CHAPTER 8

FUNDING GLOBAL CIVIL SOCIETY ORGANISATIONS

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Introduction

The funding of civil society organisations (CSOs) that operate globally or even regionally is considerably more complex than the funding of local CSOs. For a number of reasons, what happens at the international or global level is not simply a mirror image of what goes on at the local or state level. This chapter seeks to highlight some of the differences between the local and the global, and offers suggestions for further research. It does not discuss the whole array of resources employed by CSOs, such as social capital, information, reputation, and so forth, though the need to do so in subsequent studies is discussed in the conclusion.

The term 'civil society organisation' is used here as an umbrella concept that includes NGOs, social movements, and grass-roots organisations. A global CSO is not necessarily global in the sense of having representation in all four corners of the globe, but may also include regional and bilateral cross-border initiatives. Collecting data on such a diverse range of bodies is a formidable challenge, as this chapter will demonstrate. Most data sources are national rather than international and focus on subsets based on definitions that do not work well in a cross-border context.

The environment in which funds for global CSOs are raised and through which funds must move is by definition multinational. At an operational level, global civil society organisations are more expensive to fund than local civil society groups. Money needs to be found for travel and long-distance communication costs. Variable exchange rates and currency risks need to be taken into account. Fundraising tends to be more difficult as issues may be perceived as irrelevant to the localities where the money is raised. More complex fundraising strategies are often employed. Each country has its own methods of funding civil society bodies and its own traditions of sharing financial burdens between the state and the individual. The regulatory and institutional arrangements for civil society bodies, whether local or global, affect the funding capacity of the state and its people. The state also plays an important part in both resourcing transnational activities and facilitating—or hindering—the flow of funds between countries through their various tax regimes.

The political agendas of the larger funding bodies can be difficult to influence and are often at odds with grass-roots organisations (Edwards 1999). Foundations, particularly a handful of larger American ones, along with the main multilateral donor agencies, play a significant role in determining the activities of NGOs worldwide, yet they are subject to no democratic controls. While the number of funders may be potentially greater much funding is actually derived from a limited pool of big participants.

Methodological health warnings

It is useful at this point to distinguish between (1) sources of funding, (2) types of bodies funded, (3) forms of funding, (4) types of activities funded, and (5) core issue areas funded. This chapter focuses primarily on the sources of funding and types of bodies funded, with some reference to forms of funding.

The forms of funding include grants, support for operating programmes—these are programmes conducted primarily by the funding body's internal staff—loans, programme-related investments, venture philanthropy, membership fees, subscriptions, donations, income-generating activities, in-kind donations, and volunteer work. Grass-roots organisations and social movements tend to rely on more meagre resources; social movements usually depend on their own members and their friends and families. The more formal the organisation, the more formal is the source of funding. Large multinational NGOs tend to find it easier than grass-roots organisations to raise funds from the larger donors.

Significant methodological difficulties arise with attempts to identify types of activity. Much of what is funded is a mixture of different kinds of activities. Some organisations need funds only for advocacy and activism. This includes primarily salaries (for

some only), overheads and travel, and communications and promotional expenses. Other types of bodies receive funds and act as intermediary organisations that carry out projects on a contractual basis, for example to deliver services—such as rural health; or to dispense aid, for example, disaster relief to smaller organisations on the ground. The chain of intermediaries can be a long one, giving rise to disputes over the allocations of funding. Confusion may also arise when, for example, NGOs take a slice of a grant and effectively charge a management fee when acting as intermediaries.

Dissecting the global from the local is a formidable challenge. However, a starting point might be to look at the methodology employed in comparative studies of nationally based non-profit organisations which constitute a large part of civil society. The Johns Hopkins Comparative Nonprofit Sector Project, covering 22 countries, provides some useful parameters for identifying the non-profit sector. The International Classification of Nonprofit Organisations (ICNPO) was conceived and designed to be consistent with the International Standard Industrial Classification (ISIC) developed by the United Nations (Table 8.1). The organisations included share five common features: they are (1) collections of people that are institutionalised to some degree, (2) private, (3) non-profit-distributing, (4) self-governing, and (5) voluntary in the sense that they are not statutory bodies and time and/or money are voluntarily donated to them.

In the study of global civil society organisations, the above definition might need to be stretched somewhat to include social movements and grass-roots organisations as collections of people who are not necessarily 'institutionalised to some degree' but rather devote a portion of their time to a cause, which may have some full- or part-time organisers, but which can consist of considerably larger groups of people with strong commitments to the cause.

Tracking funding flows across borders, to formal NGOs, social movements, and grass-roots organisations is also problematic. Such statistics as exist are often simply totals of national statistics. Funds may be double-counted because of the circuitous routes that money can take; or, with the use of offshore vehicles, they may not be captured at all. With electronic fund transfers, tracking has become both simpler and more difficult as funds leapfrog from one jurisdiction to another at the click of a mouse. The UN System of National Accounts, a much utilised statistical resource, is an inadequate data source for such cross-border studies because NGO and foundation flows are lumped together within the residual 'household' category, which includes too many other flows to provide accurate figures for the civil society sector.

Some of the problems associated with data collection are evident from even a cursory glance at national statistics. For example, American foundations are reported to have disbursed a total of over $23 billion in 2000 (11 per cent of which is for international work). This figure is based on data collected by the US-based Foundation Center (URL), assembled primarily from the yearly and monthly information (Form 990-PF) submitted to and collected by the Internal Revenue Service. The study is augmented by annual reports, other foundation publications, and questionnaires mailed out to over 18,000 larger foundations (Renz, Samson-Atienza, and Lawrence 2000). Nevertheless, it takes into account only fund flows reported inside the US. Other countries employ similar methods. Newer foundations that source funds from around the world with a view to giving globally may have no need whatsoever to bring funds through the US or any other home country. Many foundations produce consolidated reports on their giving on a geographical basis but provide less comprehensive information on the geographical origins of their funds.

The Foundation Center's method of recording data does not account for grants made from one foundation to another. For example, it reported $124.6 million of giving by the New York based Open Society Institute (URL) and $108.8 million from the Soros Foundation (Renz, Samson-Atienza, and Lawrence 2000: 48). The total given in the table of the top 50 givers includes both sums. However, the body of the text makes it clear that the $108.8 million was given from the Soros Foundation to the Open Society Institute, which acted as an intermediary for onward giving. Re-granting of funds, for example from one large foundation on to several smaller foundations, is a common practice worldwide. There is no way of identifying how many of the funds flowing through foundations are in effect double-counted as a result of re-granting.

In *Cross-border Philanthropy*, which draws its data from the Johns Hopkins Comparative Non-profit Sector Project, Helmut Anheier and Stefan List address many of the methodological problems associated with such research. The survey concludes

that, in addition to flows from institutional actors, those from non-institutional units such as individuals, unincorporated enterprises, or informal associations need to be taken into account (Anheier and List 2000: 16). The less formal the source, the more difficult it becomes to identify it and then separate the global from the local.

A variety of funding methods support the operations of civil society organisations. Transfers of funds for which no formal 'exchange' is expected include donations and grants. Where an exchange such as the sale of goods or services has occurred, there is a transaction, as when an NGO sells a T-shirt and funds some of its operation out of the profits. An NGO may operate on a 'not-for-profit' basis—that is, it does not distribute profits to shareholders—but it may have a trading arm that generates income. Contributions of an 'in-kind' or voluntary nature are usually treated as transfers since no tangible transaction has taken place, though some may argue that the satisfaction derived from making a non-financial donation does, in effect, constitute a transaction. The significance of the distinction between transfers and transactions will become clearer later on when the role of intermediaries in the funding process is examined.

Most global civil society organisations operate primarily on a not-for-profit basis. The mix of fees and charges, public-sector funding, and philanthropic donations in the not-for-profit sector varies considerably from country to country. However, it would be incorrect to equate global civil society with the not-for-profit sector. A growing number of for-profits established by social entrepreneurs are committed to creating a public good through the operational vehicle of a commercial entity (see Changemakers URL). The increasingly blurred boundary between public and market delivery of goods and services affects the study of how CSOs go about raising and employing funds.

With a potential multitude of sources of funding and of constituencies of recipients of funding, funders, and funded must come to terms with a multiplicity of tax regimes that affect the movement of funds. The net amount left for a cause in a neighbouring country after taxation may be considerably less than the amount that could be generated locally. However, before looking at some of these technicalities it would be useful to glance briefly at the history of global civil society funding.

