CHAPTER II

NGOs AND MARKETING

(Covered in sections 5 to 12)
LITERATURE REVIEW

The following few chapters cover various aspects of social marketing and the activities, problems and practices of the voluntary sector as dealt with in scholarly articles, research findings, case studies, reports of institutions concerned with this sector and news items. This preliminary exercise provided the basis for identifying ideal practices for success, as well as the pitfalls to look for to avert failures.

5. BACKGROUND – THE VOLUNTARY SECTOR AND SOCIAL MARKETING

Growth of the Voluntary Sector
5.1. The growth of this sector consisting of non-government organizations engaged in social welfare and development activities has been accelerated in recent years by several factors - increase in fund availability for social causes, positive public perception of the capacity of the voluntary sector to address social concerns and increasing awareness of the limitations of state and public agencies to reach out effectively to sections of society needing transformation.

5.2. Official agencies are not only constrained by resource availability, but face a number of procedural and operational hurdles to the smooth execution of development programs. Enlightened governments in developing countries began to collaborate with NGOs with experience in areas such as poverty alleviation and environmental protection and which had closer understanding of the needs of local communities. Many governments began to appreciate the value of the voluntary sector as a partner, shedding their perception of them as competitors and intruders. However, it cannot be said that these misconceptions have been totally replaced by a constructive view.

5.3. The nature and focus of NGO activities has also changed over time. While NGOs that emerged after the World Wars I and II were more involved with relief work, attention gradually shifted to welfare activities in Third World countries and still later to providing funding and technical services to effective grassroots organizations. The 1970s saw the
emergence of NGOs devoted to advocacy of the rights of disadvantaged classes of society and these began public campaigning and parliamentary lobbying in pursuit of socio-political changes. During the 1990s, the trend among NGOs was to get involved in micro-level reform, involving activities such as building rural institutions, redirecting agricultural extension services and bringing about changes in attitudes towards women. The primary objective of NGOs was to bring about change – in values, institutions and technologies.

5.4. The growth of voluntary organizations in India had roots in the pre-independence period and in the social reform movements of the late 19th century. During this period, a number of individuals and associations were involved in social service, such as helping the poor and the destitute, as well as social reform against practices such as bride burning and widow re-marriages. Christian missionary groups also contributed to the growth by setting up a network of hospitals, schools and welfare services for the poor. The Gandhian approach clubbing village development programs with social reform contributed largely to the growth of the voluntary sector.

5.5. Social historians (Misra, Rajeeb, 2008) have divided the history of voluntary organizations in India since the 19th century into the following eight phases.

a) First phase – 1800-1850 – This was a period that witnessed social reform movements as a result of ideas that were introduced from the West, as well as the activities of Christian missionaries who combined social uplift with Christian missionary activity. These shaped the growth of voluntary organizations.

b) Second phase – 1850 – 1900 – This period was characterized by the spread of nationalism, popularity of English education and setting up of communication links, all of which influenced growth of the voluntary sector in these areas.

c) Third phase – 1900 – 1947 – The channelling of voluntary spirit for political action, mass mobilization and Gandhi’s initiation of constructive work in rural areas and among “Harijans” led to the growth of the voluntary sector. Mahatma Gandhi’s program of rural development, which employed volunteers in rural areas for the improvement of education, health and employment, set a new operating model for voluntary and charitable initiatives.
d) After Independence to the mid sixties – During the period following Independence, the perception was that economic growth could be achieved through a dominant role for state investment and effort. Accordingly, the Ministries of Agriculture and Rural Development started community development in rural areas. Welfare programs for the poor were initiated by social welfare Ministries of state governments. NGOs were approached by the government to implement these programs and to gather support of the local population. The emergence of a mixed economy or co-existence of both private and public sectors and the launch of the Community Development Program with the policy of people’s participation were key developments during this period, which had an impact on the voluntary movement. The Fifth Five Year Plan document stated that social welfare services should be provided by voluntary agencies, with government co-operation.

e) Fifth phase – Mid sixties – early seventies – This phase witnessed the recognition of the limitations of the government’s development model and the contrasting potential of voluntary organizations. A section of people with Marxist ideology rejected the development model followed by the government, since they felt that it did not address the root cause of poverty. This led to the increasing role of NGOs in the form of social action groups, which focused on specific issues such as price rise and corruption.

f) Sixth phase – Early seventies – 1979 – During this period, the trend was to look for constructive ways to channelize energies and resources for building a better society. Disillusionment with the government and the idea of people’s participation contributed to the growth of voluntary action. A number of social action groups supported by liberal foreign funding began to mushroom during this phase.

g) Seventh phase – 1980s – During the mid 1980s, the fragmented development models gave way to a more integrated development model. Two different types of grassroots NGOs emerged – i) Development NGOs that were involved in activities such as agriculture, environment, health and literacy and used participatory and innovative approaches and ii) Empowerment NGOs which set up organizations for the poor in rural areas and helped them to articulate their concerns. These NGOs co-existed along with the welfare NGOs and social action groups. However, while the welfare and development NGOs collaborated with the
government, the empowerment NGOs and social action groups took a critical view of government policies and practices. This period witnessed the growth of support groups that specialized in services such as capacity building, research, advocacy, legal assistance, etc. More sophisticated issues such as women’s development, environment and water pollution were emerging on the agenda of voluntary organizations, as opposed to direct social service and support activities such as education, health services, care of the destitute etc.

h) Eighth phase – 1990s – During this phase, voluntary organizations began to make their presence felt at the global level – for example, at UN sponsored meetings such as the UN Conference on Environment & Development. The value of development NGOs in certain areas was recognized and they were approached by international aid agencies and the government to supplement the latter’s efforts in micro-level poverty reduction. The Planning Commission also emphasized the role of NGOs by including a separate sub-section on “Involvement of Voluntary Agencies” in the Seventh Five Year Plan document (1985–1990) under the chapter on Rural Development and Poverty Alleviation Programs. A total Plan expenditure of Rs. 100-150 crores was set aside for collaboration between government and NGOs. The Council for Advancement of People’s Action and Rural Technology (CAPART) was established in 1986, to provide support to NGOs involved in rural development. During the 1990s, the development policies of the World Bank gave a prominent role to NGOs in poverty reduction and development of civil society, in the New Policy Agenda. The aid agencies were of the view that NGOs should play an increasing role in service provision and development, since they were cost effective and efficient service providers.

Legislation
5.6. There are four ways in which an NGO may be registered in India.

a) As a Trust – A Trust is a body which can include three or more members as owners and is suitable for small NGOs and is easily manageable. Trusts are registered under the Indian Trusts Act, 1882 or the Charitable and Religious Trusts Act, 1920.

b) As an Association or Society – This form of voluntary organization comprises seven or more members. It may be registered under the Societies Registration Act, 1860 at the state, district or national level. This is by far the best form of an NGO, since it provides for internal
democracy and participation, thereby securing the confidence of philanthropic agencies and facilitating fund availability.

c) As a Co-operative – Voluntary organizations may also register themselves under the Co-operative Societies Registration Act, 1962.

d) As a Non-profit Company – NGOs are permitted to register under the Companies Act of 1956. However, on account of the provisions on disclosure and reporting under the Act, NGOs tend to prefer to register under the earlier alternatives.

Typical Structure
5.7. NGOs differ from one another in the rules of work and way of conducting business. Generally, an Indian NGO has the following management structures.

- **General Body** – This includes all the members of the organization and is given basic powers such as approval of annual reports and audited statements of accounts, approval of action plans and budgets, consideration and approval of the resolutions passed by the Governing Body.

- **Governing Body** – This includes members elected by the General Body along with office bearers. It is accountable to the General Body and its decisions on pre-defined matters of certain importance have to be approved by the General Body. However, the Governing Body is responsible for the actual leadership and management of the NGO. Its responsibilities include appointment of the Chief Functionary and Executive Staff, fund raising and use of funds, approval of programs organized by staff, taking care of legal issues, etc.

- **Executive Staff and Chief Functionary** – They play an important role, since they are responsible for implementing the programs in co-ordination with the Governing Body. The Chief Functionary plays the role of a full-time Administrator, while the Executive Staff are either Administrative Staff in charge of office management, or Program and Field Staff in charge of implementing projects.
5.8. The Governing Body grants the Chief Functionary the power to direct and manage the organization. The latter is also required to select, train and motivate staff, mobilize funds, prepare budgets and reports, maintain stakeholder relationships and represent the organization at various forums.

5.9. NGOs also appoint outside professionals as advisors to the organization. With NGOs becoming more professional in their approach, these consultants are gradually becoming more and more useful. They identify organizational problems and offer suggestions for improvement.

5.10. A study conducted by Fowler, Alan (2007)\textsuperscript{17,18} found that international NGO networks had three broad categories of organizational structure.

a) Corporate partnerships – Corporate partners are generally not involved in the governance of the organization.

b) Federations – Under this model, affiliates at the regional or national level are responsible for carrying out the work of the international association.

c) Membership associations – In this arrangement, individual organizational members belong to a central association and are involved in the governance of the operations.

5.11. NGOs are also diverse in terms of the type of organization. The table below lists the different forms that an NGO may take and the shaded boxes indicate categories that fall within the scope of our study.
Figure 3

Forms of NGOs and Scope of Study

Non-Government Organizations

Private

Public Sector Organizations

Voluntary Sector Organizations

1. Includes even sports bodies, clubs, apartment owners’ assns. etc

2. Those running educational instns., hospitals etc

3. Those engaged in social service – helping aged, disabled, destitutes, sick, street children etc

4. Those engaged in relief work in times of disaster like floods, earthquakes

5. Those engaged in advocacy – championing rights of women, tribals, socially depressed etc

6. Those engaged in socio-economic development – health, improved technology, instn. building, SHGs, environment conservation, common resource management

6A. “Mother” NGOs providing technical assistance, capacity building, fund raising and such assistance to grass-roots NGOs directly in touch with communities

6B. Apex NGOs operating like a state or interstate “wholesaler” utilizing services of grass-roots NGOs directly in touch with communities, to implement programs

6C. Grass-roots NGOs at district or taluk or village level, directly in touch with communities, engaged in socio-economic development – health, improved technology, instn. building, SHGs, environment conservation, common resource management – loosely referred to as NGOs
5.12. According to Litterer (1969) quoted by Misra, Rajeeb (2008)\textsuperscript{25}, structure refers to “the identification of elements in an organization and relations between them”. Fowler has developed a model of NGO structure that reflects the main characteristics of NGOs. Fowler says that NGOs need to have strengths in five areas – organizational design (vision), systems (strategies and programs), mobilization of resources, maintaining external relationships and achieving results consistent with the mission.

5.13. Development organizations need to have a clearly defined vision, so that it provides a sense of direction to people working in the organization. Vision refers to where the organization would like to be, as opposed to where it is now. Organizational mission refers to the method/s used by the organization to achieve its vision. For example, an NGO whose vision is a world where no child dies of a preventable disease could focus on providing healthcare services in areas where they are currently not available. Organizational strategies refer to how the organization is going to accomplish its mission. It also includes how the organization will use its resources, strengths and weaknesses to achieve that task. Once a voluntary development organization has been created within the above framework, it needs to acquire a legal identity. A separate legal status is required for an NGO for its effective functioning and for enhancing its capacity for fund raising. It enhances the credibility of the NGO among donors and regulatory organizations. In fact, the problem with Indian NGOs is that, as indicated earlier, they can register under different laws of the Government and as such lack a distinct and special legal identity to infuse confidence among funding agencies. Such clarity and distinctness in status makes it accountable to the government, beneficiaries and funding sources in the form of periodic reporting requirements, giving them the right to intervene in its affairs as and when needed.

**Role of Voluntary Sector in Society**

5.14. According to E.F. Schumacher, quoted by Misra, Rajeeb (2008)\textsuperscript{25} the role of NGOs is not to carry out development work in isolation, but through a “participatory approach” - through working with the people. NGOs are essentially grassroots institutions that work closely with local communities. For example, NGOs can communicate with farmers to help them to re-organize their methods of production. On the role of the voluntary sector in society there are different perspectives.
5.15. Misra, Rajeeb (2008)\textsuperscript{94} has identified three major roles for voluntary organizations in a democracy.

a) **Political role** – In this capacity, NGOs are mechanisms through which people voice their concerns and make demands on the government for socio-political reforms.

b) **Educational role** – NGOs provide training to develop the skills of their members and to educate the public, especially the depressed sections of society, on their rights.

c) **Watchdog role** – NGOs serve to watch the government in its use of power and promote accountability to the public.

5.16. The above does not include NGOs engaged in socio-economic development.

5.17. The role of NGOs in India, as envisaged by the Government, can be traced back to the Sixth Five Year Plan document (1980-85). It visualizes useful roles in the following areas - optimum utilization and development of renewable source of energy, including forestry, family welfare, health and nutrition, education; “health for all” programs; water management and soil conservation; social welfare programs for weaker sections; implementation of minimum needs program; disaster preparedness and management; promotion of ecology and tribal development; environmental protection and education.

5.18. The Seventh Plan indicated a bigger role in rural development, by supplementing the efforts of the government. NGOs were expected to “disseminate information, make communities as self reliant as possible, to show how village and indigenous resources could be used, how human resources, rural skill and local knowledge grossly underutilized at present could be used for their own development…”

5.19. The Eighth Plan emphasized the importance of building up people’s institutions through voluntary organizations, in areas such as education, health, family planning, more efficient use of land and minor irrigation. These institutions would be accountable to the community.
5.20. The Ninth Plan’s primary objective was to promote and develop people’s participatory bodies through voluntary sector initiatives.

5.21. The Approach Paper to the Tenth Plan further recognized and encouraged the voluntary sector by granting greater decentralization to Panchayati Raj institutions and other people’s organizations.

**Trends in NGO Activity**

5.22. David Korten (1990) quoted by Misra, Rajeeb (2008) identifies four distinct generations of voluntary action. The first generation functions refer to relief work, or helping war victims, as well as welfare services for the poor and the disadvantaged. The earliest NGOs fall into this category. The second generation functions refer to community development, through which NGOs help people become self-reliant and meet their own needs. Third generation functions refer to the efforts of NGOs to bring about reforms in policies and institutions. Fourth generation functions include organizing independent and decentralized initiatives to support a social vision.

