
The Small Majority

Do small UK international development charities make a valuable and distinctive contribution to international development?

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Bond is the UK membership body for organisations working in international development or supporting those that do through funding, research, training and other services. With over 400 members united by a common goal to eradicate global poverty, we influence governments and policy-makers, strengthen the sector by developing the skills of people and improving the effectiveness of organisations, and provide opportunities to collaborate, debate and share knowledge and expertise.

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Foreword

The public profile of the biggest development agencies is so strong that you could be forgiven for thinking they were the only UK actors making a difference to the lives of the world's poor. But there are a host of smaller, more nimble organisations that work with their partners in the global south to achieve change. Many started out from the passion and commitment of individuals who encountered injustice or poverty and wanted to do something to help. Many are supported by volunteers and by local fundraising and are challenged on a daily basis to find sufficient resources for their work.

This study takes a sample of some highly-regarded NGOs, who have an annual turnover of up to £1 million. It identifies wherein they have an advantage over larger, more slow-moving bureaucracies – whether through personal relationships with people in partner countries, long term commitments to address local needs, creativity, flexibility or niche expertise. The study focuses on highlighting characteristics of those small NGOs perceived to be the most effective, rather than seeking to be representative of small NGOs as a whole. The latter are of course a disparate group, as diverse as they are numerous. For many, finding the funding to cover organisational costs as well as activities is a relentless struggle.

Nikki's research exposes some tensions in the donor/small NGO funding arrangement. On the one hand, donors prize the attributes small NGOs exhibit (where these are clearly articulated); on the other, the larger donors find it more expensive to fund small NGOs; to flex their own systems to accommodate proportionate requirements of smaller grantees; to benefit from the personal relationships that small NGOs want and can offer. Trusts and foundations are better suited to small scale grant making, and more interested in direct relationships with grantees. But they rarely offer significant amounts of funding. And few donors are willing to fund capacity-building of small NGOs over the long term.

This poses interesting questions about growth. Should the effective small NGO seek to scale up its operations, which it can do by securing funding from larger donors? In so doing it risks losing its 'small NGO' distinctiveness. If it wants to stay small, it will struggle to find enough grant funding of the right type. But through voluntary commitment and local support, many small NGOs do survive against the odds. They provide a more direct route to helping people in the south, and to understanding changing needs on the ground. Many have to adapt to survive, sharing resources with others or transforming the way they work.

Nearly half of Bond's 400 members have an annual turnover of under £1 million, and our partners across the UK, NIDOS, CADA Northern Ireland and the Welsh Hub, include 'micro' NGOs with few if any paid staff among their memberships. Bond is delighted to support this research which will help these NGOs to better articulate their value. Nikki Jeffery's Clore Social Fellowship has enabled her to focus on a critical issue for the survival and resourcing of a key part of the international development sector. It is a welcome addition to the evidence on the distinctive importance of small NGOs.



Ben Jackson, Chief Executive, Bond



About the Author

Nikki Jeffery is a 2013 Clore Social Fellow. She has over 11 years experience in the social sector holding senior management and leadership roles in both UK and international charities, and has been Chief Executive of a small UK international development charity.

This research report is published as part of her Clore Social Fellowship. As part of the Clore Social Leadership Programme, each Fellow is required to undertake a piece of practice-based research. The purpose of the research is to help develop Fellows' skills as critical users of research, and to help develop the evidence base for the sector as a whole. The research focus, methodology and output are chosen by the Fellow.

To find out more about Nikki see her website: www.investingforsocialchange.co.uk

Executive Summary

Do small UK international development charities make a valuable and distinctive contribution to international development?

I chose to carry out this study because when I was Chief Executive of a small UK international development charity (UK INGO) I became increasingly aware of questions being asked about the role of such organisations. I knew of little research or evidence about the contributions they did or did not make. In the current climate where many small UK INGOs are under threat from funding uncertainties, do we know what we risk losing?

Through this research I have sought to identify whether small UK INGOs are valuable contributors to international development, whether they have distinctive characteristics which contribute to their effectiveness and impact, and how they can best be supported to take advantage of opportunities in the changing development landscape. The report brings together the views of indigenous NGOs in the developing world through to leading UK policy makers and international development donors.

