

# ICSO GLOBAL FINANCIAL TRENDS

## Baobab Briefing

### INTRODUCTION

The last decade has seen major growth in the scale and complexity of most of the world's leading federations of international civil society organisations (ICSOs). Many are seeking to build closer collaboration amongst their national member organisations, and respond to growing pressure for greater transparency and accountability.

In recent years, this has led many more of the world's leading ICSO federations to strengthen their collection of financial data from across their whole federation, and to report the key information publicly.

While the scope and methods of reporting are not yet consistent, there is now sufficient common ground to start to build a useful overview of key global financial trends amongst leading global ICSO federations.

This Baobab Briefing outlines recent trends in the income and expenditure of leading ICSO federations, based on the latest published financial information of seven of the world's leading federations, covering trends up to 2013 (see Box A overleaf for selection criteria)

*Total income reaches €7.3 billion*

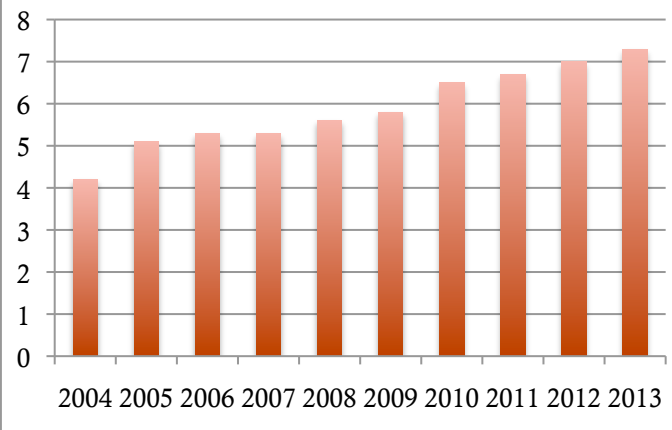
### OVERVIEW OF INCOME TRENDS

The total income of this group of leading global ICSO federations rose by 4% in 2013 to reach a new high of €7.3 billion.

Over the last decade, their total income has grown by 74% (equivalent to 51% in real terms), with an average annual growth rate of 6% (Chart 1).

**CHART 1: COMBINED INCOME OF 7 LEADING ICSOs**

Total federation income: €billion

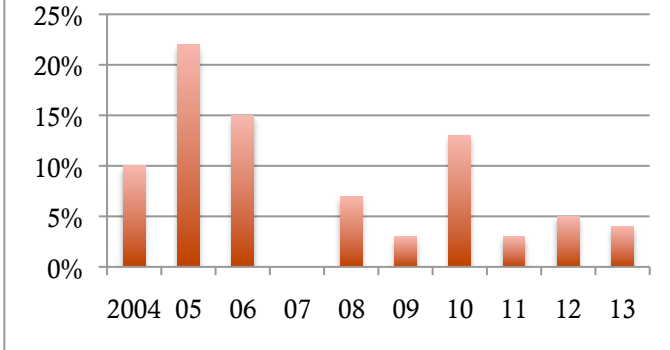


### ABOUT BAOBAB

Baobab is the online hub for sharing ideas and resources on leadership and governance in international civil society organisations. This briefing was researched and written by Ken Caldwell, the Principal of Caldwell Consulting, and Director of Baobab. We welcome your feedback and ideas on how the analysis could be improved for the future. For further information, see our website at [www.baobab.org.uk](http://www.baobab.org.uk) or contact us at [info@baobab.org.uk](mailto:info@baobab.org.uk). Information in this briefing may be reproduced with accreditation to Baobab

**CHART 2: AVERAGE INCOME GROWTH RATES**

Total of 7 Leading ICSO federations: €



Annual rates of growth over the past decade of this group have varied widely, with the fastest rates of growth in the years immediately following major humanitarian crises – most notably the Indian Ocean tsunami in December 2004 and the Haiti earthquake in January 2010. These have had a much bigger impact on rates of income growth than the recent global recession. For example, MSF’s expenditure in Haiti rose from €13m in 2009, to €103m in 2010. These high profile disasters often act as catalysts for longer term growth, bringing in new supporters, and providing the stimulus for strengthening global capacity.

