



**WITH OUR
OWN
RESOURCES
AVEC
NOS PROPRES
RESSOURCES**



REPORT
of the
Workshop on Strategies & Techniques of Self-financing
Atelier sur les Stratégies et Techniques
de L'auto-financement
Addis Ababa, 27-30 August, 1990



"With our own resources"

WORKSHOP OF AFRICAN NGOS
ON STRATEGIES AND TECHNIQUES OF
SELF-FINANCING.

27 - 30 AUGUST, 1990.

Organised by:

Southern Networks Programme

IIED

INTERNATIONAL
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Hosted by:

Ethiopian Red Cross Society, at its
Institute for Development and Disaster Studies, (IDDS).
Addis Ababa.

INTRODUCTION

The need to achieve some autonomy through locally initiated self-financing activities is a key element of the current interest in institution-building among Africa's non-governmental and voluntary sector organisations. In particular, NGOs and VDOs recognise that recent events in Eastern Europe have the potential to reduce Northern aid flows to them, and are taking seriously the challenge to explore and develop channels of local resources for their activities.

Meeting that challenge was the subject of discussion during a four-day workshop at the Ethiopian Red Cross Society's Institute for Development and Disaster Studies (IDDS), Addis Ababa, 27-30 August 1990. The workshop's theme was **"With Our Own Resources"**, and it was attended by 50 representatives of non-governmental and voluntary development organisations from 17 African countries.

Among the workshop's key objectives were:

- to enable African NGOs with substantial knowledge in self-financing activities to share their experience with others from the region having limited or no knowledge of such activities;
- to discuss in detail the various mechanisms of income generation and self-financing by organisations in the voluntary sector;
- to identify obstacles to self-financing and discuss how they could be overcome; and
- to encourage the dissemination and exchange of ideas on self-financing among NGOs at the community/local, national, sub-regional and regional levels.

In the formal opening address to participants, the Secretary General of the Ethiopian Red Cross Society, Mr Ato Neway Zera Yohannes, underlined the importance of the workshop by stressing that developing self-reliant capacities had become even more urgent in recent times as phrases like "donor fatigue" were gaining increasing currency in development aid circles. He said Africa could not continue to expect the international community to act as a fire brigade in tackling its recurrent problems.

As the recommendations and resolutions indicate, the participants' treatment of the workshop's theme went beyond the immediate questions of self-financing and local fund raising to embrace a much broader focus on self-reliance as a major component of development. Some of the wider issues tackled ranged from those concerning the macro-economic environment in which NGOs have to operate, to those dealing with the relationship between the donor community and the African voluntary sector, especially as it concerns support for activities capable of promoting self-reliance.

To ensure that the momentum generated by the workshop is kept alive, a follow-up contact group was constituted to coordinate efforts aimed at concretizing some of the useful ideas that came out of the discussions. It is hoped that through this group, African NGOs will themselves take the leading role in the region's determination to move towards greater self-reliance in its development efforts.

The follow-up group is being coordinated by Costantinos Berhe, Executive Director of ERCS's Institute for Development and Disaster Studies. IDDS's offer to be the host was intended to underline its interest in the workshop's theme. The Institute is itself a good example of an income-generating investment - the conference and accommodation buildings, as well as the high-quality facilities on its premises, were all constructed with funds re-channeled and profitably invested after the mid-1980s, when Ethiopia's famine crisis had abated, and relief activities by the Ethiopian Red Cross were reduced.

WORKSHOP PROGRAMME

The workshop's programme of work was as follows:

DAY 1. (AUGUST 27)

- Formal opening session: 9.30 - 11.30 am.
- Paper presentations and discussions in plenary:
12.noon - 1.30; 2.30 - 6.30 pm.

DAY 2. (AUGUST 28)

- Workshop broke into 3 discussion groups, each tackling two topics. 6 discussion topics were formulated by general consensus, based on the previous day's presentations and discussions, as well as on some important questions not addressed in the plenary. Each group was to discuss one topic in the morning session, the other in the afternoon, and conclude its discussions the following morning.

DAY 3. (AUGUST 29)

- Group discussions continued throughout the morning.
- Visit to two local organisations engaged in training and income-generating activities.