The findings of the research show that small UK INGOs are important development actors. They significantly add to the richness and diversity of development both in the UK and in the global South. The report highlights positive characteristics of small UK INGOs which can enable them to have a competitive advantage and maximise opportunities within the sector. These include more nuanced approaches to meet the specific needs of people or organisations, high levels of beneficiary accountability, and an ability to tell powerful stories of human change.

Small UK INGOs make up the majority of the UK international development sector. They are a highly diverse group of organisations and it can be challenging for donors and policy makers to engage with them and respond to their varied needs. Sustainable financing is their biggest threat and while my research identified significant support for small UK INGOs, it also highlighted gaps in funding models and funding opportunities. Small UK INGOs struggle to meet the demands of donors seeking large scale, high impact and low transaction cost programmes and there is a lack of unrestricted or strategic funding opportunities to meet small UK INGOs' actual needs.

Concerns were raised by research participants about the number of new small UK INGOs being created, the motivations for establishing these and the risks of small UK INGOs being amateurish, over-dependent on founders and inefficient. Small UK INGOs need to be realistic about these issues, be able to counter them, and demonstrate their role and value added in order to effectively compete and contribute within the international development arena.

While this research was limited in its size and scope, the findings provide evidence of the valuable contribution small UK INGOs bring to the sector. I hope that the findings will provoke further debate and research, leading to more meaningful and effective investment in small UK INGOs in the future.

“Small UK INGOs significantly add to the richness and diversity of development both in the UK and in the global South”

1. Introduction

1.1 Research rationale

Having previously been a Chief Executive of a small UK INGO, I was aware that the question of whether small UK INGOs play a valuable, and perhaps distinctive role, in responding to global development challenges was an unanswered one. Through this research I have looked to identify whether small UK INGOs are valuable contributors to international development, whether they have distinctive characteristics which contribute to their effectiveness and impact, and how they can best be supported to take advantage of opportunities in the changing development landscape.

Despite making up the majority of the UK international development sector, desk research revealed little evidence about the role or contribution of small UK INGOs to global development challenges. Why aren't we paying more attention to small UK INGOs?

Globally development actors have questioned the role of northern INGOs in recent years. UK INGOs, both large and small, are being asked to provide much greater evidence about their role and their value added. Significant pressures on funding have also been exacerbated by the recession, resulting in organisations struggling to survive. In this environment small UK INGOs are one of the most vulnerable groups. There is a real risk that the number and role of small UK INGOs within the development sector will reduce, yet there is little knowledge about what we might lose.

I used a blend of qualitative and quantitative research methods to collect evidence to answer these questions. I carried out key informant interviews with 11 donors and stakeholders of international development and surveyed seven small UK INGOs and four southern partners of small UK INGOs.

1.2 Small charities within the UK international development sector

For the purposes of this research I have defined 'small UK INGO' as a UK registered charity with an income of less than £1million. This definition incorporates diaspora organisations who form a significant sub-group of small UK INGOs.

The UK international development sector is mostly made up of small UK INGOs. Based on latest information from NCVO's UK Civil Society Almanac 2013 there are 162,177 registered UK charities, 97 percent of which have a turnover of under £1million and are considered small for the purposes of this research. This report identified that around 3 percent of the total number of UK charities are international charities (5,241), and they have an average turnover of around £628,000.

Bond is the UK membership body for organisations working in international development and currently has a membership of 377 organisations. Based on member information as at June 2013, 52 percent of Bond's members have a turnover of under £1million.

2. Research Methodology

I used a blend of qualitative and quantitative research methods, including desk research, semi-structured key informant interviews and online surveys. In total 22 organisations participated in the research, representing a range of perspectives and experiences from indigenous NGOs in the developing world, to the leading UK policy maker and donor of international development, the UK government's Department for International Development (DFID).

All research responses have been kept confidential and organisations' views and experiences are not specifically identified in this report.

2.1 Summary of research activities

I carried out desk research in April-May 2013 to identify existing evidence about the role of small UK INGOs.

