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# Non governmental organisations and foundations

Edith Archambault

## 1 INTRODUCTION

In many developed and developing countries non governmental organisations (NGOs) and foundations interact with national and local government to provide public services or to incite public authorities to support their causes in order to improve the capacity of both governments to respond to societal challenges. Some of them deliver services or advocate cross-country or at the international level.

A non governmental organisation (NGO) has several meanings. It is often used as an equivalent of association (see entry 14). According to United Nations Organisation (UN), a narrower understanding of this concept is proposed: In its 1945 Charter, article 71, a NGO must have the following characteristics as conditions of recognition by UN :

- Non profit making or non distributing its eventual surplus
- Independent from the direct control of government at any level, though often receiving public funding
- Public good purpose , not member interest oriented

In addition, in most countries NGOs have democratic governance based on the principle ‘one member, one vote’. They are not constituted as political parties and their action is non violent; they are not criminal groups such as mafias. (Willets, 2006). The narrowest understanding of the term NGO is limited to organizations operating in several countries. In the following, the intermediary term will be used while international NGOs will be called INGOs

A foundation (or a charitable trust in Anglo-Saxon countries) is an organisation devoting private funds to a public purpose of its choice. It is a non-membership-based organisation, Therefore its governance is either the founder itself or a co-opted board and not democratic governance as in NGOs. The other criteria are shared with NGOs: foundations are non profit, private, independent and public good purpose entities. Sometimes foundations are included in the largest understanding of NGOs (Anheier, 2001)

NGOs and foundations are part of social economy because they undertake an economic activity even if they are run solely by volunteers, which is the situation in most developing countries and in a large part of developed countries nonprofit sector. Most of them deliver welfare services while advocacy NGOs provide information services for their members or the public at large. Operating foundations are producers of welfare services while grant-making foundations change the income or wealth distribution.

This entry outlines a global panorama of the non-profit sector, highlighting the privileged activities in each important region through the action of NGOs and foundations. Subsequently, the different experiences of these organisations within the same country are examined at local and national level. After all, it is about international NGOs and foundations that operate in two or more countries and even at the global level and about the criticism that their actions have triggered. We conclude with the importance of a real partnership between authorities, NGOs and foundations to address the key societal and global problems of the 21st century.

## 2. PANORAMA OF ASSOCIATIONS AND FOUNDATIONS WORLDWIDE

As said above, NGOs have several definitions and it is why empirical data, if any, deal with associations, the legal status of most NGOs. Statistics for foundations are better in USA and European countries. The most comprehensive data on the non profit sector of 41 countries, the population of which is more than half of the world's population, are the following :

- In average, the paid or volunteer employment expressed in full-time equivalent in the non profit sector is 5.7% of the active population of these countries. It is the same percentage than construction industry. Volunteer share of this work force is 41%. For example, there are 3,456,000 regular voluntary workers in charities in England and Wales. A further 944,000 trustees can be added to this estimate
- The average share of this workforce employed in welfare services is 59% (education, social services, health, development and housing, in decreasing order). The share of expressive activities, such as culture and recreation, religion, civic and advocacy is 36%
- In average, half of the resource of non profit organisations comes from fees, dues and sales, 35% from public funding and 14% from households or corporate giving

Of course there is a high dispersion around these averages: the civil society workforce range from 16% of the active population in Netherlands to 1% in Poland, Pakistan and Russia and the volunteer share range from 75 % in Tanzania and Sweden to 19% in Japan, Hungary and Brazil. Welfare services are dominant in most countries but expressive activities are prevailing in Eastern and Nordic Europe. Commercial resources are the main part of the income of the NGOs in most countries. However, in continental Europe countries where the partnership with public authorities has been developed for decades, public funding affords the main part of their income (Salamon and alii, 2017).