5.23. According to Clark, John (1993), the focus of NGO activities has gradually shifted from a “supply side” approach (delivery of services) to a “demand side” approach. “Supply side” refers to delivery of services to the community and “demand side” refers to helping the community to articulate its concerns and demands.

**Size of NGOs in India**

5.24. According to the NGO database of the Planning Commission, Govt. of India, 2004, the majority of Indian NGOs are small sized NGOs with annual budgets of less than Rs. 5 lakhs a year. This is only in respect of NGOs funded by the Government of India. The table below shows the distribution of small, medium and large sized NGOs, both across India and in the State of Karnataka.
5.25. As the table shows, out of the total number of 5146 reporting NGOs in India in 2004, as many as 3915 were small sized NGOs with annual budgets between Rs. 1–5 lakhs. Similarly, out of the total number of 245 reporting NGOs in Karnataka, 149 were small sized NGOs. Medium sized NGOs are defined as those with annual budgets of Rs. 5-10 lakhs; large NGOs are those with budgets of Rs. 10–50 lakhs and very large NGOs are those with budgets of over Rs. 50 lakhs. Karnataka has 71 medium and 25 large NGOs going by this definition.

5.26. The distribution of NGOs according to activity is set out in the following Table and there must have been a shift among the categories of activities, especially towards environment and health, during the intervening years since the following data were compiled.

Table 1

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<tr>
<th>Distribution of Small, Medium and Large NGOs</th>
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<td>Unit</td>
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Table 2

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<th>Distribution of NGOs According to Activity</th>
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<td>Sector</td>
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<td>Human Resource Development</td>
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<td>Social Justice and Empowerment</td>
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<td>Environment</td>
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<td>Youth Affairs</td>
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<td>Tribal Affairs</td>
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<td>Others</td>
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Funding of NGOs

5.27. NGOs receive funding either from domestic or international sources. The Foreign Contribution Regulation Act (FCRA) governs the flow of funds from international sources.

5.28. Both the number of NGOs registered under FCRA and the amount of foreign contributions have increased over the years from 1993-94 to 2002-03 – the number of NGOs registered under FCRA from 15039 to 25404 and the amount of contribution received from Rs 1865 crores to Rs 5047 crores. (Source: Data from the records of the Ministry of Home Affairs). According to the report of the Home Ministry, the states receiving the largest amount of foreign contributions are Delhi (Rs 881 crores), followed by Tamil Nadu (Rs 775 crores) and Andhra Pradesh (Rs 630 crores). Among the foreign donor countries, the US leads the list (Rs 1,680 crores) followed by Germany (Rs 715 crores) and the UK (Rs 685 crores). Among the leading donor agencies are Ford Foundation (US) (Rs 121 crores), World Vision International (Rs 90 crores) and Foundation Vincent E Ferrer (Spain) (Rs 79 crores).

5.29. In terms of the uses to which foreign contributions are put, establishment expenses top the list (Rs. 674 crores) followed by rural development (Rs 487 crores). Fixed costs of NGOs seem to be high in proportion to funds directly employed for programs.

Karnataka NGOs

5.30. Karnataka has an active and heterogeneous voluntary sector that is involved in a wide range of activities. It also has a large number of rural development oriented NGOs. As of 1995, the number of active NGOs engaged in rural development was estimated to be around 500 (Rajasekhar, 2005\textsuperscript{128}). One of these, the Mysore Resettlement and Development Agency (MYRADA) is one of the largest rural development NGOs in India with an estimated budget of around Rs. 200 million and staff strength of 400.

5.31. According to the Planning Commission NGO Database, Karnataka also has a large number of NGOs that work in the areas of social justice and empowerment and a number of NGO headquarters and urban oriented NGOs, based mostly in Bangalore. A number of
international donors also have their regional offices in Bangalore. Some NGOs are part of State and District level networks, both formal and informal.

5.32. According to NGO Database, Planning Commission, Government of India, 2004, 33% of the total numbers of NGOs in Karnataka were involved in rural development, followed by 30% in social justice and empowerment, as of December 2004. With the decentralization of government and greater power given to the Panchayati Raj in Karnataka, NGOs’ relationship with the government has changed. During the Panchayati Raj elections in 2003, NGOs in Karnataka were actively involved in spreading information about the Panchayati Raj system, voter education, encouraging their beneficiaries to vote in the elections and training PR functionaries.
6. SOCIAL MARKETING AND TYPES OF NGOs

6.1. Social marketing is a relatively new discipline that is still evolving. It deals with the application of marketing principles and practices to social development issues involving behavioural changes among communities towards better health and improved economic status. The origins of social marketing can be traced to 1969, when marketing scholars, notably Philip Kotler and Sidney Levy, conceived the idea of applying commercial marketing principles to non-commercial organizations. Prior to this, marketing was perceived as a pure economic activity, which provided goods and services to consumers for generating profit. However, it also led to some confusion regarding the true identity of marketing. While one school of thought represented by Kotler and Levy defined marketing as a technology, others defined it in terms of the class of behaviour towards which it was directed (Luck & Bartels 1974).

6.2. This broadened view of marketing was termed by Kotler (1972) as “Consciousness 3”, to describe the progression of marketing to a field that included an “organization’s relationship with all its stakeholders and not just its consumers.” Kotler described “Consciousness 1” as a view of marketing that was restricted to market transactions as a business subject and “Consciousness 2” as a slightly broader view that perceived marketing as comprising non-monetary organization-client transactions. The coinage of the term “social marketing” was suggested by Kotler and Gerald Zaltman (1971), when they examined the possibility of applying the “technology” of marketing to social issues. At the same time, Kotler and Levy, who first conceived the idea, proposed doing away with the term “market” altogether, on the grounds that there had been a “furthering”, rather than a broadening of the field. However, the idea of “furthering” did not catch on in marketing academic circles and the term “social marketing” came to be accepted without much debate. Social marketing has gained popularity ever since and has been widely researched and taught, especially in the west.

6.3. Social marketing has been carried out by commercial and non-profit organizations alike. In recent years, NGOs have grown not only in numbers, but also in terms of the sheer
diversity of activities in which they are involved. Different criteria for classifying NGOs have been suggested by researchers and scholars.

6.4. According to Cousins, William (1991) in his article “Non Governmental Initiatives in ADB”, NGOs may be classified into the following types, based on a) Orientation and b) Level of Operation.

### 6.5. Orientation

a) NGOs with a charitable orientation – These NGOs are primarily involved in catering to the needs of the poor, in terms of food, clothing, shelter and education, as well as in relief work during natural calamities such as floods and earthquakes. There is very little participation by beneficiaries in designing or implementing the programs.

b) NGOs with service orientation – Such NGOs focus on providing services such as education, health and family planning. The programs are designed by the NGOs but the beneficiaries are expected to participate in their implementation.

c) NGOs with participatory orientation – These NGOs adopt a participatory approach by involving local people through self-help projects. Participation begins from the stage of need analysis and continues right through to developing and implementing the project.

d) NGOs with empowerment orientation – The primary purpose of such NGOs is to help the poor to take control of their lives by increasing their awareness of social, political and economic issues. In this case, the people are fully involved in all aspects of program design and delivery, with the NGOs merely acting as facilitators.

6.6. Although, at the ground, no water-tight division among the above categories can be noticed, it may be said that application of social marketing would perhaps be mostly in the second, third and fourth categories.

### 6.7. Level of Operation

a) Community Based Organizations (CBOs) are formed out of people’s own initiatives and include clubs, neighbourhood organizations, women’s and educational organizations.
Some of them are independent, while others may be supported by other national or international NGOs. They may be involved in increasing the awareness of the poor regarding various issues, or in providing various services to them.

b) Citywide Organizations include Lions and Rotary Clubs, Chambers of Commerce and Industry and associations of community organizations. They are generally involved in helping the poor as one of their activities.

c) National NGOs – Under this category are included organizations such as Red Cross, YMCA/YWCAs and other professional organizations, which may have branches at the State and city levels and assist local NGOs.

d) International NGOs include organizations such as OXFAM, CARE, Ford and Rockefeller Foundations. Their activities range from funding national and local NGOs to project implementation.

Another way of categorization of NGOs is suggested by Rajasekhar, D (2000)\textsuperscript{30}.

**Grassroots NGOs**

6.8. As the name suggests, grassroots NGOs are those that work closely with sections of society. They vary both in size and geographical spread and may cover a single project location, or multiple project locations at the district, state or regional level. Based on their orientation, grassroots NGOs in turn may be divided into the following sub categories. These sub categories are similar to the types of NGOs suggested by Cousins William.

a) Charity and welfare NGOs include those that provide food, clothing, medicine, etc. to the poor, education, health and drinking water facilities and relief work during natural disasters such as floods and earthquakes.

b) Development NGOs are those that are involved in providing development services such as micro credit, fertilizers and technical knowhow.
c) Social action groups are NGOs that focus on mobilizing and increasing the awareness of marginalized sections regarding various social, political and economic issues. For example, the Young India Project in Andhra Pradesh is involved in mobilizing agricultural labourers for the effective implementation of land reforms.

d) Empowerment NGOs are similar to social action groups, except that they also undertake development activities such as provision of savings and credit for the empowerment of the poorer sections of society. For example, MYRADA utilizes credit management groups for social and political empowerment. Grama, a Karnataka based NGO provides savings and credit, and enables the people they work with to obtain resources from the government. It also mobilizes them around issues such as anti-arrack.

6.9. While the first two sub categories of NGOs receive the full support of the government, the last two – namely, the social action groups and the empowerment NGOs do not. This is because their efforts to mobilize underprivileged groups and enable them to assert their rights by raising their awareness of social and political issues sometimes do not synchronize with the aims and policies of the government.

Support NGOs
6.10. These NGOs essentially provide support services in the form of capacity building to strengthen the grassroots NGOs. SEARCH, mentioned elsewhere in this report is an example of this type of NGO.

Umbrella or Network NGOs
6.11. These are formal or informal groups of grassroots or support NGOs which meet to discuss specific issues or common concerns, share experiences and are involved in lobbying and advocacy. An example of a network NGO is FEVORD–K (Federation of Voluntary Organizations in Karnataka).

Funding NGOs
6.12. These NGOs focus only on funding the grassroots and support NGOs. Most of the funding NGOs in India raise a substantial part of their resources from foreign sources.
Examples include Child Relief & You (CRY) and the Aga Khan Foundation. There are also foreign funding NGOs such as Oxfam and Action Aid, which generate resources from the public and governments in their respective countries. They also have country offices where the grassroots NGO is located.

Three Organization Types

6.13. A third classification of NGOs suggested by White, Mark (2001) is based on a classification of business organizations, which, according to him, is equally applicable to NGOs.

a) Static organizations are those with fixed practices and fixed size. These do not change with time. They continue until they are challenged by some new organization.

b) Dynamic organizations are those with fixed practices, but whose size may vary with time. However, they decline as new organizations with better practices come into existence and take away their clients.

c) Adaptive organizations are those with variable practices and variable size. They constantly seek to improve themselves by adapting their practices, creating new products, retaining their clients and going through several product life cycles. They pose a challenge to static and dynamic organizations.
7. ROLE OF NGOs

7.1. Clark, John (1993) suggests that the voluntary sector, apart from projecting itself as an alternative to the government agency as a provider of social services, should also strengthen the government’s efforts at social development in the following ways.

- Persuading government ministries and official aid agencies to use successful approaches developed by the voluntary sector.
- Making the public aware of their rights under government programs
- Helping to tailor official programs to public needs
- Collaborating with official bodies on operational aspects
- Shaping the local development policies framed by national and international institutions
- Offering training and improved management capacity to the government and funding agencies, thereby enabling them to come up with a more effective development strategy.

Challenges for Social Marketers

7.2. Social marketing is much more challenging than commercial marketing, since its primary objective is to bring about transformation in social behaviour. Promoting a healthy diet and getting people to change their dietary habits is a good example of social marketing which is likely to face resistance. The target group may not recognize the need to change their diet and even if they did, might offer resistance to the very idea of change. (Bellamy, Hilary et al, 1997).

7.3. The differences between commercial marketing and social marketing form the reasons for the task of social marketers being more complex. The differences, highlighted by Kotler and Andreasen (1996), quoted by Bellamy, are as follows.

Positive Demand vs. Negative Demand

7.4. Commercial marketers have a ready or latent demand for their products and services, whereas social marketers often have to overcome negative demand or an inclination for the
opposite. Certain practices such as eating a healthy diet or giving up smoking are strongly rooted in habit.

7.5. Several success stories of overcoming negative demand or resistance and bringing about behavioural change speak of the value of SM. The Washington-Heights Inwood Healthy Heart Program was successful in getting consumers to switch from whole milk to low fat milk in a low income, Latino neighbourhood of New York city. The campaign’s objectives and strategy were studied by Weschler and Wernick (1992) as quoted by Bellamy. The program aimed to encourage consumers to bring down fat consumption, especially among children, by switching to low fat milk. Initially, there was resistance among the target group to the idea of consuming low fat milk, since it was perceived to be a low quality substitute for whole milk and its availability was also limited. A two-pronged social marketing strategy was developed to influence consumer demand on the one hand and to increase the availability of the product on the other. The promotional strategy consisted of educating consumers about the nutritional benefits of low fat milk as compared to whole milk and explaining the process for making low fat milk. Flyers, posters and other print material, both in English and Spanish were distributed to target consumers. This was combined with consumer sales promotion techniques such as sampling of low fat milk and contests for collecting low fat milk labels. The distribution strategy was to increase availability by persuading educational institutions such as schools and child care centers to sell low fat milk. The campaign was highly successful in achieving its objectives.

**Clear-cut vs. Invisible Benefits**

7.6. While commercial marketers promote products and services that offer immediate and visible benefits to consumers, social marketers promote practices for which there are no immediate benefits, but quite often there is immediate intangible cost in the form of inconvenience or dissatisfaction. Eating a healthy diet, exercising regularly and giving up smoking are all examples of change that offer benefits in the form of weight reduction, prevention of cancer, etc. only in the long term. Therefore, the task of the social marketer in convincing the target group is more difficult.