DAY 4. (AUGUST 30)

- Morning plenary session discussed the report by each of the 3 groups.
- Afternoon Session: Discussion and formulation of workshop conclusions and recommendations.
- Evening/Closing plenary: Final draft of conclusions and recommendations presented.
- Closing/Farewell remarks.

CONCLUSIONS AND RECOMMENDATIONS OF THE WORKSHOP

At the end of four days of discussion and experience-sharing, the following observations were recorded by the workshop participants:

- The current level of dependence of Africa's non-governmental organisations on external financing cannot be allowed to persist; it contravenes the need to develop institutional capacities for a strong, durable and locally-oriented development, and is probably unsustainable, given the likelihood of reduced flows of aid from traditional Northern sources.
- Africa's non-governmental organisations are already undertaking a wide variety of income-generating activities which need to be evaluated in detail and refined for wider dissemination within countries, within sub-regions and throughout the region, as applicable.
- The current level of relationships, exchange visits and experience-sharing among African NGOs is inadequate to meet the challenge of institution-building and self-reliance in the region.
- Management and advocacy skills are very inadequate, especially if self-reliance is to be successfully pursued and maintained over the long term.
- Some self-financing methods may conflict with the ethical objectives of the NGO movement if great care is not taken in their adoption.
- A clear, coherent and mutually-reinforcing relationship does not as yet exist between African NGOs on the one hand, and their main development collaborators - governments and Northern donors - on the other.

With the above observations in mind, and following discussions and experience-sharing at both the plenary and group sessions, the workshop participants made the following recommendations:

- All those involved with the development process in Africa should broaden their perception of what constitute "resources"; although crucial to NGO/VDO work, funds are not in themselves the most important development resource - our people, their self-transforming initiatives, skills and efforts are equally important for the region's development.

TO AFRICAN NGOS AND VDOS

- While recognising that African NGOs/VDOS usually have well articulated objectives, we believe that such objectives can be more meaningful in the context of an endogenously-derived model of development. Such a model must reflect the cultural integrity of African peoples, their felt and expressed needs and aspirations, as well as the historical reasons for their material impoverishment.

- It is not sufficient for African NGOs/VDOS to be convinced of the necessity for self-reliance; they must go further and define those strategies and mechanisms for financial self-reliance which are adaptable to their own socio-cultural and political environment.

- African NGOs and VDOS should strengthen their internal organisation and management capacities through appropriate training and skills acquisition; in this context, they must explore and use locally available resources before seeking external input, where necessary; in the short term, they must design appropriate training workshops on strategies and mechanisms for self-financing.

- African NGOs/VDOS must promote democratic processes in their own internal operations, as well as in their outreach activities.

- African NGOs and VDOS must regard empowerment of the communities with which they work as an integral part of self-reliant development, and must support the people's initiatives, especially in the mobilisation of their thrift potentials and flexible credit schemes.

- Through appropriate education and animation activities, NGOs/VDOS should encourage the communities they serve to adopt credit and saving schemes which are geared towards production and commerce, rather than consumption.

- In order to strengthen collaboration among themselves, and to promote greater information and experience sharing in self-reliant activities, African NGOs and VDOS must coordinate their efforts through effective networking at the national level, and use strong national networks as a platform for launching sub-regional and regional initiatives in this area.

- In their own capacities and through dialogue with their respective governments, African NGOs/VDOS should mobilise funds from African regional and sub-regional institutions to set up an alternative structure for soft finance for grassroots and community development; such an effort should initially be concentrated at the national and sub-regional levels, and progress at these levels will determine how a longer term, regional arrangement will emerge; also as a demonstration of commitment to self-reliance, African NGOs/VDOS should make the initial contributions to such an initiative directly from their own resources.

● A dialogue should be established with African governments for the purpose of securing appropriate institutional and statutory support for NGO/VDO activities.

TO AFRICAN GOVERNMENTS

● An appeal is made to African governments to accord due recognition to NGO/VDO work in the region's development process, not only through legislative support, but also by involving NGOs in the discussion and formulation of policies which directly affect grassroot/poor communities; in this context, it is important for governments to formally acknowledge the effectiveness of the voluntary sector in filling the gaps in official development efforts.