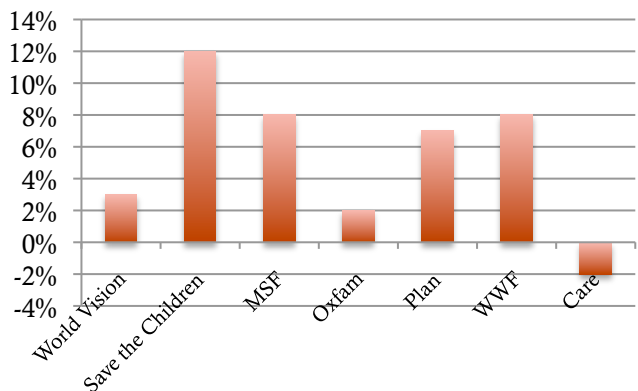
**INCOME BY FEDERATION**

Amongst the seven leading federations included in this analysis, the fastest rate of growth over the last five years has been achieved by Save the Children, who have achieved annual average rates of growth of 12% per annum over this period (Chart 3). However, World Vision remains the largest, with total income of over €2 billion in 2013 (Chart 4).

*Save the Children sets the pace*

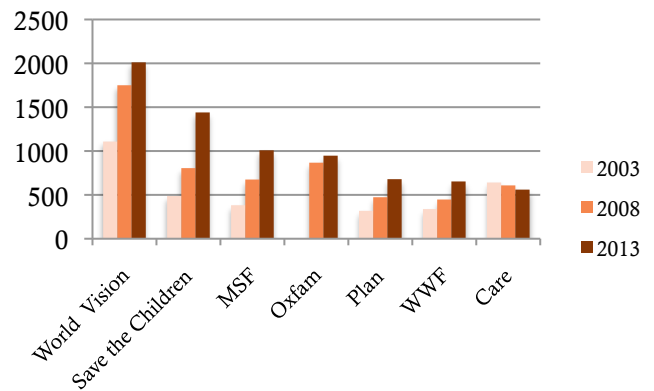
**CHART 3: AVERAGE ANNUAL GROWTH RATE**

Total federation income 2008-2013: €



**CHART 4: TOTAL INCOME TRENDS**

Total federation income:€m



**BOX A: SELECTING THE ICSO FEDERATIONS**

The seven ICSO federations included in this briefing were selected for their global scale and extent of integration. The thresholds were:

- a. Global Scale – raising at least €500m per year from at least 10 different countries
- b. Global Reporting – regular annual reporting of consolidated financial information for the full federation for at least five years

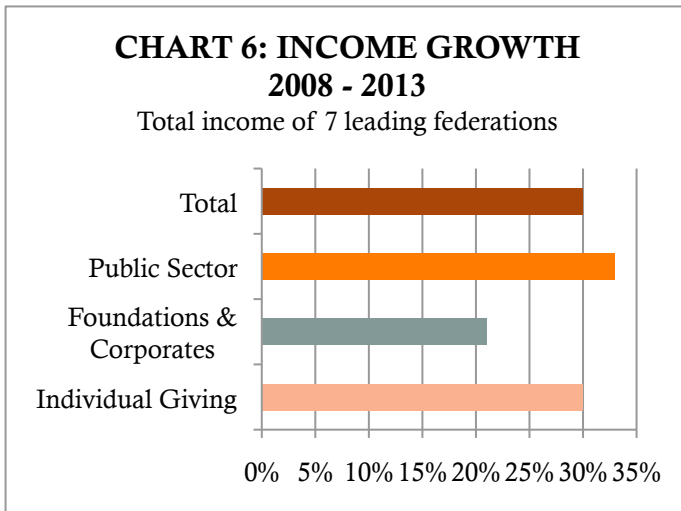
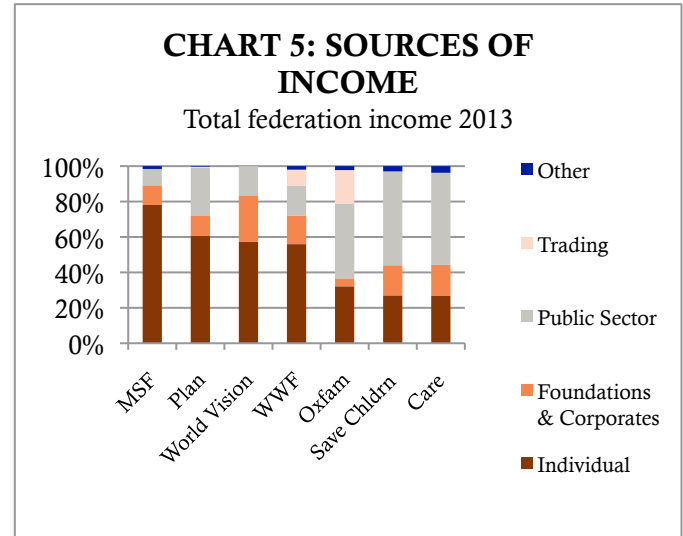
See Box C on p6 for details of other ICSO federations