7.7. In this regard, Bellamy cites Andreasen (1995) and the latter’s successful case study of the National High Blood Pressure Education Program (NHBPEP). Started in 1972, this social
marketing program was effective in increasing people’s awareness of the link between high blood pressure, stroke and heart disease. The social marketing interventions were also successful in encouraging a significant number of people to get their blood pressures checked regularly and to take appropriate treatment. Thus, the Program was able to convince people about the long-term health benefits of the behavioural change and to motivate them to sustain the change.

Literate vs. Illiterate Audiences
7.8. Commercial marketers generally promote their products and services to the educated middle classes with expendable surplus, whereas social marketers most often are concerned with illiterate, rural audiences. The task of convincing such audiences becomes more difficult, especially since the media available to reach them with promotional messages are limited. For example, the print medium cannot be used due to low level of literacy.

Large vs. Limited Budgets
7.9. Commercial organizations operate with adequate and often large budgets, compared to social marketers who depend heavily on external donors and sources of funding for resources. This makes their task more challenging, since they have to find cost-effective ways of achieving their program objectives within available resources.

Greater Accountability
7.10. Social marketers do not have the flexibility to experiment and try out the most effective marketing methodologies and cannot afford to take risks unlike commercial marketers, since they are answerable to a number of stakeholders in the way they use their resources – the government, the donors or benefactors, the beneficiaries and the general public. They are also subject to public scrutiny, since they are involved in tackling social issues.

Globalization and NGOs
7.11. The advent of globalization has triggered the worldwide growth of civil society organizations in general and NGOs in particular (Brown, David et al, 2000)\(^6\). However, their impact in different countries has not been uniform and has been influenced to a large extent by the degree of openness to globalization and its implications. International NGOs and civil society alliances have been actively involved in disaster relief, service delivery and policy
analysis. They have also been playing an increasing role in international policy debates that affect the institutions for international governance.

**NGOs’ Role during Civil Strife**

7.12. Omana, Julius (2005)\(^{26}\) has emphasized the importance of the role played by NGOs in an environment of conflict where traditional systems such as the government break down. He cites the case study of civil society organizations in war-ravaged Gulu District of Northern Uganda. He argues that the situation in Northern Uganda is representative of war torn environments in other developing countries, notably Afghanistan, Sudan, Somalia and Congo. He points to the failure of the government as well as the private sector in such environments in providing services to the people and to the potential of the “third sector” to fill the breach. Omana visualizes a role for civil society organizations, including NGOs in such environments, in three major areas – a) in providing essential goods and services b) in restoring peace and in advocating human rights and c) in developing infrastructure. Civil society organizations, according to him, are more visible than the government, due to their “participatory” methods of intervention. This approach implies working closely with beneficiaries, building trust, creating transparency and making NGOs more recipient-friendly. Omana calls upon governments in such conflict environments to support the efforts of NGOs and to create a favorable policy environment that will facilitate their growth. At the same time, civil society organizations need to strengthen themselves by building co-operation and partnerships among themselves and with the government.

**NGOs and Social Capital**

7.13. NGOs are an important part of the social capital of any community. NGOs are primarily engaged in community driven development, which involves working closely with the poor and empowering them with a view to facilitate poverty reduction. According to Poteete, Amy (2003)\(^{108}\), community driven development brings about empowerment by building effective social institutions, which form the social capital of the community.

7.14. Poteete, Amy (2003)\(^{37}\) uses the term *social capital* to refer to dimensions of social organization that generate multiple horizontal linkages and foster the development of social trust, collective reciprocity and tolerance. High levels of social capital are expected to facilitate provision of public goods and services and contribute to community well being.
NGOs in Water Issues

7.15. Water related issues plague many communities at the local level in most parts of the developing world and even in developing countries like India. There is enough experience to show that NGOs have the potential to play an important part in promoting water harvesting techniques, water conservation habits and building local institutions for self management of the community’s water resources.

NGOs in Micro Finance

7.16. Micro finance operations of Indian NGOs began in a small way and later grew into a large-scale operation. Initially, only the savings of members of the Self Help Groups were used to meet the credit requirements of the other members. Since this was sufficient only to meet consumption credit needs, the NGOs gradually began to raise funds from outside donors through agencies such as NABARD. The amount of credit fund available varied from NGO to NGO.

7.17. Loan applications are submitted by members to the leader of the SHG. The decision to sanction the loan was made by the entire group, based on factors such as ability to repay the loan, attendance at group meetings and contribution to savings. All loans had to be guaranteed by two other members. In most cases, members could apply for a second loan only after the first loan was repaid. However, in emergency situations, such as health reasons, a second loan could be granted. The loan amounts generally varied from as low as Rs. 50 to a maximum of Rs. 10,000. The average loan amount for most of the NGOs was Rs. 1500. The annual interest rates were fixed by the NGOs, based on market rates and varied from 12% to 24%.

7.18. Some banks do not value the idea of NGOs playing the role of financial intermediaries. During a workshop organized by the Small Industries Development Bank of India (2002), the argument was that NGOs could not match the formal financial institutions like banks in terms of financial know-how and scale of operations. It was felt that NGOs would do best to focus on the formation, nurturing and capacity building of the SHGs and leave the financing activities to the banks and other micro finance institutions.
NGO Poverty Alleviation Strategies

7.19. Indian NGOs have been playing a prominent role in the empowerment of poor women, livelihood security and capacity building. However, the efforts of Indian NGOs to reduce poverty have had limited success, since they have been unable to tackle the root causes of poverty, namely lack of assets and unemployment. The same is true of local organizations, such as schools, banks, co-operatives and gram panchayats.

7.20. A study by Rajasekhar, D (2004) revealed the constraints within which NGOs have had to work - lack of technical and political capacity, managerial expertise, trained staff and infrastructure. It was also found that the main obstacle faced by NGOs in their efforts to alleviate poverty was the fact that they have had to work in isolation, due to weak support from local organizations.

Marketing Problems of NGOs

7.21. NGOs have been successful in persuading members of the SHGs to take up creative activities, supported by micro credit. However, they have not been able to derive the benefits because of poor marketing effort. For example, one NGO in Kerala encouraged its members to take up basket making, with the objective of getting them to market the finished products. This affected their incomes from the activity and their ability to repay their loans.

Strengths of NGOs

7.22. Rajasekhar, D (2000) has listed out the advantages and disadvantages of NGOs. Empowerment and development NGOs undertake activities based on studies to determine who the poorer sections are, the reasons for poverty and the strategies to be adopted to reduce poverty. Based on these studies, they help the poor to articulate their concerns and address their problems. They are also more flexible in terms of their functioning, methods and practices, since they are small in size and have local coverage. A few surveys among Karnataka based NGOs revealed that a majority of them covered only one or two taluks in a district (Rajasekhar, D, 2000). This makes it easier for them to implement and monitor their programs, respond quickly to local needs and change their working styles according to the needs of the local community. The small staff strength also enables better coordination. Empowerment and development NGOs use innovative and participatory approaches, whereby they involve the local communities with which they work. A good example is that of the
Grameen Bank in Bangladesh, whose innovative credit program is implemented by both developed and developing countries. Another example worthy of mention is the Credit Management Program of MYRADA, whose innovative approach inspired other NGOs, as well as the NABARD to introduce similar programs. Similarly, MYRADA and the Centre for Appropriate Technology (CAT), based in Tamil Nadu also adopted innovative approaches to watershed and dryland development. Regarding the use of participatory approaches, several NGOs have successfully adapted participatory methods such as Participatory Rural Appraisal and Participatory Learning and Action and used them for their own benefit. As a result of people’s participation, they have been able to make their programs more cost effective. Development and empowerment NGOs enjoy greater autonomy than other NGOs, since they have independent governing boards. People’s participation in their programs also makes the development and implementation of their programs independent of the local power structures.

7.23. According to Rajasekhar (2000), NGOs have comparative advantages over the government and government agencies. For example, they have shown their potential to reach out more effectively to the poorer sections, compared to government programs. They have been especially successful in increasing the productivity of assets and labor, creating greater marketing opportunities for milk, handicrafts and other products and providing greater access to basic amenities such as food, water, health and education facilities.

7.24. Rajasekhar diagnoses that NGOs are more motivated and committed than most government agencies. His view is based on a comparative study of programs undertaken by the government and an NGO to benefit small farmers in Mangalore district in Karnataka (Kothai, 1994). The NGO program scored over the government program in terms of problem definition, design, implementation and evaluation, training given to farmers, coordination and follow up activities. Other similar comparative studies in Karnataka have also led to the same conclusion.

Weaknesses of NGOs

7.25. The following are some of the weaknesses of NGOs cited by Rajasekhar. Besides poor governance and lack of transparency as they grow, NGOs tend to become more hierarchical and dominated by its leadership. Decision making is confined to top levels of management,
while the opinions of lower level staff are often ignored. Most NGOs also have no transparency regarding their expenditures and how the money is spent.

7.26. Inappropriate targeting of services and failure to provide services to the most needy sections of society have been cited as some of the shortfalls. This phenomenon is evident from the fact that there is a concentration of NGOs in the southern states where the economic indicators are better, compared to the relatively backward central states of MP, UP, Bihar and Rajasthan.

7.27. Inability to reach out to the poorest sections has been cited based on a study of nine NGO savings and credit programs all over India (1996 and 2000). Rajasekhar says that factors such as the importance given to savings linked to credit, collateral requirements and short-run credit prevented the poorest from availing of credit facilities.

7.28. Hostile attitude toward the government is another factor. This is particularly true of development and charity NGOs, which try to replace the government as a provider of services and development programs, which may weaken people’s trust in the government.

7.29. Ineffectiveness of income generation programs is an important finding of a study conducted in 1998 on the income generation programs of Indian NGOs. Rajasekhar concludes that the income derived from these activities was negligible and constituted only a small fraction of the total income of the member families. These programs did not offer a permanent, long-term solution to the problem of unemployment, since the income was often less than the existing wage income.

7.30. NGOs have shown their inability to impact government policies at various levels. One reason for this is the fact that NGOs tend to compete, rather than collaborate on various issues. As a consequence, they have not emerged as a collective force to represent the interests of their members.

7.31. According to Rajasekhar, “accountability implies the extent to which NGO activities and programs seek to fulfil the objectives” He distinguishes between upward accountability (accountability to government, donors and governing board), lateral accountability (to the
media and general public) and downward accountability (to staff and beneficiaries). Based on a study of 16 NGOs in Karnataka (1998), he suggests that the activities of NGOs are dictated by the donor’s or the government’s policies, rather than by the needs of the people.

Involvement of NGOs in World Bank Activities
7.32. The World Bank Operating Manual (1989) lists the main strengths that NGOs can bring to operations supported by the Bank.

- NGOs have the ability to reach poor communities, remote areas and areas where governments have failed to reach, with limited resources and infrastructure
- NGOs encourage a participatory approach to the design and implementation of development programs
- NGOs use cost effective methods by keeping their fixed costs low, using appropriate technologies and streamlined services
- NGOs study local needs and cater to these needs by adapting existing technologies and using innovative approaches.

7.33. NGOs, however, have not been able to contribute their full potential to support Bank operations due to the following weaknesses (quoted from the World Bank Manual).

- The activities of NGOs are too localized to be replicated on a regional or national scale. In trying to widen the scope of their activities with support from the public sector, NGOs may lose their autonomy, innovativeness and become non participatory.
- Many NGO programs are not designed in such a manner as to bring about sustained behavioural change
- Even the most professionally staffed NGOs have inadequate managerial resources, poor accounting systems and limited infrastructure.
• Although experience varies by region and sector, NGO development projects are often implemented individually, outside the framework of a broader programming strategy for a region or sector, and with little regard even to other NGOs' activities. Coordination has been recognized as a constraint affecting the NGO community itself, as much as the public sector or the donor community.

• Some NGOs combine development concerns with political or religious objectives that limit the extent to which the Bank can work with them while safe-guarding its primary relationship with its member governments.
When does Social Marketing Practice become Relevant?

8.1. Whether the principles and concepts of commercial marketing can be transferred to social organizations has been the subject of much debate. Kotler and Levy (1969) assert that commercial marketing principles could be applied equally by voluntary organizations engaged in social development and in bringing about changes in social behavioural patterns. Andreasen, Alan (2000)¹ has argued that applying commercial marketing principles to the non-profit sector is not a smooth transfer. Other authors such as Bloom and Novelli (1981)⁴ have also suggested that the differences between the profit and non-profit sectors make it necessary to adapt the principles of commercial marketing to a social development context. Andreasen defines the problem as being two-fold, arising out of the differences between the two types of organizations in terms of (a) funding and accountability and (b) the kinds of transactions they are involved in.

8.2. The differences between the two types of organizations are mainly environmental, which may be structural (e.g. source of funding) or cultural (attitude to marketing within the organization). The essential difference between transactions in the profit and non-profit sectors is that the latter is concerned with transactions of a non-economic nature, in the sense that consumers do not pay for the organizations’ economic offerings. Based on these differences, Andreasen formulated the following hypotheses regarding the applicability of commercial marketing principles to social marketing.

- The more similar the environment of the non-profit organization to that of the commercial organization, the more extensively marketing principles can be applied to a non-commercial organization.

- The more similar the non-profit organization’s main transaction to an economic transaction, the greater is the scope for application of commercial marketing principles and concepts.
8.3. In other words, market-like circumstances should be prevalent to be able to apply marketing principles to social development.

**Importance of Marketing Principles in Social Development**

8.4. Stead, Martine et al (2007)\(^{34}\), in their thesis on the development of a social marketing strategy for health improvement in Scotland, argue that ever since Wiebe, G D (1952)\(^{39}\) concluded that commercial marketing principles could be applied to social marketing campaigns, provided “market like circumstances” exist, social marketing has come a long way. It has played a particularly significant role in the improvement of public health in developed countries. They point out that the potential of social marketing to build public health was recognized in the UK by the Department of Health (2004) – the White Paper on Public Health describes social marketing as “marketing tools applied to social good” and “used to build public awareness and change behavior”.

