K4D | Knowledge, evidence and learning for development

INGOs relocating to the Global South

Kirsten C. Williams
Recrear International
10 September 2018

Questions

What evidence exists around INGOs relocating their headquarters to the Global South? What can be learned from these shifts and their experiences with divesting governance, financial oversight, and leadership?

Contents

1. Summary

Under the localisation agenda of integrating more local actors in the humanitarian and development ecosystem, some INGOs are looking to adapt their discourse and structures. Relocating their headquarters to the Global South is one of the most visible manifestations of this change. However, the implications of making such a move are still being understood.

The majority of studies reviewed for this report cite a change in geopolitical dynamics as a major factor in decisions to consider relocation. Southern actors and non-traditional players are stepping up: their growing capacity and legitimacy as well as their desire to pursue more autonomous development agendas is consequently inviting INGOs to rethink their positions.

Although relocation is stirring considerable interest among INGOs, only a handful have gone forward with the move. This report identifies three case studies: ActionAid, Oxfam and ACORD. Given the relative newness of relocation as a practice, relocation experiences might appear as little more than symbolic. However, the cases of ActionAid, Oxfam and ACORD suggest that structural change followed a values-based transformation within the organisation (Forsch, 2018).

There is a dearth in studies observing the topic of relocation. Although internationalisation and localisation are discussed, they often only mention relocation with little detail. Moreover, few studies have attempted to look at the first movers and learn from their experience. There is a lack of empirical evidence or observation on the impacts that relocation has had on organisations; indeed, given the newness of relocation it may still be too early to observe such effects. Most coverage comes from reports about the state and future of civil society, blog posts, and opinion pieces in newspapers; discussions are often anecdotal and there is little rigorous academic study.

2. Rationale for Relocation

Shifting global dynamics

As described by Bond (2015, p. 16), the "traditional defining raison d'être of many UK-based INGOs" is changing due to: "a decline in the number of low-income countries, along with a corresponding rise in middle-income countries; the predominance of fragile states in the low-income group; the growing importance of global public goods within the development debate; growing interdependence in a globalised economy characterised by distributed global value chains; the rise in size and frequency of shocks to the global economy; and the growth of transnational connections and knowledge networks." Other global trends influencing the strategic decisions of INGOs include: demographic shifts, the effects of climate change, the consequences of resource insecurity, the challenges of social mobility and migration, rising economic inequalities, shifting geometry of geopolitics, the increase of social activism, and the impact of an unprecedented technological era (Hailey, 2016).[1] The Global South has grown its economic and political power with a range of emerging economies in the BRICS (Brazil, India, China and South Africa) and CIVETS (Colombia, Indonesia, Vietnam, Egypt, Turkey and South Africa) (Davies, 2015). Governments in Africa, Asia and Latin America have taken more ownership in defining local and regional policy and development agendas.

---

[1] Hailey (2016) abstracted mega-trends from reports by the National Intelligence Council in 2012, the Oxford Martin Commission in 2013, and the World Economic Forum in 2013.

Donors in Europe and North America are adjusting to better respond to these geopolitical dynamics. Their notion of development assistance has morphed towards trade and commercial opportunities (Hailey, 2016; Shifting the Power, 2016). In fact, funding for official aid is diminishing while other flows, including private investments and migrant remittances, are becoming more notable (Oxfam GB, 2015; OECD, 2014). There are more instances of South-South cooperation and a trend towards disintermediating the role of INGOs so that Southern NGOs can manage funds directly (FSG, 2013; Oxfam GB, 2015). Conversely, "INGOs such as Save the Children and Oxfam are increasingly delivering programmes in the UK and other European countries to tackle issues of poverty and social exclusion" in the North (Walton, Davies, Thrandardottir & Keating, 2016, p. 2771).

It seems that these mega-trends are prompting INGOs to go *'beyond aid'* – beyond traditional service delivery to more systemic problem solving (Bond, 2015). The North-to-South resource transfer model of development has lost favour and mainstream discourse now speaks about a multipolar world (Shifting the Power, 2016; Bond, 2015). Initiatives like the Charter for Change (C4C) and the Grand Bargain outline a path for localisation and a more representative and democratic humanitarian system (Shifting the Power, 2016; Geoffroy, Grunewald & Ní Chéilleachair, 2017).

