

ICSO GLOBAL FINANCIAL TRENDS

Baobab Briefing

INTRODUCTION

This review provides an overview of recent trends in the income of leading global ICSO federations. It is based on our analysis of the most recent reports of seven of the world's leading ICSO federations who regularly publish data on their global income and expenditures (see box A overleaf for selection criteria for inclusion). This is the third annual review in this series, and covers the period up to 2014.

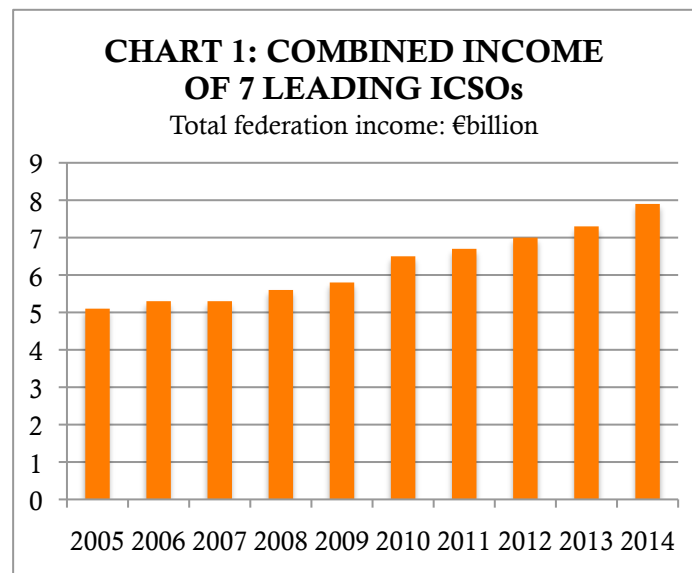
OVERVIEW OF INCOME TRENDS

Total income rises by 8%

The total income of this group of leading global ICSO federations rose by 8% in 2014 to reach a new high of €7.9 billion. This is the highest annual growth rate since 2010, driven mainly by humanitarian crises – notably the early response to the Ebola crisis, and the growing crisis in South Sudan.

MSF in particular scaled up in response to these crisis, with income growing by 27% in 2014. The other six federations achieved growth of between 0% and 11%.

Over the last decade, the total income of this group of federations has grown by 53% (equivalent to 28% in real terms), with an average annual growth rate of 4.3% (equivalent to 2.5% in real terms) - see Chart 1.

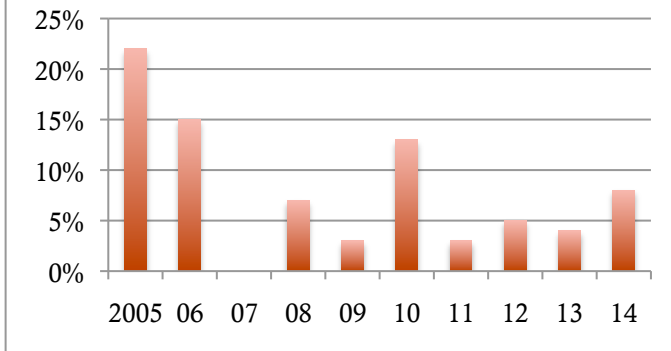


ABOUT BAOBAB

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 or contact us at 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 have varied widely from year to year, with the fastest rates of growth in the years immediately following major humanitarian crises – most notably the Indian Ocean tsunami in December 2004, the Haiti earthquake in January 2010, and the West Africa Ebola crisis of 2014. These have had a much bigger impact on rates of income growth than the recent global recession. 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 MSF, who have achieved annual average rates of growth of 17% per annum over this period (Chart 3). However, World Vision remains the largest, with total income of over €2 billion in 2014 (Chart 4).