8.5. Regarding the question on whether social marketing really works in terms of bringing about behavioral change, the authors cite the results of a study on the effectiveness of social marketing interventions to influence a change in dietary habits (McDermott et al, 2005). These interventions were found to be effective in influencing both behavior and perceptions of the benefits of eating healthy food, although their effectiveness in terms of influencing conditions such as blood pressure and cholesterol (which take a much longer time to change) was limited.

**Developing a Marketing Strategy and Plan in Social Marketing**

8.6. Bellamy, Hilary et al (1997)\(^{2}\) in their Social Marketing Manual stress the need for social marketers, like commercial marketers, to develop a strategy statement that would include the following components.

- The broad objectives of the social marketing campaign
- A definition of the primary and secondary target audience
- The desired outcome or behaviour of the target audience, as a result of the campaign
- The perceived benefits of adopting a particular practice
- The factors that would motivate the target audience to adopt this practice
• The barriers to be overcome in changing the behaviour of the target audience

8.7. Such a strategy statement provides a starting point and sense of direction to the social marketing team and helps to tailor the campaign to the specific needs of the target audience. The strategy statement should be developed into a social marketing plan, which includes the type of message, tone of the message, the choice of communication channel, the nature of information and the spokespersons for the campaign. The plan should also specify the objectives, budget, deadlines and responsibility centers for each activity.

Distribution Principles in Social Marketing

8.8. The standard approach to social marketing, especially in developing countries, is to use the same techniques and outlets as those used in commercial marketing, for promotion and distribution. This is especially true of condom social marketing, where the existing retail and wholesale outlets for commercial products have been used in several countries. While this approach is sufficient to reach a mass market, social marketers in developing countries often have to reach specific target groups with a low-income population. Fox, Michael, Consultant, UNAIDS, (2000) suggests that in addition to the use of traditional sales techniques and distribution systems, social marketers need to discover non-conventional distribution and promotion methods to meet the needs of these segments according to their characteristics and peculiar needs. For example, in some countries, condoms are available not only in pharmacies and drugstores, but also in bars, beauty parlours, gas stations and bus and truck terminals. Fox further suggests some possible alternative approaches that could be adopted by social marketers, briefly explained below.

8.9. Community Based Promotion and Distribution (CBD) Model – In this model, non-professional sales agents are selected from among the general population and trained to serve the needs of the target segment. They are compensated through margins on their sales or number of contacts made, if the purpose is not to sell but to influence habits. This approach is particularly effective in reaching geographical areas and groups that are not easily accessible. It has been used successfully by some NGOs to complement the traditional outlets.
8.10. Community Based Social Marketing (CBSM) – This model is a variation of the CBD model and was first developed and tested in Chennai by International Family Health and its partner NGO, the Indian Institute of Community Health. It involves recruiting sales agents from both the general public as well as specific groups. The agents are trained in reproductive health and are compensated not only through commission on their sales/contacts, but also through a referral scheme, whereby they are compensated for recruiting others as agents. This approach is based on commercial network and multi-level marketing techniques that have been used successfully in the west. It has been successful in reaching specifically defined groups and in HIV awareness and prevention.

8.11. Manufacturer Model – In this approach, support is provided in the form of grants for the distribution and promotion activities of a local or foreign manufacturer. This reduces their commercial marketing costs and encourages them to invest in activities such as advertising and promotion. This approach has been used by the Futures Group International and its international USAID supported SOMARC project, but is less common.

8.12. Targeted Service Delivery (TSD) Model – This approach involves planning social marketing activities so as to distribute products and services to priority target groups within the general population. These groups are generally identified through research and market segmentation studies. They require special attention, since they are not served adequately by traditional distribution outlets.

**Relationship as a Factor in Social Marketing**

8.13. The literary review throws some light on some of the success and failure factors in social marketing. Raval, Dinker et al (2007)\(^31\) state that “relationship-based” social marketing strategies are more successful than “transaction-based” strategies in terms of achieving sustainable behavioural change. This is an important feature of SM as compared to commercial marketing. Relationship marketing is based on building relationships with stakeholders with the objective of bringing about customer loyalty and retention. The authors cite the need for relationship-based marketing, quoting Kotler and Armstrong (1997). “Build good relationships and profitable transactions will follow.” Raval et al provide a rationale for relationship-based *social marketing* by restating Kotler and Armstrong’s dictum. “Build
mutually fruitful relationships with the recipients and stakeholders and desired behaviors will follow.”

8.14. The reasons advanced by these authors for a relationship-based approach to social marketing are as follows.

- Relationship-based approach in social marketing makes it more likely that the behavior change will be sustained over the long run. Sustainability is a basic need in social marketing.

- One of the tasks of the social marketer is to try to influence the policy environment, so that it facilitates, rather than hinders social marketing programs. In order to do this, social marketers need to maintain good relationships with policy makers, regulators and legislators.

- Since social marketing programs have a long-term objective, they are likely to be successful only if long-term relationships are built with other related organizations.

- The theory of exchange originated from economics and is central to commercial marketing. However, there have been conflicting views regarding whether the concept of exchange is equally applicable in social marketing. Those who believe that exchange is applicable to social marketing, (Peattie and Peattie, 2003) quoted by the authors, describe it as an interaction between the social marketer and the target audience. Since more intensive human interaction is involved in SM compared to commercial marketing, relationships assume importance.

- Given that social marketing’s goal is sustainable behavioral change, there is a need for continued support and long-term interventions on the part of social marketers. This also calls for constant interaction between providers and customers, or the beneficiaries of the program, through various “touch points” or linkages suggested by (Peltier & Scovotti, 2004) and cited by the authors. Therefore it is essential to build enduring and deep relationships with participants and target recipients.
Today, many NGOs and other social organizations operate on a global level and work within different cultural contexts. The nature and importance of relationships may vary among different cultures. Cultural anthropologist Hall, Edward (1976), quoted by the authors, distinguishes between relationships in “high context” and “low context” cultures. He argues that in high context cultures, where relationships are individual centered, such relationships tend to be deeper and longer lasting, but taking longer to develop than in low context cultures. Social marketers need to be aware of these differences and build relationships accordingly. For example, a social marketer in China needs to be aware of the concept of “guanxi”, which refers to a deep relationship at a personal level that is built over a long term.

8.15. Raval et al also classified relationships in general into the following types –

- Process based relationships – These refer to relationships which are built in four stages – before, during and after the relationship and in some cases, the dissolution of the relationship. Social marketing strategies need to be tailored to each of these stages, since the nature of the relationship will be different at each stage.

- Empathetic and supportive relationships are built based on society’s value systems and ideas of what is right and wrong. For example, an organization may adopt environment friendly policies or get involved in social development, in order to win the goodwill of its stakeholders. Similarly, social marketers can also get involved in activities that generate support from its stakeholders.

- Love-hate relationships – This type of relationship arises out of interdependence between two parties that have opposite goals. For example, two social organizations may compete with each other in trying to bring about behavioral change among the youth in a particular geographical area, but at the same time collaborate to increase government funding for NGOs or to change tax rules.

- Plutonic and dormant relationships – These are implicit relationships which are not readily obvious during normal situations but which surface only during times of crisis. For
example, after Hurricane Katrina, those NGOs which had a good relationship with the Federal, State and City governments were able to generate public support and funds for their activities.

- Obligatory or reciprocal relationships – These are relationships between two parties that are expected to fulfill mutual obligations and reciprocate each other’s efforts on legal, cultural or moral grounds.

- Affinity based relationships – In the context of social marketing, this means building relationships with affinity groups, or groups that can enhance the reach and effectiveness of social marketing programs and messages. For example, a social marketer trying to promote the concept of eating a healthy diet could build relationships with grocery stores and food manufacturing companies and persuade them to promote the idea of eating healthy food in their marketing campaigns.

- Horizontal and vertical relationships – Horizontal relationships refer to relationships with peers or those organizations working with similar objectives, activities and clients. For example, two NGOs working in the area of HIV/AIDS awareness and prevention may join together to pool their resources. Vertical relationships on the other hand are built with the objective of shortening the supply chain and achieving vertical integration. For example, the same NGO could form an alliance with a manufacturer of condoms to obtain the products directly and at less cost.

- Multiple level relationships – This means cultivating relationships at more than one level with customers. The authors cite Berry and Parasuraman (1991) speaking of three different levels of relationship with customers - the first level involves gaining loyalty through price incentives, the second level involves customizing products to individual needs and the third level involves providing solutions to customers’ problems. Similarly, multi layered relationships help to improve the effectiveness of social marketing programs.

- Symbiotic relationships refer to relationships between two parties that depend on each other to achieve their results. This is true of the relationship between the social marketer and
the target audience. Such a relationship usually benefits both parties. In cases where the social marketing program is successful, the relationship is mutually beneficial.

- Technology driven relationships – The emergence of new technologies such as the internet and data mining have added a new dimension to social marketing relationships. Social marketing campaigns that aim to increase awareness and interaction in particular, can exploit the new technologies to build stronger relationships at reduced costs.

**Importance of Study of Target Audience Behavior**

8.16. Smith, William (2006)\(^32\) emphasizes the importance of defining and distinguishing between different types of behaviors, prior to developing a social marketing strategy. He points out that not all habits are alike. Some are simple, while others are more complex; some are well understood, while others have to be explained; some are supported by regulations (such as drinking and driving): some types of change bring immediate rewards, while others may have only delayed rewards (quitting smoking). Therefore, it is essential for social marketers to research these behaviors and to formulate a strategy that is appropriate to the target.

**Social Marketing Research Techniques**

8.17. As with commercial marketing, research is the starting point and basis of successful social marketing. Social marketers, like commercial marketers, have a variety of research techniques at their disposal, which may be used depending on what is to be measured and the decision to be made. These techniques are similar to the techniques used by commercial marketers and include the following-

a) Adopter segmentation research – For measuring the demographic, psychographic, psychological and behavioral characteristics of target adopter groups;

b) Positioning research – For measuring perceptions of the social marketing “product”, so as to determine how to position the product;
c) Product testing – To test the strengths and weaknesses of social products, so as to
determine the features of the product;

d) Brand name testing – For testing alternative brand names in terms of recall and
comprehension, with a view to selecting an effective brand name (In social marketing in
India this seems to have very limited relevance);

e) Package testing – For testing alternative packages, to select the best form of
packaging if transfer of a tangible product is involved, or the way an idea is presented, which
represents its package;

f) Communication material pre-test – For testing communication messages and
execution elements in terms of perceptions, image and motivation, so as to determine the
most effective message and method of execution;

g) Post communication effectiveness research – For testing the social marketing
campaign after its release, in terms of recall, awareness, image and motivation, with a view to
determine whether or not to continue the campaign;

h) Price sensitivity research – To determine the acceptability of the price (the
inconvenience of changing over to a new pattern of practices could constitute its cost to the
“buyer”) of the social marketing product among the target group;

i) Test marketing – For measuring adoption and diffusion of behavior among the target
group &

j) Distribution channel research – To determine the best method of delivery of the
product/service to target adopters.

Social Marketing Process
8.18. Walsh, D. C. et al (1993)\textsuperscript{37} have provided a comprehensive overview of the entire social
marketing process. They have divided the social marketing process into three phases and
described the various activities and elements involved in each phase.
Phase I – Research and Planning

a) Planning – The activities involved include setting realistic and measurable objectives, determining checkpoints for making decisions, reviewing existing research and developing a prototype of a program and establishing measures of effectiveness.

b) Consumer Analysis – This element involves conducting both qualitative and quantitative consumer research and segmentation of the market.

c) Market analysis – This includes development of the marketing mix, determination of whether the product is appropriate for the selected target group and analysis of the competition.

d) Channel analysis – In this phase, social marketers need to evaluate both communication channels which can carry the message across effectively to the target audience, as well as distribution channels for reaching consumers with their “products.” They also need to examine possible partnerships with other organizations.

Phase II – Strategy Development

a) Marketing mix strategy – The marketing mix needs to be translated into a specific strategy for each element, tested in a limited area among the target group and fine tuned wherever needed.

b) Communication – Message strategies and concepts need to be developed in keeping with the target group, tested and modified as and when required.

Phase III – Implementation and Evaluation

a) Implementation – During this phase, social marketers need to get the commitment of collaborators and determine the exact nature of their involvement in the social marketing
program. They also need to train the various people involved in program execution and product/service delivery and activate distribution and communication;

b) Process Evaluation – This involves assessing the extent to which communication messages have been successful in reaching the target audience, products and services have reached the target and the actual usage of the product or service. Based on the results, modifications should be carried out &

c) Outcome Evaluation – Finally, social marketers should assess the impact of the social marketing program in terms of behavioural change and other pre-determined measures of effectiveness. They should also assess the cost-effectiveness of their programs.

8.19. The authors suggest that these process elements may be used as a checklist to determine the comprehensiveness of social marketing programs.

8.20. The authors present the case against as well as for social marketing, especially in the context of improvement of public health. They cite critics of social marketing, notably Larry Wallack (1990), who believe that social marketing reflects commercial interests and values and has not offered any visible benefits in terms of improvement of public health. Other critics have pointed out that a marketing orientation itself is in conflict with the core values of public health. This is because of the negative image that commercial marketing conjures in people’s minds. On the other hand, the proponents of social marketing have emphasized that social marketing, while borrowing the concepts of commercial marketing, is a much broader discipline that incorporates ethical and responsible marketing practices.

**Competition in Social Marketing**

8.21. Competition is a key concept in social marketing, but is different from competition in the commercial marketing sense. In commercial marketing, competitors are all those who offer a similar product or service to the same target segment. In social marketing, competition is in the form of competing behaviour of the target group, or dogged adherence to maintaining current behaviour, according to Cahill, John et al (year not mentioned). For example, a social marketer trying to get people to quit smoking, might face competition in the form of the target group continuing to smoke or smoking more, on discovering that smoking
is a stress reliever. Therefore, social marketers should design their programs, delivery, products and prices in such a way as to make the competing habit less appealing, less available and more expensive.

8.22. Cahill et al also emphasize that formative research, or research prior to developing a social marketing campaign is essential for the success of social marketing programs. This involves an in-depth understanding of the needs, wants, fears, attitudes, knowledge, behavior and perceived risk of the target segments. The factors that influence change of practices and the barriers to change should also be identified and studied in advance.

