

Faith-based organizations and government funding – a research note

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Contents

Acknowledgements.....	3
1. Introduction	4
2. Methodology.....	5
3. Findings of survey results.....	6
4. Results of wider research – through literature and discussion	10
4.1 What faith-based organizations have to offer	10
4.2 Exposure to secular pressures	10
4.3 Positive effects of government funding.....	11
4.4 Negative effects of government funding	12
4.5 Strategies to cope with secular pressures	12
5. From a donor point of view.....	14
5.1 Donor restrictions	14
5.2 Donor-related comments on FBOs and the church	15
6. References and further reading	17

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1. Introduction

Tearfund is a Christian international relief and development agency with over 40 years of experience and an annual income in 2010 of approximately £60 million.

During recent years Tearfund has seen a dramatic rise in funding from governments to support its poverty reduction efforts. Government donor income has grown on average by 30% per annum over the last 5 years, rising from:

- £6 million (approximately 11% of total income) in 2005; to
- £21 million (approximately 35% of total income) in 2010.

Government donors include:

- British Government;
- Dutch Government;
- Irish Government;
- Scottish Government;
- U.S. Government; and
- multilateral agencies such as the UN; and EU.

This growth, while welcomed, is accompanied with a degree of apprehension around:

- The possibility that a growing source of government funding could skew mission.
- Possible difficulties in maintaining faith identity.
- Having to change processes and procedures to fit donor requirements.
- Being drawn into achieving donors' foreign policy.

The focus on donors and donor requirements weighs heavily and risks taking more time and energy than the time spent listening to and responding to the needs of those the NGOs work with. (Tina Wallace, 2002)

As Tearfund seeks to maintain and increase success in its engagement with institutional donors it carried out this research to primarily look at:

- the experiences of other faith-based organizations in receipt of government funding; and
- government donor perspectives.

2. Methodology

1. A survey was conducted of eighteen faith-based organizations working in the area of relief and development. They belonged to two networks, EU-CORD (*EU-CORD 2011*) and Integral Alliance (*Integral Alliance 2011*).

The organizations came from twelve countries and covered activities in over 60 countries world-wide. A questionnaire was sent to the eighteen FBOs, asking for details of their percentage institutional donor income, whether they set any limits on institutional funding, and posing five question regarding their view on the impact of institutional funding.

2. A literature review was undertaken through internet search and access to databases associated with the Oxford Centre for Mission Studies (*OCMS 2011*). Key documents and websites are listed under “References and further reading”.
3. The author also participated in an on-line discussion which ran during September and October 2011, with members of the Voluntary Sector Studies Network (*VSSN, 2011*)

Disclaimer: The views, opinions and hypotheses expressed in this paper are not necessarily held by Tearfund and all of the eighteen organizations who took part in the survey.

3. Findings of survey results

Eighteen faith-based organizations working in international relief and development responded to the survey. Two weren't receiving any government funding, but one of these expressed an interest in doing so.

The other sixteen fell into 3 ranges of institutional donor income compared with total income: Low; Medium; and High.

	% institutional donor income of total	Number of FBOs	Total annual income
Low:	5% to 6%	2	£6m to £10m
Medium:	10% to 35%	8	£0.3m to £8m
	27%	1	£30m
High:	60% to 80%	5	£4m to £30m

Twelve of the organizations imposed no limits on institutional funding; the other four had various limits:

1. One had an internal limit of 30% of total income.
2. Another capped support at 25% from their respective Government. They were effectively reaching this limit and would need to refer back to their Board for review.
3. The third had a nominal 40%: they were comfortably operating within this limit at present.
4. The fourth had a 75% overall limit with a 50% limit from any single donor at a country level.

Five questions were posed to the sixteen organizations that received government funding:

1. **Mission:** do you consider that institutional donors have had a negative influence on your mission – especially if you have a spiritual dimension to your vision/mission?

Overall response: No. In the main this wasn't seen as a particular issue. On the whole, the organizations had a good relationship with the donors who treated them and the work they do with respect.

Donors sometimes ask about our religious view, but seem not to have based their decisions on this. Our neutrality and impartiality claims do convince them.
(One of the FBOs surveyed, 2011)

2. **Distinctiveness:** has engagement with institutional donors and their resultant grants had any impact on your Christian identity – that is to say, has there be any pressure on you to be more “secular” – either from the donor or from your staff?

Overall response: No. In general they didn't consider that donors have put any pressure on them to be more secular. It was recognized that grants couldn't be used for religious activities and they also had to tailor their language in proposals and reports, but that they didn't think they had to compromise values.

