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Working Paper

Domestic resource mobilisation strategies of national non-governmental development organisations in Ghana

Bath Papers in International Development and Wellbeing, No. 52

Provided in Cooperation with:

Centre for Development Studies (CDS), University of Bath

Suggested Citation: Kumi, Emmanuel (2017) : Domestic resource mobilisation strategies of national non-governmental development organisations in Ghana, Bath Papers in International Development and Wellbeing, No. 52, University of Bath, Centre for Development Studies (CDS), Bath

This Version is available at:

<https://hdl.handle.net/10419/179379>

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Bath Papers in International Development and Wellbeing

No: 52/2017

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Published by:
The Centre for Development Studies University of Bath
Calverton Down
Bath, BA2 7AY, UK
<http://www.bath.ac.uk/cds>

ISSN 2040-••3151

Series Editor:
Susan Johnson

The Centre for Development Studies at the University of Bath is an interdisciplinary collaborative research centre critically engaging with international development policy and practice.

Domestic resource mobilisation strategies of National Non-Governmental Development Organisations in Ghana

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Abstract:

National non-governmental development organisations (NNGDOs) in Ghana are confronted with declining external donor funding, arising in part from the country's promotion to a lower-middle-income status, but also more complex changes in external funding modalities. This presents incentives for mobilisation of alternative domestic resources to ensure organisational survival. Drawing on 62 qualitative interviews with NNGDOs leaders, donor representatives and key informants, this article presents findings on how NNGDOs in Ghana are responding to this challenge. In particular, the article focuses on resource diversification. NNGDOs mobilised five main domestic resources: a) corporate philanthropy; b) individual donations and diaspora remittances; c) volunteer support; d) earned income through commercialisation and e) government funding. We conclude that while reduced external donor funding is an immediate threat to civil society space in Ghana, social innovations in domestic resources in response to it offer limited potentials for NNGDOs financial sustainability.

Keywords:

Funding modalities, domestic resource mobilisation, NGDOs, Ghana.

1 Introduction

This article explores domestic resource mobilisation (DRM) as an emerging resource diversification strategy for national non-governmental developmental organisations (NNGDOs) in Ghana¹. The aim here is to situate DRM as an alternative source of funding and support for NGDOs in an environment of growing financial uncertainty and perceived aid reduction. The article seeks to address the central research question: what strategies do NNGDOs use in mobilising domestic resources in the absence of external donor funding and support? Addressing this question has wider implications for the sustainability of NGDOs operating in a resource-dependent environment and for civil society space more widely.

Over the years, NGDOs have played important roles (e.g. the promotion of human rights and democracy and advocacy on service provision) within the wider aid ecosystem. The aid ecosystem serves as an exogenous or conditioning factor within which NGDOs have had to operate (Copestake et al., 2016). However, the ecosystem of aid and its architecture are witnessing drastic shifts leading to significant changes in NGDOs' operating environment. The new aid landscape is characterised by volatility and uncertainty in donor-NGDO relationships and changing donor priorities and funding modalities (e.g. multi-donor pooled funds and result-based project management as mechanisms for supporting NGDOs) (Barakat et al., 2012; Eyben, 2013). The aim of this article is to contribute to the empirical literature on NGDOs' resource mobilisation and sustainability in a changing aid landscape (e.g. Khieng and Dahles, 2016; Hailey and Salway, 2016). In particular, this article explores how NGDOs in Ghana are mobilising domestic resources to ensure their short-term survival and long-term sustainability in a changing aid landscape. Although domestic resources have existed over the years, NGDOs did not make efforts to explore them due to the lack of a progressive philanthropic culture (Kumi, forthcoming). However, changing donor funding modalities has compelled NGDOs to rethink their approach to domestic resources. Drawing on insights from resource dependency theory (Pfeffer and Salancik, 2003) and Edwards (2013) idea of funding ecosystems as the analytical framework, this article presents findings from an empirical study of national NGDOs' mobilisation of domestic resources as alternative resources for ensuring their financial sustainability².

