

Government-NGO Interaction for Poverty Reduction

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Government-NGO interaction for poverty reduction is a major subject, which involves both academic and empirical dimensions. We can conduct a summary discussion through academic dimension, international experience, the current features of China's government organizations and NGOs and how to strengthen their interaction for poverty reduction.

I. Academic Dimension – “Three Social Sectors and Organizational Carriers”

The dividing line between the government and NGOs is the social structure division resulted from social division of labor. Prior to the market economy, the two main organizational forms of the society were family and government with the former being responsible for wealth generation and private affairs and the latter for equitable collection of taxes and addressing public affairs including social equity, order and security.

Industrial civilization originated in Europe created the new organizational forms of company or enterprise. To be exact, it is Britain and the Netherlands that were the earliest to invent the most effective organizational form of limited liability company for wealth generation, gradually transforming family to be an important carrier only for handling private affairs, such as human reproduction. The division of labor and organizational division between families and companies experienced long-term coexistence during periods of industrial civilization and post-industrial civilization, and even till today, many oriental companies have maintained the close but chaotic linkages between families and the corporate system. One evident trend is that the higher degree of non-agricultural development and urbanization of a country and

modernization of its economy is, the more evident division of labor between the two organizational forms of company and family and the clearer their responsibilities and functions will be. With intensified competition and modernization, company will increasingly become the overwhelming organizational carrier for wealth generation.

In the area of addressing public affairs with taxes on wealth, the pace of evolution has never stopped, experiencing the tests of a series of events including workers' strike, farmers' riot, socialist revolution and two World Wars. The government has gradually learned from the series of social hardships accompanying human and industrial civilization on how to adapt to changes as a result of the civilization of market competition. World War II is a turning point, which promoted the establishment of a large number of official NGOs and the shaping of the embryonic form of unofficial NGOs, leading to a complete organizational form of nongovernmental organization or non-profitable organization, whose social functions are to reduce social hardships, maintain social equity and justice and enhance social harmony through mobilizing social volunteers (wealth and time contributions) to participate in addressing social and public affairs. Relative to the government, this organizational form can be branded as non-government organization since its functions are the same as the government with both focusing on and addressing social and public affairs. However, sources of resources for NGOs are different, which are raised through mobilizing social volunteering and not collecting taxes through forceful means. Relative to companies, this organizational form can be branded as non-profitable organization since its resources mobilization and expenditure also need management, but it does not have shareholders and its profits cannot be distributed and must be used in a sustainable manner for public goods or public affairs.

There are many factors facilitating the evolution of this organizational form and changes in social structure, but the most important ones include: 1) competitions among political forces

driven by political marketization and democratization; 2) significant increase in wealth and increase in leisure time; 3) increase in social transparency and call for and interaction between social intuitive knowledge and social justice driven by the development of information industry. However, the main theme of the paper is not to discuss these factors.

In the above sense, division of government, NGOs and companies in traditional theories is not comprehensive or systematic enough. The author believes that comprehensive and systematic social division of labor and organizational structure should include four sectors:

- 1) Companies, which are the core social carrier of the modern society for wealth generation;
- 2) Families, which are the social carrier of the modern society for addressing private affairs including human reproduction;
- 3) Government, the carrier of the society for public affairs to the maintain social equity and security through collecting taxes on wealth;
- 4) Non-governmental (Non-profitable) organizations, the carrier of the society for public affairs through mobilizing social volunteering to maintain social equity, openness and intuitive knowledge.

Analysis of how to correct traditional theoretical errors in social division of labor will be elaborated separately, but review and discussions from an academic perspective would significantly benefit the following discussions.