TO AFRICAN NGOS/VDOS AND THEIR NORTHERN PARTNERS

● In their dealings with Northern agencies, African NGOs/VDOs must go beyond protest at the existing unequal relationship, and take practical steps to ensure that the partnership evolves towards mutual trust, respect and flexibility; this evolution need not be adversarial, especially because African and Northern development agencies need one another, and both belong to a global family in their efforts.

● Some urgent practical steps now required to enhance trust between us and our Northern partners are:

- Northern agencies should provide full information on their profile to their African partners;
- Northern NGOs (NNGOs) should be involved in working on social problems in the North, e.g inner city problems, etc; and be prepared to report to their African partners on their work in this regard;
- NNGOs should avoid placing undue weight on finance in any joint efforts with African partners; thus, they need to always consider the totality of resources going into any activity they wish to fund;
- NNGOs should jointly agree with African partners a code of ethics to govern their relationship;
- African NGOs/VDOs which experience hostility or undue donor pressures as a result of implementing these recommendations, should circulate the identity of the agency involved to all African NGO/VDO networks.

TO NORTHERN AGENCIES/DONORS

● Northern NGOs and funding agencies should commit themselves to a medium to long term partnership with African organisations;

● Northern partners should base their intervention on the wishes and capacities of African organisations and respect the values and identities of the communities they wish to assist;

- Northern partners should be more flexible and realistic about the management and accounting procedures they require in projects/programmes they support;

- Northern partners should demonstrate a more convincing commitment to institution-building by funding administrative and crucial infrastructural costs, especially where their African partners have reasonable grounds for such requests; support in this area is regarded as crucial to institution-building and long-term self-reliance.

GENERAL

It was agreed that participants would publicise the workshop's recommendations among both local and international organisations, as well as the public in their countries. Relevant government departments would be provided with copies of the recommendations, and their attention would be drawn to the aspects addressed to African governments.

The workshop organisers were to ensure the distribution of the workshop report to relevant quarters in the international NGO community.

PLENARY PRESENTATIONS:

1. **MR. COSTANTINOS BERHE**, Ethiopian Red Cross: Institute of Development and Disaster Studies, (IDDS).
**TOWARDS FINANCIAL AUTONOMY OF AFRICAN NGOS AND VDOs:
STRATEGIC PROBLEMS AND OPPORTUNITIES.**

Summary

Key approaches needed for ensuring a successful fund-raising venture are:

1. Believe in the cause
2. Put fund-raising and information in one package
3. Be professional - know the subject
4. Evaluate, accept and back new ideas
5. Use volunteers - the best mechanism for raising money (and information dissemination)
6. Be flexible - fit fund-raising to the donor (whatever the value of donation)
7. Seize opportunities with enthusiasm
8. Do not hesitate to tell the truth about your successes and failures.

Among the various mechanisms of income-generation, membership contribution is crucial, especially if membership is large and appropriately mobilised. The Ethiopian Red Cross meets all administrative costs from membership contributions.

Although they can have some use, external grants can serve as no more than seed money for institutional development of African NGOs. In fact, many Northern donors wish to support only projects, and not institution-building and maintenance efforts.

To be able properly to mobilise funds locally, clarity of objectives, good public relations and information are necessary, as are honest financial management and ensuring the confidence of the members through popular participation approaches. It will also be important for many of the big NGOs in Africa to convert from charity-oriented, Northern-sponsored organisations to indigenous VDOs, with roots anchored firmly in the "African soil". On the official side, governments should formulate supportive policies to guide NGOs' income-generation efforts.

2. DR. OLASEINDE ARIGBEDE, Coalition for Popular Development Initiatives in Nigeria (COPODIN).
SOCIO-ECONOMIC, CULTURAL AND LOCAL FACTORS INFLUENCING DEVELOPMENT SELF-FINANCING: SITUATING THE IDEAL OF SELF-FINANCING IN REALITY.

Summary

Some of the factors limiting the operation of self-financing include the level of poverty among the communities with which an NGO works; high levels of illiteracy, - a limitation which allows some people in NGO/VDO leadership positions to take advantage of the people by allowing little participation, and sometimes by engaging in outright corruption; NGOs often remain as outsiders to the grassroots they are meant to be serving; insensitive interventions by donors awash with money can also erode commitment to local income-generation among grassroots people; another problem is the general donor preference for funding one-off projects, rather than programmes enhancing self-reliance.