Within the non-profit sector, the foundations of the United States and Europe are the most powerful but also the most contested organizations. In 2015 there were 86,000 foundations in US and 147,000 in Europe. Their assets were \$ 868 billion in US and € 511 billion in Europe. Their annual giving is nearly the same in US and Europe \$ 63 billion and € 60 billion. (Foundation Center, 202; European Foundation Center, 2021). Foundations are more recent in Europe than in US : for example, 70% of German foundations were created after 1990 reunification. They are powerful in Italy, Germany and Netherlands and weak in France, Poland and Ireland. Their principal activities are: religion (UK and Netherlands), international solidarity (Belgium, Germany, Switzerland) and social services (France and Spain)

NGOs and foundations exist everywhere in the world. Their density is often seen as an indicator of democracy. However, even in dictatorial or authoritarian countries, NGOs are tolerated provided they do not engage in anti-establishment politics. In these countries, the public authorities closely control the creation and decisions of many NGOs which therefore cease to be independent. These organisations are often called Governmental NGOs (GNGOs) and they are often instruments of the social control of citizens, such as in China.

In many countries NGOs and foundations deliver public services as well as central or local governments. These various experiences and trajectories are discussed in the following

### 3- NGOs AND FOUNDATIONS PROVIDING PUBLIC SERVICES AT THE LOCAL AND NATIONAL LEVEL

Historically, NGOs have been pioneers of public services and continue to play this role in many developing countries. In these countries local, national or foreign NGOs provide education, health and social services as well as utilities. For example in South Morocco development NGOs have installed the electricity connection of many villages and modernized the traditional irrigation network. Service-delivery NGOs provide public goods and services which governments of developing countries are unable to provide due to a lack of resources. They may be contractors or collaborate with government agencies to reduce the cost of public goods. In Continental Europe, services towards people with disabilities were often created by NGOs and governments developed partnerships with these NGOs after both world wars. According to this partnership, NGOs deliver residential or day-care services or work integration to people with physical or mental disabilities while the local or central governments pay the bulk of their expense through grants or contracts. The relative penetration of the non-profit sector into education and health systems follows from the historical relations between the government and the Catholic Church who was pioneer in these domains since the Middle Ages: Therefore, we remark a high penetration of NGOs in Belgium and Netherlands where these relations were peaceful and a lower one in France where the government/Church relations have been crossed by recurring conflicts especially in education; however these conflicts are now appeased.

Currently the partnership between NGOs, operating foundations and government is not confined in the Continental Europe. It is beginning in many developing countries. Even in the liberalism champion country, the United States, private non-profit hospitals are partly publicly funded through the Medicaid and Medicare programs and the Ivy League universities, most of them are foundations, partly live from public research contracts. Where the welfare partnership is ancient and equal between both partners, a co-construction of social policies is possible where NGOs bring their knowledge of the population concerned and of the best actions to privilege, while the government brings its ability to get money through taxes and its attention to the continuity of the public service and an equal access of every concerned citizen (Brandsen et alii, 2018). The advantages and disadvantages of sharing welfare services between NGOs and public authorities are different locally and nationally.

#### **31- Non profit organisations delivering welfare services at the local level**

Locally a good relationship between NGOs and public authorities is the more likely because each partner has a good knowledge of the other, namely the results of its action, its efficiency and financial situation. That is why decentralised countries are more likely to develop local welfare partnership. However an example of the advantages of such a partnership is given in a centralised country in Box 1

##### **Box 1 : *Chartreuse de Neuville*, a win-win partnership in France**

*Chartreuse de Neuville* is an association devoted to heritage preservation which is currently restoring a fourteenth-century deserted and dilapidated monastery. It partnered with the regional and local authorities to rebuild these beautiful ruins. The association created a Work Integration Social Enterprise (WISE) to train young unemployed people with no skills in heritage restoration. Therefore it received public funding for this WISE. Artists have residencies in the rebuilt parts of the monastery and shows are regularly put on for the public. In addition, some parts of the monastery are rented for professional and family events. *Chartreuse de Neuville* is a real attraction for tourism in the Northern area, a disadvantaged French region.

The disadvantages of a local partnership also exist: proximity can induce conflicts of interests in public procurement and also between NGOs or operating foundations and their suppliers.. Local government can research votes of the employees, volunteers and beneficiaries of these organisations for its re-election ; it could also condition its financing by control of the organisations boards by its representatives. When the political colour of the local government changes, an abrupt cessation of public funding may happen, but it is more likely for advocacy NGOs than for those who manage a public service by delegation.