**Social Marketing Model**

8.23. Social marketers can use the following criteria for selection of their target audience (Social Marketing Model, 2000) Anonymous.

- Identify those who are likely to be receptive to and interested in their messages. For example, people in need of hospital based care are likely to be most receptive to information on hospital quality.

- Select the most influential people in the community, who have the power to influence others. For example, opinion leaders or leaders of local communities.

- Reach out to “early adopters.” These are people who are open to trying out new products and to new ideas and concepts.

- Identify secondary audiences – Apart from primary audiences, social marketers should also target and create awareness among secondary audiences, since they can influence primary audiences. For example, if parents are the primary target for creating awareness about health plans for children, social marketers could also target teachers, counselors and school administrators, since they will be in a position to influence parents.
Demonstrating Utility of SM Principles through an Example

8.24. Hoffman, Jeffery (2006)\textsuperscript{21} recommends the use of the following eight “P”s in social marketing campaigns by citing the example of social marketing for water management.

a) Product – The “product” in this case is the concept of using water in a conserved manner. The target audience must be made to realize that there is a problem and made to “buy” the habit of careful use of water as a solution to the problem.

b) Price – In this case, price refers to the “cost” of obtaining the product, which could include the time, effort and inconvenience involved in adopting the new practices. If the target audience perceives the benefits to be greater than the “cost”, the chances of their adopting the recommended change will be greater.

c) Place – This refers to how the target audience is reached with relevant information or training.

d) Promotion – In social marketing, the integrated use of advertising, personal selling, sales promotion techniques and public relations helps to create greater awareness and sustain behavior.

e) Publics – These are the internal and external stakeholders involved in the social marketing campaign. The external publics include the government and policy makers, the beneficiaries of the program and the funding sources. The internal publics are those who are involved in the implementation of the social marketing program. Their commitment to the marketing program increases the chances of success.

f) Partnership – The task of bringing about social change is too complex to be undertaken by a single organization. Therefore, social marketers need to partner with other agencies and organizations with similar goals, so as to achieve maximum impact.

g) Policy – Social marketing programs may be successful in bringing about change in the short run. However, unless the policy environment is conducive, it is unlikely that the behavior change will sustain over the long term. Therefore, social marketers need to assess
the current policy environment and try to either adapt to current policy environment or lobby for policy changes, to enhance the success of their social marketing programs.

h) Purse – The success of the social marketing program depends largely on the extent of funds available, as well as the continuity of funds. Social marketers need to develop effective fund raising strategies and examine various alternative sources of funds, such as grants, donations, etc.
9. NGOs IN INDIA, GOVERNMENT POLICY AND REGULATIONS

Results of Sample Survey of NGOs in India

9.1. A study carried out in collaboration with the Institute for Policy Studies, Johns Hopkins University, USA (2002), in collaboration with PRIA (Society for Participatory Research in Asia, New Delhi, 110 062, website www.pria.org), as a part of a comparative global study throws some interesting statistics on NGOs in India. These are highlighted in this section.

9.2. The study included the following non-profit organizations in the study.

- Organized non-profits, legally organized or not
- Private organizations of a non-profit nature, institutionally separate from the government and free of governmental authority
- Non-profits which plough back their surplus, if any are generated
- Autonomous organizations functioning independent of government or private business control
- Voluntary organizations with people contributing time and effort without full compensation

9.3. As such it did include orphanages, social service providers and development organizations.

9.4. According to their sample survey, it is estimated that there are 1.2 million non-profits in India. The non-profit sector in India is predominantly rural based. More than half the NPOs in the country are based in rural areas. Of course, several NPOs based in urban areas serve rural communities. Nearly half the NPOs are unregistered. The percentage of registered NPOs is highest in Maharashtra (74%) and lowest in Tamil Nadu (47%). An overwhelming majority of these registered NPOs are registered under Society Registration Acts. Most of the
unregistered NPOs are in rural areas. But even in urban Delhi, nearly 30% of NPOs are not legally incorporated.

9.5. Indian NPOs are essentially small: nearly three-fourth of all NPOs have only volunteers or at most one paid staff. Only one in 12 NPOs (8.5%) employs more than 10 paid staff.

9.6. Therefore, the sector of Indian NPOs is characterized by:

- Nearly 12 lakh organizations
- Mostly rural
- Typically very small
- Half unregistered

9.7. The following is an estimate of the types of their activities. There are five dominant activities at the all India level.

- Religious, engaged in social development - 26.5% (the primary identity is that of a religious institution)
- Community/Social Service - 21.3%
- Education - 20.4%
- Sports/Culture - 18.0%
- Health - 6.6%

(Thus “pure” social development NGOs without religious identity are only about 21% of the total).

9.8. All India estimates of total receipts of NPOs for 1999-2000 were Rs. 17,922 crores. Four main sources of receipts for NPOs in India are: self-generation, loans, grants and donations. Grants are funds received from government and international sources; donations can be from both Indian and foreign sources, mainly individuals and corporations. The pattern of distribution of receipts on the basis of above sources is as follows.
• More than half of all receipts of NPOs in India are self generated (through fees, charges for services, etc.)

• For Tamil Nadu, the percentage of self-generated resources is nearly two-thirds of the total

• Grants and donations taken together constitute two-fifth (41.9%) of total NPO receipts

9.9. Conclusions by PRIA

• The identity of NPOs in India remains largely invisible; while there is a wide diversity of NPOs, there are also interesting patterns.

• Associations and supporters of NPOs need to address this challenge of building and sustaining a coherent identity of the non-profit sector in India.

• Despite being invisible, the sector of NPOs in India is widespread. Its scale is huge and significant on several accounts: employment, revenue and types of activities.

• This scale of NPOs demands serious attention and strong support from policy-makers, government officials and political leaders. Greater effort in promoting, and effectively utilizing, giving and volunteering is feasible in the country today.

• The data and system of data collection about NPOs should be organically integrated into the work of the Central Statistical Organization of the Government of India. Such data should emerge automatically and organically along with other statistics in the country.

• Finally, the entire system of registration, reporting and record-keeping in various departments and agencies of central and state governments should be streamlined, modernized, computerized and made more transparent to NPOs and the public.

State and Voluntary Sector

9.10. The impact of NGOs on social development varies in different countries. While NGOs have a strong influence in some countries, they are relatively weak in others. In India, many NGOs suffer from lack of credibility and are yet to gain full acceptance of the government.
9.11. The relationship between NGOs and the government has both potential benefits and risks. A healthy relationship is possible only when there are commonly shared objectives regarding social development. However, even when such conditions are met, experience has shown that the main problem with the relationship between NGOs and the government seems to be one of mutual distrust. Further, while closer collaboration may help to expose governments to a grassroots perspective by working closely with local communities, the down side is that it may lead to reduced freedom and financial dependence.

9.12. The barriers to a healthy NGO-government relationship have been identified by Fowler (GDRC website). Some of these are:

- Political polarization – NGOs may fall in the opposition camp, while the government or ruling party may see itself as the voice of the people. This could create conflict between the two.

- NGOs may prefer to remain isolated from the government in order to avoid external control over their activities.

- Conflict of issues – NGOs can focus on key issues and prioritize them, while the government often has to juggle with a number of issues at the same time. This could create conflict of interests and goals.

- NGOs, which are highly dependent on foreign funding, may be looked upon with suspicion by the government.

9.13. The ideal policy setting is a non-interventionist environment where legal restrictions are minimized and NGOs have the freedom to select their funding sources and associate with anyone they desire. However, while this would lead to growth of the sector, loose regulation could lead to corrupt and unhealthy practices. A non-interventionist policy environment may be good for individual NGOs, but will have an adverse impact on the sector as a whole. A favorable policy environment is one which promotes collective growth of NGOs and includes
regulations to ensure that funds are being used for the intended purpose. A good mix of policy environment is characterized by the following -

- Social policies which encourage a healthy civil society and public accountability of state institutions

- Regulations which help the growth of NGOs, but at the same time enforce management discipline and prevent corruption

- Taxation policies, which encourage indigenous philanthropy and income generating activities. Tax exemptions for NGOs operating in priority sectors

- Government collaboration with proven NGOs

- Greater role given to NGOs in public consultations and in official commissions

- Representation given to NGOs in relevant ministries and consultative committees

- Active government involvement in training NGO staff and in improving management and strategic planning skills.

- Special encouragement given to NGO activities in priority areas through training programs or funds, without curbing NGO autonomy and independence.

**All India Conference on Voluntary Sector**

9.14. Collaboration between the government and NGOs has been identified as one of the characteristics of an enabling policy environment. In this regard, it would be important to first identify and agree upon areas where the government and voluntary organizations could partner together for joint action. In India, issues such as eradication of poverty, population, education and health are potential areas for greater collaboration between NGOs and the government of India. However, joint action must not be misunderstood to mean that the government will formulate programs and that NGOs will merely implement them. On the
contrary, the government must take advantage of NGOs’ expertise in the area and involve them actively in framing policies and programs, as well as in monitoring and evaluation.

9.15. Another aspect of collaboration is to identify areas where NGOs and the government may sometimes have to work independent of each other. A healthy partnership is based on mutual respect and recognition of the fact that the other partner may have to function independently in some areas.

**CAPART**

9.16. CAPART (Council for Advancement of People’s Action and Rural Technology) is an example of a collaborative effort between the Government of India and NGOs. It was set up in 1986 by the Government of India, recognizing the need to supplement its own efforts to promote rural development and employment. Since the government’s programs were not having the desired impact in rural areas, it was felt that NGOs could play a leading role in rural development through direct implementation of interventions around specific issues.

9.17. CAPART has initiated programs in rural areas directly through a nodal NGO scheme, i.e. by appointing NGOs in each state and district. Selection of nodal NGOs is done by CAPART, based on the recommendations of the concerned State government. Monitoring, evaluation and selection of NGOs is done directly by CAPART headquarters and its regional offices. Nodal NGOs are expected to ensure adequate follow up of CAPART’s various programs in rural areas. This enables the state governments and CAPART to reach the remotest areas and identify those which have not benefitted from these programs. The primary objectives of the nodal NGO scheme are as follows.

- To create a network of development practitioners in each Block and District, so that NGOs have adequate representation at the grassroots level
- To implement projects through a need based and location specific approach
- To provide ready information on implementation and impact of projects in rural areas
- To work in an integrated manner for the all round development of rural areas
9.18. The nodal NGOs have to meet CAPART’s conditions for financial assistance. They can either implement the programs directly, or by appointing grassroots NGOs, using the resources of the State government, CAPART’s and their own experience and knowledge. The previous track record and experience of the grassroots NGO in rural development is an important criterion for selecting and sponsoring NGOs for taking up CAPART sponsored programs. It is the responsibility of the nodal NGOs to provide adequate marketing and technical knowledge to the grassroots NGOs, facilitate the implementation of projects and resolve the problems faced by the local staff. In addition, they have to report progress on implementation of various schemes to CAPART on a regular basis, provide ready information on the status of projects and be open to monitoring and inspection by CAPART.

9.19. On CAPART’s side, the major responsibilities include development of a monitoring mechanism, setting up a cell to monitor the information provided by nodal NGOs and appointing an external agency to evaluate the project at intervals of 6 months.

9.20. The nodal NGOs implement CAPART’s programs in the following priority areas - life skill development, rain water harvesting, sanitation awareness in rural areas, professional scheme for rural youth, primary food and vegetable processing, addressing malnutrition, income generation among the rural poor, promotion of computer skills, innovative rural technologies which address concerns of the rural poor, establishment of village knowledge centers and creation and maintenance of a database of NGOs in the Block/District specified.

9.21. The main outcome of the nodal NGO scheme is creating a database of NGOs, building a platform for NGOs to share their success stories and problems and ensuring transparency, sustainability and accountability in project implementation. The scheme was to be in operation for a period of two years, after which it was to be extended based on review.

**Social Marketing in Government’s Development Missions**

9.22. There are several examples of the Government of India using social marketing in its National Technology Missions. The National Technology Missions for social development were initiated a decade ago and included areas such as immunization, literacy, drinking water and oilseeds. All these involved social change in one way or another, such as creating extra
time for literacy classes, giving a child five immunization shots, changing drinking water habits, or cutting down on cooking oil consumption for health reasons.

**GOI Guidelines for Funding NGOs**

9.23. The Ministry of Finance of the Government of India has spelt out its policy on grant assistance to NGOs in its Notification dated Jan. 4th, 2005. The following criteria have been established for foreign funding of NGOs.

- Any country may provide grants directly to NGOs, provided they are meant for projects of economic and social importance only.

- Grants to NGOs will be governed by the Foreign Contribution Regulation Act, 1976 and only those NGOs that are registered under the Act are eligible to receive assistance from other countries. Those NGOs that are not registered need to get prior permission from the concerned authority under the Act before receiving external funds.

- The recipient NGOs will be required to fill out and submit a prescribed proforma, along with their proposals, to the Department of Economic Affairs, through the external development partner only. The DEA will receive project proposals throughout the year and will process them in a time bound manner.

- The external development partner country has to provide information to the DEA at a specified time during the year on the amount of funding to various NGOs and the status of projects.

- The partner country may transfer funds directly to the NGOs after approval by the DEA and may also set up their own mechanisms for monitoring the progress of the projects.

**NGO Misuse of Resources**

9.24. In 1998, CAPART blacklisted around 248 NGOs on grounds of corruption, misuse of funds meant for rural development and false claims. While some of these cases were referred
to the CBI for investigation, some were investigated by CAPART’s evaluators and action was taken against 106 of these NGOs.

9.25. From 1993-94 to 2002-2003, CAPART increased its assistance from Rs. 545 million for 4000 NGOs, to Rs. 3 billion for over 10,000 NGOs.

