# NONGOVERNMENTAL ORGANISATIONS' TRANSITION FROM DONOR FUNDING TO SELF SUSTENANCE: A CASE OF LIFELINE NAMIBIA

**A report on a research study presented to**

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**By**

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## DECLARATION

I solemnly declare that this work is my own and no plagiarism whatsoever was done. Every source used has been acknowledged and authors of such work have been referenced in this research report.

**Signature**: ………………

**Date**: …………………….

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**KEYWORDS:** social enterprise, philanthropy, Nongovernmental Organisation, donor funding, non-profit, for profit, sustainability, Lifeline.

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# CHAPTER ONE

# 1. INTRODUCTION

## 1.1 BACKGROUND OF THE STUDY

This study explored the process of Non-governmental organizations' (NGOs) transition from being donor funded to the concept of self-sustenance also known as social enterprise. In the past, NGOs have been known to be dependent on donor funding but of late this has been changing. According to Thomas (2013), the European Union (EU) currently contributes aid to around 140 developing countries; but of these developing countries those considered as middle income have had their aid cut and channelled to developing countries considered as least developed. As a result of these developments, NGOs especially those in middle income countries, are forced to come up with income generating projects in the form of the social enterprise model to be able to continue with their operations. The social enterprise model being adopted is not an entirely new concept as several authors point to its existence since time immemorial. It was, however, not popular compared to today as non-profit organizations mainly depended on charity.

Namibia was classified as an upper middle income country in the year 2010. This has impacted negatively on donor funding for NGOs operating in Namibia. This means that NGOs in Namibia are now pressed to come up with alternative strategies to raise funds for their continued operation. To this end, embracing the social enterprise model of operation has become a necessity for most NGOs in Namibia. Adopting the social enterprise model of operation will help NGOs to be self-reliant and that can in the long run ensure sustainability in the provision of social services to the general populace. However, the switch from relying on donated income to social enterprise is not an easy one. Scholars such as Bull (2006); Borzaga and Defourny (2001), point that when NGOs transit to social enterprise they face a myriad of challenges. These include among other things, lack of skills and expertise necessary in the operation of social enterprise.

This study sought to explore the transition process that NGOs undertake from relying entirely on donated income to the adoption of social enterprise. In relation to South Africa, Wijnberg (2012) writes, "In light of shrinking donor funds, many NGOs are recognizing the appeal of the social enterprise model to donors, and for their own sustainability are asking "should we, and can we, make the transition from NGO to social enterprise? (p. 3)" It can be noted that this shift is still filled with uncertainty as it is a new path being taken. This is the same trend in Namibia where external donor funding is on the decline following the classification of the country as an upper middle-income country. This might actually result in the decline in operations or closure of some NGOs if they don’t come up with alternate sources of funding or income.