

# THE NON GOVERNMENTAL ORGANIZATIONS (NGOs) AS A THIRD SECTOR

*Dr. Magdi Elsheikh Nouraldin*



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## THE NON GOVERNMENTAL ORGANIZATIONS (NGOs) AS A THIRD SECTOR

### ABSTRACT

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No doubt, if anyone switches on a T.V, or flips daily newspapers will listen or read about the great tangible role, the Non-Governmental Organizations play in the alleviation of natural and human-made disasters or in the nations development support.

Many writers tried to define the Non-Governmental Organization, they all agreed on that, "they are organizations which operate independent from the government and not seek to maximize profit. Other authors defined them from the point of their operation or orientation. Some of them are development supporters while others confine their role in salvation and rescue.

In this paper the writer tries to find whether these organizations can be described as a third sector. He tried to differentiate between the first and second sector and tried to find the location of these organizations in the socio-economic hierarchy.

Generally, the Non-Governmental Organizations look as booth, private and public sector, they serve the public as the Governments do, but the operate independently, that is why they are Non-Governmental. Accordingly they are not Public Sector. They provide the public with goods and services without payment or profit. In this regard they are not private sector. They are third sector. They can carry any name such as Voluntary Sector or Humanity sector.

The conclusion is that, the Non-Governmental organization is a third sector. All stakeholders should deal with it like that; on a way that these organizations can enhance their role in the places where they operate.

In the Least Developed Countries (LDCs)

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Introduction:

NGOs (Non-Governmental Organizations) include many institutions and organizations that are partially or totally independent of the government, and have primarily humanitarian rather than business and profit objectives. In developed countries there are private agencies that support international development; indigenous groups organized regionally or nationally and member-group villages. The Least Developed Countries (LDCs) are the poor countries which have a very low Gross National Product (GNP) and a humble economic Performance. The high rate of poverty is the common feature of their population. Many NGOs from the developing countries operate in those countries to alleviate the rate of poverty and support the respective governments in developmental projects.

“The NGO terminology differs in its reference from one place to another; for example, in most of LDCs (Least Developed Countries) it refers to charitable organizations, which formed by members who live in one area or have a mutual interest that can be achieved with collective financial and or physical effort. In the United States of America the NGO terminology refers to "private voluntary organizations," while most of Africa NGOs refers to “voluntary development organizations.

## **1. NGOs Definitions**

Going through different references and web-sites, the writer could not find a unique definition for an NGO, however, the World Bank gives the more comprehensive definition for an NGO, it states" The diversity of NGOs strains any simple definition. They include many groups and institutions that are entirely or largely independent of government and have primarily humanitarian or cooperative rather than commercial objectives. They are private agencies in industrial countries that support international development; indigenous groups organized regionally or nationally, and member – group villages. (Robert Mc Namara. NGOs and Donors pp.169-171)

NGOs include charitable and religious associations that mobilize private funds for development, distribute food and other family planning services

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and promote community organization. They also include independent cooperatives, community associations, water-user societies, women's groups and pastoral associations. Citizen Groups that raise awareness and influence policy are also NGOs. (Robert Mc Namara. 1999. NGOs and Donors pp.174-175).

According to this broadest definition of the World Bank an NGO is:

i. A non-profit making, voluntary, service- oriented/development, either for the benefit of members like grassroots organizations or of other members of the populations.

ii. It is an organization of private individuals who believe in certain basic social principles and who structure their activities to bring about development to communities that they are servicing.

Social development organization assisting in empowerment of people.

iii. An organization or group of people working independent of any external control with specific objectives and aims to fulfill tasks that oriented to bring about desirable changes in a given community or area or institution.

iv. An organization not affiliated to political parties, generally engaged in working for aid, development and welfare of the community.

v. Organization committed to the root causes of the problems trying to better the quality of life especially for the poor, the oppressed, the marginalized in both urban and rural areas.

vi. Organizations established by and for the community without or with little intervention of the government; they are not only a charity organization, but work on a socio-economic-cultural activities.

