


Effectiveness of NGOs



Effectiveness consists of

1. Targeting
 2. Financing
 3. Cooperation
 4. Staff
- 

1. Targeting

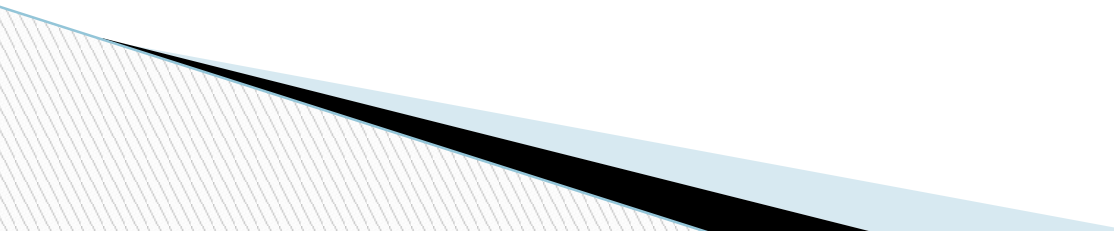
- A. **According to the Law** – (*Non-profit organization does not have as a primary purpose of the activity profit and does not distribute profits among the participants*)
 - B. **According to the statute.** (*Help and charity*)
 - C. **According to the reality.** (*Get to the easy money or help people*)
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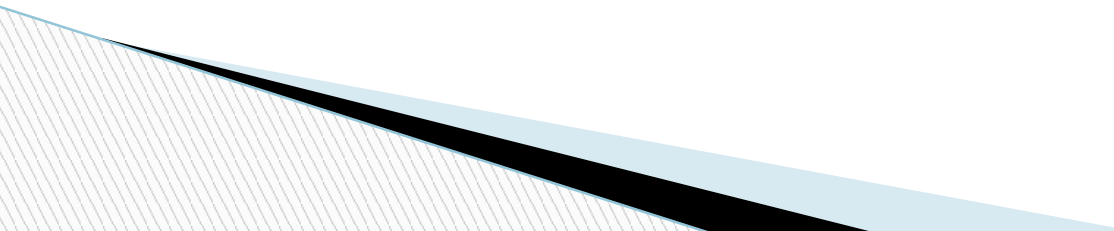
Mission

Poor mission statement:

Nizhny Novgorod Association of "Service": promotion and support of community initiatives for the development of civil society. *(too general, does not indicate a difference from other organizations, has NO indication of the area of operations)*

Good mission statement

- ▣ **WWF:** mission to stop the degradation of the planet's natural environment and to achieve harmony between man and nature. The objective - the preservation of the Earth biodiversity.
 - ▣ **Kuzbass Center "Initiative":** Creation of favorable conditions for the development of the sector of non-profit non-governmental organizations (NPOs / NGOs) in addressing various spheres of public life.
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- ▣ **Arkhangelsk Centre of social technologies**
"Garant": Promoting social stability in the region by coordinating the efforts of various organizations, introduction of innovative approaches to solving the problems of the community, to create favorable conditions for the development of non-profit organizations and community initiatives
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"multifunctionality" of a mission statement - a management tool

- **the mission(s) should reflect target audiences: region, society layer, sphere of activity**

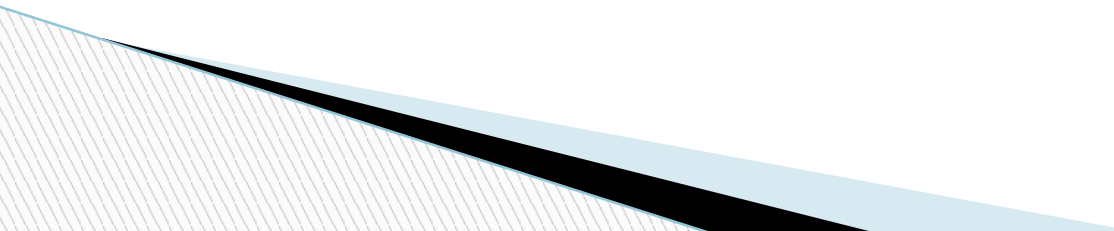
Foundation of the city of Tyumen (BFRGT)

mission - improving the quality of life of *residents* through grant *support of social initiatives* of citizens and non-profit organizations; combining the efforts of various social forces to solve social problems, which is achieved by:

- competence in the field of charitable activities,
- knowledge of the needs and concerns of the local community,
- constant readiness for service business organizations in carrying out their charitable programs

Targeting. Key requirements to be met by properly defined objectives

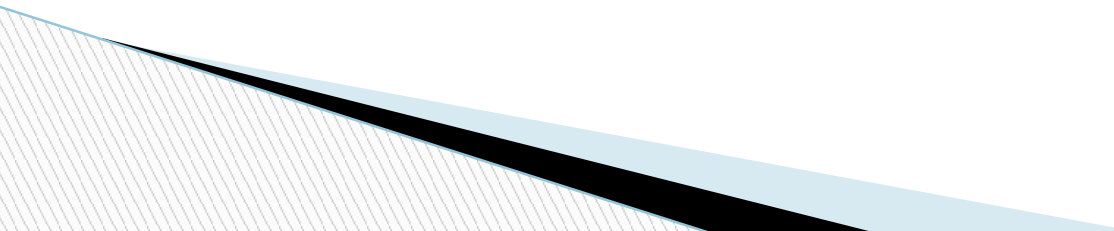
Objectives should be:

- achievable;
 - flexible;
 - measurable;
 - specific;
 - if several targets or a hierarchy of objectives nominated, the goals must be compatible with each other;
 - acceptable for the main actors, and especially for those who will have to reach them
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Work in groups

- Find more examples of missions
- Write the MISSION and the OBJECTIVES of your NGO

Low effectiveness of regional NGOs

- ❑ State stimulates effectiveness only via money
 - ❑ NGOs do not define their purpose and mission properly
 - ❑ NGOs do not build partnership
 - ❑ some NGOs appear JUST because they CAN get a State grant
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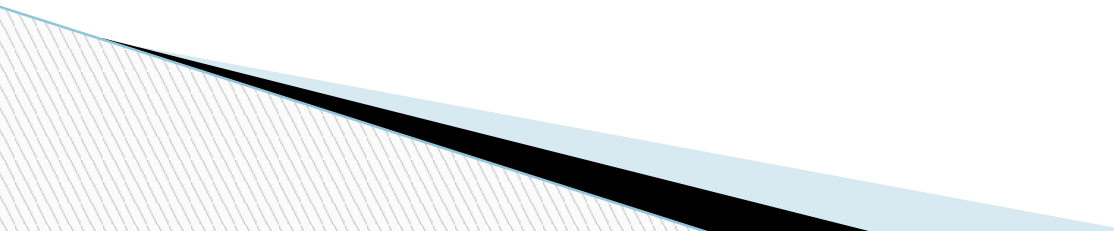
Social reality can be changed by 3 actors:

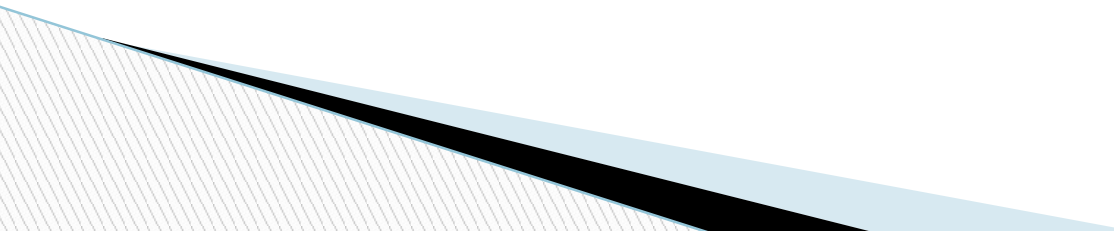
1. Business
2. Media
3. Authorities

NGOs need to realize it and cooperate

Suggest the ways of cooperation

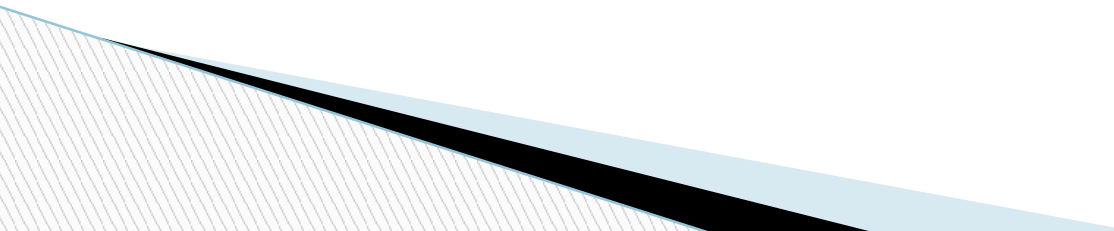
Goals to achieve in this respect

1. Provision of technical, organizational, methodological and consultative assistance of NGOs and initiative groups;
 2. Provision of inter-sector cooperation between NGOs, government, media and business.
 3. Creation of a system of coordination (collection and distribution) of information in social sphere;
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4. Establishment of public involvement in volunteer and socially useful activity.
 5. Implementation of measures to identify, attract and train young specialists in the social sphere.
 6. Implementation of measures to promote a culture of corporate social responsibility.
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- ▣ **NGOs should not help the donors to invest in the system, but invest in changing the system.**

How do you understand this?



2. Financing

1. The sources
2. Allocation of funds

Sources

Conventional

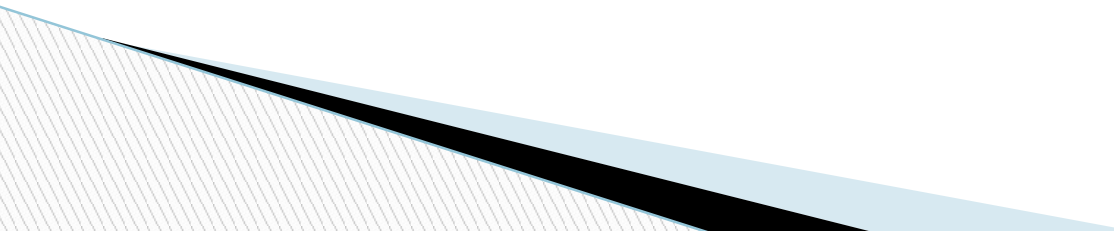



That is mostly existing
and donor -based

Non-conventional



include alternative
fundraising such as
micro-enterprises, microfinance
and micro-insurance;
businesses run by NGOs

- Biggest sources of funding: United Nations, World Bank, the Asian Development Bank, etc.
 - These organizations **created to extend support** for alleviating poverty and reducing the socio-economic gap between the developed and the developing countries.
 - **But** their **agendas are more complex** and they are not necessarily focused upon **injecting funds into NGOs**, but definitely a small part of their massive programs does include funding support for NGOs in developing countries.
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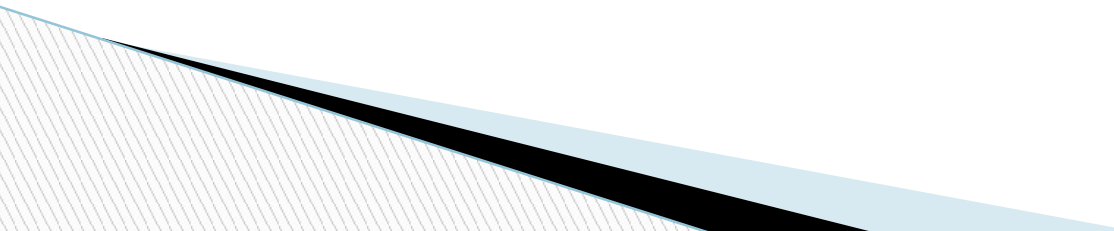
- **private charities/foundations/international organizations** (private) have a better focus on equipping local NGOs not just financially but also technically.
 - **International corporate groups** that have Corporate Social Responsibility (CSR) agenda for enhancing social justice and development.
 - **Local governments** are source of funding as NGOs can apply and raise resources and implement projects.
 - Donations and gifts, mostly **from individuals** or informal groups.
 - Finally, the non-conventional resources include the micro-enterprises, microfinance and micro-insurance.
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Donations

- ▣ NGO gets not only the means to carry out its mission, but also the recognition of the people.
- ▣ *Important!* The amount of donations able to collect NGO depends on **how much people trust it, understand what the organization does, what approach is used** and how it **spends** the funds collected.