II. Analysis of International Experience in Government-NGO Interaction for Poverty Reduction

Non-government and government organizations are innately unequal since the government is

official and is a mature organizational form developed over a long period of time, while NGO is unofficial and is a puerile and undisciplined organizational form developed only recently. The government has a noble background and can use state apparatus to openly and legally mobilize social tax resources to address key and framework issues in social and public affairs; NGO has a humble origin, which has got no other tools to use except for investigating and finding social hardships in a very cautious manner and taking unremitting efforts to mobilize social volunteering so as to address minor and supplemental issues in social and public affairs. The government has a strong self-healing capacity and even local failure or malpractices of very few in power will not affect the existence of government organizations since we cannot imagine that our society can operate without government for one single day. NGO is extremely vulnerable and local and very few incidents, if addressed improperly, would lead to the destruction of the overall organization and sectoral depression since the society has all along kept a vigilant and skeptical perspective towards the motives of NGOs.

Since NGOs and government organizations are innately unequal, interaction is thus difficult and even impossible. From a perspective of traditional concept, interaction between unequal statuses is an overstepping of the duty of NGOs themselves. This traditional concept is rooted in all components of the society and everybody's heart, no matter whether you are a member of government or non-government organization.

From a perspective of the experience of western developed countries, such government-NGO interaction didn't exist from the very beginning; on the contrary, over a fairly long period of time, NGOs didn't obtain the social-group psychological status for interaction with the government, which prevented and excluded NGOs as something immaterial and sometimes as trouble-making and alien forces. Until the government had clear and rational understanding of the social functions of NGOs, the situation began to change and interaction became possible.

For the advent of this historical turning point, innumerable pioneers had worked so hard and did not wait for the fictitious “government” to wake up.

First, many great volunteers have taken great efforts to awaken the government, including a number of entrepreneurs such as Carnegie, Rockefeller, Stanford, Ford, Gates and Buffett, a great deal of social activists such as the founders of various influential non-government organizations, and innumerable social workers and academic advocates; second, with the significant growth of “social volunteering” resulted from the increase of social wealth and leisure time of individuals, the fields in which NGOs get involved are increasingly expanding and the social public-good issues they address are ever increasing. NGOs have become a non-negligible new force in social structure; third, on the one hand, NGOs absorb nutrition from the management of government’s public affairs and on the other hand, learn lessons from corporate governance and management, and through sectoral self-discipline, increase credit and trust among the public, mitigate the impacts of negative incidents and promote the increase of maturity of sectoral management and accountability among the public. All of these are the conditions for the growth of NGOs and their interaction with government organizations, as well as the prerequisites for removing the traditional overstepping concept.

Nevertheless, based on the experience of developed countries, interaction between the two organizational systems doesn’t begin until the above the above conditions are fully met but accompanies the whole development process. Observations show that the earlier stage can be named as that for lobbying by NGOs and advocates while interaction is only recent. True interaction can try to use government opening in large-scale common resources to NGOs as a dividing line. Such interaction indicates both government’s acknowledgement of the regularity and efficiency of NGOs’ sectoral management and that NGOs’ practices and views have

produced realistic benefits for improving government's efficiency in public affairs administration.

It is worth noting that the political system of western developed countries is the democratic system comprising representative and parliament mechanisms, under which innovations of various social organizations can be communicated with the government through appropriate channels and gradually acknowledged by law, hence gradually creating management norms and mainstream awareness of the society. In this sense, interaction between non-government and government organizations under such a political system can more easily overstep the traditional overstepping concept and become a reality.

III. Psychological Perplexity of China's Government Organizations on NGOs and Their Impact on Interaction

The Chinese Government is mature social public affairs organization with a long history, which has experienced trials and hardships. It has accumulated a set of administrative experience, cultural philosophy and religious system, especially in administering and running civilized agricultural society with families being the carrier for wealth generation and private affairs management. However, it lacks experience and adequate knowledge in managing such social carrier as companies and NGOs created as a result of industrial civilization, especially in the latter.

NGO is introduced to China after its reform and opening up in late 1970s. Although we can find the living fossil type of traces of NGOs from outlying Tengchong and Shun Town in Yunnan Province, their real major development took place after 1990s.