NGOs in a Regulatory Environment

9.26. NGOs need to have an understanding of government regulations, in order to function effectively. The government can play different roles with regard to NGOs - i) as a regulator, whereby the government tries to control NGOs and make them accountable to it ii) as a funder, the government seeks to make government programs more efficient and effective. As a regulator, the government requires NGOs to register, particularly if they seek government or foreign funding and to report their activities at regular intervals. The Society’s Registration Act and Indian Trust Act are some of the main mechanisms for registration. Another legislation is the Foreign Contribution Regulation Act (1976), which monitors the flow of funds to the voluntary sector. The government’s role as a funder began with the Sixth Plan (1980-1985). Since then, this role has been rapidly expanding, with the government increasing its funding to NGOs through various Ministries at the Central and State levels. Various steps have also been taken to simplify the funding of NGOs. One such initiative was taken by the Ministry of Rural Development to combine two existing funding units to create a trust – CAPART.

NGO Foreign Funding – 2005 Bill and Implications

9.27. An example of the role of the government as a regulator, attempting to control NGOs is evident from a new regulation passed in 2005. A new Bill on foreign contributions known as the Foreign Contribution (Management and Control) Bill was passed in 2005, which faced resistance from Indian NGOs. It was seen as restricting the functioning of NGOs in several ways.

9.28. First of all, NGOs objected to a provision in the Bill which considered interest accrued from foreign contributions also as foreign contributions and not Indian money. Secondly, they objected to a clause in the Bill which made renewal of the certificate of registration mandatory, once granted. NGOs also felt threatened by the clause which granted the
registering authority the right to cancel the certificate, since this would place them under constant fear of closure. They were of the opinion that the process of appealing and voicing their grievances had not been spelt out clearly in the Bill.

9.29. More than anything, NGOs resented being defined by the government as “risk customers” who posed a threat to the security of the country.

Planning Commission and NGOs

9.30. Along with liberalization in the 1990s, there were increased initiatives on the part of the government to partner with NGOs and make the collaboration more effective. The Planning Commission played an active role in bringing together NGOs, Central and State level Ministry representatives in all India conferences in 1992, 1994 and 2002. In 2000, the Planning Commission was appointed the nodal agency for all NGO–State interactions. It was responsible for initiating meetings with NGOs, setting up a Steering Committee with NGO representation for drafting an approach paper for the 10th Plan Document and for maintaining a database of organizations funded through State agencies.

Planning with NGOs

9.31. The recognition of the role of NGOs by the government dates back to the First Plan document, which mentions their involvement in community and social development. Efforts to involve NGOs in the planning and implementation of developmental programs were also made in the Seventh Plan. However, it is the Tenth Plan, which really emphasizes including civil society, namely voluntary and non-profit organizations, in the developmental effort. The Tenth Plan also recommends a nine-point formula for involving the voluntary sector in community and welfare programs. The most important of these are summarized.

- Involving the NGOs in planning and implementing developmental and welfare schemes

- Helping them develop core competencies and professionalism
• Encouraging the growth of the sector in States where they are weak or where the state machinery is found wanting;

• Involving them in evaluating the 11 monitorable targets of the Tenth Plan.

9.32. In spite of the recognition of their potential, Indian NGOs did not really take off in a big way till the 1990s. This was largely due to the attitude of the government, which took upon itself the responsibility of providing a range of welfare services and expected NGOs to play only a supplementary role. In the 1980s, the government began to realize the ineffectiveness of its “top-down” approach to development and began to collaborate with NGOs on a number of schemes in the areas of rural development, literacy and education. This marked the beginning of the emergence of the voluntary sector and the retreat of the “interventionist state.” It was commonly felt that the government should stop delivering welfare services and limit its activities to funding. NGOs were seen as better equipped to implement welfare programs, due to their concentration in rural areas and proximity to the target groups and local communities.

9.33. Even after the full-fledged emergence of NGOs, the relationship between the government and the voluntary sector has not been free of problems. Both parties look upon each other with suspicion, with the government trying to exercise undue control over NGOs and withhold funds from those organizations that do not comply with its requirements. Indian NGOs tend to shift the focus of their activities too often, depending on where the funds are available and by diverting funds meant for social development. While the government will have to allow greater freedom of functioning to NGOs, the latter will have to show greater transparency and accountability in its dealings with the government.

Challenges and Opportunities faced by NGOs in India
9.34. Based on various studies carried out among a number of Indian NGOs and his own research experience, Rajasekhar, D (2000) lists out some of the challenges and opportunities currently facing Indian NGOs. The biggest opportunity facing Indian NGOs today is to play a central role in bringing about development at the local level and in improving the condition of the less privileged sections of society. He believes that this is due
to the inability of the government to tackle the root cause of unemployment and poverty, even after several decades of efforts in this direction.

9.35. In terms of sheer numbers, NGOs that are active in rural areas today number around 20,000, covering half of the villages in India. Apart from numbers, Indian NGOs enjoy increased funding, are equipped with professionally qualified and trained workers, people’s organizations at the village level and work closely with marginalized groups such as women and backward classes. This vast social infrastructure enables them to provide better services, to encourage the poor to access resources provided by the government and to empower them so that they are in a position to enter local decision-making bodies such as gram panchayats.

9.36. Rajasekhar believes that Indian NGOs have improved their overall image and are now better equipped to influence government policies at various levels. This in turn has led to the government changing its previously hostile attitude to NGOs and in taking into consideration the opinions of prominent NGO leaders in framing policies. This is evident from the fact that several NGO leaders are represented in key government committees and decision-making bodies.

9.37. The author argues that in spite of the economic reforms and liberalization policies initiated in 1991, poverty remains an issue that has not been fully resolved. In such a scenario, he is of the opinion that NGOs can play a pivotal role through policy advocacy, and opposing unfavorable policies of the government through lobbying and mass mobilization of the poor. Opportunity therefore exists for different types of NGOs, including both developmental and advocacy NGOs.

9.38. The biggest challenge for Indian NGOs in the current environment according to Rajasekhar, is to play a dual role in dealing with the government. On the one hand, NGOs need to collaborate with the government and on the other they need to advocate policies that are pro-poor. Only then would NGOs be able to achieve their social development objectives. In order to play this dual role effectively, Rajasekhar suggests that NGOs become self-reliant and start generating their own resources, instead of depending on outside sources of funding.
10. PERFORMANCE MEASUREMENT

Measuring Performance

10.1. Measuring performance in social marketing is more difficult than in commercial marketing, since the result to be evaluated is collective behavioral change. Expectations and results in commercial operations can be quantified as sales, profits, costs or similar measurable values. Bellamy, Hilary et al (1997)², nevertheless, emphasize the importance of establishing clear and measurable objectives right at the beginning of the program. Setting targets requires insight and imagination to ensure their measurability and reliability as indicators of objectives. Measurement of results depends upon availability of benchmark data through reliable secondary research or sample survey. The authors also suggest that tracking performance should be done from time to time with the following checkpoints.

- Is the intervention successful in meeting goals and objectives?
- Is the intervention reaching the target audience?
- Which intervention activities and strategies are more effective?
- What are the costs and the results of the different activities?
- Has the intervention remained on schedule?
- Which are the areas requiring additional effort?

10.2. The measurement system is appropriately designed to encompass these checkpoints.

Indicators of Participatory Effectiveness

10.3. Closely linked to performance indicators are indicators of participatory effectiveness. The basic strength of NGOs, as opposed to bureaucratic institutions is their capacity to use participatory methods by which they encourage the participation of beneficiaries and local communities in designing and implementing programs. Carroll, Thomas et al (1996)⁸, quoting from the World Bank Participation Sourcebook, suggests that the following may be considered to be indicators of participatory effectiveness of an NGO:
• A flat management structure with decentralized authority;

• Organizational structures at the community level to which funding and/or other decisions are delegated;

• Use of iterative planning, involving consultation with local communities;

• Contributions of cash, labor, raw materials, or local facilities by community members and organizations, making them clients rather than beneficiaries of the NGO;

• Staff recruitment criteria, incentives, and training that support participation;

• Strong field presence outside metropolitan areas with high proportion of staff of local origin;

• Community leaders and members have a positive perception of the NGO;

• Turnover of client groups as they "graduate" over time and intensive field attention transferred to new groups. That is to say, impact of programs, once created, should be capable of continuing by itself without continued support. This enables program resources to be shifted to another area or segment.

**Types of Evaluation**

10.4. Domegan, Christine (2007)\(^{13}\) identifies three types of evaluation in social marketing.

a) Formative evaluation – This type of evaluation is done even before developing the social marketing strategy and designing the social marketing program. It includes researching the target audience to understand their behavior, pre-testing messages, interventions and new products. It often involves in-depth primary research using both qualitative and quantitative techniques. Formative evaluation is essentially an information gathering process and forms the very foundation for the social marketing program and the subsequent measurement of its impact.
b) **Outcome evaluation** – This type of evaluation is done after the program has been implemented. The outcome may be either financial or non-financial. Outcome evaluation essentially involves measuring the impact of the program on the target audience. The purpose is to examine whether there has been a change/improvement in the audience’s behavior, beliefs or knowledge.

c) **Process evaluation** – This type of evaluation is also done after the implementation of the program. However, the purpose is to assess whether the program was executed according to plan. Effectiveness in this case is measured in terms of reach, cost-effectiveness, policy changes, partnerships and funding sources. This kind of evaluation could also yield information to assess the relative effectiveness of different strategies.

**Defining the Bottom Line when there is no Bottom Line**

10.5. Drucker, Peter (1990)\(^{14}\) explains the essential difference between performance in commercial organizations and performance in non-profit organizations. While commercial organizations have a financial bottom line, with profits being a measure of performance, there is no such “bottom line” in non-profits. He says that non-profits have not paid adequate attention to performance and its measurement.

10.6. Drucker’s suggestion is that non-profit organizations should start with a definition of the mission. Performance planning needs to involve all the different constituencies or stakeholders of a non-profit organization – beneficiaries, employees, government, funding sources and the local communities. He aptly describes non-profit organizations as “human change agents” whose results are measured in terms of a change, either in people’s behavior, circumstances, vision, health, hopes, competence or capacity.

**Difficulties in Evaluation**

10.7. Edwards, Michael and Hulme, David (2007)\(^{16}\) argue that the very nature of the work done by NGOs makes measuring their effectiveness difficult. The ultimate objective of NGOs is ”changed human beings”, in the words of Drucker. In other words, NGOs are engaged in social marketing, which aims to bring about social change. The absence of standard and established performance indicators for NGOs makes the task difficult. Besides,
there is no “bottom line” in the sense of an expected profit level, as in the commercial sector, against which effectiveness of resource use by an NGO can be measured.

Impact Criteria
10.8. Edwards, Michael and Hulme, David (2007)\textsuperscript{16} endorse Drucker’s views on performance evaluation by describing the assessment of NGO performance as “a difficult and messy business”. According to the authors, there is a dearth of sufficient and reliable information regarding the performance effectiveness of NGOs. Even the few studies that have been carried out in this area are not representative enough, since they are based on small samples, or cover only NGOs working in a particular sector or context. The authors suggest that some of the criteria that could be used for measuring the impact of NGOs are reduction of poverty, delivery of services in a cost effective manner as compared to the government, sustainability, use of participatory methods, flexibility and innovativeness of approach.

Bottom Line and Measurement Approaches
10.9. Fowler’s (2007)\textsuperscript{17} view on the absence of a clear and straightforward measure of performance in non-profit organizations is similar to that of Drucker. Fowler explains that the “bottom line” for non-profit organizations cannot be defined in terms of financial returns, for the simple reason that NGOs are primarily service providers, serving a segment that cannot afford to meet the entire cost of what they receive. Therefore, they cannot be equated with consumers of a commercial organization who are willing to pay a premium for quality products.

10.10. Fowler cites organizational analyst Rosbeth Moss Kanter (1979), who suggests that non-profit organizations need to identify multiple criteria, rather than use a universal measure of performance effectiveness.

Cost Effectiveness as a Measure of Performance
10.11. Edwards, Michael (2007)\textsuperscript{15} identifies cost effectiveness as one of the most important aspects of NGO performance, considering the fact that they are totally dependent on external sources of funding. He also suggests a broad method for determining NGO cost effectiveness,
based on a study conducted among two NGOs in India and two projects in Bangladesh (1996). The cost effectiveness of each NGO/project selected for the study was determined in the following manner:

a) The target population for each NGO/project was defined (e.g. tribals in 9 districts of Orissa);

b) Both the direct and indirect beneficiaries of the NGO/project were determined. For example, the population of villages with fully active people’s organizations were considered to be the direct beneficiaries of the NGO, while the population of villages that were partially organized by people’s organizations were defined as the indirect beneficiaries;

c) The total costs incurred by each NGO/project were determined, by calculating the sum of the program costs and the administration costs &

d) The cost per beneficiary for each NGO/project was then determined by dividing the total costs by the number of direct plus indirect beneficiaries. This was considered to be a measure of the cost effectiveness of each NGO/project.

10.12. The two projects in Bangladesh were found to be less cost effective than the two Indian NGOs, since they were found to have higher costs per beneficiary and higher cost to benefit ratios. The reason for this was identified as higher overheads, such as large number of staff and buildings at various offices. The author suggests that NGOs should focus on reducing their overheads or fixed costs so as to improve their cost effectiveness and to concentrate their resources on actual program activities targeted at their beneficiaries.

Indicators of Poverty Reduction
10.13. Rajasekhar, D (2004) suggests that performance measurement of NGOs engaged in social marketing can be facilitated by setting specific performance indicators. This is based on a study conducted to examine the economic and social benefits of the programs of two NGOs in the States of Karnataka and Andhra Pradesh (2003). The economic benefits created by the programs were assessed in terms of improvement in livelihood and access to
resources. The social benefits were examined in terms of indicators such as improvement in knowledge and participation. The table below explains each of these indicators.

