

# Alliance Online - March 2008

Interview Mal Warwick  
All boats rising with the tide?



**Resource Alliance's eighth International Workshop on Resource Mobilization will take place in Malaysia in May. Caroline Hartnell talked to Mal Warwick, Chair of Resource Alliance, about the event. What is the potential for local resource mobilization in developing countries? Who will attend? Does he worry about increasing the imbalance, in terms of fundraising capacity, between the bigger NGOs that can afford to attend and the smaller ones that can't?**



*Alliance Magazine is the official media sponsor of the 8th International Workshop on Resource Mobilisation (IWRM), 22-25 May 2008, Kuala Lumpur, Malaysia. Organized by the Resource Alliance, the conference is designed to help build the capacity of non-profit organizations in the Global South through a programme of practical workshop sessions and inspiring case studies that will define best practice in the techniques of local resource mobilization and organizational governance.*

## **What is local resource mobilization? What do you include in that category?**

We look at resource mobilization as a broader category under which fundraising fits. We include the mobilization of volunteers and the effort to improve the climate for the development of NGOs in a society. Most significantly, when we use the word 'local' we mean helping NGOs move away from dependence on foreign sources of funds and develop local sources. These local sources can be institutional or individual.

Currently, the emphasis in most of the Global South, in our experience, has been on institutional fundraising. Disproportionately, the institutions that southern NGOs turn to are international, though they could also be locally based corporations, or trusts and foundations that are indigenous. We encourage fundraisers in the South to explore these local institutions. We also try to develop the skills and disposition to take advantage of individual fundraising opportunities, which are currently not pursued very widely in the Global South.

**IWRM offers a grounding in local resource mobilization plus ‘practical techniques’. Are these techniques applied to fundraising from individuals?**

Yes, although there is a conceptual discussion that often needs to be had before the local NGOs are even willing to consider raising money from individuals. Fundraising is often viewed as a matter of securing money from government and non-governmental institutions rather than from individuals. We have to talk about the fact that in most of the world, the contributions of individual donors are much greater than those of all of the institutions combined. Individual fundraising, by some estimates, accounts for two-thirds of donations in the world, and institutions only one-third, if you factor out government.

I know that there is huge variation from one country to another. There are many countries where individuals make only negligible contributions, but that depends on how you measure philanthropy. In many Muslim countries, for example, most philanthropy is funnelled through Islamic institutions, chiefly mosques. There’s every reason to believe that Muslims are extraordinarily generous, but the traditional way that we in the West measure philanthropy often excludes religious giving.

**Although in the US, a large percentage of giving is religious giving?**

Less and less every year. According to Giving USA, the religious contribution in recent years has been around 37 per cent of all giving. The proportion of individual giving is no doubt a little higher, but certainly not the 50 per cent that it was when I came into fundraising three decades ago.

**So the challenge in Muslim countries might be how to channel some of the religious giving to other social causes?**

Yes, absolutely. And this is true of other societies too. In many African countries, people are extraordinarily generous, but their philanthropic instincts are expressed in other ways: through family, through personal social networks, through community. Philanthropy is huge in sub-Saharan Africa, yet we often overlook it. We want to assist NGOs to secure some of those funds that are now going to friends, family, neighbours and so forth.

You say the grounding in resource mobilization that you offer is quite context-specific for different countries? Are the practical fundraising techniques more universal – direct mail, street collecting, etc?

Yes, and special events is another good example. Special events can be an excellent entrée for many local, community-based organizations and NGOs to begin to raise money from individuals anywhere in the world. I’ve seen it in Latin America, in Asia, in Africa. It’s a way to help develop the habit of more structured philanthropy, more directed towards NGOs as opposed to the philanthropy that goes to family and community, beggars on the street, and religion. In the case of direct mail, the techniques used may vary from one place to another, but less than you might think. Direct mail has been surprisingly successful in almost every part of the world. There are successful direct mail

campaigns under way in places where you might never suspect that letters even get delivered.

### **What about electronic approaches?**

It depends on internet access which, in many countries in the global South, is limited. In fact, if we look carefully at the numbers, we find that online fundraising is still in its infancy everywhere, even in the US, where it appears to be most advanced. The big boosters of online fundraising in the US, centred around the e-Philanthropy Foundation, claim that last year online fundraising accounted for almost \$7 billion, which would be a little over 2 per cent of the total. I believe that their numbers are inflated, out of self-interest. The methodology on which their estimates are based strikes me as flawed. I would be surprised, in fact, if the total online fundraising revenue was even \$2 billion, or less than 1 per cent of voluntary private contributions.

### **Sometimes developing countries leapfrog with technology, as with cellphone technology. Do you find that happening at all?**

I believe that the potential for fundraising via SMS, using mobile phones, is greater than that of online fundraising. Cellphone use in developing countries is very high and increasing rapidly. But online fundraising is a hit and miss affair at the best of times. In the US, the rule of thumb is that if you send an email appeal to a list of supporters, you might get a quarter of 1 per cent response, if you're doing well.

