

Sustaining development oriented civil society organizations in the rural South: resource mobilization options, strategies, success factors and research issues.

Chris Wheatley¹

March 2002

Prepared for the Participatory Research Project, International Center for Tropical Agriculture, Cali, Colombia

Table of contents

1. Introduction	1
2. The problem	2
3. Resource mobilization framework	4
4. Types of development oriented civil society organization	5
5. Sources of funds/resources	10
6. Uses or application of resources	15
7. Resource mobilization mechanisms	18
8. Developing a strategy for resource mobilization	28
9. Success factors	30
10. Synthesis and lessons for rural CSOs in resource poor areas of the tropics	35
11. Discussion	37
References	41

1. Introduction

Development oriented organizations need a long-term perspective for the changes that they implement, support or facilitate. This is especially true for organizations active in rural areas, concerned with management of natural resources where impact is sought on long-term ecological processes, in addition to economic benefits that may be more amenable to short term actions. Civil society organizations CSOs² in the rural south are increasingly dependent on short-term donor finance (Edwards and Hulme, 1996), despite the fact that this is unlikely to be effective in supporting the long-term change they seek to achieve (Edwards, 1999). The largest amount of financial resources for southern NGOs is supplied directly by Northern NGOs (Holloway 2001), and also from northern governments, largely in the form of grants for short-term projects. The project format is ubiquitous, despite the evidence that such short-term efforts struggle to make a sustainable impact once the project funding terminates. Even the World Bank estimates that 50% of its projects face problems in continuing to generate benefits after the project itself ends (McGill, 1994). Both a longer time frame and attention to institutional development appear necessary to ensure sustainability of both the organization and the developmental impact it seeks to engender.

Alongside this disparity between long-term aims and short-term means, CSOs face a dynamic institutional environment. The relationship between state and the market is being redefined across the South, and the role of, and opportunities for, CSOs are increasing. NGO and community organizations are now filling roles that were once the remit of the state, especially in service delivery, and may also cooperate with the private sector to achieve economic goals. But

¹ P.O. Box 462, Nelson, New Zealand, tel: +64=3=5442597; c.wheatley@tasman.net

² The general term CSO is used to encompass both non-governmental and community/grassroots non-profit organizations.

both of these can result in a loss of independence and legitimacy, and even in the cooption of the CSO by other state or enterprise actors. CSOs need to rethink their relationship with both state and market. This has implications for funding and finance.

In the case of CSOs involved with natural resource management (NRM), this ecological concern needs to be linked to development of sustainable livelihood opportunities for the communities inhabiting these regions, if impact on NRM is to be achieved (Bebbington, 1996). Direct involvement in these economic opportunities can open up prospects for non-project based finance of CSOs. Such livelihood opportunities should not -indeed cannot (Bebbington, 1996, Reardon, 2000)- be purely agricultural: off farm income through added value processing and marketing of agricultural produce, and through a range of off-farm employment options, are also needed. Rural CSOs in the South have a specific requirement for long term finance that is compatible with the time frame for the impact they aim to achieve. The development of market oriented and sustainable livelihoods in these areas could provide a means to contribute towards both mission and organizational self-reliance.

This paper considers the options for CSOs in the South to develop a more sustainable source of financial and other resources than is currently provided through short-term donor funded projects. In the North, and especially in the USA, the term "non-profits" is used to refer to similar organizations involved in welfare and service delivery (Lewis, 1998). While NGOs are seen in the South as one type of actor amongst many (including the state, private sector and foreign donors etc), non-profits in the North are usually studied in relative isolation as a distinct sector. Two parallel but very separate literatures have developed that separate South and North, and which create a barrier to learning between the two. This paper uses relevant concepts, ideas and examples from both worlds in an attempt to bridge this gap in the area of organizational self-reliance, resource mobilization and self-finance.

2. The problem

NGOs as currently constituted and financed are not sustainable (Bebbington, 1997), nor desirable (Holloway 2001). The same could also be said of many community based or grassroots organizations, and hence of the entire CSO sector. Many such organizations are not representative of their local community, nor accountable to them, and consequently face a crisis of legitimacy. This can be exacerbated by a dependence on finance from the North. Resources are not value neutral. Such funds can hinder the consolidation of local support, increase political vulnerability and provide a highly visible contradiction to the message of self-reliance that many CSOs advocate to local communities and households (Holloway 2001). It can also make CSOs give a higher priority to the concerns of their Northern donors than those of their members, clients or beneficiaries, creating a "relational deficit" (Aldaba et al., 2000). In any case, financial support from the North is diminishing over time (Bebbington, 1997). CSOs are by default becoming more dependent on national funding sources in their home countries. But the past dependence on foreign funding sources has retarded the development of an indigenous citizen resource base (Holloway 2001). Domestic resources are available, but not adequately researched, understood, or developed. Such local support is essential for long-term organizational sustainability, and for the programmes they offer, but organizations often do not know how to access such resources.

Organizational theory leads to the resource dependency thesis: that the structure, behaviour and culture of CSOs is influenced by their dependency on a particular source of their resources i.e. with the type and composition of their revenue (Anheier et al., 1997). For example (Edwards and Hulme, 1996) NGOs dependent on official aid from governments or Northern NGOs are more likely to:

- Become service providers, even if this is not the best or most efficient option.
- Compromise their lobby and advocacy role
- Weaken their legitimacy
- Distort accountability away from local base
- Emphasise short term outputs over longer term outcomes (e.g. through use of logical framework) and favour hierarchical management structures

- Suffer reduced flexibility to respond to changing demands (the logframe straightjacket)
- Dedicate significant resources and time to needs of donors for accountability, control, M and E and reporting, rather than on understanding and meeting client needs, and resulting in a hierarchical organizational structure (Gibb and Adhikary, 2000).
- Reduce the time and space for reflection, especially if reduced to a contractual role
- Reduce scope for institutional development at grassroots level, which is a long-term process.
- Suffer from funding peaks and troughs in line with individual project funding timeframes, harming program continuity and human resource development within the organization.

In the extreme case, this can result in false CSOs established solely to access this type of funding for personal benefit (e.g. “briefcase NGOs” Maclean, 2001), and the cooption of organizations by donors and/or government agencies providing the funding, becoming simply a delivery arm for these agencies (Gibb and Adhikary, 2000), further eroding their legitimacy and credibility with local communities.

The relevance of this analysis is not restricted to CSOs operating in the agriculture/natural resource field. In the health sector, many community health programmes cease once the initial project-based finance ends (Bone and Shediach-Rizkallah, 1998). The long-term sustainability of these initiatives was found to be related to a number of internal and external factors, including the source (or sources) of funds that were required to progressively take over from the original project donor. In this case the state public health budget, local authorities and the community itself - through user fees- were all possible sources of funding. They recommend that the development of mechanisms to access or generate other resources after the initial donor funded project ceases, needs to be designed into the project itself from an early stage.

Current funding patterns for CSOs in the rural South are heavily dependent on foreign donors. This is not sustainable in the long term, and of itself creates a problem of legitimacy and accountability with rural communities. The solution to this situation needs to involve other sources of finance and resources that assist rather than hinder linkages between these organizations and communities they represent and attempt to assist (Bebbington, 1997). The question of organizational sustainability is thus related not only to the availability of financial and other resources, but to social relationships at the community level.

2.1. The case of CIALs in Latin America

The CIAL methodology for participatory agricultural research by smallholder farmers involves the development of a specific organizational entity, the Local Agricultural Research Committee (with the Spanish acronym of CIAL). CIALs are expanding across Latin America, with over 250 such groups active across Latin America by 1999 (Ashby et al. 2000). Major concentrations of CIALs are found in Andean region and Central America, especially Colombia (with 89 CIALs) and Honduras (57 CIALs). CIALs are linked to, and supported by, a wide range of research and development institutions, including public sector national agricultural research systems and local NGOs. The farmer members of CIALs are elected by their communities, and are responsible for designing, executing and analysing formal agricultural experiments based on field plots in their own farms. While many of the experiments are focused on testing of new crop varieties, more complex and longer-term topics are also being included in the research agendas of some CIALs, including natural resource management. Net benefits from the research activities of the CIALs are estimated at US\$5,320 per year (Ashby et al. 2000).

Experience in Colombia (Ashby et al 2000) suggests that four cycles of experimentation are required before a CIAL internalises the methodology, and after which time institutional support can be reduced. These establishment costs are estimated at \$830-1,250, with annual costs of US\$500 thereafter. The establishment time could be longer (and costs higher) in other countries (e.g. Honduras) where literacy rates are lower (Humphries et al, 2000). These costs have, to date, largely been funded through grants obtained from projects financed by donors, especially the Kellogg Foundation (through CIAT-IPRA) and IDRC (via the University of Guelph). This type of project-based donor funding is, by definition, temporary. Yet the CIALs themselves (and their second order Federations that have been developed in some areas), aspire to a more permanent

presence. Several CIAs in Cauca, Colombia, have become involved in micro-enterprises related to their activities, e.g. seed supply (Corfocial, 2000). In Honduras, CIAs have become involved in micro-credit schemes, collective production of crops for commercial markets, and community stores to generate funds. These activities with short-term benefits also serve to maintain farmer commitment to their (necessarily) longer-term agricultural research activities (Humphries et al., 2000). Building on such opportunities can help to increase social capital, as well as ensuring the economic sustainability of the local research capacity of these organizations (Humphries et al, 2000). However, this broadening of the scope of CIAs to include community development as well as agricultural research objectives raises questions as to the representativeness of the CIA members (elected according to their knowledge of agricultural technology) for this expanded remit, and the interactions with other community development institutions and processes. By default, CIAs appear to be embracing small-scale economic activities as a means to fund their core research activities as grant monies from donor-financed project decline. Long-term sustainability of the organizations has been seen as primarily an issue of short-term financial solvency, something that can be tackled by engaging in productive economic activities. Is there a risk that involvement in such profitable activities will detract time and effort from the CIAs research agenda? Are there other alternative or complementary strategies that can be pursued and which will contribute to the same goal of organizational sustainability? Is there more to this than financial solvency? Ultimately, the vision is for CIAs that are self-reliant and sustaining, able to perform their research function for the benefit of the wider community in which they are based, as well as contributing to the well-being of that community both economically and through enhanced local social capital.

3. Resource mobilization framework

Two recent books provide taxonomies of different resource mobilization options. Both Fowler (2000) and Holloway (2001) consider three broad options: self-generated resources, gaining access to resources generated by others, and non-financial resources. Within each of these categories, different mechanisms are presented and discussed. Fowler (2000) uses the criteria of vulnerability, sensitivity, criticality, consistency, autonomy and compatibility that organizations can use to assess each mechanism, when deciding their strategic resource mobilization priorities. In reviewing the wider literature on this topic, it became clear that there is considerable confusion and inter-relationship between (a) the sources of funding, (b) the uses to which the funds are put, (c) the specific mechanisms involved and (d) the resource mobilizations strategies that organizations develop, that prioritise among the diverse options in (a), (b) and (c). Additionally, each mechanism is relevant to a particular set of sources of funding (i.e. the different actors that use, or could potentially use, that mechanism) and also to the application that the funds will be used for by the organization concerned, since many mechanisms are tied to particular uses.

The sources of funding are the different actors and stakeholders in society, covering government, business and a wide range of civil society organizations (and individuals). The uses or applications of funds are the different types of activities that organizations undertake in order to fulfil their mission and objectives. Table 1 attempts to clarify and summarise the relationships between sources of funding (Section 5), their application (Section 6) and the different mechanisms that are available to link the two (Section 7). Resources that are not tied to a particular application are also highlighted, since these provide an organization with enhanced flexibility. The development of resource mobilization strategies by CSOs, that prioritise between the different potential mechanisms and sources, is the topic of Section 10.

Firstly, however, the different types of civil society organizations that are concerned with development are outlined (Section 4). A confusing array of organizations exists. Some are source of funds, some are development-oriented organizations that use funds, some are both. These include the usual NGO and community based organizations as well as more novel meso-level partnerships that are now emerging.

4. Types of development oriented civil society organization

“Civil society” is a term in vogue, relating to the third pillar of society, alongside the state and the private (for-profit) sector. During the last decade, civil society has emerged, or been explicitly recognised, as a major force for development. Whereas the organizational entities involved in the public and private sector are relatively few, and are well defined by legal statutes and regulations, civil society organizations are characterised by their diversity of form and structure. In this paper, we are concerned with a sub-set of such organizations that are relevant to sustainable development. Some common features of these organizations (Holloway 2001) are:

- They are driven by values to improve people’s lives and/or the environment: a clear public benefit is present
- They contain elements of voluntarism
- They have private and independent governance
- Their profits are not distributed (i.e. profits are possible, but are not used for private gain)
- They are accountable to their purpose/mission
- They are formally constituted by law and have an accepted identity in their local culture.

In order to fulfil these criteria, and meet their mission, they need to implement agreed programs of activities, include management functions, have access to and utilize financial and other resources, and commit to the long term sustainability required to reach their goals. They also need sufficient support from a range of different stakeholder groups, including local communities and those agencies that constitute and regulate their operating environment (Holloway 2001). The subsections that follow outline the relevant main types of civil society organizations, and their roles.

4.1. Membership benefiting organizations

Community based or grassroots organizations

These are organizations, both formal and informal, based within communities (defined geographically, socially, ethnically etc). They are formed for many purposes, cultural and religious as well as developmental. They are frequently self-organised (Mequanent, 1998), although external agencies may also be involved. They are especially important for sustainable development involving natural resources, since these rural communities own, rent, farm, exploit or otherwise manage such resources in their area. Development in rural areas involves the sustainable intensification of livelihoods (Bebbington, 1996). Community and farmer organizations have major role to play in this process through mediating improved rights over resources and access to markets, and managing development of new technologies (linking traditional and modern), especially in the light of the reduced role for the state in many countries.

Such organizations can be legitimately representative of rural people, but are not necessarily so (Mequanent, 1998). Membership may be open, or restricted to a certain type of local inhabitant (e.g. men or women, land owners, those with sufficient funds to cover membership dues). Such organizations may also be faith-based, catering to the adherents of one particular religion or sect. They may reflect, or even exacerbate, structural divisions within communities. Since the benefits from membership flow directly to members, such organizations may not necessarily enhance equity (Mequanent, 1998). These divisions may make participatory processes difficult to implement, and cause specific problems at critical points in the development process - especially allocation of financial resources (Lyons and Smuts, 1999). They may be corrupt, non-accountable to their members, and politicised (Bebbington, 1996). These organizations often have limited planning and organizational capacity.

These local organizations may be most suited to activities/projects that rely mainly on local resources with little external input, including those in the agricultural and conservation remit (Mequanent, 1998). It is important to match task and resource requirements with their organizational capacity, and to be aware of structural divisions within communities (landholdings, market access, resource endowments etc) to see how different groups will benefit from

interventions, and ensure that community organizations do indeed represent the poor (Takasaki, et al, 2001), since the benefits that are generated through this type of organization essentially flow through to their members.

Cooperative or association

These organizations are formal and legally constituted entities with a prime social purpose that this achieved through economic ends. All members have an equal stake in the organization, although benefits are related to the use each member makes of the services it provides. Such services are usually in the market arena (joint production, processing, marketing of products, procurement of inputs) or financial (savings and loans). Membership may go beyond a specific community, especially if the organization is successful. Some cooperatives have become major economic enterprises. For example Colanta is one of the largest dairy products enterprises in the country with a turnover of US\$200 million in 2000 (Colanta, 2002). By definition, profits are not distributed to shareholders, but are either re-invested in the business itself, used for defined social purposes in accord with the mission of the organization, or avoided altogether by pricing services to members at an appropriate (low) level. In 2000 the Colanta cooperative had a surplus (after reinvestments in the business) of approximately US\$7 million, which was used entirely for social and educational benefits and to finance a milk price support scheme, both directly benefiting members.

The success of cooperatives depends greatly on the quality of the services they offer to their members, the quality of management, and their ability to manage the difference in perspectives of members/owners (often local farmers) and managers (hired professionals). If successful in their economic activities, the cooperatives have an organizational structure in place to undertake activities in line with their social mission. However, in practice, pressures from members often force managers to pass benefits to directly members (through lower costs for services) rather than leave a profit for reinvestment in the business, or for social purposes. Nevertheless, cooperatives and associations represent a useful organizational form for combining economic activities (revenue generating) with social development.

Federations of community organizations, cooperatives etc.