Evolving role of Northern-based INGOs

The first INGOs were created in the post-World War II era as relief efforts, but soon broadened their scope to serve human development needs globally, especially in the Global South. They came under scrutiny from the late 1980's through to 1990's, at a time when the public demanded more accountability from these bodies (Davies, 2012). The impact and coherence of INGO activities in the Global South were in serious question. Moreover, the disconnect and power imbalance between Northern head offices and Southern country offices was flagged by those working in the sector – especially from country programmes offices (Shifting the Power, 2016; Forsch, 2018).

This eventually led to adopting more decentralized models where power and decision-making were more equally shared across the network of members as can be seen by Oxfam, Save the Children and CARE (Davies, 2012). INGOs also began to shift from a primarily service delivery orientation towards a rights-based approach and greater emphasis on advocacy. Indeed, INGOs have been pivotal to informing, influencing and bridging discourse. This has been enabled by close relationships with the academic community around 'development studies' (Davies, 2012). They have also had an increasingly important role to play at the supranational level in addressing cross-cutting issues such as climate change, urbanisation, the evolving nature of global poverty and complex humanitarian crises (UNDP, 2013).

The push to reform INGOs has intensified once more in the face of complex and quickly-evolving issues requiring speedy, flexible and innovative responses. The question being asked is: are INGOs' 'fit for purpose'? Their legitimacy and capacity to respond to present day challenges has been widely criticised (Walton, Davies, Thrandardottir & Keating, 2016). With the growing capacity of the Global South, it might not be needed or even desired that INGOs play such an intermediary role (Bond, 2015). Some critics are inviting INGOs to step back from leadership in the sector and instead adopt more facilitating and supportive roles. In effect a host of organisations have

responded by furthering efforts to decentralise and some even to relocate their headquarters (Walton, Davies, Thrandardottir & Keating, 2016).

Growing importance of Southern INGOs and new players

Although the largest INGO families have traditionally stemmed from the Global North, there are Southern originating INGOs that have established themselves as essential players. Southern-based INGOs started multiplying particularly following the Cold War. Their proliferation has been facilitated by the sustainable development agenda favouring more localisation and participation from Southern actors (Davies, 2012). INGOs like the Bangladesh-based BRAC have risen to prominence on the global scene (see box 1), while other Southern INGOs like the Arab NGO network for development specifically serve their region (Davies, 2012). These organisations are demonstrating the real viability of South-South cooperation.

There are also new types of actors that have emerged or become more visible. Start-up organizations, loosely falling into the category of 'social entrepreneurship' have provided practical, innovative solutions. Their lean structures and frontier thinking have paved the way for successful disruptive innovation; examples of this include organisations such as Avaaz and GiveDirectly (Oxfam GB, 2015; OECD, 2014). The private sector is also stepping up as a development actor. Where private companies used to be content with Corporate Social Responsibility (CSR) projects, they now compete alongside NGOs for donor contracts (Oxfam GB, 2015).

> **Box 1: Bangladesh Rural Advancement Committee (BRAC)**
>
> Founded in 1972, BRAC emerged to meet the humanitarian needs of thousands of refugees returning home after the Bangladesh liberation war. Since then the organisation has rolled out a series of micro-finance and other initiatives (education, health and microfinance support) in Bangladesh (Hossain, 2012). The success of the BRAC model led to its rapid expansion and extension of programs across the region; by 2002 BRAC was present Afghanistan, Liberia, Sierra Leone, Southern Sudan, Tanzania, Uganda, and Pakistan. Employing over 125,000 in eleven countries as last cited in 2016 (Hailey, 2016), it is considered the first major INGO to stem from the Global South (Oxfam GB, 2015). In addition to its country offices, BRAC holds affiliate offices in the UK and US for the purposes of 'resource mobilization' (Davies, 2012).

The rise of information and communication technologies and improved technological infrastructure has also enhanced the agency of individuals all over the world (Oxfam GB, 2015). In effect, more people can directly engage with organisations (OECD, 2014). Technology has also been leveraged as an organizing tool, and the last 15 years has seen more citizen-led organizing globally (Oxfam GB, 2015). However, although grassroots groups are a critical force behind the social movements of the last decade, their sustainability is under threat from national governments (Oxfam GB, 2015).