**NOTE TO CHARTS ON FRONT PAGE AND THIS PAGE:**

Oxfam did not publish total income until 2007. Oxfam income for 2004-2006 estimated based on programme spend for Charts 1 and 2.

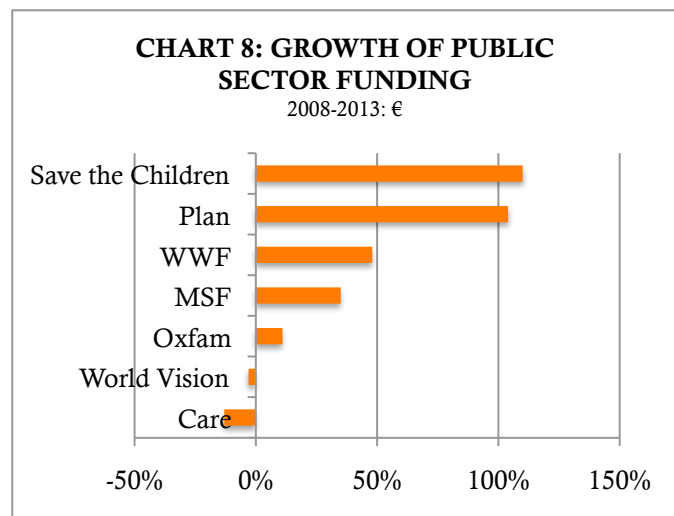
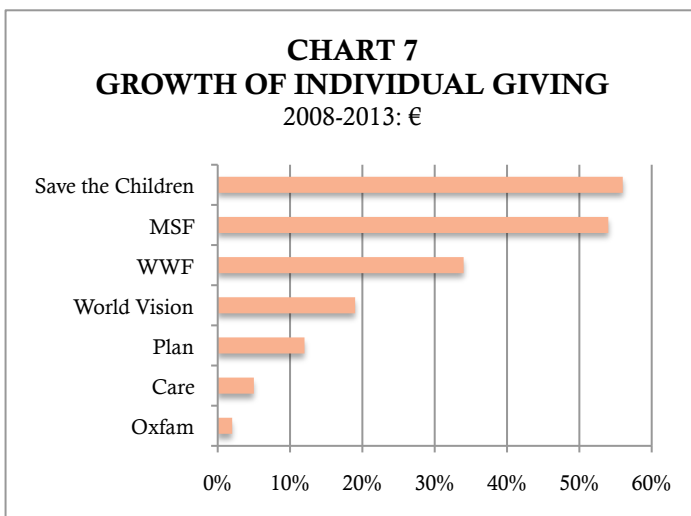
### INCOME TRENDS BY SOURCE

Amongst these seven federations together, c. 50% of their income is raised from individuals, with c. 30% from public sector grants, c. 15% from foundations and corporates, and c. 5% from other sources. While all these federations raise funds from all of these sources, the mix varies widely between them, with MSF raising 78% of its income from individuals, and Care raising over 50% of its income from the public sector (Chart 5). Oxfam and WWF are the only federations in this group that report a significant proportion of their global income from trading.



Over the last 5 years, all three major sources of income have seen growth of 20-40% overall, with public sector income growing slightly faster than individual giving (Chart 6). With global official aid budgets (OECD DAC) having grown by 25% over this period, leading ICSO federations are attracting a growing share of official aid funds.

Recent rates of growth of income from each source have varied widely between federations. MSF and Save the Children have achieved growth of over 50% in individual giving over the past five years, while Save the Children and Plan have more than doubled their income from the public sector over this period (See Charts 7 and 8).



