

An Evolutionary Economic Perspective on Small-Scale Development Organizations

Developing a Typology of Small-Scale Development Organizations Based on the Influence of Relationship Types on Learning Strategies



Colophon

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Executive Summary

In the last decade there has been a tremendous growth in small-scale donor organizations in the Netherlands. These organizations, called private initiatives, are endorsed by the Dutch government both as a new vector of development cooperation and as a tool to broaden the support for its development goals (Brok & Bouzoubaa, 2005). Consequently, a range of research has examined the characteristics of private initiatives and their development partners, and the adherence of their activities to preconditions for effective development cooperation. This research shows, among other things, that although private initiatives have the advantage of low administrative costs, flexibility and direct contact with the target group, they have weak accountability and work in an isolated fashion (Kinsbergen & Schulpen, 2010).

Although there has been a range of descriptive research on private initiatives, direct comparative research between private initiatives and other donor organizations is rarely done, which makes it difficult to identify what aspects are unique to private initiatives. A complicating factor emerges from the fact that research only uses a pragmatic definition of private initiatives: they are described as small-scale donor organizations that have a budget of less than one million euros, work mostly with volunteers and have development as their main goal (Schulpen, 2007). This means that the difference between private initiatives and traditional donor organizations is based on their size and voluntary character, and this somewhat arbitrary delineation between private initiatives and traditional donor organizations makes it problematic to identify what unique strengths and weaknesses the development activities of private initiatives have and to understand what features of private initiatives contribute to these differences.

In this thesis the differences between these two categories of donor organizations are studied carefully and it is argued that donor organizations can be more effectively categorized based on the types of relationships they have with the actors that supply them with funds, called back donors, and the development organizations that they themselves fund. Private initiatives have a personal, trust-based relationship with their development partners and with their private back donors, and they sometimes have competitive relationships with their back donors if traditional donor organizations fund them. In contrast, traditional donor organizations have competitive relationships both with their development partners and with their back donors.

This distinction can also be found in literature on business relations. In this literature the distinction is made between arms-length relations, which are competitive and formal in nature, and embedded relations, which are trust-based and informal in nature. Evolutionary economics offers a framework through which to study the effects of these different relationship types. Evolutionary economics studies organizations from the perspective of a selection environment in which only organizations survive that are fit enough. In reaction to these selection pressures, organizations have to develop their capabilities in order to survive. The specific type of selection pressure an organization is faced

with can strongly influence the types of capabilities that an organization builds and the strategies it uses to do so.

The different relationship types that organizations are faced with influence the type of selection pressure an organization has to deal with. Embedded trust-based relationships for instance are often long term and secure, and reduce the level of competition an organization has to deal with relative to competitive arms-length relationships. When the different relationship types are related to different types of selection pressure, it becomes possible to explore the behavior of development organizations in terms of the relations between them and their donor organizations, and the relations between their donor organizations and their back donors.

Based on this argument the thesis develops an initial framework that distinguishes three types of development organizations and their differences. This framework gives a broad-line overview of the ways in which varying selection pressures could influence the use of learning strategies of the three different organizational types. In order to test this framework, a qualitative research is carried out. For this research 18 small-scale development organizations in Ghana are interviewed. The research largely verifies the typology, and suggests some additional mechanisms through which these three categories differ in their use of learning strategies.

The three organizations that are distinguished in this typology are the embedded PI development NGO, the traditional PI development NGO, and the traditional development NGO. In these labels the word PI stands for private initiative. The embedded PI development organization and its donor organization have a mutually dependent long-term, which ensures the organization of funds and relieves it from the responsibility of finding new sources of funding. Consequently, there is no external pressure that forces the organization to build a network of relationships with peer organizations that can help in finding new sources of funding. However, this strong dependency is a risky strategy for the development organization; when the donor stops funding, the development organization ceases operation. The donor organization of the embedded PI development organization itself relies solely on private donations of back donors. These back donors do not impose stringent accountability requirements on the donor organizations, so the donor organization does not have to impose these demands on the embedded PI development NGO either.

The traditional PI development organization is similar to the embedded one in all but one regard; the relationship between the back donor and its donor organization is different. The donor organization of this category receives up to half of its funding from the front offices of large traditional organizations. These back donors enforce a level of accountability from the donor, so the donor must impose accountability in its relationship with the development organization as well. This demand for a basic level of accountability ensures that feedback from the development NGO to the donor NGO is formalized to a certain extent.

The traditional development NGO has arms-length relationships with its multiple donors. The organization actively solicits for projects, negotiates performance contracts with donors, and has to formally account all its projects. In order to build the capacity that enables the organization to perform these tasks, the organization goes on regular trainings, collaborates extensively with peer organizations, and sometimes has contacts with external sources of knowledge like the university or government officials. Because an extensive network of peer organizations is a powerful way of finding new sources of funding, organizations also use training and collaboration as an opportunity to extend their network. In this regard traditional development NGOs function somewhat like independent contractors who also rely on an extensive network in order to regularly find new clients.

The success of the typology illustrates that evolutionary economics is a useful perspective for studying development organizations. The typology does predictions that are largely verified on a qualitative level. Additionally, the results suggest a further number of interesting mechanisms that relate the different organizational types to different learning strategies. Based on these results further research is possible in many directions; a lot of the mechanisms that are suggested in the qualitative results could potentially be studied in depth using existing quantitative evolutionary economics techniques.

One of these mechanisms that the qualitative research suggests is that the intensity of collaboration between organizations is influenced by the topic of collaboration. It is suggested that collaboration will less likely happen in topics in which organizations compete than in topics in which organizations have common goals. As an example of the potential for further evolutionary economics research on development organizations, a limited network analysis is carried out that is supposed to test whether this hypothesis is true. This network analysis confirms the mechanism by showing that collaboration occurs much more often in topics in which organizations have compatible goals than in topics in which organizations have competing goals.

The success of the developed typology in explaining many of the differences between different types of small-scale development organizations suggests that using an evolutionary economic perspective is useful. The quantitative results suggest that many of the existing quantitative techniques used in evolutionary economics to study the dynamics of organizational and sector development can be directly applied to the development sector. Based on these results a wide range of new research questions emerge. The most important contribution of this thesis is that it suggests a useful new perspective on small-scale development organizations, and that it offers firm theoretical and empirical support for further research of the development sector using evolutionary economics.

Note on Terminology

NGOs are non-profit non-governmental organizations. Literature on NGOs in development cooperation uses the categories 'northern' and 'southern' (For instance Lewis, 1998). Northern NGOs are NGOs in high-income countries who primarily collect funds and donate these funds to southern NGOs. The southern NGOs execute development projects. This labeling has limited use, as it does not reflect the complexity of the development sector in which NGOs can have development activities in medium- or high-income countries and fundraising is also possible in low-income and medium-income countries. This thesis will therefore use the labels 'donor NGO' and 'development NGO', or 'donor organization' and 'development organization'. These labels circumvent the problematic connotations of the artificial north-south categories and refer directly to the function of NGOs. In situations where an NGO functions both as a donor and a development NGO the label integrated development NGO or integrated development organization will be used.

1 Introduction

In the last decade there has been a tremendous growth in the number of small-scale donor organizations in the Netherlands. These organizations, called private initiatives, are endorsed by the Dutch government both as a new vector of development cooperation and as a tool to broaden the support for the national development cooperation goals (Brok & Bouzoubaa, 2005). In 2002, the Dutch government officially consolidated efforts to support private initiatives by proposing the construction of a platform. *Linkis*, that advises private initiatives and funds their projects. This has led to a further growth in private initiative numbers (Schulpen, 2007).

Both the rise in private initiative numbers and official support by the Dutch government have led to a strong debate in the Netherlands about the effectiveness of this type of development cooperation. Consequently, a range of researchers have examined the characteristics of private initiatives and their development partners, and the adherence of their activities to preconditions for effective development cooperation. This research obtains mixed results, suggesting that private initiative development activities suffer from a range of weaknesses. On the one hand, it is argued that private initiatives have the advantage of low administrative costs, flexibility and direct contact with the target group. On the other hand, it is argued that they suffer from accountability problems and work in an isolated fashion (Kinsbergen & Schulpen, 2010).

Most research up to this stage is descriptive and tries to identify and understand different aspects of private initiatives and the behavior of their development partners. However, direct comparative research between private initiatives and other donor organizations is rarely done, which makes it difficult to identify to what extent these aspects are unique to private initiatives. This is complicated by the fact that research uses only a pragmatic definition of private initiatives: they are described as small-scale donor organizations that have a budget of less than one million euros, work mostly with volunteers and have development as their main goal (Schulpen, 2007). This means that the difference between private initiatives and traditional donor organizations is purely based on size, and this somewhat arbitrary delineation between private initiatives and traditional NGOs makes it both problematic to identify what unique strengths and weaknesses the development activities of private initiatives have and to understand what features of private initiatives contribute to these differences.

In this thesis the difference between these two categories of donor organizations will be studied carefully and a more fundamental difference will be proposed. It will be argued that from the perspective of evolutionary economics donor organizations can be categorized based on the types of relationships both with their back donors, and with their development partners. Evolutionary economics theory will be used to explore the impact of these relations on the learning strategies of development organizations and propose a typology of development organizations. This typology will be tested through qualitative research and quantitative research.

The main aim of this research is to develop and test a typology of small-scale development organizations based on the effect of their relationships with donor organizations and the effect of the relationship between their donor organizations and back donors on learning strategies.

The first part of this thesis consists of a theoretical proposal to distinguish different types of development organizations through the relations they have with their donor partners, and the relations their donor partners have with their back donors, and of an examination of the potential effects of this division from the perspective of evolutionary economics. In the second part of this thesis, the proposed typology is tested and refined, and a specific mechanism in this typology is tested using a quantitative approach.

The data collection will be carried out in Ghana. As one of the top receivers of Dutch private initiative funds and with a relatively stable political environment and an active civil society sector it is well suited for this research. The research will remain limited to small-scale development organizations. Large development organizations and development organizations that mainly receive funding from churches or mosques are not analyzed in this research.

1.1 Outline

In chapter 2 a short overview of the Dutch and Ghanaian development sector is given that will contextualize the environment in which the research is carried out, give insight in the most important vectors for development cooperation, and offer a sketch of the various donor organizations that fund small-scale development organizations. In chapter 3, based on an analysis of the literature on private initiatives, it will be suggested that the most important difference between private initiatives and other donor organizations lies not in their size and voluntary nature, as suggested by earlier research, but in the relationship they have with their back donors and their development partners. In chapter 4 an overview is given of literature in evolutionary economics and development organizational learning that relates to this proposed distinction. In chapter 5 the initial distinction of chapter 3 and the literature of chapter 4 is drawn together in order to propose a typology of small-scale development organizations. Chapter 6 explains how this typology will be tested through qualitative research. In chapter 7 the results of this research are given, and a proposal is done for a quantitative study of a specific competitive effect based on the typology. Chapter 8 explains the methodology of this quantitative research, and chapter 9 gives the results. Finally, chapter 10 concludes by discussing some challenges in the research, possible future research, and some broader implications of using the evolutionary perspective to understand development organizations.

2 The Development Sector Context

2.1 Donor Organizations in the Netherlands

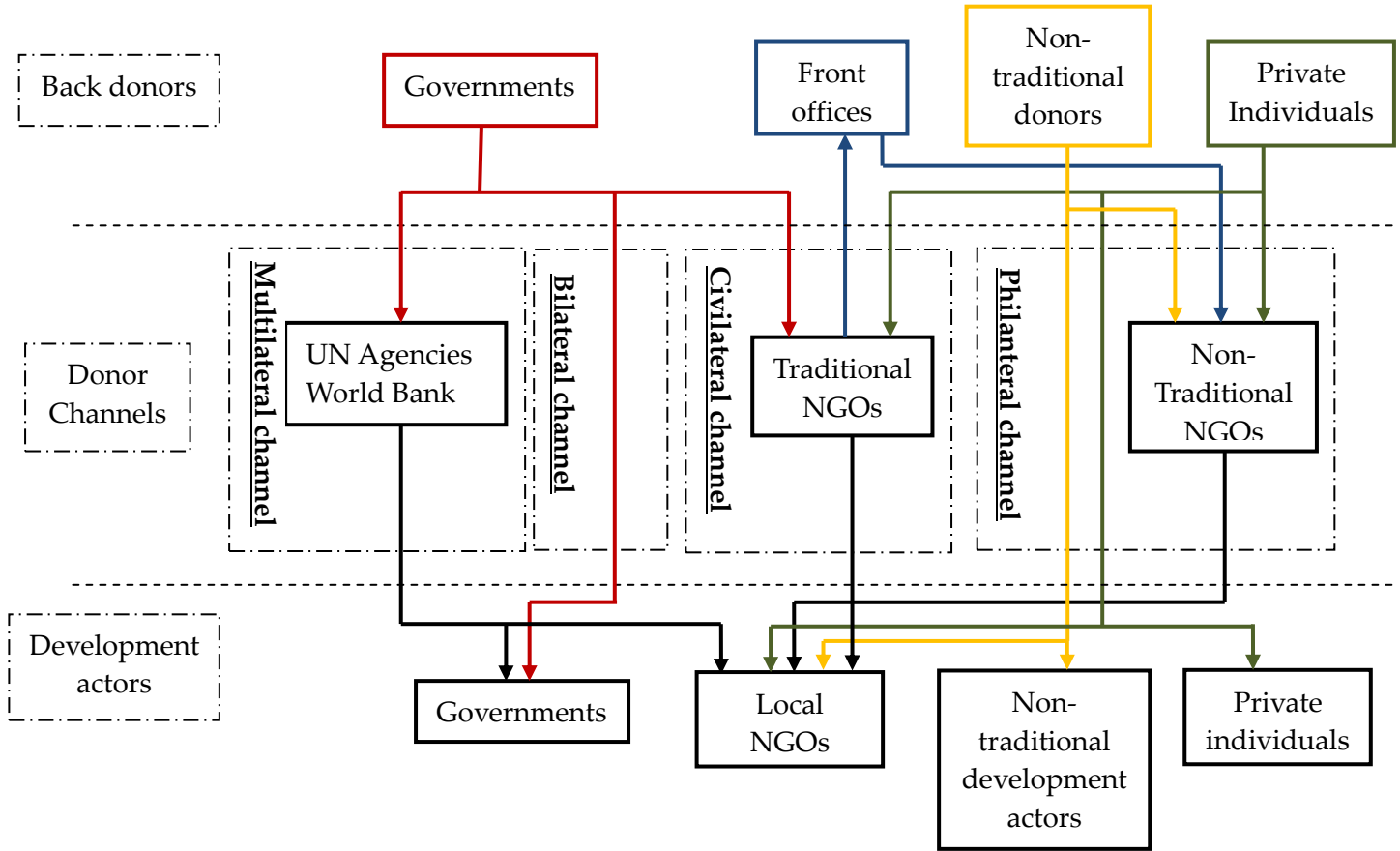
The Netherlands is one of few countries that consistently devotes over 0.7 % of its gross domestic product to overseas development cooperation, spending more than 4.7 billion euros in 2009 (Central Bureau for Statistics, 2011). Up to the eighties most development aid was distributed bilaterally and multilaterally, but the field of development cooperation has fragmented strongly over the last decades. Nowadays a broad range of actors are active in the field of development cooperation. The strong emergence of private initiatives in development aid is only one of the examples of this fragmentation; other examples are for instance the increased occurrence of twinning between cities in developed and developing countries, and the increase in corporate social responsibility activities.

At the moment the field of donor organizations in the Netherlands can be categorized into four channels: the bilateral, the multilateral, the civilateral and the philantral channels (Develtere & Stessens, 2006; Schulpen, 2007). These channels reflect the considerable complexity of the development sector, where some aid is channeled from back donor through donor organizations to development actors, and other aid goes directly from back donors to development actors. Figure 1 on the next page shows a simplified model of the most important actors in the funding environment of the development sector.

Through the bilateral aid channel governments directly support the budget of other governments. The multilateral aid channel consists of a range of international NGOs that get funded by multiple governmental sources. These organizations themselves give both budget support to governments and support to local development NGOs. Other forms of development aid are grouped within the civilateral and the philantral channels. The civilateral channel consists of the classic donor NGOs that are often large-scale and often have an international scope. These traditional donor NGOs receive funding from private parties as well as governments, and support local development NGOs or have their own activities in developing countries. Through the philantral channel back donors give both direct funding to development actors, and they also channel aid through non-traditional development NGOs, called private initiatives.

A more careful examination of the philantral donor channel shows that there is a large range of non-traditional donors that directly fund activities of development actors. Schulpen (2007) identifies three non-traditional back donors that do not have development cooperation as main activity but for various reasons directly support development actors: companies that have corporate social responsibility activities in developing countries, semi-government organizations like police corps that directly train and fund police corps in developing countries, and societal organizations.

Figure 1 Overview of Funding Environment of the Development Sector



Source: adapted from Schulpen (2007)

Schulpen (2007) also identifies six actors that do have development cooperation as their main goal. These actors are also grouped in the non-traditional donor category. Some of these non-traditional actors are back donors that fund traditional and non-traditional donor organizations, others directly fund development actors. Of these six actors this research focuses on the non-traditional donor organizations that are known as private initiatives. In research they are defined as having a yearly revenue of less than 1 million euros or that they have less than 20 permanent members, that no less than 80 per cent of staff is volunteers and that the main organizational goal is development cooperation. Most of these private initiatives get funding from individuals. They cannot apply directly for government funds, but some of the larger traditional NGOs have created platforms or front offices, that do get government funds, through which private initiatives can apply for funding. The largest platforms are called *Linkis* and *Impulsis*, and they distribute a set amount of government funding to private initiatives and advise private initiatives on development cooperation issues. The platforms function with a matching grant structure. Private initiatives can send in project proposals, and when these proposals are accepted all privately collected money can be doubled up to the project budget level. Around 65 per cent of private initiatives in the Netherlands have applied for a grant from one of these platforms (Kinsbergen & Schulpen, 2010).