### Table 3
**Performance Indicators of Social Benefits – A Model**

<table>
<thead>
<tr>
<th>Areas</th>
<th>What to look for?</th>
<th>Specific variables</th>
</tr>
</thead>
</table>
| Livelihoods | Ranging from improvement to impoverishment            | • Occupational diversification  
                   • Income levels  
                   • Food security (seasonal)  
                   • Ownership of assets |
| Resources | Ranging from access to exclusion                       | • Access to productive assets, credit & savings facilities  
                   • Affordability of school fees  
                   • Affordability of health care |
| Knowledge | Ranging from expansion to reduction                    | • Children’s school attendance  
                   • Girl education  
                   • Knowledge on political institutions |
| Rights    | Ranging from participation to alienation               | • Greater participation in local organizations  
                   • Were the poor better organized or more assertive in their access or entitlement to rights?  
                   • Reproductive rights |

Source: Micro Finance, Poverty Alleviation & Empowerment of Women: A Study of Two NGOs from Andhra Pradesh and Karnataka – D. Rajasekhar, Institute for Social & Economic Change, Bangalore, 2004

10.14. Defining the specific variables to be measured in advance helps to set measurable quantitative indicators.
Logical Framework Analysis

10.15. Another tool developed in the US and adapted by several donors including the Department for International Development (1997) that social marketers could use for better planning, monitoring, evaluation and implementation of their social marketing programs is the Logical Framework Analysis or Project Framework. This is essentially a model that helps social marketers to break up the different components of their projects in a clear, logical and systematic manner. The model includes the achievements, activities, inputs/ resources and outputs of the project, as shown below.

Table 4
Logical Framework Model

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Measurable Indicators</th>
<th>Means of Verification</th>
<th>Important Assumptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>GOAL</td>
<td>Quantitative ways of measuring or qualitative ways of judging timed achievement of goal</td>
<td>Cost effective methods and sources to quantify or assess indicators</td>
<td>(Goal to super goal) External factors necessary to sustain objectives in the long run</td>
</tr>
<tr>
<td>PURPOSE</td>
<td>Quantitative ways of measuring or qualitative ways of judging timed achievement of purpose</td>
<td>Cost effective methods and sources to quantify or assess indicators</td>
<td>(Purpose to goal) External conditions necessary if achieved project purpose is to contribute to reaching project goal</td>
</tr>
<tr>
<td>OUTPUTS</td>
<td>Quantitative ways of measuring or qualitative ways of judging timed production of outputs</td>
<td>Cost effective methods and sources to quantify or assess indicators</td>
<td>(Outputs to purpose) Factors out of project control which, if present, could restrict progress from outputs to achieving project purpose</td>
</tr>
<tr>
<td>ACTIVITIES</td>
<td>This is a summary of the project budget</td>
<td>Financial out-turn report as agreed in grant agreement</td>
<td>(Activity to output) Factors out of project control, which, if present, could restrict progress from activities to achieving outputs</td>
</tr>
</tbody>
</table>


10.16. According to DFID, the Logical Framework is “a tool to help designers of projects think logically about what the project is trying to achieve (the purpose), what things the project needs to do to bring that about (the outputs) and what needs to be done to produce...”
these outputs (the activities). The purpose of the project from the DFID viewpoint is to serve our higher level objectives (the goal).”

10.17. For each of the above four components, measurable indicators (either quantitative or qualitative), a means of verifying whether it has been achieved and assumptions are prevalent.

**Establishing Benchmark Criteria for Sectoral Evaluation**

10.18. Valadez and Bamberger (1994)\(^3\) suggest that monitoring and evaluating the performance of NGOs and projects should be done on a sector wise basis, since it would help to understand the successes and failures in specific sectors of the economy, such as health or education. Since projects are generally expected to contribute to broad sectoral objectives and improve the living conditions of people on a large scale, they identify the “potential replicability” of the project as the most important criterion for evaluation of performance. For example, a successful primary education project in a particular geographical area should lend itself to replication over a larger geographical area. The authors formulate the following questions on replicability, which could also serve as “benchmark criteria” for sectoral performance assessment.

- Which of the available methods of service delivery are the most cost effective?

- What impact would implementation of the project on a larger scale have on cost effectiveness?

- What are the conditions, which make the different methods of service delivery most effective and least effective?

- What implications would replicating the project on a large scale have?

- If the project is replicated on a larger scale, which population groups are likely to benefit most and least?
11. FUNDING AND DONOR PERSPECTIVES

Funding
11.1. It would be relevant to understand the different types of agencies and sources of foreign funds to Indian NGOs. These agencies may be categorized into four different types.

a) Bilateral institutions – These include departments and ministries of the governments of developed countries, which have been contributing funds to NGOs since the end of World War II. However, this is a very minor source of funds, since the bulk of contributions go to government agencies.

b) Multilateral institutions – These include UN agencies and their contribution to NGOs is also very small, with a significant portion going again to government agencies.

c) Solidarity groups – Trade unions and other related organizations in countries of the developed world come under this category.

d) NGOs in developed countries constitute this category. They are mainly from Europe, the US and Canada and include three sub categories – church groups, secular NGOs which raise funds from the governments and the public, and foundations or philanthropic organizations, such as the Ford and Rockefeller Foundations.

11.2. Of the above, the fourth category is the biggest source of funds to Indian NGOs. They show a preference for funding projects that focus on community development, including sectors such as agriculture, health and education.

11.3. The mechanism through which funds are distributed to Indian NGOs also varies. Some donors prefer to go through an intermediary agency that identifies and evaluates projects. Others pool their funds, which are then distributed through an intermediary agency. Some international NGOs set up in-country offices, staffed with Indians, which play the role of an intermediary agency. Many donors have also tried to fund Indian NGOs directly, without the presence of an intermediary.
11.4. The Foreign Contribution Regulation Act (FCRA), 1976, makes it mandatory for all Indian NGOs receiving funds from abroad to register with the Home Ministry, submit half yearly audited accounts and reveal the details of the contributions. According to recent estimates, the amount of foreign funds received by Indian NGOs every year is in the region of Rs. 9 billion and constitutes roughly 20% of official funds.

**Fund Inflow to NGOs**

11.5. There has been a rapid increase in the funding for Indian NGOs by both the government and overseas donors (Rajasekhar, D, 2000). There are more than 200 state and central government schemes through which NGOs can avail of resources for rural development and over 300 schemes at the district level through which NGOs can direct resources to the poor. Similarly, the funds contributed to Indian NGOs by international donors also increased from the 1980s onwards. According to the Ministry of Home Affairs, the foreign contributions received by Indian NGOs increased from Rs. 1892.43 crores in 1994-95 to Rs. 2,168.85 crores in 1995-96 and to Rs. 2571.69 crores in 1996–97. The southern states of Tamil Nadu, Karnataka, Andhra Pradesh and Kerala received 50% of the foreign contributions in 1996-97, while the less developed states of MP, Bihar, Rajasthan and Uttar Pradesh, received only 8.95%. The USA topped the list of donor countries, accounting for 22.6% of the total funds, followed by Germany with 21.3%. Some of the leading donor agencies which contribute over Rs. 40 crores a year include Foster Parents Plan International (USA), Miserior (Germany) and Christian Children Fund (USA), to mention a few (Rajasekhar, 2000).

11.6. D. Rajasekhar has identified some of the factors that have led to the growth in foreign contributions.

- A feeling among developed countries that their wealth was built by colonization of the poorer, developing countries has made them contribute funds to the NGOs in these countries.

- Since most of the international donor agencies are church based, the growth has also been attributed to missionary objectives.
• Vested interest among developed countries in investing money in growing markets such as India, so as to create demand for the products of multi-national in those countries.

11.7. Knowledge of the factors considered by donors for contributing funds to non-profit, non-government organizations would help in developing not only a sound fund raising strategy, but would also help design marketing and delivery aspects.

Decentralization
11.8. A growing trend among funding NGOs, especially international NGOs in developed countries, has been to decentralize themselves by setting up regional offices in developing countries. Some of them include Action Aid, Save the Children and Civicus. Das Gupta and Marshall (2006)\textsuperscript{12} have examined the impact and some of the reasons for this shift.

11.9. One of the primary reasons identified by the authors for this trend is the realization among international NGOs that as their operations grow larger and more complex, it is essential to move closer to the community and stay in touch with their needs. A second reason is that technological advances have now made it possible to coordinate and control operations in far-flung places.

11.10. Cost saving has also been one of the reasons for the decentralization. For example, Civicus, an international NGO that was one of the first to go in for decentralization and moved from Washington DC to Johannesburg in 2001, was able to save substantially on building and administrative costs.

11.11. Different patterns of decentralization have been observed among the international NGOs. Save the Children for example, moved each of its regional departments to different countries, instead of moving its head office. As a result, the majority of its staff is now employed in regional offices. Its policy has been to have a mix of employees with local as well as international exposure. World Emergency Relief has chosen to work directly with local indigenous partners, instead of setting up regional offices. This decision is guided by the
belief that local people are better able to solve their own problems, supported by resources and training.

**Efficiency is a Consideration**

11.12. The question of whether funding agencies tend to favor non-profits that show greater operational efficiency has been examined by Frumkin and Kim (2000). Operational efficiency implies that the organization is cost effective and has low administrative expenses and fixed costs. The authors base their conclusions on a study of a large sample of non-profit organizations over an eleven-year period. There was found to be no significant difference between NPOs that projected themselves as cost efficient and those that did not, in terms of the amount of contributions received from individuals, foundations and corporates. Therefore, the authors suggest that efficiency is not a dominant factor. While this may appear irrational, it is possible, although the authors’ study does not mention it specifically, that even at a higher cost, good coverage, widespread ripple effect and sustainability in terms of impact have also influenced funding decisions.

11.13. According to Holcombe, Susan et al (2004), the tendency among donors, especially internal funding agencies, is to provide funding for projects that produce results that can be measured. Measurable results indicating achievement of targets would undoubtedly induce greater confidence among assisting agencies. Considering the difficulty of measuring the outcome of many of the social development schemes and their impact, much attention is needed to this aspect while designing programs.

**World Bank Policy on NGOs**


- NGOs are generally cost-effective. They should not, however, be viewed as a "low-cost alternative" to other types of implementing agencies.

- NGOs should not be expected to provide services free of charge or at lower than market rates (unless according to a co-financing agreement).
• Clarify the expected status of NGO involvement (e.g.: informal unpaid advisor, paid consultant, contractor, etc.) from the outset.

• Establish mutually acceptable fees and overhead costs.

**Reasons for World Bank Support of NGOs**

11.15. The World Bank has recognized the potential of NGOs in contributing to the success of its projects through creative and participatory methods. World Bank’s “Practical Guide” cites the main reasons for the World Bank’s collaboration with NGOs.

a) NGO involvement can contribute to the sustainability and effectiveness of Bank-financed projects by introducing innovative approaches and promoting community participation.

b) NGOs can help expand project uptake and reach and can facilitate greater awareness of diverse stakeholder views.

c) Evidence shows however, that NGOs can provide particularly valuable input during project identification and design.

**Guidelines for World Bank Support of NGOs**


• World Bank would like to involve local NGOs in activities supported by the Bank. However, they must work within the framework of the policies of the relevant government with respect to NGOs. They should also try to create a harmonious working relationship between governments, donors and NGOs. The Bank may also advise the government on how to create a favorable policy environment for NGOs.

• Bank staff would be open to NGOs’ requests for information regarding the activities supported by the World Bank.
• The World Bank would respect the need of NGOs to retain their “grassroots character” of working closely with local communities, in spite of official funding. This precaution is necessary because too much funding tends to destroy this unique characteristic of NGOs.

• The Bank recognizes that management assistance may have to be provided to any individual NGO with which it collaborates.

USAID
11.17. USAID pioneered the employment of social marketing practices over the past 30 years in two broad areas of work: (a) Contraceptive Social Marketing (CMS) centred around the supply and promotion of family Planning and HIV/AIDS commodities through commercial sector distribution channels and (b) A wide range of maternal and child health programs that offer a mix of applications of social marketing. These include commercial distribution of commodities (such as ITNs for malaria prevention) through programs that use marketing techniques to promote and improve public sector and NGO service provision primarily in FP, maternal and child health and nutrition.

11.18. SM forms a significant component of the Commercial Market Strategies project designed to bring international FP commodity manufacturers into partnership and to introduce modern business practices to NGOs.

KFW (Germany)
11.19. The major part of KFW financing of SM is focused on reproductive health including HIV/AIDS prevention. Although KFW considers behavioral change as the key purpose of social marketing, it is restricted by its mandate from financing projects which are exclusively concerned with change. However, all social marketing programs include generic elements and greater adoption of practices such as abstinence and faithfulness (not linked to use of any product) are seen as major objectives. The most fruitful approach is perceived to be a combination of product oriented and behavior change messages.
11.20. KFW expects the recipient government to be responsible for implementation (it sees itself as a financing rather than an implementing institution), though it expects that the government will transfer the implementation to a Social Marketing Organization under a contract which must be approved by KFW. KFW monitors projects at least yearly, and in addition has mid-term reviews and final evaluations of all projects. Historically, sales figures were the main indicator of success, but a wider range of instruments is increasingly used to monitor efficiency and effectiveness of implementation, appropriateness and relevance of instruments, coverage as well as impact. However, KFW acknowledges that measuring impact on target groups in terms of knowledge, attitudes and behavior change is not yet satisfactory and needs to be intensified.

Netherlands Government
11.21. The interest of the Netherlands Government in social marketing is clearly centred on its wider concern with the HIV/AIDS epidemic. Some Dutch development policy is implemented through national and international NGOs and networks. Through these organizations, Netherlands encourages social marketing of condoms and other contraceptives, iron tablets and vitamin supplements to poor people, dissemination of information on HIV/AIDS, research and recognition and protection of the rights of people infected with HIV and their next of kin (e.g. AIDS orphans). It appears that all SM projects are product related. A policy on targeting specific beneficiaries has not been developed as yet, and there is no systematic view on the circumstances in which social marketing should be deployed in preference to other types of intervention. The role envisaged for the host country government is eventually that of facilitator and quality control agent.

11.22. The foregoing policies and activities of international funding sources suggest the existence of large possibilities for NGOs in India to generate funds for social development, thereby avoiding funds from private sources which may carry “strings” and hidden agendas. By accessing World Bank assistance, the voluntary sector can also gain access to non-monetary resources such as training on management and marketing methodologies.

Strategies for Fund Raising
11.23. Based on the inputs and experiences of several NGOs, Srinivas, Hari (2007) quoting World Bank, Working with NGOs: A Practical Guide to Operational Collaboration between
the World Bank and Non-Governmental Organizations, Operations Policy Department, World Bank, 1995, has summed up some specific strategies that have been successful in raising funds. Some of these are explained below –

- Since it is easier to raise money for a single event, rather than for a combined long term program, an ideal fund raising strategy is to break up a long-term program into several parts and then try to raise funds for each part, either from a single source or from multiple sources.