In many countries, second level Federations of community level organizations, including cooperatives, have been formed. These are large enough to have influence on other stakeholders (e.g. the government, the private sector), to establish new programmes, negotiate improved market linkages, but are also local enough to be responsive to community needs (Bebbington, 1996). Federations involving farmer organizations can be a means for new technology and new market information to enter communities, and for this to be melded with traditional practice. A case in point here is CORFOCIAL, the Federation of Farmer Participatory research Committees in Colombia (Ashby et al 2000). Another example is the EL Ciebo cooperative, a Federation of 36 cocoa producing cooperatives in Bolivia, which is involved in processing, marketing and provision of technical assistance for cocoa production. This is essentially an economic organization that exports to the EU via fair trade channels. This has been consolidated thanks for additional donor funding for institutional capacity building, and through the provision of volunteer advisors. Another example cited by Bebbington (1996) is that of CORACA, a small farmer agricultural corporation in Bolivia. In this case, self-financing has been more problematic, since the economic activity is focused on lower value produce (potatoes, small ruminants) for national markets. However, profits from marketing are used to fund the cost of services and social programs for members as external funding declines over time.

4.2. Third party benefiting, intermediary organizations

NGO

Non-governmental organization is negative term, defining what the organization is not (i.e. neither government, nor profit-oriented) rather than what it is. NGOs are private, non-membership

organizations (Bebbington, 1997) acting essentially as intermediaries in development, staffed by professionals - who may or may not have ties to the community of interest - and existing to provide benefits to third parties (the poor, the disabled etc) either directly (e.g. through service and welfare delivery) or indirectly (e.g. through advocacy and policy development).

While the number and range of activities covered by NGOs has risen significantly over the last two decades, there is considerable debate over their sustainability, both of the organizational type itself, and of the impact it generates. This confusion could be due to the fact that NGOs are, perhaps, the only type of organization that seeks to work itself out of a job, i.e. if development is successful, the organization becomes unnecessary (Cameron, 2000).

NGOs operate in the space between grassroots civil society, government and the private sector/market (Cameron, 2000). They have traditionally been able to offer a range of alternative views of development from those of the public and private sectors, and have undertaken advocacy and implementation roles in this regard. Funding through foreign donors has allowed a certain independence from domestic pressures, but the decline in the resources available from this source is forcing a shift towards the market (NGOs becoming more like enterprises in generating their own resources) or the government (NGOs taking up contract based service delivery and consulting roles) in order to access resources from these actors (Bebbington, 1997). A third option, that of developing closer relationships with grassroots communities is also available (Bebbington 1997) as an alternative that can also result in generation of additional resources as well as assist in attaining organization goals.

NGOs should be embedded in their local society, flexible and entrepreneurial, managed tightly to make the most of limited resources. Larger organizations may be more difficult to finance through local resources, becoming less sustainable. Dangers exist that they can become remote from their clients/beneficiaries/local stakeholders, offering services of varied sub-standard quality. This has implications for scaling up (see Section 9). From a national level, it is difficult to offer standardised services through a patchwork quilt of local NGOs (Gibb and Adhikary, 2000). Finally, unless NGOs obtain a significant proportion of their resources from the local community they seek to benefit, there is usually a differentiation between clients and resource providers, which can be a source of conflict. It is easy for a business to be client oriented, since these customers provide the business with funds. But an NGO provides services to one set of stakeholders (the poor) using funds from other sources (government, donors). This makes flexibility and empathy with clients essential in NGO management. However, donors often require organizations to be highly structured, hierarchical and control oriented. This can erode legitimacy and be wasteful of scarce resources (Gibb and Adhikary, 2000), with the danger that the sustainability of the organization takes preference over the sustainability of outcomes.

4.3. Stakeholder benefiting

Two types of organizations common in the North are constituted around the idea of benefiting a wide range of stakeholders. Non-profits are to some extent similar to NGOs, in that they deliver services, often contracted by governments (e.g. health and education) to the benefit of different local stakeholders in the community and to the government itself (through greater efficiency, lower cost and/or better services than were formerly provided by the state itself). Social enterprises are engaged in economic activity in the marketplace, but are legally constituted so as to benefit a wider range of stakeholders than either privately owned enterprises (benefiting owners and managers) or cooperatives (benefiting members). Similar organizational forms are also found in the South, but less frequently than in the North.

Non-profit organizations for service delivery

This term covers a range of non-profit making entities that provide and deliver services to communities, for example schools and healthcare. Such organizations may be established as trusts and charities. They contract with the state to provide services to a given area/community, or charge fees for services, but are not profit making or distributing. Governance is commonly

through a board of trustees that represents a wide range of stakeholders including service users, the private sector, government-national and/or local- and employees/staff. In the North, many hospitals and schools that were formerly in the public sector have been transformed into non-profits. This facilitates the operation of a competitive market for such services, through a split between purchaser of services and the provider, i.e. non-profits may compete with each other and the private sector for contracts and clients/customers based on both price and service quality. Non-profits may also seek to benefit from individual and corporate philanthropy. They also benefit from favourable tax treatment (Gottry, 1999), something that may generate hostility from the private sector with which it competes. However, the rationale for non-profit status lies in production of public goods (e.g. services that for-profit sector cannot not deliver) and in quality assurance of services that the customer is not able to assess for himself e.g. medical care. They may also aim to generate employment, often favoring the disadvantaged that private sector neglects, and thus have to balance their social and economic missions. Services can be cross-subsidised (fee based for richer clients, free for the poor). Non-profits may undertake service delivery as an enterprise activity, in which case it may be structured as (a) an additional program of the existing entity, (b) as an independent entity with the board composed of non-profit organization staff/board members i.e. a subsidiary but with separate liability etc or (c) as a hybrid organization (Gottry, 1999).

Social enterprises

These entities are organizations that operate in the marketplace, producing and trading goods as viable businesses with the aim of making a profit, but with the proviso that the profit is applied to the developmental mission of the organization itself. It provides a means to generate public goods and benefits using the mechanisms of the marketplace, harnessing entrepreneurship, risk taking, identifying and developing opportunities, and using competition in the market (Fowler 2000). The economic activity that generates the profit may produce a public good in its own right, often social (local job creation, low income housing development) or environmental (recycling schemes), or both (Gosling, 2001). Alternatively, the economic activity may not produce any social benefits directly, but the profits can be used to cross-subsidise activities that do. The challenge is to achieve the best combination of for-profit and non-profit thinking (Fowler 2000) i.e. an optimal balance between areas of competition and cooperation.

Social enterprises are not cooperatives, since profits are deliberately sought and ownership is not membership based. They function as enterprises, but again ownership is vested in the people it aims to help rather than shareholders. In the UK, they operate as “companies limited by guarantee” or friendly/mutual societies. An example in the UK is the Furniture Resource Centre (Gosling, 2001; FRC, 2002) which has an explicit objective of job creation and to provide services to a neglected urban area. This is achieved through the operation of profitable environmental schemes that are also viable businesses. For example, old furniture is refurbished and sold at profit. By the late 1990s, the organization had a turnover to 7 million pounds and 120 staff.

In the South, examples can be found in Latin America. The Fundacion Social of Colombia is a long standing social enterprise that operates major commercial ventures (e.g. banking services, Colmena) and applies the profits to achieve its social objectives. Both Fundacion-MCCH (handicraft, food products etc) and Funorsal (rural cheese production and marketing) in Ecuador and Candela (rainforest nut products) in Peru combine social objectives with economic enterprise in rural areas, helping to capture added value and to build a new relationship between rural society and private enterprise (Bebbington 1997, Lazo and Ostertag, 1999, see also the referenced organizational websites).

4.4. Meso-Level: stakeholder networks and partnerships

Civil Society is increasingly organized at Meso (institutional) level around development in specific areas or communities. In many areas, different public and private sector actors have come together with community organizations and NGOs for this purpose. A variety of organizational

mechanisms have evolved for this: some involving the creation of formal entities, others forming looser networks of alliances and partnerships of existing organizations. This is more common in the North, especially in urban areas.

Community Development Corporations (CDC)

CDCs were first established some 20 years ago for the development and rejuvenation of decaying inner city areas in the US and Europe (e.g. San Francisco). These bring together city government, local businesses, community organizations, social enterprises (e.g. housing associations) and NGOs in an alliance for the organization of local infrastructure with a social production capacity (Robinson, 1996). CDCs have helped to make local government more responsive to community needs, to provide a means for democratic control over capital, and a means to generate funds for, and income from, activities such as social housing and small enterprise development.

This concept has more recently been developed for rural areas in the South. The "Corpos" model established through the Fundacion Carvajal in Colombia being a notable example, e.g. Corpoveralles in Versalles, Corpotunia in Tunia, Cauca. Corpoveralles and the associated Community Participation Committee, run community healthcare services, undertake participatory planning and advocacy at local level, provides credit and savings schemes (Corpoveralles, 2002). Corpotunia is heavily involved in fostering small rural enterprises. These are formal, legally constituted bodies able to receive donations, apply for a received project funds, to tender for public sector contracts, and to invest in local services and enterprises.

Community partnerships

These are a looser arrangement of different actors with an interest in sustainable development, or in specific components of this development, in particular communities or geographical areas (e.g. watersheds). These may range from partnerships/alliances with restricted membership, in which each organization has agreed roles and responsibilities towards achieving common goals and objectives (e.g. community health partnerships in Central America, Barrett, 1996), through to forums open to all, where issues can be discussed, and smaller partnerships, over varying timescales, between different combinations of members for different purposes can be negotiated and operationalized.

Several examples exist in the healthcare area, where community organizations collaborate voluntarily to improve health. This effort is cross-sectorial since it deals with the causes of ill-health, such as poverty. It includes both private and public sectors, and thus covers multiple stakeholders beyond grassroots, community organizations themselves. The arrangement is voluntary, with no legal authority. However, in practice, such arrangements have been complicated by difficult governance and management issues. Obtaining and maintaining consensus is vital: development of an initial shared vision helps. Conflict management is important. Demonstration of clear benefits of collaboration has been vital to their continued success. Social control mechanisms have been useful in making these work. Experience to date shows that local community actors give more weight to the process that is used, while outsiders focus on tasks and results. It is critical for the long term sustainability of the partnerships that the issue being addressed is seen as important by the local stakeholders, and that locally generated funds are available: complete reliance on external funds has proved counterproductive. (Barrett, 1996; Bone and Shediak-Rizkallah, 1998)

One such type of arrangement is a forum - an umbrella organization for debate and discussion and within which ad-hoc alliances and partnerships can be created, strategies develop and action plans implemented. Forums can serve to raise issues for policy makers. Experience show that they need to include all stakeholders or they can be manipulated by small groups/sectors and lose legitimacy. Capture by local elites is possible (Scott, 1998).

Religious organizations

Religious organizations are an interesting subset of civil society. While operating at local level, and concerned with the social, economic and physical health of the community as well as spiritual wellbeing, they also operate at meso level beyond the community, through their national and even international hierarchies. Thus, social enterprises in which the church in Ecuador played a leading role in establishing (e.g. MCCH) benefited from commercial contacts facilitated through church networks in major cities and even in export markets (Italy). Religious organizations can also have a strong role in ensuring that values and ethics of commercial operations remain true to the social mission of such enterprises. In several cases, local religious leaders have taken roles as champions.

5. Sources of funds/resources

Resources can be either financial or in kind. Each actor has the capability to provide either or both. Institutional sustainability is not primarily a question of money, but of matching resources (of all types and sources) with tasks/activities and outputs that contribute towards fulfilling the institutional mission. Organizations tend to equate resources with money, but in fact non-financial resources can contribute significantly to institutional sustainability in two ways:

- by reducing the amount of finance required for a specific task, and also
- by strengthening the recipient organization's links and involvement with the entity that provides the in-kind resources i.e. it builds the social capital between institutions by more than occurs through the transfer of dollars between bank accounts.

The two principal choices for an organization that requires additional resources are to generate them internally (often called self-generation or self-finance) or to access them externally. There are a variety of mechanisms for each option, from the range of actors in civil society, the public sector and private enterprises. Almost by definition, internally generated resources are free to be used as thought fit by the organization that generated them, while funds from external sources are more likely to be tied to a specific application, and thus are more liable to reduce the autonomy of the organization. The conundrum is that self-generated income usually requires an investment of (externally provided) funds to establish the internal income stream. External funds that are tied to specific activities are difficult to apply in this manner, unless specifically provided for that purpose (see below).

5.1. Civil society actors

Local community

Actors in the local community include individual or family/household members of grassroots community organizations, all other households in the geographical area and local small businesses owned and managed by community members. The community will also include local representatives of public sector authorities, services (e.g. hospital, schools) and agencies in that area, and of larger private sector businesses, religious organizations etc. The community is the target of development by outsiders, as well as an organizing unit for internal processes.

Local communities have a wide range of assets and resources, both financial and non-financial in nature, that they can bring to bear on developmental issues and tasks. Fowler (2000) gives a breakdown of these resources, which can be categorised in economic, social or ecological, and which can impact on human well being, organizations and empowerment. Non-financial resources are especially important in poor rural areas. These include the physical and communications and utilities infrastructure, natural resources, education and health services, local skills, expertise, leadership and organizations, and rules and behavioural norms, including such areas as management of common property rights and participation in local government. These local non-financial resources are often undervalued (since they may be difficult to quantify in monetary terms), but may be essential to the success of the development process. There is considerable potential to replace much of the inputs that are commonly provided by external donors with those that are locally provided.

In addition, externally funded projects may tend neglect the ongoing local costs of sustaining a common good: while donors may provide for the capital costs of new infrastructure or equipment, the installation/construction costs, and ongoing operational, maintenance, information and coordination costs need to be factored in as well. There is potential for these to be covered using local resources.

Local resources are very difficult for outsiders to access, and need to be mobilized internally (Holloway 2001). Success in obtaining access to resources from the local community could be a useful indicator of the perceived relevance and importance of the development initiative proposed to that community. It also empowers the local community to take more control over development process itself. Organizations undertaking activities seen as important by the community have potential to charge membership fees, to earn income from natural resources, to obtain voluntary donations locally (cash and kind), and to lobby for resources from outside. Such organizations will also have low cost overheads, and can federate with other similar organizations to increase their power in the political and market arenas.

Non-profit, sub-sectorial organizations

Within the agricultural sector, many commodity specific or sub-sectorial organizations exist, often as non-profit associations of producers, which undertake to develop the sub-sector on behalf of members. ASHOFRUCOL in Colombia is an example that groups and represents fruit and horticultural production sector. Through Colombian law, a levy is raised on all fruit and horticultural products passing through wholesale markets and supermarkets, and this is paid directly to ASHOFRUCOL, which in turn uses the funds so generated to contract R and D services from a range of providers, in line with demands from producers themselves. Such arrangements are increasingly common mechanisms for financing R and D from a range of providers in developed countries as well: dairy, wool and beef producer associations in New Zealand contract R and D - and marketing campaigns - using funds provided through export levies. Trade Associations and Chambers of commerce are similar organizations, although frequently with an urban bias.

Domestic civil society

Beyond the local community, individuals and other organizations that are interested in, or attracted by, the mission and goals of development organizations can be sources of funds, through philanthropic gifting. National (indigenous) foundations and other bodies can be accessed for project funds as well as philanthropic donations. Religious networks are another possible source which can provide access to funds from civil society in other countries. Professional staff of NGOs and community organizations often work for salaries below market rates in the private sector, in return for the value they derive from a close association with the mission and core values of the organization. This non-financial contribution of many individuals is often undervalued.

Indigenous foundations

Indigenous Foundations and public trusts are increasingly common across the South. Similar to Foundations in the North, they may have specific interests related to the person, family, business or other organization that was responsible for initiating the Foundation. This may include a particular geographical area or community. Directories of Foundations exist in many countries which can be used to identify potential sources of funds for a particular organization or cause. In Colombia, the Carvajal Foundation is a key example, with interests in rural and small business development.

Individuals:

Individuals can be accessed for funds through philanthropic programs that require considerable effort to organise and implement. Volunteer time is essential for these to be cost effective. Feedback to donors is needed to sustain their interest, and encourage repeat donations. (Holloway 2001). This approach needs prior investment of resources, financial and non-financial.

However, having many supporters gives stability to the organization, and funds that result are not tied to any particular use, and are thus very valuable. No proposals are needed, there are no complicated reporting standards and the organization is made accountable to a larger constituency. This avenue for fundraising is likely to most successful if the national economy is doing well, if the culture favors gifting, and if the organization requesting the funds has credibility. Individuals can also be valuable non-financial resources, through volunteer time input, especially if specialist expertise can be made available this way. In Pakistan, for example, it is reported that 58% of the adult population volunteer some time to needy individuals or worthy causes (Gerhart, 2000).