While much of the existing literature (e.g. Wiggers, 2016; Pallas and Nguyen, 2017) suggest that domestic resources could serve as potential alternative source of funding for NGDOs' financial sustainability, I argue that in the short-term, there is not much possibility for domestic resources to sustain NGDOs because of their current weakness and unpredictability. The risk associated with domestic resources in terms of revenue volatility is no different from external donor funding and it is even much easier to mobilise donor funding than domestic resources mainly because of the absence of a local enabling environment for the latter. To this end, I suggest that it is important not to overhype domestic resources as a magic bullet for addressing the financial sustainability predicaments of national NGDOs. Rather, there is the need to acknowledge the context specificity of opportunities and challenges associated with national NGDOs resource mobilisation. A resource mobilisation strategy that focuses on a blend of external and domestic resources will be ideal especially in ensuring the short-term survival and long-term financial sustainability. In this regard, the importance of donor funding and support for national NGDOs' financial sustainability cannot be underestimated.

This article seeks to expand our understanding of the emerging political economy of NGDOs resource mobilisation beyond the narrow focus on external donors to focus on the role of domestic resources

¹ The use of national NGDOs in this study is limited to development organisations that have their origin, registration status and governance structure within Ghana and does not include international non-governmental development organisations (INGDOs) that have acquired local registration status and operate in Ghana. National NGDOs are defined on the basis of spatial rather than their territorial coverage.

² A financially sustainable NGDO as an organisation that is able to mobilise resources (both material and non-material) to achieve its mission over time by meeting the needs of its key stakeholders while ensuring its own independence, viability and survival. While recognising that NGDOs' sustainability is holistic and multidimensional in nature, this article focuses on financial sustainability because it is the most expressed concern and major sustainability risk mentioned by NGDOs (see for example, Hailey and Salway, 2016).

in promoting a vibrant NGDO sector especially in a resource-constrained environment. This article therefore lays the ground for further research on the role of DRM in national NGDOs' financial sustainability. The focus of the article does not include NGDOs' strategies for cultivating and mobilising resources from external actors (e.g. INGDOs, bilateral and multilateral donors). Moreover, this article does not address NGDOs' negotiation of continued external funding including indirect funding through membership of consortia, collaboration with INGDOs and NGDOs networks. The rationale is to limit the discussion to the emerging trend of NGDO financing that is gaining attention and traction especially among sub-Saharan African countries (SSA) countries.

The rest of the article proceeds as follows. The next section provides a brief discussion of NGDOs' resource-dependent environment and uncertainty. This is followed by a review of the existing literature on resource dependence and NGDOs' responses focusing specifically on resource diversification. The next presents the research methodology. The penultimate section presents the research findings and discussions. The last concludes by reflecting on the implications of the research findings and direction for future research.

2 NGDOs resource dependent environment: Donor funding priorities and uncertainty

For NGDOs, the environment (i.e. task and general) constitutes a major source of uncertainty (Pfeffer and Salancik, 2003; Thompson, 1967). Environmental uncertainty occurs when NGDO managers are unable to properly predict the outcome of events because of environmental dynamism. This creates vulnerability for organisations dependent on the environment for resources as they are compelled to constantly alter their activities in response to environmental conditions (Duncan, 1972; Pfeffer and Salancik, 2003). For NGDOs, changing donor funding priorities and unreliable support create environmental uncertainty because they are unable to plan strategically and implement their programmes and activities³.

In recent years, donors have a high preference for funding INGDOs based in the Global North rather than direct funding to national NGDOs in the Global South. For example, in 2013, aid to and through NGDOs in the Global North was more than seven and half times than those in the Global South (OECD, 2015). Similarly, in Ghana, between 2005 and 2015, about \$68.2 million was channelled through national NGDOs compared to \$661.1 million for INGDOs⁴. The existing funding modalities of donors have tended to privilege INGDOs (OECD, 2015; Fowler, 2016). Donors high preference for INGDOs rather than national NGDOs is informed in part by reasons such as lowering monitoring and enforcement costs associated with funding small NGDOs because of their inability to manage large grants, reducing risk associated with direct funding due to principal-agent problem caused by the lack of information (Watkins et al., 2012; Copestake et al., 2016). As Watkins et al. (2012) suggest, uncertainty creates difficulty in predicting outcomes based on a rational/Weberian understanding with regards to NGDO-donor relations. For example, Copestake et al. (2016:160) in their study of funding for small NGDOs assert that "donor principals lack information about NGO agents with respect to their commitment, capability (including knowledge of contextual contingencies) and likely behaviour or 'effort' once in receipt of funding".

