

Fundraising in Brazil: the major implications for civil society organisations and international NGOs

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Introduction

This paper looks at the opportunities for civil society organisations (CSOs) in Brazil to increase and diversify income and considers some of the attendant risks and challenges. The Brazilian experience is relevant to middle-income countries in Latin America, where similar, though more incipient, trends in local fundraising are evident, and it may also be relevant to the more industrialised Asian and African countries where the state manages significant resources and there is a substantial middle class, as in India.

There are tens of thousands of CSOs in Brazil that assist the disadvantaged. This paper focuses on those that, in addition to providing services, represent or support the interests of the disadvantaged in the wider society. In Brazil as elsewhere in Latin America, these organisations include rural and urban unions, Amerindian groups, women's associations, the social action institutions of the Catholic church, community-based organisations (CBOs), and NGOs working in specific fields such as human rights and the environment. Many were born out of the opposition to the military dictatorship, which lasted from 1964 to 1985, and were influenced by progressive social thinking and liberation theology. Because of the size and sophistication of the state in Latin America and its key role in poverty reduction, the work of most of them has a public policy dimension, be it municipal or national. They are the typical counterparts of international NGOs (INGOs) in Europe and North America.

In Brazil, these CSOs, though numerous, dynamic and boasting a solid record of social achievements, manage extremely small amounts of

money in relation both to the scale of poverty and hardship in the country and to the size of the economy and population. A key question for them is simply how to increase income. A second, related, question is how to reduce high levels of dependence on INGO funding, which may become scarcer in future. The need for diversification was highlighted in 1994 when currency revaluation reduced the purchasing power of grants from abroad and threw many social movements and NGOs into financial crisis. However, tapping new sources has far-reaching implications for the nature and ways of working of these CSOs.

The paper draws on recent experiences in Brazil to demonstrate the range of potential new sources of funds, including the Brazilian public, commercial activities, and government institutions. The role of volunteers is also addressed. The pivotal institutional and cultural changes CSOs need to undertake in order to mobilise these resources are highlighted, along with associated risks, such as diversion away from their representational and advocacy roles, loss of political independence, and bureaucratisation. The paper then suggests specifically how aid agencies might fulfil their responsibilities to help counterparts bolster income and raises the possibility of more inter-institutional collaboration in what is increasingly a global rather than national activity. Finally, some comments are offered regarding the funding priorities of the INGOs, given the new income opportunities facing CSOs; the main recommendation is to concentrate on supporting advocacy work rather than service provision.

Though the focus of this paper is on financial sustainability, it is important to register at the outset the crucial link for CSOs between raising money and building public support for their concerns — these are two sides of the same coin. Since many Brazilian CSOs working for the disadvantaged aspire to influence government policies, they need both credibility and political weight. The credibility may come from the quality of their ideas but the weight comes from having a social base capable of being mobilised around specific proposals. Fundraising from the public enables an organisation to broaden its constituency, bring attention to its causes, and stimulate political action. Raising money can also be linked to the aim of changing society's attitudes. Brazilian NGOs working on HIV and AIDS, for example, have poster campaigns that bring in money and communicate positive images of people with HIV/AIDS.

Discussion of financial sustainability raises broader issues, such as the desirable relationship between civil society and the state, between the voluntary sector and the private sector, the appropriate role of the

voluntary sector in social service delivery, etc. There are complex and controversial debates around these topics, which, sadly, cannot be explored here.

Increasing and diversifying income

In 1995, a survey jointly made by Oxfam and ISER (Instituto de Estudos da Religião) of the major North American and European aid agencies and foundations registered an annual flow of US\$74 million for development programmes and related public policy work. The dollar volume may have dipped since then, and its value in local currency has fallen by about 25 per cent. Unless Brazil becomes highly unstable economically or politically, flows will probably decline gradually and might reach considerably lower levels within a decade — a worrying scenario for Brazilian CSOs, especially development NGOs.

There are negligible data on CSO income, so quantification and analysis of trends is difficult. However, over the last few years, it has been possible to observe myriad incipient developments in funding which, over time, will change the face of the whole sector. The principal innovations are:

- fundraising from supporters and the general public using a variety of sophisticated techniques;
- growing corporate philanthropy;
- commercial activities;
- greater access to government resources;
- direct funding by official aid organisations.