I interviewed 11 international development actors between May to July 2013, including eight donor agencies and three other stakeholders with significant knowledge and experience in international development. Through a semi-structured interview I asked these key informants about their views on small UK INGOs, which small UK INGOs they funded, and any particular small UK INGOs which stood out as being particularly effective and impactful.

Based on key informant responses, I identified 11 small UK INGOs that were seen to be effective and impactful. I contacted these small UK INGOs in August 2013 to request their participation in this research through an online survey. I also sent a short online survey to one Southern partner of each of the small UK INGOs participating in this research.

2.2 Assumptions and limitations

This research is informed by the views of just 8 percent of UK donors granting more than £50,000 a year to international development. The selection of small UK INGOs to participate in this research was based on their ability to evidence and convey their effectiveness and impact to these donors. The views of other important donors of international development, such as corporates, high net worth individuals and local community groups have not been captured.

While the research focuses on small UK INGOs, the findings are not exclusive to them and may be relevant to both domestic and international charities of all sizes.

3. Research Findings

3.1 The funding environment

The Nuffield Foundation's Global grant-making report, 2012, identifies 90 independent UK foundations which made grants of over £50,000 to international development in 2009/10, totalling £292million. The report highlighted that UK foundations focus a large part of their international support on civil society organisations. DFID funding to UK NGOs in the same year totalled £362million and this represented just 9 percent of their overall spend.

UK donors who participated in this research included three of the top five UK donors of international development (Big Lottery Fund, Comic Relief and DFID) as well as five other independent UK foundations with a range of giving levels.

Both DFID and Comic Relief have specific funding programmes to support small organisations, namely DFID's Global Poverty Action Fund's Community Partnerships window and the co-funded DFID/Comic Relief Common Ground Initiative. Big Lottery Fund (BIG) also has a strong track record in supporting small UK INGOs with 71 percent of BIG's international grants going to small organisations over the past 15 years.

The five independent UK foundations which participated in this research had giving levels in 2009/10 ranging from £350,000 to £5.5million. Four of these five foundations specifically mentioned a preference for funding small to medium-sized UK INGOs, for many of the reasons highlighted in this report. Conversely one of the foundations had not funded small UK INGOs for many years due to a preference to fund Southern based organisations directly given their increased capacity.

The majority of UK foundations who support international development give less than £500,000 in grants per year. Many of these independent foundations have fairly focused funding priorities, which can limit funding options for small charities that also often have a niche focus. The five largest UK donors of international development (DFID, The Wellcome Trust, Comic Relief, The Children's Investment Fund Foundation and BIG) hold the majority of resources for UK INGOs to access and have a significant impact on the sector through their funding.

“71% of BIG's international grants have gone to organisations with a turnover of under £1m over the past 15 years”

3.2 The profile of small UK INGOs

A huge diversity of organisations fit the definition of small UK INGO, ranging from volunteer-led organisations which primarily operate as funding conduits to individuals and organisations in the developing world, through to more complex organisations with paid UK and international staff successfully competing with some of the UK's largest INGOs for funding and profile.

This section describes some of the commonalities as well as diversity of the seven small UK INGOs who participated in this study and who were seen to be effective and impactful by key informants.

All small UK INGOs surveyed described themselves as a small independent UK charity and all but one had been established within the last 20 years. Annual incomes varied from £85,000 to £850,000, UK paid staff varied from 0 - 10, and three of the seven organisations had paid overseas staff. Their work ranged across a wide variety of international development themes, with the most common being health, education, livelihoods and women and girls.

Despite the small sample size some common characteristics were identified. Drawing on these, a basic profile of the small UK INGOs who participated in this research is outlined below:

-  **Expertise**
 - One niche area
-  **Geographical Focus**
 - Work primarily in Sub-Saharan Africa
 - Focus may be on one country or several
-  **Key Approaches**
 - Capacity building
 - Service delivery
 - Awareness raising
 - Advocacy and empowerment
 - Working through local partner organisations
 - Building long term relationships – often of indefinite length
-  **Income**
 - Generally a good diversity of income sources
 - Mainly from trusts and foundations
 - Fundraising is a focus of their UK work
-  **Impact & Reporting**
 - Impact up to national level policy and practice, (not regional or international)
 - Data collection on outputs and outcomes for internal and external reporting
 - Internal and independent external evaluations to evidence impact and sometimes research
-  **Voice**
 - Disseminate information about their work through digital means e.g. website, social media
 - Are members of groups which represent the interests of small UK INGOs e.g. Bond

3.3 Characteristics of small UK INGOs that contribute to their effectiveness and impact

There was a high degree of consensus from all research participants on common characteristics of small UK INGOs which contribute to their effectiveness and impact.