Donor preferences for INGDOs have resulted in the overshadowing of national NGDOs with their role confined to sub-contracting for service delivery within the wider aid system. Interestingly, the existing NGDOs literature has tended to focus on INGDOs to the neglect of national NGDOs operating at the district and regional levels. This has made them almost invisible in the NGDO literature despite constituting the largest proportion of NGDOs in many developing countries. The existing bias is worrying given that it is these national NGDOs 'that do the talking' at the community level by serving as intermediaries between donors and INGDOs. It reflects the argument by Edwards (2013) that organisations working on transformative agenda are rarely funded by donors because the funding

³ For a detailed discussion of state, effect and response uncertainty, see Milliken (1987).

⁴ Authors calculation based on disaggregated data from OECD Creditor Reporting System. Special thanks to Rosie Collins for helping me to disaggregate the OECD data.

system is out of balance.

Moreover, as mentioned earlier, donors are constantly changing their priorities and funding modalities thereby creating uncertainty. This threatens NGOs' effectiveness and survival due to their inability to predict future funding patterns. For this reason, failure to properly perceive and interpret changes in the external environment and act accordingly could lead to fatalities such as total collapse/disbandment and suspension of operations. Organisational disbandment and suspension of operations occurs especially among NGOs dependent on external donor funding. The extant literature demonstrates that NGOs dependence on external donors for critical resources has compelled them to align their programmes and activities towards donors (Edwards and Hulme, 1996; Banks et al., 2015). This in turn raises contentious issues about NGOs' credibility, accountability, autonomy and flexibility because they are used by donors as aid-delivery channels which has negative effects such as goal displacement (Froelich, 1999; Morfit, 2011). To this end, NGOs have come under criticisms for being less accountable to their domestic constituents because of their focus on upward accountability towards donors, hence threatening their short-term survival and long-term sustainability (Edwards and Hulme, 1996).

3 An analytical framework of diversification as a response to resource dependence

The existing literature on NGOs is quick to emphasise their dependence on donors (e.g. Edwards and Hulme, 1996; Morfit, 2011). By doing so, it downplays the agency of NGOs and ignores the countervailing powers they employ to manage their dependence. This robs NGOs of their agency and room for manoeuvre. However, NGOs are not just passive recipients of donor funding and influence, they are adaptive agents able to implement several strategies to safeguard their autonomy and survival when confronted with uncertainty (Oliver, 1991; Mitchell, 2014; Kumi et al., forthcoming). Indeed organisations are able to proactively manipulate constraints in their external environment. NGOs are therefore not without agency because they subvert the structures that constrain them demonstrating their strategic agility and agentic behaviour when confronted with uncertainty in their resource-dependent environment.

Among the strategies for reducing uncertainty associated with external donor funding is seeking alternative sources of funding and support through resource diversification. This can be mobilised from government (subcontracting and partnerships), commercialisation (e.g. income generating activities, consultancy and social enterprise) and reliance on civil society (e.g. voluntary donations). As Edwards (2013:7) observed, the current funding system is out of balance and therefore there is the need to find an alternative by exploring the ecosystem of funding that constitutes different models for social change. He further points out that "it makes no sense to claim that one approach to funding is appropriate across so many different circumstances" because the funding ecosystem consist of different elements. The dominance of one model of funding for NGOs (i.e. external donor funding) is not good for bringing about social change.

For this reason, Edwards and others highlight three distinct components of the funding ecosystem: *commercial, institutional and democratic* sources within which NGOs can mobilise resources (see Table 1). Commercial elements focus on the use of the market in the generation of social and financial returns through mechanisms like social enterprises, social and impact investment and venture philanthropy. The recent years has seen the increasing engagement of NGOs in commercialisation (see Khieng and Dahles, 2015). However, the use of commercial elements is limited in context that requires the participation of people in decision-making processes beyond financial returns or when investments are too risky for the market-based interventions. In this regard, relying on institutional funding becomes the best alternatives (Edwards, 2013).

