

Self-reliance struggles:

**Options for increasing self-reliance
for Myanmar civil society organisations,
with case studies**

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24 March 2016

Executive Summary

Self-reliance is perceived by 15 Myanmar Civil Society Organisation (CSO) leaders as *avoiding dependence on outsiders* (including having dignity and standing on your own feet) and *keeping to one's purpose* (controlling your own program and having access to your own funds). All thought self-reliance is important even if one third do not have active strategies for achieving it. Some also want to promote self-reliance for their beneficiaries, which is a common objective in community development programs.

CSOs stated a range of motivations to pursue self-reliance strategies, including: to be consistent with the way they have been set up, to 'walk the talk' and do themselves what they encourage their beneficiaries to do, to respond to withdrawal of major donors, to diversify, to grasp opportunities for service provision and to give more flexibility to meet core organisational costs.

Several CSO leaders said self-reliance is difficult to achieve and this is shown by using several indicators. Given the definition in use about avoidance on outsiders, then a natural indicator is percentage of 'own' income (other than program donors). Here, 4 groups had 80-100%, 1 had 20-40%, and 10 had 0-20% of their own income, respectively. The target is not always 100%, nor should it be. If the indicator is dependence on 1-2 donors, then about one-half will have problems if their major donor(s) stops. If the indicator is the number of different funding sources or revenue streams, then one group stands out with five, most have 2 or 3 and a few with only 1 source. One group is greatly mobilising local resources for its work, and all rely on voluntary contributions from founders and others. Four groups were specifically set up to be self-reliant, to generate their own income.

The main options in use for enhancing self-reliance are:

- Increasing income and revenue streams by generating income:
 - Business and social enterprise activities
 - Service fees
 - Utilising assets
- Increasing income and revenue streams by seeking donors
 - Sponsorship and funding from the private sector
 - Creative fund-raising from the public
 - Donations from individuals and partners
 - Membership fees (internal donor)
 - Project donors (restricted for program vs unrestricted for organisation to be able to generate income)
- Decreasing costs
 - Better planning, budgeting and financial management
 - Gaining voluntary contributions, both financial and in-kind, especially from founders

These options are illustrated by various case studies in the main text, along with a commentary. These provide learning points for CSOs (and others) about each option. Implications for donors, businesses and government are also proposed.

Several conclusions emerge:

1. Self-reliance can be a healthy focus for CSOs: neither ignoring it nor pursuing it at all costs.
2. Myanmar CSOs are struggling with achieving self-reliance. CSOs believe a firm foundation is needed, by having a strong and skilled organisation, with high levels of commitment and ownership, as well as a desire to be self-reliant. Some CSOs should not try to be self-reliant without these foundations, and rather focus on finding a good set of donors.
3. Good options are available to increase self-reliance, which should be properly investigated. These options include generating income, broadening the donor base and reducing costs. CSOs can pursue several of these options at the same time.
4. Generating income is only for a few and it takes the right mindset and people. It should translate into changes in organisational structure and such to enable income generation to proceed well.
 - a. A large potential is from service fees, and opportunities from contracting to governments, businesses and other CSOs.
 - b. Asset utilisation is possible with access to capital, but it needs good asset utilisation and asset replenishment plans.
 - c. Businesses and social enterprises can be integral to purpose of the CSO, or simply provide revenue for social programs. Access to capital is important for enterprises, particularly for scaling up.
 - d. Generating 100% own income may not be desirable, due to costs and that donor funding can be part of a healthy funding mix.
5. Fundraising has substantial costs. CSOs need to identify a saleable 'product' – general development or promotion of rights is insufficient for raising funds from the general public. Otherwise it probably will need to be linked to merit-making donations or short term disasters.
 - a. Gaining revenue and funding from the private sector is undeveloped. Enabling foundations to be set up may enable funds to flow from businesses to a bigger range of CSOs. There is a fundamental mistrust of local private businesses by CSOs.
 - b. For CSOs with defined members, a membership fee can enable servicing of members and raising core organisational costs.
6. Managing costs and improving budgeting, planning and financial management skills is important. Voluntary contributions, especially from founders, can act to reduce costs.
7. There are no observed links between governance structures and self-reliance strategies or achievement. Rather, some CSOs have strong and others have weak governance.

8. Donors can help or hinder CSO self-reliance enormously. For donors, the main requests from CSOs are to be flexible, to coordinate well, to allow for core organisational costs, and to help CSOs that want to become self-reliant by filling the gaps as needed (capital, funding, skills, etc). What are good models of “good donorship” and “partnership”? Donors that fund asset-building should ensure there is proper due diligence and planning.
9. Next steps implied by this study include:
 - a. To take these findings to a range of actors, including donors, private sector and government, and then incorporate their perspectives on self-reliance. The findings should also be strengthened through further consultation with civil society actors, also to consider relative risk, pay-off and interplays between different options.
 - b. To create suitable forums where CSOs can interact with a range of actors, including donors, private sector and government, about self-reliance. To develop suitable action plans, which may include the following (interim) steps. This could be undertaken alongside the above step.
 - c. As an interim step, CSOs should strengthen their organisations and networks, and systematically consider options for enhancing their self-reliance.
 - d. As an interim step, CSOs should raise awareness of potential mechanisms for individual workers in Myanmar to direct up to 25% of their income tax as donations to recognized associations.
 - e. As an interim step, donors should be aware of the main options in use by CSOs in Myanmar for enhancing their self-reliance, and consider how they can provide better support. Good examples of donors enabling self-reliance should be captured and shared.
 - f. As an interim step for working with the private sector, CSOs should understand the ‘business case’, build suitable relationships, organise exchanges, be open to consider working with local companies, and distinguish between different types of funding from the private sector.
 - g. As an interim step, Government needs to be encouraged to further develop its contracting skills, and to develop suitable policies/laws for not-for-profit organisations and social enterprises, as well as private foundations, to enable efficient revenue streams.

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Acknowledgements

The 15 local Civil Society Organisation (CSO) leaders that have participated in case studies have contributed greatly. Participants at a Learning Workshop have had the opportunity to learn from each other, which has been appreciated particularly by some regional and community-based groups. These have gone on to develop their own action plans to make their organisations stronger, as a precursor to enhancing their self-reliance. These groups have also expressed appreciation for capacity building efforts to strengthen their organisations (not related to this study). Some case study participants valued the exercise of considering revenue streams and expenses further, and answering probing questions on finances, as it prompted a healthy reflection on their strategies. There may be some gains for participating CSOs as the study's findings are taken forward in general with various audiences. However, overall, these leaders have given up their time and shown a commitment to enlightening us all about self-reliance, *as it is experienced by local CSOs*, in a very encouraging way. Thank you all concerned.

The study has been guided by an Advisory Group consisting of: Patty Curran, Matt Desmond, Roisin Devale and Richard Holloway. Each brought unique insights into the study. The advisory group met three times during the study. Thank you all for your contributions.

This study has been supported by Norwegian People's Aid (NPA). This discussion paper does not represent the views of NPA in any way, as a general disclaimer, except for general agreement that it is an important topic facing Myanmar CSOs.

Several case studies have been conducted with a local co-researcher, U Salai Khin Maung Aye from Kyaung Htar Mikhin. He also co-convened and co-facilitated the learning workshop. His contributions are greatly appreciated, both for the direct study outputs as well as further coaching me on cultural considerations and sensitivities. Thank you.

Many local and international colleagues have contributed their insights on self-reliance over a long period and given feedback for the study. Thank you.

So, many people have contributed to this study. All responsibility for findings and conclusions, however, rests with the author alone.

Dave @ Ko Myat Thu

1. Introduction

Though overseas aid funding to civil society (actors, events, organisations, networks, consultancies) has increased since 2012 and is becoming a very significant resource-base for civil society, the increase is uneven and the nature of the funding is restrictive. The prevalence of project-based funding often leaves shortfalls in overheads' budgets, and funding gaps when institutional costs cannot be met. Many civil society groups find themselves in a constant cycle of vulnerability as the continuing struggle to find rental and payroll etc. leaves little time for strategic planning and organisational development. By 2015, questions of dependency, sustainability and self-reliance are a common agenda item at inter-CSO forums (extract from the study's terms of reference; one situation assessment).

The purpose of this initiative is to explore options to increase self-reliance in Myanmar civil society, by providing analysis on models or opportunities for civil society organisations (CSOs) to achieve sustainable self-reliance beyond dependence on international donor funding.

To explore options, this study has collated practical examples in use by 15 Myanmar CSOs and their levels of success. Collating examples of what is happening on the ground fills an information gap and it is an initial step in a longer term process of considering how CSO self-reliance can be enhanced. Emphasis is placed on gaining CSO perspectives, their stories (case studies) and encouraging their learning. The study did not attempt to directly gain perspectives of other key stakeholders including donors, businesses and government. The CSOs in this study cover a range of types of organisations including community based and regional examples, and not just those organisations based in Yangon. The case study participants, and further comments on methods, are presented in Annex 1.

Before options are presented, some general findings about self-reliance are presented. The study did not try to pre-define what is meant by self-reliance, but rather build this up from the case studies and through discussion papers. Financial self-reliance and its implications are the focus, with findings also included about how governance arrangements relate to self-reliance.

This paper focuses on self-reliance, whereas a different paper might present the impressive social, economic and environmental impacts that are being achieved by the participating groups.

Annexes 2 and 3 present further personal thoughts about self-reliance, relating to private sector funding and whether self-reliance is important, or not.

This discussion paper is presented initially in English. Later versions in Myanmar language can help make the findings available to a broader audience and prompt a different discussion.

2. What do interviewed CSOs say about self-reliance?

There are three basic Myanmar phrases in use for self-reliance: *ko htu ko hta* (cf. self raise, self stand; or rely on self); *koq arr ko koe* (self helping); and *ahmi kho kin kyin* (avoidance of dependency). The first is seen as a powerful image of own strength. The second is used quite a lot in terms of self-help schools, self-help groups and such (e.g. savings and loan groups). The third is highlighting what self-reliance is not (dependency). We tried to ask about self-reliance by using more than one Myanmar term, in order to not limit answers¹.

In the case studies, the main definitions expressed related to avoidance of reliance on outsiders and keeping to one's own mission and values.

On the first, at least two groups say strongly it is not dignified to be reliant on others, e.g. *"To be reliant on donor funds is not human... there is no dignity"*. Softer versions are wanting to stand on your own feet, and to do it by yourself, e.g. *"realize [one's] own objectives by own resources"*. Even donations are seen to *"spoil the self-reliance spirit"*, by one group, and effort should come from within. One variation of the definition is to avoid reliance on 1-2 donors, and instead have a suitable funding mix.