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vii. An organization, that is flexible and democratic in its organization and attempts to serve the people without profit or itself.

However, some organizations, which are NGOs, work for profit which is used for sustaining funds oriented for activities extension.

Lord Beveridge writes about the voluntary actions and voluntary organizations that a generation ago voluntary workers were those who gave unpaid services to a good cause and when organized are called "voluntary organization. Furthermore he defines the voluntary organization more precisely as follows: (B.T.Lawani 1999.pp 229-231)

i. A voluntary organization is that organization which its staff is paid or unpaid is governed by its own members.

ii.. Marrie Morris and Modeline add more to these definitions, the dependency on other supporting organizations.

iii.. David Sills a sociologist defines them as an organized group of persons:

- That formed to some common interest of its members.
- In which membership is voluntary in the sense that it is neither mandatory nor acquired through birth.
- That evolves independently from the state.

iv. Michael Banton, an anthropologist, defines it as a group organized to pursue one interest or several interests.

v. N.R. Inamdar has attempted to find a comprehensive definition he writes "a voluntary organization in development to be of durable use to the community has to nurse a strong desire and impulse for the community development among its members, to be economically viable to possess dedicated and hard working leadership and command resources of expertise in the functions undertaken.

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## 1.1 Typologies of NGOs

Different researchers have attempted to categorize and diversify NGOs, some classify according to their activities- whether they are primary service agencies- or welfare oriented, or concerned with health and education- or to enhance development.

Based on the approaches they adopt and the priority they give, J.B. Singh has classified them into seven categories according to their working areas that are:

*i. Charity:* Giving food, clothing, medicine, alms, in cash and in kind, land building, etc.

*ii. Welfare:* Providing facilities for education, health, potable water, roads, communications, etc.

*iii. Relief:* Responding to call of duties during natural calamities, such as floods, drought, earthquakes, and manmade calamities, such as ravages of wars, refugees' influx and other disasters

*iv. Rehabilitation:* continuing and follow up of the work in areas struck by calamities and starting activities that are durable in nature

*v. Services:* Building up infrastructure in depressed backward areas.

*vi. Development:* Of socio-economic life and environment surrounding humankind. And conscious raising, awakening, raising conscience, organizing, recording of priorities, to suit social justice, redeeming the past and opening doors for opportunities to the oppressed, the exploited and the marginalized.

These organizations have been classified on a variety of bases. The size of the organizations, the structure, the social function, the resources of support, the location, the characteristics of members, the independence and dependence on outside control and the beneficiary activities are the prime consideration for the classification of these organizations.

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Some writers have employed either structure or function as basis of classification. Sherwood based his classification after examining 5000 organizations upon distinctions between majoral, minoral and medial organizations. Majoral organizations are those which serve the interest of the majority of institutions of society such as business, professional, scientific, educational, labor, and agricultural associations.

Minoral organizations serve the interest of the significant minority in the population, such as women's club, church organizations, hobby clubs, and others. Medial organizations mediate between major segments or institutions in the society.

Further classification is based according to the level of operation, as whether they collaborate with self-help organizations (i.e. community based organizations (CBOs). Another classification is based on the approach they undertake, as they operate projects on behalf or directly. The most dominating NGOs classification is based on orientation and operation as is summarized below:

## 1.2 Orientation:

***i. Charitable Orientation*** it includes top-down paternalistic effort with some participation by the community the NGO work for it includes NGOs with activities such dealing with the basic need of the poor people like cloths, medicines and food distributions, also provision of housing, transport, water, power, schools, worship buildings and on the top of that is disasters and relief activities both man-made and natural.

***ii. Service Orientation*** includes NGOs that are concerned with family planning or education services such as training or technical support and beneficiaries are participating in program implementation and receiving the service.

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***iii. Participatory Orientation*** which is distinguished by self-help projects as local people participate on implementation by contributing cash, materials, tools, equipment, land, and labor.

***iv. Empowering Orientation*** this typology is aiming to help poor people understanding of the social, political and economic factors affecting their lives and to strengthen their awareness of their own potentiality, which increases, and support self- confidence.

