

BETWEEN A ROCK AND A HARD PLACE:

Pressures reducing NGO managers' ability to analyze the effects of their organizations' financial transactions

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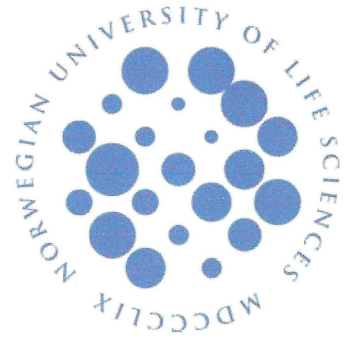
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Pressures reducing NGO managers' ability to analyze the
effects of their organizations' financial transactions**

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Master Thesis
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Spring 2013

Declaration

I, Geir Øye, declare that this thesis is a result of my own research investigations and findings. Sources of information other than my own have been acknowledged and a reference list has been appended. This work has not been previously submitted to any other university for award of any type of academic degree.

Signature.....

Date.....

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Abstract

The purpose of this research has been to study factors, both *internal/organizational* as well as *external*, that can reduce NGO managers' ability to critically analyze the effects their organizations' financial transactions can have in the contexts where they are operating. Literature suggests that an awareness of the political economy in the local settings is crucial to avoid potentially negative effects of the influx of resources that aid represents. Resources are prone to be exploited and when aid and resources is distributed in a careless manner, it can have detrimental effects.

This study found that *internal* factors such as *low, relevant experience of expatriate managers, high turnover* and *insufficient introduction programs* within the studied NGOs, were factors reducing the managers' ability to analyze the effects their organizations' financial transactions had in the local context. Further, the study also found that there was an inherent conflict between the operational programs and administrative support units, a conflict that led to conflicts and tension on a regular basis. The pressures to deliver within the organizations, led to situations where the organizations' rules and regulations, as well as the requirements laid down in contracts with donors, were broken on a regular basis. This would typically happen by bypassing procurement regulations and also *window dressing*, an activity involving production of documentation that would give the *appearance* that proper procedures had been followed.

External pressure from donors was also found to reduce the analytic capacities of the NGOs. The study found that increasingly excessive reporting requirements would skew attention away from the NGOs' obligation towards their beneficiaries. The increased focus on anti-corruption measure was also found to have unintended consequences. The study found that the way the donors' "Zero-tolerance" policy was operationalized, actually gave strong disincentives against NGOs to detect and report corruption. Ironically, the study also found that despite the *increasing* administrative demands put on the NGO's, the donors' willingness to *fund* administrative functions was *decreasing*.

The thesis concludes that the finding of internal pressures as well as the pressures from the donors, actually *reduced* the ability of the managers of NGOs to analyze the effects of their financial transactions.

Abbreviations

CBO	Community based organization
CD	Country Director
CPA	Comprehensive Peace Agreement
CPI	Corruption Perception Index
CSO	Civil Society Organization
FM	Finance Manager
HR	Human Resources
LM	Logistic Manager
MFA	Ministry of Foreign Affairs
NGO	Non-Governmental Organization
NORAD	Norway`s Agency for International Development
PCPB	Post-conflict Peace building
SPLA	Sudan People`s Liberation Army
SPLM	Sudan People`s Liberation Movement
TI	Transparency International
UN	United Nations
UNDP	United Nations Development Program
UNICEF	United Nations Children`s Fund
UNODC	United Nations Convention Against Corruption

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1. Introduction

1.1 Background

Norwegian NGOs often operate in countries perceived to be highly affected by corruption. Despite putting efforts into minimizing the risk of embezzlement of funds and other types of corruption, most NGOs will at some point experience attempts from actors that seek to tap into their resources in ways inconsistent with the intentions and values of the NGOs, their donors and not least, the beneficiaries. In recent years, the issue of corruption has been given increasing attention worldwide. In Norway the issue gets much coverage in the media. It is debated extensively within the aid community as well as in general, public debates. Naturally, it is also a great concern for the large Norwegian donors such as NORAD and the Norwegian Ministry of Foreign Affairs.

The realization that aid can come with unintended and negative consequences has grown strong since Mary B. Anderson wrote her highly influential book “Do no Harm” in 1999. Aid can distort local markets and it can reinforce or disrupt local power-structures. The influx of resources that aid represents can, if provided in a careless manner and without a proper analysis of the local setting, threaten to prolong ongoing conflicts or undermine a nascent peace arrangement. (Anderson, 1999) Scholars on political economy such as Philippe Le Billon, underlines the importance of relief agencies and NGO`s to have a “greater economic awareness” and to “*develop a better understanding of the political economy of war*”. (Le Billon, 2000) (p. 23).

Although several humanitarian actors claim neutrality and impartiality, aid can seldom or never be apolitical and neutral. Aid, in whatever form it comes, represents resources, resources that need to be carefully distributed so as to not create unintended consequences. Bertram Spector warns that through lack of careful monitoring, planning and executions, the rapid influx of development funds in a post-conflict setting can create a situation where, “*corruption can be unintentionally institutionalized into peacebuilding and reconstruction initiatives*”. (Spector, 2011) (p.9).

Despite the rich literature on the importance of relief agencies and NGO`s to analyze the context in which they are operating, there is surprisingly little to find on how NGO`s should

go about acquiring this capacity and even less on how they are supposed to get financing for it. According to Le Billon, there are several obstacles that deter NGO`s from acquiring a better understanding of the political economy in the context where they are operating. Such factors can be lack of information, lack of time to do analysis, prioritization, staff turnover, expertise and focus. (Le Billon, 2000) (p.23).

1.2 Problem statement

Non-governmental organizations (NGOs), have received criticism and accusations for enhancing the occurrence of corruption, and thereby indirectly causing greater inequality and growing grievances in post-conflict settings. (Shearer, 2000) (p.189)

The Government of Sudan and the Sudan People`s Liberation Movement (SPLM) signed a Comprehensive Peace Agreement (CPA) on the 9th of January 2005. (USDOS, 2011). After this, there has been a regular “invasion” of NGOs establishing themselves in the South Sudan, and the new capital, Juba has undergone an enormous transition. There are now huge numbers of small and large NGOs alongside new embassies and UN agencies.

Several scholars have underlined the potential negative effects such “invasions” can have in the local context. In similar settings where the international community has put their focus and resources, critics have claimed the influx of foreign organizations can come with some very unwanted consequences. Pouligny (2005) for example, claim that these organizations are *“occupying space no longer available to local actors, thereby having a detrimental effect on local economies through increase in salaries, store prices and house rents, which impede local organizations from functioning properly”*. (Pouligny, 2005) (p.501)

Many would agree that several of the effects Pouligny mentions above, are visible in the present situation in South Sudan today. NGOs are significant economic actors in South Sudan. The management of these NGOs takes several decisions involving large sums involving contracts, procurements and other financial transactions that the top management¹ does locally and with a high degree of autonomy. I have tried to shed light on which factors

¹ Program managers, Country Directors, Finance and Logistic Managers

the management of the NGO`s themselves perceive to be important in hindering their ability to critically analyze the effects of their financial transactions.

Against the backdrop described in the section above, the objective of this thesis is to study the factors that can hinder NGOs in gaining a deeper understanding of context in which they are operating, and reduce their ability to avoid unintended consequences of their financial transactions.

In order to do this, I have conducted interviews with top managers as well as managers of administrative support functions such as logistics and finance in three large Norwegian NGOs who operate in South Sudan. Taking inspiration from the framework provided by Le Billon (2000), and based on the appreciation that the `detering factors` may be of an internal (organizational) as well as of an external nature, I have chosen to study factors within the NGOs` organizations as well as factors stemming from one group of particularly powerful external stakeholders, namely the donors.

1.3 Research objectives and research questions

Research objective

To study different internal and external factors that may influence the ability of the management in Norwegian NGO`s to carefully analyze the effects that their financial transactions may have in the local context where the organizations are operating.

Such factors can be *internal/organizational* factors such as the organizations' level of *staff turnover, time constraints, local knowledge and contextual/cultural understanding, recruitment policies* as well as *internal pressures to deliver*.

In addition pressures stemming from a particularly powerful group of *external* stakeholders, namely the donors, will be studied. Examples of such factors or pressures could be *reluctance to fund administrative support functions, excessive reporting requirements, counterproductive policies, lack of coordination between donors* and so on.

Research question 1:

How do internal/organizational factors affect the possibility of NGO managements' ability to properly analyze the effects of their financial transactions?

Research question 2:

- *How do donor requirements/demands affect the NGO management's ability to properly analyze the effects of their financial transactions?*

1.4 Outline of the thesis

In this first chapter, I am introducing the topic of the thesis and presenting the focus of the study as well as its research objective and research questions.

Chapter 2 will present the theoretical and conceptual framework which this study draws from. The chapter starts with a brief review of political economy approaches, and puts the role of the NGOs into a broader context, a role that has been expanded significantly post 9/11. Since this thesis also seeks to study organizational processes and factors that can affect NGO

managers' ability to analyze the effects of their financial transactions, some concepts from organizational theory are also discussed.

Chapter 3 is dedicated to presenting the methods used in this thesis. It starts with a description and rationale behind the choice of research design and study location. Next, the methods for sampling, data collection and analysis will be elaborated. Finally in this chapter, I will describe some of the challenges encountered as well as ethical considerations that guided the process.

Chapter 4 is the presentation of the findings from this study. After a brief introduction, the findings are outlined around the same structure as given by the research objective. In the 5th and last chapter, I draw up conclusions from the thesis and present the findings I deem most important.

1.5 Limitations of the study

This study examines findings and practices from only three Norwegian NGOs in South Sudan. In addition to this limitation, the respondents were intentionally picked from senior management positions first and foremost within the administrative support units. With these limitations, it has never been an intention to seek to draw any generalization from the findings in this study. As will be mentioned in section 3.1, such an attempt would have been flawed.

At the same time, I do however believe that managers of NGOs in complex settings will often encounter the same challenges and dilemmas as has been explored in my study. My hope is therefore that the findings and recommendations may have significance for organizations and their managers who operate in similar settings in countries recovering from conflict and war.

2. Theoretical Framework

2.1 Recent debates on development and security – the big picture

After 9/11, a growing focus has been given on what has been dubbed the Security-Development Nexus. Scholars such as Duffield (2007) claims that development has become subject to *securitization* and that the development agenda has increasingly become interconnected and merged with the security agendas of Western nations. According to Waever and Buzan”, security is seen as a *constructed reality*. An issue is framed as a security issue in the process of *securitization*, a process that gives the issue a high priority, and demands action from people in a position to do so. (Smith, 2005)

The threat as viewed from the West, is that with increasing globalization a local conflict in a faraway region may potentially destabilize whole regions and eventually bring terrorists to the doorsteps of the West. Mark Duffield (2007) claims that this thinking lies behind a new approach to development, an approach where the donating countries not only sees it as “*the moral duty of effective states to protect and better the lives of people living within ineffective ones, but such help also strengthens international security*”. (Duffield, 2007) (p.2)

The consequences of this repositioning of development have been dramatic shifts in the way aid has been given, under which arrangements, and by which *actors* in different complex emergencies around the globe. In Afghanistan for example, humanitarian assistance has sometimes been given by armed soldiers or NGO-staff working closely together with coalition forces. As such, aid has by some been claimed to have become a weapon in the ongoing counter-insurgency with the aim to beat Taliban. This has caused concern for the safety of NGO workers who increasingly have been perceived as collaborating with “the enemy” by the insurgents. (Slim, 2004)

This shift has also come with an increasing eagerness by the international community to intervene in conflict areas using both military force to stop violence, but also with a massive influx of aid in the with the aim of rebuilding the economy as well as institutions deemed necessary to create a sustainable peace. To exemplify this eagerness to intervene, Duffield claims that the number of UN peacekeeping operations “*increased from four in 1990 to fifteen in 2002*” (Duffield, 2007) (p.26)

2.2 Post-conflict Peace building (PCPB)

In addition to the growing numbers of interventions, the interventions have also come with a significantly higher ambition than earlier. The aim is no longer merely to monitor ceasefires, but to build a sustainable peace. The main ingredients in this endeavor are; to establish security and reintegrate former combatants to society, introduce democracy (elections), the rule of law and the respect for human rights. At the same time, the aim is to implement western market models that in turn will (hopefully) pave the way for economic development.

Needless to say, working with such a 'Terms of Reference' in societies ravaged by decades of war, can be a daunting exercise. Scholars such as Jung (2003), Keen (2008) and Duffield (2007) have criticized the way the Western nations are going about pursuing this ambitious endeavor, but also its rationale and theoretical basis

According to Jung (2003), much of the current post-conflict strategies for peace-building is based on Western liberal thoughts. Identifying the roots of these liberal thoughts back to Kant's theories of *Liberal Peace*, he reminds the readers that the current, and apparently peaceful coexistence of democratic countries in the West did not come without conflict, and that it took centuries to develop and mature. In addition, he also emphasizes the apparent ease with which current globalized liberal markets can coexist and prosper with regional and local structures of violence. (Jung, 2003) (p. 10).

He therefore warns against using these Western arrangements as "*normative blueprints for the institutionalization of peace, welfare and democracy*" (Jung, 2003) (p.11) and impose them into contexts that does not have the conditions established for these arrangement to work.

Ending a military conflict has proven to be a task the military machinery of the World powers is capable of doing. Building a society with well-functioning institutions, democracy, a vibrant civil society, the rule of law, a free market, and so on, has however proven to be a much more difficult endeavor.

Peace must mean something more than just the absence of military conflict. A society free of military conflict is of course a very good starting-point, but citing Johan Galtung, David Keen (2008) notes that the label 'peace' might actually conceal new forms of violations such as for

example economic exploitation, exclusion and marginalization of large parts of the populations by a corrupt elite². This kind of peace is by Galtung termed `negative peace`, and the aim should rather be to reach the stage of `Positive peace`. At this stage there might be conflicts as well, but society will have developed institutions that regulate them. People will be free from the oppression and exploitation that the negative peace would allow to happen. In addition, a culture of peace would be established. (Keen, 2008) ((p. 171-172).

It is to be expected that in order to reach this stage, a “one-size-fits-all” approach may be inappropriate. Several scholars have emphasized that since each society has its own unique historical, political, economic and cultural peculiarities, a flexible approach must be used. How one goes about the task of post-conflict peace building needs to take these peculiarities into consideration to ensure that the processes are appropriate for the context where they are put in place. Despite this, Jung argues, the Western liberal “blueprint” described above continues to be the guiding ideology behind “*peace-building operations in which a multiplicity of international and transnational actors have been engaged*”(Jung, 2003) (p.11).

2.3 Economic agendas during and after conflict and war

2.3.1 Economic agendas during conflict and war

David Keen has stressed the importance of economic agendas to explain conflicts. In contrast to earlier approaches that judged conflicts and war as tell-tale signs of a collapse of central authority, Keen offers an alternative interpretation; “*war may often be best conceptualized not as a contest or a collapse but as a system*”. (Keen, 2008) (p.48). Keen emphasizes that for some actors, the *continuation of conflict* might be the most “rational” prospect, especially when it pays off huge profits for these actors. Berdal and Malone (2000) also underline the financial dimensions of conflict and how it fosters what has been called a **war economy**: According to them, *economic considerations* are often the driving forces behind the calculations and the behavior of warring parties in a conflict. (Berdal and Malone, 2000) (p.2). **War economy** is by Keen defined as “*all the economic activities (legal and illegal) during a war. Profits may arise from pillage, protection money and ransoms, controlling*

² Galtung refers to these forms of violation as `Structural violence`. (Keen, 2008) (p.171-172)

trade, exploiting labour, gaining access to land and appropriating aid. Salaries and corrupt benefits accruing to military personnel may also be important” (Keen, 2008) (p.26).

2.3.2 Post-conflict economic agendas

In a *post-conflict* situation, when societies are recovering from war, states are fragile and institutions are weak or barely existing, the war economy may easily transform and seek to find new ways of sustaining the cash flows. According to Le Billon, people in power will see a transition to peace and democratic elections as *both a political and economic risk*, and will often indulge in *corruption* as a way to sustain their cash flows and powerbase. (Le Billon, 2003) (p.423)

This view is shared by Scharbatke-Church & Reiling (2009), who has focused their research on the devastating effects corruption can have on the efforts of peace building in post-conflict societies: *“In a post-war environment, even where state institutions remain intact, the “fog of war” and its aftermath provides cover for private profiteering from those who should be leading the reconstruction”* (Scharbatke-Church and Reiling, 2009) (p.4).

