

Resource Mobilisation for Civil Society Organisations in Bhutan

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Over the centuries, Bhutanese living in remote mountaintop hamlets had to find a way to survive. They were compelled to cooperate and coexist with each other because rugged geography and underdevelopment made survival difficult. If it were not for the cooperation among villagers, it would not have been possible for people to eke out a living in such conditions. People found help within their villages. Neighbours were forthcoming in providing labour and material assistance as well as emotional support in times of need. This spirit of mutual help and cooperation continues in the villages. Mutual help and cooperation in Bhutanese society predates the formalisation of civil society initiated by legislation enacted in 2007 for the registration of civil society organisations (CSOs) in Bhutan. Currently, there are 50 civil society organisations registered with the CSO Authority. There are, however, many small groups which are unregistered and therefore informal.

A mapping study of registered CSOs implemented recently, among other purposes, inquired about the financial capacity of CSOs. This paper draws on findings of the above mentioned study on the financial capacity of registered CSOs in Bhutan. This paper will attempt to explicate the legislative basis for fund-raising by CSOs, describe the current scenario of fund-raising among CSOs, comment on funding prospects, and list the challenges and opportunities in fund-raising. This paper explains how CSOs scrape an existence to sustain their niche, stay relevant and meet the aspirations of their beneficiaries. Paramount among issues facing CSOs today in Bhutan is the dearth of funding for CSOs to finance their activities and to support the operational costs of CSOs. This paper touches on legislation on fund-raising by CSOs and explains the current funding situation in the CSO sector. This paper also explains the challenges in raising funds for CSOs in Bhutan, and provides some suggestions on addressing these challenges.

CSOs are permitted by law to raise funds. CSOs can raise funds from both external and internal sources such as from members, as donations, grants, subsidies, and from corporations. The funds have to be routed through a national financial institution to track the source of funds. The law also allows donations and fund-raising from the general public albeit with prior permission from the Authority. Unlike religious organisations that regularly raise funds from the general public to renovate temples and monasteries, CSOs raising funds through door-to-door collection is quite rare. In Bhutan, CSOs have raised funds from donors, private individuals, corporate houses within Bhutan, from the government, and from donors abroad.

The Act allows CSOs to invest in banks and CSOs can even make investments. In spite of this provision being articulated categorically in the Act, corresponding provisions are not reflected in the Rules and Regulations. Hence, many CSOs are not entirely sure if they can raise funds by implementing income-generating activities. Many CSOs are therefore undecided about raising funds through social enterprises. However, this has not stopped some CSOs from raising funds through income-generating activities they themselves carry out or investing in businesses. Several CSOs occasionally organise the sale of handicrafts, a few have invested in cottage-scale souvenir and textile production units and a few have endowment funds invested in banks. The law, however, is categorical in that income and profits received or earned from businesses, including funds raised, cannot be distributed among their members, founders, donors, directors or trustees.

The amount of funds received has increased from year to year. In total, between 2011 and 2015, CSOs received a sum of Nu 1.103 billion. Of this, the bulk of funds received were from donors while the funds received from the Government constitute only a small proportion received by CSOs. Donors such as multilateral agencies, international NGOs, Foundations and individuals mostly funded CSOs. Most funds are received by CSOs categorised as Public Benefit Organisations (PBOs) working to serve vulnerable groups such as those living in poverty, people living with HIV/AIDS, the differently-abled, women facing domestic violence, those involved in media and democracy among others. Funds received by Mutual Benefit Organisations (MBOs) comprise 30 percent of total funds received by CSOs in Bhutan. A large proportion of funds received by MBOs comprise membership fees.

A substantial amount of funds was accessible to CSOs through Danida's Good Governance Programme. These funds were supplemented with co-funding through donors such as Helvetas, the Austrian Government, and Netherlands Development Organisation (SNV) amounting to Nu 89 million. The funds were routed through the CSO Fund Facility managed by a private firm between 2011 and 2014. The funds were sanctioned to 30 CSOs and 32 Community-based Organisations (CBOs). While eight CSOs received more than Nu. 50 million, more than 60 percent of the CSOs received less than Nu 20 million.