### **32 - Non profit organisations delivering welfare services at the national level**

NGOs and operating foundations provide educational, health and social services nationally as well as locally. The sharing of these welfare services provision between central and local governments and civil society organisations obviously depends on functions that have been devolved to local governments as well as on the level of externalization or subcontracting which authorities consider to be relevant. This sharing is variable across countries. Basically the sharing depends also on advantages and disadvantages for central government in outsourcing to CSOs. The benefits are the reduction of the cost of public services because salaries are lower in NGOs that can also use volunteering and the reduction of public employment considered as too high in Nordic countries and France. CSOs have also a better knowledge of minority populations. In addition the involvement of a large part of the population is required in a crisis situation such as Covid19 pandemic. Another example of civil society involvement is given in Box 2

#### **Box 2 :The German partnership for 2015 migrants inclusion**

In the years 2015-2018, Germany welcomed about one million Syrian and Afghan refugees. ‘*Wir schaffen das*’, said Angela Merkel, and five years later Germany did it: half of the migrants have a job and most of them speak well or just about well German. The distribution of refugees among the *Länder* was as a proportion of their population but also of their per capita income, with the richest *Länder* receiving more refugees than the poorest. Civil Society’s involvement was strong. In addition to the Catholic and Protestant parishes and existing NGOs providing social services, 50 000 new ones were created by volunteers to shelter refugees, distribute clothes, introduce to German or help them in their administrative procedures. In the Fall 2021 election, migrants issue was no longer a major one in the debates among the leaders of the diverse political parties.

But the drawbacks of delegating public services to NGOs or foundations are also obvious : amateurism and particularism are common critics ofNGOs. Operating foundations may be also accused of deepening social inequalities; it is the case in education for American expensive universities or private schools in many developing and developed countries. Foundations running hospitals as well may create better quality and quicker health care for the richest while public hospitals welcome the rest of the population. Of course social services for the most disadvantaged are not the subject of this criticism, but they are accused of keeping the poor in poverty.

This ambiguity of NGOs and foundations seems to be reinforced when they work internationally.

### 33- The ambiguous role of NGOs and foundations at the global level

International NGOs (INGOs) or foundations have the source of their funding and their programs in different countries. The most common ones link a developed country with one or several developing or underdeveloped countries; in this case they are tools of private help to development. The best example of such organisations is the Bill and Melinda Gates Foundation (BMGF) the largest foundation in the world devoted to health and agricultural development mainly. Some INGOs are devoted to reinforce links between two or more Northern and Southern countries to advocate for specific causes or interests. An example is given in Box 3

#### **BOX 3 *La Main à la Pâte*, a French foundation that is becoming international**

During the early 2000s, it appeared clearly in France that its science education in primary and middle schools, was not up to what the 21<sup>st</sup> century was requesting. Initiated by the Nobel laureate Georges Charpak, *La main à la pâte* recommends that teachers implement an inquiry-based method with pupils and affords training to the teachers to this active pedagogy. Over the last decade, it was spread internationally. Today, *La main à la pâte* is cooperating with more than 40 countries and 3 regional networks (European Union, Southeast Asia and Latin America) and its establishment in Africa begins. It receives grants from interested governments and large European and American foundations, such as the Siemens foundation and the Smithsonian Institute.

Some INGOs are agreed by UN for consultation and European Union (EU) has similar agreed NGOs. According articles 70 and 71 of UN 1945 Charter, "specialized agencies, established by intergovernmental agreement", such as Food and Agriculture Organisation (FAO) or World Health Organisation (WHO) could "participate without a vote in UN deliberations", while an agreed NGO could have "suitable arrangements for consultation". Therefore there is a hierarchy between these two types of organisations, because deliberation is nearer ultimate decision than consultation.

Agreed INGOs and some other organisations can be used by Northern countries or international organisations as transfer channels of public aid to development when the government of those countries is considered corrupt or is not internationally recognized, such as Taliban government in Afghanistan. For example, the EU program ECHO is mainly oriented towards INGOs. Reversely, some large foundations, BMGF mainly, can also fund international public organisations such as FAO, WHO and UNICEF for specific projects. Of course public aid to development, \$152 billion, is more than twenty times private aid to development.