Perhaps most crucial is the prevailing socio-economic and policy climate under which self-financing is being undertaken, for NGOs/VDOs are also subject to the impact of macro-economic policies.

Some of these points are underlined with anecdotal leavening from COPODIN's field experience:

- a) COPODIN enters into a needy community, and after several mass meetings, a primary health clinic is decided upon. Funds are put together by facilitators, some friends of the organisation, and by villagers who can afford some contribution. Project proceeds well, free medical service is provided, and members decide on a cooperative farming enterprise as an income-generating channel to support the clinic. An awareness-building education project is launched in parallel; but although commitment is high, resources are very scarce.

6-8 months later, a retired Army General with vast resources acquires a large tract of land nearby. He floods his farm with machinery and hunts for agricultural labour in surrounding villages; he is prepared to pay N2 per day (more than US\$2 at this time). With their own efforts not yet producing any incomes, most members of the cooperative find the pull irresistible and the programme is seriously compromised.

- b) COPODIN assists village farming cooperatives to diversify into livestock. A small poultry project is launched, and the enterprise is successful, although profit margin is low. Members therefore decide to expand, by obtaining government registration and then applying for an agricultural support loan promised by government. Through local fund-raising efforts, the coop manages to build a really ambitious poultry house. Then the quest for a loan to put 1,500 layers in the battery cages takes two years!

In the end, the poultry is commissioned with only 1000 pullets, and huge debts have piled up in the meantime..... Another self-financing initiatives bites the dust!!

- c) A nearby VDO makes the "right" connections and obtains substantial bank credits for members of its grassroot women's groups. The credit boosts level of economic activity of the women. The credit has been obtained at 13% interest.

After some months, the deregulated interest rates of government's adjustment programme push up interest to 20%. The poor women had been brought up on the basis of a certain social morality which did not permit a lender unilaterally to alter the interest rate in a credit transaction. They cannot grasp the logic behind the miraculous workings of "market forces". Many of the women are now not so sure that it had been wise to move from small-scale self-financing to large-scale bank credit.....

In spite of these examples, self-financing activities by poor communities is possible and desirable. However, it is very difficult to achieve under normal market credit conditions, especially if those involved are engaged in productive rather than speculative/trading activities. For producing cooperatives, it can be even more difficult, especially if the national economy is undergoing a structural adjustment. In gatherings like this, we should look seriously into possibilities and mechanisms which can allow poor communities the space to engage in sustained and unexploitative activities, which promote their self-reliance in a broad sense, while making them less vulnerable to disabling outside interventions.

3. **MRS RUDO CHITIGA-MACHINGAUTA**, Innovations et Reseaux pour le Developpement (IRED), East and Southern Africa Office, Zimbabwe.
EXPERIENCES OF IRED PARTNERS IN EAST AND SOUTHERN AFRICA IN ALTERNATIVE FINANCING.

Summary

Financial autonomy can be more easily achieved by certain types of NGOs than by others. Cooperatives, for example, generally find it easier to achieve financial autonomy than service organisations.

Based on its previous study of this subject, IRED has identified 5 pre-requisites for achieving financial autonomy:

- a long-term, realistic and appropriate strategy.
- organisational and management capacity to run effective programmes, to monitor and evaluate, and to adapt to changes; in this regard, it is also important to have a separate unit of the organisation handling income-generating activities - a service NGO will have difficulty handling such activities within the context of its normal management machinery.
- genuine partnership with donors.
- ability to sell services at a reasonable price.
- a capital reserve fund, which generates interest.

Some examples of the experiences of IRED partners in East and Southern Africa are:

- a) **LESOTHO** The National Council of Women runs vocational schools for girls and all items that are produced by the students are sold to the public to supplement the training costs. They also run 150 pre-school facilities throughout the country, and charge fees which meet their running costs.
- b) **BOTSWANA** The Tswelelope Brigade Centre sustains its training programme by using its trainees to execute home construction contracts in rural areas. Also, its carpentry unit produces furniture and sells to the public.
- c) **ZIMBABWE** ORAP hires out its fleet of trucks to government and private agencies for transportation of relief and general goods.
- d) **MOZAMBIQUE** The General Union of Agricultural Cooperatives buy inputs in bulk and sell to other coops on a retail basis. They also operate marketing outlets for their products, and have become the biggest suppliers of pord and vegetables in Maputo.