The History of Global Civil Society Funding

The history of global civil society shapes the context from which today's donors have emerged. Before the mid-nineteenth century, religious organisations were the main funders of civic works. Missionaries were motivated by philanthropy and a desire to make converts to Christianity. Originally their charitable works focused on education and health. In many ways these men and women of God were the first development project managers, setting up schools and clinics in countries far from home. Towards the latter part of the nineteenth century organisations emerged such as the Red Cross, founded in 1864, initially as religiously sponsored relief organisations, though they subsequently became increasingly independent. Such organisations relied on volunteers and contributions from individuals around the world to deal with problems of natural and man-made disasters wherever they occurred. The Anti-Slavery Society founded in 1839 was probably one of the first human rights international NGOs (Risse 2000: 188), though it may not have considered itself as such.

Women formed cross-border links over a variety of causes. The international suffrage movement began shortly after the women's peace movement in the second half of the nineteenth century. The socialist feminism campaigns began in the late nineteenth century, as did the international temperance movement. Between the two world wars women founded international bodies championing the causes of newly emerging institutions that were intended to deal with matters such as equal employment rights. Many of these movements were funded by local fundraising initiatives and membership fees paid by affiliated national bodies.

International trade union co-operation also began around the mid-nineteenth century, with the first International Trade Union Federation following on in 1901 and the first World Federation of Trade Unions established in Paris in 1945. The cold war caused a split in the WFTU in 1949, when Western trade unions formed the International Confederation of Free Trade Unions. These and other trade union bodies engaged in various charitable works around the world.

After the Second World War the post-Bretton Woods institutions such as the World Bank and the International Monetary Fund found themselves in need of implementation partners. The 'development

industry' to some extent discovered civil society almost by accident. Those involved in funding aid and assistance came to rely more and more on local NGOs to implement their projects. At times this counter-balanced authoritarian and corrupt states; in other instances it led to a weakening of already marginalised states. Such interventions often had unintended consequences. Projects were launched and funded that required skilled people for their implementation. NGOs mushroomed as employment opportunities presented themselves. Huge sums of development money in the region of $50 billion a year (see Table 8.2) spawned a correspondingly large implementation infrastructure. There are now thousands of organisations, large and small, that, whether for ideological or for practical tax reasons, prefer to work as not-for-profit entities. These organisations often compete with for-profit companies and consultants offering the same services. However, the NGOs' not-for-profit status usually, though not always, provides them with a perceived moral advantage.

In the 1960s young people across Europe and America felt uneasy with the emergent status quo, as reflected in student demonstrations. The war in Vietnam attracted unprecedented international protest. The founding of Amnesty International in the 1960s spawned numerous country committees and, in the 1970s, organisations with a wider human rights brief. Other movements galvanised around the inequities of the development process and the degradation of the environment. The funding for these movements was ad hoc and small-scale, though these issues, being cross- border by nature, generated transnational responses at both the intergovernmental and the civil society levels.

The aftermath of the cold war changed the environment in which civil society operated. The fall of the Berlin Wall was to create a completely new configuration of relationships. First, an indigenous civil society emerged in the post- communist bloc, which would have been inconceivable before the events of 1989–90. Second, related but not solely due to the fall of communism, the globalisation of capital and financial markets created a more favourable regulatory environment for funding transfers that also benefited NGOs. Third, improved information and communications technologies (ICTs) made access to information cheaper and faster, thus enabling groups that had previously operated in ignorance of one another to link up, create leverage, and improve the quality of information employed. The benefits of ICT are abundantly evident and dealt with elsewhere in this volume.

The final quarter of the twentieth century saw an explosion of NGOs, with over 40,000 international NGOs registered with the Union of International Associations (URL) by the year 2000. The increasing number of democratic countries suggests that self–organising organisations will grow rather than contract. The position of global CSOs in this increasingly complex array of participants is likely to attract more attention.

Who Funds?

This section looks at the sources of funding available to global CSOs. They include individuals, the state—at the national and the local levels-providing grants and contracts as well as tax concessions, multilateral agencies providing loans and grants, bilateral aid programmes, foundations-state, private and corporate—religious organisations, and trade unions. Recipients of funding usually seek support from more than one source within and across these categories.

Individuals: donating money and time

Contributions from individuals, whether in the form of money or of time, are a significant factor in the operations of any NGO. This is especially so for social movements and grass-roots organisations that rely on informal means of fundraising. Some countries keep national statistics on giving, but even these do not reflect the funds raised informally by committed activists at grass-roots levels. Cake sales, jumble sales, and raffles are all part of their stable of fundraising techniques. Celebrities offer their time and names free of charge. Musicians, actors, and comedians are willing to perform, artists donate their works to causes close to their hearts. Activists often use their own funds or contributions from their friends and families to cover the costs of travel, communications, and publicity.

Most advocacy campaigns begin with a single individual or small group committed to a cause and donating their own resources to turning an idea into an organisation. For instance, Peter Eigen, a World Bank regional director for East Africa, took early retirement from his secure job to form Transparency International (TI) when he could no longer tolerate the complacency he found towards corruption (Galtung

Table 8.1: Giving and volunteering, selected countries, by INCPO group, by country, 1991, 1992

ICNPO major group	Percentage of respondents giving in:			Percentage of respondents volunteering in:		
	US	Germany	France	US	Germany	France
Culture & Recreation	15.7	8.9	2.4	12.5	6.4	8.7
Education & Research	21.1	1.8	8.0	15.4	0.6	2.0
Health	32.9	13.2	23.2	12.9	1.0	1.7
Social Services	49.6	13.1	9.8	26.8	0.9	3.3
Environment	16.3	9.4	1.7	8.6	0.9	1.0
Civic & Advocacy	12.0	2.8	2.2	4.7	1.8	0.7
Philanthropy	16.2	1.0	1.3	8.7	0.4	0.3
International Activities	3.5	14.8	6.7	2.3	0.3	0.7
Business Associations	16.0	1.5	1.5	7.1	0.6	1.2
Religious without church tax	51.3	23.9	9.1	26.8	3.1	2.0
Religious with church tax	-	over 90%	-	-	-	-
Other	2.8	2.5	1.1	2.7	0.6	1.4

Percentages do not add to 100% because multiple answers were allowed.

Source: The Johns Hopkins Comparative Nonprofit Sector Project (Salamon *et al.* 1996: 57).

2000). It was several years before his organisation could afford to pay professional staff. TI now operates on a $5 million annual budget. Individual giving in the form of donations and membership dues plays a significant role not only in providing much-needed cash but also in demonstrating the presence of a constituency of concern for a particular cause. Greenpeace (URL), for example, raises 81 per cent of its funding from donations of less than $1,000.

Reported patterns of giving vary from country to country. The causes supported also vary. US giving is directed primarily to causes close to home with only 1.2 per cent allocated to international affairs (Giving USA URL). In the UK three of the top twelve national charities are devoted to overseas aid (Wright 2000). These and other patterns reflect a variety of cultural and historical differences.

Individuals are also a source of funding foundations. In addition to establishing foundations, they may give directly in order to fund projects or add to a foundation's endowment, which then provides an income stream. In some cases individual donations are earmarked specifically for investment purposes only. For example, the World Scout Foundation received over 2 million Swiss francs in 1999 to augment its endowments. Again, patterns differ from country to country. Some of the differences in preferences between nations are captured in Table 8.1, which compares giving and volunteering patterns in three countries based on the ICNPO categories. Any

Table 8.2: Major aid flows: net flows from major donor countries ($m)

Country	1993	1998
Australia	953	960
Austria	544	456
Belgium	810	883
Canada	2,400	1,691
Denmark	1,340	1,704
Finland	355	396
France	7,915	5,742
Germany	6,954	5,581
Ireland	81	199
Italy	3,043	2,278
Japan	11,259	10,640
Luxembourg	50	112
Netherlands	2,525	3,042
New Zealand	98	130
Norway	1,014	1,321
Portugal	235	259
Spain	1,304	1,376
Sweden	1,769	1,573
Switzerland	793	898
United Kingdom	2,920	3,864
United States	10,123	8,786
Total	56,486	51,888

Source: OECD (2000)

campaign wishing to mobilise resources across borders needs to take such national diversity into account.

Volunteers have been a feature of civil society for centuries. The incidence of citizen participation in charitable causes tells us a great deal about how societies choose to organise themselves. While this chapter does not cover the role of volunteers as such, a few general comments on the relationship between volunteering and funding need to be made. Levels of employment affect the amount of time that people are prepared to donate, though the relationship between the two is not straightforward and varies with the socio-cultural context. The numbers of volunteers working alongside the paid workforce in developed countries is likely to increase as the cohort of 'retired' people grows. In the late 1990s the share of adults volunteering in Europe ranged from a high of 38 per cent in The Netherlands to a low of 12 per cent in Slovakia (Anheier and Salamon 1999: 53). The World Values Survey demonstrates an increase in volunteers in organisations concerned with global issues. For example, the number of volunteers worldwide devoting time to environmental NGOs increased by 50 per cent in less than ten years. Many northern countries finance the subsistence cost of volunteers (Anheier and Salamon: 1999). Any large-scale study of resourcing global CSOs will need to account for volunteering. The importance of volunteering was underlined in 1997 when the UN declared the year 2001 to be the United Nations Year of Volunteering. Over 100 countries now celebrate 5 December as International Volunteer Day.

