SUSTAINABILITY

Richard Holloway

INTRODUCTION

A Civil Society Organisation (henceforward CSO) is formed when a group of people decide that they would like to associate around something which they care about. In some cases their decision is made for them as, for instance, the members of an age group in many African countries, or a person being born a Jew or a Muslim, but in many cases, probably most, a CSO is formed from people who voluntarily decide to associate together for some purpose which is important to all of them. In the jargon, this is their “Mission”: it may be to listen to music, it may be to play football, it may be to join a cooperative, it may be to support a charity, it may be to lobby for changes in the law.

The CSO which they have joined or which they are supporting has a mission which is not likely to be achieved quickly, and therefore the CSO which has this mission needs to be sustained. Sustainability of CSOs is the subject of this entry.

DEFINITION

A CSO’s sustainability may be defined as a feature of its public support (lots of people believe in it and want it to continue), of its resources (enough people are prepared to put time, energy, cash, or kind into supporting it), of its governance (someone takes responsibility for making sure of its continued legal existence), of its management (someone makes sure that it is doing what it wants to do effectively) or of its impact (someone makes sure that it is getting the results that were originally expected).

This entry deals with sustainability from the perspective of resources, which frequently, but not exclusively, means financial resources. Some important, particularly faith or tradition based CSOs, can exist and be sustained on donations of time and energy, but nearly all the other aspects of sustainability (governance, management, impact) will require financial resources.

HISTORICAL BACKGROUND

If we accept a definition of CSOs that includes traditional and religious organisations, then sustainability historically has been a function of membership, of the payment of dues, and, as such organisations became more formalised, of the collection of money and its investment in land, property, buildings, and business. The formal Foundations went that route, and were able, once an endowment had been successfully created, to forget the need to persuade people to fund the organisation – and simply to manage their investments.
Most CSOs, however, have always needed to persuade sympathetic people to fund their work, and this has involved fund-raising from both rich and poor, depending on the cause being promoted. In some cases CSOs were able to seek subventions from their own governments, or to build their own businesses.

From the fifties onwards, however, a new set of players came into existence: these were the aid organisations – either bilateral, multilateral or international NGOs. As such organisations evolved, however, they moved from supporting the work of CSOs per se, to contracting CSOs to implement work on behalf of the aid organisation. Experience has taught us that such assistance definitely did not build sustainability: at best it created the conditions for serial dependency on a succession of aid organisations.

**KEY ISSUES**

Because CSOs are so amazingly diverse, ranging from a Kenyan *chama* (or womens’ savings and credit club), through an Ethiopian *eder* (or burial society) on the one extreme to the Ford Foundation or the Gates Foundation on the other, what they require to sustain themselves is also amazingly diverse. There are, however, some common characteristics:

- The first requirement is **good activities** – by which is meant that the activities of the CSO are rated highly by the members and supporters. If it does not do anything that gets its stakeholders approval, it will not be sustained. If it does, however, and if its members and stakeholders are enthused by its work and the results it engenders, there is no reason why it should not continue, evolving as it does.
- The second requirement is **good management** - by which is meant that the activities are carried out to the satisfaction of the members and supporters. If the CSO is a mess, it is unlikely that anyone will care to sustain it. If it is well managed, it will attract supporters.
- The third requirement is a **commitment to sustainability**. If the members and supporters do not care whether the CSO continues or not, it is unlikely to continue. If people feel, however, that the “mission” continues to be of importance, they will want to make sure that it does not die, but continues to do the valuable work that was the pre-occupation of the founders.
- The fourth requirement is the **financial resources** to support the good programmes, the good management and the sustainability mentioned above. While there are CSOs than can be sustained simply by time and energy of members and supporters, the majority needs finances – which can come from a very wide spectrum of sources, dealt with later in this paper.
- The fifth and last requirement is **local support**. This includes a supportive political, legal, and fiscal environment in which CSOs can flourish, a good reputation built up on the creditability that they have acquired from their good programmes, a wide range of supporters, and specifically well placed champions who can defend them when they are
under attack. However good the cause, however important the mission, a CSO can be brought down for lack of local support.

Sociologists and academics will argue about the scope of CSOs – debating whether the classification should include associations of people who come together for a publicly harmful, though privately compelling purpose (like religious or political extremists), or whether the classification should be reserved for those acting for mutual or public benefit. Unless a CSO breaks the law and is proscribed (as has happened with extremist Islamic organizations in many countries, and as happens regularly with autocratic regimes like Zimbabwe or Burma) - its sustainability will be based on the enthusiasm and commitment of its members and supporters. Its sustainability will not depend on whether it fits any particular philosophy, morality, or ethic. There are many causes (and CSOs to support them) on which moral opinion is divided – like birth control or abortions, sex education or gun control. Both sides can well sustain CSOs sympathetic to their point of view.

