# Humanitarian NGOs and the Migration Policies of States: A Financial and Strategic Analysis

MARC-ANTOINE PÉROUSE DE MONTCLOS

This article addresses the role of NGOs in the management of migrations in countries to the south of Europe, and more specifically with forced displacements due to armed conflicts or natural disasters. The question is whether humanitarian organizations are involved in a containment policy, which consists in slowing migrations to the North and containing potential asylum seekers in refugee camps. I will show, through a financial and strategic analysis, that NGOs are in fact very dependent on institutional donors. More often than not, their budget leaves them very little room for manoeuvre and they are very susceptible to the pressures or requests that determine their geographic zone of intervention. The field of humanitarian action is thus extremely complex and reveals a great diversity of associations, including NGOs that simply do what governments tell them to.

***

When one looks into the migration policies of states, it is clear that refugee flows are allocated a specific place and are linked to both asylum rights in the North and containment policies in the South. Simultaneously, western industrialized countries take a global view of forced displacements. Their specificity is due to the fact that in the South, the management of refugees is mostly in the hands of intergovernmental agencies and international solidarity associations (ISA) rather than in those of the immigration services of the Interior or Justice Ministries of the host countries. NGOs (non-governmental organizations) are thus agents in their own right in migration policies, whether by denouncing the restrictions on asylum imposed by western countries in the North or by helping the populations in the South who have been displaced by conflicts or natural disasters and who have found themselves in camps under the legal protection of the United Nations High Commission for Refugees (UNHCR).



A brief economic analysis confirms the importance of international solidarity associations in the management of humanitarian crises. Depending on data and years, NGOs now deal with 6–15 per cent of public development aid, whereas this figures was less than 0.2 per cent in 1980.[1] In 2004, they received $4 billion from the various budget allowances which the Organisation for Economic Cooperation and Development (OECD) classifies as governmental cooperation, on top of their other funding sources. The proportion is even greater if one considers only emergency operations and not longer-term development programmes. The absolute and relative value of the funds devoted to emergency humanitarian actions has thus increased tremendously: from 3 to 10 per cent of all public development aid between 1970 and 1999. The funds that donor states allocate to emergency operations are divided into roughly equal shares between the Red Cross, the UN and NGOs. NGOs actually get the biggest slice of the 'cake', as they also receive between one-third and one-half of the funds that governments give to UN or regional agencies – for instance, the European Commission Humanitarian Office (ECHO) gives NGOs up to three-fifths of its budget.[2]

The current situation is most telling. At the international level, NGOs that specialize in emergency operations manage around half of humanitarian assistance and deal with around $1.5 billion a year, and double this amount when their own private financial sources are taken into account.[3] All in all, the yearly budget of international solidarity associations is probably around $100 billion, one-tenth of which goes to countries in crisis. This trend also concerns NGOs which work only in the country where their headquarters is located. If one includes all the social, educational, cultural, sports, or humanitarian private organizations, the so-called 'non-profit' sector accounted for around $1,600 billion in 2002![4] In a country like France, for example, one inhabitant in four is a member of one or more associations and 170,000 NGOs have employees, as opposed to 120,000 ten years ago. The impact on the national economy is far from minor. With 960,000 paid posts in 1996, the non-profit sector – religious congregations excepted – provides 4.9 per cent of non-agricultural jobs and 3.7 per cent of the GDP; this increases to 6.3 per cent when the value of voluntary work is included.

## The Reasons for the Economic Success of NGOs

Several factors explain this craze for NGOs. First of all, with the end of the Cold War and the triumph of liberalism, private initiative became pivotal and the state was rolled back, along with its social policies and its ambitions for intergovernmental cooperation in the Third World. It used to be the opposite: subsidies to international solidarity associations barely increased in the 1970s

and 1980s. During this period, they represented an ever-smaller share of public development aid.[5] The collapse of the USSR was actually a turning-point: in a world that had become multipolar, as opposed to bi-polar, new fields of action for international NGOs opened up, humanitarian intervention became more legitimate and the pioneering work of 'without borders' associations was applauded. Donor states have thus focused on emergency services: they had the advantage of costing far less and of being far more visible and spectacular than the development programmes whose efficacy always seemed dubious and whose budget had been decreasing since the 1960s.