The only restriction is that our programmes must be non-discriminatory, which anyway is part of our mission. (One of the FBOs surveyed, 2011)

I find that the pressure to be more secular comes more from our general culture and context than from our institutional donor. (One of the FBOs surveyed, 2011)

It was noted by many that donors were recognizing more the importance of the role of faith-based organizations and were stating this in public: donors were readily acknowledging the quality of FBO work and the readiness to support had increased.

On the other hand, one of the surveyed organizations felt that their faith identify may be a barrier to receiving government support.

We do not think that donors have put pressure on us to be more secular, but we consider that at times they give us less funding or even refuse funding because of our Christian profile. (One of the FBOs surveyed, 2011)

It was also commented that there seemed to be more concern and scrutiny from U.S Government agencies about their Christian character, compared with what they experience from European institutional donors – remarking that although Europe is more secular, the separation of Church and State does not play the same kind of role in Europe as it does in the U.S. Although the lobby to separate Church and State is powerful in the U.S., the arrangements to support FBOs made under the Bush administration largely remain intact under Obama (*Dan Gilgoff, 2010*).

3. **Staffing:** have you had to make changes to recruitment of personnel – either at your HQs or in the field – in light of institutional donor requirements?

Overall response: No. However there were concerns that there may be pressure from some quarters for faith-based organizations to have a more open recruitment

policy, rather than seeking staff that are of the same faith. This is not particularly government funding related, but a more general tendency.

Despite these general pressures, some donors such as the U.S. Government promote the recruitment of like-minded people:

Just as a college or university can take the academic credentials of an applicant for a professorship into consideration in order to maintain high standards, or an environmental organization can consider the views of potential employees on conservation, so too should a faith-based organization be able to take into account an applicant's religious belief when making a hiring decision. (US Government, 2003)

Moreover, there has been a drive towards professionalism. This isn't a direct result of government funding, but contact with such funding streams has increased such demands. This aspect is seen as positive by many, but may have negative implications.

These changes in areas of recruitment to hire persons with more experience and better skills has caused some tension with the volunteer or charitable spirit we believe must be maintained in our world in general and certainly in our humanitarian mission. (One of the FBOs surveyed, 2011)

Finally, the additional demands that come about from engagement with government funding with regard to building/maintaining relations, grant management and the exploration of donor opportunities, has increased staffing requirements at HQs.

By working with/wanting to work with (more) institutional donors and complying with the different requirements, we have added senior staff to the department responsible for contracts with the institutional donors. We have also put more energy into training/coaching of partners to be able to acquire and manage institutional funding. (One of the FBOs surveyed, 2011)

4. **Programming:** has there been any evidence of institutional donors influencing your project design to meet their own overriding goals.

Overall response: Yes. The way the proposal is written is influenced by the published requirements of the donor and their legitimate humanitarian or development goals that they have. Thus the influencing project design is related to programmatic aspects, and will refer to specific priorities such as gender, environment, HIV & AIDS. FBOs are at liberty to turn away from opportunities that may be seen to politicize humanitarian aid.

Overriding goals of institutional donors do influence our programming; however, I do not see it as a negative aspect. It does not mean that we have to endorse everything institutional donors promote but it helps to align ourselves to the “state of art”. So far, I did not come across policies of institutional donors that are completely contrary to the values of our organization.
(One of the FBOs surveyed, 2011)

5. **Supporters:** is there any evidence that your traditional supporter base (e.g. support from individuals, churches etc.) are wary of your engagement with institutional donors, with resultant diminishing commitment from these traditional supporters?

Overall response: No. There was a mix of confidence and caution on this matter. On one hand there were remarks and impressions that their supporters welcomed this engagement as it gave assurance of quality and in some cases they saw their donations leveraging significant government contributions. On the other hand, there was concern that their supporter base may be uneasy about it impacting on the organization’s independence and faith identity – although this hadn’t affected their supporters’ commitment to the organization.

The most successful fundraising campaign we have in our organization is the one where we ask private donors and traditional supporters to join in to finance our organization’s contribution of the projects we get financed by our institutional donors, particularly those from EU and our Government. (One of the FBOs surveyed, 2011)

To ensure supporters were fully informed about what was going on, some organizations have a push for transparency about such donor engagement in their direct contact with supporters and in their more general publications.

4. Results of wider research – through literature and discussion

4.1 What faith-based organizations have to offer

It is recognized by many that FBOs have unique strengths and resources – some of which may overlap with their secular counterparts (*Stephen Goldsmith 2006*):

1. They are generally trusted by their communities, particularly in distressed areas.
2. They create and provide community leadership.
3. They can access human and financial capital in the form of volunteers and donations.
4. They are community and cultural anchors in areas where they have long been located.
5. They are typically more readily holistic in nature.
6. They are driven by a higher calling.