ICT and giving

Giving has never been easier. Developments in ICT have made possible specialist websites that facilitate donations. Donors, institutional funders, and charities become better informed, more effective, and more efficient as the process of fundraising for, and giving to, causes abroad becomes much simpler. GuideStar (URL), for example, was established in 1994 in an attempt to bring about greater transparency and accountability by making available information about the operations and finances of non-profit organisations. A service provided by GuideStar is to match donors with charities so as to lower fundraising costs. An online facility for making donations is available. The service is free to donors while its operational costs are supported by large private and corporate foundations. It has entered into partnerships with bodies that provide similar and complementary services such as Helping.org, which is based inside the AOL Foundation. Corporate and private foundations as well as bodies such as the Digital Divide Working Group provide additional financial support. Another model demonstrating corporate involvement is thehungersitecom. For each click on the site advertisers donate one cup of staple food to poverty programmes around the world.

Diasporas

A source of funding that is elusive, at least in terms of tracking flows, is the increasingly active national diasporas around the world. While much of this funds basic needs, some is directed towards building civil society. In the 1990s, for example, Kosovar communities abroad agreed to remit 3 per cent of their income to Kosovo to help mitigate the deprivations caused by the Milosevic regime. The disbursement of the funds for education and health required the building of an infrastructure that enjoyed the support of the population at large. While diaspora funding for home countries has been prevalent throughout the centuries, no concrete statistics are available for this subset.

The state

State support at the national and local levels provides grants (transfers) and contracts (transactions), either directly to specific organisations or through intermediaries. This constitutes an important source of funding for CSOs. Governments and organs of the state in democratic societies recognise the value of independent contributions. Civil society is increasingly appreciated both as service providers and as independent commentators on policy. Independent think tanks, for example, are more visible than ever before in contributing to policy analysis.

Local authorities are increasingly willing, budgets permitting, to fund international links such as city twinning programmes, which despite cynical commentary do not always reflect economic benefits but are often the result of civic initiatives. Local municipalities are also quick to recognise marketing opportunities by joining global causes. As early as the 1980s in the United Kingdom, grass-roots trade union activists received considerable financial support from the radical Greater London Council to help them develop links with their counterparts in other European countries working for transnational

companies such as Kodak, Ford, and Unilever (Mackintosh and Wainwright 1987). Porto Allegre in Brazil burst forth on to the global map when, early in 2001, it hosted the Global Social Forum, a parallel summit held at the time of the World Economic Forum in Davos.

States may make substantial contributions to NGOs through favourable tax treatment of not-for-profits. Since most NGOs take on a legal status in whichever jurisdiction they are registered, decisions on where to locate global or regional CSO offices may in part be influenced by tax regimes. Some of the issues surrounding the legislative and tax environments that facilitate and or restrict cross-border activities are examined later in this chapter.

Bilateral aid

Bilateral aid has always been motivated by self-interest tempered with a dash of idealism. Historically much bilateral aid has been in the name of helping the poor but has been structured in such a way as to bring benefits to the donor. Table 8.2 shows that most countries providing bilateral assistance reduced their expenditures between the first half and second half of the 1990s. Some of the shortfall is being made up by private foundations and multilateral agencies, but the contraction of funds has political implications which are widely discussed in the development literature.

With the end of the cold war, democracy took on a greater significance. Its role in promoting stable market economies led to substantial bilateral-aid funds being devoted to democracy building. This has been an important development for the recipients of bilateral aid. USAID's funding for democracy assistance, for example, rose from $165.2 million in 1991 to $637.1 in 1999 (Carothers 1999: 49). Within that budget, support for civil society also grew in the same period from $56.1 million to $230.8 million. In 1999 $146.9 million was spent on rule-of-law projects, $203.2 million on governance, and $58.9 million on elections and political processes. Over $100 million was allocated for democracy building from a number of other departments and agencies such as the US Information Agency, the State, Defense and Justice Departments, the National Endowment for Democracy, the Asia Foundation, and the Eurasia Foundation. Table 8.3 shows the allocation by region over a nine-year period.

Thomas Carothers (1999: 210) describes the international civil society assistance priorities of the US and other Western countries as follows:

> *NGOs dedicated to advocacy on what aid providers consider to be sociopolitical issues touching the public interest including election monitoring, civic education, parliamentary transparency, human rights, anticorruption, the environment, women's rights and indigenous people's rights. Three other areas of U.S. democracy assistance—civic education, media assistance and aid to labour unions—also represent efforts for the development of civil society, though when US aid providers use the term 'civil society assistance' they are usually referring specifically to their work with advocacy groups.*

Two US-funded public foundations, the Inter-American Foundation and the African Development Foundation, were established specifically to channel funds to developing country NGOs. The Asia Foundation, which conducts similar activities in Asia, uses a different funding model that combines funds from public and private sources.

Bilateral aid is increasingly administered through NGOs. In 1999 Norway channelled 24 per cent of its bilateral aid through NGOs, Sweden 29 per cent, Finland 11 per cent. The Canadian International Development Agency (CIDA) established a separate division in 1975 devoted to supporting international NGO bodies that worked towards strengthening developing countries. Other countries have similar units.

Table 8.4 tracks 28 countries' official development assistance over a decade and provides information on the extent of their reliance on NGOs for disbursements.

Multilateral agencies

Most funding for global CSOs, broadly defined, emanates one way or another from the 'development industry' and is led by the multilateral agencies. Distinguishing projects that build bridges from those that build civil society does not always aid analysis. Many of the projects that rely on NGOs for delivery contribute to capacity building and networking which is crucial to global CSOs. According to the United Nations Development Program (UNDP), '250 million people are now "reached" by NGOs (as opposed to

Table 8.3: USAID funding for democracy: assistance by region, fiscal years 1991–1999 ($m)

Year	Latin America	Eastern Europe and the former Soviet Union	Sub-Saharan Africa	Asia and the Middle East	Global
1991	83.5	22.0	30.6	27.7	1.4
1992	101.2	43.1	55.3	22.0	3.2
1993	132.8	68.6	72.3	30.4	11.4
1994	75.4	156.4	102.9	35.6	10.3
1995	110.0	136.8	70.8	80.0	38.0
1996	67.3	119.8	85.9	83.2	31.0
1997	65.9	107.3	67.4	64.2	17.4
1998	82.2	216.3	96.9	112.4	23.9
1999*	86.8	288.4	123.4	111.5	27.0

* 1999 figures are budgeted expenditures rather than actual expenditures.

Source: USAID Democracy/Governance Information Unit (Carothers 1999).

Table 8.4: Overseas development aid distributed through NGOs

	Net official development assistance (ODA) disbursed		Share of ODA through NGOs[a] (%)	Ranking by % of GNP	Ranking by % disbursed through NGOs
	Total (US$m) 1997	As % of GNP 1997	1995/96	1997	1995/1996
Canada	2,045	0.34	8.5	7	4
Norway	1,306	0.86	–	2	
United States	6,878	0.09	8.6	16	3
Japan	9,358	0.22	2.1	14	8
Belgium	764	0.31	0.3	9	15
Sweden	1,731	0.79	6.0	4	5
Australia	1,061	0.28	0.6	10	13
Netherlands	2,947	0.81	9.2	3	2
United Kingdom	3,433	0.26	2.0	11	9
France	6,307	0.45	0.2	6	16
Switzerland	911	0.34	5.8	7	6
Finland	379	0.33	0.7	8	12
Germany	5,857	0.28	2.6	10	7
Denmark	1,637	0.97	0.5	1	14
Austria	527	0.26	0.5	11	14
Luxembourg	95	0.55	12.5	5	1
New Zealand b	154	0.26	2.0[b]	11	9
Italy	1,266	0.11	1.0	15	10
Ireland	187	0.31	0.1	9	17
Spain	1,234	0.23	–	13	
Portugal	250	0.25	0.8	12	11
Total	48,324	0.22	3.4		

[a]On a disbursement basis. [b]Data refer to 1994. *Source:* UNDP (2000).