Predictably, most of the new resources are being generated for welfare, the environment or 'safe' development activities. Environment NGOs, for example, now generate an impressive 80 per cent of their income domestically. Organisations with a rights focus, or seeking to tackle the roots of poverty and suffering find less favour with the economic and political establishment. Nevertheless, the boundaries of what is 'safe' are undoubtedly wider than a decade ago, and some controversial causes like the movement of landless farmers (*Movimento dos Sem Terra* — MST) succeed in appealing to a broad public.

It is also evident that there is an easier fundraising environment in the more developed parts of the country, because of higher personal incomes and favourable cultural propensities. However, this public could be approached to support emergency and development programmes in poor regions such the Northeast and Amazonia.

Box 1 Anti-poverty campaign becomes a household name

The potential for mobilising the community around poverty issues was demonstrated in the early 1990's when the anti-hunger campaign known as *Ação da Cidadania contra a Fome, a Miséria e pela Vida* (Citizens' Action against Hunger, Misery and for Life) became a national institution. It attracted massive media coverage and motivated hundreds of thousands of individuals, unions, businesses, churches and civic associations to donate food and clothing to the poor through a network of local groups. The late Betinho de Souza, the charismatic founder of IBASE, a Rio-based NGO, led the campaign. Stressing the responsibility of both the individual and the state to respond to suffering, he called for charity with political action. This landmark movement shifted the outlook of many Brazilians: the left revised its critical view of charity and welfare work, which it had considered a diversion from the issues of structural change, and the business and cultural elites were encouraged to take up social causes.

One factor affecting the willingness of individuals and companies to give money for good causes is lack of confidence in the state as a provider of health, education, and other services. The public believes the state is inefficient and, especially in the case of the social security system, corrupt. In addition, people are now more aware that government spending is highly regressive. Evasion of personal and corporate taxation is widespread. Better-off people who feel a responsibility towards the underprivileged do not, therefore, see paying tax as a way of 'doing their bit', and may increasingly look to non-governmental alternatives. This is rather a mixed blessing, since rebuilding the public sector and redistributive taxation are key elements of any anti-poverty policy.

So what is the potential for fundraising? The answer is less generic if the four main sources — individuals, companies, commercial activities, and governmental institutions — are examined separately.

Individual supporters

In Brazil, as elsewhere in Latin America, many of the CSOs working for the benefit of the disadvantaged are CBOs such as rural unions, urban neighbourhood organisations, women's groups, etc. Partly because it has been easier to negotiate grants from abroad, these have generally not prioritised raising money from their constituencies. Arguably, there is potential to do so, despite the fact that many members live in poverty and, in some cases, in even greater poverty than 20 years ago. There would be significant side benefits from tapping this potential, such as a heightened feeling of ownership among the rank and file and greater downward accountability of leaders.

Members' contributions, frequently in the form of food, lending a room or paying a bus fare, need to be stimulated by the organisation. Cash can be mobilised through events, raffles, and the simple 'whip round'; and in some organisations there could even be a regular subscription, especially now that hyper-inflation has ended. The hardest problem, almost insuperable except in the case of labour unions, is to get resources passed on to second and third tiers of organisation, e.g. from a local farmers' association to the regional association and on up to the national association. This is where funding agencies have traditionally come in. Probably the best example of 'internal' fundraising is the MST, whose settlements contribute a percentage of their production so that other groups can gain access to land, reflecting their faith in the cause and trust in the leadership.

Because of the grossly unjust distribution of income in Brazil, fundraising from the general public principally means targeting the better-off. The middle classes are about the size of Britain's and, in the case of the upper-middle and middle-middle ranges, have a higher disposable income. And the rich are astoundingly rich. A significant proportion of the middle classes, particularly the university-educated, is progressive and concerned about social issues, making it a potential source of finance for CSOs concerned with rights and poverty. At the same time, though the lower income groups do not have much money to spare, the culture of solidarity is stronger and they can be valuable supporters of local causes. Given that the British public supports innumerable civic and non-profit organisations with US\$22 billion a year, it is reasonable to think that within ten years several hundred million dollars a year more could be raised in Brazil, even without the benefit of the North European charitable tradition.