Although SMS is largely unproven as a fundraising channel, the penetration of mobile telephony exceeds that of computers by a huge margin. The difference accounts for my belief that SMS will eventually outstrip computer-based fundraising.

### **How will the IWRM differ from the International Fundraising Congress (IFC), which you've been holding in Amsterdam for many years now? Is the IFC more focused on the techniques and less on the conceptual background or is there a similar mix?**

The first difference is that the IFC is focused largely, if not exclusively, on advanced, experienced practitioners of fundraising, so most of the instruction is at an advanced level. We do offer some similarly advanced courses, at least we will this year, at the IWRM at Kuala Lumpur, but most of those we expect to attend will not be at such a level. In many cases they will be beginners, who need help determining how they can raise their first funds. In some cases, they may have taken on the job of running an NGO and have fundraising as one of many concerns, and they need to have a basic grasp of the field and to understand what are the most advantageous techniques to attempt first time out. So the emphasis is on basic instruction.

**So you have the IFC, which is for advanced fundraising techniques, and you have, increasingly, local fundraising workshops at regional or country level. So what is the**

**niche for the IWRM? Why won't the more advanced people go to the IFC, and the others to a local fundraising workshop which will cater for them more specifically?**

In the first place, the IWRM is a much bigger event than any of the local or regional workshops – either those sponsored or co-sponsored by us, or those organized by others – so there'll be much more on offer, with many more international speakers than we could afford to bring to a local or regional workshop. Second, there's probably some distinction between the community-based organizations, which tend to predominate in the local or regional workshops, and the NGOs, which operate on a somewhat larger scale, with a somewhat larger budget than the typical CBO. Those NGOs are more likely to be able to afford the higher cost of attending the IWRM, including the travel that may be necessary. They are also a lot more interested in the kind of networking opportunities that a conference of this sort affords them.

**Do you have an idea of the balance between international NGOs (including northern NGOs with southern offices) and genuinely southern-based organizations that come to the IWRM?**

We don't know, but we have already had assurances from several of the major NGOs that they will be sending numbers of delegates. This is very different from previous years. We're accomplishing this, in part, by our willingness and our ability to offer more advanced instruction. For many of these international NGOs, the opportunity to access training at this level, in the South, is very attractive because the costs of attending the IWRM, particularly for staff members based in Asia, is quite low compared to those of most training events in the North.

**Do you worry that you're increasing the imbalance between these largely international NGOs that can afford to come, who will go away with a big advantage in terms of raising money locally, and the locally based NGOs and community-based organizations that can't afford to come?**

There is so much potential for fundraising in all of these countries, and so many organizations, that I don't think that the advantage we're offering the larger organizations will have that much impact.

In another way, it's an advantage to those NGOs who don't attend because they will have a greater variety of successful fundraising efforts under way in their countries, creating more models to follow and preparing more knowledgeable local fundraising practitioners who will raise the overall level of professionalism in the field. (Keep in mind, too, that staff turnover in the social sector is high in the South as well as the North, and a professional trained by a large NGO may well take a job at another organization soon thereafter.) I think that there is some potential for the already large and relatively rich organizations to become larger and richer, but I suggest that all boats are rising with this tide; we've seen an amazing proliferation of new NGOs and CBOs throughout the Global South.

**So you think that the issue of competition for scarce funds isn't that great?**

In terms of competition for the local funds, no, I don't think so. I think it's an advantage for Indian NGOs, for example, to be able to look at the work that Oxfam, World Vision and ActionAid are doing in India, just to take three examples. One of the problems that we face in offering fundraising training to local NGOs in the South is that they frequently approach our workshops with the attitude 'it won't work here', and if we can point to existing successful models in their own countries, we have a much easier time of it.

**So the ability to obtain international funding is not something you really address at the IWRM, as the larger international organizations are well equipped to get it anyway?**

For the most part. Our emphasis is on local resource mobilization. However, inevitably, the subject of tapping international funders comes up as well.

I am pushing this because, in economic terms, there has always been the theory of trickle-down – that as the rich get richer, the wealth trickles down and we all get richer. But in national settings and in the economic sphere, trickle-down doesn't work and the gaps widen.

No, it doesn't work, I agree. But when it comes to philanthropy, my overall impression is that there has been a broadening of the base of giving. I am quite sure that, until relatively recently, contributions in the US accounted for over half of all philanthropy worldwide. The latest I've heard is that that percentage has fallen significantly because of the very impressive development of fundraising in Europe and, already, in many parts of Asia and Latin America. I think maybe it's much closer to a one-third to two-thirds ratio.

**I gather you were one of the co-founders of Business for Social Responsibility in 1992. Are the aims you had in founding BSR being realized?**

Initially the idea was that BSR would develop a voice for progressive business in the US and would attempt to compete with the ultra-conservative US Chamber of Commerce by advancing a more humane and just perspective on federal policy. But we did not succeed in raising enough money to advance that agenda at a sufficiently rapid rate, so after a couple of years, there was an almost 180 degree shift in BSR. BSR became focused on promoting a greater sense of social responsibility among big corporations. It is now global and, functionally, has become a consulting agency for the Fortune 500, the very biggest companies in the world. It is attempting to help these mostly US-based multinational businesses to implement corporate social responsibility programmes in more creative and meaningful ways.