A closer examination of the traditional donor organizations in the civilateral channel shows that many of the traditional donor organizations are co-financing agencies. These organizations receive part of the official development cooperation budget of the government and are responsible for distributing this money. In total 23 per cent of all official development aid is channeled through these large donor NGOs. In order to become a co-financing agency an NGO has to have a development program in multiple countries with multiple partners and with a distinctive approach to development cooperation. The government donates up to a maximum of 75 per cent of the budget of these NGOs, the rest needs to be secured through other sources of funding. The largest co-financing organization receives over hundred million euros per year; small co-financing organizations receive a few hundred thousand euros per year (MinBuZa, 2011). There is also a range of smaller NGOs that do not receive official government funding but are categorized as traditional donor organizations because they have substantial funding, paid employees, and have existed for a long time. In practice, there is a continuum between private initiatives in the philanteral channel and traditional NGOs in the civilateral channel. Because the definition of private initiatives only delineates different types of donor organizations by the size of their budget and the amount of volunteers that work there, the boundary is quite arbitrary at times (Kinsbergen & Schulpen, 2010). Most institutional donors started as small private initiatives, but have grown into full-fledged international donor NGOs.

2.2 Development Organizations in Ghana

Ghana is a low-income country in West-Africa. It is relatively stable and prosperous compared to its neighboring countries. It has free elections since 1992, and has seen strong economic growth since 2000, with real gross domestic product growth rising from 4 per cent per year in 2000 to 7 per cent per year in 2010. However, development cooperation still has a crucial role in the economy of Ghana, with official aid flows at around eight percent of gross national income (World Bank, 2011). With NGO aid flows estimated to be at least forty per cent of total aid flows, NGOs play a critical role in the Ghanaian economy (Riddell, 2007). The explosive growth of registered NGOs in Ghana plays testimony to this fact. The critical role of NGOs is also recognized by the Ghanaian central government, who emphasized the importance of NGOs for improving service provision in its official poverty reduction strategy papers (Bawa, 2002).

Where bilateral aid was most important up to the eighties, in the nineties development organizations came to play a large role in development cooperation. At first, most NGOs in developing countries were integrated organizations, because there were no local development organizations. These integrated organizations are active in fundraising in developed countries and in development activities in developing countries. Over time though, they retreated their direct control over activities in Ghana and increasingly concentrated on building civil society by channeling a large proportion of funds to local development organizations. In Ghana for instance, the number of registered development NGOs went up from around 350 in the early nineties to more than 3000 in 2006.

Nowadays local development NGOs have an integral role in service provision in Ghana. Access to water and disease control, access to schooling and rural healthcare services are mostly run by local development NGOs (Bawa, 2007).

In figure 1 all local development organizations are grouped together as one type of actor. This does not do justice to the rich variety of development organizations. Civil society in Ghana has a wide range of development organizations who all in their own way contribute to development. There are community-based organizations that try to organize and empower communities. There are small-scale development organizations that work on a wide variety of themes, from peace building to human rights to agricultural techniques. There are religious NGOs that rely on their ties with churches and mosques to improve their communities. There are umbrella organizations and networks that bring these NGOs together in order to enhance collaboration. There are a few large development organizations that are active throughout Ghana. Finally, there are some integrated NGOs that are active directly in Ghana. In this research the focus will be on small-scale development organizations that get funding either from traditional donor organizations or from private initiatives. In order to better understand the difference between the two categories of donor organizations, the next chapter will provide an overview of the literature on private initiatives.

3 Private Initiatives

3.1 Understanding Private Initiatives

The first review of private initiatives was focused on donor organizations in the Netherlands. This overview by Brok and Bouzoubaa (2005) provided an initial description of the motives of the people who start private initiatives, the types of people who start private initiatives and the activities private initiatives engage in. It found that private initiatives are usually started by people who have traveled to developing countries. During these travels people get in touch with people from the local population, and some of them feel the urge to help the local population. Some people decide to directly support individuals that they met, others support already existing local organizations, and a small group helps creating a local development organization in the country they visited and sets up their own donor organizations, the private initiatives, in their own country.

In an overview of the private initiatives sector Kinsbergen (2010) has tried to get insight in the number private initiatives that exist, the characteristics of their members, their average budget and the countries they are active in. This research confirms that there has been a strong growth in private initiative numbers, with more than half of private initiatives being less than 10 years old. Forty per cent of private initiatives have less than 5 permanent members, who have an average age of 54 years. The median budget of a private initiative is less than 25.000 euros, but the average is little over 50.000 euros, indicating that there is a small amount of relatively large organizations but there are many smaller private initiatives. The top three countries in which private initiatives support development activities are in sequence: Kenya, India and Ghana.

A first analysis of the activities that private initiatives support in developing countries was done by Schulpen (2007), who visited partners of private initiatives in Malawi and Ghana and evaluated projects according to basic preconditions of effectiveness for development cooperation. In this initial evaluation some key weaknesses of private initiatives were identified. Confirming Brok & Bouzoubaa (2005), Schulpen (2007) found that the relationship between private initiatives and development organizations is often highly personal, leading to high trust in the local partner and weak accountability structures. Furthermore, according to Schulpen, private initiatives contribute weakly and sporadically to capacity building of their local partners, and local development organizations rarely if ever cooperate with each other. On the financial level, there is often a strong distrust of local development organizations. This distrust is expressed in the desire of the private initiatives to have strong control over the use of funding by their development partners. Finally, private initiatives and their partners do learn, but this learning is sporadic and there are no systems in place to guarantee the effective use of acquired knowledge.

Based on this initial overview further research has focused more specifically on different preconditions for effectiveness of development projects and most of this research confirms the predominantly negative view on private initiatives and their partner NGOs. Kinsbergen (2006), in one

of the few comparative studies, found that private initiatives often have very weak participatory structures compared to traditional donor NGOs and that power dynamics between private initiatives and their development partners are very uneven. She found that large donor organizations in general have more equitable partnership structures with development partners than private initiatives, and that development organizations have much more of a say about the specifics of development projects when they work with large donor organizations.

Wintraecken (2008) supports this result, by showing that many relations between private initiatives and their partners are donor-led instead of partner-lead. This often leads to frustration on the part of the development partner, who has a lot of local knowledge and who usually wants to have more influence over projects. Looij (2008) focused on learning in private initiatives from a business management perspective using the learning organizations theory and found that although development partners of private initiatives do learn, there are no institutionalized learning structures that reward learning or promote knowledge diffusion within the development organization.

In contrast with these negative outcomes, research by Meerts (2009) has shown that the projects of development partners of private initiatives are often strongly embedded in local structures and culture. This improves the quality of projects, because they can be tuned to take into account the specificities of the local situation. Finally, Bosmans (2008) tries to distinguish between the development activities of private initiatives that get funded by front offices and the ones that get funded by other sources. He finds that private initiatives have to compete for funding from front offices, and that the requirements imposed by these front offices improve the quality of the projects of the private initiatives.

In general, this research paints a mixed but mostly negative image of private initiatives and their partners. However, this research does not analyze private initiatives and their development partners in relation to other donor organizations and their development partners, and does not systematically explore the underlying mechanisms that explain these weaknesses. Existing research has been successful in giving an overview of the activities of private initiatives and their partners, but it lacks a broader perspective. Analyzing private initiatives and their partners in relation to other donor organizations and other small-scale development organizations would enable a deeper understanding of the strengths and weaknesses of private initiatives and their partner organizations.

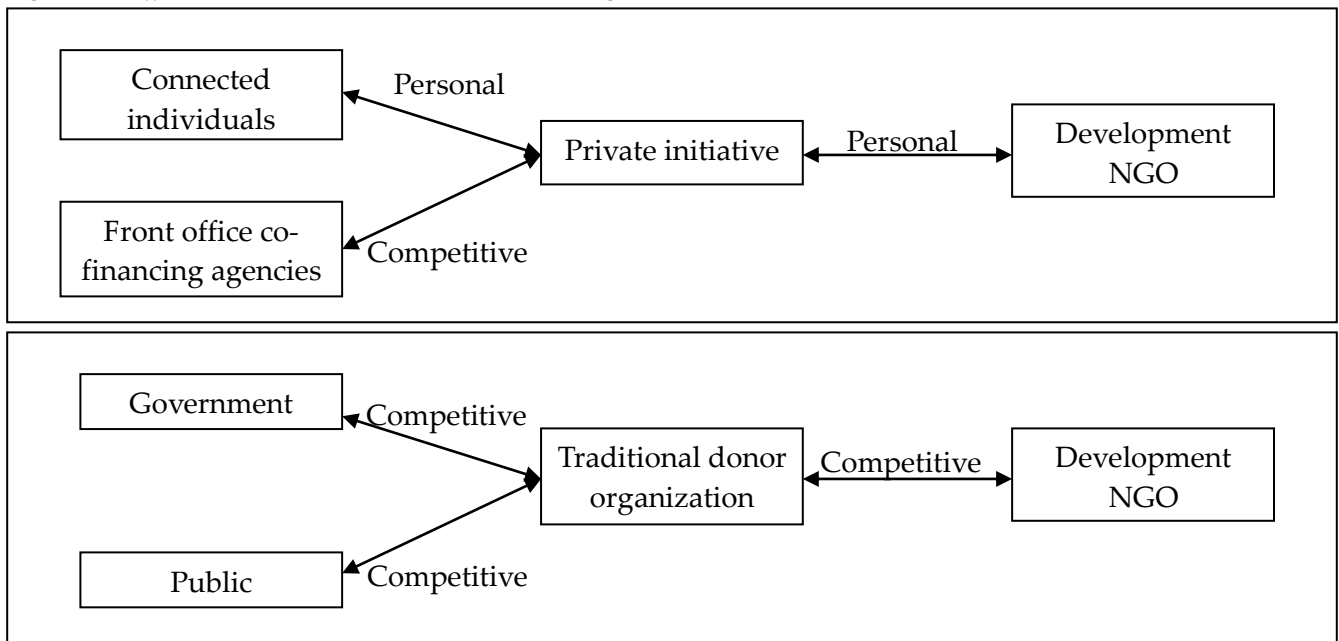
3.2 Private Initiatives and Traditional Donor NGOs, Defining the Difference

Private initiatives have been defined by previous research using an arbitrary size boundary of having a yearly revenue of less than 1 million euros or having less than 20 permanent members, with no less than 80 per cent of staff being volunteers and with the main organizational goal of development cooperation. Since this definition does not offer a fundamental distinction between private initiatives and traditional donor organizations determining to what extent the identified weaknesses in private

initiative activities follow from their difference with traditional donor organizations is problematic. A definition based on a more fundamental difference between private initiatives and traditional donor organizations would be much more useful in this context. A careful survey of the literature suggests that these more fundamental differences have already been identified in previous research. Studies from Bouzouba and Brok (2005), Schulpen (2007) and Kinsbergen (2010) show that the relationship between private initiatives and the development actors they work with is very strongly a personal connection. Most private initiatives start with an intimately personal connection that can develop into a support relationship which includes cash flows. The individual who donates funds through this support relationship sometimes decides to extend this relationship and start an organization. The private initiative is thus founded based on a personal relationship, and this personal relationship is a strongly identifying element of the private initiative (Figure 2).

This is in contrast with more traditional donor organizations, which develop their contacts with development organizations through a more market-like process. Traditional donor organizations have limited funding for a select range of projects that they outsource to local development organizations. The local development organizations need to compete in a bid-like system for funding. As Elbers and Schulpen (forthcoming) have shown, the development organizations have no control over the mechanisms donor NGOs use to select partner organizations and that they have weak control over the amount and duration of funding for development projects and monitoring requirements, this means that development organizations function in a demand-driven competitive environment (figure 2).

Figure 2: Difference between Traditional Donor Organizations and Private Initiatives



This fundamental difference in relationship type does not only exist between donor and development NGOs, it also exists between the back donor and the donor organization. Traditional donor organizations get predominantly funded by governments and rely for a smaller percentage on donations of the public that they receive through competitive means with donor recruitment activities like television commercials. Private initiatives, on the contrary, usually have direct personal connections to the private donors that fund their activities. Some private initiatives also receive support from the front offices of traditional donor NGOs, who supply up to 50 per cent of total project costs, and therefore have reduced dependency on private back donors. The support from front offices is received through a competitive process (Bosmans, 2008).

Understanding what impact these differences in relationship types can have on development organizations is only possible using a theoretical framework that can effectively deal with this distinction. Within evolutionary economics there has been extensive research into different kinds of relationships between firms, and the effect of these relationship types. Analysis of this literature might offer a perspective on the differences in relationship types as observed between different types of donor organizations.

3.3 Relationship Types and Governance Models

In the huge variety of business sectors there is also a lot of variation in the relationship types between consumers, intermediate suppliers, and producers. This variation develops in reaction to the varying demands imposed on firms in different sectors. In the literature three main streams of governance are discerned: network governance, hierarchical governance and market governance. These types of governance have seen a wide range of definitions throughout literature, the core elements that are shared throughout these definitions have been distilled by Jones, Hesterly and Borgatti (1997).

When network governance is dominant in a sector, ties between actors are predominantly based on trust. This trust can exist on multiple levels: as structural embeddedness in which both the pairwise relationship and the general culture of trust in a sector matters, and as relational embeddedness in which trust in the direct ties between firms matters (Granovetter, 1992). This trust influences firm activities in such a way that decisions made are not purely based on economic considerations, but social considerations are also relevant in firm decision making. Relations between firms are often long-term and open-ended instead of contract based. These types of relationships can occur both between firms and between firms and consumers. In a situation where the exchange is between two firms embedded relationships emerge when there are high adaptation, coordination and safeguarding needs (Jones et al., 1997). Adaptation is necessary when market conditions are very volatile and there are fast-changing product demands, coordination is needed in order to manage integration of complex product or service development processes and safeguarding needs are necessary when exchanges are high-risk because of the specificity of firm requirements and the complexity of ensuring quality. An example of an industry where relationships are partially embedded is in the fashion industry between

fabric firms and fashion firms, where volatility in product demand in the fashion market and specificity in fabric needs ensures that embedded relationships outperform market-based relationships (Uzzi, 1997).

In hierarchical governance firms are directly integrated. Hierarchical governance occurs in situations where there are high safeguarding and coordination needs, but there is no demand volatility and there is strong supply volatility. High safeguarding and coordination needs create the necessity of close connections between firms, as in network governance. However, because there is no demand fluctuation there is no need for the ability to flexibly shift alliances and relationships, thus making it feasible to completely integrate firms. Volatility in supply creates a need for ensuring stable supply; this further encourages integration (Jones et al., 2007).

In market governance clients and producers have relations that are purely contractual and economic. These relations are called arms-length relations. If products can be produced without extensive coordination and safeguarding needs arms-length relations are usually beneficial. This is because competitive pressures in situations of market-governance with arms-length relations are strong and this increases efficiency in the market (Jones et al., 2007).

3.4 Relationship Types and Small-Scale Development Organizations

Based on the suggested difference between private initiatives and traditional donor organizations (figure 2) and literature on relationship types (section 3.3), it becomes possible to suggest an initial categorization of development organizations (table 1). In the labels assigned to the different organization types, PI is short for private initiative.

Table 1: Small-Scale Development NGOs and their Relations with Donor NGOs and Back Donors

Organization type	Relationship with donor organization	Relationship donor organization with back donor
Traditional PI development NGO	Embedded	Arms-length
Embedded PI development NGO	Embedded	Embedded
Traditional development NGO	Arms-length	Arms-length

Embedded PI development NGOs are development NGOs that have an embedded relationship with a private initiative that gets most funding from connected individuals. The relationship between private initiatives and their partner development NGOs can be described as embedded, because the initial relationship between donor and development NGO is social, and the formal funding relationship that emerges later on is still strongly governed by this initial trusting connection (Schulpen, 2007). Private initiatives that receive funding primarily from connected individuals also have an embedded relationship with their back donors. An important reason for individual back donors to fund private initiatives is that there is strong distrust of traditional donor organizations (Kinsbergen & Schulpen,

2010). There is fear that donations are misspent and that a lot of the funding ends up in overhead costs (Brok & Bouzoubaa, 2005). Contributing to this distrust is the fact that donations to donor organizations cannot be easily tracked to the results in developing countries. This is partially because the geographic distance makes it impossible for most back donors to see the end result and partially because a lot of individual donations together contribute to a single project and the effect of an individual contribution cannot be retraced. When back donors fund private initiatives, trust can reduce the uncertainty many back donors experience about the impact of their donations

Traditional PI development NGOs are development NGOs that have an embedded relationship with a private initiative that gets a large part of its funding from front offices of traditional donor organizations like *Linkis* or *Impulsis*. Just like embedded PI development NGOs, traditional PI development NGOs have an embedded relationship with the private initiative that funds it. The private initiatives themselves have an arms-length relationship with the front offices of traditional donor NGOs that fund them (Bosmans, 2008).

Traditional development NGOs are development organizations that have a market-like, competitive relation with their donor organization. In the Netherlands these traditional donor organizations get most of their funding from government sources; this is also done through a competitive process in which organizations get performance-based contracts for fixed periods of time. Traditionally development NGO activities used to be integrated with donor NGOs, and the hierarchy governance model was dominant. This made sense, because the low amount and quality of local development organizations made supply unpredictable and encouraged integration. However, a strong academic and policy push has driven large investments in the civil society sector of developing countries. These investments have sparked a strong growth in local development NGO numbers, and this has made it possible to disintegrate the strong connection between donor and development activities and create a more market-like environment.

The perspective of evolutionary economics can be used to understand the impact of these different relationship types on learning and innovation. That is why the next chapter will give an overview of the basic tenets of evolutionary economics. Other research has also examined development organization learning, that is why the next chapter will also give a short overview of this literature. Finally, the next chapter will briefly discuss other research that has used economic analysis to understand the development sector.

4 Learning and Competition in Development Organizations

4.1 Evolutionary Economics and the Consequences of Governance Types

Evolutionary economics links together competition and organizational behavior intimately. In order to understand how competition drives organizational behavior, a more in-depth look at the fundamentals of evolutionary economics is necessary. Elements of evolutionary thinking in economics have existed for a long time, but up to the seventies these elements had not been drawn together into a coherent research agenda. Nelson and Winter have been very influential in drawing together these disparate strands of thinking and formulating an initial framework of evolutionary economic theory. That is why the introductory paragraphs in this section are closely based on the seminal book *A Theory of Economic Change* by Nelson and Winter (1982), as this book brings together ideas from a wide range of articles and research.

