

There once was money, there will be money, there is currently no money... How to ensure the financial resilience of environmental NGOs?

Once a one-off community effort to solve a problem in the courtyard has grown into ongoing work to benefit society, there suddenly appears the need to create an organisation, employ staff and ensure stable financing. Once your own funds and occasional gifts from friends and like-minded people become insufficient, you need to turn to other sources. Which sources are there in Russia and other countries?

Array of Opportunities

Non-commercial organisations have many ways of fundraising and the selection of which to use depends on the activists' wishes and the type of activity.

In principle, resources can be divided into several categories: donations from supporters, including one-off donations for specific projects via internet platforms (crowdfunding) and membership dues; grants from state and non-state funds; donations from business; income from your own activities, such as providing services, selling promotional merchandise and so on aimed at bringing about the common good (social enterprise).

Large and well-known organisations can support themselves on funds collected from donations by individuals. This is apparent from reports published by the organisations themselves on their sites. For instance, in 2015, 76% of the income of Greenpeace in Great Britain was made up of supporters' donations; only 4% from grants from non-state funds and 2% from events. As a point of principle, the organisation does not take business donations or grants from state funds in order to demonstrate their independence. The English organisation "Friends of the Earth" presents a similar situation: donations from individuals made up 72% of their income in the 2014/2015 financial year, 5% from project grants, 4% from non-financial donations, and 19% came from the unspent balance of the previous year.

The make-up of income of the World Wildlife Fund (WWF) in the USA is more balanced: in 2016, 33% of the organisation's income came from supporters' donations, 24% was made up of grants from state and non-state funds, 4% from corporate donations, 26% were non-monetary donations, and 6% was income from their own activities. The Italian environmental organisation, Legambiente, had an even more even split of income: 46% came from campaigns, 28% from various kinds of membership dues and the remaining 26% came from the state.

Another example is the Norwegian environmental organisation Bellona Foundation. The largest part of their financing came from business donations – 43% in 2015. 34% was secured by grants received from state and private

funds to carry out projects, the proportion of institutional financing from the state was 10% and only 4% came in from supporters' donations. Bellona in Norway has travelled a long road from a protest movement and direct action against the government and business to cooperation and collaborative projects with state and commercial companies. Receiving financial support from business does not exclude criticism of any kind of decision or activity of the company if the activists consider them a threat to the environment. In Norway, such an approach is considered logical and does not mean that a company would immediately cut off their partnership with the NGO.



CROWDFUNDING: a modern form of collecting one-time donations from individuals (or bringing together other resources or efforts) through special internet platforms to support various activities or specific projects.

In search of finance NGOs often decide for themselves on which sources of funding to depend – state support, donations from individuals and businesses, grants from non-governmental funds or something else. The financial resilience of an organisation depends on a successful combination of sources. However, the situation vastly differs depending on the country. In developed countries in Europe, for instance, support for the non-commercial sector is a part of state politics and that is why the state in these countries is traditionally a stable source of a significant part of funding for NGOs. In contrast, in countries with an undeveloped democracy, even if the state does financially support NGOs, it often cannot be considered a stable source, in as much as political risks increase the likelihood of unpredictable changes in financing.

Cycles of History

The prototypes of modern NGOs first appeared a long time ago, in the 18th century, and in some countries, even earlier. These were societies to help the poor, surviving off volunteer labour and rich philanthropists. Towards the end of the 19th – start of 20th century, social organisations began to actively form based on various social groups and publicly expressed and promoted their interests. Their financing mostly consisted of membership dues and donations from individuals. Then came the women's suffrage movement, which successfully fought for the right to vote and other rights for women.

After the Second World War, NGOs were recognised as an important part of society, some with the formation of the United Nations received consultative status in the UN and financial support. States and international institutes began actively to work together with NGOs to tackle humanitarian problems in crisis regions.

In developed countries a sharp growth in NGOs took place in the 1970s when a widely developed non-commercial sector came to be considered a basic requirement for a strong civil society and a support to democratic institutions. During this period the scale of state funding of NGOs grew hugely, systems of state grants and commissions for social services, which were carried out by NGOs, formed. An international programme to support NGOs in developing countries evolved and in developed countries, non-commercial

organisations became professional and institutionalised.