Social investment funds/organizations

Social investment funds are established specifically to lend money to organizations with an economic orientation (i.e. that can repay the loans) and a social mission. Individual investors in these funds are willing to accept a below market return on investment in return for the social development that results from it. While common in the USA and EU, these funds also exist in the South. A coordinating body for South is INAISE (the International Association of Investors in the Social Economy) based in Belgium, while FOLADE is active in Latin America. The funds are used for such activities as finance of low income housing, providing venture capital for small enterprises, insurance for the poor, marketing bridging loans, and providing loan guarantees.

Migrants

Many countries in the South have a significant proportion of the population working in other countries where better economic opportunities exist (e.g. Philippines, Mexico). Internal migration to urban areas within the home country also occurs as a general development phenomenon. Remittances can be major source of foreign exchange for the home country, and potentially of financial resources for local communities. Mechanisms exist to channel funds back to specific communities of origin, e.g. through location based migrant associations, as well as directly to family members. In Zacatecas, northern Mexico state, federal and local authorities operate a scheme that provides three dollars for every dollar contributed by migrants' associations for local investment projects. In 2000, Zacatecano groups in the United States invested US\$6million in new roads, schools, churches, water systems and parks. Guanajuato, a state in central Mexico, encourages migrants' associations to invest in small clothing factories at home and covers some of the start-up costs (Economist 21-2-2001).

5.2. Government

Over the last two decades, governments have progressively delivered less, while focusing more on polices and regulations. This opens a space for other actors, including the range of civil society organizations outlined above, to play a role in service delivery. Governments are increasingly contracting out services that they formerly delivered directly through ministries or state agencies. The associated trend for decentralization is giving local governments more authority and freedom to contract with local organizations for services specific to their area of authority.

Rural communities often look to the agriculture ministry for government support. However, under structural adjustment policies, the agriculture ministry in many countries is being severely downsized: agriculture sector plans do not offer much scope for additional funding (Foster et al., 2001), rather a withdrawal from services and a focus on policy. Other government ministries can be approached e.g. for physical infrastructure investment (roads to improve market access) or the environment ministry. The heterogeneous nature of rural areas and of agriculture is well suited to decentralised policy and investment decisions.

As the state delivers less, and civil society organizations take on larger roles the relationship between governments and civil society organizations - especially NGOs- is becoming increasingly important, and in some countries problematic (Holloway, 2001). Many governments have

traditionally regarded NGOs as subversive and have fettered them with regulations, or restricted their role to one of charity. They can also be seen as competitors for overseas aid. Governments are often critical of NGO lack of accountability, but do see them as supplemental implementers of certain programs. In return, CSOs see their strength in their alternative view of development, their different way of working from the state sector, and that they need to freedom to work with the parts of the government that they consider most apposite, especially bearing in mind the resource dependency thesis that cautions over-reliance on government as a major source of funds (Anheier et al., 1997). The government and CSOs may lack understanding of each others goals, mutual trust, communicate poorly and have very different ways of working (top-down vs. bottom up). They need to improve understating of each others strengths and weaknesses. (Holloway 2001).

Although the state sector is increasingly tendering services out to third parties, winning these contracts can be involve dedicating significant time and resources with no certainty of success, requires skills the organizations may not have in house. The process may be subject to political pressures and can be bureaucratic, inefficient and more trouble than it is worth (Gerhart, 2000). Payment may be late, causing cash flow problems. Design faults are often non-negotiable (Holloway 2001). However, positive experiences exist - in Brazil, specific local government tendering programs favoring local businesses generated employment and income for rural communities (Tendler and Alves, 1996).

In addition to financial resources, governments can provide non-financial resources through donation of land and idle infrastructure to a particular development activity, with the proviso that donated resources are often not valued or appreciated by recipients. Staff time can also be provided.

Another source of government funds that CSOs can access with assistance from others, is through debt conversion. This involves a third party, often a Northern NGO or government) buying Southern government debt at a discount in return for the Southern government applying the funds so liberated to a development related purpose, which could involve a CSO. This operation is complex and drawn out, but can encompass large amounts of money.

5.3. Private sector businesses

The private sector here is defined as the larger scale corporate enterprises that operate in the country of the community under discussion. Small-scale, informal and local enterprises in rural areas are considered as part of civil society for the purposes of this analysis (especially since they are often single household enterprises, similar to farming).

There are many reasons why businesses are interested in providing funds to CSOs for development purposes (Holloway 2001):

- For public relations, gaining a reputation as good citizens, increasing name recognition, and involving the firm in solving a major social problem.
- To be associated with a specific cause to enhance the firm's overall image, or to focus public attention on a particular product or service (especially if this links to a firm's strategic area of business e.g. seed and fertilizer companies involved in support for rural development)
- Because of the interests of senior management staff
- Because they are asked, with good reasons
- Because they value a good reputation with their staff
- To access tax benefits

The private sector can be a direct partner of CSOs in an enterprise related activity (see section 7.2) and/or a source of philanthropic donations directly, or through corporate foundations specifically established for this purpose. These often have a focus on a specific cause or location/community. These may also provide tied funds for specific projects. Firms can also provide support through positive policies that link community organizations and households (farmers, cooperatives) to their supply chains, providing access to markets for more remote or disadvantaged communities. Non-financial resources from the firms can also be provided, along

side or separately from such support, e.g. staff time and expertise through volunteering and secondment to undertake training, mentoring, advisory roles etc. this can be especially useful in enterprise related activities of CSOs, and in support functions such as accounting and financial management.

The time input of staff can be especially valuable if the staff are also members of the local community involved. Business can also run donation-matching programs for such local communities. Medium and small local businesses have huge potential to support local causes. They understand local needs, have access to local financial and non financial resources (Holloway 2001).

Corporate leaders are generally willing to pay their part in social development, but may lack experience in investing time and resources in CSOs. (Holloway 2001). In Pakistan, one survey reported that 93% of companies were involved in social development and philanthropy in some form, but often worked with target groups directly, not thru CSOs. Personal relationships were important in deciding whether and to whom to make donations (Gerhart, 2000).

Financial institutions

Commercial bank loans can be source of funds for social enterprises that are established for the purposes of generating an income for the community organization. Since such enterprises must be viable, the preparation of business plans and their presentation to commercial banks may be useful even if external loan finance is not required: if project is not eligible for a loan, it may not be a viable business proposition. The bank may suggest modifications to enhance viability (providing a free business development service, in effect).

5.4. International donors

International development oriented foundations, Northern NGOs and government agencies are all used as the major source of finance by many Southern NGOs and community organizations. The preparation, submission and eventual implementation of proposals for specific short-term project has become then modus operandi for many organizations. As discussed in section 2, this reliance on short-term funds does not contribute to organizational sustainability, and can make organizations “supply driven” i.e. more concerned with the needs of the donor than with their local clients/beneficiaries/members, thus losing local support and legitimacy. This situation provides much of the rationale for seeking to diversify the sources and types of resources that flow into an organization. Some donors are aware of this, and will provide funds for institutional development, for developing a strategy for long-term sustainability, for establishment of reserve funds, in addition to the usual short-term projects.

Donors can provide more than money: e.g. if a organization in the south starts an export oriented enterprise, the donor can assist with market development (contacts), business training, and technical assistance.

5.5. Funds self-generated internally

There are essentially three ways to generate (financial) funds internally within a non-profit distributing civil society organization:

- to operate an enterprise within or associated with the organization that produces an excess of income over expenses (profit)
- to deliver a service that generates an income in excess of the costs of providing that service,
- to establish a reserve or endowment fund that provides a sustainable income stream (taking inflation into account) from the capital invested.

The other activities of NGOs and community organizations utilise, but do not generate, resources. The first option is not a contradiction with an organization’s non-profit status: the key issue is that they are non-profit distributing, not non-profit making. Whereas a for-profit enterprise distributes profits to shareholder owners, a non-profit enterprise must re-invest those profits in accordance

with its mission and goals. This distinction is not always clear in legal codes, but is the essence of the logic behind income generation through production and trading enterprises that many NGOs and community organizations operate.

Self-generated funds are valuable, since they can be used for any purpose agreed by the management and board and consistent with the organizational mission. They can be used to finance, or cross-subsidize, other loss making services, to support core staff and processes in the gaps between short-term projects, or to reinvest in the profit-making or income generating enterprises themselves (or into the reserve fund), resulting in increased future profits and income.

Having a high degree of self-generated income brings both advantages and disadvantages caused by the buffer this provides between the organization and its stakeholders, especially as regards:

- Independence and autonomy from the pressures of donors, whether international, public or private sector. The ability to become less dependent on international donors may be one reason why funds for organizational sustainability from these sources remain limited.
- Less reliance on the local community for resources, hence potentially less responsive to their needs as these change over time.

In any case, organizations are highly unlikely to become totally self-reliant due to income from enterprises and services, except for cooperatives and farmer associations constituted specifically for such market-oriented purposes.

CSOs embarking on income generation activities need to consider that this may create some political suspicion, for example in the case of FES in Colombia, which was stripped of all income commercial and banking activities by the government in 1999 (Fowler 2000). It can also affect the public image of the organization, tending to emphasise the commercial activities over the social mission, and create division between the staff involved in the different types of activities, even resulting in two different cultures within one organization.

6. Uses or application of resources

This section considers the different ways that CSOs can use resources, both financial and non-financial. Special emphasis is given to those three uses identified in the previous section as potentially useful for income generation purposes.

6.1. Enterprise

For CSOs that are based in, or work with, rural communities, the enterprise activities with which they are usually involved tend to be

- established around the primary natural resources of the area: e.g. agriculture, forestry, fisheries, minerals, and water, and
- include the production of value-added products based on them (e.g. processed foods, textiles, ceramics), and
- involve the local community in their production and/or marketing.

The enterprise thus fulfils two roles: it provides profit and income to the organization itself, but also contributes to the overall mission of the organization through providing employment, diversifying and improving local livelihoods etc. Such enterprises can also contribute to environmental objectives as well as economic and social ones (CIAT, 1999). Since profits are not distributed to individual owners, but retained and invested by the organization for social benefits, these can be classified as social enterprises, even though they may be organizationally structured as a component of a grassroots organization or NGO.

It is also possible to establish and operate an enterprise that is unrelated to the mission of the organization, i.e. an activity that is undertaken purely for the profit that it produces (i.e. resources which can be used for mission-related purposes). This option runs the risk of diverting managerial or other human resources away from the mission itself, both if the enterprise runs into problems

that need attention (Fowler 2000) or if it is very successful and grows fast, or is a complex business in itself. Also, it should not compromise the mission of the organization (e.g. a CSO promoting low-external input agriculture would be unwise to generate profits selling pesticides to local farmers).

With both types of enterprise, the option exists to spin them off as independent, private sector or social enterprises once they are well established. The original organization can retain a shareholding or other stake in the business, and a proportionate percentage of the income stream that it generates, while divesting itself of managerial responsibility. If undertaken systematically, this becomes a “social enterprise incubation strategy” for the CSO.

Factors to bear in mind when considering the establishment of an enterprise activity, in addition to normal commercial investment criteria are:

- The potential this creates to divert energies away from the organizational mission, especially as regards management time.
- The potential to damage the reputation of the organization, if the public perceive it as increasingly commercially oriented (Holloway 2001)
- The potential to generate local employment, improve livelihoods, environment etc
- The level of capital investment needed, the sources available and the implications this could have for the CSO
- The fit with current expertise of the organization
- The potential created for learning, for making new linkages (perhaps with additional resource mobilization value) and for institutional development.
- In enterprises that involve several actors (e.g. joint ventures) decisions will take longer (Bennett, 1998)
- Mistrust between different actors (NGOs, government, private sector) can create problems (Bennett, 1998)
- Tax issues: will the enterprise activity incur tax liability or not. This depends on the country-specific regulatory regime: some countries tax all profits generated by CSOs, others tax only those profits not used for mission related activities, while another option is to tax only those profits that are derived from mission-unrelated activities (Davis, 1997).

6.2. Service provision

NGOs and community based organizations can provide a wide range of services to rural communities, including support services for agricultural production and marketing as well as health, credit and education. Traditionally, many services were free to users, being paid for by donors or governments directly to suppliers (NGOs etc). Thus, much training and extension activities were without cost to the user. With the reduced role of the state and drying up of donor-funded projects, many services are now provided under a range of financing arrangements with users frequently covering a proportion, if not all, of the cost of providing the service. Such services are less dependent on external sources of finance, and thus more sustainable, if no longer free to users. Quality improves, but universal coverage is unlikely (it was rarely achieved anyway). A review of twenty community health clinics in Latin America found that user fees were introduced to cover costs when external project support ended, and that this resulted in a reduced volume of business and a change in user profile over time. Financial services (micro-credit) have successfully made the transition from supply to demand driven orientation, and have become more sustainable and with wider impact as a result (Holloway 2001). Micro-credit services cover the cost of providing and administering the service through the interest charged on the loans taken out. Administration costs and default rates are reduced by using social control mechanisms at local level (a non-financial, social capital input from the community that reduces service costs).

In the small enterprise development field, many business development services are currently being reoriented towards a more demand driven scenario, using the success of micro-credit as an example. A range of novel services (or services offered only in the informal sector) for which willingness to pay exists have been found, and are under development by CSOs. Key to success

here has been the creation of markets for services, avoiding the development of local monopolies. This has also been the case in the health care sector, where markets for basic services have been created through a split between purchaser and provider e.g. hospitals become independent trusts that bid for contracts to provide services to health ministries or other funding agencies. They can compete with each other, but this needs competent regulation. Experience in Africa (Uganda, Stefanini, 1997) with markets for services found problems, since excess capacity does not exist, and customer information is less than perfect. Any price reductions are offset by service duplication and non-price competition costs. However, the purchaser provider split, quality control and patient choice advantages are valuable.

R and D services

Services for research and development in the areas of natural resources and agriculture are a key area of interest for many organizations. The traditional extension service, which often suffered from patchy coverage and insufficient, poorly paid staff using inappropriate methods, has been transformed through state retrenchment and decentralization in a patchwork quilt of local arrangements with periodic and frequently changing government policy, regulatory and financing regimes. A plethora of different actors are now involved in many countries, including NGOs, farmer organizations (e.g. field schools for IPM), local governments, and private consulting firms, at times alongside the remnants of old extension services. Financial support may be through user-pays fees (private consultants, focusing mainly on more commercial agricultural sector using modern technology), donor funded projects (farmers field schools) or contracts from the state (NGOs).

Kidd et al. (2000) have identified four basic alternatives for provision of this type of service, based on whether the source of funds is from the private sector or not, and whether the agency providing the service is public sector or not. Van den Ban (2000) also identified various options, which fit into these four categories:

- Free publicly provided extension service, which the state also finances through taxation or from levies on produce
- Public provision, but financed in whole or part through cost recovery (user fees)
- Private provision (by consultants, NGOs, farmer and community organizations etc), but subsidized in whole or part by the government through contracts, vouchers etc
- Privately provided (as above), and financed by
 - user fees
 - private enterprises for PR purposes,
 - firms in a supply chain relationship with producers (input providers, purchasers of produce) with costs covered through marketing margins
 - philanthropic donations.

These translate into range of different income generation options for community organizations/NGOs (see Section 7).

Public sector agricultural research services have also suffered from budgetary pressures that force them into a focus on commercial crops that offer potential for income generation from proprietary varieties and other technologies. Research aimed at resource poor farmers, their crops and ecosystems, is likely to be funded through short-term projects, a mechanism inherently unsuited to long term programmatic efforts at improving these complex systems (Beynon, 1996). Recent innovations here include the establishment of farmer research committees at local level (CIALs) to investigate priority concerns, in interaction with outside experts and technologies. To date, such local research systems have been financed through donor-funded projects, but incipient small enterprises are emerging (see section 2.1).

6.3. Welfare and disaster relief

Even mature NGO interventions have some welfare element (Buckland, 2001) for which it is inappropriate to seek cost-recovery or apply income generation mechanisms. A continuum exists from organizations that are welfare dominant (e.g. specializing in disaster relief work) to those

that are self-reliance dominant, using different income generation mechanisms. Tendler (1982) showed that as income generation increased, the poorest of the poor tend to be dropped as participants, since participants must have some assets to build on e.g. land, skills. Welfare and relief thus necessarily involve an input of funds, either externally provided or internally generated. Non-financial resources (volunteer time input) are also important.