The same authors claim that peace agreements sometimes create *winners* out of the same actors who during the conflict utilized the conflict as a system to generate profits in corrupt activities such as confiscation of properties and diversion of aid. The losers will be the ordinary citizens, who will suffer the consequences of corruption through loss of rights, exclusion from participation in a functioning economy, loss of property and displacement, etc. (Scharbatke-Church and Reiling, 2009).

A widely used definition of *corruption* is the one coined by the organization Transparency International (TI), who defines it as *“the abuse of entrusted power for private gain”*. (T.I, 2006) (p.1) Further it is usual to classify different degrees or levels of corruption into the categories of *grand corruption* and *petty corruption*. The Norwegian research institution U4 defines the division between *grand* and *petty* corruption as follows:

“Grand corruption takes place at the policy formulation end of politics. It refers not so much to the amount of money involved as to the level at which it occurs - where policies and rules may be unjustly influenced. The kinds of transactions that attract grand corruption are usually large in scale - and therefore involve more money than bureaucratic or “petty” corruption.” (U4, 2011) (p.1)

Le Billon (2003) warns that corruption, if left unchecked in a post-conflict setting, may lead to renewed violence, especially when “*orchestrated along social default lines defining the sharp inequalities that fuel both grievances among marginalized groups and greed-driven jockeying within dominant ones*”. (Le Billon, 2003) (p.417).

2.4 Post-conflict Peace-building and the role of International NGOs

“Analyzing the manipulation and shortcomings of humanitarian aid is one thing; knowing what to do about it is another” (Keen, 2008)

The literature briefly presented in the previous section, emphasizes that corruption when allowed to fester a post-conflict society may have the potential to destabilize a fragile peace and under certain circumstance have the power to reignite violent conflict. Awareness about corruption as well as developing strategies for how to avoid it to develop and thrive, should therefore become integral parts of programming with all actors involved in PCPB, be it donors, governments, multilateral aid agencies and not least the NGOs and CBOs.

However useful for acquiring an overview of the significant negative influence corruption can have, the literature reviewed so far does however not give much guidance for actors “on the ground”. It has its focus mainly on the donor countries’ *motivation* for intervention (Duffield), the *Western liberal thought* that lie behind the elements of the interventions (Jung & Keen), as well as for their lack of appreciation of the need to take into consideration the local context before implementing “democracy in a hurry”. (Jung, Keen, Duffield). The level of analysis (and critique) is not much focused on the “sharp end” of the interventions, where projects are carried out, or as Keen puts it; “*Analyzing the manipulation and shortcomings of humanitarian aid is one thing; knowing what to do about it is another*” (Keen, 2008) (p.141).

One of the most influential contributions that actually does analyze the “micro-level” where policy meets reality, is the book “Do no Harm”, written by Mary B. Anderson in 1999. One of the reasons behind the impact this book continues to have, might very well be that that it was a product of a collaborative effort between practitioners from NGOs, the donor community as well as different multilateral agencies. In addition, it provides practical examples and is written in a language that does not alienate those outside of the “academic

elite” who sometimes may end up writing analysis that attracts attention only from other scholars.

One of the main insights Anderson`s book brought to the aid community, was to exemplify how aid, however well intended, could lead to very negative consequences in the local context where it was given. The influx of resources that aid represents can, if provided in a careless manner and without a proper analysis of the local setting, threaten to prolong ongoing conflicts or undermine a nascent peace arrangement. (Anderson, 1999). Aid can distort local markets and it can reinforce or disrupt local power-structures.

Therefore she argues that it is imperative that aid agencies on the ground realize their responsibility for how aid is given. One element is to conduct analysis of the local context and identifies actors and processes that can be obstacles for peace. She also offers practical models of how such analysis can be done, and examples of interventions that have managed to avoid feeding into processes that can reinforce conflict.

Although several humanitarian actors claim neutrality and impartiality, aid can seldom or never be apolitical and neutral. Aid, in whatever form it comes, represents resources, resources that need to be carefully distributed so as to not create unintended consequences. Bertram Spector warns that through lack of careful monitoring, planning and executions, the rapid influx of development funds in a post-conflict setting can create a situation where, *“corruption can be unintentionally institutionalized into peacebuilding and reconstruction initiatives”*. (Spector, 2011) (p.9).

Against the backdrop provided so far in this chapter, corruption should concern practitioners from all disciplines within the aid community, and not only accountants and auditors. The question at stake is not merely whether some staff or cooperating civil society organization has misappropriated funds. Rather, corruption may under certain circumstances, constitute a threat to the very fabric of society, lay to waste to the very efforts of aid agencies and according to some scholars even fuel grievances strong enough to reignite the conflict. (Le Billon, 2003)

Anderson`s contribution has brought valuable insight which has had significant impact on how NGOs and other actors reflect and seek to design their programs and projects. It does not

however offer much insight into the “inner workings” of the NGOs as organizations, and how different factors might hamper their ability to actually do the kind of analysis and programming that she advocates.

Despite the huge attention corruption has received in the last years, and despite the documented interconnectedness between conflict and corruption, some scholars claim that there is a divide between the different disciplines within the organizations engaged in peace building efforts, such as NGOs. The issue of corruption, it is claimed, is somewhat outside of the scope and focus of “traditional” development agencies who deal with peace building efforts, supporting civil society organizations, and so on. Scharbatke-Church & Reiling (2009) also underline that the division on focus “goes both ways”, since professions who ordinarily deal with corruption seldom sees it as their role to go into the politics of conflict and peace building:

“Despite the frequent intersection of corruption with conflict and peacebuilding, few peacebuilding agencies have explicitly developed programming aimed at altering the vicious network of corruption. In fact, it is fair to say that many consider corruption, especially in its less sensational forms, a problem for the accountants and lawyers, just as those lawyers consider conflict and politics to be outside of their mandate” (Scharbatke-Church and Reiling, 2009) (p.5).

2.5 Going inside the NGOs

Scholars on political economy such as Philippe Le Billon, underline the importance of relief agencies and NGO`s to have a “greater economic awareness” and to “*develop a better understanding of the political economy of war*”. (Le Billon, 2000) (p. 23).

Despite the rich literature on the importance of relief agencies and NGO`s to analyze the context in which they are operating, there is surprisingly little to find on how NGO`s should go about acquiring this capacity and even less on how they are supposed to get financing for it. According to Le Billon, there are several obstacles that deter NGO`s from acquiring a better understanding of the political economy in the context where they are operating. Such factors can be lack of information, lack of time or capacity to do necessary analysis, prioritization, staff turnover, expertise and focus. (Le Billon, 2000) (p.23).

In addition to these obstacles NGO`s, as other organizations, are subject to both internal and external pressures, requirements and demands that often are incompatible. (Oliver, 1991).

Organizations are dependent on *legitimacy* in order to attract resources and therefore ultimately to survive. Citing Suchman (1995b:574), W. Richard Scott gives the following definition of legitimacy: “*Legitimacy is a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions*” (Scott, 2008) (p.59).

NGOs will typically have numerous stakeholders such as donors, the public back home, other organizations with which they interact, national and local governmental bodies where they operate and last but not the least - the beneficiaries. As noted by Oliver (1991) different pressures and demands may also very well come from within the same organization. An NGO, as other organizations, will have employees representing different professions with their own values, norms and definitions. Typically, an NGO will also consist of employees from different cultures and countries.

As Oliver notes above, the demands and pressures from the different stakeholders are often incompatible, and since relative power of the different stakeholders are asymmetrical this “*often bring organizations up against conflicting demands, where satisfying one group’s demands may come at the expense of another*”. (Rauh, 2010) (p. 31).

Karen Rauh (2010) has made use of organizational theory to study how Southern NGOs (SNGO) have used different ways to react to pressure from one particularly powerful stakeholder; the donor. According to Oliver, institutional theory emphasizes the usefulness of *conformity* to externally imposed criteria in order for the organization to survive. Compliance is viewed as self-serving for the organization’s survival, and it is therefore advisable to adhere to expectations, norms and external rules. (Oliver, 1991) (p.148).

According to Scott (2008), a resource-dependent approach to organizations views *legitimacy* in itself as a resource like any other that any organization will need in order to continue to exist and survive. While the institutional perspective as such may describe organizations as rather passive, the resource dependence theorists emphasize the organizations need to adapt

“to environmental uncertainty, coping with the problematic interdependencies, and actively managing or controlling resource flows” (Oliver, 1991) (p.148).

While obtaining legitimacy is central to both perspectives, the resource dependent perspective can be said to treat legitimacy as an *instrument* to achieve other goals, such as for example funds from a donor. Image and symbols becomes important and several organizational scholars, have described that managers often manipulates symbols *“to “manage” their legitimacy in the larger environment”* (Scott, 2008) (p.169).

This opens up for a wider view of the options that are available for managers of organizations under pressure to conform to the often conflicting demands and requirements from different stakeholders. Oliver (1991) outlines five types of responses organizations may apply to react on pressures for conformity in the environment they are operating in. The five responses goes from passive to increasingly active; *acquiescence, compromise, avoidance, defiance, and manipulation* (Oliver, 1991) (p.151).

But as mentioned above, the pressures may also be intense within the organizations itself. Staff from different disciplines has different views, values, experiences and educational background. Scott (2008) describes how legitimacy is viewed based on which view different parts of an organization have.

A *regulatory view*, would emphasize conformity to rules, and would *“ascertain whether the organization is legally established and whether it is in accord with relevant rules and regulations”* (Scott, 2008) (p.61). Maybe not surprisingly, managers of administrative support functions will subscribe to such a regulatory view.

A *normative view*, on the other hand, *“stresses a deeper, moral base for assessing legitimacy”* (ibid). As will be discussed later, the *operational* managers of the NGOs would typically adhere to such a normative view.

Scott underlines that these views may very well cause conflict and tension, and underline that the normative view may dictate actions that go against the regulatory view:

“Many professionals adhere to normative standards that motivate them to depart from the rule-based requirements of bureaucratic organizations”. (Scott, 2008) (p.61).

3. Methodology

In this chapter I will describe the design and process of the research conducted for my thesis. In the first section, I will outline the background for the choices taken in regards to research design and choice of study location. I will then move on to the methods chosen for sampling, data-collection and analysis. In the last section I will reflect on some of the challenges encountered during the study as well on some of the ethical considerations that has been guiding the process.

3.1 Location of study and research design

3.1.1 Research design

Yin (1989) defines research design as “*the logic that links the data to be collected (and the conclusions to be drawn) to the initial questions of the study*” (Yin, 1989) (p.27). Sumner and Tribe (2008) highlight that the researcher’s ontological and epistemological position will inform the choice of theoretical frameworks and choice of methodology. The aim is a research design that gives a coherent structure from the objectives of the study and the choice of methodology. (Sumner and Tribe, 2008)

3.1.1.1 Case Study

According to Yin (1989) a case study is highly relevant when A) The form of research question is in the form of “how, why” and B) the studied events does not require (or allow) them to be controlled and C) the focus is on contemporary events. Yin also underlines that a case study allows “*an investigation to retain the holistic and meaningful characteristics of real-time events*” and mentions specifically organizational and managerial processes. (Yin, 1989) (p.14).

My study has been focused on processes within primarily the supporting units of Norwegian NGOs. Central has been to get the respondents views and interpretations on how external as well as internal, organizational pressures may affect the NGOs` ability to analyze the effect of their financial transactions. Bryman (2004) notes that the term `case study` is commonly used as describing a study which is focused on a specific location or in a particular setting such as an organization. (Bryman, 2004) (p.49). He also points out that even though case studies are

most commonly associated with qualitative methods, this might not be the case. Case studies can both be solely based on either quantitative or qualitative methods or a combination of these (ibid).

Thus, a case study is not a *methodology choice* as such, but more a choice of what will be the focus of the study. Here the cases studied were from three Norwegian NGOs working in South Sudan which had their national head offices in Juba, Central Equatoria state.

According to Yin (1989) one can therefore say that the *primary unit of analysis* is the three organizations studied, while the *case* itself relates to the processes of how these units conduct their financial transactions, and how different external and internal, organizational pressures affects the organizations ability to analyze the effects of these transaction. (Yin, 1989) (p.31). According to Bryman (2004) my case may be viewed as an *exemplifying case*, where my units of analysis (the NGOs) are chosen “*not because they are extreme or unusual in some way but because they will provide a suitable context for certain research questions to be answered*” (Bryman, 2004) (p.50).

Based on my own experience from working as a top manager for supporting departments in large NGOs, one assumption underlying of this study is my belief that the multitude of pressures, both internal and external, put on top managers on NGOs sometimes undercut the organizations` capacity to critically analyze the consequences of their financial transactions. The result can sometimes be unintended outcomes that in worst case can be contradictory to the expressed goals and policies of those organizations.

3.1.2 Location of the study

The reason for choosing Juba, South Sudan as the location for the study was based on several factors. South Sudan is a highly prioritized recipient country for Norwegian humanitarian donations and hence several large Norwegian NGOs are present with large operations. Most of these organizations have since the signing of the 2005 CPA chosen to have their national head offices in Juba.

Since my study has targeted the top management, and in particular top management of supporting departments, Juba was therefore the natural location to get easy access to the relevant respondents. Another important factor for me was that I have myself worked in South

Sudan for two large Norwegian NGO`s. This background was very useful for me as I already knew the area, I had interest and some knowledge of the recent history and events and I knew many of the organizations operating in South Sudan. In addition I also had an extensive network of persons working in central positions in different international organizations in Juba.

Since this is a case study, and done in a specific time and in a specific context, it has of course never been a goal to make any attempt of making any generalizations from the study. Any such attempt would have been flawed since it cannot be done. As Bryman (2004) notes: “*.case study researchers do not delude themselves that it is possible to identify typical cases that can be used to represent a certain class of objects....In other words, they do not think that a case study is a sample of one*” (Bryman, 2004) (p.51). While appreciating this fully, I do however believe that the findings may have significance in similar settings where NGOs are working in a complex environment in a country recovering from conflict and war.

3.2 Methods

3.2.1 Sampling

Sampling refers here to the selection of individuals to take part in interviews for the study (Bryman, 2004) (p.83). The sampling done for this study can according to Bryman (2004) be termed as *purposive*, meaning that the researcher “*samples on the basis of wanting to interview people who are relevant to the research questions*” (Bryman, 2004) (p.334). The aim is according to Bryman to establish “*a good correspondence between research questions and sampling*” (Bryman, 2004) (p.333). Since my objectives and research questions relates directly to top the managers as well as the managers of supporting departments of the three Norwegian NGOs to be studied, this actually dictated the selection of interviewees from the offset.

Long before going to South Sudan, I had contacted some heads of Norwegian NGO`s and explained about my research, and as I left for South Sudan I already had some interviews booked

Due to annual leave and meetings outside of the country, I was unable to interview one of the three the top managers in the organizations studied. I did however manage to interview the top managers for the relevant supporting units in all three NGO`s.

I did also utilize *snowball sampling* to a small degree. During interviews, I was informed about certain staff that had particular tasks and/or knowledge that was interesting for me to look further into. I then contacted them and conducted interviews that are included in this study. These respondents did not actually “fit the description” of the target group of the study since they were not formally part of the top management teams of the organizations where they were employed. Because of their long experience and deep knowledge into the topics concerned, they did however enjoy large degrees of authority and autonomy in the organizations and did through this have significant influence on top management decisions. Some of them were for example on regular basis called in to participate in top management meetings to present specific cases. Some of them were also taking parts in high level meetings outside of the organizations as well as in high-value negotiations with suppliers and donors.

In addition to this, snowball sampling also led me to several informants outside of the organizations. These were also contacted and interviewed, but on specific topics and in a more informal way than the ones sampled from the three Norwegian NGOs.