**NOTES TO CHARTS ON THIS PAGE**

Charts 5/6: Foundations and corporates includes trusts, national lotteries, etc. Foundation and corporate shares are estimated for World Vision, Plan, and Care, as not yet reported separately

Chart 7: World Vision includes all private sector income. Plan is only sponsorships and bequests. WWF includes bequests

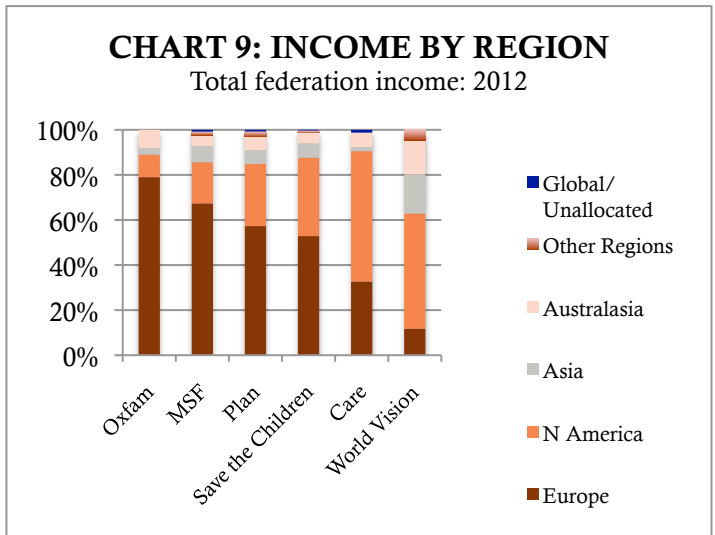
Chart 8: Figures for Care and Plan include all grants (public and private), as not yet reported separately

**INCOME BY LOCATION**

*Europe and N America still account for almost 80% of total income*

Amongst this group of federations, most of their funds are raised from Europe (45%) and North America (35%), with 9% from Asia, 9% from Australasia, and 2% from other continents.

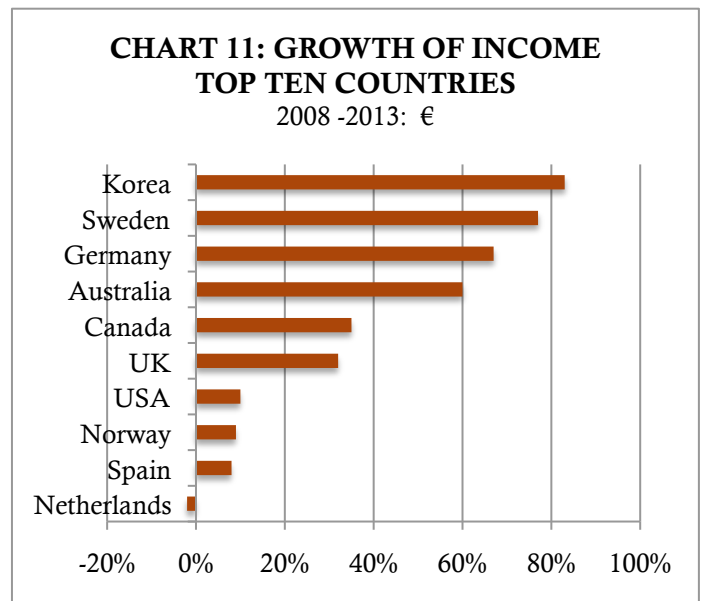
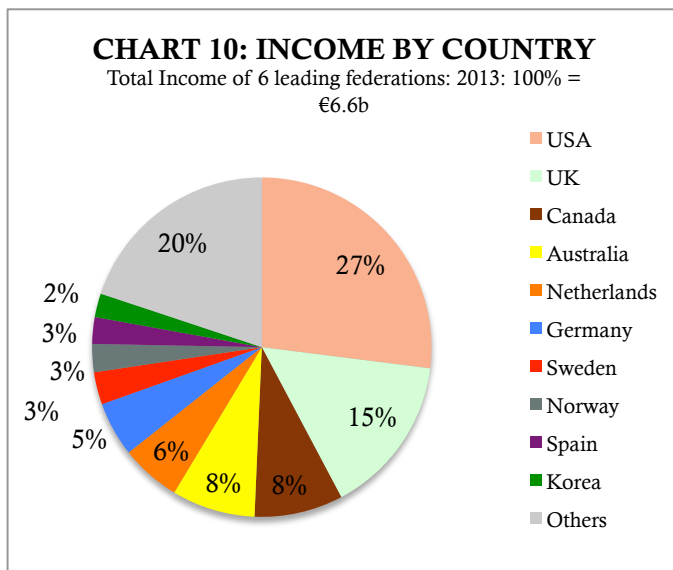
The balance of income by region varies widely amongst the group, with Oxfam raising nearly 80% of its funds in Europe, while Care raises nearly 60% of its income from North America (Chart 9). So far, only World Vision is raising more than 10% of its income from Asia.