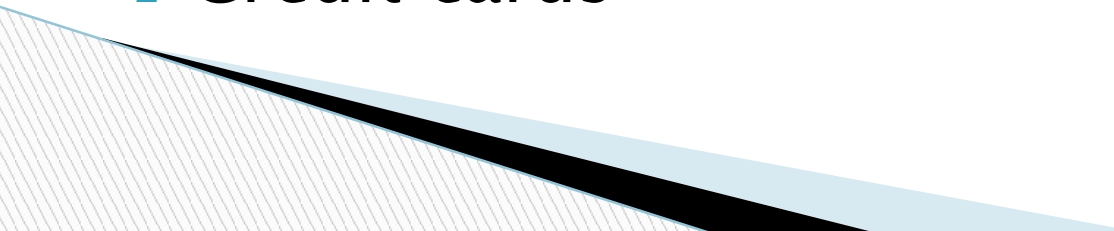
- Private donations make up more than 70% of the budget of economically sustainable NGOs in different countries.

What is the secret of their success?

- Communication with audience, with the society in which and for which they work.
 - And technology - the right choice of tools to collect donations.
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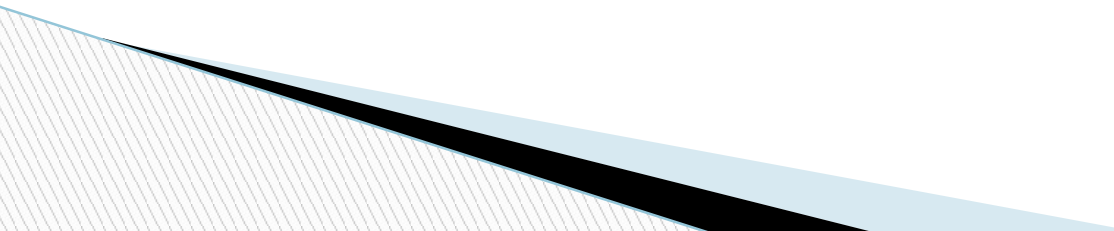
Tools to collect donations

- Try to remember and suggest some

- Donor comes to your office to contribute funds to the cashier of the organization.
 - Signs up a contract, in which he points out the purpose of the donation: in the statutory activities of the organization, for a particular project to help, a particular need, and so on.
 - Donations in boxes
 - Credit cards
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Fund-raising

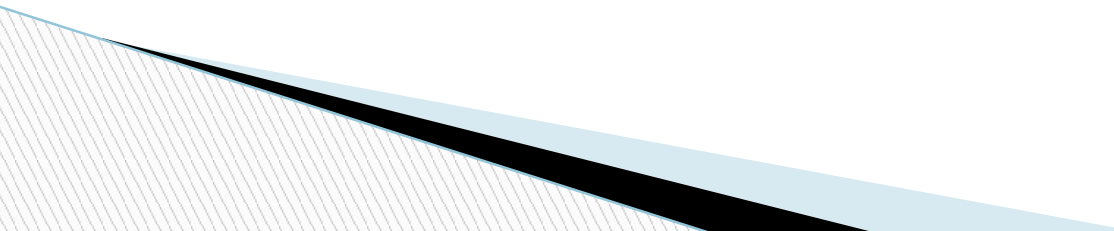
- a process of collection of assets that are used both for realization of socially significant programs and for organizational support of international non-commercial organizations

- A quarter of the US \$162 million income in 1998 of Oxfam was donated by the British government and the EU;
 - The Christian relief and development organization World Vision United States collected US \$55 million worth of goods in 1998 from the American government;
 - Nobel Prize winner Doctors Without Borders gets 46% of its income from government sources;
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Self-financing

- **Membership fee:** cannot be big, so it will not give sufficient financing.
- **Realization of charitable actions:** concerts, marathons, lotteries, sale of goods or attributes (badges, posters, labels, vests) with symbolism of the non-commercial organization, etc.
- **Earning of means.** Paid services: providing of information, realization of training seminars; ecological audit, inspection of environment and premises, realization of independent ecological examinations, etc.

In the US and the EU

- NGOs Funds do not implement charitable programs themselves.
 - They allocate funds to other charitable organizations, schools, universities and hospitals, and provide scholarships and annual awards.
 - There are over 10 000 private and corporate foundations, which finance projects in health, education, science, culture, social assistance and legal education.
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US accounting standard

"Financial Reporting of non-profit organizations"

NGO funds are divided into **three categories**:

1. **limited to spending** (permanently restricted); forbidden to spend money on current activities, they can acquire non-current assets (buildings, equipment).
2. **temporarily limited to spending** (temporarily restricted); short-term investments (purchase of bonds, promissory notes purchase), or to finance the programs of the next reporting period
3. **unlimited spending** (unrestricted); money earned by the NGOs, can be used freely (for statutory activities) without the specific purpose of realization.

