	*2,637*	*2,636*	*2,637*	*2,636*	*2,767*	*2,635*	*2,636*	*2,643*
benefits Muslims only		NS	***	*	NS	NS	*	NS	NS
no	row %	19.5	19.5	41.8	44.4	26.3	12.0	11.5	91.1
yes	row %	16.5	30.6	33.0	51.0	26.6	17.0	8.7	92.8
N	*NGOs*	*2,406*	*2,406*	*2,407*	*2,406*	*2,511*	*2,405*	*2,405*	*2,410*
benefits Christians only		NS	NS	*	NS	NS	**	NS	***
no	row %	19.5	20.2	40.5	45.2	26.1	11.9	11.3	91.8
yes	row %	14.4	24.5	50.4	40.3	29.8	20.9	10.1	81.3
N	*NGOs*	*2,406*	*2,406*	*2,407*	*2,406*	*2,511*	*2,405*	*2,405*	*2,410*

Pearson's χ^2 to test differences between categorical variables; *** p<0.001, ** p< 0.01, *p<0.05, NS p>0.05

Figure VIII.3: Uni-variate Analysis of predictors



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