6.4. Reserve or Endowment fund

This consists of a capital sum invested so as to produce a sustainable, inflation adjusted, stream of income for the organization. Such funds can be accumulated through individual donations and legacies, through allocation of project overheads, from a percentage of the income generated by enterprises and services, or through specific grants made for such a purpose from donors, corporations or the state (Holloway 2001). The development of a sizeable endowment fund whose income covers a major proportion of the costs of the organization reduces the need for an organization to maintain close relations with its stakeholders, including the local community. It thus carries dangers as well as benefits (Fowler 2000). A donor considering supporting the establishment of such a fund needs to have confidence in long-term mission and management of the recipient organization. The organization itself needs good financial management skills, and a supportive legal environment. Endowments are expensive to establish (Fowler 2000). Perhaps the best option is to aim to cover essential core administration and staff costs with reserve fund income, but not programme activities. CDRA in S Africa (Fowler 2000) uses reserve funds to cover the costs of staff reflection time that is unrelated to specific projects.

6.5. Other CSO activities

These include:

- Advocacy and lobby: influencing policy makers on issues related to the organizational mission. Some policy input can be made through consulting directly to governments of donors, but lobby is inherently an activity that requires independence from, but reasonable relations with, the actors involved.
- Core administration and management
- Governance
- Capacity building and institutional development (M and E, reflection and learning)
- Resource mobilization itself, i.e. activities directly related to generation of additional resources for the organization. This could include project proposal development, bid tendering, management of individual and corporate gifting programs etc.

Institutional development is an important organizational process that is frequently neglected, and is difficult to fund through donor-funded projects, although some capacity building elements can be built in. It makes organizations more effective in supporting long-term change, through improving organizational structure, management systems, financial and personnel management, staff training, influence government regulations and the legal framework, and develop inter-institutional relationships and sub-sector structures. (McGill, 1994). It is an iterative, learning process that takes time, and is discussed further in Section 9.

Monitoring and evaluation activities are important to external donors for accountability purposes, but are resource intensive (Gibb and Adhikary, 2000). They consume significant amounts of time and resources if an organization is forced into a 'traditional' input-output performance measurement framework to evaluate efficiency and effectiveness (Buckmaster, 1999). Many goals are non-monetary, intangible, long-term, qualitative, and altruistic (e.g. quality of life) that traditional performance measurement is unsuited to capture.

7. Resource mobilization mechanisms

7.1. Local investment in enterprise activities

Establishment of enterprise activities by a CSO provides an opportunity to mobilise financial resources from a wide range of different actors interested in investing in the enterprise for social and/or economic reasons. The profits generated through this investment provide the incentive for third party investment, but also the means by which the CSO itself can generate funds for mission related activities of their own. Such enterprises need to accommodate the different perspectives and motives of the actors involved, and this is achieved through using an appropriate organizational and legal structure: e.g. social enterprises (governed by a group of stakeholders), cooperatives (governed by members), or even as for-profit companies (with CSOs as major shareholders). The enterprises can be structured as internal units of the “mother” CSO itself, or as separate legal entities. This latter option lends itself to situations where the CSO joins with other local actors in the ownership and/or management of the enterprise.

While a CSO can establish an enterprise itself (100% owned subsidiary or unit), the necessary investment capital may be beyond the means of the organization alone. Obtaining the participation of other local actors in the investment opportunity that the CSO is creating is a means to overcome this barrier. Additional partners can also provide access to other non-financial resources (e.g. production inputs, commercial expertise) that the CSO itself may lack. Potential sources of investment funds are other grassroots community and NGO organizations, local government bodies and their agencies, local small business and individuals. The ownership of shares or other voting rights will determine the nature of the relationship with the other local actors. It is important that the appropriate balance of economic and social objectives is agreed by all parties beforehand, since the potential undoubtedly exists for a clash between NGO/CSO culture and the enterprise/commercial ethos (Holloway 2001).

For an NGO, involving the local community as a partner opens opportunities for strengthening the relationship between the two, and for risk-sharing, since the NGO has a stake in the success of a community based enterprise.

It is possible to attract business people to an organization with a social mission that pays compensation at below market rates, and for which profit-sharing is an inappropriate reward mechanism, if the mission is attractive of itself (an altruism-discount). CSOs will probably lack the business skills needed to operate successful enterprise activities, as well as capital to invest in them. There is also the potential diversion of energies, resources and management time away from mission related activities while the enterprise is in establishment phase (Aldaba et al., 2000).

CSOs with missions related to poverty and the environment in rural areas, have a wide range of enterprise options that are relevant to their mission, although they should also be aware of potential conflicts between income generation and the environment: obviously CSOs need to select their enterprise activities so that both aspects of their mission can be furthered, or at least seek enterprises that are environmentally neutral. Enterprise possibilities are:

- Sustainable production, harvesting, storage, grading/selection, added value processing - both primary and secondary-, packaging, and marketing of agricultural, forest and marine resources, (including normal and organic/ethical/fair trade market niches), for food and non-food uses.
- Manufacture and marketing of textiles, ceramics, handicrafts and other craft-based, small-scale industries
- Supply of seed and other agricultural inputs
- Publishing business based on the area of expertise of the CSO
- Eco- and agro- tourism, including accommodation and catering services
- Development services for other CSOs, including travel agency for study tours (Tanburn 1999), charging for project site visits,
- Enterprises based around service provision (training, technology access, information and communications, etc) see Section 7.3.
- Low income housing development (as for CDCs, Robinson, 1996).
- Healthcare products e.g. anti-malaria bednets
- Promotional product sales (mugs, caps with organizational logos,
-

Many options for enterprises that are unrelated to the organizational mission exist, but should be entered into only after careful consideration. The most common are property rental and public transport. Mechanisms that reduce the risk inherent in enterprise operation are valuable. Partnerships with the local community, with the private sector (see next section) and with government are possible. Collaboration between civil society, government and the market is possible through public-private partnerships (Bennett, 1998), which allow risk sharing via joint ventures, build-operate-transfer schemes, or management contracts for state owned enterprises/service agencies.

Some innovative examples of enterprise activities with social and environmental benefits are:

- Farmer field schools in Uganda and Zambia have started commercial production plots, and use the income generated from this to fund the services provided by their field school facilitator and also to make further investments in other local income generating activities. This commercial operation is financed through an initial grant or loan from the donor, and requires the communities themselves to contribute land and labor. This arrangement puts the community in control of paying the facilitator (rather than the field school project), and is thus a switch away from a supply driven to a user pays approach. Poor facilitators can be fired easily. A graduation of field school groups from grants to loans increases the sustainability of the program, and allows for growth in the number of field school groups over time, as funds are repaid (Gallagher, 2002). In this case, the funds generated through a community crop production enterprise are directly associated with improving the sustainability of the extension services that the community requires, and also provides the local control mechanism that keeps the service relevant and of high quality.
- In Southern China, share-holding village enterprises with rights to forests have been established in over 1350 villages. (Yajie et al., 1997). Villagers are allocated shares in these forest enterprises. The enterprises contract out forestry operations to the villagers themselves, providing employment. This model has created incentives for forest expansion, with an increase in area of over 0.5 million ha. In addition to employment generated, profits from forestry operations are distributed to villager shareholders. This is a community owned for-profit enterprise that generates employment and income, as well as providing the environmental benefits of reforestation.
- CETEC, a Colombian NGO (Aldaba et al., 2000) has established joint ventures with local communities, for example in cassava processing. CETEC therefore has a stake in the success of the enterprise activity that it promotes to the community, and this gives a real incentive for CETEC to ensure that the activity generates income as expected. It also fosters a closer and more balanced relationship with the community, and provides learning opportunity for both parties. This model can also serve to enhance prospects for raising development finance.
- Jute Works (Holloway 2001) in which jute based craft products produced by village women are exported through an organization (CORR) that provides dividends to associated producers, pays for its administration costs and services (e.g. training in new products) and provides contributions to a reserve fund that is used for social purposes.
- Healthcare products: In Latin America and Africa, production of bed nets to protect against malaria in tropical areas has been established as a profit-making, self-financing community enterprise using local human resources. (Rashed et al., 1997; Kroeger et al., 1997) In Africa (Benin) bednet production is undertaken by a grassroots women's organization NYONA, supported by medical researchers and Canadian NGOs (responsible for the initial investment in materials). In addition, local business people have contributed time in support of product marketing development.

7.2. Partnerships and alliances with business, including supply chain relations

Local community organizations and NGOs can enter into looser partnerships with business, without the need to create new enterprise entities. Such partnerships, especially those related to the development of a more efficient supply chain for agricultural and other produce and products, are becoming increasingly common. These may be informal, or be based on legal contracts drawn up to define and regulate the relationship over time. Such contracts can help mitigate the risk faced by rural communities in producing for often distant urban markets, while they provide agrifood businesses with a secure source of raw material or fresh produce supply. Several rural communities may need to work together to supply sufficient volume and acceptable quality on a continual basis to satisfy the needs of the market. The agribusiness firm may supply some inputs, technical expertise and equipment in order to assist farmers in producing to the required quality specifications. These can represent in-kind contributions provided by the larger firm, although the costs may be included in the calculation of price paid to farmers for their produce.

Corporate partnerships can also be developed that are not driven by supply chain considerations, e.g. between Northern conservation NGOs and oil companies, in which the grants to conservation projects, or possibility that the NGO can contribute to the development of corporate environmental policy, are part of a process to improve the public image (Bennett, 1998) and social responsibility of the firms concerned. Such partnerships are also possible at local level (e.g. between oil companies and community organizations in areas of oil exploitation).

A recent review of business-CSO strategic partnerships that involve the core businesses of both partners, in Brazil, South Africa and India (Ashman, 2001) has shown that while the benefits of such arrangements are shared equally, the costs fall heavily on the CSO partners (and government agencies, if also involved). The conclusion is that such arrangements should be entered into only after careful consideration of alternatives for resource mobilization, including the looser relationship of corporate philanthropy. On the positive side, these partnerships combine the productive capacity of business with the social organizing capacity of CSOs to produce synergistic outcomes. Benefits for CSOs included faster innovation, improved public awareness and organizational capacity, and more financial resources. But business has more resources, and hence tends to dominate the relationship. CSO resources were often under valued and not communicated well to business partner. This can create dependence, especially if this constitutes the principal activity or income stream of the CSO. In the cases reviewed, shared decision making was essential for the success of any partnership. If this did not happen, the CSO usually exited the partnership. The state can also be involved to mediate these CSO-private sector partnerships (Waddell and Brown, 1997), in which case the following process was identified:

- Identify preconditions
- Convene partners and define problems
- Set shared directions
- Implement action strategies
- Expand or institutionalise success

One case cited as successful in South Africa involves the association between a sugar cane refinery (private sector agribusiness) and a series of communities producing the cane raw material. Contracts were successfully used for 17 years to govern the relationship between the parties. The sugar refinery provides a guaranteed market and technical extension support for sugar cane production, but the communities have become increasingly dependent on this, their main source of income (Nel, 2000).

7.3. Fees for services, including those covered by margins on goods traded

Charging fees for services is an opportunity to generate income for development oriented CSOs, from activities directly related to program delivery (Davis, 1997). In a market driven development paradigm, "willingness to pay" is a pre-requisite for identifying a demand for a service, and for determining the strategy to be used for cost recovery, equally in agricultural (Kidd et al., 2000) and community health (Bone and Shedian-Rizkallah, 1998) sectors: services supplied free to users/clients run the risk of being irrelevant, of poor quality and frequently not available in times of need, since demand will always exceed supply and rationing may not be equitably enforced.

Traditionally, resources to support the provision of services have been supply oriented, and channelled directly to service providers (including CSOs) by governments or international donors. However, this approach can inhibit the growth of demand-driven services, which are inherently more sustainable (Bone and Shedian-Rizkallah, 1998). Increasingly, the supply-driven services, funded through block grants or special projects to NGOs or government agencies are being superseded by services funded from the demand side, i.e. through user fees. While this has the potential to raise the quality of the service and ensure that it is relevant to users, there is a considerable risk that demand will shrink, since many potential users will not be willing to pay for something that was previously free, if not particularly relevant or useful. The poorest members of a community will obviously be least able to pay for services under such a fee-based arrangement (Kidd et al., 2000). However, they will be most willing to pay for some proportion of the cost of those services that they most need and want (Holloway 2001). Services based on full cost recovery from users may well run the risk of “creaming off” the wealthiest clients, and thus be biased towards the more commercial crops, or capital intensive investments; and leaving the poor with no or much reduced access to services. The option exists of using profits from services aimed at higher-income groups to cross-subsidize the same service offered freely or below cost to poorer groups. This type of cross-subsidy is becoming common in the healthcare sector, for example PROSALUD in Bolivia offers health services that are free to the very poorest (some 8-13% of patients) who are cross-subsidized by profits obtained from fee-paying clients. Family planning services in Mexico are offered to the poor through a similar cross-subsidy. Another mechanism for providing and financing services if potential clients are unwilling to pay for the full cost, is to recover the cost of the service in the margin between purchase cost and sales price, where the service supplier is also an actor in the supply chain. In Versalles, Colombia the costs of extension services provided by the Community Development Corporation to farmers producing and processing chili for export were covered through the difference in prices paid to farmers for their chili crop, and that received in payment from the exporting company that contracted the chili production and primary processing from Corpoversalles (Lundy et al., 1999). INSOTEC in Ecuador provides technology access services to small textile producers who are individually incapable of purchasing the costly capital equipment needed to produce high quality garments. Fees charged for use of this equipment finances continuous technological upgrading and investment by INSOTEC, enabling the small-scale enterprises to keep abreast of technological change. Finally, many examples of microcredit services that are offered sustainably, with costs covered through the interest rates charged (and using social control mechanisms to keep costs to a minimum) now exist, although some initial subsidy to obtain start up capital for these services may be needed (Holloway 2001).

7.4. Structural subsidy: contracts for services, vouchers etc

As stated above, not all services can be provided sustainably to all clients on a user-pays basis. Opportunities exist for outside agencies (government or in the donor/philanthropic community) to provide a subsidy, through a variety of mechanisms (Kidd et al., 2000; Beynon, 1996) where users are unable to cover the cost of the service and, for social reasons, access is considered important by the state or other agency. Options for subsidy can be supply or demand side (Kidd et al, 2000):

- Supply side:
 - Contracts to service providers, subsidizing in full or part the costs of delivering the service, or
 - Sub-sectorial levy: e.g. ASHOFRUCOL in Colombia,
- Demand side,
 - Vouchers provided directly to users/clients, that cover in full or part the cost of a service that they need. The service provider can then redeem the voucher from the agency administering the subsidy.
 - Payment through taking a share of value added through provision of the service (through margin if traded by service provider on behalf of producer)

These different options need to be considered on a case by case basis: there is no best practice in this area. Indeed, one delivery strategy can take advantage of several different finance options, and will be the stronger for it.

A demand side mechanism promotes the development of a market for services (competition between service providers is encouraged), while a supply side contract would tend to foster a monopoly service provider in a given area. In both cases, finance can be provided by the state, by Northern or southern NGOs and Foundations, by businesses (e.g. contracting out those services required to dynamise a supply chain relationship with producers) and even by community organizations themselves, contracting out to third parties some services for their members. Such services may well not be sustainable in the medium to long term, since the funding beyond the life of the contract or other subsidy arrangement is uncertain, and may not depend on performance but on criteria of the financier, related to fund availability, priorities etc, and is thus susceptible to changes in government policies, donor interests etc.

Accessing these types of funds requires CSOS to submit tenders and bids to government departments. This may well require the CSO to invest in capacity building or in new human resources familiar with this new set of procedures.

CSOs that obtain a significant proportion of their finance from government funds for service delivery can run the risk of becoming coopted and dependent (see section 2), since the government sets the rules and terms of the contracts. However, opportunities exist for CSOs to undertake contracts and “piggy back” other mission related activities onto this a little extra cost. Gram Vikas, in Orissa, India obtained a government contract to promote biogas in remote tribal areas. It used this to mount other mission driven advocacy and adult education programs with these communities (Holloway 2001).

Some other examples of different funding options for services follow:

- The government has options that do not require use of tenders and bids, and that can provide incentives for action. For example, in Australia, Landcare provides \$2 for every \$1 from the community and landowners that is invested in private land, but which produces a public environmental benefit. (Curtis and Lockwood, 2000) i.e. the government subsidy is available automatically to all actors -organizations and individuals- that meet this criteria for combining public and private good.
- In Senegal and Madagascar (Marek et al., 1999) all preventative health care services were contracted out by the health ministry in each country to an NGO that provides contract management services. This NGO in turn contracted out services to specific providers, including womens groups at community level. Thus, although funding was derived from Northern donors, and was channelled through the ministry, the contracting out arrangements permitted a diversity of service providers at local level under professionally monitored contract agreements.
- Voucher schemes have been successful in some cases, e.g. Paraguay small enterprise development training (ref), but more problematic in others, e.g. in Costa Rica: where vouchers for agricultural extension faced problems of allocation, unauthorised trade in vouchers, variable quality of providers and so on. (Kidd et al, 2000). Extension vouchers in Chile were also open to abuse, unless intensively monitored, which increased costs greatly.
- In China: farmers associations directly contract research and development from the public sector (Kidd et al., 2000). The scientists are paid solely on the basis of the results obtained (i.e. increases in yield and in price/kg obtained due to quality improvement). This requires careful prior negotiation, and probably becomes more workable as the parties gain experience over time with this arrangement. Such a direct association between service fee and the results obtained is rare elsewhere.

