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# Humanitarian Aid, Independence and Innovation

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Islamic Relief is dedicated to alleviating the poverty and suffering of the world's poorest people.

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In the aftermath of 9/11, governments have been increasingly inclined to make humanitarian action subordinate to broader political and military objectives.<sup>1</sup> Since many non-governmental organisations (NGOs) are financially dependent upon governments, this raises issues related to their independence and neutrality. At worst, NGOs may be reduced to contract agencies, or even, as some politicians would wish, mere ‘force multipliers’<sup>2</sup> in the ‘global war on terror’.

Does dependence upon government funding indeed equate with the erosion of institutional independence? Is independence a determining factor for research and innovation in the humanitarian field? Do donor-driven agendas limit creative thinking and innovation? In recent years there has been pressure to improve the delivery of humanitarian aid by increasing coordination, ‘professionalism’ and accountability between agencies; that is, making missions more integrated (Stobbaerts and Derderian 2007: 18-20). Will such a trend relegate concerns about the quality of response and, in particular, the scope for innovation? Certainly, the relationship between independence and innovation in the field of humanitarian and development work is complex and there is no simple equation between independence and innovation.

This paper, with reference to the experience of Islamic Relief, argues that both institutional funding and private funding allow NGOs to innovate, depending upon the particular context and circumstances. For non-Western or faith based NGOs, institutional funding may help to break open taboo areas of work such as HIV/AIDS. Conversely, considerable private or “penny box” income provides organisations with the freedom to follow their own priorities. Consequently, financially independent NGOs may be the first to identify and act upon gaps created by inappropriate prioritisation or the rigid political choices of donor agencies, and NGOs may lead the way to more effective and appropriate programming.

## **Institutional funding and top-down innovation**

Dependence on institutional funding can stifle independent thought and action. This outcome is particularly noticeable at the field level, where contacts between representatives of institutional donors and NGOs are often direct and funding allocations depend partly on links between these individuals. NGOs may be reluctant to criticise the policy positions of institutional donors for fear of antagonising them and losing access to future funding. Similarly, there may be an inclination to tailor the design and implementation of projects to the expressed priorities and preferences of donors, even at the expense of project impact and appropriateness. The danger of becoming contractors – merely implementing projects on behalf of donors – is particularly pronounced when institutional donors provide short-term and inflexible funding.

Islamic Relief has been providing emergency relief to internally displaced persons (IDPs) in the state of West Darfur in Sudan since 2004, largely through the management of IDP camps. Islamic Relief has consistently identified the provision of water and sanitation facilities as crucial for the welfare of both IDPs and domiciled populations in the region. In recent months,

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<sup>1</sup> For example, see Stoddard, A (2003) “With us or Against us? NGO Neutrality on the Line” *Humanitarian Practice Network* December 2003, available online at <http://www.globalpolicy.org/ngos/fund/2003/1200against.htm>; and Medicins Sans Frontiers and Weissman, F (2004) *In the Shadow of ‘Just Wars’: Violence, Politics and Humanitarian Action*, Ithaca, USA: Cornell University Press

<sup>2</sup> Colin Powell, ‘Remarks by Secretary of State Colin L. Powell to the National Foreign Policy Conference For Leaders of Non-Governmental Organizations’, 26 October 2001, available online at <http://usinfo.state.gov/topical/pol/terror/01102606.htm>.

the organisation has been unable to attract institutional funding for these activities because donor agencies have prioritised other, and in the organisation's opinion, less crucial sectors. As a consequence Islamic Relief has found it increasingly difficult to meet the most pressing needs of IDPs residing in camps.

However, institutional funding may also provide NGOs – particularly those with a constituency that represents a religious, cultural or philosophical minority – with an opportunity to access the funding and support required to initiate discourse and action in fields that individual sponsors may be reluctant to enter for cultural, religious or even security reasons. Thus, institutional funding may allow Muslim NGOs an opportunity to instigate dialogue on issues considered taboo such as HIV/AIDS and reproductive health. It may also enable local NGOs operating under dictatorial regimes to address issues related to human rights and to support grassroots organisations that wish to engage in advocacy.

During 2007, the award of institutional donor funding encouraged (possibly even obliged) Islamic Relief to formulate policy positions, initiate dialogue and start projects on several important but 'sensitive' issues, including HIV/AIDS. As we will discuss in the next section, it is extremely unlikely that private funding for a faith based organisation such as Islamic Relief would have been forthcoming for work in such 'sensitive' areas. Islamic Relief utilised this institutional funding to support, for example, extensive and ongoing dialogue among Islamic scholars, development practitioners (including many Muslim NGOs) and people living with HIV/AIDS. This interaction has facilitated two types of innovation.