They have had some success. Some of those programmes are reaching pretty deeply into corporate culture (though in many other cases they could hardly be called anything but window dressing). But, as you are well aware, there are many European companies that have gone very far in genuinely accepting their responsibility for ameliorating global

climate change, for undertaking more wholesome relationships with their employees, for building vendor networks, 'value chains' as they call them, that will have a positive impact. So there are some very big success stories. BSR has been involved in some of those efforts. But, more importantly, I think BSR has helped make CSR not just respectable but regarded as essential for any serious large company.

In much of the world, though, outside places like South Africa and Brazil and Europe and, to some degree, North America, CSR is viewed in a very limited way. In most of the Global South CSR is misunderstood as meaning corporate philanthropy, and in many countries the term is cheapened by companies' practice of buying public respectability by giving money to local NGOs.

**But would your wider view of CSR include supporting NGOs? In many countries, including Brazil, there are only a very few private foundations, so most of the money that NGOs are looking for at the institutional level is corporate rather than private foundation money?**

In the Global South, corporate philanthropy is definitely a necessary part of the CSR picture, but in the North, it is (and ought to be) a very minor part. It's certainly worthwhile for southern NGOs to pursue the potential of corporate funding. Resource Alliance training programmes place great emphasis on securing support from corporations. But my own perspective is that NGOs can go overboard on this and overlook the vast potential of raising money from individuals.

**Finally, going to the title of your recent book – Values-Driven Business: How to change the world, make money, and have fun – can you tell me what a 'values driven business' is?**

Regardless of what type of organization you're operating, whether it's a non-profit, a for-profit or a government agency, you have a responsibility to consider more than just the narrow goals that you set internally and the benchmarks that you set up to determine whether you are successful. In fact, your impact in a variety of ways on all the people around you is critical.

This concept of socially responsible business, the most commonly applied term, suggests that just looking at the financial bottom line as a measure of success in a business is far too narrow and too limiting, that there are many other concerns that need to be taken into account to determine whether that business is successful. For one thing, there are the relationships with all the stakeholders, whether they be employees, suppliers, vendors, customers, clients, members of the community where the business is located, and of course the environment as well.

Furthermore, those of us who have set out on this path to social responsibility discover, as we engage systematically in a stakeholder-based approach to business, that the bottom line benefits. That's the theory and the reality of socially responsible business. Now, when I talk about values-driven business, I'm referring to companies that are truly taking

all of their stakeholders into account in making business decisions, where the bottom line is just one of several considerations.

### **So you could see it as a total embrace of CSR?**

That's exactly right. The reason that I use the term 'socially responsible business' rather than CSR is because CSR has been cheapened by the greenwashing that it's become associated with – and because it's associated largely with big corporations. In the US, for example, there are an estimated 26 million businesses. There are only 500 companies in the Fortune 500! Yet the focus in the business press is on the CSR programmes at those few big corporations. In the long run, the principles and practices of socially responsible business will have to engage all companies, big and small. Otherwise, I don't see that our civilization in its current form is sustainable.

In my view, 'socially responsible business' and all its precepts are applicable to non-profit organizations as well and to cooperatives and to other forms of hybrid organization. So I look on this as a universal approach to organizational conduct. I have tried, without much success, to persuade people in the non-profit sector in the US to pick up this approach as well. But they tend to think, 'Well we're serving the blind, why should we be expected to care about the community where we're located?'

What you discover when you dig into this field of 'values-driven business' – which is the term that I prefer, where the values of humanity, justice and the environment are our guiding lights – is that to the extent that you successfully implement these approaches, your enterprise becomes more vibrant, more vital and more profitable. I can tell you that my own company has gained financially the more fully we've embraced those values.

My company has made a great deal of money because I began adopting these policies systematically in the mid 1990s. There's an advisory service called Innovest that researches investments for mutual funds, which has concluded, after intensive study, that in every industry they've looked at, the market leader, in terms of stock value, has been a company that has operated under enlightened leadership, that has adopted some or many of these socially responsible business practices. And Innovest is not alone in this conviction. Increasingly, observers of the financial markets are coming to conclude that CSR is good for business.

Other people who have studied CSR have concluded that there is some value, what they call 'reputation insurance', that accrues to business that adopts some of these policies and practices. But the most fundamental conclusion to come to is that a company that is truly pursuing socially responsible business practices simply reflects smarter and better management.

### **Is there anything you'd like to add?**

I'd just like to say that I hope we will be welcoming a large number of donors at the IWRM. We find that it enriches the experience for all of the fundraisers just to have the

opportunity to talk to funders without asking for money. I find, as a donor as well, that it really deepens my understanding of the dynamics of social change and development to have the opportunity to talk with the people that are engaged on the front line.

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