Niche expertise

With a niche area of expertise small UK INGOs can be the 'go-to' agency for information on a specific topic. They have the potential to influence decision makers and wider international development stakeholders.

'If a donor or policy maker is looking to get specialist information on say one particular health issue, then it is often the small specialist agency they will go to, rather than one of the larger agencies with broader health teams.'

(International development expert and key informant)

Survey data from the small UK INGOs reinforced this finding with all describing themselves as having a niche area of expertise. Over 50 percent of the small UK INGOs also worked in just one country.

Flexibility and responsiveness

With less bureaucracy, small UK INGOs can be highly responsive, flexing their approach to meet particular situations and needs.

'Small organisations can be effective and impactful when they have enough capacity to deliver but aren't overburdened with bureaucracy which limits their agility and flexibility' (UK donor and key informant).

Three key informants particularly noted how this responsiveness enabled small UK INGOs to be highly effective in humanitarian work.

'In conflict situations I have seen how small NGOs can respond quickly to meet the immediate issues.' (UK donor and key informant).

'Small INGOs are often the first on site post a crisis and technology has increased the speed of this.'

(UK donor and key informant)

One of the small UK INGOs described how their responsiveness was important when working with partner organisations:

'Less bureaucracy enables us to make quicker decisions to tailor our response to the benefit of our partner'

(Small UK INGO)

"Well targeted aid can have a disproportionate impact – you don't always need large sums of money to achieve a lot"

(UK donor and key informant)

Creativity and innovation

An ability to be creative and innovative were also seen as important positive characteristics of small UK INGOs, as borne out by one key informant's experience:

'We have been involved in funding two separate purchases of the same item of specialist medical equipment, through two INGOs, one much smaller than the other. Understandably, the larger INGO had to follow a lot of in-house procurement processes around the purchase whilst the smaller organisation was able to purchase a good quality second hand item with a cost saving of around 70%. This was an example of where the small INGO was able to deliver the same project outcomes at a much lower cost through lack of procedural constraints, allowing them to be innovative and flexible.' (UK donor and key informant)

The small UK INGOs surveyed demonstrated creativity and innovation in both income sources and their governance structures. Three agencies had significant income from less traditional sources including trading and gifts in kind, providing an important source of income in an otherwise very competitive funding environment. One agency had an innovative organisational structure.

'We designed the organisation as a hybrid institution, with an operating Foundation (non-profit), a social enterprise and a UK support group. We aimed to tilt the power balance and leadership to the South, hence we have no staff in the UK.' (Small UK INGO)

Longer-term partnerships

Small UK INGOs generally have longer-term partnerships which key informants believed contributed to their effectiveness and impact.

'Often small UK INGOs have few and long term partners, and will often be the only source of funding for those partners who are doing good work on the ground. So they are important in enabling these indigenous NGOs to survive and thrive.' (UK donor and key informant)

Based on the small UK INGOs surveyed, the median length of partnerships was six to seven years, with three respondents describing their partnership length as 'on-going'. A Southern partner surveyed for this research shared,

'They are different from other partners we work with as they have been working with us and reached their goals during 17 years, contrary to other partners with a limited period according to the project duration.'

A deep understanding of local needs

Key informants described how there is less of a 'distance' between small UK INGOs and the work they do in the developing world. This results in a greater confidence about their work and is helpful in supporting donor learning. With their longer term partnerships key informants described how this can lead to a greater understanding of the local context and an ability to get into places and influence where others cannot. Historical and cultural or ethnic links can also help facilitate this.