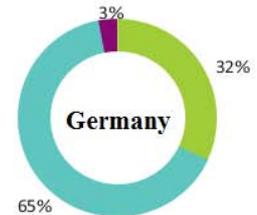
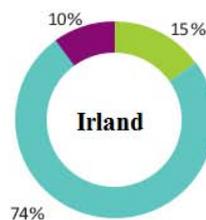


Prototypes of modern NGOs already existed in the 18th century. For a long time they were mainly societies for helping the poor, existing off volunteer labour and rich philanthropists. In the photo: a family under the care of the relief society of the New York Association for the Improvement of the Situation of the Poor, around 1916; in 1916, the society spent \$202, 299 on supporting families in difficult situations. Photo: Columbia University Library / css.cul.columbia.edu

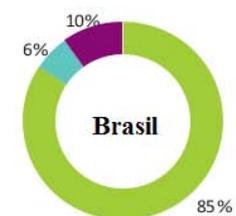
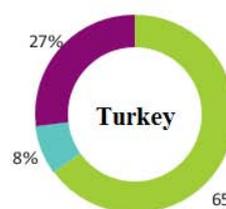
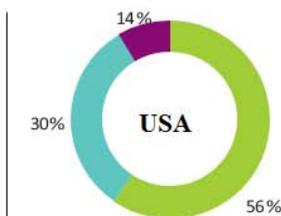
- Fees
- Government
- Philanthropy

SOURCES OF FUNDINGS FOR NGOs

Government dominant



Fee dominant



Source: *Turkey's Non-profit Sector in Comparative Perspective*, 2016. Centre for Civil Society Studies at John Hopkins University. / <http://ccss.jhu.edu>

In the 1990s, corporate social responsibility became widely practiced in the business world in developed countries – that is, commercial companies voluntarily committed to participate in the solving of social or ecological problems. Business started to support NGOs more actively and joint non-commercial projects began to appear, sponsored by a business and carried out by activists. Such tendencies carried on until the global financial crisis in 2008.

After the crisis, the amount of financial means available to the state and commercial companies drastically reduced, and together with that the amount of finance for NGOs too. The search for funds for specific projects in the third sector became very competitive; many organisations were forced to cease operations or to seriously rethink them, or to look for other sources of income. Off the back of this, the synthesis of business and NGO – social entrepreneurship – became all the more popular.

In Russia, independent NGOs started to appear in the late 1980s and they continued their rapid development after the collapse of the USSR. They actively used the support of international funds and gradually revived the tradition of charitable giving and volunteering, which had been lost during the Soviet regime. The state and business did not provide strong support to the civil sector. In 2012, with the adoption of the law on “foreign agents”, a new stage began in the history of Russian civil organisations. The possibilities to receive foreign financing were significantly reduced. Although state funding for NGOs increased, how it is distributed is extremely unclear and cannot serve as a stable source of income for independent NGOs. This has led many organisations to think about the need to search for resources within the country and to address people directly.

Environmentalists do not rely on the state...

Since the 1990s, the Centre for Civil Society Studies at the John Hopkins University, one of the most well-known American universities, has been carrying out major comparative studies of the non-commercial sector in different countries. Amongst other things, they study the sources of finance of non-commercial organisations, the ratio of which can vary greatly by country. Some of the findings and statistics are presented on the centre’s website, for instance in the report “The state of global civil society and volunteering” from 2013, as well as in “national” reports, researching the functioning of the non-commercial sector in different countries.

Researchers divided the sources of income into three groups: governmental (grants and payments for services, for instance of an educational or cultural nature), charitable (donations from businesses or individuals), and payments for services by individuals and foundations, membership dues and income from property. In Turkey, according to data from 2011, 64.9% of all NGO income came from payments for services, 27.4% from charitable giving and only 7.7% from state grants and payments. But, as data from 2005 shows, in Portugal it was a somewhat different situation: 48% of NGO income came in the form of payments for services from individuals and organisations, 40% from state support and 12% from charitable donations from local private foundations, individuals or foreign organisations.

When analysing and comparing data on different countries and different sources of finance, it is important to remember that, the non-commercial sector consists not only of NGOs that protect some kind of rights or promoting various ideas. Many non-commercial organisations, structures and initiatives contain completely different types of organisations, for instance including professional unions, professional associations and non-

commercial partnerships, religious and charitable organisations, educational and research institutes, foundations and much besides.