CHART 3: AVERAGE ANNUAL GROWTH RATE

Total federation income 2009-2014: €

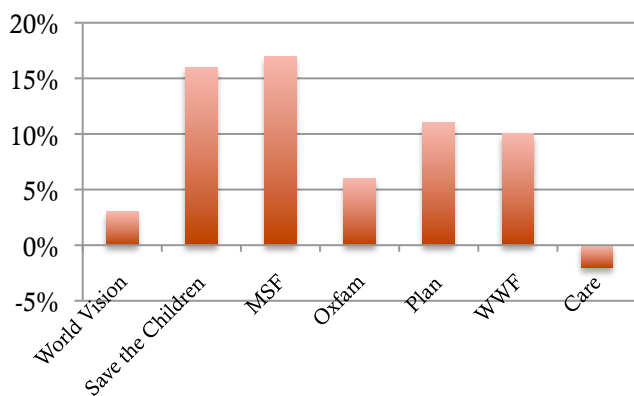
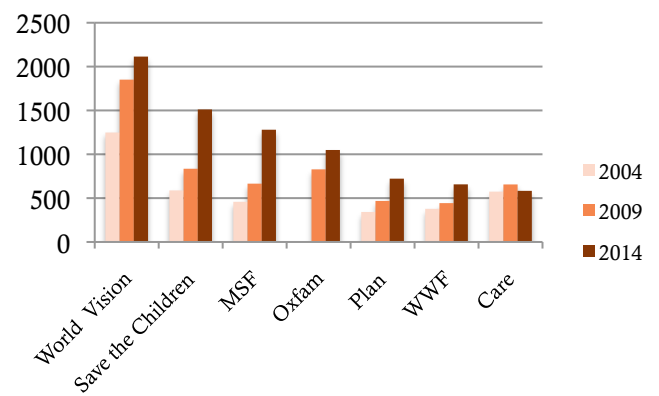


CHART 4: TOTAL INCOME TRENDS

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. For Charts 1 and 2, Oxfam income for 2005 and 2006 is estimated based on published programme spend.

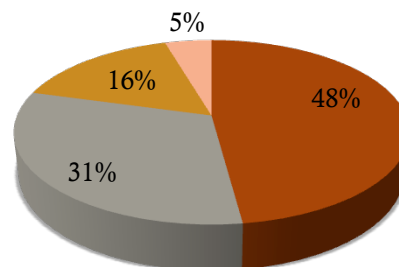
INCOME TRENDS BY SOURCE

Amongst these seven federations together, 48% of their income is raised from individuals, with 31% from public sector grants, 16% from foundations and corporates, and 5% from other sources (see Chart 5).

There has been no major shift in these proportions over the last ten years, with all sources contributing to recent growth.

CHART 5: SOURCES OF INCOME

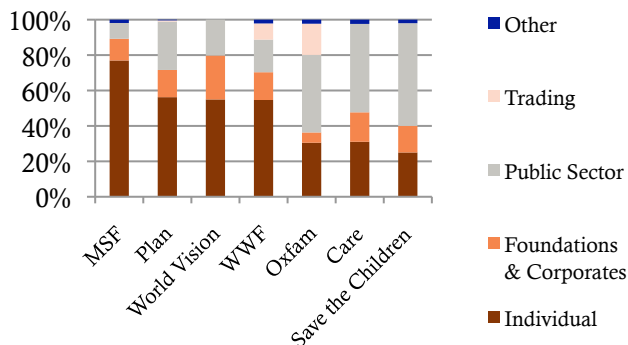
Total of 7 federations: 2014
100% = €7.9 billion



■ Individuals ■ Public Sector ■ Foundations & Corporates ■ Other

CHART 6: SOURCES OF INCOME

Total federation income 2014



While all these federations raise funds from all of these sources, the mix varies widely between them, with MSF raising 77% of its income from individuals, and Save the Children raising 58% of its income from the public sector (Chart 6).

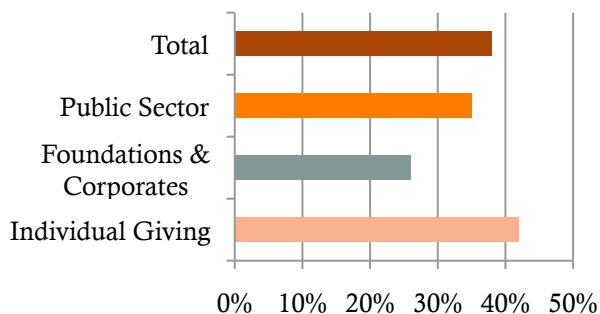
Oxfam and WWF are the only federations in this group that report a significant proportion of their global income from trading.

Over the last 5 years, all three major sources of income have seen growth of 25-45% overall, with individual giving growing slightly faster than public sector income (Chart 7).

Over the 5 years to 2014, global official aid channeled via civil society grew by 23%, while public sector incomes of the leading ICSOs grew by 35%, indicating that leading ICSOs are attracting a growing share of official aid channeled via civil society. However, these seven leading federations still account for only 15% of official aid channeled via civil society globally.