'Through local connections we address local needs that are prioritised by the communities that understand them best.we also give local people (and local organisations) the skills to continue this change and develop projects in the future. It provides communities with skills and expertise that remain a permanent resource, in a very different way to the way that large NGOs deliver work.' (Small UK INGO)

A personal approach

Many of the key informants described the personal approach of small UK INGOs as being a positive characteristic.

'Small INGOs bring personal relationships which contributes to their success – with a more direct relationship between what they do and the end result.' (International development expert and key informant)

'Small UK INGOs tend to be very committed and as a result can be more effective at building relationships and connecting to local people and their needs.' (International development expert and key informant)

'Small UK INGOs can have better access to local fundraising given their personal contact with the issue and UK communities.' (UK donor and key informant)

When asked whether the approach of the small UK INGO that they worked with was different to other organisations, a Southern partner organisation responded: *'They give a personal, human and professional touch proving small is beautiful.'*

Human stories of change

Linked to less bureaucracy, deeper understanding of local needs and a more personal approach, key informants described how small UK INGOs had the ability to tell very effective human stories of change. Two key informants mentioned that small UK INGOs can play an important role in development education and volunteerism in the UK, sharing their knowledge and bringing their closeness to people and organisations in the South to UK communities. One key informant described how despite the trend towards much more quantitative measures of success they were still interested in hearing the anecdotal evidence and stories.

'You can't overestimate the value of human stories to show the impact of funding.' (UK donor and key informant)

"We want close and engaged relationships with organisations which we fund and it's much easier to do this with small UK INGOs"

(UK donor and key informant)

3.4 Challenges of being a small UK INGO:

I asked research participants what they felt were the biggest challenges for small UK INGOs. Detailed below are challenges identified by both key informants and small UK INGOs, highlighting areas of common ground as well as their different perspectives.

While the small UK INGOs surveyed represented a sample of those that were seen to be doing well and successfully raising funds from some of the largest UK donors, all indicated financial sustainability, particularly unrestricted funding, as their biggest challenge. All organisations had recently undergone cost-cutting exercises and in the next three years organisations were considering out-sourcing, restructuring, new collaborations and mergers.

One key informant raised concerns about the number of new INGOs and the motivations and rationale for this in an already crowded and highly competitive sector: *‘A number of new small UK INGOs are being set up on the back of people’s experiences in the developing world. Whilst it’s good to see this goodwill there’s a risk it’s not being channelled effectively and we feel that there could be a much more effective way of harnessing this goodwill to contribute to the international development response more impactfully.’* (UK donor and key informant)

Challenges identified by key informants and small UK INGOs:

- Responding to stringent donor requirements
- Being overlooked/excluded by funders looking for large scale or high impact responses
- Lack of capacity
- Funding and financial viability (particularly unrestricted funds)

Additional challenges identified by key informants:

- Unable to deliver large scale programmes
- Ability to influence policy change at country or international level
- Role of small UK INGOs given a stronger Southern civil society
- Often too reliant on a leader and ‘founder’s syndrome’
- Lack of time/money for sector networking and engagement
- Inefficient
- Risk of amateurism
- Demonstrating value added

Additional challenges identified by small UK INGOs:

- Not seen as valuable by larger organisations
- Lack of investment in branding/public relations
- Remote management of international partners/offices
- High competition
- No programme delivery in UK
- Retaining talented staff

“Southern NGOs are stronger now so why fund small UK INGOs when you can directly support NGOs in country?”

(UK donor and key informant)

3.5 Supporting small UK INGOs in a changing international development landscape

The international development landscape is rapidly changing. This section outlines some of the trends in international development that key informants identified. Bearing in mind the research findings around some of the distinctive characteristics of small UK INGOs, together with challenges they face, I have suggested how each of these trends could offer opportunities for small UK INGOs, together with areas they need further support with in order to respond and adapt.

Aid effectiveness, evidence and impact

International development actors have become increasingly concerned about the effectiveness and impact of aid. There has been a focus on more robust systems to measure and evidence impact and ensuring learning is both captured and used to improve future work. With the financial downturn these priorities have become even more important with a pressure to use the limited resources available to maximum impact.