Table 8.5. Patterns in World Bank–NGO operational collaboration, fiscal years 1987–1998

	Total 1987–95			1998		
By region[a]	Number of projects	Percentage of projects run through NGOs	Ranking as percentage of projects run through NGOs	Number of projects	Percentage of projects run through NGOs	Ranking as percentage of projects run through NGOs
Africa	680	34	1	59	54	2
East Asia and Pacific	378	20	4	45	51	4
South Asia	239	33	2	25	73	1
Europe and Central Asia	225	16	5	69	37	6
Latin America and the Caribbean	443	24	3	68	51	5
Middle East and North Africa	180	12	6	20	52	3
Total	2,145	25		286	50	
By sector						
Agriculture	443	41	4	47	74	5
Education	190	29	6	36	63	7
Electric power and energy	165	5	12	15	40	10
Environment	74	42	3	18	78	4
Finance	109	2	14	17	6	14
Health, population and nutrition	134	66	2	24	79	3
Industry	86	27	7	2	33	11
Mining	16	12	10	4	100	1
Multisector	190	4	13	19	30	12
Oil and gas	53	26	8	2	-	
Public sector management	141	7	11	28	24	13
Social sector	60	92	1	12	80	2
Telecomm-unications	37	-		3	-	6
Transportation	233	7	11	27	71	
Urban development	113	37	5	19	55	9
Water supply and sanitation	101	16	9	13	62	8
Total	2,145	25		286	50	

[a] refers to percentage of NGO-involved projects in all World Bank-approved projects in the region. *Source:* World Bank (1999).

100 million in the 1980s) and their rising budget of $7.2 billion is equivalent to 13 percent of net disbursements of official aid' (Pearce 1997: 268). The lead agencies such as the World Bank have been looking increasingly to engage in partnerships rather than acting alone, even though such relationships inevitably involve cultural clashes. Many NGOs question the value of such collaboration. The World Bank (1998) claims that half of its operations involve NGO participation in some capacity. Table 8.5 indicates

Table 8.6: EU budget headings with some element of funding for civil society

Budget heading	Appropriation 2000 (Euros)
Education, vocational training and youth	481,500,000
Culture and audiovisual media	111,500,000
Information and communication	104,000,000
Social dimension and employment	144,615,000
Environment	157,700,000
Consumer protection	22,500,000
Trans-European networks	688,000,000
Areas of freedom, security and justice	68,700,000
Research and technological development	3,630,000,000
Pre-accession strategy	3,166,710,000
Food and humanitarian aid	935,996,000
Cooperation with developing countries	905,738,000
Cooperation with Mediterranean and Middle East countries	1,142,923,000
Cooperation with C&EE, Balkans & NIS	941,769,000
Other external cooperation measures	356,850,000
European initiative for democracy and human rights	95,373,000

Source: European Commission (2000).

the patterns of World Bank-NGO collaborations, which display considerable diversity.

The other development banks, such as the European Bank for Reconstruction and Development, the African Development Bank, the Asian Development Bank, and the Inter-American Development Bank Group, as well as sub-regional financial institutions such as the Islamic Development Bank, also engage with NGOs. Most of their grants are for technical assistance, advisory services, and project preparation, though some also run scholarship programmes.

Regional bodies

Regional bodies also engage with civil society. The extent to which trans-border activities are supported depends on the issues concerned and the strategic objectives of the funding body. OPEC may fund a few educational projects, but this is not central to its aspirations. The European Union, however, sees funding of multinational education and research as central to its mission of furthering European integration. The introduction of line items such as human rights in its general budget is a relatively new phenomenon. Table 8.6 demonstrates that a fair proportion of the EU's budget for 2000 of nearly 90 billion euros was devoted to activities that either fostered the development of cross-border civil society activities or employed the services of NGOs—some of which are trans-border CSOs—in their delivery.

Foundations: private and corporate

There are now hundreds of thousands of foundations worldwide whose historical development goes back several centuries. The largest private and corporate foundations are now so big that they themselves are becoming significant players on the world stage. Clearly, typical community foundations—usually local grant-making entities that receive funds and endowments from a number of sources—bear little resemblance to the likes of the Ford Foundation, one of the largest privately endowed independent foundations. However, there are some structural similarities. Foundations are usually asset-holding bodies. They are concerned with charitable or philanthropic causes. Their organisational structures vary; and here it is useful to distinguish between operating and grant-making foundations, since the former are more involved in carrying out intended activities than the latter (Anheier and Toepler 1999:163). Foundations may make grants to other bodies or deliver services themselves.

Foundations range in size from the very small, handling only a few thousand dollars a year, to the largest—currently the Bill and Melinda Gates Foundation with an endowment currently standing at $22 billion. Each country has its own laws on how foundations must be structured, how funds may be disbursed, and what activities they may undertake. In the newer democracies laws governing foundations have either just been introduced or recently been considerably amended under pressure to ensure transparency and accountability. In the first few years after the collapse of communism, many of these laws of central and eastern Europe countries were very loose and encouraged tax evasion. The second generation of legislation in the late 1990s was a great improvement.

Foundations may provide grants to one another, either as part of a co-funding arrangement or as subcontracted agents. Like corporations, they enter into partnerships and alliances. Sometimes joint funding decisions are taken simply to minimise risk. Close to four-fifths of the grant makers surveyed by the US-based Foundation Center in 2000 reported partnering with other donors (Renz, Samson-Atienza, and Lawrence 2000). This tendency is leading to increasingly standardised procedures of decision-making, with foundations often using the same advisers.

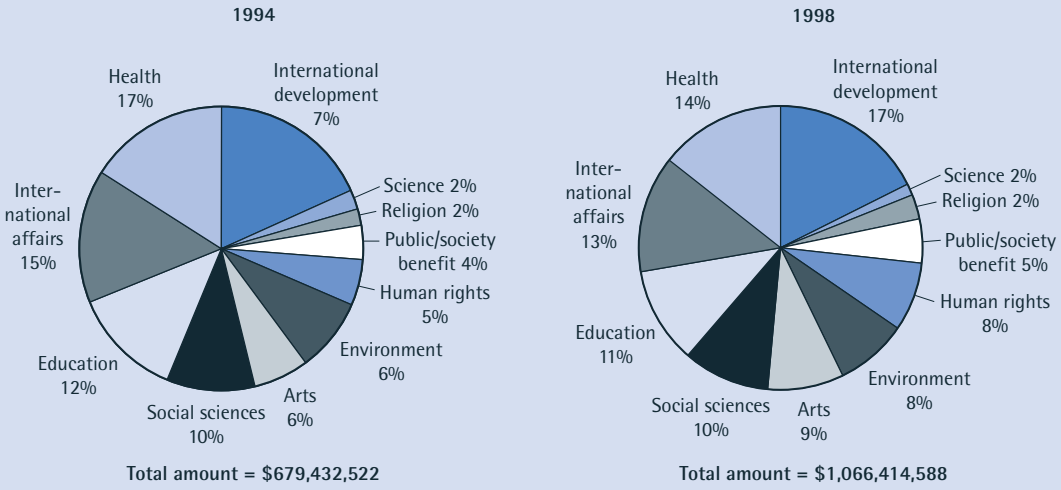
There is a certain degree of overlap of 'good causes' funded by some of the wealthiest foundations in the world. Many of the issues themselves are global, the environment, for example, and foundations can effectively fund globally even if the organisations they fund are themselves local. New forms of support include programme-related investments, whereby a foundation may make what appears to be commercially based investments—with an expected return on capital and exit route—in business ventures that further the social causes served by the foundation. Venture philanthropy, though lacking a commonly agreed definition, is another new form of funding. It refers to a hybrid concept marrying high-risk investment approaches with altruistic actions. Venture capitalism usually refers to investments in the form of equities or loans accompanied by professional guidance, usually to start-ups or relatively new companies. Philanthropy is associated with the giving of money or time to good works. Venture philanthropy, then, might be defined as the act of investing capital in businesses that have a social purpose and where a capital return is desirable but not paramount. However, many foundations use the term loosely to designate grant programmes that concentrate on projects that are high-risk in terms of their likelihood of achieving their stated objectives. An example of the first definition of venture philanthropy is the Markle Foundation (URL) that has taken equity stakes in dotcoms that are expected to produce socially useful services. Zoe Baird, Markle's President, has defended her foundation's position in the face of public attack as being the most efficient way of encouraging companies to focus more on public rather than private goods.

Hybrid models, mixing the philanthropic with the business *modus operandi*, are becoming increasingly popular with foundations willing to finance programme-related investments, while NGOs are becoming more comfortable adopting a multiplicity of approaches to accomplishing their mission. MamaCash (URL) is an interesting example in terms of both its geographical focus and its mix of support for both not-for-profit and for-profit activities. In The Netherlands, its home country, MamaCash provides guarantees for bank loans to support women entrepreneurs as well as grants and loans for local feminist cultural and social projects. At the same time grants are provided to groups concerned with women's issues in the southern hemisphere as well as central and eastern Europe. Although the average grant size is small at less than $3,000, this body has concentrated on providing seed money for groups that encounter difficulties in raising first-round funding because of the controversial nature of the issues they wish to address. MamaCash relies on private donations and loans from individuals and carefully guards its independence.