Evolutionary economics was formulated as a reaction to weaknesses in classical economic models. In classical economics models firms are all identical, perfectly rational actors that function in a market that tends to equilibrium. Upward shifts in the production function of firms, caused by technological innovation, shift this equilibrium and cause economic growth. These models have been enormously powerful in explaining a wide range of phenomena, but they cannot explain what causes shifts in the production functions of firms. Classical economics treats innovation as an external variable that simultaneously affects all firms and causes these shifts in the production function, but it cannot explain what innovation is or what causes innovation.

Evolutionary economics on the contrary recognizes innovation as an essential element for understanding the economy and explicitly models the innovation process in an attempt to understand economic growth. Because evolutionary economics models innovation as a process, it does not use equilibrium models but dynamic models. In these models it is recognized that firms exposed to a practically limitless set of possibilities for research are necessarily bounded by previous experiences and external factors when faced with uncertain situations. Within these bounds firms operate rationally, but they do not have a global optimization function that allows firms to choose the optimal course of action in the face of uncertainty. By explicitly acknowledging uncertainty and bounded rationality as core elements in economic modeling and allowing for process-based analysis instead of equilibrium analysis, evolutionary economics allows for an understanding of innovation as inherently bound by firm characteristics and histories.

Evolutionary economic models are explicitly inspired by biological evolution processes. Firms are understood to function in a selection environment that imposes selection pressures. These pressures determine whether firms survive. Firms cope with these selection pressures in varying ways depending on specific firm characteristics, and traits of firms that are successful proliferate in the population of firms. Innovation and learning is thus understood as the consequence of a cycle of

variation in traits, selection of most successful traits and subsequent retention and spread of these traits.

The behavior of firms in the selection environment is understood in terms of routines. These routines are sets of organizational structures and knowledge that guide organizational activities, and are characterized by a relatively stable pattern of activities by the firm. They allow firms to standardize a wide range of behaviors and function like rules-of-thumb that help firms deal with uncertainty by bounding the space within which firms optimize their behavior. They encompass production processes and management practices, search heuristics that explore consumer preferences and R&D practices, and all other elements that determine firm behavior. In some sense, routines function like the genes of firms, although routines can and do change throughout the lifetime of firms. Selection processes within the selection environment create pressure for firms to adapt effective routines because firms with effective routines have a better chance for survival, and thus ensure the spread of effective routines through the population.

Although evolutionary economics has mostly been used to understand commercial firms, it is explicitly acknowledged that evolutionary economics would also be suitable to analyze other types of organizations as long they exhibit three basic features that ensure the selection and spread of successful routines. They need to experience some sort of selection pressure, have some form of organizational memory and exhibit growth when they are successful (Nelson & Winter, 2002). Development organizations compete for limited funding, and when they are successful in this competition they grow in size. The first and third criteria are therefore present in development organizations. For the second criterion organizations need to have some form of organizational memory. This can only exist when organizations can develop stable routines that transfer through time. When organizations consist of one or two individuals, these organizations are overtly dependent on individuals and memory exists more at the individual level than at the organizational level, but with larger development organizations this feature is also present. As all small-scale organizations that have been analyzed have more than two staff members, they fulfill the requirements that make them suitable for analysis from an evolutionary perspective.

Only Koch and Ruben (2007) have explicitly examined the development sector through an evolutionary economic perspective. They use a geographic approach, and using the concept path dependency they explore why there is such a divergence in aid flows to approximately equally poor countries. They compare the development sector in Tanzania and the Central African Republic and conclude that the strong focus of development funds in Tanzania and the lack of focus of development funds in the Central African Republic are due to self-perpetuating path-dependent processes. In applying a dynamic approach to study development of the development sector in these countries, this study illustrates the potential power of the evolutionary perspective for development studies. However, this study uses the quite abstract and flexible concept of path dependency that is not strictly

defined in evolutionary economics, and does not apply the more detailed and specific approaches that have been developed within evolutionary economics.

The variety of studies in evolutionary economics can be broadly grouped into three types: studies that model the effect of system-level variables on individual firms, studies that describe firm heterogeneity and its effects on firm performance, and studies that model the effect of heterogeneous firm behavior on clusters or sectors. Most literature examines the determinants and effects of firm heterogeneity, and the effects of individual firm behavior on the sector. The determinants of firm heterogeneity and its effect are for instance examined by studying the determinants of network formation based on firm characteristics (e.g. Giuliani & Bell, 2005), and the effects of network linkages on firm performance (e.g. Uzzi, 1997). The effect of individual firm behavior on sectors can be examined for instance by modeling the selective diffusion of knowledge through a sector based on unique firm characteristics (e.g. Giuliani, 2007) or by modeling the emergence of spatial clusters through spin-off and mortality effects (e.g. Klepper, 2007; Boschma & Wenting, 2007). Less commonly, evolutionary economics is used to model the effect of system-level selection pressures to analyze individual firm behavior, for instance by Klepper & Grady (1990), who show that differing selection pressures in different industrial sectors influence determine whether firms focus on process or product innovation.

The initial analysis in this thesis will focus on this first type of analysis. The different relationship types of the different development organizations have a profound influence on selection pressures. It is exactly this process of selection that is the driving force out of which and in response to which organizational learning strategies develop. Since all organizations need to deal with the realities of competition due to selection pressures, they need to develop organizational capabilities to survive. The different types of governance models impose different types of selection pressures on development organizations. Based on this understanding of the fundamental relationship between competitive pressures and learning strategies of development organizations it becomes possible to theorize about the differences in learning strategies between the different types of development organizations in the theoretical framework.

In order to inform this analysis of learning strategies in development NGOs, the next section will provide an overview of previous research on learning in development organizations. Furthermore, some earlier research has explicitly modeled the effect of selection pressures on donor NGOs from a classical economics perspective and this literature can give some additional insight in competition between development NGOs. The next section will discuss the literature on learning in development NGOs, the section after that will discuss the literature on competition between NGOs.

4.2 Learning Strategies in Development Organizations

Understanding learning in development organizations might offer the basis for identifying weaknesses and present opportunities for improvement that can lead to more effective development programs. That is why it is quite surprising that the literature on organizational learning in the development sector is scarce. An extensive literature review on learning in organizations in the development sector by the British Overseas Development Institute revealed that there is a staggering lack of knowledge on learning in development organizations, and that most literature is focused on western donor organizations (Hovland, 2003). This review found only two articles specifically dealing with learning in development organizations. Since this review attention for the topic has not increased. In total, only four studies specifically deal with learning in development organizations. Haily and James (2002) and Verkoren (2010) analyze learning strategies in development organizations from a business management perspective. These studies are mostly categorizations of learning activities and lack broader theorizing. Looij (2008) also takes a business management perspective, but focuses on private initiatives and their development partners specifically. Finally, Davies (1998) constructs a conceptual framework that understands development organizational learning from an evolutionary perspective.

Learning is an ambiguous concept that can mean many different things, and at the same time there are many different ways in which an organization can learn. Existing literature on organizational learning does not examine how learning actually takes place inside the organization, but it examines strategies used by organizations that make learning possible. When an organization exchanges knowledge with a peer organization for instance, there are many ways in which this knowledge can be applied and there are many ways in which an organization can learn from this knowledge. The literature mentioned in this section does not specifically examine how organizations learn from this knowledge exchange, but just assumes that learning happens. When this literature discusses about learning, in this thesis the term learning strategies will be used as it term more accurately reflects the fact that the mentioned activities enable learning, but are not the same as learning.

Haily and James (2002) study learning strategies in development organizations, based on evaluations of a few very large development organizations in India, Pakistan and Bangladesh. Their research is highly exploratory, due to the lack of earlier research, and examines the role of a range of factors in learning strategies. There is a specific focus on the role of the leader in development organizations in organizational learning. Haily and James (2002) find that leaders have a strong influence on organizational learning, because they actively manage internal learning processes and strongly invest in them. They then show that interaction and collaboration with peer organizations is an important learning strategy, as well as interaction with the target group. Organizations also have internal monitoring and evaluation structures. Haily and James (2002) show that these structures barely contribute to learning, because they mainly serve the goal of relaying information to the donor organization. Because the budget of development organizations depends on the perceptions their

donors have of them, there is a strong pressure to downplay mistakes and to report success stories. This strongly decreases learning possibilities from this mechanism.

Verkoren (2010) examines smaller development NGOs in a post-conflict setting in a range of countries. Her research is also mostly exploratory, as she ranks and categorizes a range of organizational learning strategies. She goes one step further than Haily and James (2002) by also examining the specific activities that are elements of these strategies. The findings reiterate most conclusions by Haily and James (2002), by showing that collaboration and knowledge exchange between peer organizations is a crucial learning strategy, and that learning from the target group plays an important role. Verkoren (2010) explicitly notes that there is very weak knowledge exchange between knowledge institutions and development organizations, and she also notes that employees of organizations do not codify their knowledge which complicates internal knowledge diffusion.

Looij (2008) specifically focuses on learning strategies within private initiatives and their development partners in Uganda and Ethiopia. He focuses on the relationship between organizational characteristics and learning strategies in private initiatives and concludes that organizational characteristics like the age and size of the organization and the nature of development interventions are all related to organizational learning strategies. In general however, learning in private initiatives and partner organizations is relatively weak because there is no focus on structures in the organization that support and reinforce organizational learning. As a result, learning occurs, but mostly in a haphazard fashion and there are no structures that ensure that knowledge is encoded and passed on throughout the organization.

All this research explores various learning strategies and relates them to specific organizational characteristics, but it neglects to take external incentives for organizational learning into account. It is exactly these external incentives that might enable an understanding of why organizations employ different learning strategies. Insight in system-scale influences on organizational learning strategy is needed, as opposed to an organizational-level understanding.

That is why Davies (1998) explicitly distances himself from an organizational learning approach and conceptualizes learning through an evolutionary framework. Drawing on a wide range of evolutionary literature called evolutionary epistemology he constructs a framework through which learning is understood as an evolutionary process of variation, selection and retention. This definition of learning can be applied on multiple hierarchy levels. Learning can happen within organizations; projects and activities are generated, internal selection processes determine which activities survive and are replicated, and these activities and projects proliferate and dominate within the organization. Learning also happens on a sector level, where there is a wide variety in organizational activities and forms. Selection pressures influence which organizations survive and the activities of these organizations proliferate as the organizations grow. This multi-scalar approach allows an

understanding of the interaction between system-level selection pressures on organizations that force organizations to learn in order to survive, and internal characteristics that shape organizational learning processes.

Davies (1998) then applies this broad conceptualization of learning to the development sector in Bangladesh on the sector level as well as the organizational level. At first, he examines learning on a sector level and finds that there is a very low percentage of organizations that ceases operation, and that there are low rates of specialization. Based on these finds he concludes that there are very weak selection pressures and thus there is no selection for well-functioning organizations. He explicitly links this lack of competition to a tremendous inflow in aid funds in Bangladesh in the period the research was carried out. On an organizational level Davies also finds that there is very weak selection because most organizations do not have internal mechanisms to select for successful activities, similarly to the conclusion of Haily and James (2002) that monitoring and evaluation structures of development organizations rarely contribute to learning.

Davies (1998) gives an example of the way that evolutionary approaches can help understand how learning strategies of development organizations are shaped through competitive pressures. The specific conceptualization of learning developed by Davies, though flexible and promising, has not seen further development in the field of evolutionary theory, but it suggests that the evolutionary economics framework is a useful one in understanding development organizations.

4.3 Modeling Competition between Donor Organizations

A broader range of research has realized that NGOs, just like firms, exist in an environment with competition and that understanding how this competition creates incentives might offer insight into organizational behavior. This literature models organizational activities as an outcome of a competition process for back donor funds. Understanding these models, and research that tries to validate these models, offers a deeper insight into the effects of competition on organizational behavior.

Most of this research is theoretical and explores different econometric models that explain fundraising behavior of development organizations. These models understand donor NGOs as functioning in a market where they need to compete for funding from back donors. Aldashev and Verdier (2010) for instance build a model based on three assumptions. First, donor organizations function in a market where they compete for back donor funds. Second, organizations are horizontally differentiated in their activities and back donors choose the organization that aligns most closely to their wishes. Finally, organizations have limited funds and they can choose to allocate these funds to either fundraising or project activities. Aldashev and Verdier (2010) show that such a model tends towards an equilibrium state in which there are so many donor organizations that a suboptimal amount of funding is spent development because excessive funds are invested in fundraising instead. The model

is limited because it does not assume heterogeneity of back donors and it only recognizes two types of expenditure. Therefore, the model cannot be used to explore the impact that donor characteristics have on donor organizations, or more detailed effects of competition.

Nunnenkamp and Öhler (2010) have done empirical research in order to test and extend this theoretical model. They extend the model by including a third category of organizational spending, administration costs. Using real-world data they show that competitive pressures indeed lead to increased spending for fundraising, but also to a reduction in administration costs. They conclude that overall, the effect of competition on the amount of development funds is positive. Nunnenkamp and Öhler (2010) also differentiate between different types of back donors. They show that the more funding an organization gets from governmental sources, the larger the administrative burden of the organization. This is because even though funding from the government is acquired through a competitive process, this process is highly bureaucratic. However, organizations that rely on governmental funding are less reliant on public sources of funding and have to exert less effort on fundraising.

These models show how competition creates important incentives that can be used to begin to understand development organizational behavior. However, these models are classical economic and therefore inherently static. Given a set of starting assumptions these models calculate equilibrium. The dynamic nature of learning processes and of the evolution of the development sector cannot be described by these models, and that is where the evolutionary approach shows its value. The next chapter will develop a typology based on the literature explored in this section, and the initial distinction between development organizations as developed in the previous section.

5 Developing the Typology

Based on the initial distinction between development organizations based on relationship types (table 1), the tenets of evolutionary economics as developed in Nelson and Winter (1982), studies on organizational learning strategies and the literature on development organizations in markets this section will develop a typology that allows for an analysis of development organizational learning strategies. Based on this typology a range of questions emerges that are the basis of the qualitative research.

Table 2 is a copy of table 1, and it revisits the initial distinction made between different types of development organizations. Based on this initial distinction the next section will examine what embedded and arms-length relationships entail in practice in the development sector. The two sections that follow will examine the theoretical consequences of both the relationship between the donor NGO and the development NGO, and the donor NGO and back donors.

Table 2: Small-scale Development NGOs and their Relations with Donor NGOs and Back Donors

Development organization type	Relationship with donor organization	Relationship donor organization with back donor
Traditional PI development NGO	Embedded	Arms-length
Embedded PI development NGO	Embedded	Embedded
Traditional development NGO	Arms-length	Arms-length

In the analysis of the typology focus will be on the learning strategies employed by development organizations in reaction to the general phenomenon of competition. However, the specific conceptions of development and the specific thematic areas on which donor NGOs focus could also influence development NGO activities. The shift in focus towards the role of gender in development for instance creates possibilities for development NGOs to attract more funding if they incorporate this element in their activities. This research will not focus on these more specific consequences of the role of competition in the development sector but it takes one step back and tries to show the feasibility of this type of analysis.

5.1 Distinction between Arms-Length and Embedded Relationships

The initial differentiation between small-scale development organizations suggests that the relationship between actors in the development sector can be either embedded or arms-length. In order to determine whether this is really the case it is necessary to first theorize what characteristics these relationship types would have in practice. The core element of the difference is the central focus in embedded relationships on trust. This trust affects the whole structure of the contact that donor organizations have with development organizations, both on a financial and accountability level.

When trust plays a central role in the donor-development organization relationship, funding is not based on formal requirements and contractual obligations, but based on social connections. In the case of private initiatives and PI development organizations, it is therefore to be expected that funding agreements are of indeterminate length and do not have a fixed form. Since both organizations can count on the relation to continue, there is no need for fixed agreements that give clarity about the future of the relationship. It is therefore to be expected that funding for projects is negotiated per project and there is enough flexibility in the relationship for these intermediate funding agreements to change.

In arms-length relationships on the contrary, funding agreements between donor and traditional development organization are arranged contractually. Funding has a determinate length and size, and deviations from this contract are much harder to negotiate. Since relationships with donor organizations are of fixed length, it is to be expected that traditional development organizations have to have multiple donor sources much more than PI development organizations in order to ensure continuous funding.

Accountability requirements in the form of narrative reports, evaluation reports and monitoring instruments should also vary between arms-length and embedded relations. Where traditional donor organizations will demand regular evaluative and narrative reports in order to check whether the development organization fulfills contract requirements, in an embedded relationship there will be more of a reliance on trust in order to ensure that funding is spent well by development organizations.

In the relationship between donor organization and back donor it is also to be expected that the relationship type influences finances and accountability. Most traditional donor organizations receive most of their funding from government sources, and as earlier research shows (Nunnenkamp & Öhler, 2010), they therefore have to spend a lot of effort accounting for the funding that they spend. Private initiatives that get funding from front offices of traditional donor NGOs face similar accountability requirements, because they have to prove how they fulfilled the requirements of the contract that guaranteed their funding (Bosmans, 2008). In contrast private initiatives that only get funding from connected individuals do not have to spend a lot of time formally accounting for the funding that they receive and can limit themselves to more basic ways of giving feedback about the development projects they fund (Schulpen, 2007).

Based on these requirements it becomes possible to test to what extent these different relationship types are reflected in reality. The first research question is therefore:

To what extent can small-scale development organizations be categorized according to the relationship type they have with their donor organizations, and according to the relationship between their donor organizations and their back donors?

5.2 Effect of Relationship between Donor Organization and Development Organization

The different relationship types affect organizational learning strategies through varying types of competition. Competition in evolutionary economics is formed by selection pressure in the selection environment. The selection environment consists of all factors that influence organizational survival. The dominant selection pressure on development organizations is caused by competition for limited funding. Development organizations need to get funding for development projects in order to survive and if they do not succeed for prolonged periods of time they have to cease operation. Therefore, the selection environment selects for development organizations that are successful in fundraising. The capability to find donors, convince them to fund development projects, and convince them that the project was executed successfully are crucial skills that need to be learned in order to survive as a development organization.

Traditional development organizations that function in a market-like environment, where they have to apply for projects and get temporary funding agreements that are based on performance, are forced to adapt or else they cannot continue operation. This means that traditional development organizations with arms-length relations will face strong pressure to develop effective capabilities to convince donor organizations that they can effectively act on donor preferences in development projects. On the other hand, organizations that have embedded relationships with donor organizations in which funding is secure do not experience competitive pressures that necessitate using learning strategies to develop effective capabilities. Therefore it is to be expected that traditional development organizations with arms-length relations have stronger incentives to employ a range of learning strategies than PI development organizations with embedded relations.