INTERNATIONAL PERSPECTIVES

It cannot be denied that financial resources are a very important feature of sustainability for a CSO, but all of the other features that do not involve finance should not be forgotten. In the case of membership organisations, there are huge numbers of CSOs that depend on time, energy, and sometimes small donations from their members and which are likely to be sustainable so long as members continue to need and enjoy their services. This includes the vast number of recreational associations, an equally vast number of faith based associations, and substantial numbers of CSOs based on a common culture or cultural tradition.

Someone who joins a football club to play (or to cheer), a choir to sing, a religious group to pray, or a tribal group to dance are acting out their interests and their passions in a way that is satisfying to them, and which is likely to continue, with them or without them, so long as it responds to the interests of people like them and their communities. Even when the interest is altruistic rather than personal – witness the large number of home based care associations for those with HIV/AIDS in Africa, or those who manage playgrounds for children in Europe, finance is not necessarily something fundamental to vibrant and satisfying CSOs.

Many CSOs, however, do depend on money, and the variety of ways that they can acquire it is a fascinating field of interest. The diagram below from Alan Fowler’s book, “Striking a Balance” illustrates the range of different ways that financial sustainability can be attempted. Financial sustainability for a CSO can come through income from The Gift Economy, from the Market, from Governments in different permutations depending on whether your CSO is from the North and West or South and East, and from Northern NGOs if your CSO is from the South. A CSO intent on financial sustainability is advised to look at the range of possible financial sources and consider them in the light of the nature of its organisation, and the kind of people or organisations that
Sustainability is unlikely to come from only one source. There is much merit in the argument that a CSO seeking financial sustainability should seek support from many different sources, each one of which may be important to it at different times. A large grant from a foreign donor may deliver substantial funds, but the organisation will not prosper if it is seen as the pawn of a foreign power. Local public support, business support, and government support are all likely to be part of a sustainability strategy for the CSO, and may support the CSO at different times, hopefully balancing its different needs. A CSO is vulnerable if it relies on only one source of funds, particularly
when it cannot control the decisions that are made about where and to whom those funds are given. Let us look, however, at the options.

The Gift Economy
This is probably the oldest way in which CSOs have become sustainable – from asking the public to make a gift to support the work of the CSO. So long as the topic is attractive, the management is good, the law is supportive, and, importantly, so long as the CSO knows how to ask persuasively, and can balance income against expenditure, this is an important source of sustainability.

CSOs have, unsurprisingly, found a variety of ways to persuade people to give a gift to their organisation, not all of which require an identification with the CSO’s mission. There are all sorts of fund raising devices which combine having a good time with raising money for a good cause. There is also institutionalised giving through different faiths – the most famous perhaps being *zakat*, one of the five pillars of Islam which requires all Muslims to give a proportion of their income to charity.

A specific kind of personal giving is the professional philanthropist or philanthropic foundation. Businesses or personal fortunes which have been invested to create sustainable income for themselves so that such money can be given away, can also be a source of income for CSOs

The Market
This is perhaps the newest way that CSOs have for chasing sustainability – either raising money themselves through a variety of different kinds of businesses or fund raising from the business world. In the North and West, many CSOs have found a third kind of sustainable income from a hybrid between the Gift Economy and the Market – asking people to donate goods free which are then sold to other people as a source of revenue for the organisation.

Some CSOs are attracted by the idea that they can run a commercial business as a way of attaining financial sustainability. They consider that a wholly owned and profitable business will meet their needs. In theory this is true, but usually success comes from a business which involves the ownership of assets like land or buildings which can be rented out without the need for complicated business acumen. Most CSOs have a social mission, not a profit making one, and few CSOs have been successful at trying to achieve the two sets of objectives simultaneously. There is also the danger than the desire to make money, ostensibly to support the social mission of the organisation, can, over time, become the dominant aspect of the CSO.

The one exception is that particular aspect of the market which consists in managing the interest from invested money – particularly through an endowment. Many successful large foundations and CSOs have obtained financial sustainability through investing substantial assets in money markets and living from the income. It should be noted, however, that this is not a
panacea – money management requires expensive human resources, and the return on investments is not always positive.