Opportunities – small UK INGOs can use strong mutual partnerships and close relationships with beneficiaries to tell meaningful stories of change and demonstrate high beneficiary accountability.

Support needs – small UK INGOs need investment in capacity around monitoring, evaluation and communications in order to evidence and articulate effectiveness and impact; donors need to be proportionate in their expectations of small UK INGOs.

Changing global development priorities

The Millennium Development Goals (MDGs) have been a focus for international development actors over the past 15 years with some significant achievements being reached on alleviating poverty. International development actors are now looking at the framework beyond 2015 and considering new priorities. Climate change, population growth, urbanisation and ageing are all major challenges that are competing for resources.

Opportunities – with their flexibility and responsiveness, small UK INGOs can quickly adapt to new priorities; small UK INGOs can be important in raising awareness and lobbying for investment in ‘less fashionable’ international development issues and holding governments and donors to account.

Support needs – support for engagement of small UK INGOs in post MDG discussions; recognition and funding availability for other important but less visible development issues.

New global development actors

The private sector is playing an increasing role in international development, offering financial and business expertise and large scale, low cost approaches in an environment in which accountability, value for money and efficiency are a key priority. With China overtaking the West to become Africa’s most important trade and investment partner it is also emerging as a significant development actor. The types of organisations influencing major development actors, including policy makers, has also changed with research organisations bringing more robust evidence to influence the debate.

Opportunities – partnerships and collaborations with new actors; communication to stakeholders about the distinctive role of small UK INGOs compared to other actors.

Support needs – networking and engagement opportunities for small UK INGOs with new actors; investment in small UK INGOs capacity to enable them to compete on a level playing field with other actors, retain talented staff and develop an evidence base.

Impact of technology

New technology and improving access to technology is supporting greater connectivity in an increasingly global world. Social media is enabling people and organisations that may not previously have had a voice on the global stage to harness public and political will. New technologies are also offering opportunities to tackle entrenched development issues such as medical advances in the prevention, diagnosis and treatment of major global diseases.

Opportunities – harness new technology to increase efficiencies e.g. in programme management and monitoring; look at potential of social media to raise awareness and profile; drive programme innovations through technology.

Support needs – help small UK INGOs access opportunities to learn about new technologies, how they can be relevant and useful, and support small UK INGOs to invest in them.

Influence of UK government

The UK government has a significant influence on international development, both in the UK and on the global stage. It has taken a leading role in standing by its commitment to spend 0.7 percent of national income on aid and is a leading donor of the Global Fund for AIDS, Tuberculosis and Malaria. As well as funding through DFID, the government also influences other large UK donors, for example BIG via the Department for Culture Media and Sport, and Comic Relief via co-funding initiatives.

Opportunities – engage with the UK government who are interested in supporting ‘other actors’; collaborate with other organisations that are influential with UK government; maximise funding opportunities from donors particularly attracted to small UK INGOs e.g. independent foundations, corporates and local communities.

Support needs – sustainable investment by UK government in small UK INGOs, e.g. capacity building and support in evidencing impact ; continue to provide specific funding programmes for small UK INGOs, with proportionate requirements which recognise their constraints; enable opportunities for engagement of small UK INGOs in UK government decision making processes.

Capacity in the global South

Southern governments and civil society have been successfully strengthened, which UK development actors both big and small can take some credit for. As a result the need for UK INGOs to provide technical support and/or direct service delivery is being questioned, when Southern organisations have the capacity to do this themselves. Northern INGOs are being challenged about their value added and asked to provide evidence of how they work with Southern partners and other actors and what value they bring.

Opportunities – focus in on regions where civil society is weaker; adapt role/approach when partnering with strong Southern civil society organisations.

Support needs – invest in small UK INGOs’ capacity to demonstrate value added ; showcase innovative approaches to working with stronger Southern civil society.

4. Conclusions & Recommendations

4.1 Summary

Small UK INGOs are important development actors. They make up the majority of the UK international development sector and significantly add to its richness and diversity.

A vital source of innovation for the development sector

Small UK INGOs can be very creative, offering up new and experimental ideas to find solutions to entrenched development problems. Or often they can simply just provide more 'common-sense' and locally relevant adaptations to enable an existing approach to be more effective.