To some extent, NGOs have also been a success because states were willing to organize their diplomacy by proxy, and because they preferred more discrete channels of influence than the official context of bilateral government-to-government cooperation could provide. As everyone knows, the funds devoted to humanitarian services and the zones where they operate are determined to a large extent by political, security and economic considerations.[6] During the Cold War, the main objective was to help the United States' allies to contain Communist penetration; today, the aim is more to promote and strengthen so-called democratic regimes, as opposed to dictatorships likely to threaten world peace.[7] To paraphrase George Orwell, some refugees are thus more 'equal' than others, and the attention of institutional donors is more focused on the more equal ones. Very often, crises in the Third World are assessed on their strategic relevance and the risk involved rather than on the intensity of human suffering. In 2003, for instance, half of the UN's humanitarian aid went to Iraq where the overthrow of Saddam Hussein's dictatorship caused very few forced displacements. In Washington, the war on terror has also modified the geopolitical map of regions that have priority. Since 2001, Afghanistan, Iraq, Pakistan, Turkey and Jordan have thus benefited from a spectacular increase in US aid, even if the geographic repartition of the other recipient countries has not changed fundamentally, essentially because of the administrative inertia of the cooperation agency, USAID (United States Agency for International Development).[8]

In this context, the generosity of donor states is all the more problematic as most humanitarian aid (60 per cent) is bilateral, which helps turn it into a foreign policy instrument. The workings of the system implicitly show a division of labour that assigns an executive role to NGOs that are subsidized by their own government while international agencies and states give the orders. The most recent trends even show a form of nationalist withdrawal from governmental cooperation. At the beginning of the 1980s, it was considered good form to finance a few 'foreign' NGOs. Today, public development aid is increasingly in the hands of associations whose headquarters are located in the donor country.[9]



All the same, it would be too restrictive to argue that NGOs working with displaced people in the Southern Hemisphere are systematically the subcontractors of western states and their migration policies. The extreme diversity of the humanitarian movement makes it more complex and one should beware of simplistic analyses, whether they exaggerate or minimize the independence of associations and their room for manoeuvre. According to the idealistic vision of the representatives of this sector, NGOs are groups of citizens interacting with states.[10] International solidarity associations are thus neither the agents of a parallel diplomacy nor instruments for the privatisation of international relations. None the less, more detailed and individualized analyses show the extreme complexity of a very heterogeneous field. Nicknamed 'GONGOs' (Government NGOs), some 'para-governmental' NGOs are in effect foreign policy instruments. Eager to preserve their independence, others try to distance themselves from states. To avoid amalgams and excessive generalizations, it is thus necessary to analyse NGOs on a case-by-case basis.[11]

## Some Elements for a Financial and Strategic Analysis

The nature and intensity of the relations between international solidarity associations and the public authorities can be decoded by means of a financial analysis, among many strategic indicators. Three main sources of data make the budget analysis of NGOs easier:

- the percentage of private and public resources,
- the diversification of income and
- the proportion of earmarked funds.

At first sight, the importance of government subsidies in the budget of an international solidarity association demonstrates its political dependence on institutional donors. As a matter of fact, most humanitarian NGOs are mostly financed by states.[12] In most industrialized countries, this is actually true for the entire non-profit sector, where public subsidies represent around 40 per cent of the budget on average.[13] The funds given by private firms or foundations are indeed negligible and instead, NGOs must rely on their ability to finance themselves, essentially through commercial activities (charity sales, fair trade, etc.). The great wave of generosity for the victims of the Asian tsunami at Christmas 2004 was rather exceptional. Contrary to preconceived ideas, donations from individuals actually account for a very small proportion (around 10 per cent) of the income of the non-profit sector.[14] Compared to the Anglo-Saxon world, these levels are particularly low in

countries like France, despite a slight increase during the last decade. Many French people remain very attached to the public service system: they argue that they already pay a lot of taxes and they are reluctant to finance private charities. Historically, the development of the Republican state has actually led to a correlative decrease in donations, legacies and philanthropic involvement since the early twentieth century.[15] Moreover, the omnipresence of the public authorities may have impeded civil society initiatives, in contrast to the principles of subsidiarity in Germany or free enterprise in Britain.

