

Understanding growth and change in Britain's Development NGO sector

In order to understand better the work and influence of international development NGOs in the UK we have mapped the fortunes of 895 organisations from 2009-15. Doing so provided a number of surprising findings:

1. The sector is large and relatively austerity-proof

In 2015 Britain's development NGOs spent nearly £7billion, equivalent to just over 55% of ODA that year. This was the culmination of steady growth in the sector in both expenditure (by 35%) and the number of organisations within it (by 30%) across 2009 to 2015.

There is no evidence that the sector has reached a peak or become saturated, and initial evidence suggests this upwards trend has increased into 2016 (the data is not yet available to show the impact of major scandals in 2018).

Contrary to a popular media narrative that suggests declining support for NGOs, the public are *by far* the most important source of funds, contributing 40% of sectoral income over the 5 years (totalling nearly £10billion). This support is increasing in absolute terms.

2. Income and expenditure across the sector is highly uneven

The 77 largest NGOs in the sector – those spending over £10million and constituting only 8% of organisations – controlled nearly 90% of sectoral expenditure in 2015. Despite large increases in income across the sector (there has been more money, for all size classes of NGO, whether small, medium or large), this structural unevenness has remained remarkably stable.

Those spending over £100 million received an average of 86% more from the UK government in 2014 than in 2010, while the smallest NGOs saw a 13% decrease in government funds over the same period.

3. There is increasing intermediation within Britain's development NGO sector

Although the smallest NGOs have experienced significant reductions in government funding, they have experienced an increase in funds from other charities. This suggests a trend towards increasing intermediation within the development NGO sector, with the biggest charities acting as intermediaries between government funding and smaller development NGOs.

Small NGOs are widely recognised and praised for their innovation and impact, and for their strong partnerships globally that mean they are connected to the communities they work with. They increasingly risk becoming cut off from DFID, both in terms of funding and their broader influence on the department's priorities.

When there are more organisations between the original donor and the ultimate recipients, more resources are spent on monitoring and reporting on the funding. Consequently NGOs are pulled away from the communities they work with, limiting their impact. Changes in aid funding modalities may be fragmenting, rather than strengthening civil society.

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