Businesses run by NGOs


- A part of the non-conventional funding sources for NGOs.
- The question is that whether it is ethical to do so since they have the idea of being nonprofit. Think of it.
- If nonprofits become profit-oriented, then the very basic values are challenged.
- small and medium-sized organizations are not supported by any internal corpus and face unsustainability.
- Microfinance is just one of them that has not only converted NGOs into profit-making companies, but also reduced the dependence on external donor funding.

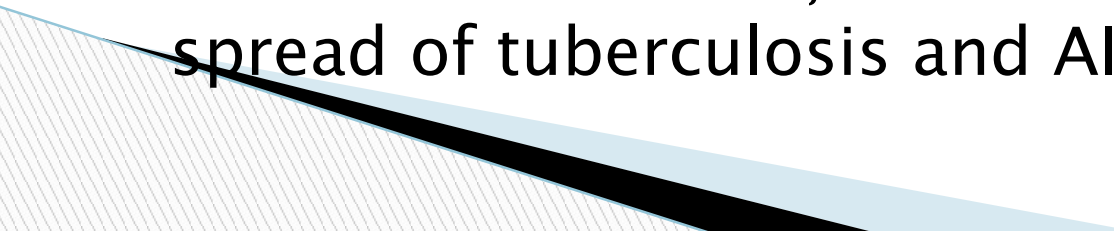
- The Greenpeace **do not** accept funding from governments or intergovernmental organizations;
- Government funding of NGOs is **controversial**,
“the whole point of humanitarian intervention was precisely that NGOs and civil society had both a right and an obligation to respond with acts of aid and solidarity to people in need or being subjected to repression or want by the forces that controlled them, whatever the governments concerned might think about the matter”.

David Rieff, writing in *The New Republic*

! Isn't it quite reasonable to your mind?

Notable partnerships

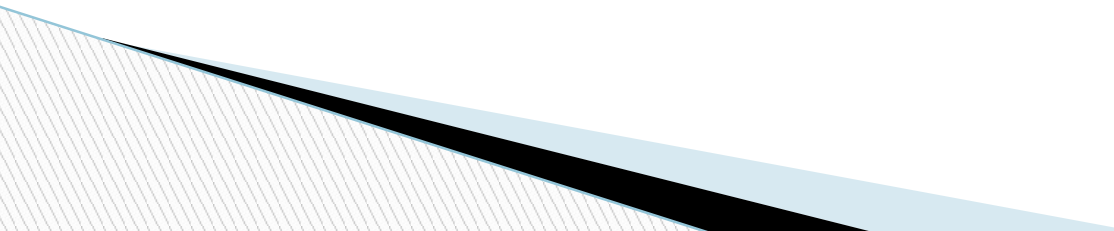
- In Hong Kong social services are run by NGOs and well funded by government, some up to 70–80% of their budgets;
 - In the Philippines an NGO umbrella group can register other NGOs to certify them as being able to get funds from the government;
 - In Sri Lanka a government and private trust fund pooled their resources to allocate to small projects;
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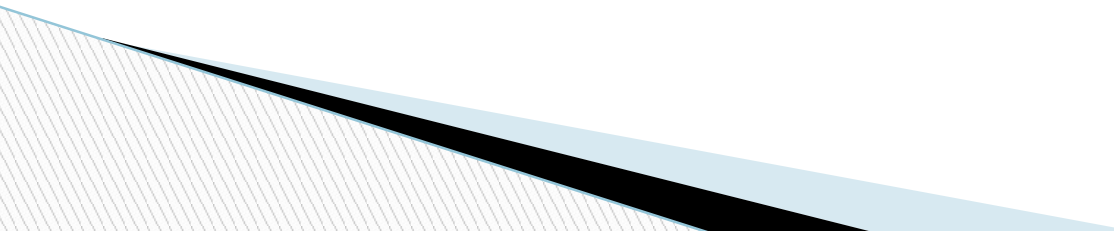
- In Gujarat, India, the state's food and supplies department sponsors a phone helpline so hungry people can be directed to the nearest of over 30 participating civil society food charities;
 - In Singapore, the government helps NGOs with the office logistics and operating costs for social welfare work, which allows them to spend more of their own money directly on the beneficiaries;
 - China Health Alliance brings NGOs, companies and UN agencies together with the government for a more effective, united fight against the spread of tuberculosis and AIDS.
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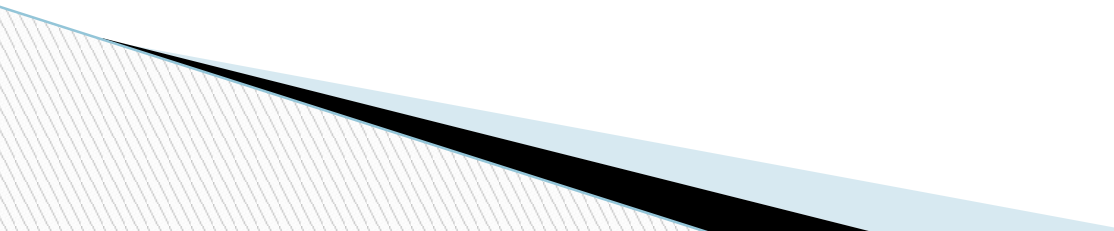
Mutual benefit