On the second set of definitions, two groups describe that one has to stay with their own vision, and another how self-reliance is being in full control of programs, rather than changing them to fit with donors. One CSO said that self-reliance is linked to the need to have their own funds to do activities that donors would not fund (e.g. innovative or risky activities²) and having flexibility is important. One CSO talked directly about the need to cover their core costs from unrestricted funds, and had developed a financing strategy differentiating between restricted and unrestricted funds, and defined the type of costs included in core costs³. Funding of core costs is a key concern for many CSOs in Myanmar at present, although other participating CSOs did not focus on it.

All CSOs interviewed thought self-reliance is important for their organisation⁴. That is, none said that self-reliance is not needed, that it is just a donor concept, that it is a myth, that organisations should be allowed to die, or that it is self-reliance for civil society as a whole that is important (see Annex 3). Several said self-reliance is difficult to achieve and some honestly said they are "struggling with it". One commentator said that "it is a bit mixed up" (i.e. not clear).

¹ We also only raised questions about self-reliance after discussion about their vision, strategies and financial details, as some CSOs might not think about 'self-reliance' directly (discussed later).

² An example is piloting crop insurance schemes, which most donors are not funding. Other examples mentioned were developing new innovations, supporting community-based groups over a longer term with ongoing mentoring and coaching, and making up a 'gap' between funded and non-funded positions in the organisation, especially internships.

³ Including project feasibility studies, planning and assessments, staff related benefits like healthcare, legal obligations and such.

⁴ One business did not directly comment, but it certainly applies. This finding is not surprising given that groups were (purposely) identified because they were thought to be doing interesting things regarding income generation, sponsorship, fundraising and such.

Five groups did not have active strategies for working towards self-reliance, and instead were looking for other donors to support their programs. In this respect, we cannot say that they are trying to be self-reliant, even if they stated it was important. As speculation, and perhaps as a legacy of patronage and merit-rewarding systems, some groups may reason that they should be funded by donors for their important work. Hence, they do not need to worry about self-reliance at all. This perhaps contradicts that they thought self-reliance was important, or that, despite its perceived importance, other urgent needs continually take a higher priority.

Three case study organisations indicated they attached high significance to promoting self-reliance of their beneficiaries, and others probably share this aim. Many CSO/NGO programs intend to provide income generation opportunities for community members and self-help/self-reliance groups.

The motivations for acting to enhance self-reliance include:

- It is the way we have been set up (4 groups, including 3 businesses or social enterprises)
- Wanting to be consistent and ‘walk the talk’ (*pyaw-deh-adain louq; louq-deh-adain pyaw*)⁵ (1 group, also counted above)
- Donor withdrawal and need to seek other funds (1 group, perhaps others)
- Wanting to diversify income streams (1 group at least)
- Opportunities for providing services (2 groups), which also coincided with a desire to fund other activities, including political activities or innovations.

Three dilemmas mentioned by groups for achieving self-reliance are:

- How do you run a social business that can offer an “affordable price” to rural/poorer clients, which means a low profit margin by definition and low self-reliance unless throughput is very high. Further, how do you manage the quality and price trade-offs? Or, for another group, how do you accept constraints on the business in order to achieve social objectives, such as using relatively unskilled labour that is available in communities or within ‘target’ groups
- How do you raise enough capital, particularly to scale up to be working at a sufficient scale (both to impact the intended communities as well as achieve sufficient organisational funding)? How can enough income be earned to service the interest, and repay the capital, if needed?
- How do you manage taxation when the taxation system is not running in a transparent way? Differences between registration types can affect taxation, too⁶.

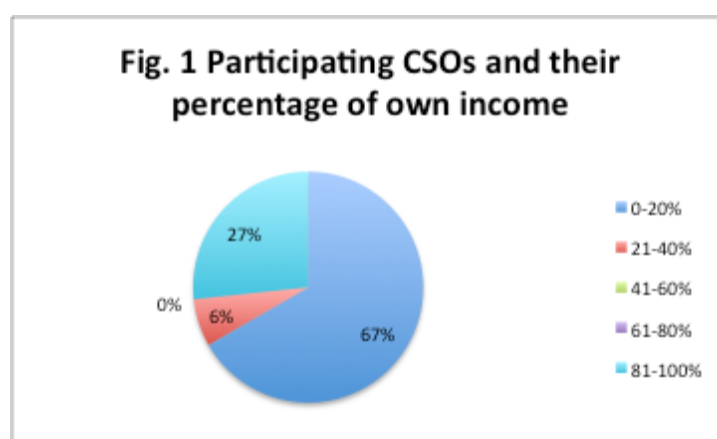
⁵ If you are giving product training and social enterprise training to others, then you should be running one. However, it has gone well past this “demonstration” to being a core activity, with solid business planning.

⁶ A social business looks to generate a “profit for a cause”, and generally apply or reinvest profits into the activities, rather than “profit for distribution to organisational owners”. Two groups fitted this definition directly, and two others used this sort of approach even if not registered as a business. See also Annex 3.

3. What does self-reliance look like?

Given the definitions in use about avoiding reliance and standing on your own feet, one obvious measure is the extent to which a CSO can have its 'own' income, outside of program donors⁷. That is, a measure might be own income divided by total income, expressed as a percentage. It may not be desirable to try to generate 100% of your own income. Indeed, it may be counterproductive due to costs involved and that donor funding can be part of a healthy funding mix⁸. One CSO sets its target for 50% rather than 100% of own income, whilst others did not set formal targets. For working purposes, own income is broadly interpreted as any income not provided by donors for programs.

Of the 15 case studies, for 2015, 4 had 80-100% of their own income, 1 had 20-40% and 10 had 0-20% (Figure 1). For one CSO, if one activity/centre could be 'ring-fenced', then its own funding proportion would change from 15% to 40%. What can be seen is that there is a very large gap between those with a high and low proportion. Of the four that have a high amount of their own income, one is a business, one a social business, one is a cooperative with substantial donated assets⁹ and the last is an organisation that solely operates on the financial contributions of its leading committee's members.



⁷ That is, 'own' income includes all the options presented, including fundraising and sponsorship, just excluding restricted funding from program donors.

⁸ In an extreme case, one group limits the services that it can provide to its members and this is exacerbated because it does not have external project funding or other funding sources.

⁹ If the study had been conducted 2-3 years ago, then this group that utilizes its assets would have had its own income in the 0-20% range. This is the main change evident for the case study CSOs over time. When projecting into the future, two of the groups in the 0-20% range have potential to substantially increase their own income proportion, perhaps to 40%, whereas the others all have less potential. This does not mean that their efforts are wasted, far from it, rather, that they have internal constraints to achieving a higher proportion of own income. One of the constraints of this analysis is that it uses a snapshot approach (income) rather than fully incorporating time, through indicators such as return on capital invested, benefit-cost or breakeven analysis. This would require further detailed information that the groups may be interested in for themselves, but less interested in making publicly available.

The main income sources for the 15 CSOs are:

- Business and social enterprise, including catering, hospitality, shops, trading, etc, for 4 groups
- Service fees from projects, consultancies, training, care facilities, etc, for 3 groups
- Income generation from use of assets (including property, equipment, facilities and revolving funds), for 3 groups
- Fundraising activities (like lotteries, sale of calendars, child sponsorship), for 1 group, and donations from individuals and partners (including in-kind), for 4 groups
- Sponsorship (private sector), for 2 groups
- Membership fees, for 1 group
- Volunteer contributions (particularly from founders or board/committee members), for 10 groups
- Project donors¹⁰ (restricted for programs)

These income sources are illustrated as options for increasing self-reliance in following sections, along with some strategies for decreasing costs.

One limitation to considering 'own income', however, is that it is a snapshot and does not really reflect longer term financial self-reliance. Here, perhaps a concept like return on investment, or such, is needed to bring in time and to correctly value the opportunity cost of capital.

If self-reliance is meant as avoiding reliance on 1-2 (or a few) external donors, or being able to continue programs/services if these donors stopped, then maybe two others would be close to be self-reliant, apart from the 4 with a high proportion of their own income. Finding alternative donors is still imperative for one half of the CSOs interviewed, especially if their main donors stopped. Self-reliance is clearly not for every group.

If a healthy funding mix (diversity of revenue streams) is taken as an indicator of self-reliance, then 1 group has 5 different sources, 3 groups have 3 different sources, and most have just 1 or 2 (including those with their own income sources).

If self-reliance is taken as the ability to mobilise local resources¹¹, then all groups do this to some extent as they either are businesses or have substantial volunteer contributions. In terms of local fund-raising from the public, only one group does this actively. No groups are actively raising significant funds from local private business, except one group that has raised funds from local farmers in order to make a donation after a natural disaster. Two groups are raising

¹⁰ Note that two groups received assets from a donor, and could later utilise income from those assets in an unrestricted way. All other project funding received by the interviewed CSOs was restricted, except for an allowance for administration costs (usually 6-8%). Amatae has provided support for unrestricted funds for some other CSOs, for example, to finance a conference centre.

¹¹ The general argument is that mobilising local resources also build local support for the organisation and helps it to be less reliant on international donor support. (cf Holloway 2000).

funds from the Government of the Union of Myanmar (Union level). Gaining voluntary contributions is presented later.

Further, if self-reliance is taken as what groups might say about themselves, then 2-3 groups would ('proudly') qualify, with 3-5 making 'significant progress'¹². Four groups have been set up specifically to be self-reliant, with 3 of these groups showing a high proportion of their own income, for instance, and rating high on other indicators. The other groups that are making significant progress are groups that only rely on Leading Committee contributions (1 group), or have significant income from service fees or other revenue streams (2 groups). The findings show it is helpful but not essential for groups to be set up with self-reliance in mind, but what is essential is having a certain mindset to actively seek alternatives. Without this mindset the CSOs seem not to have potential to move towards self-reliance. As an aside, form of registration is helpful for the businesses or social businesses, but seemingly not a constraint to self-reliance, as the groups mentioned above show a diversity of registration types, including company, cooperative, association and three that are not registered yet¹³.

Finally, if self-reliance is considered as a subjective assessment by the author involving an interplay of all these factors, then I would say 4 would be very high (healthy with further improvements needed), 2 would be high (consolidation needed), 2 medium (growing from a small base), 2 low (some alternative sources than international donors but not significant), and 5 very low (limited alternative sources unless dramatic restructuring).

Thus, self-reliance of CSOs can be described in a number of ways including: having its own income, avoiding reliance on 1-2 donors, having a healthy funding mix, mobilising local resources, being what the CSOs say about themselves, and assessing CSOs subjectively.