NGOs are not generally believed to have close relations with states. Many state-funded associations have actually no desire to reveal their dependence on institutional donors: they either try to hide the reality of the structure of their accounts or they justify it with various strategic arguments. The low level of private funds contradicts the official discourse of organizations which claim to be 'non governmental'. It also makes it more difficult for associations to receive state subsidies because often they must show that they have provided a minimum of funds themselves in order to qualify for grants. A recent report from the French Senate has thus highlighted the various (well-known) ways to increase the proportion of private funds in the budget of an NGO, artificially and completely legally.[16] One method consists in counting only subsidies from the Ministry of Foreign Affairs, leaving out those from local government, para-state firms or European agencies, as well as the civil servants or buildings given free of charge by the public sector. Another method is to use government allowances to build reserves that are then transformed into private funds over the following years. A similar process can be applied to the funds given by agencies that are financed by public authorities but are registered as NGOs. Similarly, some associations campaign to have their contributions counted at their 'true value'. In particular, they want to include the free manpower of their volunteers in order to raise the percentage of their private resources. In France for instance, the contribution of public subsidies to the non-profit sector falls from 57.8 to 33.4 per cent if the value of voluntary work is counted.[17] In the same fashion, the proportion of private resources in the budget of an NGO can easily increase when donations in kind are valued according to their retail rather than wholesale price, even if it means overestimating the contribution of individuals.[18]

Besides, other associations justify state backing by arguing that public subsidies lower the fundraising cost and increase the ratio of social mission, that is, the percentage of expenditures effectively devoted to humanitarian actions. As a matter of fact, those NGOs whose work depends on the generosity of individuals have to use a fairly substantial part of their budget for marketing and advertising campaigns. The reactions of the general public are rather contradictory in this respect. On the one hand, 56 per cent of French people find it normal that NGOs should spend money on advertising. On the other hand, 50 per cent do not accept that their donations may be used to cover the publicity costs of the associations, and 59 per cent do not trust organizations who send them mail adverts.[19] In an attempt to minimize overheads, some NGOs change perspective and pay more attention to the ratios of social missions than to the proportions of public funding. In this way, the percentage of the budget spent on the headquarters of an organization becomes a decisive criterion for assessing the efficacy of actions in the field. German NGOs that want to get subsidies from their government thus must show that the ratio of their social mission is at least 80 per cent net, once management and funds collection costs have been deducted.[20] Thus follows a system that is tacitly sustained by both sides. Despite large management costs, governmental aid agencies actually refuse to bear the administrative cost of the humanitarian programmes set up by NGOs. The ratios officially given represent around 5 per cent of the total budget but are not realistic: they force associations to minimize, or even falsify, the amount of money they spend on the running costs of their headquarters.



## Tales and Legends About the Synergies Between the State and NGOs

Nevertheless, some people will still believe that the subsidies of western states leave NGOs room for manoeuvre. According to this school of thought, one should not be deceived by the freedom of action given by private funding. After all, non-governmental 'donactors' do not give without any strings attached. Local and multinational firms impose geographic or thematic constraints when they finance emergency operations in countries in crisis where they have interests at stake. Individuals also have their priorities and preferences: this is demonstrated by the controversy over the international solidarity associations that wanted to transfer to other areas the financial surplus they received during the Asian tsunami of 2004. Conversely, state subsidies are not necessarily synonymous with restrictions. Researchers have shown that they do not stop NGOs from criticizing the authorities.[21] Given the great variety of humanitarian financing, international solidarity associations can also diversify the sources of their public income to play one off against the other and escape from the political constraints of aid programmes. It is even a question of economic survival: in France, NGOs like EquiLibre in 1998 or Hôpital sans frontières in 2002 have thus gone bankrupt because they were too dependent on a single donor who suddenly decided to stop funding them.[22]