3.2.2 Data collection

3.2.2.1 Semi-structured interviews

Interviews are commonly used as a method for data collection within social sciences. According to Bryman (2004), interviews are often aimed at get to know the respondents “*own behavior or that of others, attitudes, norms, beliefs, and values*” (Bryman, 2004) (p.109).

One class of interviews is the *semi-structured interview*. Semi-structured interviews are used when the researcher has a series of questions (interview guide/interview schedule) in a general form, but where the sequence of questions can be varied. Also, it opens up for further questions based on answers from respondents during the interview. (Bryman, 2004) (p.113). This flexibility gives the interviewer the possibility to go deeper into interesting issues that comes up during the interview. The general progress of the interview will however follow the interview guide and “*by and large, all of the questions will be asked and a similar wording will be used from interviewee to interviewee*”. (Bryman, 2004) (p.321). In my study the semi-structured interview was the main method of data collection.

I had prepared an interview guide at the time I delivered my research proposal. Emphasis was put on trying to let the questions “flow naturally” around the objectives and research questions. Before departure to South Sudan I did however make some adjustments to the interview guide and discussed this with my supervisor both before departure as well as during the field visit in South Sudan.³

3.2.2.2 Unstructured interviews

In addition to semi-structured interview, I also conducted several *unstructured interviews*. As the term implies, the unstructured interview usually does not follow a set guide of questions, and can sometimes be as limited as one topic the interviewer lets the respondent talk freely about. It is also typically conducted in an informal way, more like a conversation. (Bryman, 2004) (p.321).

The candidates for the unstructured interviews conducted in my study came mostly from snowball sampling. During interviews I would sometimes be informed about individuals who had specific roles or knowledge that I was interested in. For example, it led me to individuals

³ I had the advantage of having my supervisor in Juba, South Sudan for about 14 days since he was participating in research there.

external to the NGOs studied, such as for example local leaders in the Bari community in Juba.

In addition, I also did unstructured interviews on an *ad-hoc* basis when the opportunity offered itself. An example of this was during the weekly gatherings of Scandinavian expatriate staff at the Norwegian ambassador`s residence. Unlike when conducting semi-structured interviews, I did not utilize my recorder during any of the unstructured interviews. I did however always carry with me a notebook and wrote down the main points during or after the conversations and made more elaborate notes when coming back to my room.

3.2.2.3 Reviewing documents

Documents can be an important source of data. As my study relates to aspects around how NGOs conduct financial transactions such as procurements and contracts, I got access to all the three NGOs` financial and logistic handbooks and guidelines long time in advance of my departure for South Sudan. Bryman (2004) writes that getting access to company archives and policy documents, strategies, files, can be “*very important for researchers conducting case studies of organizations using methods such as participant observation or..qualitative interviews*” (Bryman, 2004) (p.387).

The financial and logistical handbooks and guidelines provided me with the normative descriptions of how the organizations in their policies have regulated how financial transactions such as procurements and contracts *should* be conducted in the field.

Since I was on leave from one of the organizations studied during my field study, I also had the advantage of getting access to the archives and files of this organization during my stay in South Sudan. This gave me insights into how some actual contracts had come into being in site. Combining this information with the policies made centrally in Norway as well as with information from the semi-structured interviews, sometimes gave invaluable and also surprising insight.

3.3 Data analysis

The analysis of the data collected actually started already while still conducting interviews in the field. I made notes of interesting findings and checked against literature and my research objectives and my research proposal. Some findings were also discussed with my supervisor who spent approximately 14 days in South Sudan on a research mission. The bulk of the analysis did however start in earnest after returning to Norway, and as I will discuss in the next chapter it proved to be a rather daunting task.

Before I went to South Sudan, I had purchased a digital recorder that came together with what proved to be an extremely useful computer program for storing, cataloging and transcribing the interviews. With the exception of the unstructured interviews, all interviews were recorded. At the end of the day I would download the interviews to my computer. I also made regular back-ups on an external hard-drive I had brought with me from Norway. In addition I made my own notes regarding special points and findings from the interviews

One very useful function of the digital recorder was that the interview could be “cut” into parts which became separate files that could later be renamed and cataloged. By this function, I was able to later make a database in Excel where I for each respondent had organized the answers following the structure of my research objectives and research questions. In the cells of this database I made hyperlinks to the stored audio-files for each answer of the respective respondents. This undoubtedly saved me much time since I could retrieve the data quickly and directly by simply clicking the hyperlink in my database.

Since all my respondents spoke either English or Norwegian, I did the transcribing myself. Here the computer software supplied with the digital recorder also came in handy. It had a function that slowed down the playback speed to one where I could easily write down exactly what the respondents had said.

3.4 Ethical challenges and considerations

Ethical considerations were given the highest priority for this study. In my case, the issue of confidentiality for the respondents was of high importance and at the same time a challenge. Many of the responses given to me during the interviews have the potential of setting both organizations and individuals in a less than flattering light. It was therefore imperative for me

to ensure the respondents that utmost care would be taken to ensure their confidentiality. The inability to fulfill the respondents wish for confidentiality, could be viewed as a breach of the criteria of not causing *harm to participants*. (Bryman, 2004) (p.509).

The Norwegian NGO community is not that large, and since I myself at the time I did the field study had been working for two of the three NGOs studied, and since there is a high possibility that some of the respondent will at some point later become colleagues, I considered this to be a challenge. Since I was primarily focusing on the top managers of supporting units in the three NGO`s studied, I could see that there could be the possibility that a reader very well acquainted with the local organization of the NGOs in Juba could be able to deduct from whom some of the responses came from. To avoid this I have sometimes avoided mentioning the sex of the respondent and instead used gender-neutral terms such as `this manager`, etc. Some interviewees also had titles unique for a specific NGO. In these cases, I also used similar terms to conceal the identity of the respondent.

Another issue highlighted by Bryman (2004) is the issue of *informed consent*. With this is meant that as a principle all respondents should be given “*as much information as might be needed to make an informed decision about whether or not they wish to participate in the study*” (Bryman, 2004) (p.511). All the respondents were informed about the lay-out and intentions of my study and gave their consent to participate. Before conducting the interviews I also underlined that the respondents were free to skip any of the questions should they feel uncomfortable with answering them. As mentioned in above, all the semi-structured interviews were recorded. This happened openly and only after the respondent had agreed to it.

3.5 Challenges

When comparing my experience from the field work with stories from some of my co-students, I can see that I have been quite privileged. Having worked in South Sudan myself, I had several advantages that saved me much time. I already had contacts and a “starting-point” well before my departure. I had already booked some interviews, I had a safe and comfortable place to stay and access to transportation. I knew the locations of the offices of the NGOs to be studied as well as the location of the Norwegian embassy, local hangouts for Norwegian

expatriate personnel, etc. These things enabled me to be productive from the very day I arrived in Juba.

Some of the same factors that gave me the abovementioned advantages were however the same factors that gave me concerns regarding data-collection. As was discussed above, the Norwegian NGO community is not that large. Since I have myself worked in central positions for two of the NGOs to be studied, I had some concerns regarding whether or not I was “too close” to the organizations and issues/topics of relevance to this thesis. I discussed this also with my supervisors and others.

Based on the same affiliation with two of the NGOs studied, I was also concerned and prepared for the possibility that some of the respondents would be unwilling to be interviewed by me. This did fortunately not happen. On the contrary, my experience was that the respondents were very eager to share information. Some were very interested indeed in the topics and gave open, lengthy and detailed answers that proved very valuable. Despite my initial concerns, it may have been that some felt comfortable to talk openly to an interviewer that had himself actually been in the same setting and held similar positions as the respondent.

I had deliberately avoided going to South Sudan too close up to July 9th, which was the day South Sudan celebrated their first day as an independent country. I knew that the euphoria and the large presence of delegates from all over the world would make it practically impossible to move around, to find accommodation and to get appointments for interviews.

Despite having taken this precaution and arriving in Juba almost one month after the celebrations, I quite often had interviewees asking for an appointment to be postponed. The security situation along the border to Sudan was very fluid and deteriorating during my entire stay in Juba. Since many projects administered by the studied NGOs were based in these contested areas, there were several incidents that required the urgent attention of especially logistic managers and country directors. Due to these incidents, I actually had to change my air tickets and prolong my stay by almost two weeks.

4. Under pressure from all sides: Findings from three Norwegian NGOs operating in South Sudan.

The three sections of this chapter will present the findings of this study, and will explore factors that may hinder the ability of management of administrative support functions to carefully analyze the effects their financial transactions may have in the context in which they are operating. Section 4.1 and 4.2 will focus on *internal* (or organizational) factors, while section 4.3 will focus on *external* impeding factors.

Each of the sections will be rounded off with a discussion-part drawing on the theoretical and conceptual frameworks as presented in chapter 2.

4.1 Local knowledge, turnover and introduction given to expatriate staff

“When the expats finally start to get an overview, then they quit.”⁴

This section will start out with a brief description of the previous experience of the interviewed administrative managers, and also describe the form and level of introductory programs within their respective organizations prior to deployment to the new mission in South Sudan. Lastly, it will describe the level of turnover in these positions.

Scholars such as Le Billon (2000) and Anderson (1999) have underlined the necessity for aid organizations to invest considerable time in understanding the context they are operating in, to enable them to analyze the effects of their financial transactions and avoid negative impacts of their efforts. Normally, managers within administrative support functions have a financial/administrative background. Depending on their previous experience in settings similar to South Sudan, it would therefore probably be natural to offer them a broad and thorough introductory program with a large focus on the local context, including history, issues of ethnicity, socio-economic issues, levels and types of corruption in the society, etc. According to Le Billon (2000), lack of information and staff time for training in these issues can be an obstacle hindering the organizations` ability of gaining the necessary understanding of the context where they operate. (Le Billon, 2000) (p.23)

⁴ Interview nr.8

In any organization, be it in Europe or anywhere else, a manager is normally not expected to be “fully operational” from the day he or she has started in a new position. Depending on previous experience, he or she will use considerable time to get to know new colleagues, standard operational procedures and requirements of the job, the culture of the new company, etc. In addition to the above, a new manager in an NGO operating in a complex setting as South Sudan, will have to accept a host of new challenges which may considerably prolong the time needed to get an overview over both the functions of the new organization and the local context. Such challenges may for example be issues of personal security, harsh working conditions, poor infrastructure, limited recreational facilities, long lead-times for replacement of any needed items, language barriers, large cultural differences, etc.

The rationale for discovering patterns of turnover and the introduction given to expatriate staff is based on the assumption that this will have implications on the level of local knowledge⁵ it is possible to gain for the managers. This again may affect their ability to analyze the effects the organizations` financial transactions may have in the local context and avoid unwanted consequences. Le Billon (2000) specifically mentions high *staff turnover* as one obstacle for gaining a deeper understanding of the local setting.

Ideally, an NGO operating in a complex and fluid setting as South Sudan, should have a stable pool of highly experienced managers. The level of turnover of senior staff should be kept at a level where the organization`s management (both expatriate and local) has a solid understanding of the cultural, economic and political setting and is able to administer and keep that institutional memory.

Through interviews in the three NGOs studied, it became evident that the situation was quite different from the “ideal” picture sketched above.

4.1.1 Experience and local knowledge amongst expatriate staff in administrative support functions

All the Finance managers (FM) interviewed were expatriate staff. Two were Norwegians, and one was from a Non-Western Country. For all three of them, this was their first assignment abroad. The two Norwegian FMs had no previous experience from the field of development

⁵ Local knowledge will in this context cover, historical/political background, local market conditions, ownership conditions, levels of corruption, etc.

at all. The Non-Western expatriate had previously worked within financial management for the same Norwegian NGO in his own country of origin.

All three of the Finance managers had higher education within finance and administration.

They did however express that they had no prior knowledge of the local setting before applying for the positions they now held.

Only two of the three NGOs studied had an expatriate manager within the field of Logistics and procurement. One was from a West-European country outside of Scandinavia, while the other organization had an expat from a neighboring country in the region. The third NGO did not have an expatriate Logistic manager, and based their logistical department on local human resources only.

The European LM had several years of experience from a variety of international NGOs in complex operations in Africa and elsewhere. The second expatriate LM also had several years of experience, of which the last two years was from South Sudan.

4.1.2 Introduction and briefing prior to deployment

“Nobody had told me that there were no ATM machines here”⁶

As described above, the previous experience of the FMs and LMs were quite different in the three Norwegian NGOs studied. Given the fact that none of the FMs had any previous work experience outside their own country, and since they had no experience from working with a development NGO, one would expect to see that proper introduction programs were offered before sending them off to their mission in South Sudan. The finding did however reveal that this was far from the case.

One Finance Manager (who came from a non-Western country) was sent directly to South Sudan from the country of origin without any introduction to the local context *whatsoever*. The introduction in Juba was given to him by colleagues when “they had the time”.⁷ Apart from this, there was no formal introduction to the peculiarities of operating in South Sudan.

⁶ Interview nr.3

⁷ Interview nr.4

For the FMs from Norway, however, their respective organizations had put more efforts and resources into the introduction. One of the Norwegian FMs had been given a three-day pre-visit to Juba before a final contract had been signed. In addition to this, this FM had also attended a short training at HQ in Norway. This was also followed up with a short follow-up training a few months later when the FM was in Norway for R&R (rest and recreation). The other Norwegian had received a two week introduction program at the head office in Oslo, in addition to have been sent to another location (not South Sudan) for a week for training.

The trainings were however, according to the FMs interviewed, focusing on the *technical* aspects of the job. Regarding an introduction on history, the political situation, the role of the NGO in the local setting, and so on, one of the FMs said: *“I remember that I was given some recommendations about some books, some introductory books I could read”*.⁸

Another FM said that coming to Juba was *“quite an adjustment”*. Of the more amusing comments showing the level of preparedness for the mission (and maybe the quality of the introduction) was the following: *“Nobody had told me that there were no ATM machines here. Now, luckily I had withdrawn a few dollars back home, but I should have been informed”*.⁹

As for the Logistic managers, neither of them had received *any* introduction whatsoever about the local setting in South Sudan. One of them had several years of experience within the same organization in a neighboring country before assuming a managerial role. The other believed that the lack of an introduction given was because the NGO may have thought that he did not need it, given his extensive experience from other countries in Africa.¹⁰

4.1.3 Turnover of expatriate staff in administrative support units

The nature of the kind of work NGOs do is based on the understanding that their presence is temporary, and hiring of expatriate personnel is typically done as renewable, one-year contracts. It is not unusual for expatriate staff to have been granted leave from a position they hold in a company or an organization back in their home country. Against this backdrop, it

⁸ Interview nr.8

⁹ Interview nr.4

¹⁰ Interview nr.9

came as no surprise when the findings in this study showed that the level of turnover of expatriate staff was relatively high.

The turnover in the Finance manager positions were high, at least when compared to what is perceived as normal in Norway. In one of the organizations the level of turnover must be characterized as *very high (if not extreme)*. Even if it was an expressed goal for all three of the NGO`s to have continuity in key positions, none of the Finance managers thought that the level of turnover was conducive in terms of them being able to get “on top of things” in the organizations. When asked to describe what the high level of turnover could mean for the institutional memory and the managers` grasp of the local setting, one respondent said:

*"You have this constant change in the management level and then it is those - those in lower positions who represent the continuity...When the expats finally start to get an overview, then they quit..“*¹¹

In two of the NGOs, the Finance manager position had an average turnover of almost 2 years during the last 6 years, something that was perceived by the respondents to be relatively stable and normal. Even though this was considered to be a normal turnover, the FMs from these organizations themselves underlined that it was not enough to ensure continuity or to acquire an overview of the local context. For this overview, they underlined that they were strongly relying on local staff in their departments. The locals were the ones who knew the businesses, the owners, market prices, and so on.