The Chinese Government has a very naïve understanding of NGOs and such understanding has basically remained at such a stage: there are many poor people and those living in hardships needing help and the government lacks financial resources, therefore NGOs are needed to help mobilize more financial resources. In general, NGOs are to help the government to locate money and help with more poor people with more money obtained. Such lopsided definition and mainstream awareness of NGO functions have resulted in many problems to the development of China's public-good undertakings.

Since the focus was on getting money and not on mobilizing volunteering and safeguarding social equity, justice and intuitive knowledge, Chinese NGOs have for long had the typical features of veteran officials contributing and working after their retirement and not the features of social volunteering and the professional features of management by NGOs.

Furthermore, such a definition has got an additional benefit, that to enable veteran officials to retire from their full-time job to join "People's Congress" and "People's Political Consultative Congress", and retire from the two congresses to work at the NGOs so as to prolong their political life, hence reflecting and maintaining social stability.

The government are not fully unaware of such a lopsided definition, which also stems from the deep concerns over NGOs developing to alien forces and forces contributing to social instability, for which responses from the government after "Falungong" incident and "Color Revolution" in East Europe have provided a complete footnote. These concerns drive the government to simplify the functions of NGOs, i.e. helping with raising money to increase resources for poverty alleviation. Therefore, so long as there is a prestigious veteran official turning up, there is backing from a government department and a sum of money can be obtained, a non-government organization can be established. This is exactly contrary to the

western concept under which an NGO is initially launched by an individual or several people, organizational mission and objectives, organizational structure and the design of management through accountability, as well as the model of organization development under which social forces are mobilized to raise funding. This definition has evolved from the social structure under which the officials play a dominant role.

The lopsided definition and political concerns have facilitated the emergence of dual administration models for Chinese NGOs, i.e. the coexistence of administration through the registration system and administration by government departments. Such administration makes it hard for the registration system to develop into improved social supervision and regulation while administration by government departments has transformed to political risk management. This dual administration structure has made Chinese NGOs suffer greatly in process of participating in poverty alleviation and self-development. But the rationality of the structure lies in that under the model of “helping the government locate money” and “veteran officials continuing to work and contribute after their retirement”, the simplified dual administration has effectively avoided widespread sectoral risks and political risks.

Under such sectoral circumstances and from an abstract perspective, the government needs to stress the social role of poverty alleviation of NGOs, but for specific government organizations, often they do not truly trust NGOs and often feel that NGOs are trouble makers, what they do is also trouble-making and dealing with them may be even more trouble-making. Therefore, it is hard to say that there exists effective interaction between the two types of organizations (excluding the situation under which social groups under a competent department use its resources for public relations).

IV. Perplexities Faced by Chinese NGOs and Their Interaction with Government

Organizations

Under the lopsided definition of “assisting with raising funds and poverty alleviation” and the model of dual administration, the development of Chinese NGOs faces a number of challenges and suffers greatly: first, dependence on government resources must be subject to government’s heavy administrative interference, making their legal persons setup like an empty shell and making them gradually evolve to quasi-government organizations and hence lack vitality and creativity; second, strengthening legal-person governance structure can easily lead to NGOs being alienate from the government and becoming helpless, being unable to obtain money and having no influence in the society; third, the trouble is that the model being selected has a great deal of uncertainties and sometimes depends on the interests and preferences of leaders of competent administrative departments, therefore the personnel changes in the competent departments often harm NGOs.

Under such circumstances, the biggest perplexity comes from the very immature development of volunteers market, the public having not developed donating habits for not fully trusting NGOs and the volunteers market being flooded with a group of entrepreneurs attempting to develop good relations with the government through donations, some of whom donate for the purpose of obtaining money from the government and others do so to get more resources from the government. This makes us think of the following old fable: a beggar woke up at midnight only to find that a thief was searching aimlessly for valuable stuff and suddenly arose from the bed, the thief was so frightened and said: take it easy, brother, I just wanted to borrow some money. The beggar said: you take it easy too, isn’t it I have been looking for? Let me get off the bed and we two look for it together. Maybe this metaphor is not appropriate enough, but indeed, many NGOs of ours often play such a role-going to the government and looking for money with a thief, playing a role of assisting the thief in developing good relations with the

government.