Development organizations can employ a wide range of strategies to learn. They can collaborate with other development organizations, they can exchange knowledge with other NGOs, knowledge institutions or actors, they can send their employees for trainings, they can discuss problems with donor organizations and they can hire people with expertise. The framework of competition can be used to try to understand which learning strategies are most favored by different types of development organizations. Previous research has shown that collaboration and knowledge exchange with other development organizations is one of the most important learning strategies (Haily and James, 2002; Verkoren, 2010) but it has not explained why this is the case. Collaboration can be important both as a means for improving the execution of projects and as a means of building a network and having more sources to find potential donors. Therefore it is to be expected that the more insecure the funding of development organizations is, the more important it becomes to actively collaborate with other organizations as a means for survival. Further, it is to be expected that contacts that potentially lead to funding are seen as more important than contacts that do not. This suggests that for organizations that face competitive pressures contacts with peer organizations would be more important than contact with independent knowledge centers like universities.

Another example of the way in which selection pressures influence the learning strategies used by development organizations is shown by Davies (1998), who explains that monitoring and evaluation mechanisms are not suitable for organizational learning because there is tremendous pressure on development organizations to report success stories to donors. Donor organizations use the reports that are generated through the monitoring and evaluation mechanisms to decide which development organization deserves future funding. This creates incentives for development organizations to use their evaluation mechanisms to report success, instead of using it to identify and learn from mistakes.

Based on this logic the research will test whether embedded organizations really have less incentives to apply learning strategies to improve their capabilities, and how specific learning strategies are influenced by competition. Two possible venues of the way competition influences learning strategies have been suggested, but many more mechanisms are imaginable. In order to examine the various ways in which the donor-development relationship influences learning strategies, it is necessary to do exploratory research. This research can be used to begin to understand how the different relationship types influence the use of various learning strategies. Therefore, the second research question is:

How does the relationship between the donor organization and the development organization influence learning strategies of the development organization?

5.3 Effect of Relationship between Back Donor and Donor Organization

Donor organizations also exist in a selection environment in which they have to get funding from funders or else they will cease operation. The main survival filter in this selection environment is therefore formed by the preferences of the back donors. These back donors can be a wide range of actors, from private individuals to corporate actors to other funding agencies or government agencies (Figure 1). These different types of back donors have different types of demands for the donor organizations that they fund. Donor organizations that rely on funding by private individuals for instance are much more sensitive to media attention of humanitarian problems because this media attention influences private donation preferences, whilst donor NGOs that rely on government funding are more sensitive to political demands on development cooperation. This first issue is illustrated by studies that show how donor organizations behave during large disasters that receive lots of media attention. The slew of donor NGOs that are created around large disasters is a form of entrepreneurial behavior in response to the creation of a new niche in the development market (Nunnenkamp & Öhler, 2010). Institutional back donor preferences shape the behavior of large NGOs; this is for instance reflected in the re-allocation of funds to strategic allies in the war on terror (Moss, Roodman & Standley, 2005).

This research discerns two main categories of back donors: private back donors that have an embedded relationship with donor organizations, and institutional back donors that have an arms-length relationship with donor organizations. These relationships, due to similar arguments as

mentioned in the previous section, can affect the strategies used by donor organizations, and these in turn might affect development organizations.

A direct line of influence can be found in the differing ways in which the relationship types affect accountability requirements. When trust plays a central role in the relationship donor organizations do not have strict formal accountability requirements. Most private donors probably do not demand specific project evaluations and updates and are usually satisfied with simple reassurances of the quality of the project they are investing in, like pictures of completed buildings and newsletters. Institutional back donors that have an arms-length relationship with donor organizations do require more extensive reporting through project proposals, regular narrative reports and final evaluation reports (Bosmans, 2008). When donor organizations need to fulfill these more extensive accountability requirements they in turn have to demand this type of accountability from the development organizations they fund. This means that the type of relationship between donor and back donor should have an impact on the type of accountability that the development NGO needs to give of its activities. The third research question is therefore:

How does the relationship between the back donor and the donor organization influence accountability requirements that the donor imposes on its development partners?

5.4 The Development Typology Extended

Based on the previous sections table 3 on the next page summarizes the theoretical proposal for a new typology of small-scale development organizations.

The three research questions evaluate different parts of this table. Research on the first question will show to what extent the different relationship types are accurate reflections of the real relations back donors, donor organizations and development organizations have. Research on the second question will examine the effect of the different donor-development organization relations, and research on the third question will study the effect of the different back donor to donor organization relations. Together, the answers to these questions will provide an initial understanding of the effect of competition on development organizations.

Table 3: Refined Typology of Small-Scale Development Organizations

Development organization type	Relationship development NGO with donor NGOs	Relationship donor NGO with back donor
Traditional PI development NGO	<u>Embedded</u> : indeterminate length, flexible financial agreements, weak accountability needs.	<u>Arms-length</u> : Strong accountability needs of funding development NGO activities
	<u>Effect</u> : Weak incentives for capability building, weak use of learning strategies, varying use of different strategies	<u>Effect</u> : Donor NGOs have to demand accountability from development NGOs, extensive evaluation needs
Embedded PI development NGO	<u>Embedded</u> : indeterminate length, flexible financial agreements, weak accountability needs.	<u>Embedded</u> : Weak and cursory accountability needs of the funding of development NGO activities
	<u>Effect</u> : Weak incentives for capability building, weak use of learning strategies, varying use of different strategies	<u>Effect</u> : Weak pressure for accountability of development NGOs towards donor NGOs
Traditional development NGO	<u>Arms-length</u> : Fixed length contracts, formal financial agreements, strong accountability needs	<u>Arms-length</u> : Strong accountability needs of development NGO activities
	<u>Effect</u> : Strong incentives for capabilities building, strong use of learning strategies, varying use of different strategies	<u>Effect</u> : Donor NGOs have to demand accountability from development NGOs, extensive evaluation needs

6 Research Methodology

6.1 Adopting a Qualitative Approach

In order to test the typology that has been developed in the theoretical framework, a range of empirical data gathering is necessary. Parts of the suggested typology are directly related to existing literature and for these mechanisms specific hypotheses can be tested, but the research is also partially exploratory, especially when the impact of competition on specific learning strategies is examined. For this exploratory research it is necessary to employ theory building to understand specific mechanisms; therefore a qualitative research in which multiple case studies are compared is most suitable (Eisenhardt & Graebner, 2007). Qualitative research is especially suited for understanding mechanisms because it allows for rich and in-depth information gathering that is needed to get a deeper insight into the working of processes. By comparing multiple cases that are selected for their unique properties and comparison of the mechanisms uncovered through interviews, theory can be constructed that guides an initial understanding of these mechanisms.

The exploratory nature of parts of this research calls for flexibility in research design. Emerging themes and insights into mechanisms can spur the need for different types of research methods, and therefore the research methods to a certain extent co-evolves in progression with the research. Based on the results of testing the proposed typology, it was possible to test a specific hypothesis related to the suggested typology quantitatively. Since this quantitative analysis builds directly on the results of the initial results, a new methodology chapter will explain how this analysis was carried out after a discussion of the initial results.

6.2 Respondents

It was decided to conduct a field study in which a broad range of development organizations from the different categories as specified in table 3 could be examined. Data shows that the top three countries receiving funding from small-scale donor organizations in the Netherlands are in order: Kenya, India, and Ghana (Schulpen, 2010). Ghana is an accessible developing country where a large part of the population speaks English. This makes Ghana a practical and useful location to carry out this research.

In total, eighteen development organizations and two donor organizations were examined; table 4 provides an overview of these cases and the way they were selected. Since the proposed typology does not necessarily overlap with existing ways of categorizing development organizations the initial selection of cases was based on proximate indicators. Some cases that were initially categorized in one way turned out to better fit a different category. In order to have organizations that are roughly comparable, it was decided to select organizations that were thematically focused on education. However, since it quickly became clear that almost none of the development organizations specialize and some are active in five or more sectors, this selection criterion quickly lost its value.

Table 4: Overview of Number of Cases per Category and Selection Method

Development organization type	Number of cases	Selection method
Traditional PI development NGO	7	Database of projects funded by Linkis platform, snowball method
Embedded PI development NGO	5	Umbrella organization of private initiatives that are active in Ghana, snowball method
Traditional development NGO	6	Umbrella organization of small-scale development organizations in the north of Ghana
Embedded private initiative	2	Umbrella organization of private initiatives

The Linkis platform that funds projects of private initiatives has a public database listing all organizations that have received grants. All organizations that have received grants from Linkis for educational projects were contacted. Of the nine organizations that could be reached, four agreed to partake in the research. The other three organizations were found through a snowball method whereby the initial four organizations were asked if they knew about other organizations that fit the criteria. These seven organizations are the traditional PI development NGOs.

Three of the embedded PI development NGOs were approached through an umbrella organization of development organizations that all receive funding from Dutch private initiatives. The other two organizations were again found through a snowball method.

Finally, the six traditional development NGOs were contacted through a large umbrella organization of small-scale development organizations in the North of Ghana. This umbrella organization brings together more than a hundred small-scale development organizations. The selection was based both on the availability of the NGOs for interviews, and by selecting for organizations older and younger organizations, and bigger and smaller organizations in order to represent the wide variety budgets and ages of the NGOs that are members of the network.

The two embedded private initiatives that are donor organizations were interviewed in the Netherlands. These two organizations were contacted through a Dutch umbrella organization of private initiatives that fund development organizations in Ghana.

The interviews were held mostly with the founders or the directors of the organizations. In case the director was not available, senior project managers were interviewed. The interviews were on average 1-1.5 hours in length, and all interviews were semi-structured. A topic list was prepared before each interview that ensured discussion of relevant topics, but the interviews also allowed for discussion of

issues brought up by the interviewee and follow-up questions were used to further explore additional issues of interest.

Further, interviews were held with a range of experts in the field. These interviews lasted between 45 minutes and 2 hours. The policy officer of Governance and Development of the Dutch embassy, the Ghana project manager of the Wild Geese donor organization who runs a front office that funds private initiatives, the director of the Northern Ghana Network for Development and the education project manager of the northern Ghana office of the SNV were all interviewed. These conversations offered a broader perspective on the development sector of Ghana. All interviews were recorded and transcribed, unless the interviewee expressed that he/she did not want to be recorded. In those cases, notes were taken. The transcribed interviews and notes were used as the basis for analysis.

6.3 Data Collection and Analysis

The interviews form the basis for answering the research questions. This section will give an overview of the topics of the interviews that were used to address specific research questions. The topics are discussed per research question.

To what extent can small-scale development organizations be categorized according to the relationship type they have with their donor organizations, and according to the relationship between their donor organizations and their back donors?

In order to research this question all development organizations were asked about their relationship with their donor organizations. The interviews started by discussing the origin of the donor-development organization relationship. Further focus was on trust, both in the accountability that the organizations have for their development projects and in the specifics of the financial agreements. On the topic of accountability there were questions about the requirements the donor organization has for monitoring and evaluation and the influence the donor organization has on project execution. On the topic of financial agreements there were questions about the terms of funding: the amount of funding, the reliability and the duration of funding, and the flexibility in the levels of funding.

The analysis of the relationship between donor organization and back donor is partially based on interviews, and partially based on literature. Because there is little known about the interaction between embedded private initiatives and their back donors, an interview with two embedded private initiatives is used to assess this relationship. Questions were asked about the way in which new back donors were found and the accountability these embedded private initiatives had towards their back donors. In order to assess whether the other proposed relationships between donor organizations and back donors are accurate, literature sources are used.

How does the relationship between the donor organization and the development organization influence learning strategies of the development organization?

In order to answer this question an overview is needed in the learning strategies employed by development organizations. This overview needs to be related to the competitive pressures development organizations are exposed to. First, all organizations are questioned about the relative importance of the following factors for organizational learning: collaboration and knowledge exchange with other development organizations, collaboration and knowledge exchange with donor organizations, contact with other sources like university scholars, evaluation mechanisms, and the attendance of employees to workshops and trainings. They are also asked whether their organization has other learning strategies. Finally, the organizations are asked about the background of the most important employees, paid or volunteers, and the influence they had on the organization.

In order to get a more in-depth insight into the various processes that contribute to the choice of specific learning strategies, questions were also asked about the reasons for specific choices of learning strategies. Further, a comparative approach was used between the different organizational categories in order to begin to link specific learning strategies to varying competitive pressures.

How does the relationship between the back donor and the donor organization influence accountability requirements that the donor imposes on its development partners?

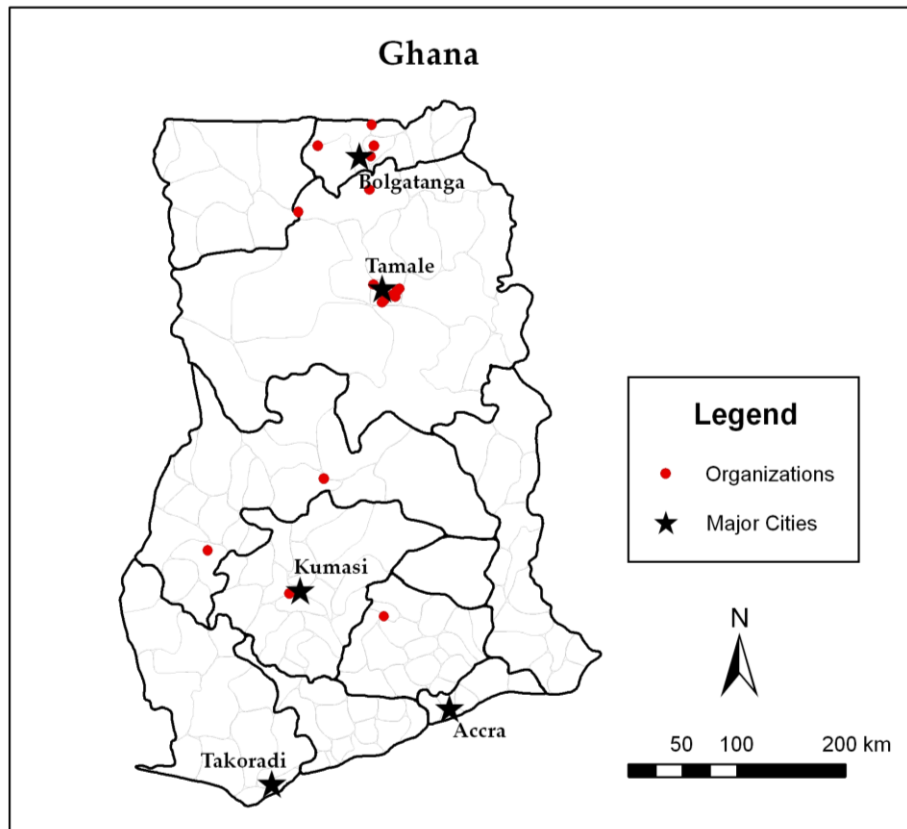
In order to begin to understand the impact of the back donor relation with the donor organizations on the accountability requirements the donor organization imposes on the development organization, two methods were used. First, in the interviews with the embedded private initiatives the accountability requirements they impose on their development partners were discussed. Second, all traditional PI development NGOs and embedded PI development NGOs were asked about the accountability requirements that their donors impose on them. A comparative approach was used to link these accountability requirements to the donor organization to back donor relationship.

7 Qualitative Results

7.1 Overview of Sample and Research Environment

Development NGOs play a crucial role in service provision, especially in the north of Ghana. According to a lecturer at the University of Development Studies: “*Chiefs in Bawku [District in the North of Ghana] see ActionAid as their government.*” (interview UDS, 2010). The local governments in the North of Ghana are badly underfinanced and do not have the capacity to supply essential services. On the one hand, the central government devolves a lot of the responsibility for service provision to decentralized governments; on the other hand money flows to the local governments are erratic and unreliable. Evaluations of the flow of funds from the central government to local governments show that sometimes as little as 28 per cent of earmarked funds arrive at its destination. This makes “*the decentralization a complete sham.*” (interview NGND, 2010). The shift of responsibility to local governments and the consistent underfunding of these local governments leaves a service vacuum that the development organizations fill. If you would remove the activities of these organizations from the north of Ghana, the majority of education, rural health and sanitation services would not exist (interview NGND, 2010).

Figure 3: Map of Ghana with Overview of Sample Organizations



Source: map data from Geocommunities

Most development organizations are concentrated in the capital cities of the districts, with heavy concentrations in both Accra, the capital of Ghana, and Tamale, the capital city of the northern region. Tamale especially is known as the capital city for NGOs, with *“some say there are more NGOs than people in the north [Tamale]”* (interview, NGND, 2010). Most of the interviewed development organizations are located in the north around Tamale, with a few scattered other organizations (figure 3). The locational choice of these development organizations is often guided by the fact that essential services like electricity, water and proximity to donor organizations are concentrated in the capital cities. Their development activities are sometimes up to hundreds of kilometers away (interview C2, 2010).

In order to be active as an NGO, you officially need to be registered, but there are a lot of organizations that do not take the trouble of going through the registration process. On the other hand, there are a lot of registered development NGOs that are not active or do not exist anymore (Interview C2, 2010). Each district officially maintains lists of development organizations that are registered in that district, but these lists are outdated due to the above-mentioned reason. Also, since the activities of development NGOs often take place in different districts than the office location, this makes it very difficult to find out what development activities take place in which districts.

For these reasons, it is not possible to do random samples of development NGOs. All organizations were purposely sampled, through theoretical and convenience reasons as described in the research design. The interviewed organizations are listed in table 5 on the next page, together with their age, their budget and the three main thematic areas they are active in.