CHART 7: INCOME GROWTH 2009 - 2014

Total income of 7 leading federations



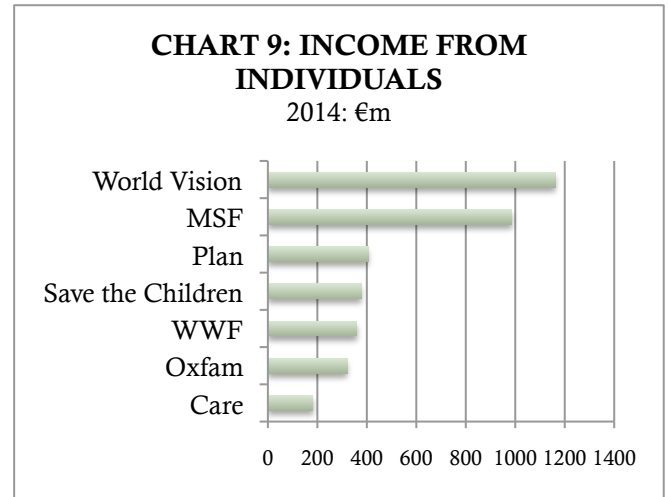
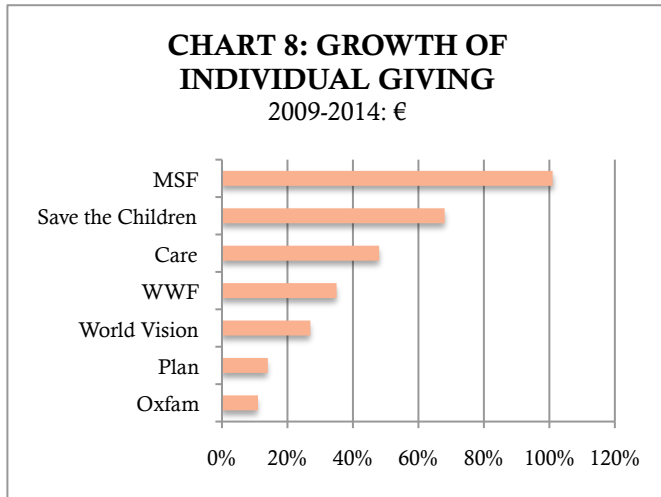
NOTES TO CHARTS ON THIS PAGE

Foundations and corporates includes trusts, national lotteries, etc. For World Vision, all of Gifts in Kind and two thirds of Other Private is estimated to be from Foundations and Corporates, with the remainder of Other Private estimated to be from individuals. For Plan, three quarters of Grants and of Gifts in Kind is estimated to be from the public sector, and one quarter from corporates and foundation: also half of Project Sponsorship and Appeals is estimated to be from corporates and foundations, with the remainder from individuals. For Care, three quarters of Grants and Gifts in Kind is estimated to be from the public sector, with the remainder from foundations and corporates.

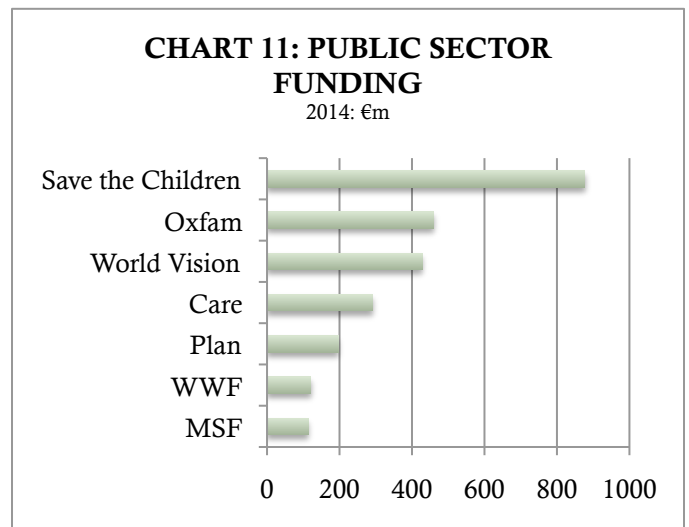
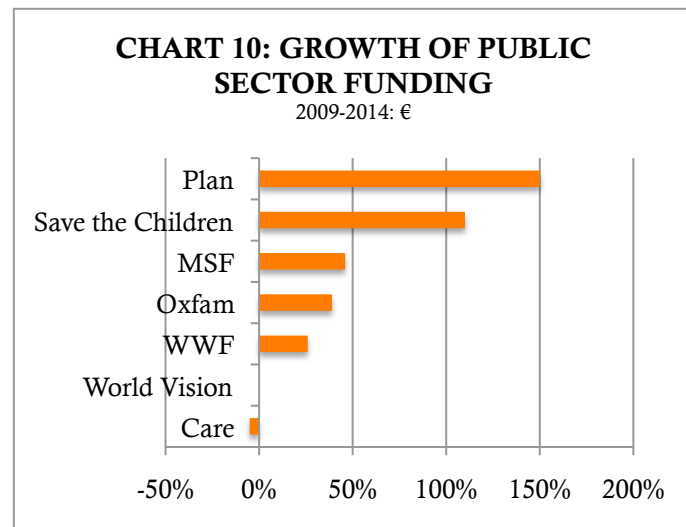
INCOME BY SOURCE Continued

INDIVIDUAL GIVING: MSF has seen the fastest growth in income from individual supporters over the past five years, with income from this source doubling since 2009, as a result of a number of high profile humanitarian responses. Oxfam income from this source has grown by only 11% over this period (see Chart 8).