- e) **KENYA** The Christian Industrial Centre trains young people, and also has a production unit which undertakes contract work for the general public.
- f) **MAURITIUS** The Institution for Development and Progress have developed a consultancy service in management training for other NGOs and for Trade Unions.

More IRED partners in East and Southern Africa have other interesting kinds of income-generating activities, but the few examples above indicate the variety of mechanisms which organisations can use in different contexts to secure some degree of financial self-reliance.

4. MR. TEEDZANI WOTO. Rural Industries Innovation Centre (RIIC), Botswana.
LET THEM TALK: THE CASE OF THE RURAL INDUSTRIES INNOVATION CENTRE, BOTSWANA.

Summary

This paper seeks to discuss the extent to which self-financing among African NGOs can be a viable strategy, especially if a business-like and sound managerial approach is used. The example is provided by our experience in RIIC, which has sometimes been criticised as being over-commercialised.

After serious institutional problems in its first decade of operations, RIIC had, by 1987, re-established credibility with clients, donors and the Botswana government. An internal evaluation was undertaken to review the organisation's procedures for identifying and developing projects, and to refine its institutional objectives.

Through its main institutional organ - Rural Industries Promotions, (RIP) - RIIC began to promote rural development and job-creation, with a commercial slant to its activities. With the resolution of the first decade's conflict between "development" and "production" activities, the move towards local income-generation became an important goal of the organisation. This new orientation was important, because the organisation had up till then been financed largely by external grants.

Two steps were taken to emphasise the distinction between the two major areas of our activities. The first was to privatise two of RIP/RIIC's commercial activities, which then became limited liability operations. The second was to transfer the manufacture of well-tried/mature RIIC technologies to the private operation, thus leaving the R&D workshop to concentrate on development work.

By the end of 1987, the organisation had become very sophisticated in its managerial and financial affairs, with greatly improved control and monitoring procedures, computerised accounts, etc. This situation has enabled RIIC to attract considerable financial support from both government and donors alike.

But this business-like approach has not been without some problems. The structure of the organisation is influenced somewhat by its major grant sources, and by factors sometimes different from RIIC's own objectives. For example, substantial government funding has inevitably led to some control by government. However, these draw-backs are more than compensated for by our success in attracting and preserving a lot of local funding, which we believe should be an important goal of any NGO. Moreover, the benefit of sustained funding has greatly improved the quality of our performance and services to the rural communities.

RIIC believes that commitment to rural development, or to working with the poor need not prevent organisations from operating along normal professional lines. RIP operates like a private company, and uses many of the management techniques and accounting procedures of the private sector without necessarily making this the primary concern of its activities.

The concluding point is that NGOs should thoroughly consider how their purpose rather than their source of finance will be the major influence in their institutional and operational orientation. We need not be afraid to become more professional in managing our activities, as long as we keep our initial objectives in proper focus. The experience of RIP/RIIC is unique in this respect.

5. MR. YOUNOUSSI BOUKARY, Innovations et Reseaux pour le Developpement, (IRED) - West and Central Africa - , Niger. **SELF-FINANCING BY AFRICAN NGOS.**

Summary

Based on IRED's experience in West/Central Africa, 4 major sources of local finance available to NGO and Grassroot Organisations are:

1) MEMBERSHIP CONTRIBUTIONS.

Organisations usually require new members to make a financial contribution to formalise their adherence. Foundation members also make initial contributions towards the launching of an organisation. This category of initial contributions are usually augmented by fixed, annual contributions by the general membership, which also signifies continued adherence to the organisation.

Further contributions are sometimes made in kind - land, materials, food, or even labour - to support project activities which aim to satisfy particular needs of the community. The organisation - GAP - in Niger, provides a good example in this regard. This NGO consortium has decided against any form of external funding in meeting its administrative costs. To actualise that decision, they have unanimously fixed a contribution payable by all consortium members, which should cover the full administrative cost of GAP.