The extent of self-reliance varies across the participating CSOs. 10 are active and 5 are not, with these preferring instead to seek other donors. Even for the active groups, some will still require a significant proportion of their programs to be funded by donors. For many groups considering their options, finding more donors is perhaps the best option available. Subsequent sections illustrate general options and how active groups have pursued them.

¹² This question was not directly asked (as it is a leading question, and not to overuse the term self-reliance, as previously footnoted). Hence the ranges used indicate "best guesses".

¹³ Two are 'in progress' to seeking registration (i.e. they want it). One other group is not seeking registration. The overall impression is that registration is seen as beneficial but the lack of it does not constrain these groups.

4. Options for increasing self-reliance – an initial framework

The main categories of options for enhancing self-reliance are¹⁴:

- increasing income and revenue streams, both improvements or additions¹⁵ by:
 - seeking donors (whether local or international)
 - generating income
- decreasing costs (including gaining voluntary contributions, both financial and in-kind)

The first path to increasing income can include philanthropic organisations and individuals, businesses (through CSR/public relations/sponsorship), governments and other organisations ‘investing’ in achieving social/environmental/economic outcomes (such as aid and development funding organisations). In general, it falls under the domains of either fund-raising or proposal writing. Fundraising needs to go far beyond the “t-shirt” campaigns followed by some CSOs. In addition, CSOs probably have not adequately reached the full range of potential donors. Adding different or more donors might not help with self-reliance (just substitutes dependency). Some funders are directly contributing to self-reliance (such as those investing in asset building, social enterprises, endowment funds¹⁶, etc). The author learned of one creative means of fundraising through staff voluntarily donating a proportion of their salary back to the organisation to use, but no examples of this have been included in this study. In Myanmar, there is also provision for individual workers paying tax to donate up to 25% of this to registered associations.

The second path to increasing income is through generating income. The income might be directly related to the CSO’s programs or entirely separate¹⁷. A major option is service provision (e.g. contracting, whether to businesses, government, other CSOs or other). This could include training, advising/consulting, providing social services etc¹⁸. A second option is income generation, such as through catering, agricultural production, micro-finance, ‘cause-marketing’ with businesses, utilisation of assets, social enterprises¹⁹, and so on.

¹⁴ Other typologies exist – see Richard Holloway (2001) *Towards Financial Self-Reliance: A Handbook on Resource Mobilisation for Civil Society Organisations in the South*, Aga Khan Foundation/Earthscan, London.

¹⁵ *Improving* is meant to be increasing the income from a particular source, whereas *adding* is meant to be increasing the number of income sources. Both can be valid. Increasing income is seen as a way to have ‘more available’ to cover costs, and to build reserves to cover future costs. However, increased income should not be solely linked to growth of an organisation. That is, there may be limits to the extent to which an organisation wants to increase income or to grow. Improving, of course, may have efficiency connotations, that it costs less to raise that income, but this is covered under the ‘decreasing costs’ option.

¹⁶ Where a CSO can draw off and use interest from a fund – no examples are known in Myanmar.

¹⁷ For example, renting out a premise or income generation that just happens to be a strength of the founder(s), such as trading, etc.

¹⁸ e.g. the Australian government contracting Wesley Mission (a local charity) to deliver part of its employment services linked with social welfare. In Myanmar, some CSOs see their function as providing *public* services that should be provided by the State. These may have difficulty in accepting paid service provision roles, at least to the State.

¹⁹ See British Council (2013) Social Enterprise Landscape in Myanmar.
www.britishcouncil.org/burma

Income generation needs to have solid business skills - “CSO stories are replete with unsaleable baskets, and unprofitable craftware”²⁰. Many CSOs simply do not have the business skills/experience and are reluctant to employ them. For them, this second option should not even be contemplated. There are also very valid questions about keeping the main focus, accountability, handling taxation and complying with ‘registration’²¹.

Options for decreasing costs should also be considered. Why do CSOs need to be based in Yangon? Commonly, reasons cited are families and availability of schooling for the children of staff (e.g. CSOs will not attract suitable staff to work in other areas). Some cite access to donors and services. Location outside of Yangon is probably the most dramatic influence on overheads that will impact on self-reliance in the short term.

Even if an organisation stays in Yangon, there are overhead costs that increase as the organisation becomes ‘used to’ availability of donor funds. The style of premises, amount of support staff, etc, all seem to change as organisations formalise. Not all of this is ‘bad’, but higher costs can decrease self-reliance. So, can the CSO operate in such a way that costs do not spiral out of control? Choice of location again is important and also the ‘leanness’ of staffing²².

Apart from these generalisations, there are options to decrease costs on a case by case basis. Reducing costs should not be seen as an ends in itself. For example, promoting cost-effectiveness is probably a better concept, where improving the quality of the outputs/services is just as important as decreasing costs.

Without doubt, the main way that organisations have decreased costs is through the contributions of unpaid people (especially founders, advisers and patrons) that have worked hard to establish organisations, before either they became paid or recruited other paid staff. It seems quite widespread that organisations have evolved in this way.

The next chapter shows how some of these potential options have been used by Myanmar CSOs.

²⁰ See Holloway (2001).

²¹ See above, also see Holloway (2015) Different Ways of Mobilising Resources for CSOs in Myanmar: Report of Amatae’s workshop, unpublished.

²² Commonly, small organisations can have one half of their paid staff for administration, finance and human resource management.

5. Examples of self-reliance options

This section provides practical examples of how CSOs have pursued self-reliance. Each story can be inspiring in its own right. The structure of this section follows the identification of strategies listed in Section 3, namely:

- Business and social business
- Service fees
- Income generation from use of assets
- Fundraising activities, including donations from individuals and partners (including in-kind)
- Sponsorship (private sector)
- Volunteer contributions (particularly from founders or board/committee members)
- Project donors (restricted for programs)

An additional option on identifying and decreasing costs is included, as an active strategy employed by several case study CSOs. Following examples (called case studies), a commentary is provided on several of options. It will be noticed that several CSOs follow more than one option. This increases the diversity of revenue streams and also balances attention on both income and costs. Further studies might try to pick up the interplay between utilising different options and spreading risk, against the need to be able to focus/specialise (e.g. not spreading limited resources over too many strategies, and assessing that some have higher 'pay-offs' than others).

A. Running a business or social enterprise to generate income

Yangon Bakehouse uses a motto of “For the community, by the community”. It started in 2012 when 4 founders made a commitment to improve the livelihood opportunities for vulnerable women, by investing in and establishing a social enterprise that provides apprenticeships in hospitality services. Paid apprenticeship includes training, work experience and then placement in its own or other businesses. Its own business has focused on shop fronts (café/bakeries) and catering services, mainly to international businesses and aid organisations. They have an emphasis on provision of quality food and services.

An impact study last year showed substantial financial benefit to apprentice women and their families in terms of pre and post salary levels, amounting to 15 Lakhs per year, which is additional family income²³. There has been 64 apprentices trained since 2013. The women that participate are identified through the programs of local or international NGOs that provide either social or clinical services to women (including savings groups, families of those with HIV, sex-workers, families reintegrating street children, and so on). They also must describe their desire to work in this field. The drop out rate is about 20%, mainly as some women cannot make the transition to workplace employment.

In April 2013, it had 10-15 staff, and by November 2015 it was 70-80 staff and growing. It had dramatically scaled up. That scaling up has continued, but some production centres have closed or been rationalised. In 2015, a General Manager position was created to enable transition away from the founders who also managed the operations. There will be a further test for the model when leadership is passed on to local leaders.

The scale-up has come predominately from operational surpluses, along with ‘angel loans’ (low interest, with flexible repayment). The initial founder investment has not been repaid nor dividends given. There was a small grant from an international donor in 2014 and they have had other donors during the start up phase. In general, Yangon Bakehouse has found that the funds available for scale-up are significantly less than for establishment, and suggest donors should look more at the scale up for social enterprise models. They have also received some donations of equipment (e.g. mixing machines). They are seeking sponsorship from the private sector, for example from businesses that benefit from the supply of trained apprentices. But the vast majority of their income (about 90%) is what they earn. Yangon Bakehouse feels this is not sustainable for a social enterprise, as the resulting cash flow does not allow them to manage large expenses or asset purchases (like paying 1 year rent in advance, or purchasing costly machines).

²³ If the training costs are considered (e.g. if participants paid their own rather than income from shop-front or catering services), then they would earn enough extra salary in about three years to pay back the costs. Note there are some unintended social consequences of women earning more income.

In December 2015, an international donor provided a grant to take on 10 women from south-east Myanmar. This meant that they cover 50% of the total cost for training of apprentices, with the other 50% coming from operational profits. This ratio of 50% from profits is ultimately what Yangon Bakehouse are aiming for rather than the current 90%.

The rental costs for shop-fronts are high, but seen as part of mobilising support for the cause (with customers) and increasing visibility. An alternative being considered is to have 'pop-up' street stalls at various locations downtown, and there is growth potential in providing lunches for staff of international businesses and development organisations, particularly as Myanmar continues to open up.

The catering business with Ooredoo staff canteen worked very well for the first year. It is changing in nature as the proportion and type of expatriates working with Ooredoo changes, and is scaling down. In November 2015, a staff corporate café was opened in Telenor. The Asian kitchen was closed as it could not compete well with many family businesses (without the social cause) in the area. Now about 15% of the income comes from catering, and 85% from the shop fronts. As a business rather than an NGO, then they feel they can make decisions very quickly about their operations. The flipside is that as a business, they find it hard to have some social programs, such as counseling support for participating women. There are not additional profits to invest into social programs that were not foreseen at the beginning.

Yangon Bakehouse sees their social enterprise as a model that is still being worked out. It is in the category of "for profit, no dividends" that provides benefits to participating women, at a sufficient scale to make a difference. The branding and social cause is seen to give Yangon Bakehouse a footing to succeed as a social enterprise. [Yangon Bakehouse wants to continue to scaling up so that it makes a difference as a successful social enterprise, in a sustainable way.](#)



Apprentices at Yangon Bakehouse

Gaia/GSMI is known for its flagship Grassroots Leadership Training. It localised and registered in 2013 as a service company. It runs a social enterprise, after being challenged by their own training to ‘walk the talk’. They started three enterprises, but it is catering that has grown considerably in 2.5 years and represents most of their earned income. It started with 2 Lakh capital investment, to purchase plates, cutlery and pans, and has grown with re-investment from operational surpluses. Now Gaia cater for nearly 20 functions/events each month, mainly training and events organised by other CSOs. They concentrate particularly on providing ‘healthy’ food, and as far as possible use organic produce. They also have provided casual employment for women. Currently there are 2 full time and 1 part time staff directly working with the enterprise, with casual staff for larger events, as well as part-time (shared) office support, e.g. accountant. It has been run from the office, with some large orders being completed at a nearby monastery. To date, it has not contributed income to the organisation (as it has been reinvested), but it could contribute 5-10% if it keeps growing and is managed well. Achieving the social aims are just as important as providing organisational revenue.