If one believes the promoters of a partnership between states and international solidarity organizations, the autonomy of humanitarian

operators would be guaranteed by the diversification of their income sources. This indicator would be more relevant than the simple proportion of public funding in a budget. However, a case-by-case analysis shows that such a claim must be qualified. In today's Iraq, an NGO financed by the United States, Britain and Australia would in reality have very little room for manoeuvre since these three states are involved in the conflict. In itself, diversifying public subsidies does not guarantee anything if it merely reflects the consensus in the foreign and migration policies of the states, in particular of European states.

In the financial structure of an NGO, it is rather the proportion of unrestricted funds that shows the strategic independence of an association. Earmarking determines which areas will be chosen for action and its percentage is so crucial that humanitarian operators disclose it rarely – the International Committee of the Red Cross and ActionAid excepted. Large NGOs thus consider that it is not necessary to indicate what percentage of governmental contributions are earmarked: the British at Oxfam argue that public funds are necessarily earmarked, while the Americans at CARE argue that state subsidies are free from all political strings.[23]

Along with these very mixed statistics, which make comparison difficult, the relative opacity of humanitarian operators emphasizes the analytical limits of a purely financial vision of NGOs and their donors. In fact, more subjective and qualitative elements interfere, because the nature of partnerships between governments and associations depends above all on the institutional culture of each side. As far as NGOs are concerned, the dynamics of organizational development and programme profitability can well lead them to favour economic survival over a critical appraisal of their humanitarian involvement. In fact, very few organizations will risk losing a source of income and break a public contract if an aid programme is counterproductive and serves only to promote political interests.[24] It sometimes happens that relations between international solidarity associations and the authorities of their host country display a certain osmosis. A director from Oxfam-USA, an organization known for its independence from (even for its insolence to) public authorities, explained that NGOs who work as subcontractors for the US government and who obtain most of their budget from the US have 'the mentality of a civil servant. They think like the government. They do not need to be told what to do to satisfy Washington's expectations.'[25]

Everything depends on the attitude of the authorities. Individual cases are very different in this area. On the one hand, the United States generally uses international solidarity associations as a 'soft power' to relay its foreign policy. On the other hand, relations between the Jacobin and centralized French state and associations have long been tense, on both sides. Until recently, the French state has not, or has rarely, tried to use international solidarity



associations for its own ends through subsidies. Despite attempts at partnership and decentralized cooperation from the twenty-two regions, ninety-five departments and 36,000 'communes' of France, the proportion of development aid that public authorities give to NGOs remains one of the lowest in Europe.[26] Between these two extremes of the US and France exists a variety of situations. Scandinavian states in particular are very generous with NGOs and are known for respecting the independence of their partners.

In the end, it seems difficult to generalize. At a quantitative level, earmarked funds (more than the proportion of public funding) reveal several degrees of dependence. At a qualitative level, subsidized NGOs are undeniably linked to public authorities through overlapping interests: NGOs depend on the funds of institutional donors and states need NGOs to access areas in crisis, to obtain specific information and to implement humanitarian programmes, even if this means containing displaced populations in camps to stop them from coming to the West for asylum. From such an assessment, relations between the two types of actors appear more or less interconnected. Case-by-case analyses show a great variety of situations, from mere subcontractors to NGOs that have been manipulated against their will to those that have been able to reject subsidies in order not to compromise their freedom of action. A more in-depth study would also consider the lack of public funding for some crises, 'forgotten' because they are not very strategically relevant, or deliberately 'left aside' because they do not correspond to the political criteria of donors. It is here that the limits to cooperation between NGOs and states appear most clearly, as do the structural contradictions between the pursuit of national interest and the moral imperatives of humanitarian aid which is supposed to be universal and impartial, even to the extent of helping out the 'enemy' of the moment.