Table 1: Alternative funding sources, strategies and trade-offs

Self-Funding	External Funding	Pros	Cons
Commercial			
Income generating activities; corporate social responsibility; consultancy; co-branding; social enterprise	Technical service delivery (e.g. broking community links). Grants linked to corporate social responsibility (CSR).	Potential to scale up through growth; acquisition of business management	Distract staff from core activities; mission drift (e.g. up market to richer clients); dilution of values; weakened downward accountability
Institutional (government, foundations, larger NGOs, donors)			
Quasi-government role including 'voluntary' taxes (e.g. in weak and failing states)	External grant funding and sub-contracting for service delivery.	Scaling up through mainstreaming; useful learning networks and political alliances for resource mobilisation	Political co-option; excessive bureaucracy; loss of autonomy; focus on process compliance not results.
Democratic (civil society)			
Membership charges and voluntary donations)	Alliances with(in) social movements; private and voluntary funding from individuals to serve their needs and preferences (e.g. crowdfunding, horizontal philanthropy, gift economy)	Power reversals; stronger downward accountability to local constituents and intended beneficiaries; social legitimacy, long-term sustainability	Loss of professional autonomy; elite capture; exclusion of non-members.

Adapted from Copestake 2017.

Institutional elements focus on funding from governments, international development agencies, foundations and donor NGOs. The challenge with institutional elements of the funding ecosystem is that they have weak accountability structures and are subject to the ideological preferences of those who control the funds. The problems of institutional funding can be addressed through democratic elements which is concerned with the creation of mechanisms to serve the needs of a particular group of people. A typical example is the horizontal giving and the sharing of solidarity among a group of people. Democratic elements reinforces participation, downward accountability and the creation of legitimacy especially in context where NGOs are perceived as the creation of donors. Moreover, it builds solidarity and gives much agency to the excluded (Edwards, 2013). The analytical framework provides useful insights into DRM in relation to resource diversification and alternative source of funding for NGOs.

Resource diversification has become an important and potent strategic response employed by NGOs in overcoming resource dependence. Revenue diversification helps in avoiding financial vulnerability by ensuring stability in revenue structures (Froelich, 1999; Carroll and Stater, 2009). This helps in safeguarding organisational survival and long-term goals and visions. For most NGOs in SSA and other developing countries, resource diversification is limited because of high dependence on external donor funding (Edwards and Hulme, 1996; Morfit, 2011). For NGOs to overcome their dependence on external donors, some commentators (e.g. Hailey and Salway, 2016; Wiggers, 2016) have suggested the need to seek alternative domestic resources. The assumption is that domestic resources has the potential to promote downward rather than upward accountability through increased engagement with domestic constituents. This will help in the building of trust between NGOs and their stakeholders. By mobilising domestic resources, NGOs would be able to tailor

their programmes towards meeting the needs of core constituents rather than donors which creates a sense of local embeddedness. This tends to create some level of moral legitimacy, a crucial ingredient for organisational sustainability (Suchman, 1995). The literature on NGDO resource diversification has neglected discussion on domestic resources. For this reason, exploring how NGDOs are seeking alternative domestic resources is significant especially in environments of perceived dwindling donor funding.

4 Data and Methods

This article is based on a survey of national NGDOs in health, education and agriculture sectors in three regions (Northern, Upper West and Greater Accra) of Ghana. This study employed a mixed methods sequential explanatory design⁵. However, the findings reported in this article draw primarily on qualitative data. In the qualitative phase of this research, 32 national NGDOs were selected because they had indicated that they adopt a number of strategies in mobilising alternative resources to ensure their financial sustainability. These NGDOs comprised of large, medium and small organisations that operated at the national, regional and district levels. Forty-two in-depth interviews were conducted with leaders of NGDOs mainly executive directors and programme managers. In addition, twenty-two key informant interviews (8 donors (bilateral, multilateral and INGOs), 2 corporate foundations and 10 informants with extensive knowledge of the NGDO and government sectors in Ghana) were conducted. Data collection took place between August 2015 and July 2016. Qualitative data was collected through semi-structured interviews which took place in respondent's offices. All interviews were conducted in English and tape-recorded with the consent of respondents which allowed for verbatim transcription. The recorded interviews were later transcribed and analysed using NVivo 10. In analysing the qualitative data, thematic coding was used. The inductive, iterative approach to qualitative analysis informed the analysis. A number of verbatim quotations were selected to support the research findings and the arguments in this article. In what follows, I present the research findings followed by a detailed discussion.