Understandably, well-off Brazilians are attracted most easily to concerns which have some bearing on their own lives, though local disasters also generate a response, as demonstrated in 1996 by the support given to the victims of flooding in Rio de Janeiro. The causes with the most appeal are probably the environment, AIDS, women's rights, children's welfare, and law and order. According to a World Wildlife Fund (WWF) survey, over the half the income of environmental groups comes from their membership. Greenpeace's Brazilian chapter raised US\$150,000 in 1997, which is set to increase sharply following huge investments in television and direct mail promotion during in 1998. Stimulated in part by the ubiquitous presence of street kids and the violence they suffer, there are thousands of local projects for children that raise money from the community. It is very common to see collectors with

banners and tins at traffic lights. The largest fundraising operation for children is UNICEF's television campaign, which finances about half its US\$25 million in-country spending, much of which benefits local NGOs. NGOs working on social violence and law and order issues like penal reform, drug abuse, reform of the police force, etc., have been less adventurous in looking for money, but have great potential to mobilise resources from a middle class which lives in daily fear of crime.

Catholic social action organisations such as the Pastoral Land Commission and Indigenous Mission Council have a natural constituency they can approach for resources, though currently this potential is little exploited. The Catholic Bishops' Conference is developing fundraising via its annual Lenten Fraternity Campaign, which seeks to raise public awareness and promote solidarity around a social theme. There are more advances in fundraising in the Spiritualist centres and evangelical Protestant community, though this is largely for welfare provision. World Vision now raises substantial amounts, much of it from the wealthy state of São Paulo where it targets a small number of rich people for big donations.

Box 2 Volunteers

CSOs depend heavily on people who, with or without qualifications, give their time. In organisations representing disadvantaged people, such as rural unions or favela associations, this voluntary effort, whether focused around local self-help or national political issues, has been the heart of the vitality demonstrated by CSOs in Brazil over the last decades. Levels of participation are the product of a complex set of social, economic, and political factors and are therefore hard to predict. One negative factor has been the sharp increase in the hours of paid employment people need in order to meet household needs, thereby reducing the time available for social militancy. However, organisations can improve the ways they attract and sustain voluntary effort — e.g. childcare provision, training, recognition, etc. 'Northern' experience in this may be instructive.

These organisations and other non-profit bodies can take advantage of people who are not 'interested parties', but have a sense of social responsibility. The pool includes university students, often as volunteers or through job experience schemes, and the retired. The latter constitute a quite exceptional resource in Brazil as many public employees, including teachers, university professors, doctors, social workers and administrators, retire on full pay in their forties and fifties. Companies and public sector institutions could increasingly lend qualified staff. For example, the consultancy firm McKinsey releases people for advice work with NGOs, while the Luis Freire Centre, an NGO in Recife working on education and public security policies, has had up to six professionals on long-term paid secondments from state and local government.

Corporate philanthropy

The private sector is emerging as a significant donor for social and environmental programmes, despite the lack of philanthropic tradition in Brazil's business culture. Members of the *Grupo de Instituições e Fundações Empresariais*, an association of some 40 philanthropic organisations which includes multinationals like Xerox and Alcoa, disburse US\$300 million each year. The Bradesco Foundation alone, linked to the bank of the same name, spends US\$70 million a year, largely on schools.

Growth in private sector giving has several motives: public relations advantages; a genuine, albeit embryonic, recognition of the moral responsibilities of corporate citizens; and, in common with the middle classes, a fear of social explosion and distrust in the state's capacity to administer defusing programmes. Nevertheless, much of what is called corporate philanthropy is, in fact, investment that will generate direct benefits for the donor. A company can offer literacy courses for its employees and the neighbouring community and present this as philanthropy, but essentially it is training its workforce. Another may spend money on environmental improvements but be largely cleaning up its own mess. At worst, philanthropy is thinly disguised tax evasion. Foundations also receive government resources for their initiatives, a factor which swells the figures.