Genuine donors do not play tricks, but they have unique understanding of poverty alleviation and charity, they focus more on the accountability and governance levels of NGOs who receive and implement donations. Under a situation where social regulatory system is not fully developed (government's legal work is very basic in that it simply relies on administration), identification of NGOs' accountability becomes a major problem, and therefore, social volunteering often simply flows to those government-run NGOs with strong government features. The development of identification capacity of these NGOs has experienced a long historical process; the enterprises identified that their organizations were suffering unprecedented pressure from rebelling activities and the transformation process is both long and suffering.

In order to address funding shortages, leaders of Chinese NGOs often rush around and spend little time studying the issues such as the mission, objectives, strategies and clients of their organizations and the market, and show little concern over internal management processes, team building and culture. Since the team comprises many veteran officials and is not professional, also because of the strong desire for money and lack of management, our NGOs deeply believe the ways recommended by enterprises on how to get money and spare no efforts to mobilize government resources, leading to the unique existence features of Chinese NGOs- lobbying the government, but there often exists potential crisis that may constitute severe damages to the sector's accountability.

Nevertheless, many NGO pioneers are carrying out innumerable meaningful explorations, such as China Children and Teenagers' Development Fund, CFPA, Amity Foundation, China Women Development Foundation, Global Village, Friends of Nature and Alaxa SEE Ecological

Association. These explorations play a major role in enhancing NGOs' governance levels and accountability building under the dual system of the social regulatory system that lacks openness and transparency.

V. How to Strengthen Under the Dual System Interaction Between Government Organizations and NGOs to Facilitate Poverty Reduction

Responsibilities for lack of interaction and insufficient interaction lie in both government and non-government organizations and from the a deeper perspective, lie in the positioning on NGOs by native dominant awareness of the society, puerile social regulatory system, low governance levels of NGOs and puerile volunteer market. However, with China's per capita GDP entering a rapid growth period, volunteer market of the society will also experience rapid expansion. Changes will eventually take place and we should be fully prepared for meeting such changes.

Facilitating interaction often needs to start from technical dimensions. First of all, it is necessary to enhance understanding of NGO's definition – an NGO is not only the assistant of the government in mobilizing funds for poverty alleviation, but also the new force for creating social equity, intuitive knowledge and harmony, as well as the new carrier for organizing public affairs that works together with the government to promote the increase of resources for public affairs and the expansion and improvement in the efficiency of public affairs. The positioning of the mission, strategy, clients and market as well as governance levels of each NGO should be far more important than mobilizing funds.

Second, based on such positioning, there is a need to break government monopoly, open up competition mechanism, focus on creating transparent and open social regulatory system and

gradually reduce the role of administration to regulation over political risks.

Third, the government should take efforts to maintain the accountability order of NGOs through social supervision and regulation and can prevent political risks through laws rather than administration, more importantly, risks of lack of social intuitive knowledge and morals, to get rid of “the black sheep”, enforce discipline for public-good poverty alleviation and strengthen culture of public-good poverty alleviation.

Forth, initiate governance building, management capacity building, team building and cultural building of NGOs, which need to focus on the regulated and mature development of their respective organization.

Fifth, open up government’s common resources, foster the grassroots awareness and competition culture of NGOs, build sectoral self-discipline and self-confidence, and promote the emergence and growth of large and capable NGOs.

All of these are conditions and technical preparations to strengthen interaction between government and non-government organizations to facilitate poverty reduction and increase social harmony, requiring various parties headed by the government to take explicit and unremitting efforts.

Case Study: Enlightening Explorations Conducted by the Office of the State Council for Poverty Alleviation

In 1996, China Foundation for Poverty Alleviation (CFPA), an NGO administered by the Office of the State Council for Poverty Alleviation, was audited by the State Auditing

Administration and a number of problems concerning its management and operations under the original system were revealed. Therefore, in 1996 Director Chen Junsheng of the State Council Leading Group for Poverty Alleviation and Development chaired a meeting which decided to reform the system of CFPA, implement the Secretary-General responsibility system, and establish a joint system of governance by the team of veteran officials led by the President and the professional team led by young Secretary-general to replace the original system of governance by the team of veteran officials.