- In Ethiopia: a farmer association uses the income it obtains from grain banks to pay membership fees for its farmer members to a private agricultural service center (Kidd et al., 2000).
- In Sri Lanka, farmer service centers have been established that function as platforms for the identification, organization, finance and quality control of farmer-driven service delivery. Decentralised farmer governed units coordinate the linkages between users and providers. Local entrepreneurs obtain public support for the development of new and improved services. Voucher schemes are used to training service providers. Competition between public and private providers gives better quality of service at lower cost.

7.5. Project grants

Grants provided to support specific projects are the traditional, and largely non-sustainable mechanisms by which most development activities are financed. This results in a short term, output and indicator-driven process that generally ceases once the external funds are finished. Success in this area depends on dedicating significant resources to:

- Cultivating donor relationships
- Developing in-house capacity to design and prepare winning proposals, and dedicating substantial resources to implement, monitor, evaluate and report on them.
- Managing the varied and complex financial reporting requirements of different donors
- Maintaining a diversified funding base of several projects and donors at any given time (with different starting and finishing dates).

As mentioned previously, the effort involved in this can tie up significant resources, especially those of senior management, and can influence organizational priorities towards those deemed important by the donors, causing a drift away from the mission developed with the local community, and hence a loss of legitimacy over time.

Governments increasingly use competitive funding mechanisms to support short term projects, e.g. social investment funds in Latin America (Bolivia, Jack, 2001) which provide funds for community-lead projects in response to local demands. Government still selects which projects get funded, but their design and implementation is local. There is a danger that these funds can be captured by local elites, but they can give communities experience in running projects. Local ownership is necessary for them to be effective. (Jack, 2001)

Donors frequently want to see projects designed and implemented in partnerships between different local actors (e.g. community, local government and business) and may force this through the project selection criteria they operate. However, experience from the UK suggests that the partnerships generated through such processes are often partnerships of convenience, created just to satisfy the conditions set by the donor to obtain funding. They are not meaningful or deep, and most develop problems during project implementation, if they are successful in obtaining funds. Competitive funding schemes can be especially inimical to the formation of deep partnerships (Jones and Little, 2000). The UK experience suggests that such problems occurred more frequently in rural than urban development programmes.

7.6. Commercial loans

Those activities of community organizations and NGOs that are developed around “enterprise” usually require a measure of capital investment by the different actors. While this can come from re-allocation of existing assets and resources, or from capture of new grant funds specifically for this purpose, obtaining a commercial loan is another possibility. After all, the enterprise is expected to be profitable, and thus should be able to repay the cost of money involved in establishment and initial operation. Even if a commercial loan is not required, preparation of a business plan for the enterprise is a valuable and essential stage in the enterprise development process. A review of the business plan by a financial institution may highlight problems that were previously overlooked. Such a review may be worthwhile even if loan finance is not required: in this case the bank would be providing a non-financial resource to the organizations establishing

the enterprise. In any case, use of commercial loans to part-finance a new enterprise is a useful and practical mechanism to obtain additional funds, ensure that the business plan is acceptable and to keep up the pressure for results during its implementation.

7.7. Volunteering

This broad area involves people or organizations altruistically donating their time and resources to others without any expectation of a financial return. This will occur if volunteers identify with, and are enthused by, the mission, goals, culture and values of the organization they wish to assist. Volunteers can be individuals, governments agencies, large corporations and their employees, small local businesses, and other civil society actors. The resources that can be volunteered (freely or at below market rates) are also varied (adapted from Holloway 2001):

- Time, labor and professional expertise of people - this input is often undervalued
 - Secondment of personnel
 - Mentoring
 - Free time given by members of the Board or other governing body
 - Free time given by stakeholders when involved in active participation, including farmers
 - Salary rates below market level accepted by NGO staff, in effect volunteering a proportion of their time in exchange for their association with the organizational mission, values etc (with potential to lose this if the organization becomes more commercially oriented)
- Physical assets e.g. free use of conference rooms, old vehicles and computers
- Consumable material inputs e.g. paper supply, petrol, food)
- Specific proprietary technologies (or licenses to apply them)
- Training of staff within other organizations at no cost
- Providing access to policy making bodies
- Provision of free services to NGOs by government e.g. advertising time on TV

Local communities have many of these non-financial assets and resources - especially the time of people, including any leaders, potential champions and people with specific expertise living in the community- that can be brought to bear on development problems. Using such local resources to the maximum reduces the amount of external and financial resources that need to be mobilized, and thus greatly enhances the feasibility of implementation, as well as energizing the local community, building social capital etc.

In an example from South Africa, a community has successfully undertaken a locally driven development strategy using its own resources, plus commercial bank loans as necessary. External support was only required to develop markets for local produce outside the community (Nel, 2000).

7.8. Organizational sustainability funds

A few donors provide funds specifically to enhance organizational sustainability or institutional development, rather than to finance specific development projects. However, most project funds have scope for some institutional development processes (e.g. HR development) but only in within the short-term framework of the project itself. Few donors have specific funding lines available that are not to specific projects, e.g. for use in establishing reserve funds, for institutional development or for programs without defining specific activities. Other possible funds are those for venture capital (e.g. for new enterprises), and to fund new fundraising strategies, (Holloway, 2001).

7.9. Membership dues

Membership organizations usually charge some dues, but these are unlikely to be a major source of funds for organizations that are based within poor communities. Second order organizations (e.g. Federations of cooperatives) and conceivable charge membership due to their based first order organizations, but are more likely to obtain funding through economic activities than by

membership dues. One possibility is to create a different class of member or sponsorship as a philanthropic mechanism, aimed at organizations or individuals that support the mission and are able to pay greater amounts than normal members, although no voting or ownership rights would be associated with this. High membership dues can be used as a barrier to restrict membership to elites. ECCA in Nepal made all graduates of its training programs “members” at no cost, as a strategy to create a wide network of supporters, and so encourage voluntary contributions and donations in the future (Nelson 1999a).

7.10. Philanthropy

To access the existing wealth of others, CSOs need to identify compelling reasons for giving (Holloway, 2001). These should be defined based on the organization’s:

- Attractive mission and goals, with a track record of effective implementation.
- Reputation for honesty and responsibility
- Attractiveness and persuasiveness as an organization
- Appeal to a particular interest of a specific donor
- Activities being potentially useful to a particular donor

Or simply because people are asked.

Individual Philanthropy: donations from individuals are a good source of untied funds, but take effort and resources to access in urban areas, especially for rural organizations remote from such concentrations of potential donors. The organization needs a strategy for this, and considerable volunteer effort will be required. Holloway (2001) provides details of methods that CSOs can use to implement resource mobilization using individual philanthropy.

Corporate philanthropy: may operate through the companies themselves, or through corporate foundations established for that purpose. Private firms will finance specific projects, often involving local communities that have a direct association with the company itself (e.g. site of factories, of raw material production) and where employees can also contribute volunteer time, even being seconded to the CSO. Thus, corporate philanthropy and volunteerism can be closely associated. This can also encourage individual philanthropic giving from employees independently of the firm. Corporate philanthropy is a mechanism for accessing funds from business without the close association implied by partnerships, but even so there can be some influence on organizational priorities and strategy. CDC’s have used corporate philanthropy successfully to attract capital from businesses to low income areas. In the USA, for example, the Ford Foundation has provided US\$130 million in loans to CDCs (which in turn has leveraged US\$580 million from other sources) through a Local Initiatives Support Corporation (Robinson, 1996).

Indigenous foundation philanthropy: These are often related to local businesses, or the families that own them, and can thus be considered as similar to the previous section. However, the philanthropic interests of these foundations are not necessarily restricted to the business that lead to its establishment. In Colombia, the Carvajal Foundation was established by a publishing family, yet supports small enterprise development in rural areas across the country. Such Foundations may be organized to provide grants to specific projects, or funds for organizational development and sustainability.

7.11 Debt reduction

The debt reduction mechanism is a complex but potentially valuable source of funds. It requires a high level of involvement with government, Northern donors and finance agencies, and excellent negotiating skills.

7.12. Self-generated funds

Generation of resources from activities of the CSO itself (often termed self-finance) is another mechanism for resource mobilization. Since these funds are under the management and control of the CSO, they are not tied to any particular use, and can thus be valuable for finance of those

activities difficult to fund from other sources (i.e. long term organizational development, core administration, investment in future revenue-generating operations etc). Several options for CSOs to generate their own resources have been mentioned previously, and these will not be covered in depth here. The range of alternatives is:

Profits from enterprise activities (see section 3.4.1) that are retained by the CSO are free to be used as the organization sees fit. However, in order to ensure that the revenue generating activity remains (and grows) in the future, a proportion of these profits should be reinvested in the enterprise activity itself. CSOs can neglect this, leading to a decline in self-generated funds over time if the competitive position of the enterprise is not maintained. Profits cannot be distributed to members/owners unless the enterprise is separately established as a for-profit entity. As a non-profit distributing entity, these social enterprises are able to balance economic with social objectives, for example the case of FEPP-supported rural cheese production units in Ecuador (North and Cameron, 2000), in which the small, rural processing factories are maintained despite being less economically efficient than large scale units, because their social benefits are greater. It is important that the enterprise is really profitable, and is not a drain on organizational resources. This means that separate businesslike accounting and management are essential.

Income from service provision (section 3.4.2.) Although an excess of income over costs can be realised for the provision of services, this is only likely to be significant where clients are willing and able to pay fees that allow for this. This is unlikely to be the case in poor, rural areas, but is possible if the CSO establishes similar sets of services for richer clients for the specific purpose of generating funds to cross subsidize the same services to the poor. Otherwise, the social objectives of the organization will mitigate against large profits accruing from providing services to the poor. Rather, the cost of services will be reduced to expand access. Profits are more likely to be generated from providing development related services to other CSOs at profit (training, consulting etc), something that can also contribute to indirect impact. Overheads charged on contracts with governments or Northern donors to provide services can also be a source of income.

Income from hire of underused assets: many organizations have assets that are not fully utilized. This excess capacity can be hired out to other users for income generation purposes. For example:

- A building owned by the organization, in which the HQ occupies only a part of the total floor area, leaving some that can be rented out to tenants. Some donors provide grants for building construction on the understanding that surplus space would be rented out as a continuing income stream for the organization (Cornforth and Edwards, 1999). Tenants could be:
 - other development oriented CSOs (with synergistic benefits),
 - small enterprises supported by the CSO (business incubator)
 - purely commercial tenants.
- Facilities that are not used 100% of the time, e.g. conference rooms, training suites and accommodation blocks that can be hired out on an occasional basis compatible with the required use of the facilities by the organization itself.
- Staff: professional staff may not be needed fulltime by the organization, and hiring out their services to others can be used to recoup part of their cost to the organization e.g. lawyers, accountants, IT specialists, and other support staff. Sharing expertise among similar organizations can reduce staff costs.

Royalty income from patents, trademarks, brands and franchises owned by the CSO.

Royalties have the potential to produce an income stream for CSOs, but there is little mention of this in the literature, suggesting that it has not been used in practice. Yet trends in markets and in agricultural science suggest that this source of income needs to be considered by CSOs.

Different types of royalty income can be investigated.

- Patents for technologies generated by the CSO. E.g. appropriate technologies for small-scale agrifood processing.

- Ownership, in full or part, of plant varieties, especially traditional local varieties with high consumer acceptance or new varieties resulting from evaluation and selection by local farmers (i.e. where their intellectual participation in the selection process needs to be acknowledged by R and D institutes). This could be extended to specific genes isolated from local varieties.
- Brands and trademarks related to specific agrifood products owned by the CSO
- Brands and trademarks related to specific locations (where the place of origin is associated with product quality, c.f. wines in France)
- Certification of specific product quality characteristics, or production processes (organic, fair trade etc) - this can be linked to certification services also provided.
- Franchises developed with other communities/CSOs to expand market for particular products/services. This can include R and D methods that the CSO has developed itself.

Additional income can be generated through activities directly associated with royalty generation e.g. publications, training and accreditation courses. Making a methodology into a training business for others generates income as well as enhancing sustainable impact from the technology

Income from reserve funds built up from a range of sources (See section 3.4.5). It is important to ensure that the income taken from this source does not result in depletion of the real (inflation and purchasing power-adjusted) value of the capital amount. Investments should be prudent and transparent. The fund needs to be professionally managed and structured: this could be a non-financial contribution of a bank or other financial institution. Care is needed with tax and other complications if the enabling legal and fiscal environment is not conducive to this type of fund in some countries.

8. Developing a strategy for resource mobilization

This paper has identified the different sources of resources for development oriented CSOs, and the mechanisms by which these can be accessed or generated. Each organization needs to consider these options, and develop a strategy for the future that meets the needs of the organization and its members/clients/beneficiaries. CSOs with such a strategy were more likely to be sustainable, in one study from Nigeria (Hare (1997)). There is no “best practice” here (Edwards and Hulme, 1996): the optimal mix of source and mechanisms depends on the needs of each organization and the context in which it operates. A change from reliance on external funding, to maximizing self-generated and local resources, implies changes in organizational structure and management. New units/departments, expertise, staff, vision and even new missions may be needed. Thus, development of a resource mobilization strategy and plan should be seen as part of the strategic planning process that each organization undertakes periodically, since it interacts strongly with other strategic management decisions. It is also dynamic, changing over time as the organization and its operating environment also change.

Equally, there is no single “best practice” methodology for organizations to use to develop their resource mobilization strategies. Rather, key elements of this can be identified. Holloway (2001) highlights the importance of assessing carefully the current situation, through an inventory of organizational resources, assets, and their advantages and disadvantages with respect to effectiveness and sustainability. This is similar to strategic planning process of environmental scanning, in which both internal organizational factors and features and trends in the external environment are assessed and analysed. Use of SWOT analyses can help prioritise strategic options through a systematic assessment of these internal and external factors.

Fowler (2000) identifies a series of factors that affect the strategic resource mobilization choices made by CSOs (Fowler 2000):

- **Vulnerability:** their ability to suffer the costs imposed by external events
- **Sensitivity:** the degree and speed with which changes in a resource affect the organization. If low, external changes do not make big impact.
- **Criticality:** critical resources that are not easily replaced e.g. for core administration and support

- Consistency: the ability to change the source of resources without affecting mission and identity of the CSO. If high, the CSO has less need to make compromises with others.
- Autonomy: the degree to which the resource affects the ability to say no.
- Compatibility: degree of similarity between new and existing resources that call for process modifications in the organization, or not.

Thus, a CSO with low vulnerability, sensitivity and criticality, yet with high consistency, autonomy and compatibility will be more flexible, agile and adaptable. Self-generated and non-financial resources best fit this proposed optimal mix of criteria, followed by accessing local sources of wealth, then by foreign aid in last place.

Fowler (2000) considers that each organization needs to be clear about its positioning with respect to:

- the degree of autonomy that it requires to fulfil its mission
- it's stage of organizational development (using the sequence from voluntary, through program, organizational and institutional stages)
- potential in-country sources of resources, their relative abundance, the external environment including the legal framework etc

Fowler uses two key dimensions to construct four quadrants within which organizations can be positioned (Figure 1). Most CSOs would seek to position themselves in quadrant A, but are being forced C by supply and demand forces.

Much of this paper has focused on issues of local vs. external resource mobilization. Some key points to consider in this regard (Holloway 2001) are how these affect the CSO's:

- links with its own society
- control over the use of resources
- diversity of resources received/obtained
- ability to design its own programmes
- commitment to sustainability
- mission (in agreement, distorts, modifies?)
- need to dedicate resources to resource mobilization (effort vs. return)
- problems with certain partners e.g. business and government
- internal skills/expertise needed vs. already in-house

Rural community organizations need to consider and prioritise the different resource mobilization options open to them. These can include (adapted from Holloway 2001)

- Maximizing the use of their own community resources and assets. This requires a careful inventory process, since it includes intangibles (skills, knowledge, market contacts) as well as concrete physical assets (land, natural resources...).
- Mobilizing financial resources from members (and others in the community) through subscriptions, levies, and savings schemes
- Generating income through trading enterprises and service provision, including financial services
- Accessing resources from government, ex-community members e.g. migrants, and local businesses.