Box 3: Toymakers come top of the class

The best example of creative philanthropy-cum-fundraising is the Abrinq Foundation, established by the toy manufacturers' association, which supports children's rights. In 1994 the Foundation received US\$160,000 for its first major investment in fundraising. Current annual income US\$8 million, 94 per cent raised inside Brazil and three quarters from companies. The Foundation campaigns against the use of child labour and is developing 'child friendly' product labelling. It not only seeks resources for its own work but also acts as an intermediary between donors and third-party projects, like many INGOs.

Corporate *pro bono* support is beginning to appear for CSOs. TV Globo's free air time for *Ação da Cidadania* and the UNICEF appeals is the most obvious case, but there are other initiatives such as American Express helping IBASE raise US\$90,000 by mailing its cardholders. Affinity credit cards, through which a percentage of the consumer's spending is passed to a non-profit organisation, are now offered by a

number of commercial banks. The Women and Life Collective in Recife, which works on gender violence and teenage prostitution, has obtained free help from media companies to mount a campaign involving TV, tele-marketing, poster sites, and direct mail; the telephone company has also agreed for donations to be collected by addition to customers' bills.

Commercial activities

Commercial activity by CSOs is in its infancy, but considering the purchasing power of the middle and upper classes there is reason to believe it has significant potential. The principal obstacles are the lack of business skills in CSOs and the astronomical cost of borrowing, as well as the rather volatile economy. Business activity can be loosely divided into two types: conventional and 'solidarity'. An example of the former is TV Viva in Recife, which successfully sells video services to corporate clients, whose interest is getting a quality clip at a competitive price, and not the social objectives of the supplier. Some Brazilian development NGOs are also entering the consultancy market or tendering to run the social components of government development projects. IBASE, for example, has a major contract to evaluate the impact of the federal government's special credit programme for family farmers.

Most businesses, however, will have a solidarity dimension, since the client or consumer is motivated partly by the social objectives of the supplier, as in the case of Abring's US\$1.5 million income from cards and wrapping-paper sales through the door-to-door saleswomen of a cosmetics company. There are a growing number of smaller-scale initiatives such as the Women and Life Collective in Recife setting up a hotel for women and GAPA-Bahia selling T-shirts in boutiques. A network of Amazonian grassroots groups and NGOs has held a trade fair in São Paulo to promote regional products in the domestic market. There is also potential for expanding Fair Trade exports, especially foodstuffs and niche products like Amazonian *babassu* soap, and for social tourism — though growth prospects depend on currency devaluation.

Brazilian state resources

Brazilian CSOs enjoy increasing access to governmental resources, be they municipal, state, or federal, in line with the global trend. However, the amounts involved are still insignificant from the state's perspective, and no special budgets have been created. President Cardoso and the

technocratic elite seem keen on CSO participation in social service delivery but many politicians disagree, either because they wish to conserve Brazil's sophisticated system of *clientilismo*, or because they have a state-centred view of economic and social development. Many civil servants in the powerful bureaucracy also believe the state should provide all services. Another factor limiting the transfer of resources to CSOs is the modest operational capacity of the CSOs themselves. Despite these constraints, the outlook is for a gradual increase in funding that will have a major impact on the voluntary sector as a whole.

However, not all government monies finding their way to CSOs are purely for service provision. Firstly, organisations can sometimes make a legitimate margin on these services, which becomes 'unearmarked income'. Farmers' unions, for example, can generate income by supplying technical advice to groups receiving government credit. Secondly, there are progressive municipal and state governments, and the occasional federal institution, which are prepared to help CSOs with their more political roles of representation, lobby and campaign, rather as some local councils did in Britain in the early 1980s. The Josué de Castro Centre, an NGO in Recife, received money from the City Hall to give courses to community leaders on the new participatory budgeting process, thus equipping the disadvantaged population to negotiate better with it. Though funding for 'strengthening civil society' is not common, it is coming under discussion and could well increase, especially at municipal level.