Religious faith builds a civil society in a way secularism does not – religion generates networks of participation that are far more lasting and committed than secular civic organizations. (Austen Ivereigh, 2011)

4.2 Exposure to secular pressures

From the reading of literature (and specific reference to *Jim R Vanderwoerd, 2003*), faith-based organizations in the main fall into two theoretical categories – those operating with a **closed system** and those operating with a **open system**.

A **closed system** would normally entail the FBO drawing support and resources from its own membership and operating its own strategy with limited negotiation with the secular world. They are reluctant to cooperate with secular partners on the operational side or receive funding support outside its membership for fear of compromising their principles. As such secular pressures are limited because they have a lack of exposure to non-religious authority. However, there are risks of being isolated and disconnected from national and international relief and development efforts, as well as experiencing difficulties of being able to fully demonstrate transparency and accountability to others.

An **open system** is where a FBO is open to hold dual accountability systems – responding to religious and secular authorities. Secular authorities often place an emphasis on: a joined-up approach seeking to achieve international development goals; the inclusion of wider partnerships; subscription and adherence of national and international standards; a requirement for transparency; and full accountability to all concerned.

An FBO with an open system will be exposed to associated pressures when making the choice to engage with secular strands of international aid to fulfil mission - this could be in a number of areas including: applying and upholding international standards; working with national and international

authorities to achieve common aims; receiving government funding to support projects and so forth. Thus government funding isn't necessarily the cause of an FBO needing to hold dual accountability structures - but is often a focus point that attracts attention to such issues.

Interestingly, other studies have shown that while most, if not all, faith-based organizations which take public money may be subject to "secularizing pressures," they do not necessarily become more secular. It remains the subject of research that some FBOs respond to this tension by becoming more secular while other FBOs "lean more toward retaining religious uniqueness." (Stephen Goldsmith 2006)

4.3 Positive effects of government funding

Overall, from the survey undertaken and from Tearfund's own experiences (*Tearfund 2011*), there is clear evidence that FBOs highly value their partnership with government donors.

It's a partnership that goes beyond a simple financial arrangement and builds relationships that shape donor and the FBO thinking, policy and response to relief and development.

The partnership with government donors can provide FBOs opportunities to advocate on behalf of the poor as commented by one of those surveyed – to lobby and campaign those in authority to influence international and national responses to poverty reduction. Moreover, in their close partnership with, and understanding of, the local church and church-based organisations, FBOs are well-placed to converse with donors on the role of faith in relief and development.

Working together and shared learning is important, and government donors often promote joint northern NGO applications, this in turn encourages networking and harmonization of efforts of FBOs with like-minded agencies in the fight against poverty. It has also encouraged the traditional supporter base to make financial contributions to lever government funding.

Accountability and transparency are important, and the often rigorous donor demands for accurate application of funds and proper actions have assisted FBOs and their civil society organisation partners to reinforce their processes and systems to emphasize accountability and focus on evidence-based results.

Finally – the grant support that FBOs and their partners receive from government donors has become increasingly important in their work to reduce suffering and bring hope to those most vulnerable in society. The programmes and actions supported by government donors are extensive and make a vital contribution to tackling poverty in a wider partnership with other donors, the FBOs' popular supporter base, partner organisations and the local communities themselves.

4.4 Negative effects of government funding

Some studies have focussed on a concern that FBOs receiving government funding will begin to look like and act like their secular counterparts. This is a hypothetical process known as isomorphism. It is thought to occur when organizations – religious or secular – experience similar external pressures, have similar structures and expectations/missions and respond to the poor and vulnerable in similar ways – eventually looking alike. This is thought to especially happen when an organization is unsure of its own mission, structures and identity and attempts to model itself on successful counterparts.

4.5 Strategies to cope with secular pressures

In a study (*Jim R Vanderwoerd 2003*), of two relatively large faith-based organizations in the US, the following three strategies were employed by them to cope with secular pressures:

1. The FBOs saw their existence by divine mandate, thus this was their primary directive - whatever the source of funding, whatever the pressures on the organization. They did not choose who they were, only how to respond. This was critical in the way they understood themselves, their mission, and their relationship with others, including all donors.
2. The FBOs treated all people equal – with equal respect and dignity. They took an inclusive approach to the services they provided to the poor, to the staff they employed and to those who were wanting and willing to support the work of their organization.

This indeed affected their recruitment of staff whereby they sought candidates who were committed to the mission of the organization, rather than categorizing persons as believers and non-believers. In both FBOs there was an explicit acknowledgement that persons could be committed to the organizations' mission without necessarily sharing the same beliefs – this was also true for the beneficiaries of their work and their supporters. Attention to maintaining the organizations' faith identity was a central and critical task for leaders.

This approach was also reflected by one of the FBOs surveyed as part of this particular research.