Table 5: Overview of Interviewed Development Organizations

Development NGO	Nr.	Year of founding	yearly Budget in thousand €	Thematic areas
Embedded PI development NGO	A1	2006	7-10	Education, gender, finance
	A2	2002	10-15	Agriculture, education, economic empowerment
	A3	2006	5	Orphan care, economic empowerment
	A4	2002	10	Education, health, orphan care
	A5	2006	?	Economic empowerment, education, health
Traditional PI development NGO	B1	1995	?	Production of educational materials
	B2	1997	37	Gender, education, humanitarian aid
	B3	1985	45	Agriculture, education, health
	B4	2006	10-15	Education, economic empowerment,
	B5	2003	10-100	Agriculture, education, health
	B6	2007	20	Agriculture, education, gender
	B7	1992	45-65	Agriculture, gender, environment and resource management.
Traditional development NGO	C1	1995	115	Education, human rights and local government.
	C2	1998	50	Economic empowerment, education, human rights
	C3	1997	4	Education, environment and resource management, water/sanitation
	C4	2005	50	Food security, environment and resource management, economic empowerment
	C5	1992	13	Education, local government, environment and resource management.
	C6	1997	20-55	Gender, emergency aid, education

There is a great deal of variety in the sample of organizations that were interviewed, but there are also some interesting commonalities. Two organizations did not give budget data: A5 and B1. A5 did not have budget data, because they do not do bookkeeping, B1 refused to give budget information, citing privacy concerns. All development organizations have approximately similar institutional structures, with an advisory board of between three and ten members, a director and dedicated program staff. The group of embedded PI development NGOs is five and a half years on average, the group of traditional PI development NGOs is 12 years on average and the group of traditional development NGOs is

Box 1: Explanation of Fluctuating Funds in an Organization

Organization B5 used to be very small-scale. Its main goal was to try and spread the practice of planting trees. In the area where this NGO is active, many people refuse to plant trees due to local beliefs. This is problematic, since the area is desertifying, and the top soil degrades due to deforestation. Planting trees helps supporting local agricultural productivity. The local population indicated that a water reservoir would further enhance agricultural productivity, but this would be a very large project. The private initiative that funds this organization managed to get funds from a range of front offices and a commercial party, which enabled the construction of the reservoir. This expensive one-time project caused a ten-fold fluctuation in budget over several years.

13 years on average. The budgets of the interviewed organizations run from a couple thousand to 115.000 euros per year, with the average for the embedded PI development NGOs around 9.000 euros, the traditional PI development NGOs around 37.400 and the traditional development NGOs around 48.000 euros. Almost all organizations indicate that funding fluctuates heavily throughout the years, with some organizations experiencing year-over-year fluctuations of a factor 10 (box 1). Only two NGOs are active in less than three thematic fields, the rest was active in three, four or even more thematic areas.

It seems to be that traditional PI development NGOs also have a higher average yearly budget than the embedded PI development NGOs, and that they are older on average. This is to be expected, since previous research (Kinsbergen & Schulpen, 2010) shows older organizations are more likely to use funding from co-financing organizations, and these front offices cause an influx in funding. Traditional development NGOs seem to have the highest average budget and age. It is tempting to read into the differences between the averages in traditional PI development NGOs, embedded PI development NGOs, and traditional development NGOs. However, the organizations are not a random sample but partially a theoretically motivated, and partially a convenience sample. No firm conclusions can therefore be drawn based on these averages.

7.2 Verifying the Relationship Types

Relationship between Donor Organization and Development Organization

For all development PI NGOs, both embedded and traditional, initial contact with their donor organization was established through social contacts. This initial social contact occurred through a Dutch individual that stayed in Ghana for a prolonged period of time: either as volunteer, as missionary, or as student doing an internship or research. These contacts predate the foundation of the development and donor organization. These Dutch individuals came in contact with a Ghanaian who worked on development-related projects in his spare time, or was working in a different development NGO. Upon the return of the Dutch individual to the Netherlands, or during his or her stay in Ghana, the choice was made to start a development organization in Ghana and a Dutch donor organization that supports this Ghanaian development organization. Some Dutch individuals who migrate to Ghana for prolonged periods of time, mostly missionaries, decide to start their own development activities whilst they are still in Ghana create an organization that can carry on these development activities before they return to the Netherlands (B1 and B2).

The PI development NGO retains a one-on-one relation with the donor NGO. This is reflected in the funding relationship between donor and development NGO. Out of twelve PI development NGOs, only two organizations receive funding from multiple donor NGOs (B4 and B7), the rest depends on one donor organization, the donor that has funded them from the start. The donor organizations are also dependent on their development partners though, because all private initiatives except for one fund only one PI development NGO.

Box 2: A PI Development NGO in Transition

The founder of organization B7 had worked in Ghana for 15 years for a large Danish donor organization, when this organization retreated from Ghana. Around this period he met a Dutch student who did research in the area where he lived, and he decided to start his own organization. This organization was based on the expertise that he had developed, and used the contact with the Dutch student to generate initial funds. After several years, this organization became successful in recruiting funding from a wide range of other, traditional donor NGOs. Organization B7 can still rely on a fixed source of funding, but has also managed to diversify its funding base.

A closer examination of the PI development NGOs that have managed to find other donor organizations reveals that only one of them has managed to independently find other sources of funding. PI development NGO B4 did not find its second donor organization independently but relied on its donor organization to find another donor organization willing to support it. In the interview with B4, the organization explicitly mentioned that their donor organization was in complete control of the search for funding and that it relegated responsibility for funding to its donor organization. It is only B7 that managed to find multiple donors independently of their long-term donor NGO (Box 2).

In contrast, any funding that traditional development NGOs receive is rigorously defined in contracts. When a project has been executed successfully, it is possible to get a new contract with the same donor but this is not assured. Some traditional donor NGOs seem to have rules about the maximum period they will support development NGOs, regardless of the quality of their work. This means that traditional development NGOs do not have fixed donor partners that are found and sustained through social contacts. They actively need to search for funding continuously. All traditional development organizations that were interviewed state that generating a consistent flow of funding is the most challenging aspect of running a development organization.

Traditional development NGOs employ a range of modes for finding donor NGOs. Traditional donors often post requests for project proposals in the newspapers and online, where traditional development NGOs need to search continuously (Interview C1, C4, C5, 2010). They then send in project proposals that get judged by the donor organizations. When the project proposals are not deemed suitable, the donors rarely give feedback on the flaws in the project, which complicates fundraising efforts for traditional development NGOs. Existing donor organizations that are satisfied with the development NGO sometimes refer other donor organizations to this development organization. These modes of finding donor organizations are not employed at all by PI development NGOs.

As a result, all development NGOs experience strong fluctuations in their budgets, but for different reasons. The PI development NGOs are secured of a donor that has often not changed since the organization was founded. However, this donor often supplies very irregular funding, because the donor is dependent on private back donors and incidental government support. The funding of these PI development NGOs depends on the success of fundraising events of the private initiative that funds it. Many PI development NGOs mention the 2008 economic crisis as an example of a period in which funding hit a sudden slump. The donor organization of one embedded PI development NGO had to close down during the field work, and this meant the embedded PI development NGO also stopped operation because it was completely dependent on one source of funding. Traditional development organizations also have very irregular funds, but this is not caused by unreliability in the money flows from donor to development NGO. When development NGOs get a fixed contract for a certain period, they get their money as promised. However, few development NGOs have the ability to continuously find new donors that are willing to fund them. This causes fluctuations in cash flow and budget insecurity.

The different donor organizations do not only supply funding to the development organizations, but they also exchange knowledge and apply quality controls in order to ensure that projects are executed correctly. These controls form the accountability mechanisms that should ensure funding is spent correctly. PI development NGOs and private initiatives often have close social ties. These close social ties form the basis of regular contact in which often business and social topics are mixed, either due to

friendships or because of family relations. Apart from verbal and e-mail contact most organizations also use more formalized means of giving feedback. Through evaluation and narrative reports some PI development NGOs have to fulfill quite strict accountability requirements, though these requirements are often negotiated between the donor and the PI development NGO.

An example of these stringent accountability requirements is offered by A2. This embedded PI development NGO composes monthly narrative reports for every project. These reports are shared internally, and compiled into reports that are forwarded to the donor PI. There is also a yearly evaluation and a yearly meeting of the boards of the donor and the PI development NGO. But this organization is not alone in its stringent accountability requirements. Another way to enforce accountability is by doing regular external evaluations. These evaluations are often quite pricey, especially in comparison to the budgets of the PI development NGOs. The largest private initiative measured in yearly budget is the only organization that has ever funded an external evaluation of the PI development NGOs it supports. Only three development private initiatives have no accountability requirements at all (A1, A3, and B1). Interestingly, two of these organizations have familial ties with their donor organizations, suggesting that trust plays an even stronger role for these organizations (A1, A3).

In contrast, contact between traditional donor NGOs and traditional development NGOs is purely formal. In the contract that specifies the funding arrangements there are also specifications for the specific types of monitoring and evaluation standards that need to be applied. There is some variety; some donor organizations have very specific formats for reporting, other donor organizations give more freedom to the development organization to decide how it will report progress on projects. There is little scope to negotiate these accountability requirements. In contrast to the PI development NGOs, for traditional development NGOs external evaluation of projects is the norm. External evaluations are feasible because the often larger donor NGOs have a wider range of projects in the area, and engage with multiple development NGOs. Often several organizations can be evaluated together, because they work on similar projects in the same area. Some of the larger donor organizations also have a local presence in the area, and this local staff is used to regularly check up on the progress of the supported projects. Compared to private initiatives, traditional donor organizations spend a lot of time and money on having accountability structures in place that give the donor organization a more direct view of the progress of development projects.

Relationship between Back Donor and Donor Organization

A range of studies have focused on the relationship between traditional donor organizations and their back donors. These studies mainly focused on traditional donor organizations, not on private initiatives. Based on the literature in section 4.3 it is assumed that traditional donor organizations have an arms-length relationship with back donors. The largest source of funding for traditional donor organizations is the government, who supplies up to 75 per cent of the funding of the largest donor

organizations. The government works with funding contracts which specify the terms that define the funding agreement.

In order to get a better understanding of the relationships between private initiatives and their back donors, one front office and two private initiatives were interviewed. Embedded private initiatives get their primary source of funding from connected individuals, whilst the traditional private initiatives get up to half of their funding from the front offices of large donor NGOs. The embedded private initiatives both state that the strictness of accountability measures imposed by front offices as one of the primary reasons they do not use this channel of funding. For one organization these requirements were too extensive to fulfill, the other organization did not agree with the perspective traditional donor NGOs have on development. The embedded private initiatives both did not use formal means of reporting their progress to their back donors. They both explain that since the donor organization is run by volunteers, time spent on writing year reports can be invested much more effectively in fundraising. This means that the back donors of these embedded private initiatives have to rely purely on trust and on anecdotal reporting in the form of news letters to check their donations. Funding between these back-donors and the private initiatives is often open-ended in length, with back donors giving monthly or yearly donations.

In an interview with a representative of the front office of a traditional donor organization it was explained that this front office does require more extensive forms of accountability than most organizations that request funding are used to, but that these requirements are necessary in order to ensure that funding is well spent. The funding of these front offices is always project-based, and therefore fixed in length and size. The contract also lists the specific accountability reports that the front office requires. This front office does not supply funding for external evaluations, but states that it is usually quite possible to estimate the effectiveness and impact of projects based on the reports that they demand, unless there is outright fraud involved. The interviews with the embedded private initiatives and the front office suggest that traditional private initiatives have a lot more accountability requirements on the way the money is spent by their development partners than embedded private initiatives (Interview Wild Geese, 2010).

7.3 Influence of Relationship between Donor Organization and Development Organization

This section will give an overview of the results relating to the hypothesis that traditional development NGOs face stronger incentives for capability building than PI development NGOs because they need to compete for limited funding. By analyzing what type of organization makes more use of learning strategies, and what different approaches traditional and PI development NGOs have regarding specific learning strategies, this section will try to begin to link competitive pressures to use of learning strategies. Based on the interviews and supported by literature on organizational learning (section 4.2), the most important learning strategies are: knowledge exchange with the donor

organization, collaboration with peer organizations, trainings, collaboration with other development actors, employee experience and foreign volunteers.

Knowledge Exchange with Donor Organizations

Most PI development NGOs indicate that an important source of knowledge is their donor organization. When these development NGOs develop project proposals or evaluation reports, this is often done in close collaboration with their donor. In this way, donor organizations often strongly influence the specific implementation of development projects, and the thematic areas the PI development NGO is active in. The collaboration can be a strongly mutual process, with both sides equally contributing to the process that guides present and future activities, but it can also be strongly guided by either the donor or the development organization.

Traditional development NGOs also see donor organizations as an important source of knowledge, but this knowledge exchange is often far more formalized. When a large donor organization funds multiple local organizations for a large project, it will usually organize trainings for these organizations. These trainings are meant to build the capabilities of the development organizations in order to improve the quality of the development projects. Organization C4 explained that for their most recent project a representative of the donor organization visited all development organizations that were working for them. Based on interviews with all the development organizations a needs assessment was conducted in order to find gaps in the capabilities of the local partners. Based on these needs assessment trainings were developed that were given to all local partners.

Collaboration with Peer Organizations

Out of the twelve PI development NGOs, five state that they actively collaborate or exchange knowledge with other local development organizations. The organizations that do not collaborate state that this is either because they do not feel the need for collaboration, or because they do not know of any other organization that does the same as they do. Many PI development organizations appear to work in relative isolation. The five organizations that do collaborate are all part of a network that brings together organizations that are funded by Dutch private initiatives; this network is a counterpart to a Dutch network of private initiatives. Many of the organizations state that they became members of this network because their donor organization became member of the Dutch counterpart network, but since their membership they have started to collaborate quite intensively with some members of the network. Two of the organizations (B4 and B7) are also members of other development NGO networks, and collaborate with other NGOs through these other networks. Again organization B7 (box 2) is most active in collaboration both inside and outside of the network. In all cases the collaboration is about practical management and project execution issues, because all organizations have a fixed source of funding.

In contrast, almost all traditional development NGOs collaborate very actively. Most of this collaboration happens through different thematic development organization networks. Only one interviewed organization (C3) is not a member of multiple development organization networks and does not collaborate, and this is the organization with the smallest budget in the whole sample. The most active collaborator has links with around twenty other development NGOs through three different development NGO networks, and for this organization collaboration plays a central role in both improving the quality of development projects and finding new possibilities to execute projects. For these organizations collaboration is an important way of improving the quality of their projects. The organizations engage in proofreading of each other's project proposals, they exchange ideas on how to structure their organizations, and in some cases they even co-write project proposals in order to jointly apply for projects. Furthermore, organizations explain that maintaining a broad network is important in order to get information about possible donor organizations. An employee of C1 explained that he maintained close contact with other organizations and that when he would see that a donor organization is looking for a development partner for a specific project that he cannot complete, he will share the information about this opportunity with partners that do have the relevant capability and time.

Trainings

All PI development NGOs mention that they would like to enable their staff to follow trainings, but that they receive very limited or no funds from their donor organization to fund these trainings. In 2010 six PI development NGOs followed a training organized by a collective of donor private initiatives and there was wide-shared agreement over the usefulness of this training, but because of a lack of funding there was no follow-up to this training. From interviews with some donors it became apparent that private initiatives do not fund trainings that aid in capability building because they feel that they cannot justify these expenses to their back donors. Because part of the reason back donors donate lies in the promise of very low or non-existent overhead costs and the promise that every euro donated will end up in the projects that are supported, these private initiatives find it difficult to argue for the value of trainings.

The traditional development NGOs in contrast regularly went to trainings. These trainings are sometimes given by their donor organizations, but most often trainings are organized by the development organization networks. The organizations explain that membership of these networks has greatly increased the number of trainings they follow. Most organizations state that these trainings are very useful in building the capabilities of their employees, but that they are also effective meeting-grounds to establish collaborations with peer organizations. Finally, some trainings are given by representatives of large donor organizations, so attending these trainings is a way to get in touch with possible future donors.

Other Local Collaborations

Tamale houses the University of Development Studies, a university that trains its students in all aspects of rural development. Every student is sent to a rural community every third trimester on extension to do a comprehensive evaluation of the development needs of the local community, which creates an important source of knowledge on local development needs. All students are trained in evaluation, proposal writing, and other relevant skills for NGO workers. The University is potentially the most important source of knowledge and skills on development issues in the north of Ghana, and graduates that stay in the north of Ghana are well-equipped to work in development organizations. Lecturers of the University of Development Studies often have years of experience in the development sector and are well-equipped to advise development NGOs as either consultants or board members. The university states that it is open to knowledge sharing and regularly gives trainings to development organizations, and that many lecturers are active as board members in development organizations (Interview UDS, 2010).

Relatively few PI development NGOs use the university as source of knowledge. Organization B7 has a lecturer of UDS in the board of advisors (B7) and five regular and embedded PI development NGOs have had some form contact with the university, either through personal contacts with lecturers or through students that are on extension. The other organizations do not feel the need to contact the university, or state that the university is unapproachable, will not share knowledge, or that it will always demand something in return for sharing knowledge with development NGOs. For many PI development NGOs contact with the university is not a viable learning strategy.

The traditional development NGOs do not mention the university as an important source of knowledge either. Three out of five organizations do maintain some form of contact with the university, either through students that are on extension or through personal contacts with lecturers, but only one organization noted that the university had significantly influenced the capabilities of their organization.

Employee Background

Most founders of PI development NGOs have a background in development cooperation and have quite extensive previous experience in development cooperation, either through previous work experience or through their studies. Four of the organizations primarily relied on family members and friends of the founder as employees, but the other organizations consciously attracted people who had expertise that would help build the capabilities of the organization. All traditional development NGOs also used hiring policies as a way to attract skilled employees that can improve the capabilities of the organization.

Foreign Volunteers

Some PI development NGOs use foreign volunteers, both as a source of knowledge and as a way to increase revenues. Five of the PI development organizations regularly use volunteers, and two of these organizations are even primarily volunteer-led, where suggestions of volunteers are the prime source of new development projects and volunteers are the most important source of funding. The volunteers are sent to Ghana by the private initiative donor, which selects and briefs the volunteers in the Netherlands.

Some examples of the way volunteers can be used to build capabilities of the organization are offered by organization B1 and B4. Organization B1 for instance produces educational materials. The technical skills needed to produce these materials have all been developed by the employees themselves. However, the designs for the educational materials have been brought in by volunteers, who brought example materials from the Netherlands and catalogues of educational materials which could inspire designs. Another organization (B4) used volunteers with a pedagogic background to evaluate a project, and design a manual for after-school lessons based on this evaluation.