The top managers interviewed all expressed that it was very challenging to hire and keep well qualified Finance managers. One senior staff in one NGO said about the turnover in the finance department: *“We have been having the highest turnover around for quite some time in that department. And especially in finance leadership”*¹²

In one of NGOs studied, the turnover of FMs had been much higher than in the other two. The incumbent FM claimed, with his modest 11 months in the position, to have been the person that had stayed the longest in the position for several years (!). His predecessor had, according

¹¹ Interview nr.8

¹² Interview nr.11

to the respondent, stayed for 10 months. The FM before him again had stayed for merely two months. Even before this, the turnover had been high.¹³

One manager within this same NGO said that including resources sent from HQ to cover periods of gaps between ingoing and outgoing FMs, there had been 11 persons covering the vital position of Finance manager in the last 7 years.¹⁴ To say that this level of turnover could present a challenge for the management's ability to get an overview and understanding of the local context, would probably not be an exaggeration.

The turnover for the LM positions, was found to be lower than for the FMs in this study. The expat LM who originated from a neighboring country in the region, had worked for the same organization for about 7 years. The last two of these had been spent in the managerial role based in Juba. Based on information given in the interview, the predecessor had held the position for 2 years, while the person before that again had held the position for only 1 year.

Also the European LM had held the position for about 2 years. The predecessor of this LM had however quit after only a couple of months (!) and the turnover before that had also, according to the respondent, been quite high with an estimated turnover of about 1 year.¹⁵

4.1.4 Turnover of local staff

The responses from all the staff interviewed clearly indicate that that the turnover for local, administrative staff was very low indeed. Talking about the turnover of local staff, one manager said: *"It is extremely low. During my time here, in the last two years, there is not one single person who has left the organization voluntarily"*.¹⁶

All the respondents made the point that the local staff, and to some extent also regional staff hired locally, constituted the *continuity* in their organizations. The local staff was seen as the ones who understood and knew the culture, the language, the history, the suppliers and not least – the authorities. When asked about to which extent the organization has to rely on local

¹³ Interview nr.8

¹⁴ Interview nr.7

¹⁵ Interview nr.9

¹⁶ Interview nr.6

staff for information on supplier and market prices, etc, *all* respondents unsurprisingly confirmed that they relied heavily on this.

4.1.5 Discussion

4.1.5.1 Experience

As seen, the administrative managers interviewed had a very mixed level of experience. The Logistic managers in the study were highly experienced from similar settings in Africa, even though only one had previously worked in South Sudan.

For the Finance managers, the situation was very different. The two Norwegian FMs must be said to be very inexperienced indeed. Neither of them had previous experience from working in a developing country or an NGO, or even outside of Norway for that matter. The third FM had previously worked in an NGO, but had no experience outside his country of origin (which was in Asia).

4.1.5.2 Introduction for new expatriate managers

Given the complexity of the context the Norwegian NGOs are facing in South Sudan and the low level of experience for especially the FMs, one would hope and expect that the organizations would invest considerable time to prepare their staff to the challenges they might be faced with in their new positions.

The respondents in this study, did however express that a thorough and systematic introduction into subjects *beyond the technicalities* of the jobs was lacking. This seems insufficient, given that some of the expats had never worked outside their home country, and only had a technical and/or financial education. Still, the focus of the introduction was, according to the respondents, given to aspects such as the accounting or logistic systems, financial handbooks, procurement guidelines, and so on.

Time and funding for training is often limited, and the responses from the expats interviewed are echoed by Le Billon (2000) who claims that investment in training and information is most often concentrated at a short period at the start of a program and then not sustained. (Le

Billon, 2000) (p.23). In this study, some expatriate managers of administrative functions did actually not receive *any* preparation for the mission at all ¹⁷

This is very unfortunate, and in my opinion it increases the chance of unwanted consequences of the organizations' financial transactions. All the three organizations studied had multi-million dollar budgets. To send an inexperienced finance- or logistic manager to any of these organizations comes with a host of challenges. To do so without any introduction whatsoever, is in my view a haphazard way of recruiting managers of vital control functions in complex settings.

Nigel Clarke (2006) underlines the need for aid agencies to do much more to recruit, prepare, train and maintain their staff. He claims that the agencies failure in this regard is a systematic weakness. He goes on to claim that there is a general overstretch amongst humanitarian agencies, and that these agencies are “*throwing relatively inexperienced managers in at the deep end*”. (Clarke, 2006) (p.40). The findings in my study seems to be in line with the claims held by Clarke.

4.1.5.3 Turnover

Adding to the challenges of having inexperienced managers with minimal or no introduction to the local setting, was the high level of turnover of managers in the studied organizations. Le Billon (2000) highlights *high turnover* amongst expatriate staff as a factor that reduces the aid organizations' ability to understand the local dynamics and avoid negative consequences of the disbursement of aid.

As found in this study, the turnover of administrative managers was high. For Finance managers it seemed especially high. The logistic and finance manager positions are critical parts of the management of any NGO. Overseeing and controlling financial transactions, being the focal point of audits, warehouse management, procurement, ensuring timely financial reporting to donors and other stakeholders. All of the above are examples of tasks that typically fall under the responsibility of such managers. They are central to most internal control activities, activities that are crucial when operating in environments often plagued by endemic corruption on several levels of society. I believe that a very high turnover in these

¹⁷ Interviews 4,5 and 9

positions, would reduce the organization`s ability to properly analyze and control the effects of their financial transactions.

Against this backdrop, it came as no surprise that some managers were worried about the level of turnover. One top manager expressed his frustration about the situation like this: «Well, this has for us been a catastrophe given that we in 7 years have had 11 persons in the position as finance manager¹⁸it is clear that this has been a less than satisfactory situation to say the least...”¹⁹

As a general observation, the situation when it comes to administrative managers in the studied NGOs is that they have *high turnover* of relatively *inexperienced expatriate managers* who have little or no knowledge about the local setting. In addition to this *they receive little or no introduction* before they arrive. Finally, they leave the country just as they start to understand the context and their job.

Le Billon (2000), Clarke (2006) and Anderson (1999) all underline the need for aid agencies to invest considerable time and resources to train and prepare the managers sent out to operate in complex settings. In some of the examples given in this chapter, the level of previous experience, the high turnover combined with the lack of proper introduction and training makes it hard to see how the management of administrative functions can possibly get on top of their job – let alone get an understanding of the local context.

Following the arguments of Anderson (1999), the situation described above comes with a risk that the financial transactions the organizations are doing in the local context may have negative consequences. It increases the chance of aid being distributed carelessly without a proper analysis of the local setting, and becoming a part of resource distributions that increases divisions and conflict instead of the intended opposite. (Anderson, 1999).

When asked to reflect on the possible reasons for why the administrative management positions seemed to be so prone to a high level of turnover, respondents came up with different alternatives. One top manager highlighted the attractive remuneration packages

¹⁸ The respondent underlined that in this figure, were included personnel sent from HO in Norway to fill in period gaps between outgoing and incoming Finance managers.

¹⁹ Interview nr.7

expatriates with a financial background could alternatively get in finance related positions back in Norway.²⁰

This claim gets support from other findings. In an article in the Norwegian newspaper *Aftenposten*, reference is made to statistics showing that despite Norway being the world's third largest contributor to UNICEF, Norway only has 15 out of 3000 employees in the organization. The reason, the author claims, is that Norwegians enjoy a far better "package" back home than what they would get as expatriate staff for UNICEF. The salary is not good enough to tempt Norwegians, nor is the holiday schemes, compassionate- or parental leave arrangements, etc. (Salvesen, 2012)

More recent findings show the same, and a newspaper article from February 2013 cites representatives from the Norwegian Ministry of Foreign Affairs (MFA) who claims that Norwegians are underrepresented in the UN agencies. Although the MFA are now putting much effort into recruiting and advocating Norwegian candidates for UN positions, they find it very difficult to convince Norwegian candidates to apply. Apparently, the salaries and benefits of working in Norway are simply so good that the UN cannot compete. (Moe, 2013)

Knowing that the UN generally offers better packages than the Norwegian NGOs in this study, it should therefore come as no surprise that these NGOs face problems in hiring and keeping administrative managers in a rough place like South Sudan. On the other hand, one wonders if the organizations would not be better served by "widening the net" when advertising for these positions. Two of the organizations had only advertised the positions as FM and LM in Norway. The third consequently advertised all expatriate positions internationally using well known recruitment channels such as Reliefweb and others. This organization had both the FM and the LM hired from outside of Scandinavia, and this organization had a lower turnover in administrative management positions than the two others. Having expatriate administrative managers from Norway probably has some advantages when the organization is Norwegian. They will know the "Norwegian way" of thinking and doing things, they will be able to read the correspondence with Norwegian donors, etc. It is however difficult to see that these advantages could outweigh the disadvantages of having a "constant rotation" of relatively inexperienced managers who leave

²⁰ Interview nr.7

before they get fully functional in their positions. I believe that the NGOs studied would benefit greatly to “let go” of the policy of advertising in Norway alone (one of the organizations had already done so). This would give them greater access to a large pool of experienced managers from around the world.

Le Billon (2000) advises aid organizations to find ways to better utilize and “tap into” the local knowledge of local staff in their organization. As noted in the previous section the local staff constitutes the *continuity* in the three Norwegian NGOs studied. They know the culture, the language, the history, the suppliers, the local authorities, etc., and *all* respondents confirmed that they relied heavily on the local staff for all kinds of information. Hence, most new expatriate managers arriving into any of the studied NGOs will undoubtedly tap into the knowledge of local staff on a daily basis, so to speak. Without this it will be close to impossible to get things done and to try to understand the local context.

Some respondents did however raise the somewhat controversial issue that some of the local staff might have an interest in keeping some information for themselves rather than sharing it. These worries did for instance come up when the respondents were asked about relationships between locally hired staff and suppliers. When asked whether or not they felt there could be too close connection between local staff and some of the organizations` suppliers, several respondents confirmed that they often thought so.²¹

Several respondents also expressed that they often felt that there were too close connections between *local and/or national authorities* and parts of their local staff. In especially one of the organizations, this was highlighted by several respondents. In this organization, the respondents were convinced that there were instances where local staff had colluded with representatives from the immigration office so that they could have international staff removed if they became “too much of a problem”.²² Some respondents also reported cases where international staff had left the country temporarily because they felt that their security was threatened by staff within their own organization.²³

²¹ Interviews nr.1,3,6,7,8,11

²² Interviews nr.6,8,9,11

²³ Interviews nr.8,9,11

Three respondents also highlighted the high possibility for nepotism/tribalism that could go unchecked in hiring processes in the NGOs. They claimed that because the international staff had no overview over who knew who, and who was in family with who – parts of the organization would take advantage of it and make sure people from the right clan or family were hired.²⁴ Respondents claimed that the lack of cultural understanding by mainly Scandinavian management, left the doors wide open for mismanagement and corruption. An example was in hiring processes, where the respondents claimed that the management had too much trust and too few control mechanisms in place.²⁵

In the hiring processes, it was claimed, the local staff were given full freedom to shortlist candidates, and would “squeeze in” relatives and friends without the expat management ever knowing what was going on. The expatriate managers were only involved during the interviews. But before this, the respondent claimed, the local staff had already made sure that the shortlist only contained “their” candidates: *“The senior management is not involved.....So if you come to involve management at the interviewing stage, you have missed the critical stage of shortlisting”*²⁶

The same respondent also gave examples of local staff who were of the “wrong tribe” got squeezed out by other local staff. This happened “right in front” of the international management who was clueless as to what happened within their own department.

With situations like this, it may not always be straightforward to “tap into” the local knowledge as advised by scholars such as Le Billon and Mary Anderson. One should have an open mind to the possibility that staff may not be so willing to share all information. Some local employees could be profiting from the status quo, where expat managers come and go, and the local staff represents the continuity. Several respondents suggested that they thought this was the situation within at least parts of their organization.

This subject is however awkward, both for the respondents in this study, and I believe – the aid community in general. When talking about the potential negative sides of the clearly asymmetrical information between expat and local staff, one respondent started very carefully

²⁴ Interviews nr.8,9,11

²⁵ Interviews nr.5,9,11

²⁶ Interview nr.11

started by saying: *“It leads to...there will be a room for maneuvering. It gives possibilities in certain areas as a result of the fact that the management does not have an overview at all given times”*²⁷. Having “warmed up” on the subject, the same respondents did however give grave examples of alleged corrupt practices discovered, for example a case of local staff colluding with immigration officials to have international staff removed, and expatriate staff leaving due to threats.

The thought that local staff in some cases might have hidden agendas and using the organization to their own advantage, is in stark contrast with the ideal picture of international and local staff “working together to strengthen peace and development”. Talking about and criticizing *grand corruption*, the multimillion dollar corruption that often involves politicians and international investors is possibly easier. It happens at another level, distant from the arenas where NGOs normally enter. Talking about corruption inside the NGOs themselves, and within local partner organizations may be much more awkward. Without the organizations openly discussing and analyzing *themselves*, I believe it becomes very difficult to develop an understanding of how to avoid negative consequences of the organizations’ operations.

Despite this, some respondents did complain about their own organizations unwillingness to discuss and analyze these questions. One respondent even claimed that the issues were never discussed in their management meetings: *“How many open conversations do we have in management meetings, in the management teams, how many conversations or meetings do we have on that issue of corruptions?. None!....We dont want to talk about it, it is kind of taboo”*²⁸

This is echoed by findings by Beatrice Pouligny (2005). She warns against “romanticizing” especially when working with representatives from local civil society. She emphasizes the need to do analysis with open eyes, even though it means discussing difficult issues:

“It often happens that heads of NGOs who interact as individuals with outsiders are close to political parties and simultaneously undertake many roles, using the ambiguity to manipulate their contacts with foreigners. Such questions are often seen

²⁷ Interview nr.8

²⁸ Interview nr.9

as taboo, because they are perceived as a way of discrediting the individuals concerned” (Poulligny, 2005) (p.500).

Peter Uvin also warns against the danger of how uninformed and inexperienced outsiders can be totally sidestepped by local actors. Describing the power relation between local and international actors, he points out that locals may be on the receiving end of aid and that their formal power may be small. What they bring to the table however, is a unique and profound knowledge of the local context that in reality may put them in the driver seat despite their apparent lower formal power:

“Yet, they enter the game with major resources of their own: a much deeper knowledge of the local dynamics, networks of trust and clientelism and power unrecognized by outsiders, and a long-term and much more politically savvy outlook. As a result, even though their formal power may be small, they play the political game for all it is worth, often subverting the aims of the foreigners without the latter even knowing it” (Uvin, 2004) (p.102)

These examples illustrate the challenges of the highly asymmetric information between local and international actors. So while it is important to tap into the knowledge of local staff and other local actors available, as Le Billon underlines, managers of NGOs must not be naïve to the possibility that some locals may benefit from keeping expatriate managers “in the blue”.

I believe that the three NGOs studied could benefit greatly from a much more thorough introduction of the administrative managers sent down to lead crucial control functions. This introduction should go much further than just focusing on the technical aspects of the job. In addition, I believe they should advertise internationally in order to get access to a larger pool of experienced managers. Sticking to the policy of filling the administrative manager positions with Norwegians, will probably leave the organizations with rather few applicants. Having seen that the salary packages are better for many of these managerial positions back in Norway, I believe advertising internationally would ensure a more stable pool of managers in-country for the NGOs.

Experienced managers would “know what to expect” when coming to a difficult placement like South Sudan. I believe they would probably use considerably less time to get a grasp of their job and the local setting, and be less likely to get overwhelmed and less prone to quit.

4.2 Pressure from within the organizations

“But we are fully under pressure. 24 hours, 7 days a week we are under pressure”²⁹

One of the obstacles that lies in the way for managers to critically analyze the effects of the organization`s financial transactions, is the daily stress and internal pressures to deliver from *within* the organization itself. There is simply little or no time to study and reflect and invest sufficient time into always doing the analysis one would wish to do.

The findings related to the internal pressures within the organizations, revealed a divide between different cultures within the NGOs studied. There were on one hand the operational programs which had their sights firmly aimed at deliveries in the field, and on the other hand the supporting units such as logistics and finance who were concerned with making sure proper processes were conducted, proper documentation received, etc. Based on responses in this study, these two cultures came in conflict on a regular basis.

As discussed in section 4.1 the turnover of expatriate staff in managerial positions within support units, were found to be very high - in some cases extremely high. This could be a reflection of the difficulties these managers are faced with in these types of organizations and settings.