Government get	NGOs get
authorities save 20 - 40% of the funds they would have to spend if they took care of all the responsibilities which NGOs take	soft loans
much broader range of services	grants for payment of interest on loans in commercial banks, loan guarantees
support the competitive environment	free time on state television to advertise
in periods of recessions play the role of social shock-absorber	source of financial resources
NGO promotes a low degree of bureaucracy	Increase in scale of operations
low unit cost of production of services thanks to the free labor of volunteers	

Ten rules of NGOs fund-raising

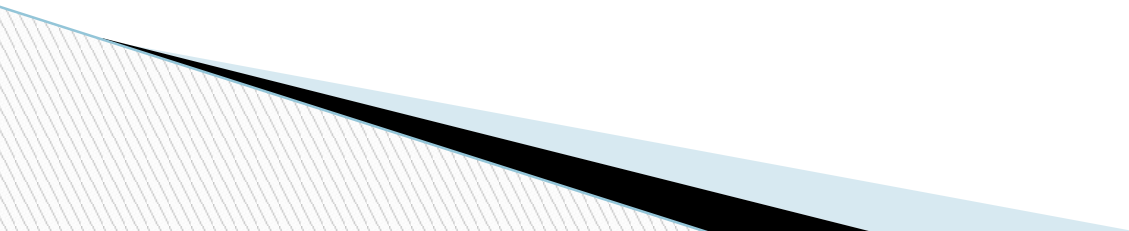
- 20 % of donator provide 80 % of income of a public organization. Educate the donors;
 - Donators give money not to organizations but to concrete persons;
 - Learn to thank the donator even if you didn't receive support;
 - Give it several hours per day;
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- Fund-raising needs practice. Only by means of accumulation of experience one can estimate ideas and projects;
 - the information on donators should be systematized correctly (cards, database, etc.);
 - the essence of a project must be adapted to quick changes;
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- After reception of financing touch with the donator must **not** be lost;
 - Donators must know only the **truth** about the NGO;
 - Work with funds should be correct and done **stage-by-stage.**
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Where does the money go?

Suggest possible costs that NGOs have.