Larger CSOs with substantial holdings of funding resources in most cases are consolidated with endowment funds thus enabling them to spend on fund-raising as well. These CSOs are better staffed, and employ staff for fund-raising. The larger CSOs also have established a good rapport with government agencies and resident donors. With experience in implementing projects, they have gained credibility among government and donor agencies. Government agencies and donors, therefore, are more inclined to commission these CSOs to undertake developmental activities. His Majesty The King conferred medals to CSOs at the close of 2016 as recognition for their role in Bhutan's society but also to encourage CSOs to strive harder to play their important role in governance and social development.

After 2014, there was a reduction in funding available from donors. As mentioned earlier, donor funds were committed and deposited into a common fund, namely the CSO Fund Facility from which CSOs could apply for and receive funds. Therefore, from 2015 to June, 2017, CSOs had to depend on other donors within Bhutan such as corporate and private individuals, and a few resident and external donors. Access to funds was subject to availability of funds with donors within the country. Further, just 10 CSOs had funds committed for 2017, and the number which have funds committed for 2018 and 2019 is smaller. It is mainly the smaller CSOs, those with fewer staff, and the CSOs which have received less funds that struggle to survive while the larger CSOs have been able to tap substantial funds. It is also the larger CSOs which have undertaken government contracts to execute developmental work in remote areas.

After a lull of almost two and a half years during which no funds were available in the country for CSOs, the European Union (EU) came forth in 2017 to finance the CSO sector and informal groups in Bhutan. A sum of Nu 185.2 million has been committed for CSOs by the European Union Commission. Helvetas, representing the Swiss Government and the EU, will manage the funds besides contributing 10 percent of the total funds. CSOs will have to apply for the funds with proposals for viable projects.

CSOs use a number of strategies to raise funds. Among them, preparing project proposals appears to be the most common. CSOs also raise funds through rentals they earn from lease of their infrastructure such as office spaces and meeting halls. Some carry out income generating activities while a few earn dividends from endowment funds invested in the banks. There are a few who have raised funds from private individual donors abroad who occasionally finance some of their activities. MBOs mostly raise funds through annual membership fees.

Responsibility for fund-raising is usually mandated to staff working in the communications or programme sections of CSOs. Several trainings on fund-raising have been conducted in the country but the quality of proposals for funding is still not up to the mark, as corroborated by donor representatives in the country. Besides, staff trained in fund-raising resign, creating a vacuum in CSOs.

Members of close-knit societies helped each other, engendering social solidarity to form social capital. Difficult tasks and situations were overcome as a group. Over the decades, the values of cooperation leading to solidarity are being lost and are no longer as strong as they used to be, especially in urban areas of Bhutan. Urban dwellers spend less time with each other and, instead, have become highly individualistic in their thoughts and actions, and hence are more isolated. In rural areas, villagers still help each other. The enactment of CSO legislation did not bring new principles to the fore but it certainly reinforced old and time-tested principles of cooperation and solidarity through formal institutions, what we call CSOs today. CSOs working within the ambit of the legislation are able to promote their agenda of serving the needs of their beneficiaries.

CSOs need resources and funds to finance their activities and to support their operational costs. The dearth of fund limits the activities that CSO can take up. Although legislation gives ample opportunity to CSOs to raise funds, CSOs are in perpetual need of funds. Provisions of the legislation, mainly those related to income-generating activities, are ambiguous and consequently impose a restraint on CSOs that wish to start up social enterprises. Additionally, it is possible that established businesses could object to CSOs competing with them if they are selling similar products or services. CSOs do not have business licenses and this may be a point of contention for which businesses that pay taxes on profits earned could object. Such potential repercussions could be dealt with if legislation addresses these before the problems arise.

The CSO fraternity has already discussed the legislation and, among others, has articulated the need to amend provisions on fund-raising as well. The legislation on fund-raising through income generation by the CSO should be deliberated and proposed for amendment in parliament. Although the CSO sector may not be a priority with the government compared with other national issues, amendment procedures must be initiated to ensure there is clarity on fund-raising to enable CSOs to move forward to institute sustainability for funding.