## **1.3 Operation:**

*i. Community-based organizations (CBOs)* include sports clubs, women's organizations and religious organizations; they are mostly supported by national or international NGOs or bilateral agencies. Some concentrate on raising the awareness of the urban poor to understand and know the rights while others are helping in provision of services.

*ii. there are others known Citywide Organizations* which include chamber of commerce and industry or coalition of business or education groups. Some of them exist for different works but they are involved in helping the needy when necessary.

*iii. At the National level there are NGOs* as Red Cross, professional organizations and other local organizations, which are composed locally for a specific purpose.

*iv. International NGOs* range from secular agencies as Save the Children, OXFAM, CARE, Ford and Rockefeller foundations to religiously motivated groups. Their activities vary from mainly funding local NGOs, institutions and projects to executing the project themselves.

## **1.4 NGOs as Organizations and institutions:**

They are purposeful social units; they are group of individuals who allocate missions between themselves to target a mutual goal. Organizations are



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made up of people who know what role is expected from them in order to reach the target.

A classification is made between organizations and institutions, terms usually used interchangeably in nowadays development jargon. However not all organizations become institutions and not all institutions are made up of organizations, for example marriage is a social institution which is not made up of organizations. Some organizations can become institutions as they are part of the society as in OXFAM in United Kingdom and Bangladesh Rural Advancement Committee (BRAC).

## 1.5. NGOs versus Civil Society

The Forum for Philippine Alternative defined civil society as:

“An arena of social and political life autonomous from state domination where progressive values and political practices can be articulated, counter-hegemonic institutions can be created, which can nurture and nourish the creation of autonomous political actors who are able to articulate and defend their interests propose alternative projects for structuring the state and society, and transform the relation of state and society; (cited in NGOs performance and accountability.”(Gershman..J and Bello.W:1995). This description shows civil society and the state as different entities and reflects the influence of the civil society on the state.

The location of Civil Society is between Individuals and the state, it ranges from political parties to private corporations and it includes groups targeting the formation and execution of the state policy and other groups.

“How to link NGOs to Civil Society can be understood by what is called ' Civil Society Organizations' (CSOs). It is defined as an NGO, which has primary purposes influencing the state policy. Hence, all CSOs are NGOs likewise NGOs are. Civil Society is one of the three spheres that interface in the formation of democratic societies. It is the sphere in which social movements become organized.”( Edward and Hulme: 1994, p.35)

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This reflects that civil society is composed of a wide range of organizations which can be called Southern NGOs, they mostly evolve in the Less Developed Countries (LDCs), while Northern NGOs evolve in the developed countries. The mutual interest of all organizations is their target is to represent a particular section of the society. SNGOs are not formally representatives of the social groups with whom they work, but they do work to try to convey and defend their interest.

There are Membership Organizations (MOs), such as women's organizations and so on. Many of these organizations combine representation with some form of development, service delivery or self help activity. Thus, their functions are representational and operational but the difference between the two depends on the organization itself.

Accordingly, enhancing these organizations ultimately is reflected in the civil society strength. Strengthen civil society has two dimensions, internal to the NGOs and the other is linked to the way NGOs interacts with the surrounding environment.

## **2. NGOs and the United Nations System**

According to Peter Padbury of the Canadian Council for International Co-operation, "NGOs are often seen as critics. Many NGOs working on the sustainability agenda have shifted from seeing themselves as critics to seeing themselves as 'co-creators' who bring analysis, expertise and solutions to policy dialogue. They can link local action with the global dialogue."(cited in David and Hulm 1990.pp195-199)

Despite the importance placed on decision and actions at the local level, it is extremely difficult to establish direct links between the UN and such contexts. NGOs operating at the international level have a key role to play in building such links. However, these responsibilities are not clearly spelt out – indeed, the disparate nature of NGOs makes it difficult to be prescriptive in this respect. Nevertheless, an enhanced role of civil society in the function of the UN will require NGOs to pay serious attention to the degree to which they can claim to be legitimate voice of others.