Box 4 Legal and fiscal environment for CSOs

The creation of non-profit civil associations is easy, but subsequent control by the authorities is negligible. A new legislative framework for CSOs is under negotiation; this would include requirements regarding governance, audits and public disclosure of information that would help increase the confidence of the donating public. However, if the state went beyond the minimal level of regulation that facilitates public scrutiny, there could be problems of political interference, bias, and inconsistency. Self-regulation and voluntary codes of conduct could help foster credibility in NGOs, but there is a long way to go before any standards become widely accepted. The fiscal framework for CSOs, which includes some tax benefits as well as incentives for donors, is under review. The worst abuses of this system have been curbed, but the weakness of control mechanisms still impedes progress towards more generous and transparent arrangements.

Bilateral and multilateral development aid

Official aid monies have long been reaching CSOs via international NGOs. However, there are growing opportunities for CSOs to deal directly with official institutions, both bilateral and multilateral. Increasing CSO sophistication combined with the decentralisation of official aid management facilitates this trend.

The European Union has global budget lines open to CSOs, including resources for disasters, which larger Brazilian NGOs are well placed to tap. There are also special programmes for Brazil, such as the fund created for projects with children at risk. Some of the UN bodies also finance CSOs directly, though on a small scale. Many embassies, including the British and Japanese, administer expanded funds for small CSO projects.

World Bank monies are increasingly finding their way to CSOs, either directly through grants or loans, or indirectly through the government projects it funds. The latter has become quite significant: as of April 1997 there were eight projects channelling some US\$150 million to CSOs. The bulk of this is for credit programmes, but there are significant amounts for health and other social projects, as well as for contracting consultancy, research, and training services from NGOs. There are also resources reaching NGOs from the Global Environment Facility and the G-7 Programme for Tropical Rainforests. Direct support to CSOs is, however, still on a tiny scale, with the notable exception of US\$19 million for AIDS programmes.

Much of the money reaching CSOs from the Inter-American Development Bank (IDB) is also for credit programmes though, unlike the World Bank, this can be accessed direct. There are also grant budgets to which Latin American CSOs can apply, such as the Indigenous People's Fund and the new Women's Leadership Fund. Most interestingly, the Brazilian Association of NGOs has negotiated a US\$150,000 grant to study the feasibility of creating a foundation to raise money from within Brazil and draw in matching funds from multilateral banks and official aid. The foundation would provide grants of US\$50–70,000 and capacity building services to local NGOs.

Box 5 IDB loans

NGOs can apply for capital for loan programmes to the Small Enterprise Development Facility of the IDB's Multilateral Investment Fund and to the Small Projects Programme. Cearah-Periferia, an NGO in the Northeastern city of Fortaleza, is negotiating a US\$500,000 loan for housing credits and a US\$250,000 grant for advice and training to the beneficiary communities.

The multilaterals also encourage Brazilian state institutions to see CSOs as ‘partners in poverty alleviation’ and to incorporate them as delivery agents in social programmes. This influence is exercised in the design stage of specific projects, such as the World Bank-funded Planaflo Natural Resource Management programme in the Western Amazon, through technical assistance in drawing up sectoral policies, and through seminars and publications on state/civil society partnerships. The banks are also fostering private sector involvement in poverty alleviation.

Organisational development

To understand the organisational challenges facing CSOs today, it is necessary to understand their cultural, political, and institutional roots. In the 1960s and 1970s, most social movements and NGOs concerned with rights and poverty radically questioned the economic, social, and political order, many from a Christian socialist perspective. Even though some organisations expressed the concerns of moderate, pro-democracy sections of the middle-class, they all operated outside the establishment and their attitude to the state and to business was highly critical. In order to survive, many depended on a low profile and discretion about their funding and activities. The wave of new NGOs and movements that emerged in the 1980s, including women’s organisations, were often led by people who had been political activists, exiles, or prisoners. Organisations evolved in 1980s and 1990s in the context of gradual democratic consolidation at home and the collapse of communism abroad, and became more numerous, diverse, pluralist, and institutionalised.

Though political violence and authoritarianism persist, especially in rural areas, CSOs now operate in a more open society, with greater access to the media. They are having to change internal cultures, ways of working, skills and, crucially, their relationships with other actors — notably the state, business, the general public and, not least, their own membership. INGO donors have been one source of pressure for organisational changes, having themselves discovered ‘management’ in the 1980s, but most Brazilian CSOs perceive the need to evolve, thus reducing both the friction with funders and, more importantly, the danger of adopting inappropriate institutional paradigms.