3. Case studies of relocation towards the Global South

ActionAid

ActionAid was founded in 1972 to meet the welfare needs of children in the Global South. It established its headquarters in London, and worked alongside sister organizations across Europe to fund country programmes in the Global South. Like other INGOs of the time, it experienced major growth in the 1980's. ActionAid's mission expanded into community development more

broadly, addressing areas such as income generation, health care and agricultural development (Jayawickrama & Ebrahim, 2013).

By the time the civil society crisis of the 1990's set in, ActionAid announced it would be moving towards a more participatory and rights-based approach. However, the lack of alignment between this rhetoric and a still top-down organizational structure created controversy which ultimately led to significant transition (Forsch, 2018).

While talks of organizational shifts were in motion throughout the 90's, the appointment of Salil Shetty, an Indian national, as CEO catalysed more visible shifts in the organization. Changes continued at the senior management and board level, with more non-British persons assuming these positions. Structurally, ActionAid opted for an interim federated model to enhance coordination; this was called ActionAid Alliance. By 2003, ActionAid began a process of internalization characterized by the formation of ActionAid International (AAI) and the designation of Johannesburg as the home of the international secretariat (Forsch, 2018). Although South Africa hosts the International Secretariat, the International Secretariat staff are spread out across Johannesburg, London, Rio De Janeiro, Brussels and Bangkok (Jayawickrama & Ebrahim, 2013).

ActionAid's current CEO refers to ActionAid's shifts as not only structural, but also political. The decision to move headquarters to the Global South echoed a desire to bridge the gap between the organization and the communities they engage.

ActionAid has prospered since relocating its headquarters, with the organization's income doubling and programmes expanding into new countries. The organisation has also seen a more balanced representation of members from the Global South and Global North (Forsch, 2018). However, Forsch (2018) puts this in perspective by highlighting that other INGOs have also experienced similar or even greater growth during this period.

Oxfam

When the Oxford Committee for Famine Relief (Oxfam) was founded in 1942, it sought to provide famine relief to post-war Europe (Pachauri, Paugam, Ribera & Tubiana, 2015). A decade later, it broadened its emergency relief work to the Global South and widened its focus to poverty alleviation and justice (UNDP, 2013). Oxfam's response to the crisis of the 1990's also involved transitioning towards a rights-based approach and adopting a confederation model. By 1995 Oxfam International was created (Pauchari, 2015; Forsch, 2018). The organization's role widened its focus from service-delivery to include more advocacy and campaigning (Forsch, 2018). The organisation continued to observe the ever-evolving geopolitical dynamics and, by 2012, it announced its vision for Oxfam 2020. The agenda laid out an intention for Oxfam to boost its legitimacy in the Global South, especially given its advocacy focus, and thus maintain relevance (Pachauri, Paugam, Ribera & Tubiana, 2015). Oxfam's internationalization took place 10 years after ActionAid, which was of a similar size. Forsch (2018) suggests that the desire and pressure to stay current influenced INGOs' decision-making (Forsch, 2018).

Oxfam 2020 set out the intention to increase the number of Southern affiliates of Oxfam. In this way, the organisation could increase Southern perspectives and become a more truly global entity (Pachauri, Paugam, Ribera & Tubiana, 2015). Oxfam's next major step towards localisation came with the 2014 announcement that Oxfam's international secretariat would relocate to Nairobi by 2019. The move reflects a decision to further democratise the organisation in terms of sharing

power and becoming more accountable towards the communities they serve in the South (Forsch, 2018). Similar to ActionAid, Oxfam will have an international secretariat with a multi-site structure. The secretariat will be headed from Nairobi but with poles in Oxford, Addis Ababa, New York, Washington D.C, Brussels and Geneva (Jerving, 2018). In contrast to ActionAid, though, the majority of Oxfam's affiliates are from the Global North: ActionAid has 16 Southern affiliates out of 27 total, while Oxfam has only five Southern affiliates out of 20 (Forsch, 2018).