Despite these shortcomings, most CSOs have raised and received a substantial amount of funds for their activities. The funds raised, however, are highly skewed among CSOs in favour of the larger CSOs. The contingent need for funding by most CSOs, inadequacy of funds, and variable capacity of CSOs to attract and raise funds has led to this imbalance among CSOs.

The majority of the funds were raised from donors and the government's contribution to CSOs has been minimal. In the wake of withdrawal of donors (Danida has already phased out its assistance in 2014, and Austria and Netherlands are due to cease development aid in Bhutan within the next two years), there will be limited funds available within the country. Even the recently received funds from the EU is time bound and will be spent within the next three years.

The prospects for funding for CSOs appear dismal in the long run. There are various factors impacting the ability of CSOs to raise funds. For the short-term of three to four years there will be EU funds for CSOs but CSOs need to get their act together to conceive viable projects and produce quality proposals to compete for these funds. Not all CSOs have been able to benefit from the training on fund-raising because many staff that received training chose to leave. CSOs need to be more discerning at the time of hiring staff to select those who are committed to stay a minimum period that would enable the CSO to consolidate its capacity and transfer the training and skills to the workplace and to other workers who could take up fund-raising even if staff leave after some years. Besides, CSOs need to pay more attention to the function of fund-raising by appointing a person solely for the purpose of fund-raising in their organisations. This will go a long way in ensuring that fund-raising is closely connected with other

activities. It may also help raise awareness among businesses that profits earned by the CSO from the enterprise will be spent for social causes.

The fact that most CSOs do not have committed funds for the next three years suggests either that few CSOs undertake fund-raising or CSO proposals are of poor quality and therefore CSOs are unable to acquire funds. Ambiguity in legislation (mismatch between provisions the Act and absence of corresponding provisions in the Rules & Regulations) hinders action by CSOs in relation to the start up of social enterprises. Further, CSOs will have to cope with the inevitability of withdrawal of donors from the country as part of the development process. CSOs are in no way restricted to seeking donors beyond those resident in the country. There are numerous opportunities to raise funds from abroad. It is a matter of identifying the correct funding agencies and writing compelling proposals to source such funds.

It is timely and important for the government and CSOs to discuss sustainability of financing. Creating an endowment fund by the government to finance CSO activities, similar to the Health and Environmental Trust Fund, could be one way of instituting sustainability in funding. The Gross National Happiness Commission's effort to include CSOs in the planning process, in preparation for the 12th Five Year Plan (2018-2023), is commendable. Many CSOs expect to see this translate to involvement of CSOs in the Plans where they can partner with the government by implementing activities to achieve the Plan's objectives. The government could delegate funds for CSOs to participate in the implementation of Five Year Plan activities. However, CSOs need to convince the government that they are capable and can deliver the outcomes required to reach national goals. By doing this, CSOs would be recognised as credible partners of the government in the development of the country.

Legislation has provided the legal backing for CSOs to operate in Bhutan but not all provisions, as with fundraising, are clear. Amendment of the Act is not sufficient to ensure CSOs are adequately funded because CSOs, as an imperative, are compelled to build and sustain capacity in their institutions to raise funds, especially as funding sources become scarce both locally and globally. The government's role in engaging CSOs in the development process is necessary through regular consultations, actual sanction of funds, and delegation of responsibilities to lead valuable partnerships. At the same time, CSOs will be meaningfully involved in the development process as a credible partner in the governance of the country.

Contributors

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He has a Masters degree in Environmental Management from Yale University and a B.Sc in Forestry from University of Wales, UK. Dechen Dorji worked for close to seven years as a Project Manager for the Project Facilitation Office, Khangma for forestry and agricultural development across the districts of eastern Bhutan, funded by the World Bank, Swiss Development Cooperation and International Fund for Agricultural Development. He is also the founding Director of the Ugyen Wangchuck Institute for Conservation and Environment located in Lame Goenpa, Bumthang. He is the current Chairman of the Royal Society Protection of Nature and a committee member of the programme and quality Committee of the Royal University of Bhutan.

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He also worked for several years for the Samdrup Jongkhar Initiative – a civil society-based development project in south-eastern Bhutan that seeks to put this holistic development approach into actual practice on the ground.