2) MOBILISING FINANCE LOCALLY.

Given the important contributions they make in areas not reached by governments' activities, NGOs should - and sometimes do - seek financial support from their governments. These can be grants, portions of official development aid meant for activities among poor communities, and other kinds of official funds. In Niger, for example government subsidises the activities of some NGOs whose activities relate to social provisioning in poor communities. In addition to subsidies and grants, NGOs can mobilise official resources through the use of government's technical staff (either free of charge or at reasonable costs, and on a temporary basis) for doing certain categories of specialised tasks. In fact, this resource can have unquantifiable returns, because such operational-level contact can sensitise government establishment to the needs of the NGO community, and help to reduce suspicion or antagonism.

One source of substantial local funds for voluntary sector organisations can be contributions by indigenes of particular districts or villages resident in the city ("association d'originaires"), who raise money in support of development initiatives "back home". Some organisations of this kind are in Mali, Cameroon, Guinea and Senegal. In fact, the example of Association pour le Developpement de Siguiri (ADESI) in Guinea is very instructive. After seeing a TV coverage of the opening of a

wooden bridge in their region, two people from Siguiiri district decided their home town deserved more than a bridge made of plank, and that one made of steel and cement would serve their people better. So they started mobilising other people from Siguiiri to contribute money. Today, ADESI constructs and maintains bridges and other infrastructure in Siguiiri, and it is one of the very few national NGOs in Guinea which operate totally with their own resources.

3) SALE OF DIRECTLY-PRODUCED GOODS.

Some NGOs - and in particular grassroot organisations - derive a substantial part of their income from the sale of products made by individuals or groups in the association. These can be milling instruments, wheat storage, woven materials, locally-made soaps, etc.

4) SALE OF SERVICES TO THIRD PARTIES.

The human resources within NGOs can be an important source of funds. Through consultancy work for a variety of clients, IRED's sub-regional office in Niamey is able to cover some 25% of its annual funding. Consultancy work now features prominently among the activities of some African NGOs.

Also, organisations can rent out infrastructural facilities - buildings, equipment, etc, which they own but do not use on a regular or full-time basis. The Centre de Formation et de Recherche Cooperative de Kigali in Rwanda derives some 18% of its total annual budget (Of US\$200,000) from letting out its 80-bed hostel. Vehicle hire is also a profitable source for NGOs possessing four-wheel-drive vehicles. Their depreciation and replacement costs can be covered through such ventures.

Publications and newsletters can also be profitably produced. Although only very few organisations have generated incomes through this source, we believe it has a lot of potential. For example, APICA publishes a quarterly - "Communautes Africaines" - whose production cost is covered up to 23% from sales, and there is room for improvement. As for IRED's own "Manual of NGO Management", indications are that sales of the second edition will likely cover all production costs.

There is a dimension, which though not the direct subject of this workshop, is nevertheless relevant for achieving long-lasting success in matters of self-financing by NGO and Grassroot organisations. This is the issue of participation, whose importance is strongly implied in the various examples of local income-generation sources cited above. It must be our task in this workshop to emphasise the mechanisms needed to increase the involvement of the communities we serve in the affairs of our organisations, especially those related to financial self-reliance.

6. MR. BENOIT OUEDRAOGO, Fondation Nationale pour le Developpement et la Solidarite (FONADES), Burkina Faso.
DOES THE PURSUIT OF FINANCIAL SELF-RELIANCE POSE A THREAT TO THE VOLUNTARY/SERVICE ETHIC OF THE NGO MOVEMENT?

Summary

The interest in financial self-reliance among African NGOs is welcome, considering that the donor-recipient relationship has always been structured to suit Northern donor interests. Even where direct control is avoided, donors can apply various subtle pressures on their Southern counterparts. The tension in that relationship can become even more pronounced in coming years, if, as seems likely, the new situation in Eastern Europe leads to a reduction in the total volume of aid coming to Africa.