It became evident during interviews, that almost all managers and especially managers for administrative support units, felt exposed to huge pressures to “deliver”. Very often would these pressures lead them to force administrative processes through in a pace that they felt uncomfortable with because established rules and regulations would be by-passed. These pressures would, according to the responses from the administrative managers, most often come from colleagues in the operational programs.

The findings in this section indicate that the combined effects of these pressures ³⁰ had negative effects on the managers` ability to critically analyze the effects of their financial transactions in the contexts where they are operating. Some of the managers for supporting units that were interviewed in this study, seemed to have resigned to the fact that they were always lagging behind and showed signs of having given up on trying to “fix the system”.

²⁹ Interview nr.9

³⁰ And further compounded by the pressures described in section 4.1 and 4.3.

According to the respondents, the result of these internal/organizational³¹ pressures was that rules and regulations, both the organizations own regulations as well as the conditions set by donor contracts, were bypassed or ignored on a regular basis. This would manifest itself in different ways in different parts of the organizations

Operational programs would , according to answers given in interviews, sometimes bypass the organizations logistic units altogether and buy directly from suppliers themselves without involving the logistic department and without following proper processes. This would most often happen from field locations. Operational programs were also reported to avoid time-consuming procurement processes by misusing the institution of waiver.

Supporting units would, according to answers given in interviews, engage in “window-dressing” operations, through producing documentation that could mislead an external auditor to believe that proper procurement processes had been conducted.

³¹ As will be described in section 4.3, external pressures were also in play here.

4.2.1 Internal control structures in the studied NGOs

All the three Norwegian NGO`s studied had centrally approved financial guidelines as well as guidelines with strict and specific rules on how the field of procurement and logistics were to be governed. According to the respondents, the organizations` own guidelines were deliberately made sufficiently strict to cover the requirements laid down by all of their donors.

Being in South Sudan, often means that many items have to be sourced from suppliers outside the country, usually from Uganda or Kenya. If the commercial value of the order passes specific thresholds, there are also several requirements from donor contracts as well as from the organizations own guidelines that comes into play. This often entails quite time-consuming activities such as tendering and advertising (Locally, nationally and in some cases – internationally). Also, it normally involves selecting bid committees to evaluate and rank the different offers, and finally decide on which supplier to choose.

The rationale behind this process is twofold: One is of course to ensure that a thorough process is conducted in order to find a supplier who can deliver the goods at a good price, at the specified quality and quantity, who can deliver in a timely manner, and so on. Equally important is to ensure a transparent procurement process and proper *segregation of duties*. The concept of segregation of duties means that different steps of a process is divided and shared between different persons. The concept is considered to be crucial in any system for internal control, and should always be implemented in organizational set-ups, and then especially in tasks that are considered “high risk” for potential fraud and embezzlement.

In a finance department, for example, a cashier should never have the right to authorize cash payments from the cashbox for which he is responsible. Neither should one person in a finance department have the authority to both sign off checks, then also record the corresponding vouchers and then later do the reconciliation of the corresponding bank- and cash accounts. Regular cash counts, as well as bank reconciliations should be done by other persons (senior staff) than the ones doing postings in the accounting system. Signed cash-count confirmations as well as cash- and bank reconciliations should be do done regularly and filed. Such proof of regular controls is also vital documents for internal and external auditors for them to evaluate the control environment in any organizations in which they do an audit. (Lynford, 2008)

In any procurement process, the concept of segregation of duties is just as crucial as within accounting and finance. The field of procurement is widely recognized to be highly prone to corruption. (Schultz and Søreide, 2008) This is a problem not only in poor third-world countries. Also in highly developed countries such as Norway, we are quite often reminded about the risk of corruption when large procurements are being made. Suppliers are sometimes willing to resort to bribing when large contracts are up for tender, and sometimes they may find individuals who are involved in the procurement process who lack the moral integrity to withstand the financial temptations put in front of them.

While recognizing that corruption in the form of kick-backs and favoritism happens also in developed countries, there is little doubt that this is much more prevalent in South Sudan. Transparency International annually publishes the much cited Corruption Perception Index (CPI). Since South Sudan became an independent country as late as July 2011, there is still no separate CPI score for this country. The CPI for 2010 for the “old” Sudan, puts the country in the absolute bottom category among the countries perceived to be the most corrupt in the world. On a scale from 1 to 10, where 10 means the least corrupt Sudan scored only 1.6. The only countries with even lower scores were Iraq, Afghanistan, Myanmar and Somalia. (T.I, 2011)

Against this backdrop the rationale behind the seemingly cumbersome procurement requirements becomes clearer. When operating in a high-risk environment in relation to corruption, it makes sense to follow strict routines. In processes that are particularly prone to corruption, such as procurement and tender processes, it becomes imperative. By for example avoiding that one person is responsible for all steps of a financial transaction, it becomes ever so much more difficult to cover up fraud and embezzlement. The involvement of several staff in the different steps of the transaction sharply decreases the possibility for a dishonest employee to cover up his or her misdeeds.

The downside to putting in place proper checks and balances, formal procurement procedures and so on, is that it can obviously be very time-consuming. As will be discussed in the next section, the findings in this study show that this led to conflicts on a regular basis.

4.2.2 The inherent conflict between operational programs and the administrative supporting units

As mentioned in the previous section, all the three NGOs had centrally approved guidelines for administrative processes within the field of finance and logistics.

At the same time, the responses given in the interviews showed that the guidelines and regulations would be viewed quite differently by different parts of the organizations.

According to several respondents, the managers in operational programs had their sights firmly aimed at reaching the targets of their programs/projects. The managers of supporting units such as finance and logistic however, often felt stuck between a “rock and a hard place” trying to serve the operational programs while at the same time following the strict requirements laid down in their own organization`s guidelines and contracts with the donors.

One respondent described the organization as having a “doer –culture”. The focus was on getting the job done in the field. Not on paperwork and reporting:

“If you analyze most of us in this organization, we are doers. Very much doers. Very few people want to look at procedures and what have you. Even in the office I know it`s that spirit of doers. Get it - fix it.”³²

The programs need their goods and services as soon as possible, and preferably “yesterday”. They are often operating in difficult environments, and some of the operational areas are reachable only parts of the year due to poor infrastructure which becomes completely unusable during the wet seasons. Often the prevailing security situation also puts strong limitations on movements for both equipment and personnel. Pressed by the operational demands under difficult conditions, it is not surprising that many therefore feel frustrated when orders for equipment or services become subject to time-consuming processes that from their view only serve to slow down the operations.

One logistic manager described scenes where program managers had come to his office and screamed because the logistic manager had halted procurements that had not been done according to contracts and regulations. He had also during some heated discussions been told

³² Interview nr.11

that the logistic department was only there to “*slow down the implementation of the programs*”.³³

The managers in support functions felt like often having to take the role of being “watch-dogs”, finding themselves in a position where they on one hand have to stand up for the requirements laid down in guidelines and in contracts with donors, while on the other hand have to find flexible solutions that caters for the operational needs in the programs.

For many top managers of administrative support units, this exercise may become an increasingly difficult balancing act. On the one hand they have pressure from program managers who have very good reasons to ask for a service delivery for which their projects are actually paying for³⁴. But they also have to justify all processes to external auditors as well as internal controllers from their respective head offices in Norway.

Ultimately, the external auditor reports are sent also to the donors. They will use the auditor reports and the narrative evaluation reports of the projects as a basis to evaluate the progress of the respective projects. They may even decide to stop future funding should the reports find major deviation or breaches of contract obligations. It should therefore be in the whole organization`s interest to make sure that proper procedures are followed. This will fulfill the intentions of transparent processes and better analysis of suppliers. Also, it would ensure that the organizations do not run the risk of losing future funding due to unfavorable reports from the donors.

The examples above show that there are often tensions between the operational programs and the support functions. In an informal discussion, one program manager from one of the three NGO`s told that he sometimes felt as though there was a “Chinese wall” between the different parts of the organization. He felt that the managers of the support functions were not “on the same planet” and that they had not enough understanding of how the situation could be out in the most remote parts of the fields of operations. This was partly echoed by one country

³³ Interview nr.9

³⁴ In the three NGO`s studied, two had their administrative support functions fully financed by administrative contributions added on top of the operational projects. Most projects had a fixed percentage of operational costs in the different project. One NGO had a mixture, where parts of the administration were financed through a separate external funding.

director in one of the interviews: “They have to get out more to see the reality out there, and to improve the quality of their assistance and support”³⁵.

4.2.3 The effects of organizational pressures on the administrative processes

According to most respondents, it was not unusual for the operational programs to find ways to bypass the organizations` rules and regulations when their operational needs came in conflict with the normal lead-times administrative processes.

Sometimes the operational programs would *do direct procurements* without involving the logistic sections. Another way of avoiding the normal procurement processes was by misusing the institution of *emergency waivers*, a practice reported by all respondents in this study. Administrative support units would also take part in subverting rules and regulations, through what was dubbed *window dressing*.

4.2.3.1 Avoidance - buying directly from suppliers without involving the logistic department

One way the operational programs were reported to avoid the time-consuming procurement processes, was to do procurements themselves without involving the logistic section. According to several respondents this was most likely to happen in field locations than in Juba where all the studied NGOs had their national headquarters.

Typically, the field locations were allowed to do direct procurements without involving the central logistic department if the monetary value was below a certain threshold (normally about USD 500). For purchases larger than this, the logistic manager in one NGO informed that the field locations were required to send a requisition attached with a copy of the quotation from the local supplier. The central logistic department would then compare this to the prices they could get from their suppliers. If the price and quality offered to the field office locally were competitive, the central logistic department would give green light for the field office to go ahead and do the procurement.

According to several respondents, these rules and regulations were however broken on a regular basis.³⁶ One logistic manager even told of one example where parts of a large

³⁵ Interview nr.7

construction project in a field office had been initiated directly by the program without any information or involvement from the logistic department whatsoever³⁷. During the following year`s year-end audit, the auditors could not find any proof of a proper tender and contracting process, and summoned the logistic manager to explain what had happened. He had to admit to the auditors that he had no knowledge of this construction, and this led to critical remarks in the final audit report that was also sent to the donors. According to the logistic manager this was only one out of many instances where his department was kept “out of the loop”, and it often caused conflict between with the operational programs: *“If we don`t receive requisitions we are not involved in the procurement process. I will not know. At no stage will I be involved”*.³⁸

In some of the field operations in remote areas, the operational conditions are harsh and they often have only limited presence of senior staff to supervise administrative processes. Typically the administrative capacities will be manned with national staff with a local affiliation to the operational area. In these settings, they will have more or less a “monopoly” on local knowledge and local suppliers, while the expatriate staff will have limited possibilities to make sound judgments of the market conditions. These circumstances are not conducive for the organizations` ability to analyze the effects of their financial transactions. Because of the lack of specialization in procurement in the field office, the asymmetric information between local staff and expatriate staff, and because of the expatriate staff`s focus on the operational activities, it is not difficult to imagine situations where this can open up for corrupt practices.

4.2.3.2 Misusing the institution of emergency waivers

*“I have this mantra I have said to many: The lack of planning from your side does not constitute an emergency on my side”*³⁹

In situations of war, imminent famine or other emergency situations, the humanitarian agencies have wide discretion and permission to sidestep the normal operational procedures. In situations like these they can issue a *waiver* and go directly to whichever supplier can deliver the goods without having to go through the motions of tendering, bid committees etc.

³⁶ Interviews nr.4,5,6,7,9 and 11

³⁷ Interview nr.9

³⁸ Interview nr.9

³⁹ Interview nr.6

Under normal conditions however, these waivers are not supposed to be used, and all procurements have to be conducted according to routines as described above.

The findings in this study, did however reveal regular misuse of the practice of issuing emergency waivers. According to respondents this was initialized by program staff who were reported to exaggerate the state of urgency in order to expedite administrative processes and avoid time-consuming procurement procedures. Managers of administrative support units often felt that they were felt under pressures to “force through” processes, and that the pressure came from the operational programs.

When asked whether they had felt pressure to sometimes force processes in a pace they felt uncomfortable with, all managers of administrative support functions except one⁴⁰, strongly affirmed that this happened on a regular basis. Two of the country directors of the organizations studied said the same⁴¹. One manager said:

*“It happens daily in logistics. Because the programs don` t manage to plan their own procurements we get far too many express-requisitions”” But when urgent procurements become the rule instead of planned procurements, then we have a problem, and that problem stems from lack of planning in the programs”.*⁴²

Managers of operational programs were often frustrated by what they deemed as slow and overly cumbersome administrative procedures. Maybe not surprisingly, managers from support units did however unanimously highlight *lack of planning* from the *operational* programs as one of the main reasons for the recurring “panic pattern” of forced administrative processes on everything from release of funds, recruitment and most of all – procurement.

Managers of administrative support units were frustrated because they got the requisitions for procurements far too late for them to plan ahead and ensure that proper procedures could be followed.⁴³ They claimed that many of the forced processes could have been avoided, had the operational programs shared information and involved them in an early stage of their planning. When operational managers send applications for donations to different donors,

⁴⁰ Interview nr.8

⁴¹ Interviews 1 and 7

⁴² Interview nr.6

⁴³ Interview nr.9 and 11

they typically will have to include budget proposals, narrative descriptions of the projects as well as a plan for what equipment will be needed during the different phases of the project. Despite the fact that this, for a logistic manager, vital information was readily available within the organization, it was not shared until the equipment was “urgently needed”. Needless to say, this could put a lot of pressure on especially the logistic managers. The lead-time for several items is long in South Sudan, since many items have to be sourced outside the country.

One manager described one situation where he was presented with an emergency waiver to buy a car, a car that according to him was budgeted for and in the proposal, but where the information was never previously shared with the logistic department:

*”You want to tell me that this was not budgeted? You woke up this morning and said: Oh, today I am going to buy a car! And I need it before the end of the week.”*⁴⁴

4.2.3.3 Lack of support from top managers

Some responses indicated that the managers of support functions often felt “left alone” to defend the routines that the organizations have obliged themselves to follow through contracts with the donors. Some respondents also said that they had little or no support from the *top manager* in the organizations whenever pressures from the operational programs to expedite administrative processes came in conflict with guidelines, contracts and the support-unit managers` own integrity:

“It has been a frustration of many, many finance managers. ...because what they think...what they come up with is not supported. But conversely, the programs have a freehand. They can do what they want. They are always supported. But when it comes to finance, there is no support.” ... *“So then, we are rendering this guy a bit powerless. He can` t do his job competently because you have perceived him not as part of a support unit, but as a cost-center”*.⁴⁵

⁴⁴ Interview nr.9

⁴⁵ Interview nr.11

4.2.3.4 Window dressing – creating the impression of proper processes

Despite having well developed handbooks and routines, several responses from the interviewees do however show that the organizations quite often fail to comply with their own guidelines as well as with donor-requirements. In some cases, some respondents even state that their organizations bypass their own rules, pervert the processes and then deliberately conduct “cover-up operations” to make the documents appear as though there has actually been a proper procurement process with a sound segregation of duties.

One respondent did for example state that it was an exception, rather than a rule, that the organization actually sat down a bid committee to do a ranking, evaluation and subsequent decision on tenders from suppliers: *“It is a very rare occasion that you can find that the bid committee sat. Very rare”*.⁴⁶

Instead, according to the respondent, the whole process – from contacting potential suppliers, receiving quotations/tenders to sitting down and analyzing and ranking the offers – was done by the same person, or small group of persons. The decision was then sent around to different departments of the organization to get signatures of approval. A “rubberstamp” that in the documents would make it look as though the signatories actually took part of a meeting in a bid committee and participated in a thorough analysis of the different offers submitted by potential suppliers:

*“When it comes to procurement our guidelines are very specific. We have to have a bid committee, and this bid committee has to be constituted by someone from logistics, someone from finance, someone from the program.”..... “But what happens? Logistics does almost everything! But because the requirements say that we need all these people, they go out, they have been given a requisition, they go out, bring in the quotations, sit down, analyze, make a decision. Then they bring you papers on your desk. Take it to the programs: Sign! Take it to finance: Sign. Take it to the Country Director: Sign! - They sign.”*⁴⁷

⁴⁶ Interview nr.11

⁴⁷ Interview nr.11

4.2.4 Discussion

4.2.4.1 The inherent conflict between operational programs and administrative support units

As described in section 4.2.2, there seems to be an inherent conflict between the operational and the administrative support programs in the NGOs studied in this thesis. The program managers have their goals firmly fixed on deliveries in the field, while the managers of supporting units also have to follow strict routines laid down by their own guidelines as well as with contracts with the donors. As have been described, this difference of focus, created tension on a regular basis.