As we have become more of a transnational organisation and less headquartered in our country of origin this has raised challenges for recruitment and necessitated a shift away from recruiting solely Christian staff to a focus on the best local staff who welcome working in a value based framework which exudes Christian thinking but is inclusive of shared values that are not exclusively Christian. When looking at values as opposed to beliefs there is little that is distinctively Christian. We have an equal opportunities policy which states that now. (One of the FBOs surveyed, 2011)

3. The FBOs did not separate the secular from the spiritual. Thus they did not experience secular/spiritual tensions, because they did not recognize them in the first place. They viewed the world as neither secular nor religious, but viewed themselves and their organizations as thoroughly religious – called to help others to the best of their ability using whatever resources available.

5. From a donor point of view

5.1 Donor restrictions

Below is outlined a number of restrictions that generally accompany government funding (DFID 2011) – these are restrictions that are of a more general nature applicable to all funding calls. In addition to these, there will be some of a thematic or geographical scope justifiably reflecting the call for proposal in question.

Discrimination

Donor will not consider projects that discriminate between individuals or groups of people on any grounds including race, sex, sexual orientation, religion, disability or age.

Proselytizing

Donors will not fund organizations that are actively involved in proselytizing.

Note from author:

- a) this isn't a problem for the many FBOs open to working with governments – such organizations are not only unsupportive of proselytizing, but make a point of ruling such activities out: many are signatories to the Red Cross Code of Conduct.*
- b) Restrictions normally cover all inherently religious activities, such as religious instruction and worship. This is not to say an organization cannot conduct or be involved in such activities – it just means that the organization is not permitted to use public funds to carry such activities out.*

Civil disobedience

Donors will not provide support to projects which actively encourage civil disobedience.

Partisan political stance

Donors will not fund activities which take a partisan political stance.

Terrorism

Donors will not fund organizations that are linked to any terrorist organisations

5.2 Donor-related comments on FBOs and the church

Faith groups have a unique and important role in making poverty history. You don't need me to tell you that churches and other faith groups are often poor people's most trusted institutions. They are often the first to which the poor turn in times of need and crisis, and to which they give in times of plenty. As a result you are closely embedded and committed to local communities... Faith groups provide crucial services to the poor. They often run the only schools and health clinics in rural communities. In Sub-Saharan African, faith groups provide more than 50% of all health and education services. You can and do reach poor people largely untouched by other institutions. (Benn 2005)

With networks that reach even the most remote villages, many faith-based organizations and community-based organizations are uniquely positioned to promote HIV/AIDS stigma reduction and prevention messages, as well as to provide counseling and testing, home care, clinical services, and antiretroviral treatment. These organizations also have the ability to influence the attitudes and behaviors of their community members by building on relationships of trust and respect. These attributes make their partnership a valuable asset in the fight against HIV/AIDS. (PEPFAR 2007)

The World Bank has focused on a faith-development dialogue for five main reasons. Faith organizations have earned high levels of community trust. Faith institutions also work directly on development, most significantly in education, the environment, and health. Faith institutions not only fuel many conflicts but also work through a myriad of peace-making channels, sustaining communities and spearheading the rebuilding and healing process. They often promote links among communities across national boundaries. Faith institutions also spur people to grapple with ethical issues ranging from corruption to equity. And they promote public support for development assistance, and help forge consensus around hard choices. Faith organizations play major roles in communities and together constitute the world's largest distribution system. Poor communities around the world also trust faith leaders and institutions more than many other entities. Given their centuries of engagement in many dimensions of people's lives, development groups need to hear the views of faith-based groups and draw lessons from their experience. Religions also give hope and bring meaning to the lives of millions of people, and vast religious teachings on core values are essential to human relationships. (Marshall 2005, p9,10)

We increasingly recognize the role of civil society as a key network for environment and development programs. However—and with some notable exceptions—the potential of faith communities and faith-based organizations has not been fully explored. Yet in almost every country in the world, the faiths have a wider network on the ground than any other element of civil society. They also have centuries of experience, and in many places provide a substantial part of the educational, medical, and welfare structures and personnel in the country. They also often have larger followings than many political parties, across much wider social ranges. The faiths actually are the oldest, largest, most respected, and deepest-penetrating NGOs. They share with us an agenda of promoting wise environmental management, even if this has been somewhat lost during parts of their history. (The World Bank 2006)

Where faith and development institutions have combined their efforts and work to common ends, remarkable results have been achieved. The experience suggests two conclusions: first, that the engagement of faith communities in the fight against poverty is vital to success in achieving the Millennium Development Goals; and second, that there is great scope for new and different forms of partnership that work to the respective strengths of the different communities. Yet these efforts are too little known and the lessons, good and bad, have engendered too little reflection. (Marshall & Keough 2002, p14)

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