The organizations can increase their budget by accepting volunteers because all volunteers have to pay the private initiative a fee for arranging the stay in Ghana. Since volunteers get to intimately experience some of the projects that the PI development NGO is working on, often the volunteers will become donors of these projects when they return to the Netherlands. From this perspective, volunteers are another mode of fundraising for the private initiatives, which increases the budget of the PI development NGO.

The volunteers can cause a spin-off effect. Volunteers often stay for prolonged periods of time, and usually they are located in a host family. Sometimes the host families have their own private development activities. If the volunteer is inspired by the activities of the host family he or she can decide to directly support the host family activities and sometimes this support formalizes into a new pair of organizations, a private initiative in the Netherlands and a PI development NGO in Ghana. In the interviewed sample there are four private initiatives that started as a spin-off through this mechanism and in the city of Tamale alone at least ten development organizations exist that were created through this mechanism and derive their primary revenue from volunteers from the Netherlands.

In contrast, the institutional development NGOs have a much weaker reliance on volunteers. Only few organizations ever work with volunteers, and if they do they solely accept experts in a specific thematic area. The organizations that do use volunteers often rely on people from the United States Peace Corps. These volunteers stay in Ghana for two years and they are selected in the US for their expertise. They get a small salary from the Peace Corps, and they are expected to contribute their expertise to the organization and do not have to contribute financially. Since these volunteers are

experts in a specific field and stay long-term, they are of a completely different kind than the volunteers PI development NGOs attract.

7.4 Influence of Relationship between Back Donor and Donor Organization

The typology suggests that embedded PI development NGOs face less incentives for formal accountability than traditional PI development NGOs. In this section the actual accountability requirements of embedded and traditional PI development NGOs will be compared, in order to test this assumption.

Relating to accountability practices there is a large amount of variety in the group of embedded PI development NGOs. In two of the organizations trust plays a central role because ties between the donor and the development NGOs are familial (A3 and A5). In the relations of these two organizations formal accountability is practically non-existent. In contrast, organization A2 has very extensive formal accountability practices. Even though the donor of A2 states that it does not want to apply for funding from front offices because that would increase the administrative burden on its organization, in its relationship with its development partner formal accountability plays an important role. This private initiative explains that it has consciously invested in becoming a more professional and accountable organization over the last few years, because it wants to become more effective in the development projects that it pursues. Another example of this professionalization move can be found in its hiring policies. Before, employees of the development NGO were all family members of the founder, but now people are hired to work for the organization based on a formal hiring procedure that focuses on acquiring expertise.

Most of the group of traditional PI development organizations also has quite formal accountability mechanisms, similar to organization A2. Only organization B1 does not have strong formal accountability structures, and it only received one-time funding from a front office 5 years ago. It is unclear whether B1 used to have these structures in place when it got the funding, but the organization did not see a need for them now. Organization B7 has already been identified as an organization in transition in box 2 (section 7.2), because it is the only PI development NGO that has independently found external sources of funding. On the topic of accountability this is also the only organization that regularly has external evaluations of the effectiveness of its programs, similar to traditional development NGOs.

7.5 Reviewing the Typology

In this section, the empirical results are analyzed in terms of the typology developed in the theoretical framework. First, the applicability of the framework will be tested by answering the three research questions. Second, a concise overview will be given of the three types of development NGOs that are distinguished.

Relationship Types

The typology discerns two types of relationships between donor and development organizations, arms-length and embedded. Based on the collected data, this distinction seems to be an accurate one. Private initiatives do have a relationship with their development partners in which trust plays an important role. The centrality of trust is reflected in the financial part of the relation, which is open-ended and flexible. In the accountability part of the relationship, some organizations have established quite formal accountability agreements, but trust and social contact still plays a very important role. Some organizations rely completely on this trust, and formal accountability is not apparent at all. In contrast, traditional donor NGOs have both a strongly formalized financial relationship that is contract-based and strongly formalized and extensive accountability requirements.

The different relationship types are also apparent in the relationship between donor NGO and back donor. Through literature it was established that traditional donor NGOs have arms-length relationships with their most important back donors (e.g. Moss et al., 2005; Nunnenkamp & Öhler, 2010). The results show that private initiatives can have different types of relationships with their back donors, embedded and arms-length. In the embedded relationships with connected individuals, trust plays a central role, there is no need for formal accountability and the relationship is indeterminate in length. The arms-length relationship with front offices is contract-based, time-delimited, and has very specific accountability requirements. This confirms the analysis of Bosmans (2008) who also showed that the relationship between private initiatives and front offices are formalized.

Influence of Relationship between Donor Organization and Development Organization

There are strong differences apparent in the types of learning strategies most used by traditional development NGOs as opposed to PI development NGOs. Traditional development NGOs are more often members of development networks. Through these development networks they collaborate more with peer organizations and let their employees follow more trainings. Both collaboration and training contribute to capability building of the organizations and are therefore valuable learning strategies, but they also enable organizations to create an extensive network which can help in finding new sources of funding. PI development NGOs in contrast do not have strong incentives to find new donor organizations, and most of them do not actively try to build a network through knowledge sharing, collaboration and the following of trainings.

Collaboration with the University of Development Studies could also be an important learning strategy that helps build capabilities, but it does not carry a strong potential for creating new connections between development organizations. Remarkably, both traditional and PI development NGO do not see contact with the university as an important learning strategy. Since few of the organizations invest in this viable source of knowledge that has weak networking potential but they do invest in sources of knowledge that do have networking potential this suggests that maintaining viable networks is an important motivation for traditional development NGOs to pursue specific

learning strategies.

Both traditional and PI development NGOs actively exchange knowledge with their donor NGOs, but in a completely different way. PI development NGOs often draft project proposals and execution strategies in close collaboration with their donor partners, and through this process they shape donor preferences and they acquire skills that enable them to tailor project proposals exactly to their donors needs. This process can be either donor-led or development-led, confirming the study of Wintraecken (2008). Traditional development NGOs have more formal means of learning from their donors, through trainings for instance. Because they have varying donors, they build capabilities that enable them to work with a wide range of donors, instead of optimizing for a specific donor.

Finally, traditional and PI development NGOs both use volunteers, but in a different way. For traditional development NGOs volunteers are an occasional external source of expert knowledge, whereas for some PI development NGOs volunteers are an essential part of their relationship with their partners, both through the funding they generate and the knowledge they bring.

Influence of Relationship between Back Donor and Donor Organization

The donors of traditional PI development NGOs have arms-length relations with their back donors, whereas the donors of embedded PI development NGOs have embedded relations with their back donors. Based on this difference in relation it is expected that the embedded organizations have less incentives for formalized accountability than traditional organizations. The data shows that traditional PI development NGOs indeed have formalized accountability mechanisms, but that some embedded organization also have these mechanisms. An embedded organization that did have these mechanisms explained that they were consciously created in an effort to professionalize the organization. This suggests that although the relationship creates incentives that define certain minimum boundaries an organization has to fulfill, internal organizational characteristics can also play an important role in the way an organization functions.

Describing the Small-Scale Development Organization Types

The embedded PI development NGO has an embedded relationship with its donor organization. Social contacts exist before the funding relation, and continue to play an important role in maintaining the tie between donor and development organization. The organizations have a long-term relationship that is mutually dependent, which ensures the embedded development organization of funds and relieves it from the responsibility of finding new sources of funding. Consequently, there is no external pressure that forces the organization to build a network of relationships with peer organizations that can help in finding new sources of funding. External source of knowledge are moderately used to improve the capabilities of the organization, but mostly the focus is on the interaction with the donor organization and collaboratively improving capabilities that enable the organization to match donor preferences.

The donor and development organization can be so intertwined that there is a dynamic relation in which both donor and development organization can contribute ideas that shape donor preferences. However, this strong dependency is a risky strategy for the development organization; when the donor stops funding, the development organization ceases operation. Internal organizational characteristics can still drive an organization to find new sources of funding or use external knowledge sources as learning strategies, but this is not seen often. The donor organization of the embedded PI development NGO itself relies solely on private donations of back donors. These back donors do not impose stringent accountability requirements on the donor organizations, so the donors do not have to do impose these demands on their development partner either. However, several embedded organizations still account for their projects through formal means, because internal organizational characteristics drive them. Since many private initiatives promise their back donors that all funding will be used directly for the project, there is no funding for the private initiative to fund trainings for the employees of the embedded PI development NGO.

The traditional PI development NGO is similar to the embedded one in all but one regard; the relationship between the back donor and its donor organization is different. The donor organization of this category receives up to half of its funding from the front offices of large traditional NGOs. These back donors enforce a level of accountability from the donor, so the donor must impose accountability in its relationship with the development organization as well. This demand for a basic level of accountability ensures that feedback from the development organization to the donor organization is formalized to a certain extent. Up to recently, the front offices only paid for project costs and did not fund either employee salaries or training costs. This has changed recently, and now up to 25 per cent of front office grants may be used for employee training. None of the organizations in the sample had yet used this arrangement, so the traditional PI development organization does not yet receive funding to pay for employee training.

The traditional development NGO has arms-length relationships with its multiple donors. The organization actively solicits for projects, negotiates performance contracts with donors, and has to formally account all its projects. In order to build the capacity that enables the organization to perform these tasks, the organization goes on regular trainings, collaborates extensively with peer organizations, and sometimes has contacts with external sources of knowledge like the university or government officials. Because an extensive network of peer organizations is a powerful way of finding new sources of funding, a traditional development NGO also uses training and collaboration as an opportunity to extend its network. In this regard traditional development NGOs function somewhat like independent contractors who also rely on an extensive network in order to regularly find new clients. In this context selection pressures ensure that donor demands and projects of development NGOs are closely aligned, but also that donors have final control over the types of projects that are selected.

7.6 Conclusion and Emerging Questions

The results suggest that the initial typology is successful in defining fundamentally distinct development organizations, and that the relationship development organizations have with donor organizations does indeed create incentives that can influence the way in which organizations apply specific learning strategies. The results demonstrate the value of the evolutionary perspective for understanding how development organizations function; this suggests that evolutionary economics can also be used to understand other aspects of the development sector. The typology effectively illuminates the links between the system-level factor competition and individual organizational behavior. Evolutionary economics, however, can also be used to explore the effects of organizational heterogeneity on organizational behavior and the effects of organizational behavior on the development sector. It is exactly these types of questions for which extensive quantitative methods have been developed (section 4.1). Based on the initial typology a broad range of mechanisms merit more detailed consideration, and many of these mechanisms could effectively be analyzed by existing quantitative methods.

One of these mechanisms focuses on embedded PI development NGOs. These organizations work in an isolated fashion, suggesting that there is no way for routines to spread to and from these organizations. This could imply that since there is no real pressure for convergence, the routines of these organizations are far more varied than the routines of traditional development NGOs. The strong dependence of PI development NGOs on one donor partner also makes these organizations especially vulnerable to disruption of funding. Because these organizations are dependent on donor organizations that are mostly run by volunteers in their spare time, it is to be expected that mortality rates of PI development NGOs are relatively high. This type of dynamic could be studied quantitatively by mortality analysis as in for example Boschma and Wenting (2007) or Klepper (2007), or it could be studied qualitatively by longitudinal case studies.

The mechanisms of spin-off dynamics also merit further research, even though they are not an important focus of the typology. In conversations with development organizations in Tamale, it appeared that a lot of development organizations that work with volunteers themselves were founded by volunteers that came to Ghana through other organizations. In all, in Tamale alone ten organizations were founded as spin-offs from other volunteer organizations that receive volunteers from the Netherlands. If volunteers from other countries are also considered, this number would probably rise considerable. As in Boschma & Wenting, it would be possible to analyze whether the success of these organizations can be explained by the success of their parent organizations. For this type of analysis, a reasonably comprehensive set of all organizations in Tamale that work with volunteers would be needed.

A final example of a mechanism that could further be examined concerns collaboration and knowledge exchange. The typology shows knowledge exchange and collaboration are core learning

strategies of traditional development NGOs, and that the topic of collaboration is selective in nature. The typology also suggests that collaboration is a central mechanism to get information about funding possibilities. Further study of the selective diffusion of knowledge between development organizations and the influence of collaboration on organizational performance would give a clearer view of the dynamics of the development sector. This type of research has been done before in commercial sectors by evolutionary economic geography. Giuliani (2007) for instance shows that knowledge diffuses unevenly in clusters and that the propensity of a firm to exchange knowledge depends on a range of organizational factors. Broekel and Boschma (2010) show that the topic of knowledge exchange also matters for the likelihood of knowledge exchange, with market knowledge spreading less quickly than technological knowledge. These techniques could be used in an analysis of a network of development organizations

In order to illustrate the viability of a more quantitative approach for the analysis of development organizations, this thesis will carry out a limited quantitative analysis of the mechanism pertaining to collaboration and knowledge exchange. The typology suggests that collaboration between traditional development NGOs happens frequently, but the topic of collaboration and knowledge exchange varies significantly. Using a network analysis, this research will analyze different types of knowledge exchange and collaboration, and find out whether these networks vary significantly.

8 Research Methodology of Network Analysis

8.1 Hypothesis and Research Method

For the quantitative part of the research the following two assumptions are made: development organizations have the shared goal of furthering the development of Ghana, but they also have competitive goals in finding sources of donor funding. Based on these assumptions it is theorized that development NGOs collaborate more frequently on topics in which they have shared goals than on topics in which they compete. Therefore it is to be expected that knowledge exchange and collaboration on matters of practical project execution will be much more frequent than knowledge exchange about either financial matters or daily management. This research will test the following research question:

How does the likelihood of knowledge exchange or collaboration between small-scale development organizations in Ghana differ for the topics project execution, daily management and financial management?

Statistical network analysis is most useful to quantitatively address this hypothesis. By constructing a data-set that contains different types of collaboration and knowledge exchange between development organizations in a network and analyzing the resulting different knowledge networks, it is possible to show to what extent the diffusion of knowledge between development NGOs is influenced by competitive concerns.

8.2 Respondents

Network-analysis in evolutionary economics is usually done on clusters, spatially and thematically bound groups of actors. This is done in order to have a natural cut-off point for the network, because in order to do this type of analysis the network needs to be limited in a meaningful sense. Development NGOs do not have as strong a tendency as manufacturing industries to cluster spatially, and many NGOs are active in a wide variety of thematic fields. This means that there is no direct equivalent of a cluster that can be researched. This is problematic, because in order to research networks, you need a population that is relatively interconnected and has limited external connectivity. Therefore it was decided to research interconnectivity within an existing coalition of development NGOs.

The Northern Ghana Network for Development (NGND) is the biggest network of development organizations in Northern Ghana, and with 132 members it encompasses a large fraction of all NGO's of the three northern regions of Ghana. The Network gets its funding from G-Rap, a multilateral platform that invests in building the capacity of local development organizations, and in supporting evidence-based development cooperation. The network consists of several thematic coalitions: an education based coalition, an agricultural and food security coalition, a coalition focused on natural resource and environmental management and a coalition that focuses on monitoring the effectiveness

of local governance. The thematic coalition concerned with agriculture and food security – Sanrec – is the most active one and has the most up-to-date set of organizational information. That is why for this research it was decided to research the Sanrec coalition.

The network focuses on three core aspects: capacity building of its members, promotion of collaboration between its members and research that promotes evidence-based governance. It offers its members training in all aspects of NGO management: from project proposal writing, to project management, to fundraising, and it monitors the progress of organizations in these areas. It promotes networking by organizing meetings between its members based on abovementioned thematic coalitions. Finally, it conducts evidence-based research into the poverty-reduction strategies and the role of local governments.

Since the NGND actively promotes collaboration between its members and trains its members, the absolute number of collaborations of its members will probably be higher than of other development NGOs. However, there is no reason to suggest that relative numbers of collaborations between different topics areas would vary between organizations that are members of a network and ones that are not, and therefore this does not form an impediment to answering the hypothesis.

8.3 Data Collection

Data was collected through a questionnaire. This questionnaire contains basic questions about organizational characteristics, questions concerning the usage of external sources of knowledge and questions about the types and number of donors. Finally, it collects data on the knowledge network through the roster-recall method. In this method a list of all active NGOs is presented. The interviewed organizations had to answer the following questions for each organization on the list

- Do you receive or give advice or training from, or did you collaborate with this organization on project execution?
- Do you receive or give advice or training from, or did you collaborate with this organization on financial management?
- Do you receive or give advice or training from, or did you collaborate with this organization on daily management?

The questionnaire was tested by administering the questionnaire verbally and discussing the questions. This testing period ensured that all organizations had similar understanding of key concepts like project execution, financial management and daily management. After five iterations, the questionnaire was clear enough that organizations could answer it independently, without direct administration. This allowed busy organizations to fill in the questionnaires at the time that was most suited for them.

The thematic coalition on agriculture has 31 registered members, of which 28 NGOs are still active. These 28 organizations form the sample for the data collection. 23 members eventually filled in the questionnaire, a response rate of 82 per cent. Four organizations did not fill in the questionnaire; another organization could not be reached because its office was located behind a river that was impassable during the field work.

8.4 Analysis Method

The assumption was made that collaborations are reciprocal, and that the networks are therefore undirected. Based on the data three different types of networks could be defined: a network that deals with collaboration on financial management, a network that deals with collaboration on daily management and a network that deals with collaboration on project execution.