- It is better to develop a diversified range of funding sources, including both local and international sources that can contribute different amounts at different stages of the program, rather than rely on one type of funding source.

- A good fund raising strategy is to identify both close and distant donors, since some donors may not provide enough funds. Generally, distant donors tend to provide more funds than donors who are located close by.

- A successful fund raising strategy is to communicate needs clearly to the donor. While negotiating with the donor, it is also important to understand the donor’s perspective and the reasons for the conditions or terms imposed on the use of the funds provided.

- Apart from seeking monetary contributions, it is equally important to look for contributions in kind from donors. This could be in the form of advice, technical knowledge, managerial expertise, use of equipment etc. This helps to build long-term, lasting relationships between the NGO and the donor.

- It is important for NGOs to display professionalism and transparency regarding their objectives and programs, when dealing with prospective donors. This builds a positive image of the organization. In addition, it is essential to build good relations with the media, so that they will write about the organization’s achievements, thereby enhancing its credibility in the eyes of donors.
Since donors in developed countries may be reluctant to provide funds to smaller NGOs, it is best to partner or collaborate with other NGOs, research or academic institutions, in order to facilitate flow of funds.

Sometimes, it may be worthwhile to seek non-traditional sources of funding, such as a local businessman or organization. This is because traditional funding sources may not provide funds for smaller, more specific projects.

Since fundraising is a time consuming process, ideally all staff members of an NGO should be involved in the fundraising efforts. The different activities involved in fundraising, such as identifying donors, negotiation, writing reports and proposals should be undertaken by different members.

Fundraising requires a special set of skills and knowledge which most NGOs lack. Therefore, it is essential for NGOs to equip themselves for this task through capacity building, creation of NGO networks and other strategies.

Since NGOs compete with each other for attracting funds, a successful fundraising strategy is to project the NGO as unique and to highlight any innovative features of its program to prospective donors.

**Building the Donor Constituency is a Marketing Function – “Upward Marketing”**

11.24. Corruption and poor efficiency in use of funds have been one of the main obstacles to receiving funds from international donors such as the World Bank. According to a World Bank report (1995)\(^{102}\) on the status of health projects being implemented in India, corruption and fake NGOs are some of the primary reasons for delay in implementation of projects. Instances have been reported of the Bank withholding funds for the health sector, after detecting misuse of funds previously granted. According to Collings, Simon (2008)\(^{10}\), one of the biggest obstacles to fundraising efforts by NGOs in emerging countries in general and in India, is their poor image and lack of credibility. Indian NGOs are viewed as unreliable and corrupt; many of them are set up by retired government officials to attract State funds, which are misused or diverted for purposes other than social development.
11.25. According to Drucker, Peter (1990)\textsuperscript{14}, fund raising is today better known as “fund development”, since it involves cultivating a long-term relationship with the donor, rather than a single transaction, or receiving a single contribution. The first step is to make the donors aware of the organization’s mission and goals. These need to be defined and spelt out clearly. The next step is to try and get the donors involved in the organization’s activities, so that they develop a sense of commitment, reducing the externality character of the relationship. A separate strategy should be developed for each donor, depending on the nature of the donor’s needs and sensitivities. Personalized communication, annual reports, periodic progress reports and special reports on timely alert on critical problems and how they are being tackled would all go a long way in building long-term relationships.
12. ACCOUNTABILITY

Accountability and Autonomy

12.1. NGOs are answerable or accountable to different stakeholders and cannot function in isolation. Edwards and Hulme (2007) define accountability as “the means by which individuals and organizations report to a recognized authority and are held responsible for their actions.” An NGO’s accountability could be understood in multiple ways – it could mean downward accountability to beneficiaries and grassroots constituents or upward accountability to donors and the government.

12.2. Accountability and autonomy are two concepts that are not compatible with each other. There is a trade-off between the two. It is not possible to have either absolute autonomy or complete accountability in reality. NGOs cannot carry out social marketing activities in a vacuum. At the same time, NGOs cannot be answerable to all individuals and organizations involved. Therefore, a balance between the two extremes of rigid accountability and total autonomy has to be achieved. Misra, Rajeeb (2008) defines organizational autonomy as “freedom to make decisions with the optimal degree of discretion.” In the context of the Third World, Misra is of the opinion that NGO accountability should be downwards, but that autonomy should be with respect to upward relationships. Fisher, Julie (2003) suggests the following “keys to autonomy” of NGOs. First, there must be a clear organizational commitment to the idea of autonomy. Secondly, NGOs must have financial support from multiple sources, so that they are not dependent on any single donor for funding. Thirdly, NGOs must develop grassroots organizations. Autonomy is enhanced by in-house technical expertise, managerial excellence and strategic knowledge about development.

12.3. The concept of NGO accountability has been extensively analyzed in scholarly articles on the subject. As NGOs are entirely dependent on donations, they are accountable to those who have provided it with resources in several forms, namely, funds, infrastructure, technical assistance, vehicles, equipment etc. They are accountable for two major aspects – one, in the sense of accounting for monies received and spent and two, how effectively the resources provided in various forms have been utilized to maximum effect with reference to objectives and stated in terms of impact on social change. Accountability is the basis for assessing the
reliability of NGOs in order to determine whether they merit assistance. In that sense, the nature and type of accountability systems and internal monitoring mechanisms not only form an important part of the NGO organization structure, but are also essential to ensure organizational sustainability. Effective use of resources by itself is of little use unless i) this fact is communicated to stakeholders systematically and ii) over a period of time, the institution’s image of being a good deliverer of services and user of scarce resources is projected. SM has a role in the latter.

**What is Accountability?**

12.4. In the Development Dossier on “Debating NGO Accountability” produced by the UN Non Governmental Liaison Service, Bendell, Jim (2006)\(^3\) says that NGO accountability must be understood in the broader context of democratic accountability. He describes the latter as a form of accountability that involves the entire society and not just individual organizations. More specifically, democratic accountability is “the quality of being accountable to those with less power who are affected by one’s actions or decisions.” Similarly, NGOs must be accountable to those they affect who are less powerful.

12.5. Bendell suggests that both democratic and NGO accountability can be described by answering the following key questions –

a) **Who is accountable?** This is a person, group or organization that affects another person or group with less power.

b) **To whom?** This is the person or group that is affected.

c) **For what are they accountable?** For the impact that they have on the person or the group, especially if the impact is negative.

d) **How are they accountable?** In a way where the affected person or group can change the behavior of the affecting person or group.

12.6. Another definition of accountability has been put forth by Brown and Moore (2001)\(^5\). Since accountability involves “a promise to perform”, it may be defined as “a relationship
between two or more actors.” This definition implies and includes NGOs’ accountability to several parties at the same time. For example, they may be accountable to – i) donors or funding sources for the effective and appropriate use of funds ii) clients and beneficiaries for the effective delivery of services iii) staff, for continuing support to the mission of the organization iv) allies and partners for keeping commitments made while developing and executing joint projects and, above all v) to the government. This definition looks at accountability as being both upward and downward, unlike Bendell’s definition that views accountability as being primarily downward.

12.7. Keating and Frumkin (2000)\textsuperscript{23} identify financial accountability towards three main stakeholders of an NGO – i) funding agencies who are interested in knowing whether the funds have been used appropriately ii) target groups who are concerned with and affected by the quality of services rendered and iii) the community at large, which is indirectly affected by the programs. In developing countries like India, the state government and, to a lesser degree, the central government, are important players demanding information and often a voice on the activities of NGOs.

**Need for Transparency**

12.8. The need for transparency by NGOs is also an issue that has been addressed and debated by several authors. Vaidyanathan, R. (Business Line, 2005)\textsuperscript{35} says that the time has come for greater transparency from the “third sector” of the Indian economy. Today, the third sector is comparable to the first sector (i.e. the government) and the second sector (corporate or private sector) in terms of size and available resources, since it receives adequate funding from abroad. Hence he feels that it is only fair that the third sector shows the same degree of transparency as the other two sectors, by disclosing their practices and the manner in which their funds are being used.

12.9. Williams, Francis (Financial Times, 2005)\textsuperscript{40} has similar views on governance and transparency among NGOs in general. Regarding the issue of governance, he is of the opinion that only the large, international NGOs with huge budgets currently conform to international standards of financial management, record keeping and auditing. The smaller NGOs need to improve their standards of governance. The author gives NGOs a low rating, as compared with intergovernmental and UN bodies such as the UNHCR, WTO and the
World Bank. This is based on the results of a survey (2005) conducted among international NGOs, intergovernmental bodies, MNCs and public sector companies worldwide. NGOs were found to provide inadequate information to their stakeholders and the public. This is another area where commercial systems, practices and disciplines could be usefully adapted and transplanted, in addition to the adoption of marketing principles for social marketing.

Civil Society Accountability

12.10. At the workshop held on the Future of Civil Society Accountability (2005)\textsuperscript{41}, Thierno Kane attempted to define NGO accountability by distinguishing between internal and external accountability. Internal accountability refers to the accountability to staff of the organization and is a measure of the degree of internal democracy of the organization. Developing internal accountability includes building leadership within the organization. Internal leadership needs to be trained at different levels in terms of acceptance of responsibility, tactical planning, implementation, mid-course corrections, periodic feedback and seeking guidance at critical stages.

12.11. Kane is of the view that NGOs, which are part of civil society, are first and foremost accountable to society, since they are involved in social development. External accountability involves not just reporting to stakeholders, but communicating to them in an open manner about objectives and activities. Reporting involves providing information to another party and is a one-sided process. Accountability on the other hand, is to be treated as a two-way or relational process, involving a dialogue if need be, on how effectively resources have been utilized.

Regulation and Accountability

12.12. The absence of meaningful regulations on NGOs has also led to poor standards of transparency and accountability, affecting their fund raising capacity. In such a scenario, only a few NGOs with a sound reputation and track record are able to attract funds.

12.13. The Foreign Contribution Regulation Act (FCRA) was established with a view to control the foreign funding received by Indian NGOs. All NGOs depending on foreign funds are subject to government surveillance by the Home Ministry. Thus, all foreign funded NGOs
must necessarily involve themselves in “safe and non-controversial” issues, including the promotion of government programs.

12.14. Another implication of foreign funding is that those Indian NGOs that have been successful in attracting foreign funds have not equipped themselves to talk to the Indian public about the causes they are promoting. As a consequence, the public is not only ignorant about the work being done by these NGOs, but has also formed an image of these NGOs as being wasteful and extravagant in their expenditure and using funds for extraneous purposes.

**Stakeholders’ Perception of Accountability**

12.15. This is summarized below, on the basis of the model provided by Keating and Frumkin (2000)\(^\text{23}\)

<table>
<thead>
<tr>
<th>Stakeholder</th>
<th>Accountability Perception</th>
</tr>
</thead>
<tbody>
<tr>
<td>Donor</td>
<td>Effective use of funded resources - ensuring there is no diversion – “Free of cost” or “Prescribed Basis of Pricing” for service is adhered to – Sustainability of the impact in the post-project phase</td>
</tr>
<tr>
<td>Government</td>
<td>Monitoring for ensuring that funds are not used for non-authorized purposes – Ensuring that there is no incompatibility with public policies and schemes</td>
</tr>
<tr>
<td>Target Beneficiaries</td>
<td>Voice in designing the Program – Program contents are culturally compatible – adoption of new behavior is worth the change</td>
</tr>
<tr>
<td>Field and Management Staff</td>
<td>Training to handle the “marketing” – adequate support facilities and tools are available – participation in designing the Program – realism in objectives and targets</td>
</tr>
<tr>
<td>NGO Promoter</td>
<td>Ensuring continuity and adequacy of funding – reasonable freedom in programming and operation – acquiring good image through creating sustainable impact</td>
</tr>
</tbody>
</table>

**Basic Rules of Governance**

12.16. Drucker, Peter (1990)\(^\text{14}\) suggests “do’s and don’ts” of managing performance in non-profit organizations. The most important rule is to focus on information and communication, rather than build an organizational hierarchy. If information is freely available and flows without delay, he sees a flat organizational structure as being more suitable for non-profits than a multi-layered structure. Other guidelines recommended by Drucker for non-profits such as building mutual trust, clarity of relationships and establishing mutually understood goals and deadlines are strikingly similar to those that any marketing organization that wants
to be successful would want to adopt. He emphasizes setting clearly understood and high performance standards and realistic goals. Only if goals and standards are clearly established can the quality of performance be adjudged.

**Institutional Image Marketing**

12.17. Accountability is one side of the coin and is system oriented. On the other side, what is needed is a constant flow of information and images that strengthen the stakeholders’ perception of the NGO. This calls for “image marketing”, which is the other side of the same coin. Image marketing is in effect, “backward marketing”, as opposed to the “forward” part, which engages in behavior transformation among the target segment. The concept of “backward marketing” is analogous to backward integration in business structures. In commercial marketing a good product that addresses the needs of a chosen consumer segment is necessary as a pre-requisite for the communication campaign to establish a sustained and growing market. With a bad product, advertising by itself cannot succeed. In the same way, effective performance and periodic accountability are equivalent to the “product” and image building of the NGO is like advertising backing a good product. It is from this perspective that accountability is a part of social marketing for NGOs that depend so much on outside funding.

**Concluding Remarks on Chapter II**

12.18. NGOs in India register themselves under any one of several legislations – those governing trusts, societies, cooperatives and non-profit organizations. The role of this sector was first recognized in the Sixth Five Year Plan (1980-85) with increasing importance in subsequent Plans. NGOs play an important role especially in water issues, micro-finance and poverty alleviation. Usefulness of marketing principles like distribution methods, relationship building have been emphasized by various authors. The components of social marketing as analyzed by experts form the basis for evolving the questionnaire and benchmark traits under this study. Following this overview, the next chapter examines, in depth, sustainability and relationships as two concepts unique to the NGO sector.
References


35. Vaidyanathan, R, “NGOs: To Whom are they Accountable?”, Business Line April 21, 2005.