(Translated by Mélanie Torrent)

**Marc-Antoine Pérouse de Montclos** is a researcher at the Institut de recherche pour le développement, Paris.

## NOTES

1 Catherine Agg, *Trends in Government Support for NGOs* (Geneva: UNRISD, 2006), p. 14.
2 Ian Smillie and Larry Minear, *The Charity of Nations: Humanitarian Action in a Calculating Wrld* (Bloomfield, CT: Kumarian Press, 2004), p.184.
3 Judith Randel and Tony German (eds), *Global Humanitarian Assistance 2003* (London: Development Initiatives, 2003), p. 8.
4 The following figures are taken from the updated data of the impressive study carried out at Johns Hopkins University on the non-profit sector in the world: Lester M. Salamon, Helmut K. Anheier

et al. (eds), *Global Civil Society: Dimensions of the Nonprofit Sector* (Baltimore, MD: Johns Hopkins Center for Civil Society Studies, 1999).

5 Claude Emerson Welch, *Protecting Human Rights in Africa: Roles and Strategies of Non-Governmental Organizations* (Philadelphia: University of Pennsylvania Press, 1995), pp. 278–9.

6 Alberto Alesina and David Dollar, 'Who gives aid to whom and why?', *Journal of Economic Growth*, 5, 1 (2000), pp. 33–63.

7 James Meernik, Eric Krueger and Steven Poe, 'Testing model of US foreign policy: Foreign aid during and after the Cold War', *Journal of Politics*, 60, 1 (1998), pp. 63–85.

8 Todd Moss, David Roodman and Scott Standley, *The Global War on Terror and US Development Assistance: USAID Allocation by Country, 1998–2005* (Washington, DC: Center for Global Development, 2005), p. 19.

9 Agg, *Trends in Government Support for NGOs*, p. 23.

10 Henri Rouillé d'Orfeuil, *La Diplomatie Non Gouvernementale: Les ONG Peuvent-Elles Changer le Monde?* (Paris: Ed. de l'Atelier, 2006), p. 25.

11 On this, see the data of the Observatoire de l'Action Humanitaire: <www.observatoire-humanitaire.org>.

12 Peter Uvin, 'From local organizations to global governance: The role of NGOs in international relations', in Kendall Stiles (ed.), *Global Institutions and Local Empowerment: Competing Theoretical Perspectives* (Basingstoke: Macmillan, 2000), pp. 9–29; Joelle Tanguy, 'The sinews of humanitarian assistance: Funding policies, practices, and pitfalls', in Kevin Cahill (ed.), *Basics of International Humanitarian Missions* (New York: Fordham University Press, 2003), pp. 200–40.

13 Salamon et al. (eds), *Global Civil Society*, p. 24.

14 Helmut K. Anheier and Lester M. Salamon, *The Emerging Nonprofit Sector: An Overview* (New York: Manchester University Press, 1996), p. xix.

15 Jean-Luc Marais, *Histoire du Don en France de 1800 à 1939: Dons et Legs Charitables, Pieux et Philanthropiques* (Rennes, Presses universitaires de Rennes, 1999).

16 Michel Charasse, *Les Fonds Octroyés aux Organisations Non Gouvernementales (ONG) Françaises par le Ministère des Affaires Etrangères* (Paris: Sénat, Rapport d'information no. 46, 2005).

17 Salamon et al. (eds), *Global Civil Society*, p. 87.

18 Ian Smillie, 'NGOs and development assistance: a change in mind set?', in Thomas Weiss (ed.), *Beyond UN Subcontracting Task-Sharing with Regional Security Arrangements and Service-Providing NGOs* (Basingstoke: Macmillan, 1998), p. 189.

19 From a survey on the donations given to associations, carried out in September 2005 by the Institut CSA (Conseil Analyse Sondage), available on <http://www.csa-fr.com/dataset/data2005/opi20050915e.htm>.

20 Judith Randel and Tony German, 'Germany', in Ian Smillie and Henny Helmich (eds), *Stakeholders: Government-NGO Partnerships for International Development* (London: Earthscan, 1999), p. 118.

21 Samuel Lucas McMillan, *Fueling Funding Dependency? Northern Governments, NGOs and Food Aid* (San Diego, CA: Annual Meeting of the International Studies Association, polycop., 2006).