In considering the potential danger involved in activities designed to secure a degree of financial independence, two crucial areas need our attention:

- a) Very often, activities capable of meeting the basic needs of poor communities are of a social character - provision of adequate facilities; clean drinking water, health services, basic infrastructural support to facilitate production, etc. But these are generally unprofitable areas of intervention, and the temptation to shy away from such activities is a very real one. Prioritising direct income-generating activities can lead us to lose interest in the welfare of the poorest sections of society, who most need our solidarity.
- b) A second area of potential danger for NGOs seeking financial self-reliance is that the desire to conduct successful and professionally-managed financial activities could make us pay less attention to the promotion of participation and empowerment among the groups with which we work. We may be able to use the generated income in providing more services to communities while unwittingly eroding their capacity to pull themselves out of their difficult circumstances. In short, African NGOs can secure some independence from Northern donors at the expense of empowerment and participation, especially if financially successful NGOs begin to feel little need to take the people into account in conducting their development activities.

The foregoing are potential dangers; but should African NGOs therefore back away from pursuing financial self-reliance? No! Seeking self-reliance of any sort is a legitimate aspiration. While the effort may entail possible dangers, they are by no means unavoidable. The objectives of greater self-reliance can be reconciled with the voluntary ethic of the NGO movement. The challenge to us is to be able always to keep our philosophical objectives at the forefront of all our endeavours.

CONTRIBUTIONS DURING OPEN DISCUSSION OF PLENARY PAPERS

A summary of the major contributions made during open discussion of the plenary presentations are the following:

- income-generating activities ought to be conducted viably or profitably, if they are to serve the aim of securing a degree of autonomy for NGO and VDOs;
- African organisations should endeavour to improve on some of the viable practices of thrift mobilisation already existing among the people, since it might be easier to build upon traditional methods than to popularise new ones, especially among illiterate and poor peasants;
- self-financing activities are justifiable, if the ultimate goal is to enable organisations better to serve their members or their constituencies;
- NGOs should look beyond self-financing as a means of securing funds to cover administrative costs; they must also aim to use generated funds to support empowerment processes in the communities they serve;
- the aim of financial self-reliance is not to terminate genuine collaboration with donors or Northern NGOs, but to promote mutual trust and respect through a reduction in the degree of dependence on external sources;
- a distinction needs to be made between volunteer and paid work within the NGO sector; the term "voluntary sector" can be somewhat misleading, considering that not all those who work in the sector are really volunteers;
- a distinction is also to be observed between service NGOs made up of educated, middle-class personnel, and mutual groups made up of the people themselves; such groups, or VDOs (Voluntary Development Organisations), come together for direct action through an organisation which aims to improve the lives of members; references should be made to them along with service NGOs wherever possible, to emphasise the distinction;
- NGOs must recast the concept of "voluntarism" in its African context; this will require the articulation of a code of ethics for African NGOs;
- African NGOs need a clear vision of the development appropriate for their people before embarking on development work;
- although efforts towards financial independence can be reconciled with the service ethic of the NGO movement, it is crucial to avoid tendencies which may lead to exploitation of the poor and disadvantaged.

GROUP DISCUSSION

Six group-discussion topics were formulated based on plenary presentations and discussions, and other aspects not sufficiently covered in the plenary. The workshop broke into three groups, each with approximately 15 participants. Each group tackled two different topics. All three groups convened again in plenary to discuss the report on each group's work. The six topics were:

GROUP 1

- Planning appropriate strategies and implementing the practical mechanisms of self-financing activities.
- Does the move towards financial autonomy pose a threat to the voluntary ethic of the NGO movement?

GROUP 2

- The problems and advantages of different self-financing methods.
- Local fund-raising by NGO/VDOs: Possible areas of cooperation and conflict with client groups, donor agencies or governments.

GROUP 3

- Negotiating with donors to channel existing project aid into income-generating activities.
- The socio-economic, cultural and local factors to consider in fund-raising by NGOs/VDOs.