The growth of both private—that is, established through individual wealth—and corporate—established by a company—foundations has followed the rapid growth in wealth creation of the 1990s. US foundations' endowments nearly doubled between 1994 and 1999 to $385 billion (Lawrence, Camposeco, and Kendzior 2000: 3). Foundation giving also increased from $11.3 billion to $22.8 billion during those five years (Lawrence, Camposeco and Kendzior 2000: 1) and rose to $27.6 billion in 2000 (Renz and Lawrence 2001:3). The largest percentage increase in the late 1990s was in corporate giving—18 per cent in 1998—though a slowdown followed the stock-market trend in 2000 with corporate giving rising by only 9 per cent (Renz and Lawrence 2001: 4). As capital and markets have become global so too have the interests of foundations, particularly the large US ones. This is less so of other developed countries such as Germany, which has concentrated primarily on domestic issues.

Of total US foundation giving in the 1990s, just over 11 per cent was allocated to international activities. Unsurprisingly, the largest foundations devoted a higher percentage—14 per cent—of their giving to international projects (Renz and Lawrence 2001). However, the giving of funds to domestic NGOs for foreign projects increased at a greater pace than giving directly overseas—65 per cent versus 57 per cent. Highlights from the Foundation Center's report provide some insight into the changes in funding patterns that occurred towards the end of the 1990s. It remains to be seen whether this trend continues. Based on a sample of 1,020 foundations in 1994 and 1,009 in 1998, the survey included grants of $10,000 or more and covered over half of all foundation giving in the US each year and an

Figure 8.1: US Foundations: international giving by sector

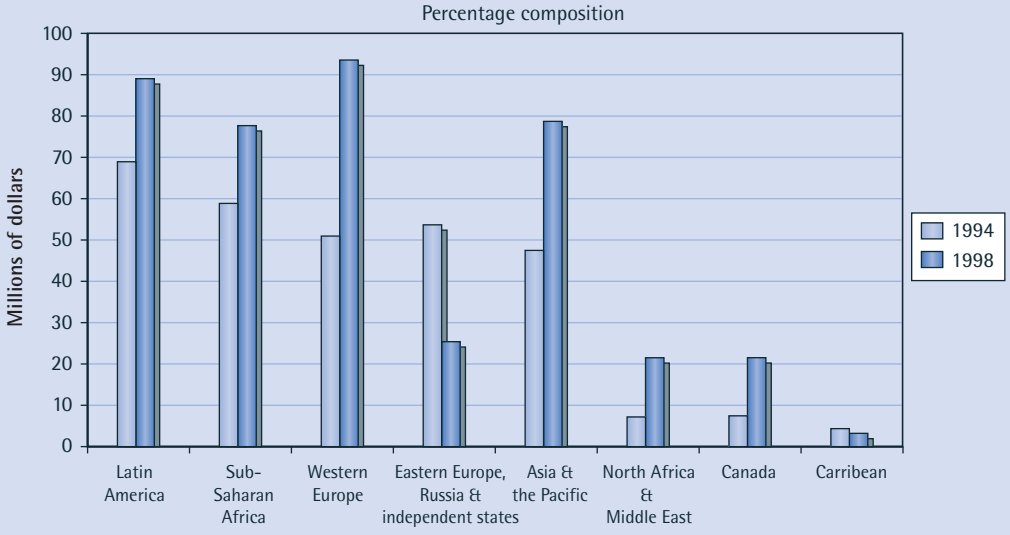


The public/society benefit category includes grants for public affairs, philanthropy, and general grants to promote civil society. Civil society grants are also found in other categories, such as human rights and international development.

Based on sample of grants of $10,000 or more from 1,020 foundations for 1994 and 1,009 foundations for 1998.

Source: Renz, Samson-Atienza, and Lawrence (2000).

Figure 8.2: US Foundations: cross-border giving 1994 and 1998



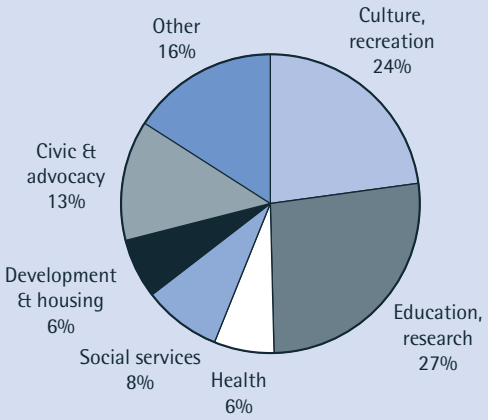
Based on sample of grants of $10,000 or more from 1,020 foundations for 1994 and 1,009 foundations for 1998. Grants to overseas recipients, for example in Europe, may be for programmes conducted in other countries or regions.

Source: Renz, Samson-Atienza, and Lawrence (2000).

Box 8.1: The Soros Foundations Network

The profile of the Soros Foundations Network is an unusual one, but as a major player in the international arena it warrants special attention. Established in the 1980s by one individual, the billionaire financier George Soros, it is funded primarily out of his current income and a number of charitable entities established by the Soros family. Some of the programmes receive additional funds from the US government—particularly scholarships—and from other donors. Partnershipping with multilateral and bilateral agencies as well as NGOs on a programmatic level is encouraged throughout the network which is made up of nationally governed and staffed foundations now in 31 countries, primarily in central and eastern Europe, the former Soviet Union, and Africa, as well as Haiti and Guatemala. In addition, the flagship foundations of the OSI of New York and the OSI of Budapest offer a selection of 'network' programmes that draw on a central pool expertise and are coordinated through a number of advisory boards. National foundations are encouraged to draw on these centralised internal resources.

Source: Open Society Institute (1999).



Total amount = $560,000,000

While the distinctive mission of George Soros has been to create 'open societies' out of formerly authoritarian ones, the need to leverage and scale-up innovative models has necessitated working increasingly in partnerships with other donors that have a greater developmental focus, not only because of cost but also as a way of encouraging changes to take root by spreading the commitment across a broader base.

estimated two-thirds of the total international giving by all foundations. Changes in programmatic focus for the US foundations over the decade were as follows:

1. The main areas of substantial growth in giving were in international development, health, international affairs, and education. These were followed by human rights, public/social benefit, arts and culture, and religion.
2. Continued growth was reported in micro-enterprise development, human services, reproductive health care, pre-collegiate and adult education, refugee issues, civil rights, civil participation, and the non-profit sector and philanthropy.
3. New areas of growth include programmes on Aids, child health, disaster relief and humanitarian aid, climate change and pollution control, forest protection, and the impact of globalisation

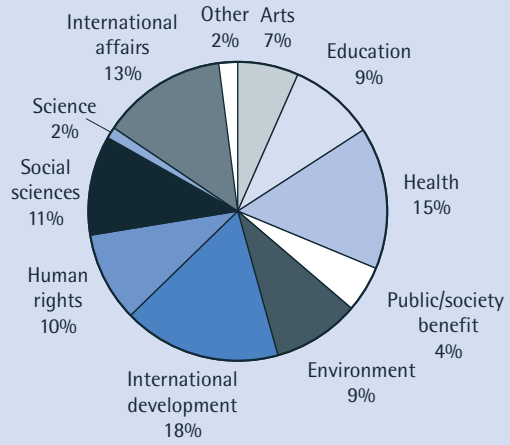
The comparative growth and decline of individual areas of interest can be seen in Figure 8.1.

The changing international funding environment is also shown in Figure 8.2. Foundations felt that partnerships between grantmakers and other international funding organisations would increase, as would funding directly overseas. The increase in interest in giving abroad appears to be a result of globalisation, the decline in US government funding, and the rapid growth of foundation endowments.

The variations in growth patterns need to be further examined. However, the significant increase in funds directed to Western Europe may be explained by a greater willingness of US foundations to use West European NGOs as intermediaries, while the drop in interest in central and eastern Europe, Russia, and the Independent States reflects a correction after the first influx of funds following the fall of communism.

