**OPINION**

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**ECONOMIC development strategies in the last 50 years have been relatively successful in alleviating poverty and raising the living standards in developing countries.**

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he Millennium Development Goal of poverty reduction has been achieved ahead of the 2015 deadline. Human development indicators have improved significantly in almost all countries with very few exceptions.

Developing countries now account for almost half the world’s income, and most of the growth in the global economy in the post-2007 period has been contributed by them. Technological revolution particularly in information and communications technology has been a major driver of economic growth.

Strategies of the past, however successful in boosting growth and alleviating poverty, have given rise to second-generation problems that have surfaced in the last decade or so.

Consumption standards of advanced countries that are being imitated by developing countries are likely to give rise to global warming due to heavy emission of carbon dioxide caused by increase in the consumption of fossil fuels. Income inequalities, the concentration of income in the top 1pc of the population and regional disparities resulting from rapid growth have become a threat to social cohesion and harmonious ties within multi-ethnic nation-states.

It’s therefore obvious that these strategies have to be altered in fundamental ways to ensure environmental sustainability and social equity in addition to economic efficiency. The 21st-century model of development would thus stand on three pillars — economic efficiency, environmental sustainability and social equity.

To implement this model, the respective roles of state, market and civil society have to be redefined in a mutually reinforcing way. There is sufficient scope for work for all these three actors and the false dichotomies of state vs market, state vs civil society and market vs civil society have become redundant. With increased connectivity, the social media’s influence and the march of technology, the world can benefit from the comparative advantage of these three actors while containing the adverse effects.

The state’s role is to protect the life and property of citizens, maintain the rule of law and enforce contracts, provide an enabling environment for the private sector, regulate markets and develop physical infrastructure and social services. Macroeconomic stability and social safety nets for the poor are tasks that cannot be performed well by any other actor. The market is good at efficiently allocating scarce resources but poor at generating equitable distribution. Production, distribution, marketing, trading of goods and services is therefore best left to market forces. But it is the state’s duty to regulate the markets so that cartels, oligopolies and monopolies do not distort the structure and deprive consumers of the gains of efficient allocation. Taxes and public expenditures should be geared in a way to help better income distribution. Civil society is, relatively speaking, a newcomer in the field of development. Nonprofit or non-governmental organisations have emerged as the new force. There are several types of NGOs — those involved in the advocacy of single issues, others addressing humanitarian assistance and still others delivering basic social services such as education, healthcare, nutrition etc.

In Bangladesh, the success achieved in family planning, microcredit, female education and primary healthcare owes a great deal to the consistent efforts made by NGOs such as Brac, Grameen, etc. Pakistan is a relative newcomer to the NGO sector but the record so far is impressive. The Citizens Foundation, Indus Hospital, the Sindh Institute of Urology and Transplantation, Edhi, the Layton Rahmatullah Benevolent Trust, Care Foundation, the Shalimar Hospital are some excellent examples where poor citizens can access essential services in education and health.

Rural support programmes, the Kashf Foundation, Akhawat etc are engaged in delivering microfinance services to the poor for several decades. Several international organisations such as Oxfam and Action Aid have a presence in Pakistan but they become highly active in relief and rehabilitation activities in the face of natural disasters such as earthquakes, floods etc.

The recent move by the government to regulate the NGO sector should be examined in the above context. Registration of all NGOs raising funds from outside and within Pakistan is essential for transparency and the accountability of the NGO sector. But this must be done in a way that does not create bureaucratic hurdles in their functioning and delivery of services.

The certification by the Pakistan Centre for Philanthropy (PCP) has been used as a mechanism for allowing tax exemptions. This certification should be used by the government to permit NGOs to receive foreign contributions and raise funds locally, grant work permits to expatriate employees and allow duty-free imports.

The process of screening, scrutiny and approval by the PCP can be strengthened by seeking the input of government departments or ministries and by instituting uniform standards for information seeking, reporting and verification.

Like publicly listed companies the certified NGOs should get their accounts audited by reputable firms and submit an annual report disclosing the required information on their activities. This non-bureaucratic approach will achieve the same results as desired by the government in its policy statement without creating hassles.

Other restrictions, such as employing foreign nationals for not more than 10pc of staff positions and obtaining the prior concurrence of the government are superfluous and should be done away with.

The imperatives of the new development model require an all hands-on-deck approach in which stakeholders are enabled to work in tandem for the larger welfare of the population.

The writer is a former governor of the State Bank of Pakistan.