Thoughtful leadership and the recruitment of skilled staff adept for such structural reform have been central to Oxfam's move. The appointment of an executive director from the Global South, in this case Winnie Byanyima, was critical to steering the conversation on relocation in the right direction (Walton, Davies, Thrandardottir & Keating, 2016). To meet the needs of this new structure, Oxfam is placing an emphasis on training incoming international secretariat staff in leadership skills, matrix management, and organisational networking (Jerving, 2018). The organization has further signaled its commitment to the localisation agenda as defined under the Charter for Change by employing a full-time staff person to align Oxfam to the agenda (Shifting the Power, 2016).

Oxfam's present relocation is also rife with challenges. Like ActionAid before them, they are struggling with transitioning staff, lack sufficient employee support in the Nairobi office, and face difficulties with work permits for international staff. Despite granting themselves more time to make the shift, significant time and resources are being diverted away from programming and fundraising towards the relocation (Forsch, 2018).

ACORD

The Agency for Co-operation and Research in Development (ACORD) was founded in 1976 as a European-led consortium of INGOs committed to responding to emergencies and fragile social conditions across Africa (Fowler, 2010). ACORD, like many other INGOs working in Africa, benefitted from the period of structural adjustment that allowed NGOs to flourish in the vacuum left by government downsizing. Around this time, ACORD's focus sharpened around local capacity development. The more participatory nature of their work in this period paved the way for African experts to replace expatriates in senior management. Diversity on the board opened more critical reflections around ACORD being a European-led consortium. In the meantime, the consortium also struggled to manage its relationship to its organisational members, and expected equal financial commitments from each of them even though some possessed a greater capacity than others (Fowler, 2010).

The internal tensions and process of deep organisational questioning carried out throughout the 1990's culminated in ACORD reengineering its organisational identity towards an African-led INGO. In 2002 ACORD began a relocation process from its London headquarters to Nairobi (Fowler, 2010). During that period of transition ACORD managed two headquarters. Those early days were challenged by the fact that none of the London headquarters staff moved to Nairobi. Staff who were brought in from other parts of the network came in with a country programme manager mentality, waiting to deliver on a mandate from the London office (Buckley & Ward, 2015). As the Chief Executive of ACORD explained, the organisation struggled to realize its need to develop a new organisational culture, one in synergy with managing uncertainty on an ongoing basis (Buckley & Ward, 2015).

The move, completed in 2004, ushered in a new era as an African-based international alliance with a Pan-African agenda (UNDP, 2013; Fowler, 2010). Even so, ACORD was on the verge of collapse during this period of relocation. This was in part due to poor budgeting, an absence of transparency, questionable programme expenditures and a lack of critical competencies (Fowler, 2010). This was amplified by a loss of institutional knowledge due to the loss of London staff coupled with unstable leadership (Fowler, 2010). For more in-depth information, Alan Fowler's book *Overcoming Uncertainty* meticulously documents ACORD's restructuring process.

4. Lessons Learned and Considerations for Relocation

Internationalisation has considerable costs

As a first mover, ActionAid's experience with relocation offered other INGOs contemplating the move an opportunity to learn. Forsch (2018) notes that most organisations since then have budgeted more time and money to make the transition.

It is now understood that relocation brings with it significant human resource challenges and budget needs. It is not a given that most International Secretariat staff, formerly based in the Northern offices, would move to the South – mostly because of personal and family reasons. The options before most IS staff at this point are either to remain in the northern country office, now no longer the headquarters, relocate to the South, or leave the organisation entirely.

There are also considerable costs associated to relocation. In making the move, ActionAid recognized that a greater allocation of unrestricted funding was needed. The costs associated with management and coordination of the federation are already significant in INGO families given their size and geographic reach (Crowley & Ryan, 2013). Even so, all cases explored here point to a tendency to under-budget for the move in terms of resources but also time.

Leadership and skills to navigate uncertainty

Relocation appears to test an organisation's capacity to earnestly practice decentralisation and shift the power. Bold leadership seems a requisite to navigate the organisation through such a moment of great change. In a study of ActionAid's turn to internationalization by Harvard's Hauser Center for Nonprofit Organizations, Ebrahim and Jayawickrama (2013) identified how the leadership of a core group of senior staff (namely country directors) and a select few board of trustee members were critical to making the shift. Their discussions were particularly provocative at the time because they asserted a desire for more democratic power-sharing in the organization. They were focused on boosting accountability and legitimacy in the Global South, engaging more with policy-making, and enhancing efficiency and coordination across the organisation.