Federations of community organizations, for example the second order farmer organizations of Latin America, can generate very large amounts of money. They may own banks, agro-processing firms and provide venture capital funds for new enterprises. They can usually mobilize much of the resources they need internally (Holloway 2001).

In the USA, a non-profit organization (RHD) supports community organizations in new ventures. It provides office space, secretarial support, communications equipment, accounting services and a legal umbrella for new organizations to operate under. This reduces their costs, and lets them use the reputation and legitimacy of RHD itself during the initial establishment period. RHD charges a 15% overhead on expenditures, but new organizations typically have few of these if volunteerism is high. This subsidy reduces as an organization's expenses grow over time, until they are ready to spin off (Roberts et al., 2000). Is support mechanism allows new organizations to develop and

implement their resource mobilization strategies. Once the organization and its funding is secure, this cushion can be withdrawn.

In Nepal, ECCA (a conservation oriented NGO) reduced dependency on external project funding through the conscious development of a diversified resource mobilization strategy that transformed the organization into one that now generates 70% of its needs from cost recovery and margins on mission related services it provides, with a further 30% generated as income from sales of promotional products (caps, mugs etc), consultancy fees and a paper recycling business. Volunteerism has been stimulated through an active program of membership development (which reduces financial needs), and recurring costs have been reduced through a strategy of purchase of capital assets (property), which can also be rented out for additional income (Nelson, 1999a).

9. Success factors

The previous sections have detailed the different options available to CSOs as regards potential sources of funds/resources, their application and the mechanisms that can be used to access or generate them, and the need for a strategy to prioritize among them according to the circumstances of each organization. This is an exceedingly complex task, especially for small organizations. Yet many CSOs have had success in this arena, and the factors that contributed to this success can be identified. But what do we mean by success? More importantly, what do the members of CSOs themselves mean by "success".

9.1. Defining success

The performance of civil society organizations, in terms of outputs, outcomes and impacts, is the result of an interaction between the external environment in which the organization operates, and the internal factors such as organizational mission, culture, values, strategies, and mode of finance (Edwards, 1999). Thus the financial sustainability of an organization is potentially a major internal factor that affects performance, and hence success. However, an indicator of success can also be the degree of financial self-reliance that the organization has developed over time.

Success relates to sustainability: of the organization itself, of the impact of its activities, and on the ability of the organization to learn and react to future challenges/opportunities. Indicators of this (Bone and Shedian-Rizkallah, 1998) are:

- success in maintaining the benefits of an initial programme over time
- institutionalisation of the programme in the organization and
- capacity building in the organization

Planning for sustainability requires long term horizons of programmes, not short term projects (Bone and Shedian-Rizkallah, 1998). This ties success closely to institutional development.

In Colombia, the Federation of CIALs (Corfocial) carried out a consultation exercise with members that were involved not only with farmer participation in agricultural R and D, but also in micro-enterprise activities that had spontaneously generated alongside this. These members were asked how *they* defined success. The responses included, but went well beyond, economic aspects of the organizations with which they were involved (Corfocia, 2000). For these rural people in Colombia, success involves:

- A profitable, solid community enterprise that applies research results, generates employment and income, puts food on the table, and makes good quality products from our crops
- Expanding our knowledge into new areas, learning and teaching something new, learning from experiences, and entering a new culture of enquiry.
- Reaching goals that we set, overcoming obstacles, working with the community for a happy result, making our dreams come true, even achieving more than was proposed.
- Increasing understanding in the group and the wider community, working together for a better future, supporting others with quality services

For this group of rural people, success of their organization (which has both service and enterprise activities) has an economic dimension (profits, income, employment) but also intangible aspects such as better local understanding, enhanced local capacity and knowledge, and the confidence that comes from setting and reaching their own goals. This again ties success closely to institutional development, capacity building and to strengthening social capital and cohesion.

Obviously, the degree of success achieved by an organization cannot be judged on purely financial terms, and thus it is inappropriate to confine success factors to financial aspects of resource mobilization. This is explored in more detail in the following sections.

9.2. Internal, organizational and Institutional success factors

Leadership: is an important factor, especially within the local community. Leaders need to motivate, encourage participation and provide inspiration but without being overbearing (Barrett, 1996; Bone and Shedian-Rizkallah, Edwards, 1999;1998; Nel, 2000). They also need the skills necessary to mobilise people with the community, and to represent and negotiate with outsiders (Robinson, 1996). Stable leadership is important in providing continuity over time, a factor related to sustainability of Nigerian NGOs in the healthcare sector in one study (Hare (1997). In traditional rural societies, the support or village elders and chiefs is important (Eliason, 1999).

Mission, goals, strategy: successful organizations are those that develop a long term mission/goal that is important to, and shared widely within, the community (Bone and Shedian-Rizkallah, 1998; Mitchell and Shortell, 2000), and then stick to it. This means avoiding diversification away from the goal, even if this means turning down additional resources (Edwards, 1999). It also means getting the balance right early on between economic development and organizational strengthening (Edwards 1999). This generates trust and confidence with local community.

Organizational structure and management: dependency theory (Section 2) posits that organizational structure is shaped by the source of the resources upon which the organization depends. For example, that a high reliance on external donors forces an emphasis on hierarchical management structures that facilitate short term accountability and reporting against quantitative indicators (e.g. the logical framework). This reduces organizational flexibility, learning and innovation (Edwards and Hulme, 1996). Informality and trust are more important for long-term sustainability than fixed rules and procedures (Mitchell et al, 2000). This reinforces the importance of an appropriate balance between organizational learning/development and shorter-term project and economic activities. While the economic component must be business like in operation and management, it should not dominate the organization to the detriment of the social or other mission that provides its *raison d'être*. In cases where this has happened (e.g. some hospitals in the US non-profit sector) these have migrated to become for-profit enterprises (Anheier, 2000). One feature of non-profit organizations is that market signals are not present, or strong enough, to guide management decision making. Management thus needs to be pro-active in positioning the organization (Anheier, 2000).

Values, reputation, legitimacy, accountability, transparency

Strong organizations are those that place importance on:

- Developing shared analyses of problems and solutions, visions of the future and organizational culture and values (Edwards, 1999, Mitchell and Shortell, 2000).
- Ensuring accountability, transparency and integrity in their operations, relationships financial affairs, to maintain local legitimacy, and to protect against corruption (Gibb and Adhikary, 2000; Mitchell and Shortell, 2000; Eliason, 1999; Lyons and Smuts, 1999)

Financial self-reliance

Organizations that depend on short-term donor finance are unlikely to be effective in supporting long-term change (Edwards, 1999). Those that have developed ways of generating their own funds (i.e. that are more financially self-reliant) can escape this dependency, enhance their

sustainability and thus become more effective in long term change processes at local level. The different mechanisms outlined in section 9.15 are all relevant, although Bebbington (1996) states that enterprise and market oriented activities are more financially sustainable than those oriented towards service delivery (which still maintain some dependency on donors and governments), at least as regards Latin American farmer organizations. It is important that each enterprise activity is analysed separately to ensure that benefits exceed costs, i.e. that they are sustainable in the long term (Bennett, 1998).

Experiences suggest that maximising local resources (financial and otherwise) is also important (Mitchell and Shortell, 2000), since this reduces the amount of external support required, for example to operate successful community health partnerships in central America (Barrett, 1996). This means that organizational goals must be seen as important by the community (high centrality), and reinforces the importance of local connectedness and shared values/mission mentioned above.

Several cases suggest that it is unrealistic to expect that a combination of financial self-reliance and access to local resources will be sufficient to enable organizations to reach their goals. For example, even CDC's in the USA need external donor funds (income from property rental and other sources still being insufficient after 20 years) (Robinson, 1996). Community health care programmes can achieve financial self-reliance at local level (e.g. to pay local health promoters, building health clinics) but require external support for costs of higher level program administration and specialist expertise. Income from fees helps, but some financial support from donors is still necessary. After 17 years, 87% of community health groups in XX were still operating with this small external funding input (Eliason, 1999). In another health sector example, when external donor support ceases most community family planning clinics rely on service fees. As a result, client numbers fall and the user profile changes, with fewer poor people (Bone and Shedian-Rizkallah, 1998). But in a few cases a range of other mechanisms was found, combining self-reliance and external support:

- community philanthropy/donations
- sliding scale of fees according to income
- diversification of services
- contracts with government and the private sector

Organizations need to plan carefully for the stage when external funding ceases, or is much reduced. they need to identify costs, set realistic fees, adopt an entrepreneurial spirit and seek diverse sources of finance. (Bone and Shedian-Rizkallah, 1998). The aim should be to establish a significant base of funding that is self-generated, through enterprise, services, property rental, reserve funds and so on (Gerhart, 2000). Complete funding of all activities through such arrangements is probably neither realistic nor desirable, but generating a substantial base of funds in this manner provides for program continuity and operational flexibility in pursuit of a consistent, agreed mission.

Institutional development: advancing the interests of rural people depends on success in sustaining CSOs beyond their immediate tasks. This requires attention to institutional development, and to ensuring that developmental impact is achieved over the long term, as well as to resource mobilization and economic activities (Edwards, 1999; McGill, 1994). Many CSOs are overly focused on resources, especially financial resources, and do not give enough attention to the other two dimensions. Adequate resources (financial and non-financial) are needed, but CSOs must also be capable of learning and adapting to environmental changes, so as to maintain progress towards their overall mission and goal (Fowler 2000). Organizational learning makes an organization more effective in supporting long term change (Edwards, 1999). Such organizations have the following characteristics (Aldaba, 2000):

- A shared agreed mission, goal and values (negotiating this is not easy, Eden and Huxham, 2000)
- management ability and good internal governance, transparency and accountability
- strategic thinking and resourcefulness

- a culture of flexibility and change
- impact, added value
- good relationship with the external environment, local actors, forces and movements
- advocacy skills: to negotiate, articulate and propose.

Resource mobilization options need to be evaluated in the light of the above factors, to determine if they contribute, or not. An organization can be financially self-reliant, but unsustainable and thus incapable of contributing to its stated mission.

Connectedness to local community: helps CSOs to access local resources (i.e. become more self-reliant) and also increases the legitimacy of the organization with the community. These feed on each other, creating a virtuous spiral (Bebbington, 1997) and opening prospects for collaboration through joint ventures, social enterprises and service provision with and for the community. However, local community involvement in operations and governance needs to be representative so that needs and priorities are transmitted up to management (Edwards, 1999) and the strategies that develop are community based (Nel, 2000) Building community organizations helps citizens to organise themselves for a purpose, to access government resources, to negotiate with government, and to build social capital (Holloway 2001).

In cases where interventions have been driven by outsiders (e.g. some community health partnerships) efforts spent developing the relationship with the local community have proved critical for the success of the intervention (Mitchell and Shortell, 2000;). The key factor determining the long term sustainability of village health care initiatives was achieving the management the initiative by the community itself (Eliason, 1999), i.e. that social sustainability depends on the active participation of the operators and beneficiaries in implementation, management and in project design. (Bennett, 1998). But projects need to be in accord with the organizational capacity of local groups. Mequanent (1998) considers that agriculture and conservation projects, but not those involving infrastructure development (which need higher level skills to manage the large external input) are suited to implementation by local communities, at least in Africa. Preparation of project proposals for donor funding depends on the local community volunteering time and resources, which are lost if the proposal is not successful. However, if others provide this input, local ownership of the project is lost.

Vertical and horizontal linkages (networking): CSOs need both vertical and horizontal linkages to other organizations. Vertical linkages are up to governments and their agencies, while horizontal links are those with other similar community organizations and NGOs. (Edwards, 1997). Organizations that form part of strong vertical and horizontal networks are more sustainable (Hare, 1997). The establishment and cultivation of these links is one of the responsibilities of boards of trustees (Cornforth and Edwards, 1999). External links ensure that local schemes comply with good practice and efficiency (Atim, 1999). External links are important to help communities access non-local markets (Nel, 2000), but need to be managed so as to avoid creating dependency.

In Latin America, external advisory support is also important for *campesino* social enterprises, especially in their early stages of operation (Bebbington, 1996). But these external linkages need to be integrated with local actors: this was considered essential for the success of community healthcare schemes (Bone and Shedian-Rizkallah, 1998). While a high “external alignment” is associated with the ability to generate external funds (Mitchell and Shortell, 2000), a high internal alignment with the community is associated with the ability to implement projects. They are not mutually exclusive, and can be present along with high centrality (i.e. when organizational mission/goals/activities are important to the community). A sustainable organization is one that has high internal and external alignment as well as high centrality (Mitchell and Shortell, 2000)

Collaboration with other organizations needs a shared and defined goal, with adequate resources, and mechanisms to manage conflict that almost inevitably arises (Eden and Huxham, 2000). For collaboration to be sustainable, all the partners except government need a positive financial position (Bennett, 1998): even NGOs must recover their costs involved such joint

ventures and projects over time. Collaboration between civil society and other sectors (private, government) are complex. Lessons learned (Waddell and Brown, 1997) are:

- use experiences elsewhere to stimulate locally generated strategies
- acknowledge differences but focus on common ground
- take time to build commitment early from key actors (this is where rushed proposal preparation deadlines can be counterproductive)
- balance power differences to enable mutual influence (Grassroots organizations need legitimacy to do this)
- create forums for joint exploration and decisions
- organise, value and use resources from all partners
- frame solutions in terms of mutual gains
- emphasise process and product: both are outcomes of the partnership
- create multiple linkages and relations of trust between all partners (i.e. if partnership is built through leaders only, it is vulnerable to changes in leadership)

9.3. External environment

Rural vs urban: many of the experiences in resource mobilization and self-financing, and the different mechanisms employed, have been with CSOs that operate mainly in and for urban areas and communities. There are appreciable differences between urban and rural areas and communities, that affect the relative advantages and disadvantages of different mechanisms outlined above. In general rural areas, and especially the poorer and more remote regions that are the focus on much development activity, have a much weaker presence of the private sector, and especially of large-scale corporate enterprises, than major urban centers. In the latter, much private sector involvement in community development is driven by expectations of rapid increases in property values if urban regeneration is successful: something unlikely to occur in most rural regions (Jones and Little, 2000).

Remote rural regions suffer from deficient access to utilities, poor communications and transport infrastructure, and are distant from markets and many services, all making the formation of joint ventures and partnerships with business more risky and expensive than in purely urban situations. Cultural, educational and other social differences between rural and urban communities may also complicate the construction of partnerships across this divide: the input of time, resources and money needed to build such a relationship may be in short supply. Rural areas have seasonal agricultural employment that fuels migration and fluctuating populations. Specialised services have few clients, due to low population density. Transport and communication costs are higher, consequently services are also more expensive. Confidentiality can also be a major issue in small communities (Coleman et al., 1999).

In urban areas, development is partnership based (e.g. CDCs) with a strong private sector presence. However, the development corporation experience in Latin America (Fundacion Carvajal) has been organized more around partnerships between communities and the state (local government). Urban areas have a dynamic private sector that is keen to invest in property in the expectation that this investment will increase in value if development proves successful. This is not often the case in rural areas, where the state has a bigger presence than the private sector in terms of resources, commitment and experience (Jones and Little, 2000). Partnerships involving a major public sector presence are therefore probably more likely in rural than in urban settings. The long term need for structural subsidies underlies this, to ensure that issues that the private sector is unlikely to address are not neglected, e.g. natural resource management, remote areas, disadvantaged groups (Kidd et al., 2000).

Market access and supply chain links: Rural enterprises associated with community groups and NGOs usually add value to local natural resources, especially agricultural, forest and marine products. Key to 'adding value' is the linkage to higher value markets. These are found in urban areas or export markets where higher income consumers are found who are willing and able to

pay for the value added. It is difficult for rural enterprises to make successful links with marketing chains that supply these markets, especially from remote areas. Thus, an equitable and effective partnership with larger scale agro-enterprises can be critical. In the four cases analysed in (Nel, 2000) success was clearly related to the ability of the enterprises to integrate with the market: the most successful case was sugar cane production for a large-scale refinery, mediated through contracts for 17 years. Isolated community groups are frequently unable to compete in open markets. They need long-term relationships with large firms or external support for market access (Nel, 2000).