22 In 2002 for instance, HSF (Hôpital sans frontières) was put into official receivership. Founded in 1976 by Tony de Graaff with the support of the Rotary International French clubs and in partnership with Médecins du Monde, HSF built rural hospital, very often relying on French Air Force Transaal planes for transport. Typically, as the NGO grew, it took its distance from its initial donor and witnessed a rapid rise in its pay budget thanks to EU subsidies. In 2000, HSF's own funds represented a mere 4 per cent in a €1.8 million budget. Today, nothing is left of HSF but a small structure that purely relies on voluntary work – it is actually a Belgian branch, which was created in Namur in 1992 and remained linked to Rotary International. The case of Medicus Mundi, of which only a Spanish branch remains, is a little different: this NGO disappeared because it was unable to adapt and rely on media professionals to gain the genetosity of the public.

23 Agg, *Trends in Government Support for NGOs*, p. 14.

24 Marc-Antoine Pérouse de Montclos, *L'aide Humanitaire, Aide à la Guerre?* (Bruxelles: Complexe, 2001).



25 Joseph Short, quoted in Brian Smith, 'US and Canadian PVOs as transnational development institutions', in Robert Gorman (ed.), *Private Voluntary Organizations as Agents of Development* (Boulder, CO: Westview Press, 1984), p. 164.

26 Religious NGOs are very telling in this regard. In France, the 1905 Act on the separation between Church and State has led Catholic missions abroad to be self-financing, more so than their counterparts in Germany where the contribution to parish churches is collected and redistributed by the government. Today, many Christian international solidarity associations still depend less on public subsidies than lay NGOs do; in terms of private resources, they demonstrate a better financial balance: lent collections and donations from parishioners actually provide them with an annuity.

## Geopolitical Affairs

Series Editor and Editor-in-Chief: Michel Kotinman

Editor: John Laughland

This new books series will will cover global and regional geopolitics and current affairs. Each issue contains articles by commentators from all points of the political spectrum, the goal being to present as many different points of view as possible. Geopolitics studies how geography and politics interact; *Geopolitical Affairs* aims to be the last word in what is happening on our planet today.



1. Shia Power: Next Target Iran?
2. The Long March to the West: Twenty-First Century Migration in Europe and the Greater Mediterranean Area
3. Russia, the Caucasus and Eastern Europe
4. The Americas


Geopolitical Affaits is published by the Daedalos Institute of Geopolitics in Cyprus in cooperation with OGENI, the Geopolitical Observatory for Nations and the World (*Observatoire géopolitique des espaces nationaux et internationaux*) at the Sorbonne in Paris.


# The Long March to the West

## Twenty-First Century Migration in Europe and the Greater Mediterranean Area


*Editors*

Michel Korinman

John Laughland



VALLENTINE MITCHELL ACADEMIC

LONDON · PORTLAND, OR

Daedalos Institute of Geopolitics, Cyprus

OGENI
(Observatoire géopolitique des espaces nationaux et intetnationaux), Sorbonne, Paris

*First published in 2007 in Great Britain by*
VALLENTINE MITCHELL ACADEMIC
Suite 314, Premier House, 112–114 Station Road,
Edgware, Middlesex HA8 7BJ

*and in the United States of America by*
VALLENTINE MITCHELL ACADEMIC
c/o ISBS, 920 NE 58th Avenue, Suite 300
Portland, OR 97213-3786

www.vmbooks.com



British Library Cataloguing in Publication Data
A catalogue record has been applied for

ISBN 978 0 85303 780 4 (cloth)
ISBN 978 0 85303 781 1 (paper)

Library of Congress Cataloging in Publication Data
A catalogue record has been applied for

This group of studies first appeared in a special issue of
*Geopolitical Affairs*, 1/2 [ISSN 1753-5417],
published by Vallentine Mitchell Academic.



Typeset in 10.5/12pt Garamond 3 by FiSH Books, Enfield, Middx
Printed in Great Britain by Antony Rowe Ltd, Chippenham, Wilts

# Contents