The NGOs are typically geared towards operations, about deliveries in the field. As one respondent pointed out, the culture of the NGO's is also very much a "doer-culture"⁴⁸. The focus is on getting things done, fixing the problems. This description is also echoed by Le Billon when he says that the relief agencies often have an organizational culture which is geared towards operations, and that studying and reflection sometimes are not viewed favorably. (Le Billon, 2000) (p.23).

Despite the existence of strict rules and regulations within all the three NGOs, this study shows that these were bypassed on a regular basis. From the viewpoint of the managers of administrative departments, it was often highlighted as particularly frustrating when their insistence on following procedures led to intervention from the top managers. According to several respondents, these interventions would in most cases go "in favor" of the views of the operational managers, even though it meant setting aside both internal regulations as well as donor demands.

As organizational theorists will underline, different pressures and demands may also very well exist within the same within any organization. An NGO, as other organizations, will have employees representing different professions with their own values, norms and definitions. Typically, and NGO will also consist of employees from different cultures and countries.

The managers of administrative support functions, while of course wanting to deliver, were "by default" adhering to a *regulatory view*, and felt that they were caught in a trap between guidelines and donor demands and the need to give timely support to the programs.

⁴⁸ Interview nr.11

From the viewpoint of the operational managers, it could seem as though the bureaucratic procedures came in the way of producing effective results for the beneficiaries. They would find ways to bypass regulations in order to do what they deemed to be morally right. According to Scott (2008), these actions would be typical of managers adhering to a *normative* view for basis of legitimacy. As such, they would find it more morally right to set aside rules in order to reach what they deemed to be more important objectives, namely reaching their operational goals of their programs and projects.

The findings is backed up by findings from Scott (2008) who underlines that these views may very well cause conflict and tension. As mentioned in chapter 2, it is not unusual that these different views motivate actors to deviate from rules and regulations:

“Many professionals adhere to normative standards that motivate them to depart from the rule-based requirements of bureaucratic organizations”. (Scott, 2008) (p.61).

4.2.4.2 Avoidance - buying directly from suppliers without involving the logistic department

One way of bypassing regulations that was mentioned by several respondents, was the practice of some program managers to avoid involving the Logistic sections and do procurements themselves.

Respondents also described that these breaches of regulations seldom came with any negative sanctions from top managers. According to respondents from administrative support units, the top managers would most often side with the views of the operational managers, even though they constituted serious breaches of guidelines and contracts. As earlier described, one respondent said:

*“It has been a frustration of many, many finance managers. ...because what they think....what they come up with is not supported. But conversely, the programs have a freehand. They can do what they want. They are always supported.”*⁴⁹

Oliver (1991), mentions *avoidance* as one of five types of responses that an organization can use as a strategy to resist pressure to comply with regulations in the institutional environment. (Oliver, 1991) (p.151). In this study, it can be said that the avoidance strategy was used *both*

⁴⁹ Interview nr.11

against the organizations own regulations as well as towards contracts with its donors. According to several respondents, it also regularly happened with little or no sanctions from the top managers of the organizations.

Bypassing the central logistic department which has the competence and established procedures to handle procurements and contracts is a clear breach of not only the organizations` own guidelines and routines, but is at the same time bypassing the strict regulations laid down by donors. Leaving the management completely out “of the loop”, not only leads to embarrassment when auditors start scrutinizing the transactions during audit. I believe it is also detrimental for the managers’ ability to analyze the potential effects the financial transactions could have in the context where they are taking place.

4.2.4.3 The misuse of emergency waivers

As described in section 4.2.3, several respondents underlined the regular misuse of the institution of *emergency waivers*. As mentioned, such waivers give the NGOs possibility to deviate from the normal procedures of procurement. The criteria for which situations that justify deviating from these procedures are normally explicitly mentioned both in donor contracts as well as in the NGOs own rules and regulations.

According to several of the respondents however, the organizations regularly exaggerated the state of urgency to avoid the time-consuming and cumbersome bidding processes, thus misusing the institution of emergency waivers. Almost all respondents reported that this happened on a regular basis. Several managers of administrative support functions underlined thought that the main problem stemmed from lack of planning and communication on the side of the operational program managers. In informal discussions some respondents even indicated that the practice of “covering behind” a so-called emergency, was not only a way to avoid the red tape of bidding procedures but also to make sure that the order went to “their” preferred supplier.

Tina Søreide is a Norwegian scholar who has written extensively about corruption during emergency operations. The findings presented in this thesis echoes findings from both Søreide as well as other scholars research in this field. They underline the role the procurement regulations have to *reduce* the risk of corruption (Schultz and Søreide, 2008). Writing about

the special emergency procedures, they support the finding that aid organizations are known to misuse these procedures by exaggerating emergency:

“By emphasising the continued threat to human life, procurement officials can abuse fast-track ‘emergency’ procedures as a cover for corruption. In situations where some agencies are operating under competitive bidding procedures and others are not, corrupt suppliers will naturally align themselves with willing partners from the latter group”. (Schultz and Søreide, 2008) (p.523)

The notion that stating an emergency could be used to force purchases with the intent of *making sure the sale went to a specific vendor*, also finds support from finding from Schultz and Søreide:

“The need to be flexible and make rapid purchases facilitates corruption in the sense that it can be easier to steer a purchase to one specific supplier without attracting suspicion”. (Schultz and Søreide, 2008) (p. 522)

In my view, the abuse of emergency waivers reported in my study is detrimental to the managements’ ability to analyze the effects their financial transactions have in the contexts where they are operating. By continuing to let this malpractice happen, as it appears from the respondents, the management is making their organization very vulnerable to corruption.

I believe top managers should enforce sanctions to reduce this malpractice, and the organizations could also benefit from better communication between the operational programs and the supporting units. By sharing information such as project- and procurement plans with the logistic sections at an early stage, the latter could have ample time to plan and conduct proper procurement processes to the benefit of all parties.

4.2.4.4 Window dressing

Respondents from administrative support functions often reported that they felt alone in the “battle” to stand up for following proper procedures as laid down in guidelines, rules and regulations. As described in section 4.2.3 however, there were signs that the administrative

managers regularly “gave in” to the pressure from the operational demands. As such, they would become complicit in questionable acts.

One of those was dubbed *window dressing*. It was found that the administrative managers would regularly partake in preparing documentation that gave an impression that proper procurement procedures had been followed. Bidding decisions and minutes from bidding committee meetings that had never taken place, were some of the examples given. As described in section 4.2.3, there were examples of complete procurement processes that had been done one person only. Afterwards documents were produced to give the *appearance* that a completed process from tendering, bid committee meetings, supplier selection and so on, had been conducted. As described in one organization, the truth was however that the assembly of a bid committee was rather an exception than normal procedure:

*“It is a very rare occasion that you can find that the bid committee sat. Very rare”.*⁵⁰

When asked to elaborate on why these “fake” processes were allowed to happen, the response was that the pressure to deliver was so intense, and the management had so many other issues to attend to. But since it was very well known that especially large contracts and procurements inevitably will be subject to scrutiny from auditors at least once per year, efforts were made to make the documentation “presentable” for an auditor:

*“It is just making the papers look good. And they can look good, yes. They can pass audit, yes”.... “if you come and look at the documents, the documents look perfect. But that spirit of the bidding committee has been compromised”*⁵¹

In this case the organization has strict guidelines that according to the respondent are well known by management in the organization. These guidelines state principles for how procurement processes should be conducted such as “*qualification and identification of suppliers, tender procedures, communication between buyer and suppliers, evaluation of bids and assignment of the contract, and evaluation of the procurement and control*”. (Schultz and Søreide, 2008) (p.520)

⁵⁰ Interview nr.11

⁵¹ Interview nr.11

Strictly interpreted, a bypassing of guidelines and subsequent “window dressing” to make the documents “appear good”, could be said to be bordering on fraud in itself. It could be classified as a form of forgery of documentation, documentation that is meant to prove that proper procedures have been followed.

Organizational theorists, such as Oliver (1991) would categorize the abovementioned practice as one particular form of *avoidance strategy* as a way to avoid having to comply with institutional pressure, this time in the form of procurement regulations. Whenever organizations try to make the *appearance* of actually conforming to the rules and regulations exerted on them without actually doing so, she terms it as *concealment tactics*. This, Oliver describes as a practice that “*involve disguising nonconformity behind a façade of acquiescence*”. (Oliver, 1991) (p.154)

Examples of scholars that put such malpractice clearly in the category of corrupt acts, is Schultz and Søreide (2008). They term such practice as *hidden violation of procurement rules* and classify it as a form of corruption that “*represents a violation of the regulations or the principles behind them*” “*Corruption can also occur in a way that makes it look like all procedures are respected*”. (Schultz and Søreide, 2008) (p.522)

Again, I believe that the practice described above has detrimental effects on the managements’ ability to analyze the effects their financial transactions. The practice of window dressing to conceal the fact that processes has not happened with proper segregation of duties nor followed proper procedures, can have far reaching negative effects. Not only will it make their organization vulnerable to corruption. It also sends a crystal clear message *within* the organizations that rules and regulations are “not so important”. Finally, it can seriously hurt the organizations’ relation to their donors should the malpractice be discovered by auditors and reported. As such it can strike their financial fundament as well as their own organizational culture.

4.3 Pressure from Donors

“There are so many stakeholders and interests that you have to please. So it is an unbelievable compromise”... “There are the donors – and that is not one voice - it may be 20 different. These are expectations that varies enormously”⁵²

Donors are, understandably, powerful stakeholders for all NGOs and through their financial contributions they have significant influence on the choices and decisions NGOs have to make. This is not surprising, and it goes without saying that any donor is free to donate money to whichever NGO they see fit to take on any project they are ready to finance.

In theory the NGOs are in the same way free to apply for, or accept, funding in order to take on programs and projects that fit their ideology and their policies. If they have a healthy financial balance-sheet they may be blessed with a significant equity from which they can finance projects and activities according to their own choice. They can then afford to apply for donations only for the projects they deem to be worthwhile, and where their expertise and mix of competence gives them a competitive advantage that ensures a high possibility of a successful intervention. At the same time they can ignore to even apply for funds from donors that do not agree with the NGO`s policies and their “way of doing things”.

In reality the picture is often more mixed. NGOs are often “chronically underfinanced” and are balancing on a razor-sharp economic edge. Regarding the administrative departments of the NGOs, these are most often financed through a percentage of the donations for the projects to be implemented. This percentage is however under constant scrutiny from the donors, and they are very reluctant to adjust it in any direction but downwards. Any donor will naturally want to see as much as possible go “directly to the beneficiaries”, and not go to cover salaries, house-rents, internet connections and expensive accounting software.

At the same time, the donor community has in the last decade pressed for an increasing level of sophistication and frequency of reporting from the NGOs. (Rauh, 2010), (Win, 2004). Also, there has been an increasing demand from the donors for the NGOs to adopt and develop policies to fit with the donors` own policies with regard to issues such as gender, environment, anti-corruption, health and so on. Typically these policies are expected to be

⁵² Interview nr.7

“mainstreamed” into all aspects of the NGOs programs, projects and activities. Several scholars have claimed that these donor-driven policies are often motivated by domestic demands from for example media or public opinion in the donor country, and that they sometimes are unfit for the contexts where recipients are operating. (Johnsøn et al., 2011), (Wallace et al., 2006)

As will be described in the following sections, some of these views are echoed by many of the respondents in my study.

4.3.1 Excessive reporting requirements skewing focus and attention from NGOs

“When these tools begin to imprison and consume all of our energies, where will we get the extra energy to do real work?” (Win, 2004) (p. 127).

Several respondents highlighted what they perceived to be excessive demands by the donors for all types of reports, field visits, ad-hoc requests, statistics, etc. According to one top manager, the sophistication, frequency and different formats for reporting has increased significantly the last two decades. This combined with the proliferation of the internet has according to this respondent created a situation where donors expect more and more frequent reporting. Comparing working in Africa two decades ago to how it is now, the respondent gave the following description:

“You can’t compare. I mean, now it’s much more demand. And even, I think part of this is linked to immediate communication. Now everybody is on internet, everybody is on email. It’s immediate reaction to everything. I think people think because you’re on email, that you’re sitting in front of the computer all day and you want to respond. You know, like you’re sitting in the next office.”⁵³

While all understand the need for reporting and follow-up of project results, respondents gave examples of donors that had reporting requirements that were perceived unreasonable and often incompatible with the contexts in which the projects were being implemented. Maybe one of the more extreme examples was one project that was implemented in the remote Upper Nile state, which has almost no infrastructure, is ridden with conflicts, and is practically

⁵³ Interview nr.1

inaccessible during several months of the year due to the rainy season. Here, in a relatively small project the donor demanded weekly financial and narrative reports:

*“This is one place where we have been trying to go for the past 3 months. We can’t go because it has been raining, it’s a place that is completely inaccessible. You can’t even get accounting from that place. That’s the place where they expect weekly reporting”.*⁵⁴

In rough places like the Upper Nile, security-issues and operational consideration would normally dictate the deployment of highly skilled staff with considerable field-experience. With the reporting requirements described above, it would undoubtedly take considerable time for the staff to fulfill. One respondent complained that the demands for rigorous reporting often threatened to take the focus away from the actual work on the ground. Since the level of sophistication of the reporting is high and requires high level of competence, the task mostly falls on the desks of expatriate managers who then have to forsake valuable time that could be spent on managing the programs.

One manager expressed that the reporting demands reflected only the needs of the donor, and that they had little value for the NGOs themselves. Whereas earlier reporting could be a valuable exercise also for the NGO because they could learn valuable lessons that meant something in their day-to-day work, this manager felt that reports were now calibrated only to meet the information requirements of the donors⁵⁵. Due to understaffing and small budgets, there were however little time available to also do parallel reporting that could actually add value for the NGOs themselves. They had more than enough with producing the reports the donors demanded, while at the same time trying to get the wheels of the operations turning:

*“I think that these are reports which have to be developed in a framework that is to meet an external donor, whose often requirements are a bit different. So a lot of the interesting parts of our work get sort of stored to the side, cause that has no interest to the donor”*⁵⁶

Another manager pointed out that some donors have installed reporting requirements that according to this manager reflected *“the world’s strictest framework in the country that maybe*

⁵⁴ Interview nr.11

⁵⁵ Interview nr.1

⁵⁶ Interview nr.1

*have the weakest structure and systems”*⁵⁷. According to the respondent this is a reflection of how the donors are unable to appreciate the limitations that exist when operating in a country like South Sudan. Applying “First-world” demands in a “Third world” environment puts unrealistic demands on the recipient.

One interesting consequence of the strict reporting requirements, was claimed by one respondent to be a shift in the competence organizations were looking for when hiring expatriate professionals. According to this top manager, agencies are increasingly recruiting internationals to take care of the report-writing workload. Whereas experience in the country, field experience, technical expertise, knowledge of how to deal with people and so on used to be in demand, the respondent claimed that due to the increased level of sophistication of reporting, NGO`s now looked for people that were “good in report-writing”:

*“I think the main thing is that we are bringing in people onboard because they can write reports well.” ... “.. it`s becoming a much more valued skill than someone who actually understands how the field operates, how you can deliver well, how to relate to people, how to take things, I think they`re becoming more undervalued”*⁵⁸

One could ask if the time could not be better utilized on more operational work instead of spending time on reporting that neither NGO staff nor beneficiaries see much value-added from.

