



NGO Committee for Social Development

**FRIEDRICH
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NEW YORK OFFICE



Sisters of Charity Federation



Marianists International

Impact of the Global Economic Crises on Civil Society Organizations

A number of civil society organizations reported substantial reductions in their funding, and have been concerned that this threatened their ability to deliver the services and activities that are required. To see how representative this was, a global survey of civil society organizations (CSOs) was undertaken at the end of 2009, under guidance of a CSO Steering Committee, which included two members of the NGO Committee for Social Development (Marianists International and the Sisters of Charity Federation), as well as the Friedrich Ebert Stiftung. 640 CSOs widely distributed among the different regions in the world responded to the survey, most of them from Africa (33%), Asia (23%), from Europe (19%), US and Canada (13%) and from Latin American countries (9%).

Although some CSOs have seen increased funding, overall the survey finds a worsening financial situation for CSOs in the period 2008-2009. As main reasons, CSOs explained that owing to the world economic crisis grants from existing sources decreased. Most of the reductions have occurred in Sub-Saharan Africa. CSOs have seen reductions by individual contributors, private foundations, international institutions and governments, although not necessarily by all categories at once. Many humanitarian and development CSOs, especially in Europe, are intensifying their fundraising efforts, and several have seen the need to cut back their aid programmes due to the global recession. The prospects for 2010 do not look better. The revenue decline comes at the same time as demand for services is increasing, requiring more, not less, funding. CSOs report that the amount and scope of requests for support by the constituencies and partners of civil society organizations has grown since 2006. They project for the next two years further increases in requests for emergency relief and for support to provide basic social services.

CSOs are also keenly aware that for all their efforts, they are relatively small actors in social development. Only governments can act on the scale required and they must play their role. Thus, CSOs participating in the present study make recommendations to governments on this score. First, home governments where CSOs operate, are strongly urged to mobilize the requisite resources for social development programmes. This requires, in the view of the survey respondents, more effectively tackling corruption and collecting taxes that are more fairly structured. The programmes needed are embodied in social safety nets, basic income grants for the poorest, and implementation of the Decent Work Agenda. Internationally, participants called for donor governments to step up their official development assistance and to channel more of it directly through CSOs on the ground, in particular in countries in which CSOs have faced public corruption and policy indifference. Finally, CSOs look to the international community for more effective cooperation on economic matters, as in stronger assistance in reducing opportunities for tax evasion and in developing innovative sources of financing for global public goods. The most promising option discussed at this moment for such additional funds is the *Financial Transaction Tax* which would be established by national governments to tax transactions within their jurisdictions in all kinds of financial assets: shares, bonds, securities and derivatives. It is expected that a tax rate of just 0.1% would yield globally 734.8 billion USD. Responding CSOs also expressed the need to restate global principles that should govern international economic and financial policy through a new "United Nations charter for a sustainable and socially oriented market economy".

The current situation demonstrates that the ability of CSOs to mobilize financial resources weakens during a crisis just when the need for their social services rises. People have been less able than before to step up their assistance. Private foundations face reduced capacity to deliver funds as their own earnings have declined in the crisis. Therefore, governments need to step in, join and support the ILO's Global Jobs Pact as well as the UN's "Social Protection Floor" and institutionalize *stable and predictable* funds for necessary programmes of CSOs during global crises and thereafter.

The full study is available at <http://ngosocdev.wordpress.com/2010/01/28/174/>