Legal and policy environment: governments determine the “space” that is open to CSOs to operate, whether this is restricted to service delivery in well defined situations, or open for advocacy and social mobilization roles. A wider space allowed to CSOs assists them to accomplish their mission and thus their performance (Edwards, 1999). When CSOs are restricted to service delivery roles, especially through contracts from the state, this will force them into a short-term mentality and can destabilise achievement of longer term objectives (Edwards, 1999). Additionally, the laws pertaining to non-profit organizations, and especially to the enterprises they operate, will help or hinder their ability to operate the different self-financing mechanisms discussed here. Taxation policy is relevant here also. Thus, CSOs need to carefully analyse the environment in their country or operation and structure the organization accordingly.

Turning around a community that has problems of access (to land, markets, credit, transport, storage facilities) and a deficient range of services (extension, marketing, technical assistance, education), with unequal local power relations, and that as a consequence produces poor quality products for low value markets, cannot be left to market alone, especially if local elites control marketing arrangements and assets (North and Cameron, 2000). Governments have a continuing role to provide the enabling conditions and policies for grassroots development.

Community social capital: social capital is important to the sustainability of CSOs. (Ashman et al., 1998). Strong ties that exist with communities are vital for generating the social cohesion that successful organizations require, and that facilitates access to local resources, including volunteer input to the organization. Weaker ties that exist with people outside the community are equally important as a means of accessing external information and resources, especially as organizations expand over time. CSOs can manage both strong and weak ties to help generate additional resources for the organization. Equally, the participatory processes and activities that CSOs engage in at local level can contribute significantly to building social capital. Successful organizations both use and build this resource. In Sri Lanka, an irrigation scheme was still functioning well, producing social and economic benefits, 14 years after the externally funded project that established it ceased, due to the strong social capital that underpinned local organizations that were created to manage the irrigation scheme (Uphoff and Wijayarathna, 2000).

Homogeneous communities make social organization easier and lead to better CSO performance (Edwards, 1999, Barrett, 1996). Conversely, major structural divisions within communities make participatory processes more difficult to implement. This can be especially visible, and critical, when funds from external donors arrive (Lyons and Smuts, 1999).

Donor influence: where support from external donors is necessary, it is critical to avoid dependency on a single donor. Otherwise changes in the funding priorities of one donor could adversely affect grassroots activities, through changes in the type of projects that are financed (Edwards, 1999). Since there is often a fashion for particular funding priorities, even having several donors does not guarantee stability in this respect. The influences of donor funding dependency on organizational structure and culture that already been discussed (Section 2).

10. Synthesis and lessons for rural CSOs in resource poor areas of the tropics

A synthesis of the preceding sections of this paper reveals some key lessons that are mentioned by many authors, and are repeated across the cases presented. These are:

The importance of diversification. Reliance on a single funding source or mechanism is dangerous, and creates organizational instability (Edwards and Hulme, 1999). This is true irrespective of the mechanism. While the dangers of dependency on a single external donor have been highlighted, the same is true of reliance on a single enterprise or product for self-generated income (the market may collapse, raw material production may be disrupted by natural disasters) or on a single type of service (a new provider appears in the market, or the subsidy is withdrawn). Thus, diversity in and of itself is a key factor promoting resilience and sustainability of the organization. Diverse sources of funds and resources also means that the organization has many links to different actors, which in turn opens up more sources of information, contacts and opportunities (Gerhart, 2000). Holloway also points out that local support for the CSO enhances diversity (Holloway 2001) through facilitating access to a range of locally available resources, especially non-financial ones. For this to occur, the mission of the organization and the activities in which it engages must be important to the community. In West Africa, local bednet production became a sustainable enterprise because malaria prevention was judged important by the community (Rashed et al., 1997).

Local grounding, empowerment and community development. Well grounded local organizations have legitimacy and this enhances their access to local resources and volunteer time, which in turn aids self-reliance (Edwards and Hulme, 1996). Organizations with shallow local roots are less likely to be self-reliant. A strong relationship to the community context is essential for the success of projects (Lyons and Smuts, 1999), gives clarity to the longer term direction of the organization (Edwards, 1999) and helps make organizations more accountable to the community (Edwards and Hulme, 1996). Local resource mobilization strategies are essential for organizations wishing to be self-reliant and sustainable (Edwards and Hulme, 1996). In the context of rural organizations, it is important to remember that centrality (importance to local people) involves much more than agricultural production (Reardon, 2001).

Participation. In general, participation of local communities and their representatives in the operation and governance of CSOs, is an important factor in their long-term sustainability, and in the relevance of their activities and in success of their program outcomes. Involving the community in making, implementing and evaluating decisions (Barrett, 1996) leads to successful development outcomes. In community healthcare programs, participation is directly associated with program sustainability and with an increased level of financial support derived from the community itself, since they have a greater involvement and ownership of the program (Bone and Shedian-Rizkallah, 1998). Thus a strong link exists between participation, self-reliance and economic and livelihood benefits (Bebbington, 1996).

There are two caveats: participation cannot substitute for equity in project design (Johnson and Wilson, 1999). Participation must be representative, especially of the poor and otherwise marginalised. It can also be seen as a threat to established power structures in local communities: this has been the case in some healthcare programs in Central America. This needs to be managed carefully.

Scaling up: Generating significant developmental impact from a process that involves small, locally oriented organizations as major actors, is always going to be complex. Uvin et al (2000) map out the options available:

- expanding coverage and size
- expanding the type of activities undertaken
- broadening indirect impact (working through others)
- enhancing organizational sustainability

They found that, in India, organizations initially grew in size and expanded both coverage and the range of activities they undertook. But as they matured, there was a tendency to shift the emphasis more on enhancing their own organizational sustainability and in obtaining impact indirectly through working with others, thus avoiding the problems of becoming a large organization themselves (remoteness from beneficiaries, inflexibility, inertia etc). Indirect impact

was obtained through governments taking up programs initiated by NGOs, by training others, encouraging spin-offs, secondment of staff to other agencies and advocacy/consulting with policy makers. Enhancing organizational sustainability, through improving their management and operational capabilities can provide a multiplier effect for their impact at a local level (Edwards, 1999).

For generating indirect impact, partnerships, collaborative networks and linkages (vertical and horizontal) between individual organizations are critical. They allow for expansion of geographic coverage, of the range of services provided, for the improvement and standardization of service quality (Gibb and Adhikary, 2000), without the loss of local grounding that could imperil self-reliance in the longer term. Strong vertical and horizontal linkages, networks and partnerships help to draw in resources as well as being a conduit for influence (Edwards, 1999). This approach to scaling up can be successful if the tension inherent in it can be managed. The processes necessary for building these types of “soft” institutional arrangements and understandings take time, yet are often sacrificed to “harder” and more immediate operational deadlines (for finalizing proposals, for spending funds, for speedy delivery of services). Many of the funding arrangements that support partnerships, whether for grant type projects, or service delivery contracts, are competitive in nature. This involves commitment of resources by the partners on a speculative basis. Thus, few resources are committed early on in the initial development of the partnerships, and commitment may be lacking. Schedules for proposal preparation are rushed. So the partnerships can be fragile and shallow (Jones and Little, 2000). Different stakeholders can have different understandings of “sustainability”. Time needs to be made for cross learning among organizations (Johnson and Wilson, 2000).

In India, the Childline CSO that aims to help street children developed a successful program that it was able to franchise to other organizations in many other cities of India, thus dramatically scaling up impact without the need to grow in size itself. Franchising of the program was successful in maintaining standards across a diverse range of implementing organizations, and encouraged use of local resources in each new location, with few capital requirements (apart from some start-up costs) falling on Childline itself (Nelson, 1999b).

Balancing market oriented, social and environmental objectives: Organizations need to find an appropriate balance between economic (market oriented), social and environmental outcomes. This is especially true for rural organizations with missions encompassing the natural environment of the area, as well as the livelihoods of the people living there. This balance can be hard to achieve in practice; a review of four projects that aim to integrate economic and environmental objectives found that economic aspects of the projects dominated over environmental concerns (Kellert et al., 2000). Socio-economic development is usually given priority by both project implementing agencies and local communities, and this can undermine conservation objectives. Within communities, economic impact is often inequitable, due to the effective empowerment of a restricted sub-group within the community, who appropriate the benefits. The only case where environmental and socio-economic benefits were balanced and equitable came from the USA, where a focus on a single resource (fish), and an effective legal system and institutions with the financial resources to operate, were all judged important to the success that occurred.

One reason for the difficulty in balancing environmental and economic objectives is that environmental benefits may not be apparent over the short term. Organizations that take a long-term perspective, i.e. those that have developed beyond the short-term project oriented mindset, will be more likely to get the balance right (Edwards, 1999).

11. Discussion

While many CSOs remain dependent on externally funded projects for their existence, this review highlights the need to move towards a situation where organizations are more able to access and generate the financial and other resources they need locally. The benefits of this are twofold: making the organization (and the outcomes and impact it seeks) more sustainable over time

(helped by switching from a short-term project-based to a longer term perspective), and increasing its grounding with the local community it serves. There is a wide range of resource mobilization options open to CSOs, many of which are not widely used. The prioritization of these options is contingent on both the internal organizational and external operating environments, and thus fits into the strategic planning processes of these organizations.

11.1. Implications for CIALs

The paper opened by considering the situation of CIALs, the local small-farmer agricultural and NRM research committees (and the second order federations of CIALs that also exist in some countries) established through external-donor driven project funding over the last 15 years in northern Latin America. Now that this funding source is reaching the end of its span, what options exist for the CIALs to replace the externally provided resources? Are there any other existing resource mobilization mechanisms that can be expanded, or new options explored? And what process should be used to prioritise a new strategy, and proceed to its implementation. While it is obviously inappropriate to this paper to pre-empt any decisions that the organization and its members may take, the following observations can be made (in no order of priority):

- That the current requirements for external funding for each CIAL organization are modest (US\$500/year).
- That agricultural and NRM research has a long time frame and requires resource mobilization mechanism compatible with this (Bebbington and Mitlin, 1998),.
- That accessing additional local (financial and in-kind) resources of members and others in the community could reduce this amount, so long as the CIAL mission of improving livelihoods and NRM through agriculture is important to them (i.e. has a high centrality).
- That several CIALs have already established small/micro-enterprise activities capable of generating income for the organization (as well as for members individually), and based on the results of previous research activities. There is significant potential to expand both the number and scale of these activities. As these enterprises mature, it may be possible to develop closer supply chain linkages with other enterprises (traders, input suppliers, supermarket chains etc) that can help access non-local resources.
- That potential exists to formalise ownership of intellectual property, including indigenous knowledge, resulting from both technological and methodological innovations to which the CIALs have materially contributed (e.g. selection of new varieties, development of new participatory R and D methods), and to generate income from royalties, licences and franchises based on this, in partnership with others as appropriate for each innovation.
- That second order organizations (especially) have potential to develop income-generating services (e.g. establishment of new CIALs, quality control/accreditation of farmer experiments, training in methods and tools used by CIALs etc)
- That corporate partnerships are probably inappropriate, especially with firms in the agricultural sector, since this could compromise the independence and impartiality of the farmer experimentation process.
- That contracts from local government bodies for agricultural service (extension) provision could be sought, for well established CIALs and second order federations.
- That indigenous foundations concerned with poverty, the environment, rural areas, or in fostering urban-rural linkages, could be targeted for philanthropic gifting programs or specific projects.
- Potential exists to organize out-migrants from the home community to donate and invest in the area.
- That horizontal linkages can be made with other CSOs operating in the local area to form partnerships, joint ventures etc in pursuit of agreed objectives through a variety of mechanisms including preparation of joint proposals for external funding, and the establishment of new enterprises and services. Local government agencies could also be included as partners here.
- That more opportunities can be created for voluntary contributions, from within the local community and for external advisors/mentors/specialist expertise as considered appropriate.

Existing voluntary contributions (e.g. time dedicated by farmers to field experiments and organization meetings) need to be explicitly valued and recognised.

- That a reserve fund could be established. The existing external donor could be approached to assist in the establishment of the fund, which supports the sustainability of the organizations in which the donor has already invested.
- That a strategy for resource mobilization is developed as part of a wider strategic planning process, involving all relevant actors, and that this gives a high priority to establishing and maintaining a diversity of resource mobilization mechanisms over time.

11.2. Research issues

A number of issues have emerged from this review, which could form the basis for future research with rural CSOs in the South as they develop and implement resource mobilization strategies.

Methods for resource mobilization strategy development appropriate for small, local organizations. Recommendations for small organizations to incorporate resource mobilization decisions into the strategic planning processes presume that these processes are already in place, and that methods exist that permit resource mobilization to be addressed as an integral part of the process. This is unlikely to be the case. In many small local organizations, strategic planning may be incipient or totally lacking; and if present, may not include resource mobilization issues. They may be an afterthought restricted to the question “which donor can we hit for this?” or even “what does this donor want to fund now?” Strategic decisions need to be based on analyses of internal and external information that may not be available to local people, especially in rural areas. External advisors may import their own biases. Basic methods for strategic planning that allow local people to incorporate external information with their local knowledge, and which consider prioritisation of resource mobilization options as well as definition of mission, objectives, activities etc are vital. Mission related activities can be income generating, and hence need to be developed with both resource use and generation in mind. Scope thus exists for methodological research in this area, including the roles of outsiders in the process.

Royalties and property rights. As outlined in Section 7.12, royalties, licences and franchises based on property rights owned by the CSO have the potential to provide a continuing income stream for small local organizations. Rural community organizations like CIALs that engage in research should, if successful, contribute to generation of this type of property, including plant varieties, appropriate processing technologies, and R and D methods themselves. It remains controversial whether ownership (in full or part) over these assets can be established and protected. The legal situation will vary by country. This may involve partnership with other R and D organizations, or conceivably with the private sector. Case studies could provide guidelines for the future.

Services for the rural poor. Sustainable services need to be based on demand, i.e. the user of the service should be willing to pay for that service. But in poor rural areas, willingness to pay for even essential services may be low or absent: charging for services thus tends to restrict coverage to the less poor. Financial service providers have largely overcome this problem through adjusting the services they offer and reducing costs (using social control mechanisms) i.e. micro-credit schemes. Other services have yet to make similar adjustments, and considerable opportunity exists for research to develop service products that are both sustainable and reach the poor. A continuing subsidy arrangement is judged necessary by some authors: this needs to be tested.

Balancing economic and social/environmental objectives of CSOs. Evidence suggests that almost by default, organizations and projects will tend to emphasise short-term economic benefits over long term social and environmental objectives. Incorporating enterprise activities within CSOs may exacerbate this tendency. Mechanisms that encourage development of

entrepreneurial income streams without deflecting from the organizational mission need to be identified and evaluated.

Incorporating indigenous philanthropy. Individual, foundation and corporate philanthropy is alive and well in the South. But CSOs neglect this source of funds. Poor quality databases and expensive communications may inhibit development of systematic philanthropic programs in the South, perhaps especially in organizations geared to rural objectives and communities, far from urban concentrations of wealthy individuals and firms. Low cost effective methods to assist small organizations to generate useful funds through indigenous philanthropy would have a useful role to play in ensuring that such organizations have a more diverse funding base, and especially one that is untied to any specific application.

Application of new information and communications technologies. Internet, email and mobile telephony have the potential to revolutionize many activities of CSOs in the South, including their application to resource mobilization. These technologies provide additional tools that enhance coverage and reduce costs, for example:

- Enterprise activities can be expanded using websites and email for e-commerce
- Online databases and other resources can cut the costs and time involved in identifying philanthropic prospects, potential project donors.
- Mobile phones can overcome poor communications in remote areas, including problems in contacting local and other clients for products and services.
- Accessing information on new markets, technologies etc via internet
- Websites can be used to promote services, publications and
- Emails help preparation of timely proposals, in building partnerships, and generally cut the costs for communication.

Whereas Holloway (2001) sees the internet as an additional mechanism in the resource mobilization arsenal of CSOs, it makes more sense to see the range of new information and communication technologies as powerful tools that help organizations to implement the existing mechanisms (enterprises, services, philanthropy, donor funded projects etc).

However, access to these new technologies within a community may be restricted, raising issues of power relations and capture of benefits. Heavy use of these new technologies also commits organizations to substantial capital investment and operational costs. Efficient and cost-effective ways to incorporate these new technologies into the operations and activities of CSOs in an equitable manner are needed.