In 2015, Gaia took a more business-like approach to the enterprise and concentrated on establishing procurement and management systems, as well as enhancing the quality of the product and services delivered. Business planning and mentoring were key resources. They increased the monitoring of prices and have adjusted menus in order to reflect the input price. An example is with the 2015 flood in western Myanmar, where the price of some inputs tripled. As raw ingredients make up 50% of the total costs, then they had to systematically substitute some ingredients or pass on increased costs to their clients.

In 2016-17, Gaia will continue to expand and promote stronger linkages with producer committees for more consistent supply. They will recruit staff for marketing and client relationships, as well as casual staff to bring ingredients from the markets. They are not seeking additional external investment to accelerate the scale-up.

Their main lessons are to know costs, know customers, build systems and monitor the situation. These lessons can be passed onto others, as their catering staff also conduct training for 6 days a year. As a result of the operation of the social enterprise, Gaia has increased integrity when promoting other enterprises and social change. **Gaia’s catering business combines income generation with achieving social impacts, from a low capital investment and reinvested profits.**



Gaia's regular newsletter outlining its catering services

[Cetena Development Organisation \(Mon Cetena\)](#) started in 2001 with 15 alumni from Grassroots Leadership Training. Mon Cetena particularly runs livelihood programs in communities, including savings groups, animal raising and income generation. In 2011, the majority of its funding was from international donors. In that year, its major donor withdrew, after 10 years of support, without an exit plan that would enable a smooth transition. In that year, Mon Cetena established 3 shops for their own income generation: a souvenir shop, a shop selling robes for monks and a traditional dress shop. Their community programs also influenced their path of establishing income generation. The shops are social enterprises in that most profits are reinvested or made available as unrestricted funds for Mon Cetena. In addition, the traditional dress shop undertakes to pay a 'fair wage' to its weavers, at levels significantly higher than what the weavers would receive from other outlets. This is one of the 'causes' that they support. Generally, payments to weavers represent about 3/4 of the sale price.

Mon Cetena obtained the investment of many individuals in establishing two of the shops, and the third, it owns outright. The share of investment is 14%, 17% and 100% for the three shops.

The shops are thought of as a department in the organisation, along with fundraising, however, responsibility is directly to the working and leading committee. 6 staff and 7 volunteers contribute to the operation of the shops. In 2014-15, the shops contributed 7% of the total income. The total is limited because of the wide group of investors. The aim is to increase this percentage over time, by progressively buying out some of the other investors (and increasing the proportion of the shop profits). Mon Cetena also owns its office buildings, with capital from donations and operational surpluses. They have supported training for Sangha with some of the proceeds from the shop income, but mostly the income just enters general funds.

Mon Cetena have learned a lot about procurement and supply of products to sell (quality and timeliness), as well as a need for continuous attention to marketing. They also highlight their lessons about having too much co-investment that reduces returns, especially when the lifespan of that investment has not been clearly defined up front. [Mon Cetena has seen a "stumbling block become a stepping stone" with the withdrawal of its major donor at the time and the establishment of the 3 shops that it runs as social enterprises.](#)



The souvenir shop

Tala Mon is a business running a bus company and tours aiming to promote the economic and social development of Mon state. It was established in 2013 under Hinth Holding, a conglomerate with interests in property, construction, food manufacture, and transport. Tala Mon now has 365 shareholders, and has raised about \$1 Million US dollars in capital, although the majority of the capital invested is from the founder's family. At some point, when there is a suitable environment, Tala Mon desires to make a transition to a publically listed company, with tradable shares. Tala Mon has also been granted construction of a large government project in Mon state, the "Dawei Museum Project", together with hotels, restaurants and shops. This is seen to further the aim to provide local employment, build up infrastructure and contribute to the local economy. Tala Mon presently has 30-40 permanent staff and 100-200 non-permanent staff (e.g. construction workers).

Tala Mon donates a share of its profits to fund education in Mon state, for schools run by ethnic Mon interests. The amount is decided by the Board, and to date the amount has been 10-15% with the main recipient Shin Saw Pu Women's Group. The case study is included because [the social and economic aims for the development of Mon state are instrumental in how the business operates. Tala Mon is more than just an example of philanthropy by a local business.](#)

Commentary: Social enterprise and other business models

The four case studies cited have clearly integrated income generation into their organisational strategies. There is no sense that organisations have lost their main focus – indeed for two of the case studies, Yangon Bakehouse and Tala Mon, the business/social business IS their focus. For Gaia it is closely integrated with its programs. For the last, Mon Cetena, the income generation sits slightly removed, but still connected, especially with its focus on fair trade and livelihood development. Each would have slightly different definitions of social enterprises and business approaches, but all show some elements of a “profit for a cause” definition.

One point that did not come through as expected was that the leadership or founders would have business skills and experience, except for Tala Mon. Absence of these skills has probably slowed down expansion or scale up of the 3 social enterprises. One other case study participant commented on the importance of being able to access business support to make a successful enterprise. All have business plans, though the rigour is thought to vary widely.

One key differential is the level of investment, and the type of investment (including whether investors are pushing for a strong dividend or not). Gaia took a low capital approach, consistent with its ideology. Tala Mon took a high capital approach, with the other two somewhere in-between. Capital is said to be a limitation for these two groups, and the ‘angel loan’ (i.e interest free capital that needed to be repaid after a defined time period) for Yangon Bakehouse filled a hole. Their key concern is to have sufficient capital to dramatically scale up, and hence *make a difference* in their social and economic impacts.

At least four other participating CSOs have various income-generating activities that could generate a surplus, like for example Metta, but currently these are very small scale and do not fully cover their costs, let alone contribute to general organisational funds. There would need to be substantial investment of human and financial capital in these activities for this to occur. Metta reflects honestly that “*we are struggling with this*”, and this applies to other CSOs, too.

B. Service fees

Network Advisory Group (NAG) is a local NGO that commenced in 2008, following Cyclone Nargis. In 2015-16, it is now working in 9 states and regions. Its main focus areas are governance issues for livelihoods, food security and natural resource management. NAG particularly works with communities on fisheries management, farmer associations and livelihood groups. In the future NAG want a presence in all States and regions, with separate regional management for each.

In 2008, NAG used volunteers. In 2009, it employed about 20 staff, in 2012 about 100 staff and in 2014 about 120 staff. In 2015-16, this went to 285 staff, which is more than twice, mainly because of one consulting project. Actually, 213/285 staff are consultants but fully treated as employees of NAG. In terms of income, including the emergency response, the consultancy amounts to nearly 40% of the total.

What makes this consultancy even more interesting is that it is contracted to the Government of the Union of Myanmar, through the Department of Rural Development (DRD). The funding is provided to the department by the World Bank and Asian Development Bank. It commenced in January 2015, so is quite new still, and is a 4 year project. NAG's role is to support township level DRD staff to run the project smoothly. They are one of a few local service providers (although other local CSOs are sub-contracting or partners to international providers). There was a competitive bidding process that preceded the contracts.

The experience is mixed in that some township level DRD staff do not understand the consulting role, given that they are new to this, which takes extra coordination with Union level to resolve. It also depends on the personality and attitude of the respective township officers.

One motivation for the consultancy is to provide flexible funds for areas that donors do not want to fund. NAG invests its own funds to support pilot initiatives including fishery co-management, crop insurance and farm advisory services that seems risky. They support the institutional strengthening of farmer and fisher associations, which are not project based. NAG are piloting programs that are seen as risky, like community based farm insurance. The consultancy cost can contribute a portion of Human Resources costs which regular programs cannot fully cover.

In the future, the consulting component is predicted to increase, including contracting to government. However, NAG want to be a NGO and not consultants, so will maintain a balance between consulting and projects.

[Shwe Hmaw Wun Development Organisation, Kyauk Tan Township \(Shwe Hmaw Wun\)](#) is a community based organisation working to achieve sustainable community development in its township. Shwe Hmaw Wun is an apex structure for 20 village development committees. The Leading Committee has one representative elected from each village plus a monk that acts as the main facilitator for the group. Under the Leading Committee there are two main parts: a development and a political/environment part. The development part is based on microfinance and rice bank activities in 13 of the villages. The surpluses from these activities are used to fund community projects. They have also run awareness trainings for communities on Land Laws. In the future, they want to address irrigation infrastructure, as this is a key constraint experienced by many of the communities (not enough water in the canals). The political and environmental side has looked at advocacy relating to the Thilawa Special Economic Zone (SEZ), particularly the coal fired power plant, monitoring of the 2015 elections in a selection of their communities, community health impact assessment training, and mobilising a donation for Rakhine state communities affected by the 2015 floods.

Shwe Hmaw Wun was formed after the 2008 Cyclone Nargis, but reinvigorated in 2013, when it also started its political/environmental activities. In 2015, about 100 Lakhs were used for these activities, from donor funds as well as its own income. The main source of this own income is from project advisory services. Shwe Hmaw Wun provides technical and facilitation services to the Thilawa SEZ Committee for its project to provide livelihood support to families affected by the SEZ. These fees have mainly been used to fund costs associated with various meetings, food costs and stationery. The funds are held separately and there is a process of application for accessing those funds. Other organisational costs are provided by project donors.

The Rakhine flood donation provides an interesting side-story of community-led initiatives. They amassed 72 Lakh of rice, a water purification machine and money to send to those affected. A donor paid for transportation and enabled the linkages with local groups. One committee member comments, *"We know we are poor but we had the experience after Nargis [of receiving donations] and wanted to donate"*.

[Shwe Hmaw Wun shows that service provision can be undertaken by community-based groups, and it can contribute to communities being able to pursue their rights in innovative ways.](#)

[Eden Centre for Disabled Children \(ECDC, or Eden\)](#) started in 2000 with 12 children. It provides holistic approach to special needs of children (education, physiotherapy and community). In 2014, the centre had 120 children. In 2015-16, it has about 170 children as students, with a potential capacity to expand to 200. This increase in capacity has been due to an Amatae grant to expand facility space. ECDC also runs programs particularly to advocate on inclusion of children with disability (in schools, communities, etc). They are based in Yangon, but also work in the states and regions.