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It is not viable to separate consideration of ways to ensure greater representation of NGOs at the UN level from questions about the legitimacy and mandate from wider community. Just as the link between the UN and national decision making needs to be strengthened, NGO working at the international level also have the responsibility to promote public interest and involvement in the process of working towards development sustainability.

“More and more NGOs are helping to set public policy agendas- identifying and defining critical issues, and providing policy makers with advice and assistance. It is this movement beyond advocacy and the provision of services towards broader authentic participation in the public policy realm that has such significance for governance.” (Golpal Governance. Report, 1994.pp12-16).

The 1992 United Nations Conference on Environment and Development (UNCED) in Rio de Janeiro (Brazil) recognized that environmental concerns are linked in a very fundamental sense to development, and survival of present and future generations depends on the promotion of sustainable, environmentally sound development..

### **3. NGOs in the Developing Countries**

Since 1950, the people of the world have consumed as many goods and services as all previous generations combined. Today, the richest one-fifth of the world population- living primarily in Northern industrialized nations- account for most of the world’s consumption, while the other fourth-fifth still struggle to satisfy their basic needs.

This is called “North-South” consumption gap, it is large and unsustainable. Northern countries have absorbed 80 per cent of the world resources and currently generate more than 75 per cent of the world’s municipal and industrial wastes, while contributing to about 80 per cent of human-made global CO emissions since 1950.

For the international NGOs community- particularly the world consumer movement- it requires a wide range of participatory approaches at various

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levels, in both industrialized and developing countries, to roll back consumption rates and help to achieve new sustainable development path (UN NGLS: 1997, PP.1-19)

In the recent years countries in the developing world, particularly African nations, have witnessed a proliferation of Non-governmental Organizations (NGOs) participating in almost all areas of development. Instead of curing diseases, NGOs began to prevent them, instead of bringing technology from abroad NGOs began to play a role in developing technology locally. This was not a new idea as there was a very famous proverb about self-help or self-dependency which says "Do not give me a fish but teach me how to catch it" This new idea became more prevalent and thence the recognition of the inherent complexity of development work grew.

Observing the increasing rate of poverty, a number of NGOs began to understand that more participatory approaches were needed. Meanwhile, many NGOs were facing difficulties in translating this new idea into something other than welfare. In response to the nagging persistence of the underlying structure of welfare, the word sustainability began rearing its head. In fact the one who said (teach me how than give me) meant sustainability in its micro meaning.

As development never stands still or static it is always dynamic, many NGOs changed too. The older and the larger ones which do everything, such as OXFAM in Great Britain, SIDA in Sweden and CARE in America, began to develop a multi-purpose approach a long corridor full of departments and divisions covering everything from food delivery to health and education, to integrated community development.

During the 1970s poverty reduction became a priority for the development plans. Along with this a call was raised for self-help. Hence, the role of most of NGOs became more acknowledged; giving people assistance in kind began to be seen as a head end. The idea that people could be helped to

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generate their own income and alleviate their poverty by themselves flourished.

Providing poor community with investment capital goods , sewing machines, ice plants and other micro finance inputs, raise the economy concerned planned investment. Some NGOs assist in the local public projects such as Al-youseif Charitable Society (ACS) in Zanzibar. ACS has erected streets and traffic lights, constructed dispensaries and schools, digged bore wells to increase the safe water supply to the local communities.

African Muslims Agency (AMA) and Dar-UI-iman Organizations are targeting education as they have established schools and universities in the most of the African states where they operate. Danish International Development Agency (DANIDA) concentrates on development programmes, mainly East Africa. In the late seventies through eighties DANIDA focused on science and technical education. Thereafter, they expanded to support government effort in construction of schools and staff houses. DANIDA also support capacity building both in public and Community Based Organizations (CBO). Of the late DANIDA is engaged in infrastructure development to support the growing tourism industry.

Aga Khan Foundation (AKF) which is busy with cultural activities such as rehabilitating of museums and financing cultural festivals like Dhow Film Festivals in East African Countries. These are a few examples only, as there are many other NGOs doing various public support projects in all continents especially in Africa, Asia and Latin America.