4.3.2 Counterproductive donor-driven policies and practise

As mentioned in the introduction to section 4.3, the last two decades has witnessed an ever increasing donor-driven professionalization of the NGOs when it comes to planning and reporting. Donors are themselves heavily influenced and directed by the changing foci and priorities of the political agendas in their respective countries. This drives them adapt to new policies which they in turn want to see implemented within the organizations through which they channel their funds. Adapting these policies, are usually put as a prerequisites for funding, hence as David Keen dryly notes; *“Donors have fads and fashions, and local and international NGOs may be quick to learn and adapt”* (Keen, 2008) (p.134)

⁵⁷ Interview nr.7

⁵⁸ Interview nr.1

As highlighted earlier in this thesis however, policies that seem rational in an office in Europe or the United States, may sometimes collide with realities on the ground when they are implemented in an entirely different context. This same point was highlighted by many of the respondents in this study, and examples were given where the respondents claimed that the net-result of the donor-driven policies was *counterproductive*. This was for instance claimed to be the case in relation to the recent drive from donors to demonstrate a zero-tolerance stance towards corruption. Also, some requirements were reported to sometimes be outright impossible to satisfy, causing “project-paralysis” in the locations where the projects are to be implemented.

4.3.2.1 Zero-tolerance policies to corruption

Most people will agree that corruption is an evil that stands in the way for development in many countries, and in recent years this topic has received massive attention. One of the processes that have contributed to this attention is the process that led to the United Nations Convention against Corruption, which came into force in December 2005. (UNODC, 2003). Donors and NGOs have welcomed this convention that by some has been called the first *international tool* to battle corruption. (Hjellum, 2007). Recent debates do however claim that donors sometimes go *too* far in their eagerness to implement the intentions behind the convention.

Norwegian donors like NORAD and the Ministry of Foreign Affairs (MFA) have adopted what they call *a zero-tolerance policy* towards corruption. When an NGO discover and report cases of corruption, these donors will in most cases demand that the NGO pay back any losses that can be linked to the corrupt act in question. (Johnsøn et al., 2011)

In informal discussions with NGO workers in Juba, many pointed out that they thought the strict stance of the donors were reflections of domestic demands back home. In Norway, media coverage of humanitarian operations abroad often brings stories of corruption and bad financial management of grants given to projects in poor countries. Stories like these reflect badly both on the recipient organization as well as on the donors who often react by promising tighter control and follow-up. It becomes important for the donors to show that they take this issue seriously, but some NGO workers thought the “big noise” was meant for domestic use to ensure the public that tax-payers money is not misused.

One respondent highlighted that when establishing an operation in war-ridden country with massive corruption, the donors could simply not expect that there would never be any losses. This manager felt that some of the donors failed to appreciate the reality on the ground in South Sudan, and said that when donating to projects in South Sudan they had to accept the risks involved. To put in administrative safeguards to eliminate all possible corruption risks would, according to this respondent, simply take so many resources that there would be little left for actual program deliveries:

*“You cannot establish an organization in a country like South Sudan without this⁵⁹ becoming a challenge. And if you should put routines into the entire organization, to avoid that one NOK, one cent gets lost, then deliveries from those donor-funds would become quite negligible. And this dilemma they don` t understand back home”.*⁶⁰

During informal discussions with Norwegian NGO workers in South Sudan, several staff expressed that the way Norwegian donors had chosen to operationalize their anti-corruption policies sometimes seemed both unfair and counter-productive. As mentioned above, some donors have chosen to operationalize their zero-tolerance stance by demanding that the implementing NGO has to pay back any losses incurred to the donor. Some see this as unfair because this puts the entire financial risk with the implementing NGO who usually does not have much financial muscle to absorb such losses.

Further, NGO staff also expressed that the stance donors took on the issue could be counterproductive because it created disincentives for openness and reporting when corrupt acts are actually discovered. Hence, for an “unlucky” NGO that discovers a case of corruption and diligently follows up the intention of the donors and reports the case to them, the net-result may very well be that they have to pay back money to the donor. In the worst-case scenario they may even have to pay once more, if the embezzled funds were to go to a third party with which the NGO had made a contractual commitment towards. In addition to this, a corruption case will often entail hiring an external auditor to conduct a forensic investigation. The costs for such an audit can be significant. Several respondents highlighted that the consequence of this might be *less* transparency and openness. They thought that the harsh

⁵⁹ Corruption

⁶⁰ Interview nr.7

economic consequences of detecting and reporting acts of corruption to the donors created strong disincentives of communicating openly to the donors of such instances.

The three NGOs in this study have all produced anti-corruption policies. The staff I interviewed, and also individuals I had informal conversations with, all agreed that corruption was a serious problem. In general they were also in favor of a zero-tolerance policy against corruption. What they did have problem with was exactly the inflexible and seemingly counterproductive way donors interpreted and operationalized their own policies.

In addition to the perceived unfairness of having to take 100 percent responsibility for any financial losses following acts of corruption, one respondent also highlighted the added workload for NGOs following the donors' massive focus on the issue of corruption. This goes especially for the administrative support units in the receiving NGOs.⁶¹ Several respondents highlighted that the extra workload on control mechanisms and reporting was not followed up with any greater acceptance for a higher administrative contribution from donor grants.

With the funding available and the difficulty NGOs have in getting acceptance from donors for budgets to cover administrative follow-up costs, respondents felt that they were always understaffed in central control units. One respondent expressed that the organization desperately needed more staff for example in logistics and fleet management. But the extra demands following the strong focus on anti-corruption had not been followed up with resources for administrative support functions, and the respondent claimed that the organizations simply had no chance of hiring the extra resources deemed necessary.

“The donors should understand this but I don't quite believe that they have fully grasped it; How much extra work it is, for example in logistics. With all the regulations they have in relation to documentation on absolutely everything. It is an incredible amount of paperwork. We should have had more staff in the logistic department, but we can't afford it.”⁶²

The brunt of the workload that follows the donors' increased focus on anti-corruption measures falls on the table of the administrative support units in the NGOs. They do however

⁶¹ Interviews nr.1,6,7,9 and 11

⁶² Interview nr.6

get their funding from the “dreaded” administrative contribution – or overhead. As will be discussed further below, donors are very reluctant to fund increases in overhead costs. At the same time they show significantly less restraint in their demand for more reports and insistence that NGOs implement policies that put further burdens to their already heavy workload.

4.3.2.2 Donor requirements incompatible to the context

*«You know, this grant management is a delicate balance between compliance and delivery”*⁶³

As described in section 4.3.2, several respondents emphasized the heavy burden put on them through what they deemed to be excessive reporting requirements from the donors. One respondent even claimed that it had changed their recruiting policy. Now, this respondent claimed, it was more important to prove good knowledge on report writing. Field experience and knowledge about how things worked in the local context was not valued as much as before.⁶⁴

One example was also given in section 4.3.1 where one small project from a small donor was required to submit weekly financial and narrative reports. And this example was from a project implemented in the Upper Nile in a very remote area, where they had very little staff and few administrative resources at all. One respondent gave an interesting example of how donor requirements could actually halt or paralyze the progress of projects like these. The requirements were found so incompatible to the context that they could simply not be followed. In fear of breaking the rules, it was reported that necessary goods were not purchased. One example was given where in a remote location they needed to purchase some goods. The contract with the donor demanded that three quotations were to be collected to get the best prices from potential suppliers. The only problem was that there were only one supplier in miles and miles that could provide the goods needed. Also, because of the rainy season, the place was practically inaccessible so the goods could not at any reasonable cost be ordered from Juba.

⁶³ Interview nr.11

⁶⁴ Interview nr.1

The result was a “donor-induced paralysis”: *“So finally you are not going to get three quotations, so you are not going to do anything, basically because you cannot get three quotations.”... They will go and sit down and just wait, because it is so difficult”*⁶⁵

This echoes critique from David Keen who claim that there are trends supporting the view that NGOs in some cases are being seen as “technical agents” merely acting under overly complicated instructions given by donors. Conveying finding from reports from both MSF and the UN, he claims that *“MSF staff also fear that inability to adhere to the minimum standards could lead to inaction by some agencies..”* (Keen, 2008) (p.145).

It also finds support from Scott (2008) when he describes how competing demands may lead to inaction when demands are competing: *“Actors confronting conflicting normative requirements and standards typically find it difficult to take action because conformity to one undermine the normative support of other bodies”* (Scott, 2008) (p.60)

4.3.3 Funding of administrative functions

«All donors expect NGOs to be professional, to move quickly in an emergency, to apply the best talent available to the task at hand, to be effective and to report clearly, often in a prescribed fashion, and on time. And yet somehow, this is supposed to be achievable for 5%, or 7% or 10% of the programme...”(Smillie, 1997) (p. 568)

As noted in the introduction to this chapter, donors are highly influential stakeholders for NGOs. They can use their leverage to place specific demands and limitations on NGOs that in turn influence the way the NGOs can organize and staff their operations. This is also very much the case when it comes to how they can staff their administrative support units. A very common way of financing the administrative departments is through charging each of the different donor-financed projects with a percentage to cover common administrative costs. These costs will typically be house- and office-rent, telecommunications, salaries for administrative staff from departments such as accounting, human resources, logistics and so on.

⁶⁵ Interview nr.11

Administrative costs are not a “donor darling” to say the least. In general donors want as much of the donated grants to go straight to operational project costs. One gets the impression that there is a perception, both amongst donors as well as with the general public, that administrative costs are somehow unwanted and that it represents something that should be minimized at all costs.

At the same time donors expect the grants to be administered in an effective and timely manner, with frequent reporting in different formats, smooth and well-functioning logistics and professional accounting and human resource management. In a setting like South Sudan it does not take much imagination to see that these demands may come in conflict with the demand to keep administrative costs at minimum. Security issues, lack of qualified human resources, lacking infrastructure, lack of local suppliers, and so on are just examples of conditions that makes it very difficult to operate in the country.

Respondents in this study repeatedly expressed that administrative costs were a constant headache and source of heated discussions, both *within* the organizations as well as in relation with the donors. From within the organization, some managers expressed that it was an uphill battle to try to convince program managers about the need to increase the numbers of administrative staff. Since it at the end of the day is the operational programs and their projects that “pay” for the administrative departments through the percentage charged to each project, the program managers always had to be convinced of the necessity for any expansion of administrative budgets.⁶⁶

According to the respondents, it was however the donors that constituted the greatest “opponent” for any manager of an NGO seeking to increase the budget for administrative support units. Administrative, or overhead costs, are generally unpopular costs to fund for donors. (Smillie, 1997), (Johnsøn et al., 2011). None of the respondents in this study viewed the funds set aside for administrative support to be sufficient. Two respondents did however point out that because of the size of the organization, they had some “economy of scale” that enabled them to at least get a better administrative staffing than a small NGO.⁶⁷ The responses given through interviews did however indicate that there was a large gap between donors` demand for sophisticated and frequent reporting, and the level of administrative percentage they would allow to be charged on their project.

⁶⁶ Interviews nr.4 and 9

⁶⁷ Interviews nr. 7 and 8

One logistic manager said that some donors would try to get the NGOs to take on projects with *no* or very little percentage for administration at all⁶⁸. The respondent highlighted the point that by doing this, the cost for the administration would actually be paid by other donors instead. In effect this would mean that there would be cross-subsidizing whereas the “more reasonable” donors would actually cover up administrative costs that should have normally followed all donations. This manager saw this practice as highly unfair for the other donors.⁶⁹

Another interesting point this respondent highlighted, was that according to his impression some of the donors that demanded the most sophisticated and frequent administrative and financial reports were at the same time the very same who were the most reluctant to allow any administrative costs to their donations: *“But some donors they put a lot of pressure, a lot of reporting, a lot of procedures. But sometime they won’t pay for administrative costs.”*⁷⁰

The media in Norway seems to be very focused on how much Norwegian NGOs spend on administrative costs, and newspapers regularly make comparisons between different NGOs and rank them according to how low their administrative costs are compared to “operational costs”. It should probably not come as a surprise that the tabloid press have a relatively shallow appreciation of the costs associated with operating in complex emergencies. More worrying is it however, when presumably professional donors seem to be going into the same trap of focusing on some arbitrary percentage meant to suffice for an administratively responsible execution of a project.

As some scholars have pointed out, it certainly gives a “flare of amateurism” when donors arbitrarily choose a percentage of, say 5 or 7% of a grant for administrative expenses, especially when this percentage is often used in a “one-size-fits-all” manner. One would expect that the administrative costs needed to do a proper quality job will differ significantly according to the context in which the NGO is operating. Doing demining with own staff in the northern areas of South Sudan will for example call for vastly more logistical support and HR management than if the NGO is supporting civil society organizations in South Africa. Many donors do however stick to their percentages regardless of the context and type of activity the NGO is doing. (Smillie, 1997)

⁶⁸ Japanese donors were often mentioned to be very reluctant to cover any administrative costs.

⁶⁹ Interview nr.4

⁷⁰ Interview nr.4

4.3.4 Weak routines amongst donors

As mentioned in earlier sections, it is well documented that emergencies provide ample ground for mismanagement and corruption. In times of crisis, financial controls and procurement procedures are reduced at a time when funding from donors are pouring in to alleviate the suffering of the population. (Schultz and Søreide, 2008).

In situations like these, there is often little or no time to scrutinize suppliers, prices, modes and alternatives of transportation and so on. Due to the inherent chaos emergencies create for project implementations, and the tendency to force processes through in a much higher pace than normal, the possibility of corruption and mismanagement is strongly increased.

In section 4.2 it was described how the NGOs themselves had a tendency to “exaggerate emergencies” in order to justify having to force administrative processes through the misuse of issuing *emergency waivers*. But according to findings in this study, *inefficiency within donor organizations* can also undermine the NGOs` ability to do procurement and financial control in an effective and responsible manner. This is especially the case when the donors are delaying the process of awarding grants and disbursing project funding.

In informal discussion with managers of NGOs in Juba, it became evident that especially the donors within the UN system were perceived to be notorious in delaying the disbursement of grants. Under normal circumstances organizations should ideally plan their procurements in a manner that give them time to make a procurement plan and give room for thorough processes. According to staff I talked to, the strongly delayed handling of grants in the UN-system put proper procurement procedures and financial controls in jeopardy within recipient organizations since the implementation of the programs had to be executed in a hurry.

As an example of this, one respondent gave account of one specific project where the NGO was awarded a grant to partake in the preparations for the January 2011 referendum. This was the referendum in early January 2011 in which the population was to vote on whether or not Southern Sudan should secede from Sudan and become an independent country. During 2010 and in early 2011, UNDP assisted the Government of Southern Sudan with the preparations for the referendum in the 10 states of Southern Sudan. The project funded activities such as voter registration, voter information, media training, police training, etc. (UNDP, 2011). According to the respondent, the donor (UNDP) did however fail to give the

grant and release the funding until *one week* before the referendum was to take place. The result was, not surprisingly, a situation where purchases had to happen in a *spectacularly hurried* manner:

*“They get the project from UNDP in relation to the election, and then they get the grant one week before the referendum! You cannot really blame the program then”.*⁷¹

I find it hard to disagree with this respondent, and in terms of promoting the managers' ability to critically analyze the effects of their financial transactions, this practice does not seem conducive. It is not helpful for ensuring proper procurement and financial control. It is the kind of situation that according to Schultz and Søreide (2008) amplifies the potential for fraud. In this particular case it does not seem unreasonable to conclude that the donor's own weak routines have reduced the NGO's ability to avoid negative consequences of their financial transactions.

4.3.5 Discussion

As mentioned in the beginning of section 4.3, donors are powerful stakeholders – and obviously so. Without the funding made available from donors, NGOs would not be able to operate at all.

It is in the interest of both donors, NGO's and the recipients, however, that the policies of the donors and the requirements these put on the NGOs operations, are flexible enough so that the organizations can reach their stated objectives. If not, they may become counterproductive.

The findings presented in the above sections have shown examples of donor pressures that have not been conducive for enhancing the NGO managers' ability to conduct critical analysis of how their financial transactions come into play in the contexts where their organizations are operating.

4.3.5.1 Excessive reporting demands

One thing that several respondents emphasized was what they perceived to be hugely excessive demands for reporting in different forms. According to respondents, the reporting demands were increasing, and one respondent said that the level of reporting now could not at all be compared to the level two decades ago. In addition to taking invaluable time away from

⁷¹ Interview nr.6

“real work”, one respondent also claimed that now NGOs were looking for candidates that were “good at writing reports” and playing down the value of field experience. According to Rauh (2010) these shifts comes as a result of the normative pressure (from donors) to professionalize reporting. Professionalizing becomes a way for NGOs to gain legitimacy from donors and is a prerequisite for future funding. But to gain this, these organizations need to hire additional staff or alternatively acquire new skills that may alter the organization`s ideology and may also cause even larger social divisions between NGO`s and the local communities. (Rauh, 2010) (p. 35).