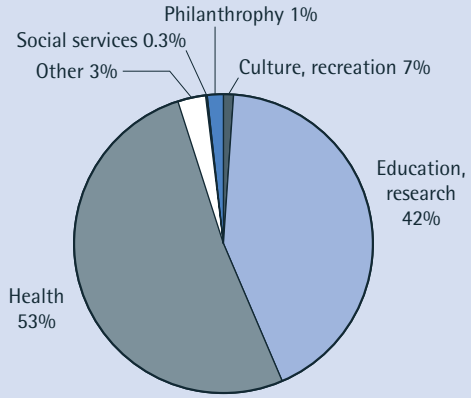
There does appear to be a convergence around a handful of key issues which some have interpreted cynically as the 'Washington consensus'. Certainly,

Figure 8.3: International programmatic trends of top twelve US foundations providing international grants, 1998



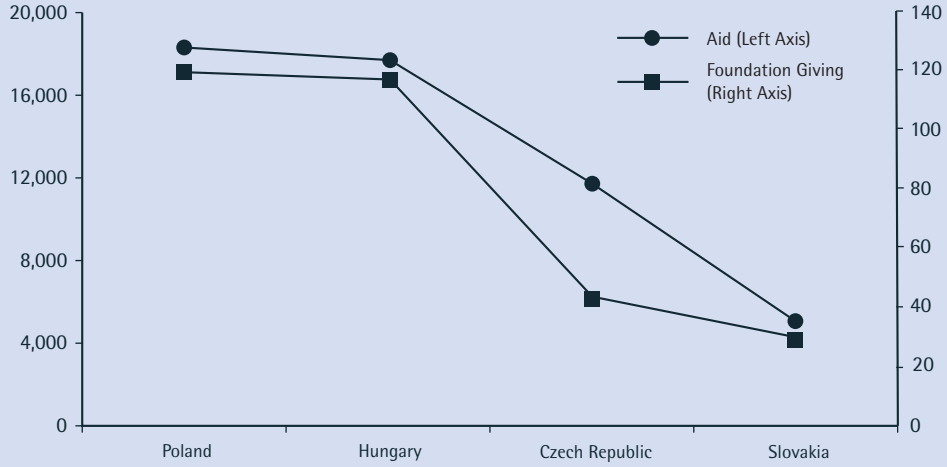
Source: Renz, Samson-Atienza, and Lawrence (2000).

Figure 8.4: Gates Foundation: distribution of grants, 1999



Source: Gates Foundation (URL).

Figure 8.5: Aid resource flows US$m 1990–1996 and foundation support to central and eastern Europe US$m 1989–1997



Source: Pinter (2001).

improved communications and increased attendance at international conferences have enabled foundations to watch more closely one another's interests. The large amount of American money pouring into this arena is setting the standards and procedures followed by these and other donors. The degree of overlap of funded areas is demonstrated in Figure 8.3.

The core issues addressed by these bodies include human rights, the environment, biotechnology, humanitarian interventions, anti-capitalism/global-

isation, democracy building, civil society building, arts and culture, the media, and health. Not reflected in these Foundation Center headings or in the main ICNPO listing is the importance of programmes and campaigns associated with gender issues, which in fact cut across many of the main sectors.

Corporate foundation giving in America grew faster than any other foundation sector in the late 1990s. The interests of corporate foundations in the globalisation process would suggest that a further coupling of the public and private can be expected in the early twenty-first century.

Many multinationals have identified areas in which acting in the public interest can be beneficial for themselves as well. Pharmaceutical companies, for example, spawned foundations that list in their annual report 'in-kind' drug donations from their parent companies. Cynics argue that this is actually just a marketing exercise with tax and goodwill benefits attached. While the intentions of some individuals involved may be sincere, it is obvious that, by giving away, for example, the hardware and software products of their parent companies, corporate foundations can help seed under-developed markets. The American Express Foundation explicitly states in its 1999 Annual Report 'many of our major philanthropic efforts are tied directly to the company's long-term business objectives' (American Express 2000: 3).

Attention is focused presently on the activities of the William and Melinda Gates Foundation (URL) that topped up its endowment funds to over $22 billion in 2000. Although programme development is still at an early stage, indications of priorities are clear. The distribution of funds in 1999 is shown in Figure 8.4. However, this does not reflect the growing concern Bill Gates has expressed over health provisions for the poorest people in Africa, which will be evident in later reports.

Foundation support internationally, whether private or corporate, often follows the same path as multilateral and bilateral aid. This occurred in central Europe in the 1990s as is illustrated in Figure 8.5.

Religious organisations

In recent years religious bodies have shifted their emphasis to include poverty reduction, agricultural development, provision of finance through small loan schemes, birth control—for and against—and, significantly, human rights and emergency relief programmes. Like many other funding bodies, religious organisations both disburse their own funds raised through donations and act as implementing agents for other funders.

In addition to the large numbers of locally sponsored and cross-border projects, a number of bodies bring state-based churches together within international networks. For example, the World Council of Churches represents more than 330 churches, denominations, and fellowships in 100 countries representing 400 million Christians. Actions by Churches Together is an alliance of churches and relief agencies that deal with emergencies in more than 50 countries. The World Alliance of Reformed Churches links more than 75 million Christians in over 100 countries. The Lutheran World Federation has 128 member churches in 70 countries representing 58 million Lutherans. Many nationally based religions have strong congregations around the world, such as the Russian Orthodox Church and the Armenian Church, all of which redistribute resources. Federations of Islamic religious groups play an active role in social and educational welfare. These umbrella groups facilitate the movement of funds across borders for the various causes endorsed and supported by religious bodies.

While the amount of funding for cross-border activities by religious bodies is difficult to ascertain, the Johns Hopkins study provides indicators of religious giving and volunteering as a percentage of total giving and volunteering. Table 8.7 demonstrates that religious giving and volunteering constitutes a sizeable proportion in each of the three countries surveyed. Whereas much of this is for local causes, a substantial portion is devoted to disaster relief around the world.

Trade unions

By 1999, the International Confederation of Free Trade Unions (ICFTU), much the largest trade union federation, had 213 member organisations in 143 countries, with a combined membership of 124 million employees. Although individual unions can join, most affiliates are national union centres. The main bulk of funding comes from affiliation fees from member organisations, based on the number of affiliated members. Some income also comes from publications sales, though this has been in decline since the 1980s, perhaps partly due to use of the Internet (Gordon and Turner 2000: 83–4).

Table 8.7: Religious giving and volunteering indicators, selected countries, 1991 and 1992

Dimension	United States	Germany		France
		With church tax	Without church tax	
Sum of religious giving as % of total sum of giving	60.4	80.21	33.1	22.1
Religious giving as % of annual income of givers	0.95	0.80–0.92	0.33	0.08
Average total sum of religious donations for givers previous 12 months	$800	-	$119	$107
Median total sum of religious donations for givers previous 12 months	$300	-	$40	$40
Sum of religious volunteering as % of total sum of volunteer hours	27.5	23.1	-	5.8
Average total sum of religious volunteer hours for volunteers previous 12 months	363	223	-	106

Source: The Johns Hopkins Comparative Nonprofit Sector Project (Salamon *et al.* 1996: 56).

Income for ICFTU's 'International Solidarity Fund' comes from special appeals, both general and for ear-marked projects. The ICFTU has also become increasingly reliant on grants from various public agencies (Gordon and Turner 2000: 91–2).

International cooperation also takes place on the industry or sector levels through International Trade Secretariats. As with the general federations, funds come from affiliation fees from member unions. However, they also receive grants from public agencies and private foundations

Who is funded?

The kinds of groups, organisations, and entities falling within the global civil society arena and funded by the sources discussed above may be large, well-established multinational NGOs or they may be small NGOs housed in one-room offices. They are sometimes more and sometimes less than international non-governmental organisations (INGOs), a category that the Union of International Associations (URL) prefers to call 'transnational association networks'. NGOs may be societally sponsored or established by governments, in which case they may be referred to as government organised NGOs (GONGOs); as multinational NGOs (MANGOs), referred to by some as 'manipulated' NGOs; or as government regulated and initiated NGOs (GRINGOs). NGOs may also be sponsored by Inter-Governmental Organisations (IGOs). The official purpose of an NGO is outlined in its constitution, but its ultimate course is influenced by its members and backers. While all claim to be independent, many serve only the interests of their sponsors.

Other funded bodies including social movements, a looser form of organisation, also come in a variety of shapes and sizes. Grass-roots organisations, while tending to be local, sometimes employ a network of international alliances to further their causes. Grass-roots organisations are most likely to receive local funding from individuals, businesses, and munici-

Box 8.2: An example of multi-sourced funding: the aftermath of humanitarian intervention

In the aftermath—or even during—humanitarian interventions, such as in Kosovo or Sierra Leone, a plethora of agencies provide humanitarian aid on the ground. There is a rather contorted criss-crossing of funds between established international organisations such as the UN and its agencies, regional bodies such as the European Union, and NGOs both national and international. Such criss-crossing is apparent, for example, in the funding structure of the UNHCR (URL) which receives only a small annual contribution from the UN regular budget—just under $20 million in 1999. It is heavily dependent on voluntary contributions from governments, intergovernmental organisations, NGOs, corporations, foundations, and individuals. Fourteen governments and the European Union provided 94 per cent of the near $1 billion expenditure in 1999, undoubtedly impacting on UNHCR's political agenda. Special funds earmarked for specific emergencies amounted to over half of its $911 million income.