*Major Anglophone countries are key sources of income*

For this group of federations, the major Anglophone countries are the most important sources of income, with the USA, UK, Canada, and Australia accounting for 58% of total income (Chart 10). France has proved a difficult market for most of these federations, with only MSF raising over €20m in France in 2013.

However, the rates of growth of income over the last five years have been highest in Korea, Sweden, Germany, and Australia (Chart 11). Outside the top ten countries, there has also been strong growth in income from Japan, Switzerland, and Italy. Despite some isolated successes, only 1% of income is being raised from the emerging powers (BRICS+) so far.

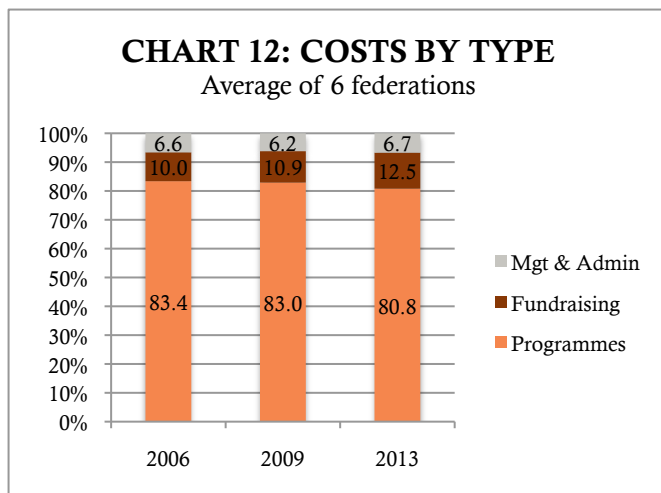
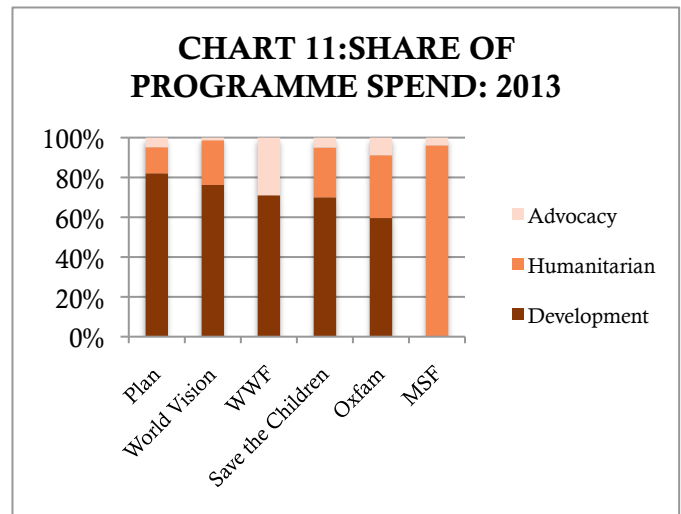


**NOTES TO CHARTS ON THIS PAGE**

Chart 9/10/11: Excludes WWF as regional sources not reported. Save the Children figures estimated to exclude internal transfers. Oxfam estimated based on contributions to Secretariat of 5 leading members (87% of total). World Vision based on 2011 data as country breakdown no longer published, income raised by their national offices in developing countries is not included.

## EXPENDITURES

With the exception of WWF, the other federations in this report focus their programme spending on development and/or humanitarian work. The mix varies from MSF, whose whole focus is humanitarian, to Plan, for whom humanitarian work accounts for less than 15% of total programme spending (Chart 11). All of the federations are involved in advocacy and/or education work around the issues they are working on, with the reported proportion of programme spending used for this work varying from c. 29% in WWF to c. 1% in World Vision.