About 1% of the expenses for 2015-16 are covered by fees paid by parents, and there is an allowance per child paid by the Department of Social Welfare (about 10% of centre costs). These fees are service fee income. In the future, there is potential for another 8-10% of expenses to be met from training fees and rental of training facilities (overlaps with utilisation of assets, discussed below). Although the service fee is unrestricted, and can be used in any way, generally it is applied to the overall budget of providing direct services for the children and it is treated as if it was restricted.

Future possibilities are to move increasingly to a service provision mode, especially when the overall aim is to promote inclusion and ECDC want to 'practice what they preach'. There is a need for a specialised centre given the needs of children and lack of community-based infrastructure, but not for all children. Is there scope for ECDC to be training teachers that would work in mainstream schools, for example. Can they establish an outreach services centre and/or a resource centre? Maybe even be run as a social enterprise? However, ECDC desire to make a transition step by step, and to consolidate each step and not go too fast. They need the basics to be in place first, particularly budgeting and cost management (which are described later).

This service fee income stream contributes significantly to reducing dependence on project donors. [Service fees are seen as being part of a 'healthy' funding mix for Eden.](#)



Commentary: providing services

This option has been followed by three groups. Service delivery can and should be a different mindset to program delivery and running donor projects. It appears that it is quite new for two of the groups, NAG and Shwe Hmaw Wun, being less than one year. Both groups have not fully made the transition to enable service delivery to run in the best way, for example by adjusting their organisational structures and HR management. Service provision is seen as a means to an end (to generate flexible and unrestricted funds). NAG see the main difference as designing and being in control of their own programs, whereas, as a service provider they are just implementing (someone else's design). Eden are in transition, but have demonstrated a commitment over a longer period to providing services (in this case, care of children with special needs), and they have the most potential to shift further into a service delivery mode. The social enterprises cited above also fit clearly into a service delivery mode. Service delivery may be the easiest single activity that CSOs can undertake to provide self-reliance instead of running programs, but it will take a change in mindset.

Actually, there is another activity by at least two CSOs that could be put under this category of generating service fees, and that is being 'fund managers' and operating sub-granting mechanisms for other smaller local CSOs. It is unclear the extent that the CSOs even cover their direct costs from this. Sometimes they receive an administration fee (of 2%- 6%). The scale of this activity is also quite small, at present.

Commentary: contracting to state

One other participating CSO forecast that more of the international development funds would go to government, particularly with the change of government, and hence opportunities for contracting is likely to increase. NAG is gaining vital experience in contracting now. The government is also learning how to do it better, too, supported by World Bank and Asian Development Bank funds. Governments can decentralise its public service delivery to other levels of government, but also to the private and civil sectors.

In the past, a lot of CSOs wanted to shun working with the State as they wanted to be able to challenge them. They did not want to jeopardise their perceived independence: if they are being paid by the State then they will be perceived to be an agent of the State. It probably depends on the nature of the service provision whether this risk is perceived or actual. More CSOs can consider this option and do this risk analysis. In turn, they will need to learn new sets of skills and think more about service delivery than running programs.

C. Use of assets

[Kyun Ayeyar Cooperative Association \(KACA\)](#) is a registered cooperative based in Laputta Township established in 2014, during the last year of a 3 year project with an international NGO. There had been various livelihood activities in the region since Cyclone Nargis in 2008. The livelihood project (2012-14) had supplied various assets to 6 farmer-based committees, including revolving fund for draft cattle hiring and agricultural activities, 3 granaries, 1 rice mill, 6 winnowing machines, 1 trawlakyi (small truck), 20 buffaloes and two cows. They also received quality paddy seeds, which were repaid in kind.

The separate farmer-based committees formalised into one community based organisation, with 81 members, in order to promote a good management body with proper management system to maintain their capital and assets received. The INGO assisted this process. They then became a formal and registered cooperative. Since then, KACA has received on-going support in governance and organisational systems development from a local NGO. KACA now has 61 members, with some of the initial members dropping out because they could not attend compulsory meetings. These members are committed and further reduction except for isolated cases is not anticipated. Management is through various committees and sub-committees, and mass meetings are the highest form of decision making.

Now, all income for the cooperative is from the use of the assets, plus some voluntary contributions. Hiring of draft cattle, repayments of loans from revolving funds, and usage fees of fixed assets (like grain mill, winnowing machines, and such) are the main income sources. In 2015, the return on initial capital donated was about 5%, which is quite good. Note the return on draft cattle is over 20%, which is high. These returns do not consider the opportunity cost of capital (no interest paid, but also the capital is not repaid), so are high. There has been both additions to the asset base, through livestock rearing and paddy seed repayments (interest is in-kind paddy seed), but also erosions through the sale of equipment that was not well maintained or not fully utilised. KACA also facilitates a loan to members from the Laputta Township Cooperative Association, but this is not income, as such. [KACA has its income generated through the use of donated assets.](#)



Forming rules and regulations for micro business activities

[Metta Development Foundation \(Metta\)](#) opened a training centre in Bago in 2013. Land for the centre had been acquired since 2006 but there were delays to building the centre. A project donor made a grant for the construction of buildings and such. In 2015, the centre made a slight surplus over operational expenses, based on a healthy 85% utilisation. The surplus has been reinvested to cover property maintenance. Metta do not have a reserve fund for property maintenance and are aware, for example, that if they need to fix the buildings it could be quite expensive. If the surpluses grow and the reserve fund builds satisfactorily, then operational surpluses might become profit... but this is unlikely within the next 3 years, and it will not go very far in covering the need to generate core funds. Accounting and management-wise, the centre is run as a project. [The case highlights the costs involved in utilising assets, even if parts of the capital are donated.](#)



Metta's promotional brochure

[Eden](#) has good facilities that can be used for training by other organisations, both in Yangon and outside. This is projected to provide a small income stream for Eden, when it is fully developed.

Commentary: asset building and utilisation of assets

Many of the interviewed CSOs did not have fixed assets and hence could not consider this option. Of those that did, it is only two that used these assets for income generation, aside from the social enterprises. Some CSOs had loan funds and microfinance activities, which is also utilisation of assets. These assets were almost all 'donated' and not repaid (although some livestock schemes and rice banks emphasise passing on to other beneficiaries).

Some assets depreciate, and repair costs increase, and there does not seem to be sufficient provision for replacement of the fixed assets. This leads to erosion of the productive capacity – that is, the assets might deteriorate and the group not able to generate an income from it over time. That is why it is important to correctly value and manage the assets. There are many stories of how donated assets have been left to rust once they needed substantial repair. The general absence of asset utilisation plans, or asset replacement plans, is worrying in this respect. These should be prepared before capital is donated, as a part of due diligence by the donors.

The natural increase in capital from livestock goes against this depreciation of assets, but this of course is not without its risks. Other assets like land can also appreciate in value.

Donated assets and capital have an opportunity cost – that is, they can be used for other purposes. The returns need to be sufficiently high to exceed this opportunity cost. Capital provided as a loan, even if interest free, pushes groups to try and maximize the returns by utilising the capital well over time. The same arguments of capital and scale made about business/social enterprise also applies to the use of assets. A business-like approach is helpful for CSOs that have the opportunity to consider asset building and utilisation of assets (whether donated, loaned or otherwise).

(Of course, perhaps the greatest asset that CSOs have is their people, but utilisation of that asset for income generation is included under 'service fees' rather than here).

D. Fundraising, including donations from individuals and partners

Eden Centre for Disabled Children (ECDC, or *Eden*) also has active fundraising through sales of calendars and lotteries. At present, income from these are about 6% of forecast expenses, but are seen to have the potential, if managed well, to generate 8-10% each year. The activities rely on many volunteers to do the fundraising and takes a lot of staff time to administer. It also has very high direct costs (e.g. for the prizes). Many prizes are now donated by parents. Eden does not want to seek sponsorship or for private companies to donate prizes (like electrical equipment and mobile telephones). Further donations for prizes would help to reduce costs and make fundraising more efficient. In addition to the two fundraising activities, Eden has a high proportion of its total income from donations of individuals, mainly expatriates. Last year donations amounted to about 14% of total income. In early times, donations from individuals amounted to maybe 50% of the total income, so it has actually reduced, partly because some expatriate individuals have stopped. For 2015-16, one of its international donors is supporting Eden to develop child sponsorship for 40 children. Perhaps this has potential to be extended outside of this program and be included as creative fundraising. Eden is in discussions with a professional event organiser to host a larger fundraising event in 2016. *In summary, creative fundraising is also significant for Eden to have a healthy funding mix.*

Mon Cetena receive 4% of their income from donations from partners and individuals. Some of their partners (co-investors in the shops) contribute 5% of their share of profits back to Mon Cetena. Partners also contribute financially for training and other costs, as well as make in kind contributions (e.g. supplying the venue free of charge, providing food). *Donations from partners and individuals complement the business activities for Mon Cetena in providing alternative funding sources to donor program.*

Commentary on fund-raising:

For Eden, fundraising has started from a strong base, and is still a significant source of its funding. For Mon Cetena it is moderate. Other groups receive financial donations but these are at very low levels. The impression is that fundraising from the general public is undeveloped²⁴. In particular, the funds that can be raised easily appear to be associated either with 'merit making' or natural disasters, rather than for general community development or promotion of rights²⁵. Also, Eden has commented that it is easier to raise funds from international rather than local sources. A significant point to come out of the Eden case study is that there is a high cost involved, both directly and in terms of organisational resources. These costs need to be considered before a CSO embarks on this option to enhance its self-reliance.

²⁴ See also *Global Fund for Community Foundations* promoting community philanthropy (to enable locally owned development by building local assets and capacity, and communities seeing themselves as grant makers rather than program implementers or recipients).

²⁵ See Trocaire (2011) *Private Sector and Humanitarian Relief in Myanmar: A study of recent practices of business engagement in humanitarian relief to assess the potential, modalities and areas for future cooperation*. Report, October 2011.

E. Private sector sponsorship

Myanmar ICT for Development Organisation (MIDO) focuses on using Information and Communication Technology for development and social change. It started in 2012 and conducted advocacy on related laws and capacity building (digital literacy, etc). Telenor approached MIDO to undertake a “Lighthouse Centres” project, to establish community information centres in 200 centres across the country, and a 5 year project started in 2014. Currently, MIDO has identified and supported local entrepreneurs to establish 41 centres. Telenor’s role is seen as providing funds to support the centres for 18 months each, as well as some of the associated training. The 18 months support gives time for the entrepreneurs to develop their own business plans (developed as part of the training). Selection is based on an on-line application outlining how they saw the lighthouses benefiting the community, assessment of the internet reception speed, and interviews with the entrepreneurs and key community leaders.