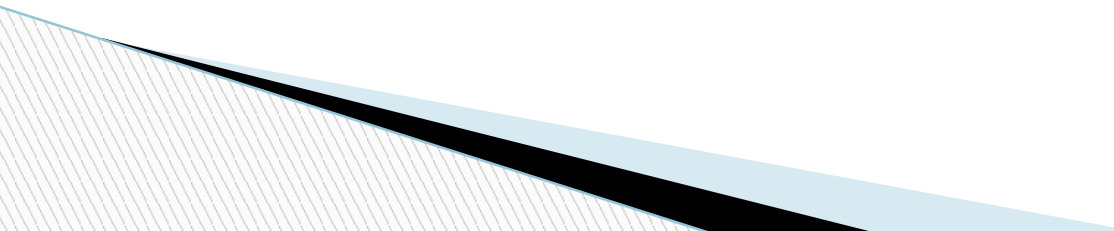


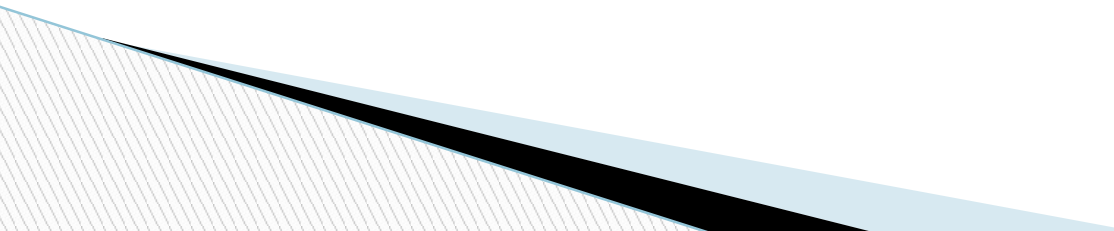
Overhead costs

- The World Association of NGOs: “**Ideally more than 80% should** be spent on programs (**less than 20% on overhead**)”.
- **The Global Fund** to Fight AIDS, Tuberculosis and Malaria has specific guidelines with overhead **less than 5-7%**.
- **the World Bank typically allows 10%**.

A high percentage of overhead to total expenditures can make it more difficult to generate funds.

Other budget costs

- ▣ **Contingency Amount:** the money set aside to cover any unforeseen expenses of the organization or the project. Any organization or a project can face certain costs. It is usually 10% of the total budget.
 - ▣ **Monitoring & Evaluation Costs:** costs proposed by NGOs for monitoring and evaluation of the project.
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- ❑ **R&D expenses:** R&D or Research and Development expenses are required to undertake **research, assessment and consultation** for the intervention.
 - ❑ **Start-up Costs:** launching a project or developing the organization. For new projects or **organizations**, activities such as office set-up, **staff** recruitment, orientation, pre-feasibility studies etc.
 - ❑ **Unit Cost:** is the cost of a single item or a unit. It could be per day cost of a staff member or a consultant or single cost of a computer machine.
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Critics

- the money provided by INGOs does not actually reach the neediest people;
- governments are corrupted;
- INGOs developed into highly politicized organizations with political aims;

Can you add to the list?

I am a realist))

- ▣ <https://www.youtube.com/watch?v=TUtSqQDCIVY>

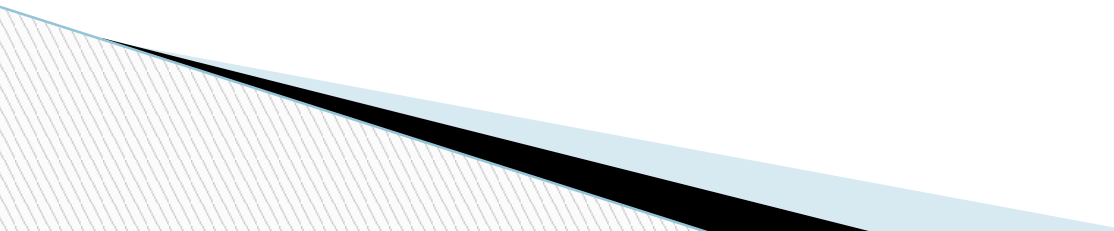
The Dangers of Foreign Funding

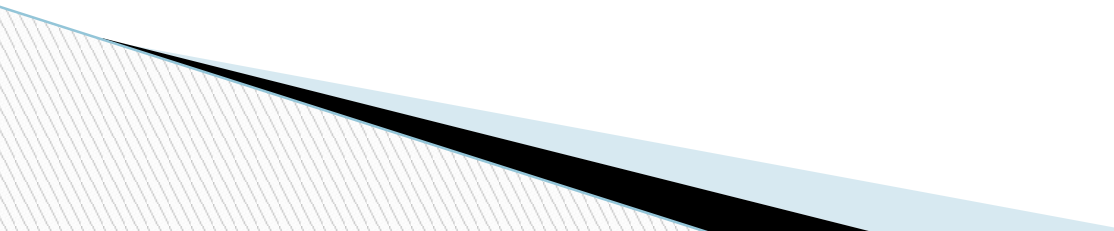
- One of the most controversial issues for governments.
- The governments introduce new policies to scan and restrict these funds.

WHY?