Today, to survive and grow, a CSO needs to demonstrate that it is effective and efficient with the time and money given by its members, the

general public, or institutions. Achieving overall quality depends greatly on improving the skills of staff and the management systems. Since the results of CSO work are often by their nature difficult to evaluate, the quality of internal organisation often serves as a proxy impact indicator for donors and supporters. Institutional fundraising, particularly, demands further development of the organisational disciplines of planning, financial management, and reporting.

Transparency and accountability are other keys to successful fundraising. At the moment, few CSOs publish annual accounts or reports or have boards which properly steward funds donated for the organisation's declared aims. However, many have external audits, and accountability is now squarely on the CSO agenda, not least because those that wish to call the state or corporate sector to account know they have to put their own house in order. Building commitment and trust among stakeholders also requires an effective communications policy, as lights under bushels are invariably short-lived.

A trend already evident amongst Brazilian NGOs is specialisation, partly to develop institutional competence, and partly to build public support. An institution needs to have a clear identity and role — if the profile is woolly, nobody will identify with it. Specialisation also facilitates gaining the know-how to manage more complex projects that will attract resources from government and official aid sources.

Organisations need to bring in more professional fundraising and marketing skills, and some now seek to do this. Brazil has the advantage of having a well-established advertising industry, including specialist companies in telemarketing, direct mail and database management, though costs are high and availability is limited in the less developed parts of the country. Most CSOs cannot afford in-house fundraising departments, but they do need people to oversee the function, which should be closely tied to the rest of the organisation's work, especially campaigning.

Applying the management manuals is of limited benefit, however, if staff and members lose faith in the cause. The hardest task in organisational development is building enthusiasm and consensus around the many choices and changes being made, and managing the permanent tensions in attempting to respond to both 'institutional and development imperatives'. Moreover, it is hard to convince the public or an institution to give money to an organisation if the people in it do not firmly believe in what they are doing.

Managing the trade-offs

So what are the risks for a CSO arising from the active pursuit of income? In the worst scenario, the consequences are political neutering, diversion away from its more strategic roles, loss of its institutional qualities, and even its soul. These outcomes are certainly not ordained, but some trade-offs are inevitable — their size and nature being a function of institutional choices and the quality of management.

Governmental funding of CSOs brings the well-known danger of loss of political independence and critical spirit, especially in Brazil where the political culture does not (yet) consider ‘biting the hand that feeds you’ to be acceptable behaviour. Even nibbling at the fingers can lead to funding cuts. For example, IBASE lost a substantial contract from the Ministry of Education when Betinho, its director and leader of *Ação da Cidadania*, criticised government social policies. It is important, therefore, that INGOs do not press counterparts too hard to take government money on the mistaken presumption that the political compromises and risks involved will be as modest as those in the USA or UK. The same considerations apply to funding from business.

Some Latin American CSOs have felt that by taking money to deliver basic social services, especially from ‘social compensation funds’, they legitimise government and multilateral banks’ macro-economic policies, which they consider prejudice the disadvantaged. This has been less of an issue in Brazil, where CSO fears are more about sanctioning the transfer of services to the private sector. Brazilian CSOs, though, increasingly argue for services to be managed by the community on a non-profit basis, with the state acting as funder and regulator. Espousing this ‘non-state public sector’, as Brazilians call it, allows greater scope for involvement in service provision without endorsing privatisation.

In the long run, the greatest risk posed by governmental funding is the gradual diversion of organisations away from their representational or advocacy role. This is because, even though entering into partnership with government might theoretically increase access and influence, so much extra effort, especially by key staff, has to be invested in simply managing the service. Clearly, if the funded activity fits well with other strategic change objectives and the opportunity costs are minimised, the net benefit is more likely to be positive.

Similarly, if CSOs prioritise doing what individual and corporate donors want, they may find themselves in the politically more comfortable corners of poverty alleviation, at a distance from sensitive

issues and the broader agenda of social and economic reform. But, with skill and conviction, public opinion can be lead to some degree. Moreover, organisations can develop more sophisticated ways of appealing to different constituencies simultaneously.