According to the methodology of the study by John Hopkins University, organisations' activities essentially relate to one of two types: service activities and expressive activities. Service organisations relate to those NGOs, which provide society with a specific service in the sphere of education or health care, relating to housing or of a social nature. Expressive organisations carry out activities expressing and promoting values and interests, for instance, cultural, religious or professional. Often, they are related to art and culture organisations, civil and human rights groups, religious institutions, professional unions, as well as organisations working in environmental protection. And depending on the type and focus of the organisation, the finance model can also vary.

These differences can be traced in an example report on Switzerland in 2011. Besides the fact that the division of functions of various NGOs into "service" and "expressing ideas and values" is rather conditional – not all organisations fit into these categories, and many do both – an intriguing picture emerges from the statistics. For instance, in Switzerland in 2005, environmental organisations relied far less on the state (15%) in comparison with service organisations (41%), whilst the proportion of income from service sales to individuals and organisations, membership dues and other private income was comparable (65% and 54% respectively).

Environmental organisations in Denmark have a similar structure of income sources (according to data from a "national" report from 2003-2004) – 7% from the state, 44% from private giving and 49% from service sales. Half of the income of Canadian ecological organisations (according to statistics from 2003) also came from selling services (35% are non-governmental organisations and 15% are state), 22% from private donations and membership dues, 12% from state grants, and 2% from business donations. The large percentage of environmental organisations' income from the sale of services is explained by the fact that the environmental NGO sector is fairly well integrated into the system of economic relations. State agencies and commercial companies consider them as professionals in their sphere and use their services, mainly consultancy and educational trainings.

It is notable that this is not the only manifestation of the civil sector's importance for the economy. As researchers in the report on the global civil sector and volunteering wrote, "the non-commercial sector presents itself as a significant economic player and source of jobs, which in a number of countries accounts for 10% or more of the workforce and a significant contributor to value added GDP."

...and in Russia as well

In 2011, especially for the Russian Ministry of Economic Development, the consultancy company, The Boston Consulting Group (BCG) carried out an analysis of sources and methods of finance for Russian and foreign NGOs. As shown by the content available on the Ministry's website on increasing the effectiveness of state investment in the NGO sector, according to the BCG data evaluation in 2009, the majority of income for the Russian non-commercial sector – 73% - comes from business donations, private people and sources from abroad. 22% then comes from income from their own activities and all of 5% is made up by state support.

According to various statistics, in subsequent years, the government of Russia significantly increased its budget for NGO support. John Hopkins University in 2016 reported Russian non-commercial organisations received 51% of

their funding from sales of service and other forms of their own income, 33% from donations and 15% from the state. At the same time however, it has become far more complicated to receive money from outside Russia. However, it is difficult to find up-to-date statistics, including a detailed breakdown of the types of activity an organisation undertakes, which show how these tendencies have affected the make-up of NGO income.

As for NGOs working in environmental protection, the make-up of their finances can be seen in the organisations' public reports. There are a few things specific to Russian environmental NGOs. A large part of their financing comes from grants from various private and state funds.

For example, WWF Russia's income, judging by information on the organisation's website, 66.8% is made up of income from foreign non-governmental organisations, including WWF in other countries, and private funds, with donations from individuals responsible for 8.6% and donations from business – 7%.

Let's take the Siberian Ecological Centre, according to the report available on its website regarding its activity in 2014 (until its inclusion on the list of "foreign agents" and the liquidation of the organisation), which in large part relied on state support. 6.5% was made up of donations from individuals and horticultural organisations, 1% from business donations, 36% was from grants from Russian and foreign funds and 56% was from the state's support in the form of agreements regarding cooperation and business agreements (the equivalent of "payments for services" in the classification of John Hopkins University).

The environmental rights centre Bellona also receives a large part of its finances in the form of donations and grants from various state and non-state funds for specific projects. Only a small part (1-2%) of donations come from individuals or commercial companies.

In search of alternatives

For many Russian NGOs the traditional sources of financing are grants from state and private funds. But fundraising opportunities for Russian NGOs are not limited by them. Some of them are even encouraging the current situation – the development of new technologies and economic agents.

The means for specific projects can be gathered via crowdfunding – the collection of targeted donations on one of the internet platforms. For instance, the inter-regional social organisation "Bolshaya Baikalskaya Tropa (The Great Baikal Trail)", which develops eco-tourism and environmental education, with the help of "people's financing" collected almost 760 thousand roubles in summer 2016 to build a safe eco-trail around Lake Baikal.