Reasons

1. Foreign aid is mostly determined by trade and international relations, so often the donors do not really consider the developmental factors while giving out funds to NGOs.
 2. For every dollar spent for developmental support, the developed countries ensure that at least 40% of it returns back through international volunteering and consultancy, which actually means only 60% of the total funds reach organizations.
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3. Foreign funding has been the source of corruption at the governmental and non-governmental level.
 4. Increasing presence of foreign-supported organizations fail to mobilize local support for their initiatives.
 5. Foreign support contradicts the self-reliance concepts. The more foreign assistance NGOs get, less dependent on themselves for sustaining their work they become.
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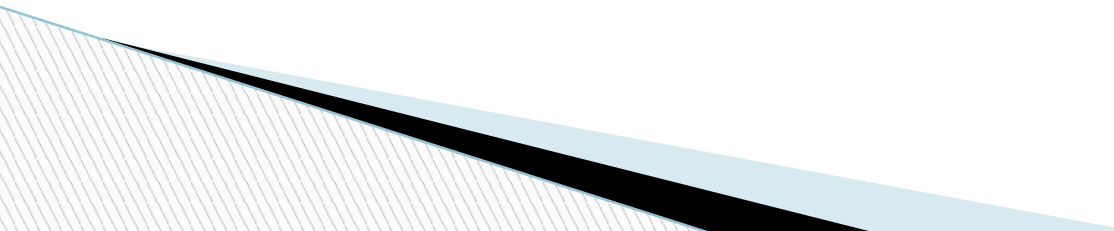
Building of cheap housing

Source of funds (mln.\$)	Cleveland	Indianapolis	St.Louis
State	72.1	20.7	38.8
Tax credit	20.4	1.8	5.0
Non profit sector (NGOs)	14.2	12.5	30.0
Commercial banks	2260.6	1043.8	766.3
Total	2367.3	1118.9	840.2

Staffing



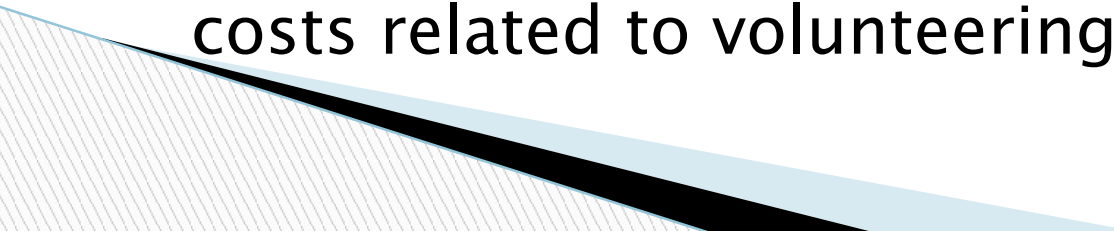
- ▣ in 1997 – 1998 leading force of volunteer movements are students: on holidays 600 000 students participated in projects in the US and abroad.
- ▣ 1200 urban and rural communities built and restored 5600 buildings,
- ▣ helped 32000 homeless in search of housing,
- ▣ prepared for school 500 000 children,
- ▣ immunized 64 000 children,
- ▣ From 1998 to 2001 the share of young volunteers has increased from 46 to 52%

- Few NGOs can offer huge salaries, or the stability of the civil service.
 - Motivation for NGO workers is in carrying out the social mission of the organization, self-realization, inspiring, creative, warm atmosphere, the opportunity to make what they believe in, to implement their projects and opportunities.
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Volunteers face difficulties

- Atmosphere of stress, guilt, helplessness, psychological and physical fatigue, possible conflicts with family and friends, lack of understanding from others, problems at work, etc.

and overcome difficulties

- Bonuses for work: moral and professional satisfaction from the project implementation; recognition and appreciation, the possibility of informal communication; the opportunity to learn and acquire new skills; letters of recommendation; the opportunity to participate in conferences, congresses; delegation of executive functions of the organization;
 - Career growth: the possibility of implementing more complex tasks; the opportunity to participate in decision-making; meeting with stars and famous people; prizes; compensation costs related to volunteering.
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1. paid staff, highly professionalized;
2. voluntary labor, less formalized;
3. international staff working in 'developing' countries;
4. local employees or volunteers;
5. expatriates;

Example:

- by the end of 1995, CONCERN worldwide, an international Northern NGO against poverty, employed 174 expatriates and just 5,000 national staff working in ten developing countries in Africa and Asia, and in Haiti.

Ineffectiveness caused by

- Corruption
- Not formalized by set principles, policies and organization procedures work. Often there is only the statute which is not enough.
- Inflation
- Entrepreneurship difficulties in some countries
- Taxes
- Wars

Explain the issues