Firstly, among Muslim institutional donors and humanitarian organisations, areas previously unexplored are now more openly discussed. Furthermore, Islamic scholars have moved from simplistic and judgemental statements to better informed and contextualised recommendations. The resultant reduction of taboo and stigma has enabled humanitarian and development activities to be initiated. In mutually reinforcing processes, Muslim NGOs are more willing to design and implement HIV/AIDS related programmes and some HIV positive Muslims are more willing to talk openly.

Secondly, there is innovation within the mainstream development discourse. Faith is central to this innovation. Exceedingly important in the lives of millions of people, but often ignored by western and secular humanitarian organisations and donors, faith has gained prominence now that there are faith based organisations with whom to engage, and now that Islamic religious analyses and pronouncements have shifted from sin and blame to context, understanding of complexities, and compassion. Such innovative work would not have been possible, or at least would have been considerably delayed, without access to institutional funding that explicitly supported dialogue between the various parties.

### **The penny box and bottom-up innovation**

Reliance upon the penny box, however, can also stifle innovation. Islamic Relief has many thousands of private donors who regularly contribute relatively small amounts of money for both emergency and long-term activities. With such funding, the organisation is given almost complete freedom to create, implement and develop projects as it wishes. However, there is one significant drawback with this funding: it is generally given for 'traditional' sectors of intervention such as water and sanitation, primary health care, education and, in particular, high

visibility emergency projects supporting those affected by natural disasters or conflict. Support for slow-onset emergencies or for interventions in ‘non-traditional’ areas (such as HIV/AIDS and reproductive health) is less forthcoming. There is also a perception within Islamic Relief (and also, probably, in other faith based organisations) that such activities may actually alienate many small private donors, particularly those who hold relatively conservative beliefs. Clearly, therefore, complete reliance upon penny box income would actually restrict Islamic Relief to interventions in ‘traditional’ sectors. Furthermore, small private donors tend to want most if not all of their donations to be spent directly on project implementation rather than on research or advocacy activities, even if these activities produce tangible results in the long-term.

Nevertheless, financial and institutional independence can also stimulate humanitarian innovation. Penny box income is crucial for any humanitarian organisation that wishes to respond immediately and in the manner it desires, particularly if this is contrary to mainstream development discourse. Thus, in the aftermath of the 1992-95 war in Bosnia and Herzegovina, institutional donors followed a policy of encouraging minority return. The reasoning behind this approach was laudable: without return, the country would be divided into mono-ethnic entities and the instigators of the conflict would have achieved at least part of their objectives. It was clear that NGOs who did not concur with this approach would not be able to access the considerable amounts of institutional funding available. However, Islamic Relief acknowledged that many widows, often severely traumatised by their experiences, would never return to their pre-war homes in towns such as Srebrenica in Eastern Bosnia where their male relatives had been killed. In such instances, relative financial independence permitted Islamic Relief to seek alternative solutions focused upon building new lives and creating income and employment opportunities for displaced persons away from their pre-war homes. This approach opposed the ‘culture of consensus’ among institutional donors and other international NGOs who together had created a perceived imperative of minority return. Once it had become apparent that minority return to certain areas in Bosnia and Herzegovina had failed, some donor agencies examined and adopted these alternative solutions.

The key to Islamic Relief’s work in Bosnia and Herzegovina was the development of an innovative Islamic microfinance programme based on *Shariah* compliant financing principles that has provided thousands of business and housing loans to displaced persons. The success of the programme encouraged the organisation of similar microfinance initiatives in Eastern Europe, the Middle East, Asia and Africa. These programmes have attracted the attention of other NGOs, donor agencies and even commercial financial intermediaries. There are two reasons for this. Firstly, the absence of interest makes Islamic microfinance programmes acceptable to the millions of Muslims who for religious reasons refrain from utilising interest-based finance. Secondly, there is anecdotal interest to suggest that such programmes generate higher levels of economic growth (largely through greater risk-sharing between the financier and entrepreneur) and promote more ethical investment and behaviour among borrowers than conventional interest based microfinance programmes.

As the experiences of Islamic Relief illustrate, the relationship between NGO independence and innovation is complex. Independence may facilitate as well as hinder innovation depending upon context and circumstances. Similarly, institutional support may encourage but also stifle independent thinking and innovation. The increasing diversity of institutional donors<sup>4</sup> is likely to complicate this relationship still further (Harmer and Cotterell 2005). This is particularly the case for a humanitarian organisation such as Islamic Relief that has institutional support from a

variety of donors and does not rely upon a relatively small number of funding bodies from Western Europe and North America. The increasingly significant institutional donors from the Middle East, for example, may not employ the same rationale as major western donors when it comes to development interventions, and their policy priorities and methods of response may be different.

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