In the words of Roman Mikhailov, the coordinator of the Great Baikal Trail project, successful projects on crowdfunding platforms are "really necessary and understandable, with a precisely formulated problematic and description of the solution": "people support that which is immanent and understandable to them. Collections for staff's salaries may be necessary, but it is an improbable pursuit".

Participants of the initiative group "Chistoe Delo", which in 2015 managed to collect almost 300,000 roubles to buy equipment for plastic rubbish collection systems in the town of Dolgoprudny, expressed a similar opinion to the magazine: "The project definitely should have a connection to the donors. For instance,

in our case people donated for a press [for plastic bottles] and understood that if they donate now, then soon bottles will be collected in the whole town. People would donate less readily to save the penguins in the Antarctic. We haven't tested it, but such behaviour would be wholly logical.”

Social enterprise

Commercial activity, aimed primarily at bringing about the common good, and not making profit. Part of an NGO's activities may have characteristics of social enterprise, if the NGO provides remunerative services. In relation to para. 2 art. 24 of Federal Law No. 7-F3 “On non-commercial organisations”, NGOs have the right to “carry out entrepreneurial and other forms of activity earning money only in as far as this serves the achievement of their goals for which they were created”, and on the condition that these activities are noted in constitutional documents. This relates to such activities as profitable sales of products and services, acquisition and sale of securities, property and non-property rights, as well as participation in commercial organisations as an investor.

In the absence of a clear goal, the calculation “paid money – got a result” takes away from ongoing collections, representatives of “Chistoe Delo” added. “The effectiveness and rate of collecting money is slower, but there are still charitable projects that live off donations,” the activists said, giving the example of the St Petersburg charity “Nochlezhka” that helps homeless people. A lot depends on the level of finance demanded. Any project could collect one rouble a month. No project could collect 10 million. If the balance between money and the result is observed, then it can happen.”

One of the examples of successfully collecting a larger sum – more than 2.5 million roubles – was the donations for the shooting of a pop-science film about the first months of bear cubs “Bears of Kamchatka. The Beginning of Life” in the South Kamchatka Wildlife Reserve.

There are few things specific to crowdfunding platforms. For instance, the huge role that social networks play – people are more likely to support a campaign, which is carried out by an authoritative or well-known person. It is also important to develop comprehensible and interesting rewards for crowdfunders, Roman Mikhailov from the “Great Baikal Trail” shared with the magazine: “The majority of NGOs do not produce anything and then it is difficult for them to offer a wide range of material rewards. People are interested in getting something real, something that they can hold in their hands.” Running a crowdfunding campaign, according to Roman is best “no more than about once a year, in order to not squeeze your donors, not to abuse their attention.”

Income for the benefit of society

Another method of fundraising that is gradually gaining in popularity in Russia is social entrepreneurship or participation in similar projects. For instance, the Baikal Interactive Ecological Centre provides environmental excursions and English language eco-lessons and sells board games on environmental topics. “It would be fair to say that you cannot currently call this source of income stable,” Anna Ogorodnikova and Maksim Vorontsov, the Director and an employee of the organisation, commented. According to them, there are difficulties with

legislation, a lack of funds for advertising and promotion, since there is no starting capital and the NGO does not want to take out loans. There is however hope that the sphere of providing eco-services will develop. The activists say even without advertising there are those who want to go on the ecological excursions and order eco-games, but with advertising the business would definitely go better.

The Moscow-based “Resource Economy Centre” works in the mould of a social enterprise, offering consultations and expert services on dealing with waste, carrying out educational environmental events in schools and organisations, master classes, as well as services to implement systems of rubbish separation.

Services for the separate collection and removal of waste have started to appear, including the removal and use of used clothes and other unwanted items, to stop them ending up on the landfill site, for instance, Charity Shop, Cleangorod, Chumodan, Proekt SVALKKA and others. Many collect unwanted items for free, separate them, repair them and sell what they can, what can’t be sold is recycled. The income allows them to promote initiatives for the common good. As the website of Proekt SVALKKA reports, 70% of their profits from selling unwanted items to new owners is channelled into charitable projects and the mission, declared by Charity Shop, is to donate clothes and provide jobs to socially vulnerable people.

The project “Posadi les (Plant a Forest)”, working in partnership with the Green Movement EKA, sells the possibility of planting a tree in one of Russia’s regions, going to help create a new forest. 10% of the proceeds go on supporting other projects of the EKA Movement, whilst the rest goes on covering direct outgoings involved with the cost of organising tree plantings.