Box 6: Give them bread, or give them land? Or both?

The potential tension between fundraising and advocacy objectives was illustrated by Ação da Cidadania in the third year of campaigning when it focused on the issue of agrarian reform. While this certainly made some supporters more aware and helped prepare the ground for the MST's later burst of popularity, it distanced and demobilised others, who essentially wanted to help their neighbours. Ação da Cidadania could perhaps have reduced the trade-offs by more actively safeguarding its appeal to the good neighbours while not compromising its campaign.

Finally, the organisational and cultural changes required to be a successful fundraising institution may lead to loss of the desirable NGO characteristics of innovation, flexibility, and risk-taking. Even core values are at risk if the welfare and future of the institution, or indeed of the staff, becomes the paramount concern, or if the business side of the venture and related culture of growth and competition take over.

Reviewing risks highlights the fact that the pursuit of money has to be managed extremely carefully and that, even then, there will usually be downsides for an organisation. Careful management includes:

- making informed and calculated choices about the costs and benefits of a fundraising strategy, not just in financial terms but in development and institutional terms;
- administering the inevitable tensions between different institutional objectives;
- having a clear definition of the organisation's mission so that the appropriateness of any action is more easily judged;
- having checks, including an effective external board, to keep the organisation on the straight and narrow.

The role of INGO donors

The opportunity for Brazilian CSOs to diversify and increase income has three principal implications for INGOs. Firstly, although US foundations and a few European agencies such as Oxfam GB have been making grants for fundraising and developing fundraising capacity,

there is great need for further investment. Secondly, support could increasingly be offered through formal partnerships, reflecting the now globalised nature of the fundraising business. The relationship between ‘Northern’ organisations and larger Brazilian CSOs will change as the latter participate as more equal partners in worldwide networks. Thirdly, INGOs should concentrate investments in activities and regions less easily funded from Brazilian sources, including some of the more politically sensitive areas of social development such as campaigning and lobby for the rights of the disadvantaged. These implications are now looked at in more detail.

Box 7 Do INGOs ever abandon counterparts?

Although INGOs have a moral responsibility to assist local counterparts on the road to greater independence, it is not uncommon in Latin America to see them withdrawing from projects or entire countries on the grounds of ‘new priorities’ and ‘thematic and geographic concentration’, without seriously trying to secure the future of the work supported. Funders should have a franker dialogue with counterparts about their long-term plans and, in cases of withdrawal, there should be long notice periods and active support for income diversification.

Support for income growth and diversification

INGOs can provide grants or loans for the following activities by counterparts:

- fundraising from the general public (events, concerts, media campaigns, direct mail, membership drives, etc.);
- commercial initiatives, such as setting up businesses and marketing professional services, including preparation of tenders;
- preparation of projects to be financed by government sources or official aid;
- creation of endowment funds;
- acquisition of assets, such as premises, which reduce overheads;
- staff development, recruitment of qualified personnel, creation of small specialised departments, and development of the use of volunteers;
- research and publications on fundraising, training courses, and exchanges ‘North–South’ and ‘South–South’;
- research and lobby on legal and fiscal frameworks for CSOs.

These are necessarily long-term investments and some, especially fundraising from the public and business ventures, can be risky — at a minimum, failures will be more obvious than in the case of much social development work. But this is no reason not to finance them; it simply underlines the need to monitor experiences so that lessons are learnt.

Many INGOs possess vast experience of fundraising and related issues such as tax regimes benefiting charities, codes of conduct, fundraising ethics, fair trading etc. that could be shared with Latin American organisations. There are also specialist advisory organisations that can be contracted, such as Catalyst in London; and the British Charities Aid Foundation, which has recently opened an office in India. It is necessary to be careful when transferring ‘Northern’ institutional and fundraising practices to places where the culture and challenges are different, but there are many relevant principles, techniques, and lessons.

More modestly, INGOs can stimulate local fundraising throughout their normal grants programmes. When talking to counterparts, they can assess more carefully the ‘local contribution’ that appears in income plans and discuss in detail proposals for longer-term financial viability. Grant funding can be linked to advances in fundraising from local sources — a policy common in the UK and USA. However, it is essential to avoid situations where a counterpart loses a dollar of external subsidy for every dollar raised locally — the immense effort needed to raise funds needs to be rewarded, not penalised.