### *Share of income spent on fundraising is growing gradually*

Amongst this group of federations together, programme spending accounts for 81% of total spending, with 12% on fundraising, and 7% on management and administration.

The overall share of total income spent on fundraising is growing gradually, rising from 10.0% in 2006 to 12.5% in 2013 (Chart 12).

## BOX B: INCOME V IMPACT

The level and growth rate of income is at best a partial indicator of success. Larger income does not equate to better or more sustainable results – it depends, amongst other things, on:

- the extent to which the ICSO is running or funding operational programmes
- how effectively and efficiently the funds are raised, targeted, and used
- the extent to which the federation is able to mobilise supporters and to work with partners to achieve common ends

Care should therefore be taken not to draw conclusions about the overall effectiveness of different ICSOs from the income trends outlined in this report.

### NOTES TO CHARTS ON THIS PAGE:

Chart 11: Advocacy includes advocacy, campaigning, policy, and awareness raising work. Save the Children and Plan advocacy shares estimated based on prior year data. WWF is conservation programmes rather than development programmes. Care excluded as no breakdown of programme spend is yet provided. Caution should be used when comparing proportions spent on advocacy between federations, as definitions are not consistent.

Chart 12: Excludes trading and financing costs. Care excluded as no separate reporting of Fundraising and Mgt & Admin costs.

### BOX C: OTHER ICSO FEDERATIONS

This box provides basic information for selected other larger ICSO federations who publicly report consolidated results but do not yet meet the criteria for inclusion in this report (see Box A on page 2).

The following ICSO federations produce consolidated financial results showing total incomes of over €100m per year, with at least ten national members raising funds for work outside their own country (International Members).

ICSO	Total Income	Full Members	International Members*	Comment
SOS Children's Villages	€990m	116	17	Reporting since 2010
Greenpeace	€288m	28	28	
Amnesty International	€245m	68	68	
CBM	€225m	11	11	
ActionAid	€217m	18	10	
Terre des Hommes	€128m	10	10	
Islamic Relief	€120m	12	12	

Other larger federations include:

- CARITAS links the humanitarian and development agencies of 160 member churches around the world, but does not report consolidated results
- ACT Alliance links the humanitarian and development agencies of 144 member churches around the world, with total estimated expenditure of €1.1 billion
- ChildFund International has 12 members and income of over €350m pa, but does not yet report consolidated results
- Alliance 2015 is a looser alliance of international NGOs from 8 countries, with a combined income of c. €700m pa
- UNICEF has 18 national committees which raise funds for its international work, who between them raise over €800m towards UNICEF's total global income of €3.6 billion
- IFRC has 186 national societies, most of whom spend most of their funds in their home country, but many also raise funds for international work. The international work is not reported separately, but is estimated to total over €500m pa

We welcome any clarifications or corrections to these estimates, or nominations of other ICSO federations for inclusion in future reports.

#### TECHNICAL DATA NOTES:

1. The financial information in this report has been drawn from the published financial information provided by the seven ICSOs, in their annual reports and accountability reports. Some of these sources have not been audited by independent auditors
2. The report provides all data in €, as this is the currency of reporting of 5 of the 7 ICSOs involved. The remaining two report in US\$, and their results have been converted to € at the average exchange rate for the year concerned. The Euro has depreciated against the US\$ by 10% over the period 2008 to 2013, which will result in growth rates reported in € being different from rates reported in US\$.
3. Average inflation in OECD countries is 23% for 2004-2013; 10% for 2008-2013 (Source: OECD)
4. This report is based on financial information up to 2013. The 7 ICSOs have four different financial year ends. For this report, these results are reported for the calendar year to which they most closely relate (June year ends are taken as relating to the calendar year in which the financial year ended).
5. The extent of analyses of income and expenditure published by the 7 ICSOs varies widely. This report focuses on the income and expenditure breakdowns that are common across most or all of the ICSOs involved. In some cases, estimates have been used to cover gaps in the information provided by specific ICSOs, in order to develop a reasonably coherent picture across the seven federations.
6. While international accounting standards are drawing leading ICSOs towards more common definitions and accounting policies, these are not yet fully consistent across the seven federations. The comparisons between ICSOs should therefore be seen as indicative rather than precise comparisons