Development assistance has become a multistakeholder initiative, drawing in participants from national governments and international agencies to nonprofits, foundations, universities and corporations. These shifts have transformed the role of official development assistance (ODA) programs globally, and U.S. nonprofits, commonly referred to as U.S. nongovernmental organizations (NGOs), have a critical role to play in this more crowded landscape.

The new development landscape

Gone are the days when a few donor nations and the World Bank provided the bulk of grants or loans to recipient countries and targeted programs. New players are rapidly transforming the basic architecture of the aid system, its diversity, capacity and effectiveness. New donor governments are giving aid and development assistance from emerging economies has more than doubled in recent years. U.S. corporations, which already contribute an estimated $7.6 billion per year in philanthropy, are increasingly moving beyond a charity-based “check-writing” model to one of creating shared value, making thousands of mutually beneficial partnerships with governments and NGOs to achieve development outcomes through their everyday business operations. Social entrepreneurs and “impact investors” are bringing new ideas and resources, and universities and think tanks play a growing role through research, analysis and partnerships. The American public has also become involved with increased donations, advocacy and volunteer work.

During the 1960s ODA constituted 70 percent of capital flows to developing countries, while today only 13 percent comes from ODA, with the rest coming from private capital flows. It is in this context, as an ODA partner and major donor of private development resources, that NGOs are helping shape the nature of development assistance here in the United States and abroad.

The U.S. NGO community

The important contribution of international NGOs is widely recognized. It was acknowledged at the 2010 UN General Assembly, for example, that without the work of NGOs around the world, much progress on the Millennium Development Goals (MDGs) would have been impossible. In the context of U.S. foreign assistance, U.S.-based international NGOs offer private resources, technical assistance and longstanding relationships with local communities. These assets make U.S. NGOs key partners for the U.S. government, offering enormous leverage potential to increase the effectiveness of U.S. development assistance dollars. U.S. NGOs also partner extensively with corporations, engaging in multistakeholder partnerships to increase their impact. International NGOs are an essential component in responding to global disasters and major innovators in development programming.

The U.S. NGO community embodies many values familiar to American culture such as compassion for those less fortunate, self-help and innovation, and a desire to promote human dignity and individual potential within democratic societies. U.S. NGOs respect and promote human rights and social justice, and focus on people’s empowerment, democratic ownership and participation. They are committed to realizing positive, sustainable change by promoting gender equality and equity, environmental sustainability, transparency and accountability through equitable local partnerships. Given their long-term programming in-country, independent funding and collaboration with local communities, U.S. NGOs operate differently than many
government-funded contractors working in developing countries.

In government circles it is common to think of international NGOs as institutions that use donor government support to respond to humanitarian emergencies or provide public services, or as charities at the margins of the development assistance system. In recent decades, however, shifts in their funding structure have made many U.S. NGOs donors in their own right. Nearly 70 percent of InterAction members’ revenue comes from private donor sources, representing the broad-based support that U.S. NGOs receive from American citizens, foundations and corporations.6

In 2010, U.S. NGOs managed $14 billion in private cash contributions and gifts-in-kind resources.7 U.S. NGOs receive individual donations from millions of Americans living in every congressional district, and are supported by over 60,000 religious congregations, including every faith group.8 Our community works through millions of Americans who voluntarily give their time, energy and money to support sustainable development, poverty alleviation and humanitarian relief programs around the world. This private assistance has increased at an unprecedented rate in recent years and now produces more development assistance each year than the official donor assistance of most developed countries.9

Many U.S. NGOs have their origins in responding to manmade or natural disasters but have over time expanded to include long-term efforts to reduce extreme poverty. According to the most recent reliable estimate, this disaster response (often referred to by donor governments and NGOs as humanitarian assistance) accounts for approximately 30 percent of the total programming by U.S.-based international NGOs.10 With over 200 members, who manage the vast majority of U.S.-based international NGOs’ resources, InterAction represents a key constituency of this new development landscape. InterAction members undertake a wide range of projects; for example, as they respond to disasters, advance sustainable environmental practices, promote gender and disability inclusion, and build the capacity of local communities. They work with local governments and civil society across many sectors, such as basic health and education services, technical expertise, democracy and effective rule of law. This allows donors, from governments to the private sector, to partner with InterAction members on a range of programs. InterAction members are also the backbone of international humanitarian response missions worldwide, often contributing the bulk of community-level services during an emergency.

U.S. NGOs act as a bridge between local communities and programs funded by donor governments, businesses and private individuals, which ensures more effective and sustainable development projects. As impartial actors working in conflict areas, many NGOs work to increase transparency, accountability and sustainability of programs undertaken by donor and local governments and with the private sector.

An approach focused on results and local ownership

The Istanbul Principles for CSO Development Effectiveness guide the practices of U.S. NGOs in areas of work from grassroots service delivery to policy advocacy, and from humanitarian emergencies to long-term development. The key principles of humanitarian law – impartiality, neutrality and independence – enable U.S. NGOs to operate in many difficult and dangerous environments. We have seen significant improvements in the overall professionalization of the NGO humanitarian and development sector and their ability to deliver results.

Despite these changes, a number of myths are still being perpetuated about the NGO community. These include:

- **NGOs cannot take projects to scale.** U.S. NGOs vary in size, but many have projects that routinely go to scale and are as efficient as large-scale government or private sector programs. U.S. NGOs are also quick to scale up proven methods and implement them in other countries after adapting them to the local context.

- **NGOs prefer to bypass governments and operate parallel programs.** U.S. NGOs are not creating parallel programs by funding local civil society institutions or programs aimed at the most vulnerable populations. They are helping build the capacity of a society to develop itself. Any U.S. NGO must work with or through local governments and civil society to build its capacity to provide goods and services to its population. U.S. NGOs do provide these services in the short run or in a humanitarian setting, but only with the goal of creating a demand for these services and handing over such processes to fully functional government agencies.

- **NGOs cannot coordinate.** The U.S. NGOs that belong to InterAction coordinate their efforts and those of governments, the United Nations and others. The U.S. NGO community recognizes that it is not enough for each individual organization to design and implement excellent projects. Those projects must ultimately result in a changed society: one that is more inclusive, democratic, equitable and resilient. U.S. NGOs are motivated to strengthen mechanisms to facilitate this by working better with all parties.

- **NGOs cannot build local capacity.** U.S. NGOs allocate billions of dollars each year on programs that deliver core development benefits while also building the capability of local partners. Existing NGO relationships with communities and organizations represent
ongoing experienced investments in training, skills transfer, infrastructure and operations that over time enable local institutions to thrive.

As development assistance shifts toward multistakeholder partnerships, U.S. international NGOs are an important ally to reduce suffering and combat global poverty. The many participants in development aid bring different perspectives to the table and use varying means to achieve their goals. Many of these approaches complement each other; but to ensure efficient and flexible development programs, governments, NGOs and the private sector must build effective partnerships. In part, this will entail further appreciation of the role of international NGOs and their greater inclusion in policymaking.

Through the efforts of InterAction, the U.S. NGO community has responded enthusiastically to the elevation of U.S. development assistance and it wants to advance accountable, results-oriented partnerships that include both local civil society and businesses in development projects. If this vision is to succeed, there must be new opportunities for enhanced partnerships between the government, NGOs, the private sector and local communities to flourish.

3 Ibid.
6 InterAction estimates based on members organizations’ 2009 IRS Form 990s.
8 2011 estimate based on self-reported data by InterAction members.