In much of Latin America, a more strategic policy option for INGOs is to use their money and know-how to help develop the capacity of local institutions to advise and train others. Services already established in Brazil include a course in non-profit marketing at the Getulio Vargas Foundation, a nationally-known Quango, and advice on social programmes for companies, offered by Dialog, a Rio-based NGO. A complementary policy is to promote the socialisation of successful local experiences within the region. The Ford Foundation and Ashoka have an annual competition for pioneering fundraising initiatives in Rio de Janeiro and São Paulo that serves to disseminate new approaches. Oxfam GB has contributed a grant in order to extend the competition to the poorer, north-eastern states.

New forms of partnership

Fundraising is already a globalised activity, with the concomitant emergence of new types of competition and collaboration. For some INGOs, the long-term strategy will be to fundraise with Brazilian

counterparts for specified programmes. This could mean applying in consortium to official aid budgets or, more ambitiously, fundraising together from the Brazilian public. In both cases, the 'Northern' partner can contribute risk capital, fundraising know-how, and its 'name'. It can also provide managerial or technical support to the programme itself and help place a check on the influence of official donors. Fair Trade partnerships are yet another opportunity for collaboration.

Joint efforts may well develop within broader frameworks of international inter-institutional cooperation that cover emergency and development programmes, related lobby and campaign work, learning, and publications, etc. This cooperation will take different forms. Some front-runners in fundraising in Brazil, such as Greenpeace and World Vision, are local chapters of internationally-federated organisations with 'Northern' origins, several of which have developed a membership in Brazil. Alternatively, established Brazilian NGOs may decide to apply to join networks like Oxfam International or the International Save the Children Alliance. Over time, these international associations may lose their overwhelmingly 'Northern' character. There is also scope for greater cooperation between Catholic social action organisations in Brazil, which play an important role in development and strengthening civil society, and the Catholic aid agencies.

Funding priorities

As Brazilian CSOs diversify and increase income, INGO funding will become more complementary, seeking the parts other monies do not reach. Firstly, as local fundraising will develop principally in regions with propitious cultural and economic conditions, INGOs may further concentrate spending in the poorer parts of the country, such as the north-east. Secondly, they may reduce grants to the larger CSOs that fundraise successfully and concentrate instead on seed-funding new, innovative social entrepreneurs. Thirdly, since fundraising will be easier for some issues than others, donors may focus on 'Cinderella' themes. NGOs working on the environment or children's rights, for example, are clearly more attractive to the general public than labour rights or leadership training programmes run by rural unions. Fourthly, as more government and official aid monies reach service-orientated programmes run by CSOs, INGOs may cut back spending in these areas, though they may continue to fund 'practical' development work where this underpins a group's advocacy capacity and empowerment.

Box 8 The Planaflo case

In the western Amazon state of Rondônia, the World Bank-financed Natural Resource Management Programme (Planaflo) has allocated US\$22 million for social and economic programmes, to be channelled via grassroots organisations and NGOs. Projects include innovative experiences which could later influence public policies — the type of work many aid agencies fund in Brazil. The challenge for CSOs in Rondônia is not to search for funds but how not to drown in them, even though there are generous budgets for technical assistance. At the same time, they face another great challenge — how to maintain their capacity to politically represent or advocate on behalf of small farmers, the landless, rubber tappers, Amerindians, and rural women vis à vis local government, the World Bank, and society at large.

Government and official aid monies will not generally be used to strengthen the advocacy and representational capacity of disadvantaged groups and their allies — indeed, it would probably not be conducive to healthy civil society if they were. And building such capacity will not appeal to most corporate and well-off donors, who may feel their interests are threatened if the disadvantaged become protagonists in their own causes. In the longer term, CSOs may be able to count on a significant number of lower- and middle-income Brazilians to understand and financially support this function, particularly if efforts are made now to recruit that support. Until this happens, resources from NGOs abroad will have a vital and distinctive back-up role to play. This is, arguably, the most effective contribution they can make to poverty reduction in Brazil.

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