In 1999, State Council Office for Poverty Alleviation approved the Secretariat of CFPA to remove its administrative level and establishment as a public services unit, enabling it to become the first large government-run NGO with the governance structure being established in full accordance with the social regulatory system.

In 2000, the State Council promulgated the Program for Poverty Alleviation for the first ten years of 21st century. Initiated and promoted by the State Council and as the most authoritative official document of the government, the Program incorporates for the first time the following elements: “Adhere to government leadership, introduce NGOs to participate in the implementation of poverty alleviation programs of the Chinese Government, facilitate NGOs to participate in competitions for public-good resources for poverty alleviation, develop innovative poverty alleviation models and improve poverty alleviation efficiency.”

In 2001, supported by the State Council Office for Poverty Alleviation, CFPA, China Youth Development Foundation and others jointly sponsored the International Conference on NGO’s Poverty Alleviation Policy in China, which conducted highly effective and fruitful discussions on the historical mission, organization and governance, sectoral self-discipline and others of Chinese NGOs engaging in poverty alleviation and jointly issued the Beijing Joint Declaration

on Poverty Alleviation by Chinese NGOs. As a result of the conference, the series on the Historical Mission of NGOs for Poverty Alleviation were published.

Between 2000 and 2005, supported by the State Council Office for Poverty Alleviation, CFPA promoted in a progressive manner cooperation between government and non-government organizations in Yunnan, Fujian, Ningxia, Liaoning, Chongqing, Hebei, Shanxi and others, urging the government to entrust the management of poverty alleviation funds to NGOs through the effective institutional arrangements such as “signing contracts-entrusting-risk management” while the government concentrated its efforts on studies of use efficiency of poverty alleviation funds, supervision of poverty alleviation benefits and regulation of funding risks. Through such positive explorations, the accumulative amount of funds entrusted by these provinces to be managed by CFPA and used for Micro Finance Poverty Alleviation Project and Maternal and Infant Health Project has outnumbered 50 million yuan, setting the first example of cooperation and interaction between government and non-government organizations for poverty alleviation.

In 2005, State Council Office for Poverty Alleviation and the World Bank jointly sponsored China Development Marketplace Project with the objective to support innovations, expand service and reach the poor. The project was implemented by CFPA. Although the project received only US\$650,000 grants from the World Bank for 30 grassroots NGOs, through effective interaction and collaboration between government and non-government organizations, it attracted 975 grassroots organizations nationwide to apply for project funds, strengthened effective interaction among non-government grassroots organizations and their interaction with government organizations through competitions, knowledge forum and project demonstrations, hence producing significant social impacts.

In 2006, based on the MOU signed in February 2005 between State Council Office for Poverty Alleviation, Ministry of Finance and Asian Development Bank, the NGO-government Partnership in Village-level Poverty Alleviation was implemented in Jiangxi. The project entrusted government funds for comprehensive poverty alleviation at the village level to CFPA to conduct project planning and development bidding proposals. It also opened to NGOs through the approach of open bidding while the government was responsible only for poverty alleviation monitoring and funding supervision and control. The Asian Development Bank provided technical assistance. The project opened for the first time 10 million yuan for comprehensive poverty alleviation bids at 20 villages. Through open bidding, independent evaluation by the Bid Evaluation Committee and voting, 10 grassroots organizations won the bids. Through contracts, capacity building, team building and village work, the project effectively set up a platform for active communication and interaction between villagers and project design and management experts, among villagers and between non-government and government organizations and brought for the first time the use and management of public poverty alleviation resources under open social supervision, setting the first example interaction between government and non-government organizations for poverty reduction.

Can we obtain some enlightenments from the series of pilots mentioned above carried out by the State Council Office for Poverty Alleviation.