5 Key findings

5.1 Mobilising alternative sources of funding from domestic resources

NNGDOs mobilised domestic resources which have hitherto been unexplored in the literature. This took the form of volunteerism, corporate philanthropy, individual giving and remittances and government funding and support. More than half of NGDOs respondents explained that the rationale for mobilising alternative domestic resources was to ensure the reduction of financial volatility and uncertainty. Respondents emphasised that although the amount of money generated from external donors was relatively bigger than domestic resources, its predictability remained questionable. The Executive Director of a local NGDO in Accra explained:

'If you look at the quantum of funds generated domestically, you would say that external donor funding is more. However, for domestic funds, you can continuously depend on it for a long time but you cannot predict the availability of external donor funding. The donors have their own money and policies and can therefore decide that they are no longer going to fund local NGOs' (Interview, 19th May 2016, Tamale).

The move towards domestic resource mobilisation was driven largely by the need to ensure organisational sustainability. A key concern raised by one-third of respondents was that external donor funding was unpredictable and had specific timelines. Moreover, external donors hardly paid much attention to the organisational sustainability of national NGDOs. For this reason, mobilising domestic resources was considered as a pragmatic step to ensure organisational sustainability as explained by one respondent:

'So for issues of sustainability, although external donor funding is still there, it's not

⁵ This is part of a PhD research on changing aid landscape and national NGDOs' responses.

something that you can place your hopes on and it's part of the reason we have decided to mobilise other alternative sources of funding domestically' (Interview, 4th May 2016, Accra).

Another respondent added that "local resources are more sustainable because the external funds have timelines at least five years and they are finished" (Interview, 17th March 2016, Accra). Given that donors constantly change their priorities and funding modalities, NGOs adopted the strategy of mobilising alternative resources to mitigate such effects. More importantly, respondents explained that the withdrawal of donor funding and support in recent years had made the domestic resources a viable alternative. The rationale was that it promoted a sense of ownership of NGOs projects and programmes because many NGOs had been criticised for being the co-creation of donors. This affected their organisational legitimacy and relationship with intended beneficiaries. In what follows, I present the findings on how NGOs explored five main domestic resources as alternative funding and support routes to insure their sustainability. By doing so, I analyse the feasibility, opportunities and challenges associated with each.

5.2 Volunteers as alternative domestic resources

The first alternative resource explored by NGOs was the increased reliance on both community, national service personnel and international volunteers. In ensuring their organisational and project sustainability, more than half of respondents reported using the services of volunteers in undertaking their programmes and projects at the community level. It was recounted that due to the absence of core funding, NGOs were unable to hire and retain experienced staff especially once projects end. This affected organisational growth and community level projects. For example, one Executive Director of an NGO in Accra recounted:

'The effect of the lack of core funding is that you are not able to sustain your staff. However, we have a lot of volunteers and interns, so those are people you don't pay salaries' (Interview, 5 April 2016, Accra).

For this reason, community volunteers served as important human resources that ensured that projects did not end abruptly. By doing so, they sustained the presence and influence of NGOs in the project communities even after projects had ended. One Executive Director of a small NGO in Tamale explained this important role played by volunteers as follows:

'We work with community volunteers and always make them feel part of the project or programme we are implementing in the form of ownership. This makes it easier for things to be done even in our absence' (Interview, 26th April 2016, Tamale).

The involvement of community level structures including volunteers in programmes according to respondents also helped in demonstrating their achievements and impact in beneficiary communities. This enhanced their legitimacy and credibility at the community level. Interestingly, using volunteers was also an important strategy for reducing their operational and administrative costs especially given the declining nature of external donor support for their activities. Respondents emphasised that activities that would have required a number of paid staff were easily passed on to community volunteers. This came with a reduced amount of organisational expenses as illustrated by the following quotation:

'We involve a lot of community members nowadays in our programmes. So because of that, where we would have budgeted money for a programme, it is taken care off by the community members themselves. For example, instead of increasing the number of paid staff, we use community volunteers. So, we are able to reduce our administrative costs and also save some money from our projects' (Interview, 14th April 2016, Tamale).