A choice of development partner

With their specialist knowledge and alternative perspectives and approaches, small UK INGOs can offer a choice for people and organisations in the developing world about who they wish to work with, as well as a choice for donors and policy makers. Their nuanced approaches can be more effective in meeting the specific needs of a group of people and/or organisations, which larger scale and more broad-brush approaches may miss out.

Support for new and emerging civil society organisations in the global South

With their deep local understanding, small UK INGOs can more readily identify emerging local actors. Through long term partnerships and providing capacity building support small UK INGOs can be important in building a stronger and more diverse Southern civil society.

Speaking authoritatively on behalf of beneficiaries

Through close and personal relationships small UK INGOs can tell a powerful and motivating human story of change, raising awareness of issues facing people and communities in the developing world and strengthening connections with the UK public.

4.2 Bridging the gap

Small UK INGOs are a very diverse group which can make engaging with them, whether as a policy maker, a learning and networking body, or as a donor, perhaps more difficult and resource intensive. This diversity together with their lack of visibility and capacity makes it more difficult to identify their value and contribution to the sector, whether as individual organisations or collectively.

While the research highlights a real interest from donors to support small UK INGOs, sustainable funding is their biggest threat. Research participants, including donors, identified that an inability to meet stringent donor requirements was one of their biggest challenges. With most of the sector's resources held by five large donors with stringent funding and grant management requirements, this challenge is brought into sharp focus. While many of the independent foundations do fund smaller INGOs, they are limited in number with smaller grant giving levels, restricting their ability to provide long term investment of a significant size.

Small UK INGOs can be effective at identifying innovative approaches to income generation but these can lack the scale and sustainability to fund long term growth and development. Without significant investment opportunities small UK INGOs wishing to grow and survive may be forced to transform themselves to become like larger UK INGOs, with the risk of losing some of the special characteristics which make their contribution to international development so distinctive. Can small UK INGOs and donors of international development work together to find new ways to resource their development more effectively? Improving the availability and accessibility of strategic funding opportunities for small UK INGOs, such as DFID's Programme Partnership Arrangements, could both recognise and support their valuable contribution to the sector.

4.3 Recommendations for small UK INGOs

UK INGOs, regardless of their size, need to be able to clearly **demonstrate and communicate their role and value added**. Being clear on the problem the organisation aims to address, its goals, how its activities and approaches deliver those goals, how it measures its progress, and how it learns, adapts and improves, are all vital in this highly competitive international development arena. Key informants shared that if small UK INGOs did this they could be very well placed to take advantage of the many opportunities in the sector.

This research highlighted the **importance of innovation and enterprise in adapting and responding** to the current and future opportunities and challenges. Business as usual is unlikely to be a successful strategy for UK INGOs regardless of size. Creative solutions to global development challenges are much in demand. Technology is an area that clearly offers potential for small UK INGOs to achieve operational efficiencies and promote their work to a larger global audience.

4.4 Recommendations for other international development actors

While the small UK INGOs surveyed as part of this research were successfully raising income from some of the major UK donors of international development, often competing with much larger UK INGOs, the research showed a clear need for **further support to weather the challenges ahead**. Strategic and unrestricted funding opportunities together with investment in monitoring, evaluation, learning and communications are all important areas that will enable small UK INGOs to continue to make a positive impact on the quality and diversity of the sector.

Some of the key informants who were independent UK foundations shared how valuable they found the deeper, open and honest relationships that they were able to forge with small UK INGOs which gave them confidence in what their funding was achieving.

Research participants voiced a need for more **proportionate expectations around increasingly complex and highly stringent grant management requirements** and greater recognition of more qualitative ways to measure impact which small UK INGOs can excel at, for example using powerful human stories of change.

Finally, major international development actors have much more than money which can benefit small UK INGOs. **Convening power and access to sector knowledge and learning** are important areas which small UK INGOs can significantly benefit from. Improving access to learning and networking events, encouraging collaboration and brokering partnerships are other important ways to support small UK INGOs access new opportunities in the sector.

“It’s not about size; it’s about what you deliver”

(UK donor and key informant)