In 1999 UNHCR entered into 544 agreements with NGOs, 395 of which were national and 149 international. $295 million of the operational expenditures flowed through these NGOs. Much in-kind assistance came from other sources. This has been crucial in helping UNHCR on the ground during crisis periods. With the increased use of technology in the management of refugee crises the large hardware and software companies are becoming increasingly important donors. In 1999 the main contributors were Microsoft and Sun Microsystems. The political nature of humanitarian assistance funding has caused considerable concern. (Edwards 1999). Activists worldwide have had to face the dilemmas produced by military interventions undertaken ostensibly with goals they may endorse but with methods they abhor. The NGOs involved in the aftermath of Kosovo, Somalia, and Timor have produced an elite of relief workers that through their networks influence, to some degree, the reconstruction process.

palities. Their resources are almost always stretched and, like social movements, they live a hand-to-mouth existence, receiving much in-kind support such as use of computers and telecommunications facilities. NGOs vary in size, of course, but usually have easier access to funding from more established bodies than do social movements. Social movements are considered by some funders to be too radical and too chaotically run. Grass-roots bodies tend to be more firmly rooted than social movements and therefore able to find more stable sources of funding. NGOs tend to be better equipped to attract funding from foundations of all kinds as well as the state, often through competitive processes requiring the submission of formal written applications. Increasingly the larger NGOs are relying on professional fundraising staff.

Bilateral aid programmes work alongside the multilateral agencies, as both engage with NGOs. How civil society organisations might operate within this context is described by Muduuli (2000) as follows—which applies equally to global CSOs:

1. influencing policy formulation through advocacy dialogue, research, and analysis;
2. participating in formulation of sector plans as researchers, stakeholders; and beneficiaries;
3. providing delivery of socio-economic services and implementing public programmes;
4. influencing public expenditure prioritisation, resource mobilisation, allocation and utilisation; and
5. monitoring and evaluating public expenditure and programmes.

Some of the funding of the above may be built into project costs, but funds are scarce for all but item three of the list. CSO project managers often find themselves turning to private foundations to cover the salary costs involved in influencing policy formulation, participating in planning, influencing prioritization, and monitoring.

These organisations' core activities include advocacy, activism, conflict resolution, humanitarian relief, educational/capacity building/training, and

facilitating the use of digital communications. The make-up of different types of funding depends not only on the issue area addressed but also on the kind of activity pursued. Not-for-profit income-generating activity in the educational field provides a higher proportion of revenue than, say, selling T-shirts to support an advocacy endeavour on banning landmines.

While much global civil society activism is resourced through voluntary contributions of time, there are recurring costs that are fairly typical of most organisations. These include salaries for paid staff, premises—usually rented rather than purchased—office overheads, computers, telecommunications, information content—that is, books, reports, subscriptions, and Internet access—travel, training and capacity building, and public relations campaigns. The cost of many of these activities has dropped in recent years. Air travel in real terms has decreased by about 70 per cent (*Economist* 2001: 5) and ICT has enabled cash-poor organisations to launch campaigns on the web for a fraction of the cost of a paper campaign.

Whatever combination of funding sources is pursued, all civil society actors face the three main issues of independence, sustainability, and accountability.

Independence

From an anthropological point of view no organisation can ever truly retain its independence. A 'resource dependency perspective' developed by Pfeffer and Salancik is summarised by David Lewis (2001: 87) as follows:

> *The theory is based on the idea that instead of seeing organisations as relatively autonomous, the environment is a strong constraining influence which limits room for manoeuvre. All organisations depend on the environment for the resources they need and to do this they must continuously negotiate and exchange, and in this sense are to a large degree 'externally controlled'. Organisations try to reduce this dependency by controlling the flow of information about themselves to outsiders and by diversifying their sources of resources.*

The above is as true for NGOs as it is for corporations. While there has been an increase in income-generating activities across the whole spectrum of NGOs, advocacy groups rely mainly on spreading their dependency across a wide enough range of donors to ensure their independence.

Amnesty International (AI), for example, was launched in 1961 with 1,000 offers of support. Today it has over a million members, subscribers, and regular donors in more than 160 countries and territories. There are more than 5,300 local youth, student, and professional AI groups registered with the International Secretariat. Nationally based sections exist in 56 countries. Amnesty International does not accept funding from governments for its work investigating and campaigning against human rights violations. The International Secretariat's budget is in the region of $25 million, though this is only part of its worldwide funding (Amnesty International URL). This money is raised through membership fees and donations from trusts, foundations and companies. Human Rights Watch, with a core budget of $12.5 million also does not accept government funding. However, it relies more heavily on foundation grants rather than membership fees or individual donations (Human Rights Watch URL). Such broadly based bodies devote substantial resources to soliciting and then servicing their membership.

Campaigning globally on environmental issues, Greenpeace relies on a broad funding base for its legitimacy as much as for its financing. In 1999, 2.5 million donations were received, amounting to 126 million Euros. It does not accept contributions from governments or corporations. Money flows from the periphery to the centre as grants from the 25 national offices received by Greenpeace International's head office amounted to just over 25 million euros, while grants to the national branches from head office amounted to 4.5 million euros. Income from merchandising and licensing is in the region of 2 million euros and is a potentially growing source of revenue (Greenpeace URL). Friends of the Earth, founded in 1971, has also grown dramatically; it now has over 5,000 local activist groups and a combined budget of $200 million (Friends of the Earth URL). Even with 700 full-time staff members, much of its campaign work is carried out by volunteers.

The degree to which an organisation is independent of its financial backers depends, in part, on the amount of support it receives from volunteers and in-kind contributions. In many ways the more established and dependent an NGO is on outside finance, the more vulnerable it can become to

changes in funding fashions. Relative dependency on financial resources varies according to the task at hand and the nature of the organisation to be funded. However, funding is only one, albeit important, component of the resourcing of any kind of activity. The appropriateness or viability of non-financial resources as substitutes or complements to financial resources depends on the structure of the organisation, what it intends to achieve and how, and the overall cultural climate surrounding the particular issue area. For example, in general the greater the local support for the effort, the less funding is required for advocacy campaigns. Other patterns of funding are necessary if highly paid experts need to be brought and bought in. The more global the coverage the more money needs to be spent on communications, both virtual and physical.

The question from whom organisations are independent varies from region to region. For example, in the transition countries of central and eastern Europe the rapid retreat of the state created a dramatic shortfall of funding in many areas. Substitution came primarily from foreign donors who then created a different kind of dependency relationship. After a few years of gratitude resentment set in. The same ingenuity that commandeered resources from the state was and is being employed in attempts to maintain the flow of foreign funds, even as the former Soviet bloc has fallen out of fashion with some donors.

Historically, northern NGOs (NNGOs) were the implementing agencies of choice for multilateral donors. These NNGOs would often subcontract components of projects to southern NGOs (SNGOs). Recently there has been a shift towards contracting directly with SNGOs. The rationale behind this is that the process itself assists in the building of local civil society; and, of course, it costs far less. Some argue that this can lead to an unhealthy dependency when NGOs act on behalf of funders with whose ideology they disagree. In trying to attract the business, NGOs risk losing their focus as independent commentators and promoters of alternative perspectives (Hulme and Edwards 1997). Conversely, as the donors become more dependent on NGOs for delivery, donor policies may to some extent be influenced by the NGOs themselves.

Sustainability

Sustainability as a concept may be applied to a project or programme that is sustained by its beneficiaries. In commerce the cost of creating and delivering products to the market is 'sustained' by the customers' willingness and ability pay for them. But who are the beneficiaries of the actions of global civil society? NGOs can mistakenly be thought of as the beneficiaries of the funds they receive, and herein lies the crux of the problem in defining what is and is not sustainable. The causes represented by NGOs are not the same as the organisations themselves. There is always a danger that organisations perpetuate themselves out of self-interest rather than for the sake of their original mission. The most successful organisation can fail to make itself redundant once its goals are achieved. The natural lifespan of a CSO depends on different factors from those that determine the lifespans of governments or businesses.

Social movements also face transformation questions. They may redefine themselves, as has been the case with many anti-apartheid groups. In central and eastern Europe many of the underground movements of the 1980s found it very difficult to adjust to the less idealistic and more materialistic 1990s. In the early 2000s many are still mourning the fragmentation of their old groups. However, others have grown up in their wake and a new generation of tougher, more pragmatic, and more highly structured NGOs has emerged.