11.3. Conclusions

Changing the orientation of development CSOs away from short-term projects funded by external donors, towards a longer term, more institutionally sustainable resource mobilization strategy based on diversity, local grounding and the importance of non-financial as well as financial resources is a major undertaking that will take time to achieve. Yet many of these resource mobilization options are apparently underused not through any inherent difficulty or risk, but because of oversight and neglect. Refocusing attention away from the needs of external donors, towards the strengthening of relationships with a range of local actors will be critical to achieving this reorientation, and will also facilitate the achievement of organizational goals. This review outlines the many mechanisms available for local organizations to diversify and expand their resource mobilization options, and identifies the need for a practical strategic process that they can use to make decisions based on these options, relevant to their own internal situation and operating environment.

References.

Aldaba F.; Antezana P.; Valderrama M.; Fowler A. (2000) NGO strategies beyond aid: perspectives from Central and South America and the Philippines. *Third World Quarterly - Journal of Emerging Areas* 21(4) 669-683

Anheier H.K. (2000) Managing non-profit organizations: towards a new approach. Civil Society Working Paper 1. Center for Civil Society, London School of Economics. (website download)

Anheier H.K.; Toepler S.; Sokolowski S.W. (1997) The implications of government funding for non-profit organizations: three propositions. *The International Journal of Public Sector Management*. 10(3) 190-213

Gallagher, (2002) Self-financed field schools: helping farmers go back to school in IPM/IPPM. Website download, FAO global ipm facility 12pp

Ashby, J.A.; Braun, A; Gracia, T; Guerrero, M.P. Hernandez, L.A.; Quiros, C. A. and Roa, J.I. (2000) Investing in farmers as researchers: experience with local agricultural research committees in Latin America. CIAT, Cali, Colombia 199pp.

Ashman D. (2001) Civil Society Collaboration with Business: Bringing Empowerment Back World Development 29(7) 1097-1113

Ashman, D; Brown, L.D. and Zwick, E. (1998) The strength of strong and weak ties: building social capital for formation and governance of civil society resource organizations. *IDR Reports* vol 14 no 2. Institute for Development Research, Boston. 16pp

Atim C. (1999) Social movements and health insurance: a critical evaluation of voluntary, non-profit insurance schemes with case studies from Ghana and Cameroon. *Social Science and Medicine* 48(7) 881-896

Barrett B. (1996) Integrated local health systems in Central America *Social Science and Medicine*. 43(1) 71-82

Bebbington, A. (1996) Organisations and intensifications: campesino federations, rural livelihoods and agricultural technology in the Andes and Amazonia. *World Development* 24(7)1161-1177

Bebbington A. (1997) New States, New NGOs? Crises and Transitions among Rural Development NGOs in the Andean Region. *World Development*, 25(11) 1755-1765

Bebbington A. and Mitlin, D (1998) What does strengthening NGO capacity mean for civil society and governance? ID21 www.id21.org

Beynon, J. (1996) Financing of Agricultural research and extension for smallholders in sub-Saharan Africa. *Natural Resource Perspectives* No 15, ODI, London www.odi.org.uk/nrp/index

Bone L. and Shediak-Rizkallah M. (1998) Planning for the sustainability of community-based health programs: conceptual frameworks and future directions for research, practice and policy. *Health Education Research* 13(1) 87-108

Buckland, J. (2001) From relief and development to assisted self-reliance: NGOs on Bangladesh. *Journal of Humanitarian Assistance* www.jha.ac/articles/a052htm 14pp

Buckmaster N. (1999) Associations between outcome measurement, accountability and learning for non-profit organizations. *The International Journal of Public Sector Management*. 12(2) 18-19

Bennett A. (1998) Sustainable public/private partnerships for public service delivery Natural Resources Forum 22(3) 193-199

Cameron J. (2000) Development economics, the New Institutional Economics and NGOs Third World Quarterly - Journal of Emerging Areas. 21(4) 627-635

Candela ww.candelaperu.org

CIAT (1999) Rural Agroenterprise Development Project, Annual Report 1998. CIAT, Cali, Colombia. 53pp

Colanta (2002) Data taken from website www.Colanta.org

Coleman, T.J.; Thompson-Smith, T; Richards, L N. (1999) Rural Service Delivery: Unique Challenges, Creative Solutions. Asha 41(1) 40

Corfocial (2000) Realizando sueños empresariales en el campo. Project report. www.gupochorlavi.org/hp/doc/documentos/corfocial.doc

Corpoversalles (2002) www.col.ops-oms.org/cpcversalles/corpoversalles/informacion.htm

Cornforth C.; Edwards C. (1999) Board Roles in the Strategic Management of Non-profit Organisations: theory and practice. Corporate Governance: An International Review 7(4) 346-362

Curtis A.; Lockwood M. (2000) Landcare and Catchment Management in Australia: Lessons for State-Sponsored Community Participation. Society and Natural Resources. 13(1) 61-73

Davis, L. (1997) The NGO-business hybrid: is the private sector the answer. John Hopkins University, Program on Social Change and Development. 132pp.

Eden C.; Huxham C. (2000) The Negotiation of Purpose in Multi-Organizational Collaborative Groups. Journal of Management Studies 38(3) ???

Edwards M. (1999) NGO Performance - What Breeds Success? New Evidence from South Asia. World Development 27(2) 361-374

Edwards, M. and Hulme, D. (1996) Too close for comfort? The impact of Official aid on Nongovernmental organizations. World Development 24(6) 961-973 (ref B)

Eliason, R.N. (1999) Towards sustainability in village health care in rural Cameroon Health Promotion International 14(4) 301-306

Foster M.; Brown A. and Naschold F. (2001) Sector Programme Approaches: Will They Work in Agriculture? Development Policy Review 19(3) 321-338

Fowler, A. (2000) The virtuous spiral: a guide to sustainability for NGOs in international development. Earthscan Publications, London. 225pp.

Fundacion MCCH <http://www.fundacion-mcch.org.ec/espanol/default.htm>

Fundacion Social www.fundacion-social.com.co/default.htm

Funorsal www.ded.org/essapa12.htm

Furniture Resource Centre <http://www.furniureresourcecentre.comfrc/frc01htm>

Gerhart, J.D. (2000) International experience in enhancing philanthropy: lessons from South Africa and elsewhere. Paper presented at the Conference on Indigenous Philanthropy, Islamabad, Pakistan, October 16-17, 2000. Aga Khan Development Network www.akn.org/agency/philanthropy/ingphilENHANCE.html

Gibb A. and Adhikary D. (2000) Strategies for local and regional NGO development: combining sustainable outcomes with sustainable organizations. *Entrepreneurship and Regional Development*, 12(2) 137-161

Gosling, P. (2001) The self-help society Centralisation and privatisation have been largely ineffective, now collective self-help or 'social enterprise' is coming to the rescue of deprived communities *Public Finance* 17 24-25

Gottry, H. (1999) Profit or Perish: Non-Profit Social Service Organizations & Social Entrepreneurship. *Georgetown Journal on Poverty Law and Policy*. 6(2) 249

Hare, L. (1997) Nigerian NGO sustainability assessment: findings and recommendations on Ngo financial sustainability. www.jsi.com/intl/init/nige_ngo.htm

Holloway, R. (2001) Towards Financial Self-reliance: a handbook on resource mobilization for civil society organizations in the south. Earthscan Publications, London 322pp

Humphries, S.; Gonzales, J.; Jimenez, J and Sierra, F. (2000) Searching for sustainable land use practices in Honduras: lessons from a programme of participatory research with hillside farmers. AgREN network paper No 104. Agricultural Research and Extension Network, ODI, UK. 15pp.

Jack, W. (2001) Social investment funds: an organizational approach to improved ??? *World bank research observer* 16(1) 109-124

Johnson H.; Wilson G. (1999) Institutional sustainability as learning. *Development in Practice*, 9(1) 43-55

Johnson H. and Wilson G. (2000) Institutional sustainability: 'community' and waste management in Zimbabwe *Futures* 32(3) 301-316

Jones, O.; Little, J. (2000) Rural Challenge(s): partnership and new rural governance *Journal of Rural Studies* 16(2) 171

Kellert S. R.; Mehta J. N.; Ebbin S. A.; Lichtenfeld L. L. (2000) Community Natural Resource Management: Promise, Rhetoric, and Reality. *Society and Natural Resources*, 13(8) 705-715

Kidd, A.D.; Lamers, J.P.A.; Hoffmann, V. (2000) Privatising agricultural extension: caveat emptor. *Journal of rural studies* 16(1) 95

Kroeger A.; Meyer R.; Mancheno M.; Gonzalez M.; Pesse K. (1997) Operational aspects of bednet impregnation for community-based malaria control in Nicaragua, Ecuador, Peru and Colombia. *Tropical Medicine & International Health*. 2(6) 589-602

Lazo L.P. and Ostertag C.F. (1999) Analisis de factores claves de exito de agroempresas rurales en la zona andina enfocadas hacia la exportacion: metodologia and resultados. Presented at the electronic conference on Retos de la Agroindustria Rural Andina en el contexto de la Globalizacion, Infoandina -Condesan

Lewis, D. (1998) Bridging the gap?: the parallel universes of non-profit and non-governmental organization research traditions and the changing context of voluntary action (CVO International

Working Paper No. 1. Centre for Voluntary Organisations, London School of Economics.
(webdownload)

Lundy, M; Magana, C.A. and Wheatley, C (1999) Ayudate que yo te ayudare: una alianza entre productores, ONG y la empresa privada. In: proceedings of the Electronic Conference De Cara a la Globalizacion: Organizaciones Economicos en America Latina y el Caribe. Fidamerica.
www.fidamerica.org/actividades/conferencias/oec/versalle.html

Lyons M.; Smuts C. (1999) Community Agency in the New South Africa: A Comparative Approach. *Urban Studies* 36(12) 2151-2166

Maclean, S. J.(2001) Book review of: Development, NGOs, and Civil Society edited by Deborah Eade In: *European Journal of Development Research*. 13 (1) 227-229

Marek T.; Diallo I.; Ndiaye B.; Rakotosalama J. (1999) Successful contracting of prevention services: fighting malnutrition in Senegal and Madagascar. *Health Policy and Planning* 14(4) 382-389

McGill R.(1994) Institution Development and the Notion of Sustainability. *The International Journal of Public Sector Management* 7(6) 26-40

Mequanent, G. (1998) Community Development and the Role of Community Organizations: A Study in Northern Ethiopia. *Canadian journal of African studies* 32(3) 494

Mitchell, S.M. and Shortell, S.M. (2000) The Governance and Management of Effective Community Health Partnerships: A Typology for Research, Policy, and Practice. *Milbank Quarterly* 78(2) 241

Nel E. (2000) Rural self-reliance strategies in South Africa. *Journal of Rural Studies*. 16(3) 367-377

Nelson, E.C. (1999a) ECCA: building sustainability through diversified resources. *Changemakers*.
www.changemakers.net/resources/archivedi.cfm

Nelson, E.C. (1999b) From global back to local: enduring strategies in resource mobilization. *Changemakers*. www.changemakers.net/resources/archives.cfm

North, L.L.; Cameron, J.D. (2000) Grassroots-Based Rural Development Strategies: Ecuador in Comparative Perspective. *World Development* 28(10) 1751

Pal R.C.; Sharma A. (2001) Afforestation for reclaiming degraded village common land: a case study. *Biomass and Bioenergy* 21(1) 35-42

Rashed S.; Johnson H.; Dongier P.; Gbaguidi C.; Laleye S.; Tchobo S.; Gyorkos T.; Maclean J.; Moreau R. (1997) Sustaining malaria prevention in Benin: local production of bednets. *Health Policy and Planning* 12(1) 67-76

Reardon, T. (2001) Rural Nonfarm Employment and Incomes in Latin America: Overview and Policy Implications. *World Development*. 29(ER3) 395-409

Roberts, D.; Denomme, M.; Perlmutter, F. D. (2000) Creating Nonprofit Organizations Within Disenfranchised Communities. *Administration in Social Work* 24(3) 17-34

Robinson T. (1996) Inner-city Innovator: The Non-profit Community Development Corporation. *Urban Studies* 33(9) 1647-1670

- Scott A.J.(1998) The contribution of forums to rural sustainable development: a preliminary evaluation. *Journal of Environmental Management* 54(4) 291-303
- Stefanini A. (1997) The hospital as an enterprise: management strategies. *Tropical Medicine & International Health* 2(3) 278-283
- Tanburn. J. (1999) a market based approach to BDS: insights on sustainability gained in the FIT project
- Takasaki Y.; Barham B. L.; Coomes O. T. (2001) Amazonian Peasants, Rain Forest Use, and Income Generation: The Role of Wealth and Geographical Factors. *Society and Natural Resources* 14(4) 291-308
- Tendler, J. (1982) Turning PVOs into development agencies: questions for evaluation. USAID Discussion Paper 12, Washington, USAID.
- Tendler, J and Alves, A.M. (1996) Small Firms and Their Helpers: Lessons on Demand
- Uphoff N.; Wijayarathna C.M. (2000) Demonstrated Benefits from Social Capital: The Productivity of Farmer Organizations in Gal Oya, Sri Lanka. *World Development*. 28(11) 1875-1890
- Uvin, P.; Jain, P.S.; Brown, L.D. (2000) Think Large and Act Small: Toward a New Paradigm for NGO Scaling Up. *World Development* 28(8) 1409
- Van den Ban, W.A. (2000) Different ways of financing agricultural extension. AgREN Extension Network Paper 106b Agricultural Extension Network, ODI, London. pp8-19.
- Waddell, S and Brown, L.D. (1997) Fostering intersectoral partnering: a guide to promoting cooperation among government, business and civil society actors. Institute for Development Research (IDR) Reports, vol. 13 No. 3, 24pp
- Yajie S.; Burch W.; Geballe G.; Liping G. (1997) New organizational strategy for managing the forests of southeast China - The share-holding integrated forestry tenure (SHIFT) system *Forest Ecology and Management* 91(2) 183-194

Figure 1. Positioning of CSOs along the dimensions of autonomy/cooption and social activism/welfare delivery (Fowler 2000).

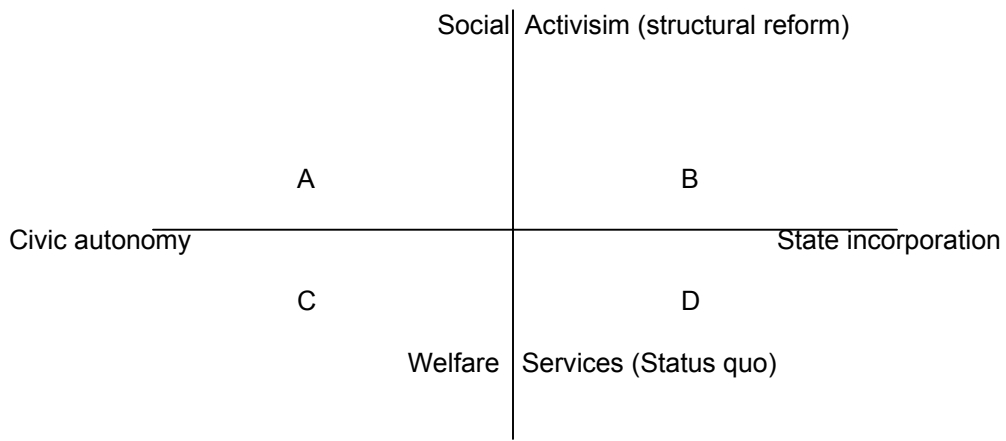


Table 1. Resource mobilization mechanisms differentiated according to their source (type of actor) and the use towards which they are applied.

Use of funds/ resources	F or NF	Source of funds/resources (type of actor)						
		Local community	Govern- ment	Business	Foreign donors	Civil society actors	Financial institutions	Own organization
Uses that directly generate income								
Production and Trading enterprise	F	Investment	Investment, project grants	Investment, Partnership, Supply chain Project grants	Project grants	Investment	Loans	
	NF	Volunteer				Volunteer		
Services -	F	User fees	Subsidy, Project grants	Partnership Subsidy, project grants	Subsidy, Project grants	Fees, Subsidy, Project grants	Loans	
	NF	Volunteer				Volunteer		
Endowment fund	F	Organizational sustainability funds						
	NF						Volunteer (fund admin)	
Uses that do not generate income directly								
Other mission related (lobby, welfare)	F		Subsidy, Project grant	Project grant	Project grant			
	NF	Volunteer						
Institutional development	F		Project grant	Partnership	Project grant	Project grant		
	NF	Volunteer				Volunteer		
Management, governance	F	Overhead from subsidies and project grants						
	NF	Volunteer				Volunteer		
Untied funds, for any of the above uses	F	Membership dues, Individual philanthropy	Debt reduction funds	Corporate philanthropy	Foundation philanthropy (North)	Individual and foundation philanthropy	Corporate philanthropy	Self-generated income

F = financial, NF = non-financial resources.