For most NGOs, maximizing influence requires new skills and new ways of working. They must overcome their tendency to insularity, become more confident with analysis and research, and learn to locate their grassroots programs in a macro context. They must learn the skills of dialogue, communications and strategic planning.

One of the most important factors underlying this situation is the failure of NGOs to make the right linkages between their work and micro level and the

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wider systems and structure of which they form a small part. For example village co-operatives are undermined by deficiencies in national agricultural extension and marketing systems can be overwhelmed by more powerful political interests within the state or local economic elites; successful experiments in primary health care cannot be replicated because government structures lack the ability or willingness to adopt new ideas; NGO projects remain (islands of success) in the huge extended ocean.

NGO projects by themselves will never be enough to secure lasting improvements in the lives of the poor people. Yet what else can NGOs do, and how they can increase their development impact without losing their traditional flexibility.

## **8. NGOs move forward**

International NGOs significance in development activities in the third world is unchallenged. In 1980s, there has been a remarkable increase of the number and type of NGOs world-wide as a result of an increase of foreign and local funding available, and the ferment that developed out of struggle against the macro dictatorship, the victory of the people-power revolution and subsequently frustration over the unfulfilled promises of governments before elections or immediately after military coups.

## **9. NGOs as a Third Sector**

After the above profound idea about the Non-Governmental Organizations, now we move to the main objective of this paper, that is to see or prove whether NGOs can be described as a third sector or not. If NGOs is a third sector, what then are the First and Second sectors?

It is generally believed that NGOs have characteristics, which give them comparative advantage over governments and other official donors in low cost executed projects and programmes. "Evidence to support the view of comparative advantage over government is weak and patchy, some of NGOs stakeholders point to the NGOs' success that made a remarkable difference to the poor people's life, but there is a little systematic evidence

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which documents the strengths and weaknesses of NGOs and the reasons behind success and failure in different projects and environments".(Robinson Layton M. :1993.pp14-18)

## **9.1 What are the First and Second sectors:**

They are terminologies referring to public and private sectors. The public sector usually points to the government and its institutions, with its role to provide easy accessibility to the general public on forms of services ranging from infrastructure, social services, peace and security. This role is obligatory from the government to the people, in another way it is their right to have it or the government dooms to failure. The basic needs of the people must be provided as one of the nation political stability otherwise chaos and social unrest takes place with adverse consequences on stability. In recent years the international NGOs such as DANIDA, Save the Children (UK), Afo Direct Aid and others began to shoulder some of these government responsibilities as it was explained earlier. NGOs and the public sector endeavor to meet the people basic needs; however, while the public sector does that obligatory, NGOs do it voluntarily, that is why some stakeholders give it the terminology of Voluntary sector.

Looking to the concept and the term of the NGOs (Non Governmental Organizations), the question that leaps to one's mind is- do NGOs represent a third sector? The term itself interprets that; voluntary sector is not Public Sector (Not Government Organizations) as it is independent from the Government in all aspects, (from finance till monitoring). Some of them are interacting with other private and public organizations in the form of collaboration. In this way NGOs are something unique in all aspects of their activities. Simultaneously, they are not profit maximization seekers as private sector; they provide Low cost products and offer public services but operate independently from the government; they are not public sector.

Throughout history most of the grants and donations, mainly the financial ones used to be channeled to the beneficiaries through the public sectors-the governments, but the events proved that these funds were either

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misused or over used in other emergency public expenditures for which they were not allocated.

As a result donors changed their policies through provision of materials and technical support rather than financial support but even though this policy failed as politics was involved and donors' accountability also considered it as misuse of funds and materials. This has created mistrust in public credibility.

Northern NGOs as the main supporters of Southern NGOs and donors as well tried to find other means of providing assistance. In this situation, NGOs were being as an alternative and described as 'third sector'.

From the point of the private sector the argument is that, the ultimate target of the private sector is to satisfy its consumer with high quality and quantity of good and services to maximize the net profit it is running for. Hence it fixes the prices to attain this target.