Actors within the civil society sector are looking for ways of becoming self-sustainable, and to this end NGOs have adopted many of the business models stemming from the commercial world. Funds are increasingly raised through the provision of goods and services. Generating revenue from market activities rather than relying solely on membership contributions or donations from foundations, the state, or multilateral organisations may, to some extent, increase sustainability and independence. While the mission itself dictates to some degree the mode of operation, the will to survive causes CSOs to transform themselves from advocacy groups into consultants and subcontracted project managers.

The matching of funder and funded is as complex as any mating game. One cynical report argues that some NGOs will simply define their mission to agree with whatever a funder wants (Economist 2000). On a practical level CSOs do have to conform to certain requirements. Funders tend to operate with strict

funding cycles. Applications need to be submitted by certain dates. Immediate needs often cannot be met because of waiting times for decisions to be made. The identity of the funder(s) also makes a difference. The source of support can determine the CSO's legitimacy and thus its effectiveness in influencing policy and accomplishing its objectives.

Accountability

The definition of accountability has broadened considerably since it applied solely to financial accounting practices, and now reflects the spread of the democratic process at all levels of society. Citizens worldwide are increasingly demanding that their elected leaders and the bureaucracies that serve them show a greater degree of accountability for their actions. In turn, questions have emerged about the accountability of civil society, in particular with regard to its mandate and to whom it is responsible.

Within the jurisdiction of the state, laws regulate the actions of civil society, but the power and influence of global civil society actors seem to be beyond the control of any individual state. Mechanisms for incorporating democratic values and involving all stakeholders in decision-making are as yet relatively undeveloped. The ideal may be unattainable because of purely logistical constraints, but greater transparency and clearer representations are being promoted more widely than ever. There is always the danger that NGOs administering funds are more accountable to their donors than to their beneficiaries (Edwards 2000: 209). However, with full disclosures, public debate, and more democratic governance it may be possible to generate more trust. Accountability will continue to be an issue at all levels, among the funders and the funded.

Legislative and Tax Environments: The State—Friend or Foe?

The legislative and tax environments affect all fund flows, whether emanating from development agencies, foundations, or individual contributors. This is particularly true for cross-border flows that not only are subject to a variety of legal regulations but also may experience practical difficulties, as with electronic transfers to countries with underdeveloped banking systems. In some instances the banks simply do not function at all, as in Kosovo just after the war of 1999. In rare instances a well-known global CSO can maintain its existence without locating itself physically in any state. When the Campaign to Ban Landmines received a Nobel Peace prize it transpired that it did not have a bank account (Florini 2000: 143). It was simply a coalition of over a thousand CSOs worldwide working towards the same goal and brought together by the drive of a few individuals.

Both private and corporate foundations are increasingly taking advantage of differing tax and legal environments around the world in order to stretch their philanthropic funds. Increasingly popular are offshore sites from which funds may be easily disbursed; many choose to register in Liechtenstein and Switzerland with their favourable tax environments. At the same time some organisations such as Amnesty International have chosen to forgo the legal and tax benefits of charitable status for fear that such status might compromise their political independence.

Taxation and legislative policies do affect the ability of foundations to give to causes outside their home country. In many countries, the taxation of charities and donations encourages domestic programmes only; giving to foreign- registered NGOs is almost never tax-deductible. Only occasionally do bilateral treaties covering double taxation reduce these losses. Foundations may risk their tax status unless they ensure the charitable nature of the recipients of their grants; and this is more difficult to control when giving abroad.

Many governments are suspicious of CSOs and voluntary organisations. They suspect that NGO growth, particularly in the service provision sector, may erode their tax base. This is despite the advantages of encouraging voluntary organisations to take over some of the burdens of the state, often resulting in net cost savings. Non-profit legislation is less advanced in developing countries; and restrictions on incoming money flows often hinder rather than encourage increased flows from abroad. Many organisations establish legal entities within a number of the wealthier countries so as to offer the best tax advantage to potential givers from these countries, even though the ultimate recipient may be outside the country.

A healthy balance in NGO legislation is described below by John Clark (1997: 54). Not many countries have achieved this lofty state:

> *Government-imposed NGO regulations and reporting requirements must strike a balance*

between nurturing NGO growth, and guarding against corruption, management ill-discipline and other malpractice. Restrictive laws and procedures designed for the political control of NGOs clearly hamper legitimate NGOs. Fiscal policies should be transparent and even-handed, providing incentives for legitimate NGO activities (conforming with State development priorities). Tax concessions may be used to encourage indigenous philanthropy and income generating activities of NGOs. And legitimate NGOs should be able to receive foreign funds and donated goods without onerous bureaucratic delays. There should be no arbitrariness, bias or 'rent seeking' in the awarding of these privileges.

Some developed countries are only just beginning to establish NGO-friendly laws. Until Japan passed its Law to Promote Specified Nonprofit Activities in 1998, 90 per cent of Japanese NGOs remained unincorporated, resulting in all financial transactions being carried out in the names of individuals rather than organisations (Florini 2000:169).

The extent to which the state can set the regulatory framework for the cross-border flow of goods, services, and capital is contested, though the discussion is about degrees rather than absolutes (Higgott, Underhill, and Bieler 2000). NGOs serving global causes certainly benefit from more liberal regimes.

Conclusion

The earlier sections of this chapter focused on funding. But money alone does not create civil society. Human, social, organisational, informational, and financial resources provide a finely balanced mix that fuels global CSOs. Depending on whether it is lubricating the parts or firing the engine, different types of oil are required. The permutations are infinite, but the components are still of the same raw ingredients. New forms of renewable energy, in attempts to achieve sustainability, have become part of the global civil society resource kit and the advantages of recyclable resources are becoming increasingly apparent.

The dangers of focusing too heavily on financial resources were brought forcibly home in a paper presented by the former Chief Economist of the World Bank, Joseph Stiglitz, at the Bank's Annual Conference on Development Economics in 1999, which focused on the failure to build social and organisation capital in the former communist bloc countries:

> *Arrow, Hirshman, Putnam, Fukuyama, and others have argued that the success of a market economy cannot be understood in terms of narrow economic incentives: norms, social institutions, social capital, and trust play critical roles. It is this implicit social contract, necessary to a market society, that cannot be simply legislated, decreed, or installed by a reform government. Some such 'social glue' is necessary in any society. One of the most difficult parts of a transformation, such as the transition from socialism to a market economy, is the transformation of the old 'implicit social contract' to a new one. (Stiglitz 1997: 8)*

What Stiglitz is saying is that strategic funding alone cannot accomplish change. Whether at the abstract level of a general social contract or in the detail of how individuals behave in the associations they create, the social 'glue' of norms and trust must be in place if there is to be any life in the organisation or institution. This became a powerful, though not always heeded, lesson for both governments and foundations alike as they watched billions of dollars originally intended to assist the transition in the post-communist bloc disappear into Swiss bank accounts. It was an expensive demonstration of what happens in societies where there is no social glue to hold them together.

In a world of increasingly dense networks that engage more and more in communicating with one another, there appears to be a growing convergence around a handful of core issues among the major donors. The causes around which advocacy and activist groups have emerged, such as human rights, environmental issues, poverty alleviation, better access to health and education, and gender rights have given hope to some that a cultural cosmopolitan consensus (Held et al.1999) is emerging. Others see a bleaker world in the making that is totally subservient to the dictates of global capitalism.

At this stage it may be said that even if the perimeters of this new global civil society were clearer, it would still be impossible to quantify accurately how much money is flowing into this arena and what effect it is having. While the general shape of the funding community can be sketched, the actual total

amounts flowing into the civil society space through global and regional CSOs are difficult to determine. It has been noted that over $7 billion of development funds flow through NGOs—but not all for civil society projects; that over $2 billion of US foundation giving is international—not all for and through CSOs; and that nearly $700 million of USAID was devoted to democracy building in 1999 alone. However, this is only a part of what is being spent worldwide on a cross-border basis that funds global civil society activities. The funding level we see is in the billions of dollars rather than millions or hundreds of millions. More studies need to be carried out at all levels, to create workable typologies and to demarcate clearly what is global from what is local. Comparative work to establish how funding patterns vary from region to region is also needed.

This chapter has tried to introduce the main issues around identifying and measuring the funding of organisations and movements that qualify as actors in the global civil society space. There is clearly a need to engage in further research, of both an empirical and a theoretical nature, related to the questions surrounding all aspects of resourcing, and not just funding. More fundamental questions on the nature of the economies in which global civil society is embedded need to be raised. Do healthy local civil societies attract more or less outside funding than less healthy ones? More in-depth comparative case studies need to look at how foreign funds influence local civil society and vice versa. It is to be hoped that the concept will in time be brought into sharper focus. The data, however, will in all likelihood still be problematic as the primary units of analysis remain nation-state based. More imaginative research approaches will be required to overcome this difficulty.

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