The approach by Telenor was during its negotiations with the Union Government and definition of its commitments in licensing conditions. At the time, MIDO were the most prominent ICT related CSO. The benefits to Telenor include: fulfilling licence agreement, increasing public relations and outreach. Increase in sales is insignificant.

Since the Telenor project, MIDO has increased the numbers of staff from the four (voluntary) founders in 2012 to 21 staff now, and the numbers of projects. They contributed to election monitoring projects, contributed to international research on ICT, monitoring of ‘hate speech’ on social media and other projects. It appears that the Telenor project is run the same way as any other donor project. Benefits for MIDO include: long term partnership which provides stability and that they can also use lighthouse network for campaigns / projects. One risk for MIDO is being seen as an agent for Telenor, particularly in regional centres. This is important if their neutrality is questioned, particularly for advocacy relating to ICT.

For the future, the level of private sector funding is unsure, particularly as some of this depends on the government context. There are sufficient international agencies and donors. Local donors are unknown and hard to find. MIDO see themselves as delivering a project for a funder, whereas this funder is from the private sector. But otherwise not so different from other funders. The main advice that MIDO would want to give other CSOs considering sponsorship from the private sector is to be careful to align well and work out how to represent CSO to communities separately. Their needs to be mutual understanding and respect, and it is better if the CSO is seen as a partner rather than just an implementer.

MIDO is not seeing private sector sponsorship as a self-reliance strategy. It wants to stay clearly as an advocacy related CSO and does not want to compromise this. Rather Telenor is acting in the same way as other project donors, except that it provides some other benefits. The experience has generally been good but they are not pursuing other sponsors.

[Network Activities Group \(NAG\)](#) received significant private sector funding for its emergency response following the 2015 floods in western Myanmar. NAG conducted three projects with Telenor funds: initial relief in Magwe, Sagaing and Delta; water projects in Sagaing; and promoting livelihood recovery in Magwe (4 months, finished December 2015).

Telenor approached NAG. Initial meetings were to understand each other. The funding mechanism meant they had a brief assessment of partners, and NAG developed a budget plan/concept note (quick, within a day). Telenor funding contributed to overall response (supplemented and expanded their program which had started). In total, Telenor provided about 47% of the total. Coca Cola gave 2% of funds for the emergency response in Kalay, with the other 51% coming from international donors.

NAG is also in discussion now with Telenor about opportunities for providing Farm Advisory Services through mobile telephone applications.

The advantages of Telenor funds were that they were flexible, quick and responsive, with low requirements for application and reporting. NAG also gave regular updates about their response on their FaceBook page, which is linked to Telenor's page. NAG worked hard to make Telenor comfortable with the distribution process, etc, so that the local Telenor local staff could also take part in the distribution (shared the work plans with them). They had a joint press release. Trust was gained through the process. Originally Telenor gave a certain level which increased five times by the end of the three projects.

This was the first experience of accepting private sector funding and hence it is still quite new. The main advice to other CSOs that are thinking of this is to build good links. [Sponsorship can be win-win situation](#) (NGO gains additional funding, whilst business can have 'joint branding'). Telenor as an international company is seen to have high standards.

Commentary: Local philanthropy and fundraising or partnership opportunities from the private sector

The cases illustrate sponsorship by an international business, which has specific objectives (fulfilment of licensing conditions, building effective partnerships, enhancing community relations, engaging in corporate social responsibility and general public relations). Sponsorship and philanthropy by local businesses is not seen as being accessible to the CSOs included in this study. Tala Mon, for example, directs its donations to one specific organisation that is closely connected. Not only is local private sector funding not accessible, but several CSOs commented that it is tainted by cronyism and corruption and hence to be avoided. This treats all local businesses as being the same, which is clearly not the case. There are different opportunities available for different CSOs.

The cases also illustrate a lack of distinctiveness of private sector funding accessed. That is, in both cases cited, the projects undertaken were run as projects as if they had of been funded by more traditional project donors.

Annex 2 discusses private sector funding for CSOs in more depth. Some recent interest has been in the potential for foundations, established by businesses (local and international), as providing a potential revenue stream for CSOs. This and other aspects of private sector involvement are discussed, along with ideas for enhancing CSO revenue streams.

F. Membership fees

Green Peasant Institute (GPI) is focused on issues relating to peasants, especially about laws, their rights and services. Current attention is on awareness and revisions to the Farmer Protection and Promotion Law as well as providing members services for loans, labour market facilitation and marketing. GPI has over 2,000 members, each paying a joining fee of 5,000 MMK and membership fees of 250 MMK per month. Members are organised into 30 township and sub-township committees. GPI use their membership fees as part of township and sub-township level funds for members to access loans. Currently there is about 200 Lakh in these funds²⁶. For GPI, nearly all of the operating costs comes from donor programs or from voluntary contributions (committee members are voluntary and pay their own costs, unless associated with projects). Donor programs support 14 staff. In the future, GPI wants to transition to a formal institute, providing various services to peasants.

Laputta Township Farmer Union, aims to protect farmer's rights and create access to goods and services for local farmers. The Union, with over 5,750 members in over 130 villages from 36 village tracts, do not charge a membership fee. The only revenue stream for operating costs comes as contributions from its Executive Committee members. 31 members contribute 10,000MMK per month for operational expenses. Costs are generally kept to very low levels, even at the expense of being able to deliver quality services to members. The Union particularly provides mediation or problem solving services (e.g. on land related conflicts) but it cannot run some of its desired training programs. Membership fees, or increased fees, might be one way for these groups to be able to better provide services to general members, as well as reduce the load on the Executive Committee volunteers. The Union was instrumental in establishing the Ayeyarwaddy Farmer's Union to function at a Regional level, which receives external donor support and also do not charge membership fees.

Commentary on organisational membership approaches as a revenue stream and basis of organisational sustainability

There are no identified examples of membership fees being used to enhance core organisational funding²⁷. For GPI, membership fees enhance services available for members (access to loans). For Laputta Farmer's Union, perhaps membership fees should be considered. However, historically and culturally, there is a reluctance to ask for membership fees, linked with perceived and actual misuses of funds and breaking of public trust.

²⁶ The fund is also increased by donated training fees from programs but details are not available.

²⁷ Also many other farmer unions as well as various student bodies do not have a membership fee – rather they have fund-raising activities and ask for donations. One example of a member-based advocacy group, with membership fees and contributions from members, is a group with about 5000 members working in jade mining areas in the north of Myanmar. Note this group also raised some 'service fees' based on successful resolution of legal cases regarding worker compensation. If their activities would not be so sensitive, they would be a great example to formally include in this study.

G. Managing expenses and decreasing costs

At least two CSOs highlighted how they took active measures to plan, budget and manage expenses, particularly by establishing improved financial, procurement, logistics and administration systems. In general, the four business and financial enterprises have to be able to manage their costs well in order to thrive.

[Gaia](#) took the approach of “*Knowing your costs and acting on it*”. They set up systems to do this and a consultant helped them with business planning. [Eden](#) used an expatriate volunteer to build the capacity of management and staff, firstly to be able to manage a budget (revenues and costs), and secondly to manage projects. She then was able to develop a fundraising strategy and a business plan (in progress). Undertaking some organisational restructuring would contribute further with managing costs.

As an aside, many of the figures quoted in previous sections for other organisations have been derived only after careful follow-up. In some cases, the actual contributions from various income streams and expense levels varied considerably from what was initially claimed. Some of this was because of insufficient attention to budgeting and financial management.

[Gaia](#) has moved and [Eden](#) is trying to move more to a program approach for their development activities, rather than having a larger number of individual projects. This allows administration and operational efficiencies, at least. One difficulty that Eden faces is that it is easier to get donors for smaller projects rather than one larger program. Other CSOs in Myanmar such as [Metta](#) and Paung Ku have also experienced this. [Metta](#) aim for 20% of its total funding from program funds (which are still restricted, and not covering core costs, but their use is flexible across a range of projects, according to need).

[Mon Cetena](#) are in the process of downsizing some of their field programs and seeking a higher co-contribution from communities, in an effort to reduce costs.

Two CSOs take a cost-minimalisation (shoe-string) approach, which also relies very heavily on volunteer contributions (next section). These two CSOs are not based in Yangon, so they reduce the high ‘overhead’, particularly rental. [Shwe Hmaw Wun](#) used to meet in monasteries or in homes in villages, but now makes use of an office set up to house the SEZ relocation project and its staff. [Laputta Farmer Union](#) has a rented office in Laputta. Staffing is lean and staff have low salaries or honorariums, so in effect they also have some ‘volunteerism’. Communications are quite basic and they do not enjoy good internet access. Minimising costs is often ideological, too, to relate to others in the communities as equals, not as those with more resources. In general, the community level groups had the lowest levels of organisational costs, then other regional groups, and then Yangon based groups. Within the Yangon based groups there is a big range apparent, too. As a caution though, minimising costs can also affect the quality of activities, so there is often a trade-off between quality and cost. Enabling the achievement of good outputs or quality services, by having sufficient and suitably qualified staff, is an example of using cost-effectiveness rather than cost minimalisation as a guiding concept.

H. Voluntary contributions, especially of founders

The founders for many of the CSOs have given capital, as well as their time and expenses, for the organisation to be able to function well. Mostly, this capital is not repaid (yet?) and many do not receive dividends or interest, if it was considered as a loan. Some, of course, is treated as a donation. These contributions are seen as being key in the start-up phases, but many of the CSOs have not repaid capital even if they have moved beyond start up. Some start to reward founder time when they have sufficient program donors. Some Leading Committee members not only pointed to their direct contributions but the opportunity costs of their time, “we lose income because of [time in meetings for] the committee”, and being away from their own livelihood activities. The case of Laputta Farmer Union is extreme, where all the operational costs for the organisation is contributed by its Leading Committee.

Harnessing voluntary contributions for fund-raising has been highlighted before in the Eden case study. Income generation approaches have generally seen input from staff rather than volunteers, although Yangon Bakehouse and Eden have utilised the services of overseas volunteers. A range of organisations harness ‘technical input’ from their particular networks, including from other CSOs.

Valuing voluntary contributions can be difficult because of the ‘opportunity cost’ issue and often the time (or in-kind contributions) are not recorded. Regardless, all case studies except Mon Tala exhibit a very high level of voluntary contributions, in one form or another. Many CSOs are thought to have evolved in this manner. It is undoubtedly a key feature, if not active strategy, for CSOs enhancing their self-reliance.