Another way for CSOs to seek financial sustainability is through attracting support from the business sector – usually by persuading a business that linking their name to that of the CSO is likely to be profitable for it. It may also be that the business is simply philanthropic without a concomitant desire for increased income.

**Tax Based Income from the Government**

Although CSOs by definition are non-government organisations, a very possible way for them to carry out their work can come from income that they may attract from their government. This can either be grants from governments which respect and applaud the work that a CSO is doing, or, more frequently, contracts which a government enters into with a CSO for the CSO to carry out work that the government would like to be implemented. Sometimes a government allows a CSO to have a source of income from licences or a levy which it agrees to “donate” to a CSO.

**Income from foreign aid through a national government:**

This, together with direct aid from northern CSOs or from bilateral and multilateral aid organisations, has become a very common source of funds for CSOs in the South and East, and dates from the huge growth in foreign aid in the 60s. Many CSOs have sustained themselves from foreign donor assistance, but there are problems associated with this way of operating. Firstly, nearly all foreign aid to CSOs comes in the form of “projects”, which means the attainment of very specific objectives in a period of time set according to administrative convenience, with a fixed budget. Real life, and the life of organisations, does not fit easily into a project, and yet few foreign aid organisations admit of any other way of working. The result of this is that CSOs operate in a boom and bust mentality, looking for project finance, serially, in order to find a way to sustain the CSO.

**FUTURE DIRECTIONS**

A significant problem for CSOs which depend on foreign assistance is that those who provide it decide themselves on their priorities, and these may change by country, by sector or by theme, whether this fits the local CSOs sustainable needs or not. There are great dangers in serial dependence on foreign donor funding: clever juggling can sustain the CSO from this source, and there are many examples where this has been achieved, but equally there are many instances where the CSO becomes a contractor to whatever the donor wants to be funded, forgetting its original mission, in the desire for the organisation to be sustained. Sadly many CSOs which have become dependent on foreign assistance are caught in this trap.

There is one kind of CSO for which sustainability is not such an important issue. This is the CSO with a limited objective, often operating through a campaign. If the CSO achieves its objective, such as stopping the cutting
down of a national forest, or the passing of a particular bill, it can go out of business, and does not need to seek ways of sustaining itself. An example of this was the campaign to end Third World Debt connected to the Jubilee of 2000. It was connected to the millennium, and stopped once the millennium was reached. In many cases, however, the spirit engendered by such a campaign seeks other causes or issues, and then evolves into an organisation that, in turn, needs to be sustained.

There is considerable room, however, for CSOs, particularly in the field of development, to become more sustainable through mobilizing local resources. It is only since the fifties that the option of foreign funding became a possibility: greater reliance on local fundraising – from the public, the government, and the business sector, and greater use of self-financing through entrepreneurial enterprises, all have the potential to allow CSOs to persuade others of their good work, and thus receive from them the resources to enable them to be sustainable.

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References/Reading


“Striking a Balance—enhancing the effectiveness of non-governmental organisations working in the field of international development” by Alan Fowler. Earthscan, London. 1997

The many publications of the Program for Non-Profit Organisations of the Johns Hopkins Institute for Policy Studies, Baltimore, USA.

USAID/Africa Bureau has recently produced a Sustainable Financing Series which contains the following works:
The whole subject of endowed foundations as an NGO financing tool has been getting more attention recently: some valuable tools are:

- **Synergos Institute** of New York which has produced a series of case studies of grant making foundations around the world:
  - Child Relief and You (CRY), India
  - Foundation for the Philippine Environment (FPE), Philippines
  - Fundacion para la Educacion Superior (FES), Colombia
  - Fundacion Esquel (FE-E), Ecuador
  - Funcacion Mexicana para el Desarrollo Rural (FMDR), Mexico
  - The Kagiso Trust (KT), South Africa
  - Philippine Business for Social Progress (PBSP), Philippines
  - Puerto Rico Community Development Foundation (PRCF), Puerto Rico

Others are:
- **“Autonomous Development Funds” Development Dialogue No 2. 1995**
- **“Endowments as a Tool for Financial Sustainability - a manual for NGOs” by PROFIT, published by USAID. 1994.**

See Also

Aga Khan Foundation (Switzerland)

Aid, foreign, multilateral, international and development

Altruism

Asia Pacific Philanthropy Consortium

Charity, history of

Corporate giving

Ford Foundation
Foundations, grantmaking

Gates, William

Gift Relationship

Membership and membership associations

Peasant and farmers organizations

Self help groups

United Way

Venture Philanthropy

Zakat