INGOs or foundations are either operating or campaigning. The operating ones make small scale change achieved through development projects such as affording sane water to the population of a village or building and running a hospital for a larger area. Service-delivery INGOs provide public goods and services which governments of developing countries are unable to provide due to their lack of resources. Campaigning INGOs aim to a broader change through influence on the political system. Once INGOs do decide to influence public policy, they organize, in broad coalitions, specifically for this purpose. These umbrellas, networks or caucuses are numerous to advocate on development, humanitarian or environmental issues. An example is the World Social Forum, a rival convention of the World Economic Forum, an annual meeting focused on capitalist enterprises interests, held in

Davos, Switzerland. Similarly World Social Forums, gathering hundreds of INGOs, have parallel meetings every year to influence the Conferences of the Parties (COP) where representatives of the governments of most countries discuss of the climate change and other environmental challenges.

Foundations and INGOs have actually a positive impact on developing countries and alleviation of extreme poverty in the world but they are also the subject of significant criticism. These praises and criticisms can be illustrated by BMGF which alone represents half of private philanthropy. In its main fields, health first, BMGF in cooperation with WHO and the GAVI Alliance nearly eradicated poliomyelitis, cured VIH holders and gave access to vaccine to 55 million of children and family planning in many African or Asian countries; in agriculture, this foundation was an efficient partner of the “green revolutions” in India and some African countries. However, critics outline that the assets of BMGF (\$50 billion) are higher than the GDP of many poor countries; that its endowment is frequently invested in companies whose impact is inconsistent with its objectives, because harmful to health and the environment. Conflicts of interests exist also with vaccine producers or Monsanto in Indian and African green revolutions.

More generally, some critics consider INGOs and foundations as part of a neo-colonial system to maintain the domination of Northern countries on the less developed Southern countries. They play the role that in 19<sup>th</sup> century missionaries played as Trojan horses of the predatory Northern companies. Less radical critics outline that international nonprofit organisations have a tendency to impose their system of values in countries with other traditions. In another context, the American foundations arrived in the countries of Eastern Europe as soon as the fall of the Berlin Wall; these foundations influenced Eastern countries to adopt health and education systems more similar to the American than the European ones. The Trust for Civil Society in Central and East Europa contributed also to the emergence of NGOs and foundations in post-Communist countries

#### 4 –CONCLUSION

In the European Union where the partnership between government and the nonprofit sector is a dominant pattern, which in best cases is able to combine the strengths of both partners. On government side, we can note a high legitimacy to decide due to periodic elections, the weight of resources raised by tax, the ability to create rights to benefit of public services and to verify the qualifications of employees delivering these services and finally the concern to maintain equality between individuals and territories. On the other side, the strengths of NGOs and foundations are their role in the detection and response to new needs in the field of health, research, education, culture and social services because they are nearer the beneficiaries and more attentive to the diversity of populations. Therefore, they are quicker than government to answer to the emergency issues such as earthquakes, floods or other disasters. Having to please neither to their shareholders as corporations or voters as central or local governments, NGOs and foundations can experiment new and unpopular fields, alternatives to jail for example. They can also personalize public services through volunteer accompaniment and avoid the effects of silos of public social policies.

At the global level the partnership with Northern NGOs or foundation is also possible when the government of the host country is reliable and not corrupt. These organisations consider more and more that they have to cooperate with the local NGOs to avoid the above noted

criticisms of neo-colonialism and ignorance of the history, religions and culture of the developing countries.

Finally, The fight against the great challenges of 21th Century, such as poverty of people and countries, unemployment, the marginalisation of a part of the youth, the ageing of the society, climate change and environmental degradation, racism, xenophobia and all other forms of discrimination, this fight presupposes collaboration between Government and the specialised SSE organisations. Reducing social and cultural inequalities for more inclusive growth and coping with the migrations of large populations also most often requires effective partnership between public authorities and NGOs and foundations.

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