Still, pivotal as leadership might be there is also a wider recognition of necessary human resource development to match the needs of shifting INGOs. In a working paper released by the International Institute for Environment and Development (IIED), the research revealed how NGO staff and management will also need to cultivate the skills to react to disruptive change (Buckley & Ward, 2015). A report by the FSG consulting group (2013) adds that the future of INGOs is asking for an equally new skill set. Their survey results yield that INGOs deem skills in partnering and negotiation, advocacy and information technology equally as import as subject-matter expertise and international development experience (FSG, 2013).

Power dynamics

Re-balancing power between actors in the North and the South has been part of mainstream discourse for some time. The organisations referenced in this review, like many other INGOs, have faced tensions between their Northern offices and country programmes in the South. The disputes boiled down to an unequal division of power and an overall disproportionate representation of Northern members versus Southern members. To make localisation work, addressing power in terms of decision-making and resource allocation is fundamental (Geoffroy, Grunewald & Ní Chéilleachair, 2017).

Fundraising

The tendency to disburse large grants inherently benefits Northern INGOs and perpetuates dependency for Southern entities (Oxfam GB, 2015; OECD, 2014). The presence of an INGO with a long-standing reputation and large capacity to manage big projects has potentially harmful implications for civil society in the Global South. Northern INGOs relocating may crowd the space for Southern-origination organisations to access funds and run programs (Davies 2012; Bah, 2016).

INGOs still receive the biggest contracts and a wide share of official development assistance from donor countries. In 2014, 13% of ODA from OECD countries was channelled through NGOs, but "most of this goes to large international NGOs; NGOs from developing countries receive only 9% of all ODA spent through NGOs" (OECD, 2014, p. 115). INGOs funding also comes from private sources including directions donations and grants from foundations. The Internet, mobile phones, and social media have increased the ways in which individuals can donate, but "it it is not clear yet whether this direct giving will replace contributions channelled through NGOs or add to them" (OECD, 2014, p. 113).

The phenomena of direct giving and crowdfunding is not restricted to the Global North. Domestic institutions in emerging economies have grown their financial commitments towards local development (OECD, 2014). Indeed, Forsch's (2018) exploratory study of INGOs relocating suggests that adapting to these emerging possibilities in fundraising is another motivator for relocation. The growing tendency invites development agencies and donors to think about offering smaller pockets of funding that can be accessed by Southern entities of various sizes (Oxfam GB, 2015).

Consistency with values of participation

Many INGOs describe the work they strive to do in terms of participation, but it is challenging to discern how many are making the leap from the rhetoric to action. Traditionally, upward accountability (to donors) has eclipsed downwards accountability (to communities), but the localisation agenda is now placing renewed emphasis on the latter (Walton, Davies, Thrandardottir & Keating, 2016). In the case of ActionAid, their commitment to practicing participation and involving communities more earnestly in the country programme's decision making inspired them to advocate for genuine downward accountability (Forsch, 2018).

Public opinion holds that there is still room for improvement. A commitment to participation is challenging INGOs to think about who qualifies as an expert and how might human resource hiring practices better reflect their participatory discourses. Most Northern INGOs claim 'international

development experts' among their staff – most of whom have studied in Northern-based higher education institutions. Several observers question whether hiring practices will become more equitable or whether the division between 'experts' in decision making positions (pre-dominantly occupied by Northern professionals) and support staff functions (mostly administrative and IT filled by local hires) will persist. Likewise, it is unclear how pay scales, currently distinguishing 'international' and 'local', will adjust (Forsch, 2018; Bah, 2016). A UNDP report already acknowledges that INGO presence in the Global South has the effect of 'brain drain' as local civil society organisations are unable to compete with the salary and benefit schemes of INGOs (UNDP, 2013).

5. References

Bah, V. (2016). Will the sky fall when big NGOs move south?. Retrieved from https://www.opendemocracy.net/5050/will-sky-fall-when-big-ngos-move-south

Bond. (2015). *Fast Forward: The Changing Role of UK based INGOs* (pp. 3-28). London: Bond. Retrieved from https://www.bond.org.uk/data/files/reports/Fast_Forward_0515.pdf

Buckley, L., & Ward, H. (2015). *Getting good at disruption in an uncertain world: Insights from Southern NGO leaders* (pp. 3-66). London: IIED.