In summary, the key points made in the groups' discussions are:

- ** In planning, designing and funding local initiatives, the whole spectrum of resources available should be considered, rather than finance alone in a narrow sense.
- ** The major income-generating sources for NGOs/VDOs include
 - (a) membership contributions: this source requires the flow of some tangible benefits from the organisation to the contributors; an effective system of accountability to members; enlarged scope for participation; clarity of objectives and values;
 - (b) incomes from sales of goods and services, and from renting out equipment and infrastructural facilities: important factors here are ability to offer maintenance services on equipment hired out; people's needs should determine the kind of services to be rendered; proper feasibility studies required to choose such services;

- (c) legacies, gifts, donations by local dignitaries and institutions, door-to-door fund-raising: these require well-developed skills to coordinate and manage; use special occasions and days, e.g. flag days, market days; also good communication outlets should be used, especially radio programmes, etc; be credible;
 - (d) credit schemes: to bring durable benefits, credit programmes should be geared towards production in particular, and also commercial ventures; NGOs/VDOs should engage in dialogue with African governments to allow different and "softer" capitalisation and interest-rate requirements for credit initiatives/institutions geared to the needs of poor communities; in short, NGO banking or credit institutions should not be obliged to operate under the formal financial sector requirements;
 - (e) existing credit structures, such as the RAFAD scheme, should be enhanced to create conditions for favourable, non-exploitative credit to NGOs/VDOs;
- ** African governments and regional organisations can also be a source of grants and soft loans to support NGO/VDO work; duty-free concessions can also facilitate the voluntary sector's efforts at financial self-reliance, although organisations should be careful not to allow their objectives to be too compromised as a result of financial dependence on governments.
 - ** Project aid is often of a temporary nature. There is a need to utilise some of the project funds in supporting institutional capacity-building and self-reliance. But given the usual limitation associated with the donors' priorities, too much hope cannot be put on project funds.
 - ** The whole gamut of relationships between African organisations and their Northern counterparts needs review, because there is currently too much room for Northern agencies who so desire to manipulate African NGOs/VDOs. It is also important that African organisations begin to move away from a beggar-mentality.
 - ** Specific circumstances may require the re-channeling of existing aid money, for example, where it is in excess of requirement for a particular project. Yearly surpluses on project budgets could be re-channeled to income-generating activities or investments. Funds can also be usefully re-channeled where project beneficiaries change their priorities before the actual commencement of a project, leading to reduced requirement for existing funds.
 - ** It is important that project beneficiaries be consulted before an organisation embarks on re-channeling project funds. Care must also be taken to ensure that re-channeled finance can be competently managed to produce gains in its new use.

** Donors should de-emphasise earmarked funding, so that African organisations can have greater freedom in programming their development interventions.

** The level of awareness (especially about the potential effects of donations and aid), and the degree of social differentiation among beneficiary groups, can greatly determine the extent to which self-financing can be achieved. Gender differentiation can also have a decisive influence on local fund-raising efforts.

** The integrity and credibility of the organisation involved in local fund-raising can be decisive in achieving success. If an organisation's record is weak in terms of meeting the people's expectations, or where intra-organisational infighting is common, the ability to mobilise people for income-generating activities will be greatly undermined.

**** It was specially noted that strategies and mechanisms for self-financing will vary from country to country, and according to situations. No standard approaches can be generally applicable.

VISIT TO LOCAL NGOS

During a half-day excursion, participants visited two Ethiopian NGOs involved in income-generating and skills training activities.

BETHLEHEM TRAINING CENTRE

This Centre helps about 100 female trainees to acquire skills in dress design, sewing, knitting, tying and dying, and embroidery. The trainees are paid, and are all on a full-time programme.

The Centre runs a shop which provides a sales outlet for the trainees' products, which are of good quality. The Centre's products are also sold in bulk to hotel boutiques and other large stores in Addis.

The management is now exploring ways of assisting trainees after their apprenticeship to engage in self-reliant activities which will enable them profitably to use the skills they have acquired.

Most trainees have been previously unemployed (formally or informally), and come from the poorest communities around and outside of Addis Ababa. The Centre runs a creche which looks after trainees' children during work.

Some participants discussed the possibility of exchange visits between trainees of Bethlehem Centre and people from similar institutions in their own countries.

ETHIOPIAN GEMINI TRUST

The Gemini Trust trains men and women in various skills - for example, knitting, weaving and crafts for women; arts and crafts, mattress-making and other trades for men. The Trust has a department specially responsible for promoting income-generating activities.

Like the Bethlehem Centre, the Trust has a shop on its premises, and products are also sold through a variety of outlets within Ethiopia.

Participants also got a special treat! - some of the best Ethiopian snacks and beverages, all prepared in-house by trainees.

WITH OUR OWN RESOURCES

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