This policy excludes some segment of the consumers who want these goods and services but cannot afford to have them. Those are the poor and marginalized groups of the society.

Some NGOs follow the same policy, but not to maximize profit, either to cover the cost of the administrative affairs or to use the generated funds for other developmental projects. Likewise, NGOs work as channels to deliver the funds to the recipients or implement developmental projects on their behalf, they resemble public sector.

However, by this argument NGOs are not private nor public sector, nor third sector, as the real third sector, is placed somewhere between or behind the public and private sectors in organizational space, belongs not to the NGOs but rather to the people's associations and membership organizations. These differ from institutions in the public and private sector in that they undertake voluntary works as channels to deliver the funds to the recipients or implements developmental projects on their behalf, they look like public sector.



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In the public and private sectors they undertake voluntary (NGOs), which are intermediary organizations engaged in funding or offering other forms of support to communities, other organizations and Grassroots Organizations (GROs) which are membership organizations of various kinds.

The most important difference between the two groups lies in the structure of their accountability. While GROs are formally accountable to their members, NGOs are not. Nevertheless, the term NGOs in this paper, points to all forms of Non-profit Organizations.

If maximizing profit is the paramount objective of the private sector, maximizing impact is the paramount objective of NGOs. This is achieved, as in the private sector, through growth- the additive approach. NGOs seek to provide LOW COST product (Public sector) and PERFECT PRODUCT (Private sector). In this argument they represent Private and public sector as well. They are neither pure public nor private sector. They represent a third sector.

Another argument is that, NGOs targets the poor and needy people but public sector targets all people rich and poor, because the right of all citizens in front of the government is the same, in this regard NGOs are not public sector. NGOs provide their products for those who are in need of it regardless of the price, but private sector provide its products for those who are able to buy it with concentration on high price and profit maximization, hence NGOs here are not private sector.

## **Conclusion:**

While any organizations not in the public sector can be called Non-Governmental Organization, such a classification lumps together very diverse set of institutions. Business enterprises differ from typical NGOs in that the former operate for "profit" while the latter is not. In this situation, NGOs represent a third sector. Governments and stakeholders should consider NGOs as a third sector. This consideration requires special legislation and laws which regulate their performance to convey their message. The questions leaps to one's mind, why this argument should be

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so? If the Non-Governmental Organizations is given this location and all stakeholders deal with them accordingly, these organizations will enjoy the advantages of the first and second sectors, but with a very clear mutual understanding. A free tax marginal profit should be allowed, which can assist these organizations to cover the administrative costs instead of using a part of the donors support funds for that purpose. Furthermore, the accumulated marginal reasonable profit also can be spent in pilot projects replication. By this recommendation Non-Governmental Organizations look like the second sector but are not.

From the point of the first sector, the Non-Governmental Organizations should be dealt as real mutual supporters of salvation and development, likewise should be allowed to use some of the advantages of the first sector (taxes exemptions, protection and other government facilities) but with a transparent attitude, far from politics, in this case they look like first sector but they are not.

I conclude with that, Non-Governmental Organizations are a third sector and should be understood and dealt with like that.

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## ABBREVIATIONS

1. NGOs Non-Governmental Organizations.
2. NNGOs Northern Non-Governmental Organizations.
3. SNGOs Southern Non-Governmental Organizations.
4. DGNOs Development Non-Governmental Organizations.
5. CBOs Community Based Organizations.
6. GROs Grass-Root Organizations.
7. CSOs Civil Society Organizations.
8. VOs. Voluntary Organizations.
9. MOs Membership Organizations.
10. SIDA. Swedish International Development Agency
9. DANIDA. Danish International Development Agency.
10. BRAC Bangladesh Rural Advancement Committee.
11. AKA Agh Foundation
12. AMA Africa Muslims Agency
13. ACS A-Iyouseif Charitable Society
14. UNCED United Nations for Economic Development.
15. OECD Organization for Economic Cooperation and Development
16. CBR Community-Based Rehabilitation
17. GNP Gross National Product