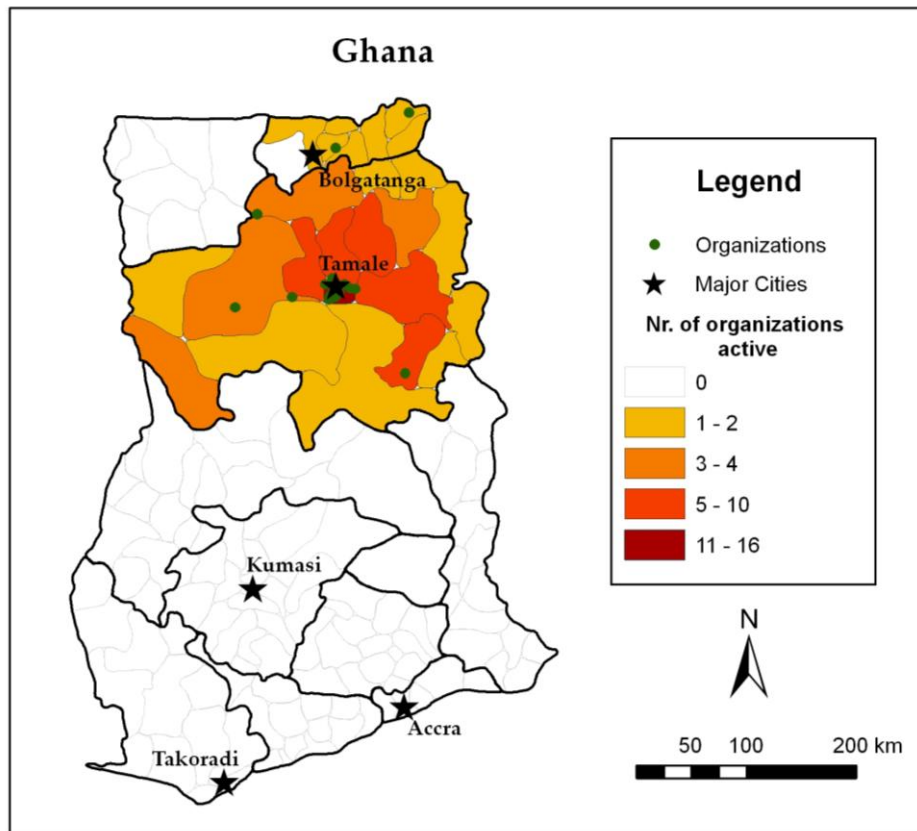
All data was entered in a database program. All network analysis was done using R and the statistical package Statnet (Handcock et al., 2003). This statistical package enabled calculation of a range of descriptive statistics, and testing of the hypothesis. As in Broekel & Boschma (2010), a Wilcoxon paired T test was used to compare the degree centrality of the nodes of the different networks. The outcome of this test shows with what likelihood the degree of link formation differs between the different networks. Since the density of the network is relatively low (<0.2), dependencies between the data points is assumed not to be problematic (Broekel & Boschma, 2010).

9 Results

9.1 Sample Overview

Figure 4 shows the distribution of the offices of the organizations and the spread of their activities. Most organizations were active in multiple districts, with an average of 6 districts (Table 6). As can be seen, the activities of the network are focused around the capital of the northern region, Tamale, and the network is less active further away from Tamale. There is a clear focus of activities to the north of Tamale, which is a relatively densely populated and poor region.

Figure 4: Distribution of Offices and Activities of the Members of the Sanrec Coalition



Source: map data from Geocommunities

In many respects, the sample is very similar to the traditional development organizations from the qualitative research. The organizations in the sample are 13.7 years on average and have a budget of 44 thousand euros (table 6), compared to the age of 13 years and budget of 50 thousand euros of the organizations in the qualitative sample (Table 5). Based on the qualitative research it was found that some organizations have connections to the University of Development Studies. That is why this research also defined a measure of the strength of the link of organizations with this university. This measure is based on four different types of connection to the university: through board members, through trainings from lecturers, through advice from lecturers, and through contact with students that are on extension. On average, the quantitative sample has 1.7 of the four connections to the

university (Table 4), whilst the qualitative interview sample group has 1 type of connection with university.

The organizations in the sample all had to list the top three thematic areas in which they are active. Again, similar to the qualitative sample group, none of the organizations is specialized, and the activities of organizations often fall in a wide range of themes. Considering the fact that all organizations are members of a thematic coalition on agriculture and food security it is remarkable that only six organizations listed this theme to be their top priority (Table 7).

Table 6: Range and Mean of Some Attribute of the Organizations in the Sample

Attribute	Range	Mean
Age	3-43	13,7
Number of districts active	2-20	5,7
Budget	0-292.650	44.440
Number of paid staff	0-21	6.8
Connection with university	0-3	1,7

Table 7: Thematic Areas of Development Projects of Sample

Topic	Top priority	Total in top three
education	6	7
Economic Empowerment	4	9
Food	4	5
Environment and resource management	2	9
Human Rights	2	11
Water and sanitation	1	9
Local Government	1	8
Gender	1	7
Peace building	1	1
Reproductive health	1	1

9.2 Analysis of Network Data

Only two of the respondents do not collaborate or exchange knowledge with any other member of the Sanrec coalition, and are isolates. These organizations both have a yearly budget of less than 4000 euros and are very small compared to other members in the sample. Other respondents have up to eleven linkages with other organizations. The three different networks only overlap for 20 percent, suggesting that organizations connect to different types of other organizations for different topical needs. The network on daily management has 32 edges and 11 triads, the network on financial management has 24 edges and 5 triads, and the network on project execution has 58 edges and 36 triads. The project execution network has a much higher density than the other two networks. When analyzing the degree distribution of the different networks (Figure 6), it is apparent that in project execution organizations are much more likely to form a large number of connections than in either daily management or financial management. Where the degree distribution falls off rapidly in both daily management and financial management, indicating a network with few central hubs and a lot of weakly connected organizations, the degree distribution in project execution reflects a highly connected network where there are as many hubs as weakly connected organizations.

Table 8: Descriptive Statistics of the Different Collaboration and Knowledge Networks

Network	Density	Edges	Triads
Overall network	0.30	76	91
Project Execution	0.23	58	36
Financial management	0.09	24	5
Daily management	0.13	32	11

Using a Wilcoxon paired T test to compare the degree distributions of the three networks it becomes apparent that the difference between the project execution network and the two other networks is statistically significant at the 0.1% level (table 9). On the other hand, there is no significant difference between the daily management and the financial management networks. This verifies the hypothesis that collaboration is more likely on project execution than on either financial or daily management.

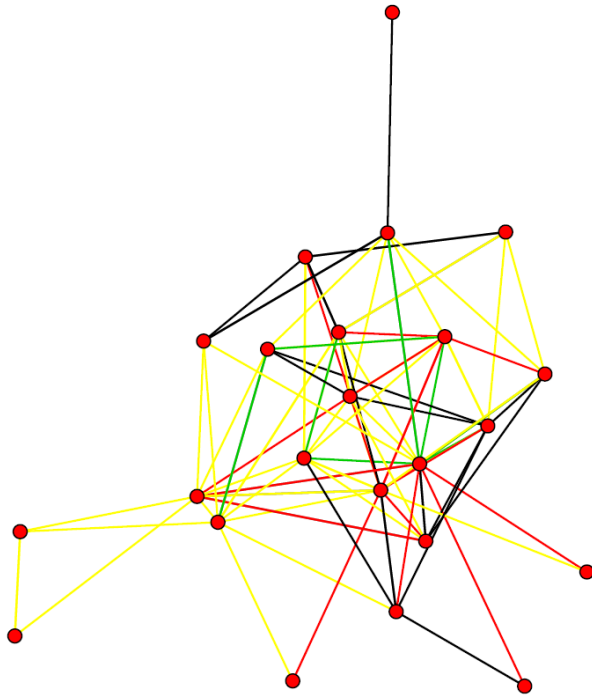
Table 9: Test of Difference in Degree Distribution of the Knowledge Networks

Comparison networks	P-value
Daily Management-Financial Management	0.13
Financial Management-Project Execution	0.001***
Daily Management-Project Execution	0.001***

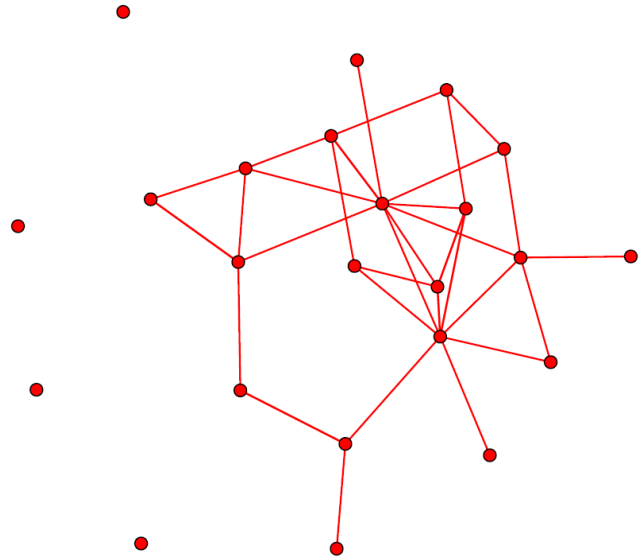
Note. *** Means significant at the 0.001 level.

Figure 6: Visualizations of the Three Different Knowledge Exchange Networks and the Overall Network

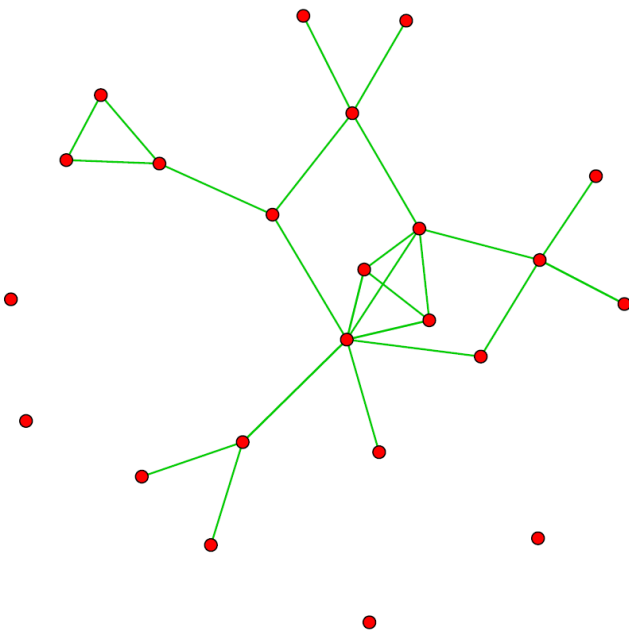
Overall Network



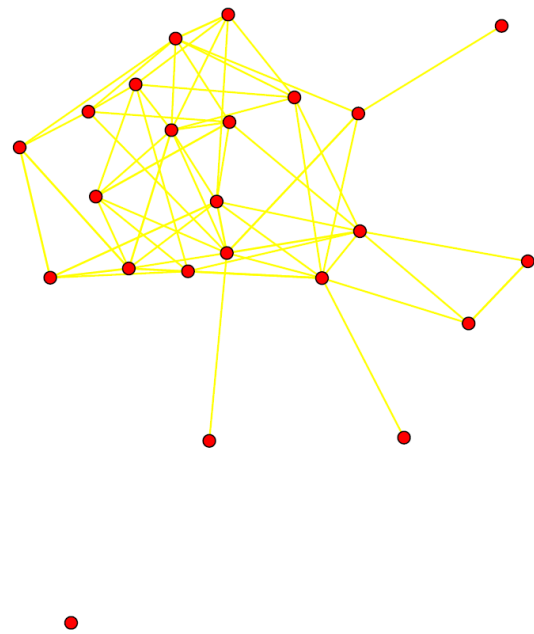
Daily Management Network



Financial Management Network

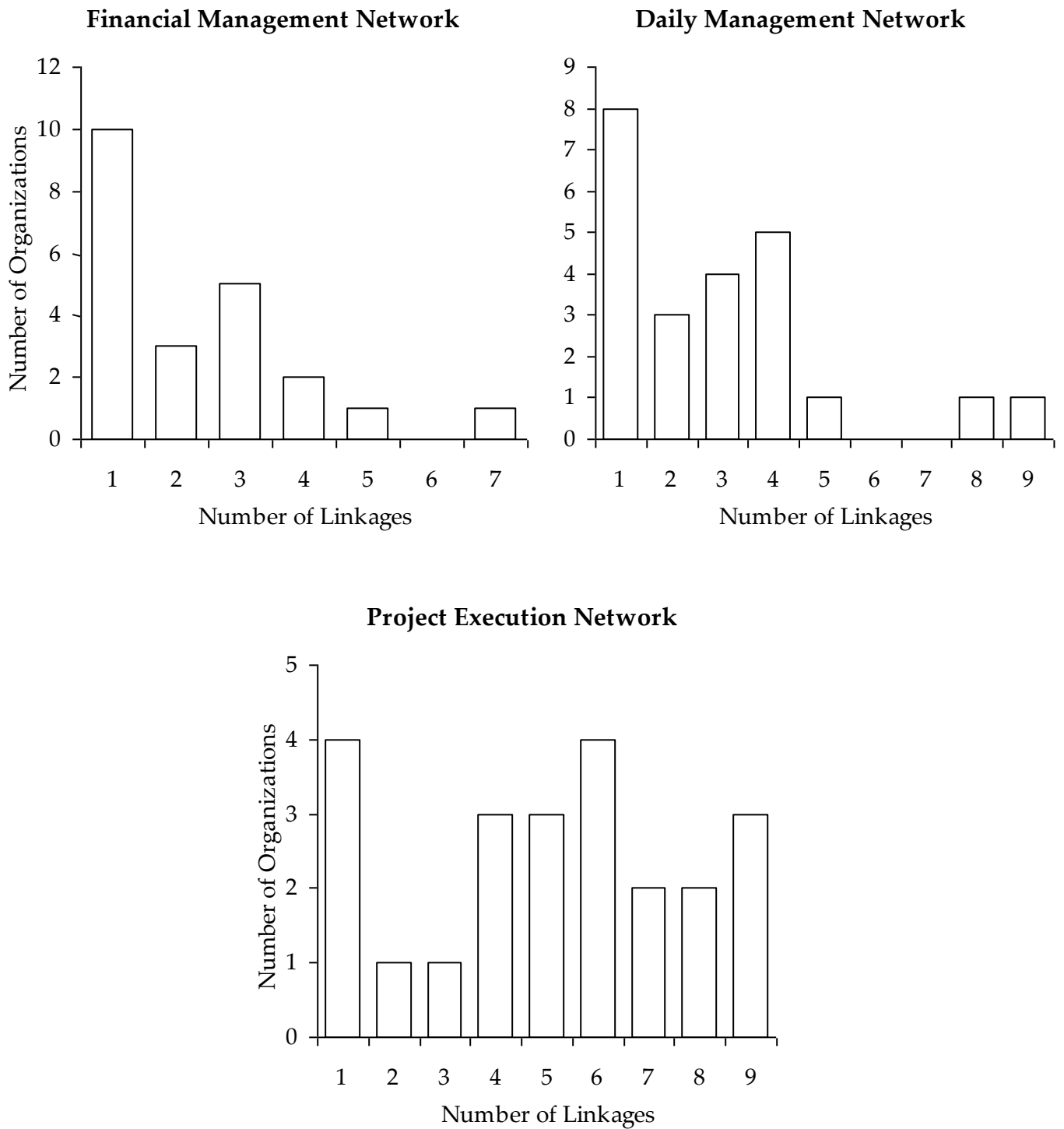


Project Execution Network



Note. In the overall network, black lines represent linkages with multiple topics of knowledge exchange.

Figure 7: Degree Distribution of the Organizations in the Different Collaboration and Knowledge Exchange Networks



10 Discussion

10.1 Conclusion

The main aim of this research was to develop and test a typology of small-scale development organizations based on the effect of their relationships with donor organizations and the effect of the relationship between their donor organizations and back donors on learning strategies. Based on literature on private initiatives and traditional donor organizations and literature on different relationship types between firms, an initial distinction was constructed that defines three types of small-scale development organizations based on the relationship they have with their donors, and the relationship their donors have with back donors. The consequences of these distinctions were examined and an initial typology was constructed. Using qualitative methods this typology was tested, and the results largely verify the usefulness of the initial typology. According to this typology there are three types of development organizations: embedded PI development NGOs, traditional PI development NGOs and traditional development NGOs. The typology that has been developed largely finds the same weaknesses of private initiatives as previous research, but suggests that these weaknesses can be linked to fundamental underlying differences between private initiatives and traditional development NGOs.

The embedded PI development NGO has an embedded relationship with its donor organization. The organizations have a long-term relationship that is mutually dependent, which ensures the embedded development organization of funds and relieves it from the responsibility of finding new sources of funding. Consequently, there is no external pressure that forces the organization to build a network of relationships with peer organizations that can help in finding new sources of funding. The donor and development organization can be so intertwined that there is a dynamic relation in which both donor and development organization can contribute ideas that shape donor preferences. However, this strong dependency is a risky strategy for the development organization; when the donor stops funding, the development organization ceases operation. Internal organizational characteristics can still drive a development organization to find new sources of funding or use external knowledge sources as learning strategies, but this does not happen often. The donor organization of the embedded PI development NGO itself relies solely on private donations of back donors. These back donors do not impose stringent accountability requirements on the donor organizations, so the donors do not have to do impose these demands on their development partner either. However, several embedded organizations still account for their projects through formal means, because internal organizational characteristics drive them.

The traditional PI development NGO is similar to the embedded one in all but one regard; the relationship between the back donor and its donor organization is different. The donor organization of this category receives up to half of its funding from the front offices of large traditional organizations. These back donors enforce a level of accountability from the donor, so the donor must impose accountability in its relationship with the development organization as well. This demand for a basic

level of accountability ensures that feedback from the development to the donor organization is formalized to a certain extent.

The traditional development NGO has arms-length relationships with its multiple donors. The organization actively solicits for projects, negotiates performance contracts with donors, and has to formally account all its projects. In order to build the capacity that enables the organization to perform these tasks, the organization goes on regular trainings, collaborates extensively with peer organizations, and sometimes has contacts with external sources of knowledge like the university or government officials. Because an extensive network of peer organizations is a powerful way of finding new sources of funding, organizations also use training and collaboration as an opportunity to extend their network. In this regard traditional development NGOs function somewhat like independent contractors who also rely on an extensive network in order to regularly find new clients.

In order to deepen understanding of specific mechanisms through which competition affects the learning strategies of development NGOs a quantitative research was carried out. This quantitative network analysis is directly inspired by other evolutionary economics research (Broekel and Boschma, 2010), shows that knowledge diffuses selectively through development organization networks depending on the specific topic of knowledge, and shows that competition plays an important role in explaining what type of knowledge is shared. Based on this research it appears that many of the techniques developed in evolutionary economics and evolutionary economic geography can usefully be applied to the development sector.

This research shows the value of an evolutionary economic perspective on small-scale development organizations by illustrating that not only general qualitative statements can be made about the behavior of development organizations, but also that detailed quantitative research is possible that examines specific mechanisms influencing organizational behavior.

10.2 Limitations and Suggestions for Further Research

Although this research uses an evolutionary perspective to understand how learning strategies develop, it is limited to a static analysis. One of the strengths of an evolutionary perspective is that it is dynamic, and can be used to trace the development of organizations and sectors. Based on the initial framework in this thesis, future analyses could take a more dynamic approach by trying to understand how the different types of small-scale development organizations develop over time and the implications this has for the evolution of the development sector.