6. Governance issues

Governance models in use are:

- Founder-based (or family) Boards or Leading Committees²⁸, with or without Patron Committees
- Elected Boards or Leading Committees
- Apex structures (e.g. Boards/committees with representatives elected by lower level constituents, such as village and village tract committees, or nominated by other committee members)
- Advisory Committees (with no decision making authority)

The two organisations with only advisory committees have very weak governance arrangements, with management undertaking some of the governance roles. Both of these groups are aware of these weaknesses and are working on creating better alternatives. The organisations with elected Boards/Committees appear to have the strongest governance arrangements, except for one group with unclear roles and responsibilities for its committee members. The Laputta Cooperative is seen to have very strong governance as all decision making is through compulsory mass meetings of members, with accounts of actions implemented by the various committees.

There does not appear to be any clear implications of patterns relating to governance and self-reliance options, especially as it could just be a feature of the sampling. All of the businesses or social enterprises had founder boards. This makes sense as generally the founders were the investors. Service providers went across the main structures, except for advisory committees. Sponsorship was pursued by organisations with founder boards. Membership fees was under Apex structures, but it could have easily been under elected Boards. All models saw volunteer contributions. It seems safer to say that any governance model can facilitate any option for enhancing self-reliance.

One set of comments made by study participants was that Boards should have members with business skills to be able to guide income generation approaches well. Very few boards had captured these skills, regardless of governance model.

The case studies did not reveal that the self-reliance activities had affected governance in any way, either. Rather some groups had strong and others had weak governance, and none have seemingly improved or diminished over time. There has been a concern expressed that pursuing self-reliance options can distort governance arrangements, particularly by distracting the organisation from its vision/directions. This was not a finding of this study and the majority of groups had and maintained a clear focus.

There are only limited comments available on accountability; and these are directly linked to whether groups have strong governance or not. If they had strong governance not relating to founders/family, then they had a high self-perception of being accountable.

²⁸ Also called Executive Committees, Steering Committees, etc.

7. What CSOs want to know about self-reliance

Participating CSOs still want to see good working models of self-reliance. Several expressed a desire to network and learn from others about how they raised funds other than from donors. What experiences and lessons did they have, how did they overcome challenges? How did they identify approach allies and competitors? What marketing approaches are successful (for income generation activities). What support is there for income generation? Maintaining non-profit status whilst undertaking consulting and income generation is a concern to some. One group wondered whether there were good regional cases to learn from²⁹, as they perceived a lack of good examples in country. Hopefully this study has shown otherwise and the conversation between CSOs can be enhanced.

²⁹ Some regional examples are cited in Holloway (2001). One of these is Yayasan Bina Swadaya, from Indonesia. More details are provided on: <http://binaswadaya.org/bs3/en/history/> - including an outline of how they have set up several independently registered social enterprises to provide organisational revenue. Another well known example is Bangladeshi Rural Advancement Committee (BRAC) from Bangladesh, with its entrepreneurial founder and chair Sir Fazle Hasan Abed. Their 2014 Annual Report outlines significant revenues obtained from social enterprises and investment. (Note, one of these enterprises is BRAC Seeds and Agro, which accounted for 4.7 per cent of the total grain production in Bangladesh, making it the largest aggregate seed supplier in the private sector. BRAC lists many other impressive social enterprises and investments). The South Asian Fund Raising Group provides capacity building for CSOs to reach their fund-raising potential - see <https://www.linkedin.com/company/south-asian-fund-raising-group-safrg->

8. Implications of findings

There are two sets of implications detailed here: by option (Table 1) and by audience (Table 2). Implications are restricted to CSO perspectives, rather than a full range of perspectives including from the actors identified (donors, business and government).

Table 1: Implications by option

Option	Successful when...	Features
Business and social enterprises	Integrated and not just means to an end; business skills and mindset; capital available; scale (to make a difference)	Range of high vs low income
Service fees	Organisation restructures to allow for it; different mindset	Opportunity vs strategy; means to an end to generate unrestricted fees; high potential; contracting to state may expand
Asset building and asset utilisation	Donation of assets!	Correct valuing of assets? Depreciation/repair/replenishment? Asset utilisation plans or asset replacement plans?
Fundraising	A 'cause' that fits in with merit making or natural disasters.	Under-developed; has substantial costs
Private sector sponsorship & philanthropy	Aligned social and business causes	Sponsorship is new; it is 'like a project donor' rather than distinctive to private sector
Membership fees	-	Rare (historical and cultural concerns); no examples of being used for organisational costs.
Managing expenses and decreasing costs	Better budget control and planning	Project to program? Downsizing and shoestring approaches
Voluntary contributions	(Successful for most)	Major, especially in start up phase
Find another donor	-	Best option for some CSOs?

Table 2: Implications by audience

Audience*	Implications
CSOs	<p>To be strong and skilled organisations as a precursor to self-reliance**</p> <p>To investigate options for self-reliance</p> <p>To make ‘their case’ to donors in better ways</p> <p>To raise awareness of potential mechanisms for individuals to direct up to 25% of their income tax as donations to recognized associations</p>
Donors	<p>To help not hinder self-reliance.</p> <p>To be aware that CSOs request donors to be flexible, to coordinate well, to allow for core organisational costs, and to help CSOs that want to become self-reliant by filling the gaps as needed (capital, funding, skills, etc).</p> <p>To be aware of the main options in use by CSOs in Myanmar for enhancing their self-reliance, and consider how they can be supporting this. Good examples of donor <i>enabling</i> of self-reliance should be captured and shared</p>
Business	<p>No direct comments for businesses.</p> <p>CSOs should understand the ‘business case’, build relationships , be open to work with local companies, distinguish between different types of funding from the private sector</p>
Government	<p>To further develop its contracting skills.</p> <p>To develop suitable policies/laws needed for not-for-profit organisations and social enterprises, as well as private foundations, to enable efficient revenue streams.</p>

Notes:

* The implications for various actors, apart from CSOs, are ‘untested’. The findings should be taken to a range of actors, including donors, private sector and government, and their perspectives then be incorporated. Next steps can then be more comprehensively identified. The findings should also be strengthened through broader consultation with CSOs.

** Strong and skilled organisations with suitable foundations for self-reliance, *as identified by participating CSOs*, include:

- Having internal ownership & commitment by key players (patrons, founders, staff, volunteers). Voluntary and in-kind contributions are featured in most strong organisations, especially by founders. Having own funds is important. CSOs affirmed it was important to have good transparency and accountability, too. Governance models need to be clear and strong.
- Managing costs well (budgeting, planning, financial management)
- Planning well and undertaking regular risk analysis (threats and opportunities)
- Having good models to learn from – networks with CSOs that are doing well and open to share about it
- Having a good marketing strategy, business plan and well-developed partnerships and networks (particularly to support income generation and service provision options, but mindset and skills needs to be added to this list as a minimum)
- Having the desire to be self-reliant, and being active about it

9. Conclusions and next steps

1. Self-reliance can be a healthy focus for CSOs: neither ignoring it nor pursuing it at all costs.
2. Myanmar CSOs are struggling with achieving self-reliance. CSOs believe a firm foundation is needed, by having a strong and skilled organisation, with high levels of commitment and ownership, as well as a desire to be self-reliant. Some CSOs should not try to be self-reliant without these foundations, and rather focus on finding a good set of donors.
3. Good options are available to increase self-reliance, which should be properly investigated. These options include generating income, broadening the donor base and reducing costs. CSOs can pursue several of these options at the same time.
4. Generating income is only for a few and it takes the right mindset and people. It should translate into changes in organisational structure and such to enable income generation to proceed well.
 - a. A large potential is from service fees, and opportunities from contracting to governments, businesses and other CSOs.
 - b. Asset utilisation is possible with access to capital, but it needs good asset utilisation and asset replenishment plans.
 - c. Businesses and social enterprises can be integral to purpose of the CSO, or simply provide revenue for social programs. Access to capital is important for enterprises, particularly for scaling up.
 - d. Generating 100% own income may not be desirable, due to costs and that donor funding can be part of a healthy funding mix.
5. Fundraising has substantial costs. CSOs need to identify a saleable 'product' – general development or promotion of rights is insufficient for raising funds from the general public. Otherwise it probably will need to be linked to merit-making donations or short term disasters.
 - a. Gaining revenue and funding from the private sector is undeveloped. Enabling foundations to be set up may enable funds to flow from businesses to a bigger range of CSOs. There is a fundamental mistrust of local private businesses by CSOs.
 - b. For CSOs with defined members, a membership fee can enable servicing of members and raising core organisational costs.
6. Managing costs and improving budgeting, planning and financial management skills is important. Voluntary contributions, especially from founders, act to reduce costs.
7. There are no observed links between governance structures and self-reliance strategies or achievement. Rather, some CSOs have strong and others have weak governance.

8. Donors can help or hinder CSO self-reliance enormously. For donors, the main requests from CSOs are to be flexible, to coordinate well, to allow for core organisational costs, and to help CSOs that want to become self-reliant by filling the gaps as needed (capital, funding, skills, etc). What are good models of “good donorship” and “partnership”? Donors that fund asset-building should ensure there is proper due diligence and planning.
9. Next steps implied by this study include:
 - a. To take these findings to a range of actors, including donors, private sector and government, and then incorporate their perspectives on self-reliance. The findings should also be strengthened through further consultation with civil society actors, also to consider relative risk, pay-off and interplays between different options.
 - b. To create suitable forums where CSOs can interact with a range of actors, including donors, private sector and government, about self-reliance. To develop suitable action plans, which may include the following (interim) steps. This could be undertaken alongside the above step.
 - c. As an interim step, CSOs should strengthen their organisations and networks, and systematically consider options for enhancing their self-reliance.
 - d. As an interim step, CSOs should raise awareness of potential mechanisms for individuals in Myanmar to direct up to 25% of their income tax as donations to recognized associations.
 - e. As an interim step, donors should be aware of the main options in use by CSOs in Myanmar for enhancing their self-reliance, and consider how they can provide better support. Good examples of donors enabling self-reliance should be captured and shared.
 - f. As an interim step for working with the private sector, CSOs should understand the ‘business case’, build suitable relationships, organise exchanges, be open to consider working with local companies, and distinguish between different types of funding from the private sector.
 - g. As an interim step, Government needs to be encouraged to further develop its contracting skills, and to develop suitable policies/laws for not-for-profit organisations and social enterprises, as well as private foundations, to enable efficient revenue streams.