Findings in this study show that some NGO managers feel that the donors were trying to implement rules and demands that would be challenging even in a *developed* country. For a setting like South Sudan, they deemed these demands to sometimes be quite incompatible to the situation on the ground. These views are echoed by Rauh (2010) who claims that the “*problem is that Northern funding agencies often create program objectives in very different contexts than where they will be implemented, and therefore these programs often do not suit the cultures that receive them.*”(Rauh, 2010) (p.34)

As mentioned in the introduction of this chapter, many NGO`s have weak balance-sheets and due to this, they do not have the luxury of denying to accept the demands from the donors if they are to implement the projects on the ground. The donors are powerful stakeholders and have significant leverage in any negotiation with the recipient. There is an asymmetric power-relation that could best be described as a relationship of resource-dependence. It is not difficult to imagine that this asymmetric power-relation could put the studied organizations under conflicting demands where the demands of a powerful stakeholder such as the donor will be prioritized over the demands of other stakeholders, such as the beneficiaries.

Because of many NGOs` weak financial status, they need to comply with the demands of the donors, because losing the funding could mean closing down operations altogether. Rauh claims that “*organizations are vulnerable to the extent that they become dependent on a particular types of exchange in order to operate*” (Rauh, 2010) (p. 31).

The result could be that many of the demands actually *reduce the efficiency* of NGOs, skew their focus away from their main job, and gears the NGO`s towards increasing *upward accountability* on the expense of their obligations towards the beneficiaries on the ground.

This resonates well with the view from several respondents in this study. As described above, many felt that the reporting demands were overwhelming, and that it took time away from what they believed to be the most important part of their job.

According to Oliver, institutional theory underlines the usefulness of *conformity* to externally imposed criteria in order for the organization to survive. If the stakeholder is very powerful, as the donors obviously are, compliance is viewed as self-serving for the organization's survival, hence the organizations should adhere to the requirements laid down. (Oliver, 1991) (p.148).

This corresponds well with findings by David Keen, who also noted that “*For NGO`s, accountability is often more upwards to donors than downwards to beneficiaries. In large part because of a concern to attract future funding*”.(Keen, 2008) (p. 157)

To avoid closing down operations altogether, organizations may have to compromise and strike a balance where they can satisfy the demands of the donors while trying to meet their obligations towards the recipients. This compromise may very well be sub-optimal seen from the viewpoint of the NGO`s and the beneficiaries.

In sum, the findings show that several respondents felt that the reporting demands were excessive and overwhelming. Not only does it take more and more time away from *operational work* from field managers. In my view the situation described by many respondents also show that the pressures and demands from the donors in relation to reporting also takes so much time away from management that it may reduce their ability to analyze the effects their own organizations are causing in the local contexts.

4.3.5.2 The Norwegian donors' “zero-tolerance” stand towards corruption

One well-intended donor-driven policy was repeatedly mentioned in interviews and during informal discussions during my field study in South Sudan. It was the Norwegian donors' strict interpretation and operationalization of their “Zero-tolerance” stance on corruption. As mentioned in the above sections, some respondents thought that the policy was a reflection of domestic demands back home, meant to show the media and the general public that they “were doing something”. These views are echoed by the scholars from the anticorruption

think-tank U4 when they warn against donors adopting a “*poorly nuanced zero-tolerance slogan*” whose main aim is merely to signal toughness and “*assure the public back home*” that they are not taking lightly on cases of corruption. (Johnsøn et al., 2011) (p.16)

Another worry amongst respondents and practitioners I had informal discussions with, was the worry that the tough stance would lead to less transparency and eagerness to detect or even discuss corruption and other unwanted practices within the aid community. As described in the sections above, there were actually strong disincentives towards reporting a case of corruption to the donors. The new policy would lead to publication of the incident also automatically lead to a demand from the donor to pay back any money lost. In addition to this, came the costs associated with doing internal and external audits to produce reports to the donors. These views find strong support from researchers in Norway:

“The limitations of a poorly nuanced zero-tolerance slogan as a policy principle is further exposed when one considers the disincentives they create for other corruption risk management practices such as openly discussing corruption risks and corruption challenges, or for reporting incidents of corruption” (Johnsøn et al., 2011) (p.16).

The researchers from U4 go on to argue that sanctions and responses from donors on reported cases of corruption from the NGOs should rather be “*sophisticated and flexible enough to respond to very different circumstances so to function in service of, rather than contrary to, primary development objectives*” (Johnsøn et al., 2011) (p.16).

This also echoes the findings that showed that most respondents agreed on the zero-tolerance principle as something they should strive to reach. They did however warn against the way the Norwegian donors operationalized the concept. When working diligently and analyzing how the financial transactions are played out in the local context, one will undoubtedly find cases of misdeeds and corrupt practices when working in high-risk areas of corruption like South Sudan.

To be punished for doing so, by having to take the full risk of implementing donor-funded projects, maybe covering the losses for third parties and then pay for expensive audits is in my view a policy that indirectly reduces the ability – or at least the motivation – for an NGO to critically analyze the effects their financial transactions have.

Had the zero tolerance stance been combined with a larger degree of risk sharing, and a willingness to accept higher administrative costs in settings riddled with a high level of corruption, the zero-tolerance stance would in my view have a much higher possibility to strengthen the NGOs possibility of avoiding doing harm.

4.3.5.3 Lack of willingness to fund administrative capacities

The strong increase in reporting requirements and the increasing focus on anticorruption and increased control activities has paradoxically coincided with an increasing reluctance by the donors to accept funding of administrative functions.

Paradoxically, because it is exactly the administrative supporting units that should be best placed to analyze and increase the levels of financial controls and so on. As mentioned by one respondents, putting in place checks and balances costs money, and if one were the safeguard oneself 100%, the cost would be so high that deliveries would be negligible.⁷² Another respondent underlined that they knew they would avoid misuse of for example fuel and cars if they had the money to hire a fleet-manager. But this would have to be funded over the administrative budget, and the donors would simply not finance it.⁷³

Johnsøn et al. (2011) also elaborate on this, and strongly support the above mentioned views:

“Finally, the most important challenge for many organisations will be the administrative and/or financial burden inherent in many corruption risk management measures recommended in this paper. Whether the burden is expressed in numbers of staff or the cost of services (e.g. independent audits or evaluations), the measures are at some point expressed in financial terms, and typically as administrative costs.”(Johnsøn et al., 2011) (p.25)

Based on the findings from the interviews as well as work of scholars such as Smillie, Johnsøn and others, it does not seem unreasonable to say that a lack of funding of critical administrative support functions may constitute a major obstacle for NGOs to professionally analyze the effects of their financial transactions. Putting in place crucial control mechanisms costs money and time.

⁷² Interview nr. 7.

⁷³ Interview nr.6

Smillie (1997) is strongly critical towards this kind of arbitrary fashion of funding NGOs and sees the low funding for administrative costs as a serious risk that “*denies the need to do development work effectively and professionally*” (Smillie, 1997) (p. 570). Based on the views from the respondents in my study, the situation does not seem to have improved much from the situation Smillie described in 1997.

In my view the donors should ensure that the receiving NGOs had sufficient administrative capacity to handle the grants, and make it a part of their quality control of recipient NGOs. This seems to be far from reality for most donors. The prevalent view of some donors still seems to be that the NGO with the lowest percentage for overhead is the best and most worthy of funding. Smillie (1997) dryly notes that such logic would be “*like saying that the Lada is the best car in the world (or the most efficient) because it is the cheapest*” (Smillie, 1997) (p. 567).

As outlined in the previous sections, managers of the NGOs` supporting units describes a situation where they are always lagging behind and where their sections are heavily understaffed but cannot afford to hire more people. The reluctance by donors to fund administrative costs must probably take a large share of the blame for this situation. This situation is undoubtedly not conducive for the organizations` ability to analyze the effects of their financial transactions in a complex setting as South Sudan.

5. Conclusion

The purpose of this research has been to study factors, both *internal/organizational* as well as *external*, that can reduce NGO managers' ability to critically analyze the effects their organizations' financial transactions can have in the contexts where they are operating.

Literature presented has suggested that an awareness of the political economy in the local settings is crucial to avoid potentially negative effects of the influx of resources that aid represents. Resources are prone to be exploited, and literature has indicated that when aid and resources is distributed in a careless manner, the effects can have detrimental effects. While much has been written about the necessity for aid organizations to attain the ability to analyze the effects of their financial transactions, far less literature exists on the topic on how they are to achieve this ability. Using organizational theory to analyze the "inner dynamics" of the studied NGOs, several factors that actually *reduce* the chance of the organizations to do so, were identified and discussed.

The study showed a low level of previous, relevant experience for expatriate staff hired to lead crucial control functions such as for example the finance departments in the organizations. While the situation was slightly better for the logistic managers, none of the finance managers had previously worked outside of their native country and only one had previously had any experience from the field of development. This in itself is not inductive in terms of gaining the necessary awareness and ability to analyze the effects of the organizations financial transactions.

Seriously compounding the effects of the lack of previous experience, was the finding that none of the administrative managers had received *sufficient introduction* or training into aspects going beyond *technical* aspects of the job. Finally, and maybe most detrimental to the analytical ability of the managers was the very high turnover found in these positions. In especially one of the organizations, the turnover of finance managers must be categorized as extreme. There were few signs of action from the organizations and their headquarters on how to deal with these systematic weaknesses. Respondents did however underline the fact that their organizations could simply not compete with the remuneration packages and perks given to finance managers back in Norway. My recommendation to counter this problem is to "widen the net" when advertising for these positions. Only one of the studied NGOs

advertised these positions internationally. By not doing this, the two other NGOs studied were excluding hundreds of potentially highly qualified and experienced candidates from around the globe, candidates who would probably have greater chance to grasp the local settings faster and be less prone to quit. The findings suggest that the HR sections both in the organizations' headquarters as well as locally, could benefit greatly from re-evaluating their hiring policies for the abovementioned positions. In addition, there seem to be an urgent need to ensure that proper introductory programs are offered to staff being sent out to complex setting like South Sudan.

In addition to the organizational factors mentioned above, it was also found that there was an *inherent conflict* between the operational and the administrative support programs. According to respondents, this led to conflicts and tension on a regular basis. Managers of operational programs would typically be very focused on results produced in their projects in the field, and would be frustrated by what they deemed to be overly cumbersome administrative routines and regulations. The administrative managers on the other hand, often felt that they were "left alone" to defend guidelines and regulation that dictated certain ways of following procedures.

The effects of this inherent conflict materialized in several ways. It was found that operational managers would often avoid involving the logistic department altogether, and do procurements directly with suppliers without following proper procedures. In addition, all the respondents claimed that there was widespread misuse of the practice of issuing *emergency waivers*. It was claimed that by *exaggerating the state of urgency*, operational program managers would get these waivers issued, giving them a green light to avoid normal procurement procedures. To the frustration of administrative managers, this malpractice was very often supported by the top managers of the organizations.

The administrative managers themselves were also involved in questionable practices pertaining to procurement. It was reported that they often were involved in *window dressing*, an activity where they would produce documentation that would give the *appearance* that proper procedures had been followed.

In my view, the combined effects of the inherent conflict and tension within the organizations and the negative effects it had on the administrative processes as described above, could

seriously reduce the NGO managers' ability to analyze the effects of their financial transactions. As argued in my study, the malpractices described not only leaves the organizations vulnerable for corruption. The bad signals management sends *within* their own organization by condoning such practices, can in my opinion have strong negative effects of the "moral fiber" of their organizational culture. Finally, such malpractice can also lead to a deterioration of the relationship to the donors, should auditors or others pick up on the malpractice and report it. As such, the activities described above can actually threaten the financial fundament of the organizations.

In my opinion top management should lead by example and avoid condoning practices that obviously go against their own organizations' rules and regulations as well as those laid down in contracts with donors. On the contrary, top management both in headquarters and locally should put efforts into sanctioning malpractice.

In addition to the internal or organizational pressures described above, this thesis also studied the effects of pressures from one particularly powerful group of stakeholder; the donors. It is clear that without the funding from donors, none of the studied NGOs would be able to do work in South Sudan at all. Nonetheless, the findings in this study gave examples of pressures and demands from donors that could be counterproductive and actually *reduce* the NGO managers' ability to conduct critical analysis of how their financial transactions come into play in the contexts where their organizations are operating.

One finding underlined by respondents from all the NGOs, was what they deemed to be *excessive reporting demands*. Respondent claimed that it took skewed the attention away from their most important tasks, and that the demands were not compatible to the situation on the ground in South Sudan. It was also claimed that the reports were in formats that produced little added value from the viewpoint of the NGOs. Further, it was claimed that it created situations where the accountability towards the donors came in conflict with the organizations' obligations and accountability towards the recipients. One respondent even claimed that the ever-increasing reporting demands had led the organization to rather look for candidates that were "good in report-writing" instead of staff with solid field experience.

Some examples were given were the reporting requirements must be said to be extreme and so incompatible with the situation on the ground, that it was impossible to adhere to them. In

some cases this led to what I dubbed as a donor-driven paralysis, a situation where the staff found it so difficult to adhere to the requirements that it led to inaction.

If most of the managers' time goes to writing reports that give little added value to managers on the ground, or even to inaction, it would in my view be a factor that reduces the capacity of the managers to analyze the effects of their financial transactions.

One policy deemed counterproductive by the respondents in this study, was the Norwegian donors' "Zero-tolerance" stance on corruption. Though all respondents supported the intention or vision behind the policy, they deemed that it could have effects contravening the good intentions behind it. What they vehemently opposed, was the way the donors had *operationalized* this policy. In cases where corruption had occurred, the Norwegian donors would demand to have the fund repaid by the NGO that had suffered the incident. In addition to this, the NGO would in some cases have to cover losses suffered by third parties, as well as covering costs for external, forensic audits. In sum, it could be a very costly endeavor indeed to actually put efforts into detecting and reporting incidents of corruption.

According to respondents, the Zero-tolerance policy therefore produced strong disincentives to detect and report acts of corruption. To be punished for doing so, and by having to take the full risk of implementing donor-funded projects, is in my view a policy that indirectly reduces the ability – or at least the motivation – for an NGO to critically analyze the effects their financial transactions can have.

I have argued that if the zero tolerance stance had been combined with a larger degree of risk sharing, and a willingness to accept higher administrative costs in settings riddled with a high level of corruption, the policy would have had a much higher possibility to *strengthen* the NGOs possibility of doing proper analysis and avoiding doing harm.

Paradoxically, the responses showed that while the reporting requirements and the strong focus on anti-corruption measures had *increased* sharply in recent years, the donors' willingness to finance administrative support functions had *reduced*. At the same time it is the administrative support units that are best placed to analyze and increase the levels of financial controls and putting in place checks and balances. But these measures require increased funding, not less. I have argued that the donors should *ensure* that the receiving NGOs had sufficient administrative capacity to handle the grants, and make it a part of their quality

control of recipient NGOs. As described, the prevalent view of some donors seems to be that the NGOs with the lowest administrative costs, are the best and most worthy of funding. I strongly disagree with this view.

In addition I have argued that the administrative funding should be much more flexible. There is a huge difference in implementing a project in for example Botswana and doing so in South Sudan. While the former country has one of Africa's best infrastructures and a relatively low level of corruption, South Sudan's infrastructure is hardly existing. At the same time the society is riddled by corruption on all levels of society. Still, the donors stick to their "one-size-fits-all" policy when determining the administrative percentages an NGO can charge to a project. In my view it would make sense to ensure funding of proper administrative capacity for NGOs in complex settings, especially given the strong demands put on them on reporting, accountability and control activities. The reluctance by donors to fund administrative costs must in my view take its share of the blame for a situation which is undoubtedly not conducive for the organizations' ability to analyze the effects of their financial transactions.

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