According to the Director of the EKA Movement, Tatiana Chestina, “whilst this project is in the process of becoming self-sufficient, all funds go on organising plantings and allow a little to be put towards developing the service itself and releasing new functions”. “Comparatively,” Tatiana said, “the proportion in the organisation’s overall budget is very insignificant, but we are continuing to develop the project, as we find it important that the organisation should have various sources of financing for its mission.”

What environmental services or goods are in demand in Russia? Tatiana Chestina emphasises the need for services connected with various forms of recycling collections, as well as, in conditions of decreased consumer spending power, projects for collective use – paid or free shared rent, gifting of items, helping, on the one hand, to economise on purchases, and on the other hand, reducing the amount of resources thrown away. The Baikal Interactive Environmental Centre see the possibilities for social entrepreneurship for environmental NGOs in the widest possible range of services.

Any product or service can be given the green treatment. The representatives of the centre, Anna Ogorodnikova and Maksim Vorontsov, list off ecological cosmetics, natural food products, or for example environmental hairdressing, which economises on electricity, collecting separated rubbish, where only eco-friendly treatments are used and a percentage of the profits go to ecological projects. In their opinion, recreational activities, such as eco-excursions for children or eco-corporate parties and corporate volunteering for adults are also popular. Another undeveloped, but potentially promising area, according to Anna and Maksim, is environmental consultations for businesses on reducing their carbon footprint – eco-NGOs could fill this niche.

Resources searching for resources

The Director of the EKA Movement mentioned eco-corporate parties and, diverse ecological projects as part of corporate social responsibility of large businesses. “On the whole for the Russian non-commercial sector, it is important to constantly work on diversifying sources of funding activities and to experiment with new ways of fundraising,” Tatiana summed up.

A potentially successful method could be the combination of various sources, both traditional and contemporary, continuous and one-off. According to the coordinator of the Great Baikal Trail projects, Roman Mikhailov, if NGOs receive funds only from crowdfunding campaigns, then “the lion’s share of their time and efforts will be spent on this campaign. Little time is left then for socially meaningful work. It is better, when NGOs have a stable source of funding, and crowdfunding is used to collect funds for new or pilot projects.”

As the team from “Chistoe Delo” explained, a company, working on introducing environmentally friendly practices of dealing with domestic waste, is currently developing mostly based off donations, since profits for their whole existence have equalled less than the funds contributed. Besides crowdfunding, “Chistoe Delo” takes part in competitions for social entrepreneurs, and, thanks to their winnings, they have been able to put new containers out for collecting plastic bottles.

“Crowdfunding demands an awful amount of energy, skills, connections and imagination,” Roman from the Great Baikal Trail shared of his experience. “In order to successfully enter onto a platform every year, you absolutely need a team of professionals, and the work of professionals, as a rule, costs a fair bit.”

However, any way of fundraising for environmental projects, whether writing grant applications, organising crowdfunding, promoting accompanying commercial services or attracting volunteers, requires resources.

According to estimates from Friends of the Earth Great Britain in 2015, they spent 23p on every £1 of their budget while in 2014 it was 30p. Roughly 20-30% of the organisation’s expenditure goes just on fundraising.

In this the organisation of NGO’s activities are similar to that of a traditional business – without investment, it is difficult to get a results. The difference is that the investment and results in the third sector or not only measured in financial terms. The investments in civil organisations are above all enthusiasm and commitment to ideas, and the result is the development of social good – just as difficult to measure, but no less essential.



Photo 1: Autumn plantings in the Astrakhan region. As written on the portal of posadiles.ru, 2 October 2016 in the course of the action PosadiLes on the territory of the protected wooded area of the Astrakhan region island “Gorodskoi”, volunteers from the EKA Movement plant seedlings of ash, elm and poplar. The event took place with the support of the Astrakhan Students’ Union, as well as with active participation from volunteers from Astrakhan universities. Photo: [Посади Лес / flickr.com](https://www.flickr.com/photos/posadules/)

Photo 2: Walks in the Siberian taiga (Barguzinsky Reserve “Land of the Barguzinsky Sable”) The “Great Baikal Trail” Project. Photo: greatbaikaltrail.org

*This text is an extract of a publication. The original document is available [here](#).
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