World Vision still attracts the largest amount of funding from individuals around the world, totaling over €1.1 billion in 2014 (Chart 9). The vast majority of this income is raised from child sponsorships. However, if recent growth rates are sustained, MSF will be raising the largest income from individuals within the next few years.



INCOME FROM PUBLIC SECTOR: Plan has seen the fastest rate of growth of public sector income over the past five years, albeit from a low base in 2009, rising by 150% over this period. Save the Children have also doubled their public sector income over this period. By contrast, World Vision and Care have seen very little growth in public sector income over the last five years (see Chart 10). Save the Children attracted nearly €900m of public sector funding in 2014, almost double the level of any other federation in this group (see Chart 11).



NOTES TO CHARTS ON THIS PAGE

Charts 8 & 9: World Vision income from individuals estimated based on 100% of Sponsorship and 33% of Other Private Income. Plan is estimated based on 100% of Sponsorship and Bequests, and 50% of Project Sponsorship & Appeals. WWF includes bequests.
 Charts 10 & 11: Care income from public sector is estimated based on 75% of Grants and Contributions-in-Kind. Plan is estimated based on 75% of Grants and Gifts in Kind.

FOUNDATIONS AND CORPORATES: Only 4 of the 7 federations distinguish funding from foundations and corporates in their annual reporting. Of this group, MSF has seen the fastest rate of growth recently, with income from this source nearly doubling over the past five years (see Chart 12). However, Save the Children continues to attract more income from this source, totaling nearly €230m in 2014 (see Chart 13). (Note: It is likely that World Vision's income from this source will be higher than this total).

CHART 12: GROWTH OF FOUNDATION & CORPORATE FUNDING
2009-20014: €

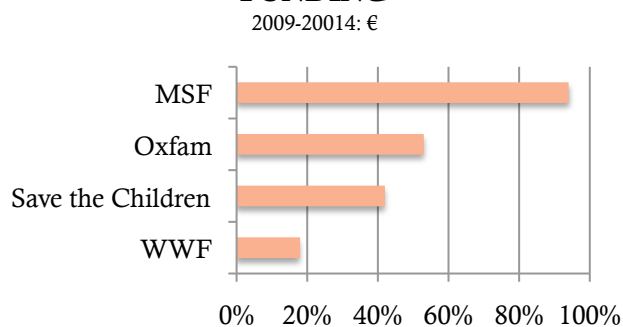
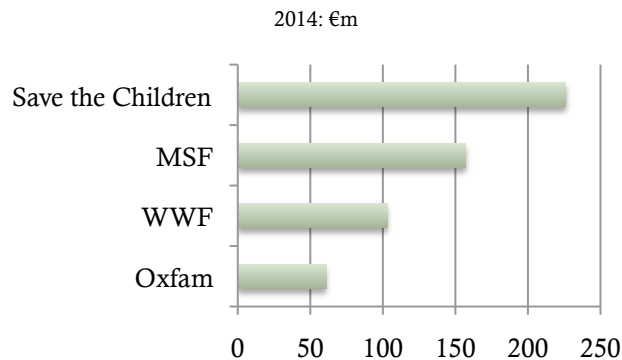


CHART 13: FOUNDATION AND CORPORATE FUNDING
2014: €m



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

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

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 6% over the period 2009 to 2014, which will result in growth rates reported in € being different from rates reported in US\$.
3. Average inflation in OECD countries is 25% for 2005-2014; 11% for 2009-2014 (Source: OECD)
4. This report is based on financial information up to 2014. 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

NOTES TO CHARTS ON THIS PAGE:

Chart 12 and 13: Corporates and Foundations includes trusts and lotteries, and gifts-in-kind (eg pharmaceutical products, professional services).

ANNEX: 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 2014	Full Members	International Members*	Comment
SOS Children's Villages	€1047m	116	17	Mostly domestic expenditures
Greenpeace	€297m	28	28	
Amnesty International	€247m	68	68	
ActionAid	€229m	18	10	
Islamic Relief	€226m	12	12	
CBM International	€225m	11	11	2013 accounts
Terre des Hommes	€134m	10	10	

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.