Annex 1. About the case studies and methods

Interviewed CSOs and businesses include (alphabetical):

1. Ar Yon Oo (AYO)
2. Charity Oriented Myanmar (COM)
3. Eden Centre for Disabled Children (ECDC)
4. Gaia/GSMI
5. Green Peasant Institute (GPI)
6. Kyun Ayeyar Cooperative Association (KACA)
7. Laputta Farmer's Union
8. Metta Development Foundation
9. Mon Cetena Development Foundation
10. Myanmar ICT Development Organisation (MIDO)
11. Network Activities Group (NAG)
12. Shwe Hmaw Wun Development Organisation
13. Tala Mon
14. Thirstaid
15. Yangon Bakehouse

Characteristics of the sample are:

- Regionally based = 6. Yangon based = 8. Both = 1
- Community/grassroots level = 3. Regional/national level = 12
- CBO/NGO = 12, including 3 membership-based groups. Business or social business = 3

The selection of the sample is purposive. These are examples known to researchers and the advisory committee, in order to bring out different aspects of self-reliance. There is a limited ability to extrapolate findings for all of Myanmar CSOs, given their great diversity. The findings without doubt reflect the nature of the sample, and the sample is not large. The characteristics highlighted are also intended, so to include more than just Yangon-based NGOs. Even so, the study concentrates on organisations rather than a wider range of civil society actors (including individuals, networks, etc). That might be a suitable consideration for a follow-up study. Two CSOs with seemingly successful social businesses did not respond to requests to participate.

Participants were interviewed in person and follow-up visits, telephone calls and emails were used to obtain detailed information. A local co-researcher contributed to 7 of the case studies. Two case studies were conducted in English, whilst the rest were either mixed or solely in Myanmar language. Participants verified the proposed text that has been used in Chapter 5, except for two participants that have not been available for an extended period – for these two cases only publically available or non-sensitive information has been included.

A learning workshop was held for the participants of the study, along with key civil society ‘facilitators’ (total 17, 9F and 8M). The workshop aimed to:

1. create opportunities for participating CSOs to learn from each other’s approaches to enhancing self-reliance
2. identify ‘implications’ and potential next-steps for various stakeholders (CSOs, donors, other actors)
3. further confirmation and verification of case study data included in the discussion paper (minor objective, as verification is addressed mostly through 1:1 discussions)

Three drafts of discussion papers have been prepared for the Advisory Group: an initial framework to guide the conduct of case studies, a draft discussion paper with preliminary findings along with the proposed design for the learning workshop, and a draft of this final discussion paper.

This study is a first step to providing practical examples of what self-reliance could mean for Myanmar CSOs. The focus accordingly has been on CSO perspectives, their stories and encouraging their learning. The study did not attempt to gain perspectives of other key audiences for this paper, including donors, businesses, government and CSO ‘enablers’. This of course is a limitation that should be resolved through a further exercise.

Annex 2. Further thoughts on Private Sector funding

Several considerations have come from the limited exploration in this study regarding private sector funding for CSOs:

- The blurring of lines between *private* and *civil*
- A range of ways in which a business invests in achieving social outcomes
- Opportunities with both international and local businesses are seen as being vastly different
- Opportunities to utilize ‘Foundations’ are undeveloped

These are discussed in turn, and then some suggestions given for ways forward.

The line between private and civil is blurred. Some CSOs are registered as businesses, as this has been ‘easier’ and also as it can match the intent to raise a “profit for a cause”. British Council (2013) include both market-driven not-for-profit organisations as well as mission-driven for-profit entities, to be *social enterprises*. Engaging in a social enterprise is one of the options highlighted in this paper. Also, as service provision becomes more prominent, then this blurring is likely to continue.

There is a wide range of categories for private sector funding, which have different connotations and ways of working. A few that have been expressed in the consultations for this study are:

Public Relations (PR), Corporate Social Responsibility (CSR), sponsorship, partnership (collaboration), community relations, joint branding, cause marketing, business expansion, philanthropy and ‘merit-based’ donations, social investment, venture philanthropy, venture capital, service provision/contracting, social licence to operate, socially responsible business, fulfilling licensing agreements, etc...

These are not mutually exclusive terms, and a better categorisation would be helpful. In particular, there seems a spectrum between pure ‘donation’ on one end and joint business activity at the other. It is clear that the donation is more likely to be directed towards CSOs that are seen to allow “merit-making”³⁰ or responding to disasters, and such, and joint business activity towards those CSOs that can directly contribute to the private sector’s bottom line. For example, with cause marketing, the relationship is defined in terms of increased sales (for the business) due to the branding and product differentiation, that provides a proportion of sales as revenue (for the CSO)³¹. In between, there is CSR, joint branding and such. The more that a CSO is involved with a joint business approach will probably mean it too is structured more like a business/social enterprise with suitably skilled staff. If CSR or a mid-range option is chosen, then the CSO at least will need to have more business awareness (of the *what is*

³⁰ One prominent example is contributing funds to monastic education.

³¹ One successful example is with Banrock Wines and funding to Landcare (a social movement mobilising community participation in natural resource management) in Australia. Both Banrock and Landcare have financially benefited from this arrangement, with other social and environmental benefits, too. It goes beyond thinking about CSR or service provision.

in it for them). If donations are sought, then they just need to be efficient and effective at their social programs that resonate with the leaders.

Although the study focuses on revenue streams and funding, there is a range of contributions available from the private sector, including in-kind (e.g. staff time, materials, equipment), utilising networking and referrals (more efficient processes; as well also better communication with stakeholders in the case of internet and social media) and capacity building (e.g. business related skills). And what do CSO's have to offer back to businesses to contribute to their objectives? Can businesses learn from CSOs, particularly if partnership is truly desired?

The study highlighted that the access of funding through Private Foundations is undeveloped. How many groups are being funded? Some of this is because many local foundations seemingly do not have a separate governance or registration to the host/parent company (e.g. Love and Hope Foundation set up by City Mart Holding Company Limited). The main difficulty here is a *potential* lack of openness and accessibility³². How do the funds flow from private sector, how can groups apply and what criteria are used for funding decisions? There does not appear to be a separate legal category for a Foundation, although there are options to register under Association Law or as a Not-for-Profit Association under Company Law (as with the British Chamber of Commerce in Myanmar, for example). Establishing a good legal basis and separate governance could assist funding flows to a wider range of CSOs than present. Note that businesses might not be advocating for establishment of Foundations, as their 'donation' already can be recognised as such as a corporate expense for taxation purposes.

As discussed in the main text, there is a substantial difference in perception of the desired relationships between CSOs and local and international businesses. A Telenor representative indicates they receive many approaches each week from local CSOs looking for funding, but not many are aligned with their objectives. There is perceived interest by local businesses in providing funding for CSOs, but reluctance for local CSOs to engage.

Ideas for further development of private sector funding for CSOs include:

- CSOs should not consider all local companies as tarnished with the 'crony' brush. This is both inaccurate and very limiting.
- CSOs need to understand the 'business case' (what is in it for the private sector as well as themselves). Building relationships is essential.
- Further categorisation of the various types of funding would be useful. Identify and develop strategies to access these different types of funding.
- Promote development of Foundations, which may include advocating for better legal definition.

³² This Foundation's recent call for proposals is seen as a good practice to be able to broaden the accessibility of the funding.

Annex 3. Is self-reliance important?

'Self-reliance' is a positive way to counter the negative situation of dependence on external donor funds that distort civil society efforts. Some of the main consequences of dependency that can be observed are that organisations let go of their initial vision and follow donor agendas, limit their own creativity and develop unhealthy practices (e.g. self-preservation at the expense of achieving results). Of course, donor funds are not 'bad' per se. They do not have to lead to the bad consequences cited above and in many cases, do not. In addition, some donors truly value partnership and go to enormous lengths to both build capacity and fund Myanmar CSOs to be able to work more effectively.

Some CSOs avoid dependency mainly through the resourcefulness of their leaders and staff. Some CSOs might limit their dependency if they can work together to have a collective position with donors. Some CSOs can limit their dependency if they have increased understanding and can pursue options available. Yet others will never be able to avoid dependency, and all that can be done here is to try to have a sufficiently large donor pool that can fund some of their initiatives, and to encourage donors to understand and mitigate impacts of their demands on CSOs.

Why should CSOs be self-reliant anyway? Does it matter if they are not sustained and do not continue indefinitely? Isn't there a 'natural' cycle of growth, decline and then either death or rebirth of organisations, as organisational ecologists propose? New organisations can be sparked by crises in existing organisations, including funding. Prolonging the life of organisations that are no longer functioning well and attracting funds is not likely to be helpful and some should be encouraged to 'die'. So perhaps the attention should not be directly on CSOs, as such, but rather on a larger range of civil society actors, who will develop certain organisational, networking and other forms depending on the timing and who is involved. These actors might be able to develop more capacity to consider 'self-reliance' and 'avoiding dependency', to apply to whatever situation they face. However, they can be harder to identify and work with, in comparison to organisations.

In Myanmar, there has been a dramatic change in context for civil society, and hence for thinking about self-reliance, including:

- Recognition of the roles taken by and the diversity of civil society, including by government (with more changes likely due to the 2015 election results)
- Formal '*organisation*' of civil society actors, whereas previously many tended to operate in looser coalitions and stay 'under the radar'. This includes an increase in formal registration and gaining formal approval to operate from authorities. In addition, donors have driven *organisation* through requirements for registration and having bank accounts, etc.
- Diversity of forms of organisations, including particularly 'service companies', social businesses, formal consortia, networks and such

- Funding available to CSOs, particularly with the spike with responses to Cyclone Nargis, for a variety of ‘sectors’/‘programs’. To some extent, these programs can substitute for a lack of public services from the State
- International NGOs and consultants often play an ‘intermediary’ role between donors and local CSOs – which at times is helpful to local CSOs and at times harmful
- Important roles of ‘patrons’ to establish and operate CSOs³³
- Costs of operating, including salary and rental (especially in Yangon), and those imposed by donors seeking to improve accountability³⁴
- Demand and mobility of suitably qualified staff for CSO programs (and a pecking order of salaries with UN, INGO, LNGO and informal).

These changes in context will influence the extent CSOs wish to and are able to pursue self-reliance.

Trying to avoid dependency is not without its costs. It takes significant organisational resources to pursue self-reliance options, as identified in this paper. However, this should be seen within the context that writing proposals, preparing financial and narrative reports, and otherwise servicing international donors also can take significant organisational resources. This is sometimes resented as it *distracts* a CSO from fulfilling its main purpose. Just give us the funds as we are doing good things! Similarly, some CSOs will resent the *distraction* of self-reliance. This paper is written to give practical examples and to contribute to broader discussions on self-reliance – not to add to distractions.

³³ Please refer to The Journal of Human Rights and Democracy, February 2016 edition, which is devoted to highlighting the importance of “patron-client systems” (Myanmar language).

³⁴ Generally showing ‘suitable’ financial management systems and governance and decision making (in a western sense), rather than accepting local accountability mechanisms. The discussion does not seem to have advanced since 2010.