Crowley, J., & Ryan, M. (2013). *Building a Better International NGO* (pp. 1-7). Boulder: Lynne Rienner Publishers.

Davies, D. (2015). How to keep INGOs relevant in a changing world. Retrieved from https://www.devex.com/news/how-to-keep-ingos-relevant-in-a-changing-world-85953

Davies, T. (2012). The Transformation of International NGOs and their Impact on Development Aid. *Revue Internationale De Politique De Développement*, *3*(3). doi: 10.4000/poldev.994

Forsch, S. (2018). Moving to the Global South: An Analysis of the Relocation of International Secretariats. *St Antony's International Review*, *13*(2), 159 - 186. Retrieved from https://www.ingentaconnect.com/content/stair/stair/2018/00000013/00000002/art00011

Fowler, A. (2012). *ACORD's transformation: overcoming uncertainty 1976-2010. 35 years of organisational change* (pp. 3-11). London: ACORD.

FSG. (2013). *Ahead of the Curve - Insights for the International NGO of the Future*(pp. 1-44). FSG. Retrieved from https://www.fsg.org/publications/ahead-curve-0

Geoffroy, V., Grunewald, F., & Ní Chéilleachair, R. (2017). *More than the Money – Localisation in practice* (pp. 1-8). Groupe URD & Trócaire.

Hailey, J. (2016). The Global Trends and Challenges: Strategic Implications for NGOs. In *ISTR Conference* (pp. 1-11). London: Centre of Charity Effectiveness, Cass Business School.

Hossain, M. (2012). Measuring the Impact of BRAC Microfinance Operations: A Case Study of a Village. *International Business Research*, *5*(4). doi: 10.5539/ibr.v5n4p112

Jayawickrama, S., & Ebrahim, A. (2013). *Building and Governing a Democratic Federation: The ActionAid International Story* (pp. 1-17). The Hauser Center for Nonprofit Organizations at Harvard University. Retrieved from http://www.actionaid.org/publications/building-and-governing-democratic-federation-actionaid-international-story

Jerving, S. (2018). Oxfam tackles the complicated logistics of its move to Nairobi. Retrieved from https://www.devex.com/news/oxfam-tackles-the-complicated-logistics-of-its-move-to-nairobi-91718

Morton, B. (2013). An Overview of International NGOs in Development Cooperation. In *Working with civil society in foreign aid*. UNDP. Retrieved from http://www.cn.undp.org/content/dam/china/docs/Publications/UNDP-CH11%20An%20Overview%20of%20International%20NGOs%20in%20Development%20Cooperation.pdf

OECD. (2014). *The changing role of NGOs and civil society in financing sustainable development* (pp. 109-119). Paris: OECD. Retrieved from https://www.oecd-ilibrary.org/docserver/dcr-2014-13-en.pdf?expires=1536612346&id=id&accname=guest&checksum=A29E7BEE05E1B2BAE9E2EFC2A1961F3F

Oxfam GB. (2015). *Fit for the Future? Development trends and the role of international NGOs* (pp. 1-19). Oxford: Oxfam GB. Retrieved from http://www.globaltfokus.dk/images/Kapacitetsudvikling/Arrangementer_kap_forum/dp-fit-for-future-INGOs-110615-Oxfam-en.pdf

Pachauri, Paugam, Ribera & Tubiana, R., Paugam, A., Ribera, T., & Tubiana, L. (2015). *Building the future we want* (pp. 57-60). Delhi: AFD, IDDRI, and TERI.
Shifting the Power. (2016). *Localisation of Aid: Are INGOs Walking The Talk?* (pp. 3-15). Shifting the Power Project. Retrieved from https://reliefweb.int/sites/reliefweb.int/files/resources/WTT_FINAL.pdf

Walton, O., Davies, T., Thrandardottir, E., & Keating, V. (2016). Understanding Contemporary Challenges to INGO Legitimacy: Integrating Top-Down and Bottom-Up Perspectives. *VOLUNTAS: International Journal Of Voluntary And Nonprofit Organizations*, *27*(6), 2764-2786. doi: 10.1007/s11266-016-9768-2

About this report