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Upfront

Too Much Money, Too Quickly Waste, failure, and Bosnia's lessons for Iraq

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INTERNATIONAL NGOS

Too Much Money, Too Quickly

Waste, failure, and Bosnia's lessons for Iraq

As the international community looks to spend \$1.7 billion for humanitarian relief and reconstruction in Iraq, it could benefit from the lessons learned in Bosnia, where billions were poured into rebuilding that country after the end of the 1995 ethnic war. Although the urgency of postwar situations elicits among donors and nongovernmental organizations (NGOs) a strong desire to assist, if the experience in Bosnia is of any indication, much of the assistance going to Iraq could be wasted in service overlap and inefficiency.

"We had funding for [building] 55 houses," said one NGO officer who had worked in Bosnia. The NGO, however, was told that the United States Agency for International Development (USAID) would provide high-voltage electricity. "So," the officer continued, "we removed the high-voltage line item from our budget. Our houses were completed in March 1999. As of today, however, there is still no high-voltage electricity."

Donors such as USAID, the European Union, and the World Bank poured more than \$5 billion into Bosnia in 1996 and 1997. More than 500 NGOs were funded by these donors to carry out reconstruction projects that included the rebuilding of homes, schools, and hospitals. According to a new study, however, those projects failed to live up to expectations, primarily because they were not part

of any collective effort.

"What happens is that a lot of the money in international development efforts is wasted before there's a coordinated and strategic plan in place," said Eric C. Martin, an assistant professor of management at Eastern Connecticut State University.

"NGOs and international policymakers should pace themselves, so money is still there when things finally sort themselves out." Martin and Judith L. Miller, a professor of political science at Ohio University, published their study of postwar NGOs in Bosnia in the June 2003 issue of *Voluntas: International Journal of Voluntary and Nonprofit Organizations*

(vol. 14, no. 2).

The study, based on interviews with 92 people from more than 30 different NGOs in Sarajevo, found that – typical of postconflict reconstruction – the first stage is mayhem. Hundreds of organizations, each with their own agenda, were uninterested – if not outright hostile – to the notion of coordinating with each other. "The World Bank has their mandate and agenda as a U.N. agency. That means absolutely nothing to me," said one officer. "I've got a Red Cross mandate."

At this stage, when there was plenty of funding for everyone, there was no incentive to cooperate. Collaboration among NGOs in Bosnia came about in 1999, due primarily to massive cuts in funding. The NGOs "were

forced to do more with fewer resources," according to the study. The Priority Reconstruction Program, a major source of NGO project funding in Bosnia, came to its scheduled end in 1999. In June of that same year, the crisis in Kosovo diverted both funds and attention away from Bosnia. Now lacking the financial support to tackle projects individually, NGOs began to actively collaborate. They began to negotiate more effectively – coming to agreement among themselves as to who would take care of feeding operations in the various parts of the country, for instance.

The researchers suggested that because of how relationships evolve between NGOs in postconflict areas, governments and donors can improve the dismal record of postwar reconstruction by resisting the urge to throw large amounts of money at NGOs during the early stages of reconstruction. Instead, they could offer NGOs less funding early on in exchange for long-term funding commitments, which would in turn allow NGOs to commit to and build stronger relationships with locals – increasing their odds of long-term success. Vital elements of collective action – establishing a clear authority, fostering relationships with locals, and building consensus about goals and missions – don't occur overnight.

"Coordination takes time," said Martin. "To expect it to happen too soon and be too optimistic about its potential by backing it with too much money is a mistake, although the urgency of the situation often suggests that's what we should do." –Jan Chong