In this research the core focus has been on the interaction between donor and development organization and the way this interaction creates incentives for certain types of development NGO behavior. Based on literature and a limited set of interviews, the impact of back donors on donor behavior towards development NGOs was also deduced. Further research into the effects of different

types of back donors on the donor demands of the donor-development NGO relationship might be valuable because it would nuance the somewhat simplistic assumptions made in this research about the way donors are influenced by their back donors.

The quantitative part of this research is directly modeled on part of an existing study in evolutionary economic geography (Broekel & Boschma, 2010) and shows that using the modeling and analysis techniques of evolutionary economics on development organizations is feasible and can offer insight into the dynamics of organizational behavior. This suggests that a wide range of research in evolutionary economics and evolutionary economic geography that studies firms can also be applied to development organizations. Pursuing this potentially rich field of research would give more insight into the determinants of organizational success and the dynamics of the development sector, both on the level of the individual organizations and on a larger scale.

The analysis in this research has been limited to small-scale development organizations that get funded by either traditional donors or small private initiatives. This limits the scope and explanatory power of the typology developed, because the development sector has a great deal of complexity, and a large range of development actors has not been considered. Large development organizations are important development actors, and even though there are strong theoretical arguments to claim that they are sensitive to competitive pressures as well, it is not directly clear how these competitive pressures affect learning strategies of larger organizations. As organizations become larger, the internal structure and complexity of an organization increases. This complicates analyses of learning strategies as the diffusion of knowledge within organizations also becomes an important layer of analysis and selection pressures within the organization between different sections starts to interact with external selection pressures.

This research has focused on learning strategies, but it has not related these learning strategies to specific modes of learning or internal organizational factors that contribute to learning. A broad range of literature discusses different modes in which organizations can learn, and understanding the interaction between these modes of learning and different relationship types might be a fruitful area of research. There is also a wide range of literature that discusses the way internal organizational factors contribute to learning, and some of this literature is specifically focused on development organizations (Hailey & James, 1998; Verkoren, 2010). Understanding how internal organizational characteristics interact with external learning incentives would create a richer understanding of the complex topic of development organization learning.

10.3 Broader Implications

Embeddedness

Research has identified a range of weaknesses that private initiatives and their development partners face, from isolation to a lack of accountability (section 3.1). Understanding private initiatives and their

partners as embedded development organization can aid in understanding the underlying causes of these weaknesses. But whilst embeddedness can be understood as offering an important contribution to the weaknesses some private initiatives and their partners suffer from, embeddedness could also offer important benefits. Literature on embeddedness between firms suggests that different sectors have different optimal relationship types (Jones et al., 1997), and that a certain level of embeddedness might be the most effective in some business sectors. Embeddedness can drastically lower transaction costs in business sectors where coordination and safeguarding needs are complex. In the case of the development sector, the donor organization pays for the delivery of a service to people that often live thousands of kilometers away from the donor head office. Transaction costs are high for these types of transactions because there is no easy way for donors to check the quality of the service that they pay for, unless they maintain a local presence in the countries they invest in, which is also a costly enterprise. Whilst it might be that some private initiatives suffer from too much embeddedness and that this reduces the effectiveness of their development cooperation, a certain level of embeddedness might make sense as it would free up funding for additional projects.

Lack of Specialization

None of the development organizations in either the qualitative or quantitative research is specialized in any one thematic area. All organizations are active in at least one other theme, and often in multiple other themes. Many organizations start out with one key focus, but they diversify strongly over time. This lack of specialization is indicative of two issues. On the one hand it seems that the barrier of entry to multiple themes is so low that the opportunities that arise from having more funding options are worthwhile. On the other hand the added value of specialization seems to be so low that it rarely or never occurs. This could mean that either there is no credible way to signal expertise and that therefore it is not possible to monetize this expertise, or that there is no demand for specialized development organizations. The added value of local development organizations would then lie more in their capacity to organize and coordinate projects and programs than in their specific topical knowledge. The lack of specialization could also relate to more structural aspects of the selection environment, and this topic merits further consideration.

Third Party Payment and Innovation

The development sector is fundamentally different than most commercial sectors because the actor that pays for a service is not the actor that receives the service. Donor organizations pay for services that benefit the target population of the development project. Because of this disjoint between benefactor and beneficiary there is no automatic feedback between the quality of the service delivered and the actor who pays for the service. In market-like sectors this feedback is in-built, because the actor who pays for a product or service is also the one who uses it. From this perspective it makes sense that current best practice in development cooperation concentrates on evidence-based development projects and emphasizes the importance of participatory structures, and monitoring and evaluation practices. These tools try to reinstate the information flow between beneficiary,

development organization and donor, and should ensure that project quality improves by offering donors a tool to select for effective projects and by enabling development organizations to learn from their projects.

A direct consequence of the third party payment system is that development organizations are rewarded when they optimize development projects relative to the preferences of donor organizations, not when they maximize utility of the development project for the beneficiary. Progress in the development sector thus exists relative to the preferences of donor organizations instead of relative to the preferences of target populations. Even though the development sector does not in and of itself reinforce innovation geared towards the preferences of target populations, again there are ways to create a feedback loop between the development organizations and beneficiaries. Donor organization preferences are not random, but active research is done in order to align donor demands as closely as possible to the needs of target populations. Academic research and diligent evaluations of the strengths and failures of development projects have played an important role in creating the feedback loop and have contributed to the strides the development sector has made over the last decennia towards more effective development cooperation (Riddell, 1997).

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12 Appendices

12.1 Format Qualitative Interview of Development Organizations

Organizational Information

Basic information

- 1) When was the organization created?
- 2) What is the home base of the organization?
- 3) Who started the organization, and why?
- 4) What is the goal of the organization?
- 5) What kind of organization is it? Is the organization formally registered? Is it a community based organization, a network, a collective, an organization with members or other?

Information on the structure of organization

- 6) Do you have a board of directors?
- 7) How many people does the board of the organization have?
- 8) What different kinds of positions exist on the board? (project managers, accountants, etc)
- 9) Do you have paid members, how many? Do you have unpaid members, how many?
- 10) What is the educational or business background of the founder of the organization?
- 11) What is the background of the board members?

Information on the projects

- 12) How many projects do you deploy at the moment?
- 13) What are the most important projects, a short description please (goal of the activities, duration, budget, location, target population)

Fundraising

Basic information

- 1) How big is your annual budget?
- 2) What are your sources of funding?
- 3) What would happen if the primary donor would fall away?
- 4) Do you employ activities to get new sources of financing, and if so, what kind of activities?
- 5) Over the years, has anything changed regarding your fundraising activities?

Background responsible individual

- 1) Do you have one person responsible for fundraising? What is the educational and business background of the responsible individual? Did he/she follow courses on fundraising (like communication or marketing) through this organization?

Influence partner organization

- 1) Does your partner organization supply information on how to search for new donors?
- 2) Does your partner organization help you with finding new donors?

Information exchange and collaboration

- 1) Do you share information with other local organizations regarding fundraising?
- 2) Do people ask for advice on how to run projects, and do you share this information?
- 3) Do you seek advice from other people on how to run projects?
- 4) Do you get advice from other sources of information (universities, key individuals, etc)
- 5) Do you collaborate with other local organizations regarding fundraising?
- 6) Do you compete with other organizations for the acquisition of funds?

Project Planning and Management

Basic information

- 1) Why did you start the most important projects?
- 2) How did the organization decide to execute these projects?
- 3) Did you write a project proposal before starting the project?
- 4) How did you draft the budget for this proposal? (Did you use a contractor or expert in the field of the project or by own initiative?)
- 5) What role do stakeholders play in project planning and management (stakeholders are the target population, collaborating organizations, donors, local governments etc)
- 6) Has the organization executed any projects before?
- 7) Did previous projects run on time?
- 8) Since the organization started, how has the process of managing and planning projects changed?

Background responsible individual

- 1) Do you have a project manager? What is the educational and business background of this project manager? Did he/she follow courses on management skills through the organization?
- 2) Do you have an accountant? What is the educational and business background of this accountant? Did he/she follow any courses on accountancy through the organization?

Influence of partner organization

- 1) To what extent does your partner organization influence the planning of projects?
- 2) To what extent does your partner organization influence the management of projects?
- 3) Does your partner organization supply you with information on these subjects? (For instance, does the partner organization ask for a certain format for project proposals, give you a manual on project management etc?)

Information exchange and collaboration

- 1) Do you exchange information with other organizations about your projects?
- 2) Do people ask for advice on how to run projects, and do you share this information?
- 3) Do you seek advice from other people on how to run projects?
- 4) Do you get advice from other sources of information (universities, government, key individuals, etc)
- 5) Do you manage all projects in-house or do you acquire outside expertise?
- 6) Where do you acquire the expertise to run your projects?
- 7) Do you collaborate with other organizations for your projects? Which organizations?

Knowledge Exchange with Donors

- 1) How did you establish contact with the Dutch partner organization?
- 2) Do you have other international organizations you collaborate with?
- 3) What is the core element of your partnership? (financial support, knowledge exchange, volunteers, etc)
- 4) If there is knowledge exchange, on what topics? (Fundraising, project planning and management, evaluation) Give examples
- 5) What requirements does the partner organization have for you? Do you have to report financially, give a narrative report, yearly budgets, etc?

- 6) How much information does your partner organization share with you? Do you have information on future fundraising activities, timing of money transfers, ideas for future projects etc?
- 7) To what extent does your partner organization influence the search for new donors?
- 8) To what extent does your partner organization influence the planning and management of projects?
- 9) To what extent does your partner organization influence the evaluation of projects?

Project Evaluation

Basic information

- 1) Do you evaluate your projects? If yes, how?
- 2) Could you give an example of what you have learned from previous evaluations?
- 3) Do you find these evaluations useful?
- 4) Since the organization started, how has the process of evaluating projects changed?

Background responsible individual

- 1) Do you have one person responsible for project evaluation? What is the educational and business background of the responsible individual? Did (s)he follow courses on evaluation through this organization?

Influence of partner organization

- 1) What role does the partner organization play in evaluation of projects?
- 2) Did the partner organization require a certain format for evaluation?
- 3) Did the partner organization supply knowledge on evaluation techniques?

Information exchange and collaboration

- 1) Do you exchange information with other organizations about evaluation?
- 2) Where do you acquire expertise to evaluate projects?
- 3) Do you share this expertise with other organizations?
- 4) Do you get advice from other sources of information? (universities, government, key individuals, etc)

Capacity Building

- 1) What kind of skills do you think an organization needs to be a successful NGO?
- 2) Did anyone of the organization follow courses to increase the effectiveness of the organization?
- 3) On what topic were these courses? (Fundraising – like communication, fundraising etc – or project deployment – evaluation, management, development, etc)
- 4) Whose initiative was it to follow these courses? (Partner organization or locally decided)
- 5) Who funded these initiatives?
- 6) Do you find it effective?

Open Questions

- 1) Are there any other issues you would like to talk about?
- 2) Do you know of any other organizations that are active in the field of education that we could contact?

12.2 Questionnaire on Collaboration and Knowledge Exchange

This questionnaire will take approximately 30 minutes. ***Read the instructions carefully!*** Preferably the director fills in the questionnaire. If this is not possible someone from the senior staff suffices. The data obtained from this questionnaire shall be treated confidentially and the results from the research will not be linked in any way to your organization. If anything is unclear, you can always call or flash on XXXXXXXXXX for Edzard Wesselink Thank you!

Background information questionnaire To be filled in by enumerator		
A1	Survey NR.	
A2	Name organization	
A3	Date	

Background information interviewee			
A4	Name		
A5	What is your position?		
A6	Year you started working for the organization		
A7	Would you be willing to do a follow-up interview of about 1 hour?	Yes Δ Contact details:	No Δ
A8	Would you like to receive the report when it is finished?	Yes Δ E-mail adress:	No Δ

Basic information on the organization				
B1	Type of organization	NGO Δ	CBO Δ	Other:
B2	Is the organization registered?	Yes Δ		No Δ
B3	Year of formation			
B4	Location of office	Region		
		District		
B5	Yearly expenditure over the last three years in Ghana Cedi.	2007:	2008:	2009:
B6	Do you work with the government?	Yes Δ		No Δ
B7	Main thematic areas. Rank the three most important thematic areas from 1-3 with 1 the most important and 3 the least important thematic area you are active in. For instance: Water/sanitation: 1 Human rights: 3 Local Government 2	Water/sanitation		
		Education		
		Economic Empowerment		
		Human rights		
		Local government		
		Environment and resource management		
		Food security		
		Gender		
Other:				
B8	Main mode of operation	Rights-based Δ		Service delivery Δ
B9	In what districts do you execute projects? If you are active in more than 6 districts, list the 6 most important and state the total number of districts.			
	Total No:			

Staff and board characteristics

These questions only concern organizational or programme staff, not the cleaners, the cooking staff or community workers.

C1	No. of staff (programme or organizational, excluding cleaning, cooks, security, etc)	Unpaid:	Paid:	
C2	No. of staff with UDS degree			
C3	No of staff with other University or polytechnic degree.			
C4	No. of staff who worked in a different NGO before for at least 5 yrs			
C5	No. of board members			
C6	No. of board members with UDS degree			
C7	No. of board members with other University or polytechnic degree			
C8	No. of board members who worked at a different NGO for at least 5 years			
C8	No. of members (if applicable)			
C9	Do you work with foreign volunteers?	Yes Δ	No Δ	
Organizational activities				
D1	Do you evaluate your projects?	Yes, externally Δ	Yes, internally Δ	No Δ
D2	Do you have a website?	Yes Δ give URL:		No Δ
D3	Do you write annual reports?	Yes Δ		No Δ
D4	Is your budget audited?	Yes Δ		No Δ

Northern Ghana Network for Development				
E1	What year did you register with NGND?			
E2	Coalitions of NGND you are part of	SANREC	Yes Δ	No Δ
		NNED	Yes Δ	No Δ
		NETDEC	Yes Δ	No Δ
		URBANET	Yes Δ	No Δ
		RUMNET	Yes Δ	No Δ
E3	Types of training followed that were organized by NGND. Rank from 1 to 3 the different types of training you received, with 1 being most often and 3 least often.	Fundraising		
		Organization management		
		Thematic issues		
E4	What other coalitions or networks do you participate in outside of the NGND? If more than 4 networks, list the 4 most important and also give the total number.			
E5	Do you have connections with the UDS?	Do you receive students on attachment?	Yes Δ	No Δ
		Do you receive advice from lecturers?	Yes Δ	No Δ
		Do you have someone from UDS on the board?	Yes Δ	No Δ
		Did you receive training from the UDS?	Yes Δ	No Δ
		Other (describe)		

Topic of knowledge exchange			
F	What are the most important topics you exchange knowledge on or collaborate on with other organizations? Rank from most to least important 1 to 3	Project execution	
		Fundraising	
		Organization management	

Funding

Rank the five most important donors over the last three years, largest contributor first, smallest contributor last. Do this in the roster provided below.

One example is given for an example donor. This donor is from Spain, faith based, is a long term partner, and is a large NGO. For your own donors, answer the following questions *by filling the correct boxes*. The boxes ask the following questions.

-From what country is your donor? **(If it is multiple countries, fill in multinational)**

-Is your donor faith-based??

-Does your donor receive funding from its government?

-Is it a large NGO that is supporting multiple organizations and has employees?

-Is it a small NGO that is run by volunteers and supports only one or a few organizations?

-Is the donor an individual?

G	Name:	From what Country?	Faith-based	Strategic partner	Government supported	Large NGO	Small NGO	Individual
	Example NGO	Spain	x	x		x		
1								
2								
3								
4								
5								

Roster-Recall Collaboration and Knowledge Exchange

In this section we list all organizations that are part of the SANREC coalition. We want to know about the knowledge exchange and collaboration you have with other organizations.

-Fill in a C if you directly collaborate with an organization on a certain topic (for fundraising this would mean, writing funding proposals together)

-Fill in an E if you exchange knowledge with an organization on a certain topic. You exchange knowledge if you regularly directly speak to the other organization for advice, or regularly give the other organization advice outside of the SANREC meetings (for instance regular phone calls)

The type of collaboration or knowledge exchange can be either of three topics:

- 1) Daily management: This concerns the organizational management of your organization.
- 2) Fundraising: This concerns your fundraising activities.
- 3) Project execution: This concerns the actual carrying out of development projects.

H	Organization	Daily management	Fundraising	Project execution
	Example NGO 1		E	C
	Example NGO 2	E		
1	Wunzaligu Development Association (Wuzda)			
2	Community Empowerment Organization (CEO)			
3	Youth Action on Reproductive Order (YARO)			
4	Urbanet			
5	Ghana Developing Communities Association (GDCA)			
6	Rural Media Network (Rumnet)			
7	Amasachina Self Help Association			
8	Datoyili Womens Coalition (DWC)			
9	School for Life			
10	Maata-n-Tudu			
11	Gub-Katimali			
12	Dawah Academy			

	Organization	Daily Management	Fundraising	Project Execution
13	Ghana Young Artisans Movements (GYAM)			
14	Center for Active Learning and Integrated Development (CALID)			
15	Tiyumtaba Integrated Development Association (TIDA)			
16	Girls Growth and Development (GIGDEV)			
17	NGO Business and Development Consultancy Center (BADECC)			
18	Association For Women Empowerment (AFWE)			
19	NORSAAC			
20	Trax Support			
21	Katchito Community Development Centre			
22	Peace Advocates and Voluntary Organization (PAVOA)			
23	PRIDE			
24	Zaslari Ecological Farms			
25	Juxtapux Integrated Development Association (JIDA)			
26	Nfasimly Development Association			
27	CRIS			
28	Bawku Literacy Sociey (BLS)			
29	Peasant Farmers Association of Ghana (PFAG)			
30	Savanna Farmers Association (SFA)			
31	Community Partnership for Youth and Women Development (CPYWD)			

External links collaboration and knowledge exchange

If you actively collaborate or exchange knowledge with any organizations that are not part of the SANREC coalition, you can list them below. The same requirements count as above.

	Organizations	Daily management	Fundraising	Project execution
1				
2				
3				
4				
5				
6				
7				