The above statement raises important concerns about NGOs turn to volunteers and its effects on organisational performance given that many of the volunteers might not have the requisite skills and

training compared to a paid staff. Nonetheless, the changing operating landscape had compelled NGOs to take drastic measures aimed at ensuring their organisational survival. The use of volunteers by NGOs was also driven by the high culture of volunteering among Ghanaians (Okorley et al., 2017; Kumi, forthcoming). According to thirteen NGOs respondents, individual giving was largely in the form of volunteering rather than giving direct money to support the activities of NGOs. However, in the absence of core funding to motivate these volunteers, a current theme that became of concern to respondents was their level of commitment. Aside from community volunteers, respondents reported the immense financial and non-financial benefits provided by international volunteers⁶. This took the form of fees paid, in-kind donations such as clothes, computers and accessories and also linking NGO respondents to potential source of funding in their home country. The Executive Director of a small NGO working with women accused of witchcraft in Northern Ghana stated as follows: We also have donations from some international volunteers in Netherlands who also sent us some computers and printers” (Interview, 25th April 2016, Tamale). Aside from that, international volunteers provide capacity building in proposal and report writing for some NGOs. This helps in strengthening governance structures and processes. Although volunteers provided a lot of support to NGOs, during interview, about nine NGO respondents admitted they have not made conscious effort in mainstreaming volunteerism into their main resource mobilisation strategies.

5.3 Self-financing through commercialisation

NGOs’ engagement in commercialisation took the form of engagement in consultancy services, subsidiary-based enterprise and social enterprise. Twenty-five NGOs generated income from agriculture, vocational training, event organising, retail shop, construction, tourism and transportation services (see Table 2).

Table 2: NGOs commercialisation

Category of Commercial Activity	Specific Examples of NGO commercialisation
Agriculture and agro processing	Soya Bean Production, Cassava cultivation, Bee-keeping, Buying and hiring of farm inputs like tractors to farmers), Compost making, Stock piling of agricultural produce and selling them later on the market, Rearing of livestock, Establishment of shea butter and gari processing plant.
Construction	Construction of latrines for households, communities and organisations, small towns water systems, sanitation Credit Schemes, Rain Water Harvesting Technology, Urban waste and collection and management
Retailing	Sales of crafts, second-hand clothes and operating drinking spots, operating radio station and community information centre,
Consultancy	Research, capacity-building trainings, writing funding proposals for other NGOs and private organisations.
Event Organising	Renting part of office space to other NGOs, corporate organisations and individuals for fee, organising cultural and drama troops
Volunteering	Charging fees and contributions from international volunteers
Microfinance and microcredit	Profits from village savings and loans associations, lending loans to groups and individuals for shea butter extraction, maize and rice cultivation
Social enterprises	Sachet water manufacturing company, establishment of early-child day care centre, poultry farming, Investment in endowment funds, impact investment and social mutual funds.

⁶ It is important to mention that while voluntourism is a common phenomenon in Ghana, this study finds limited evidence to suggest that the international volunteers used by NGOs were volunteer tourists. This is because the study’s sample did not include local volunteer NGOs that work directly with volunteer tourists.

Secretarial services	Sales for publications and training manuals and organising capacity-building programmes (e.g. books-Governance manuals, magazines, NGO reports), operating ICT Centres, photocopy, lamination and fax.
Transport, tourism and vocational training	Operating tricycle business on market days, heavy-duty vehicle rental, provision of information on tourist sites and hosting tourists, Beads and soap making, cook stoves, hairdressing, batik, tie and dye.

Although the engagement of NGOs in commercialisation is not a new phenomenon, the uncertainty created in their operating environment had made them to give much attention to commercialisation as part of their revenue diversification strategy as explained by one Executive Director of a small NGO in the Northern Region:

‘It got to a point when it became difficult to get funding. What we did was that we had fertile lands, so we decided to engage in agriculture by cultivating about 5 acres of crops like maize, millet and guinea corn to support our organisation. By doing so, we are able to generate enough money from such operations’ (Interview, 25th April 2016, Tamale).

Another respondent added:

‘We also engage in income generating activities where we do consultancy services in research for other organisations that need our services. Some organisations also when they need some capacity building training, we provide it to them’ (Interview, 6th June 2016, Accra).

For NGOs that engaged in commercialisation, the rationale was to ensure their autonomy and independence from donor funding since it mostly came with conditions that were perceived as undesirable and sometimes unattainable. Moreover, respondents indicated that making intended beneficiaries pay for their services instilled some elements of independence and sustainability. For this reason, it was NGOs’ responsibility to ensure that their intended beneficiaries become responsible in meeting their personal needs rather than relying on donor support. By engaging in commercialisation, the rationale was to ensure that external donor funding did not become the dominant component of their resource mobilisation portfolio because it was perceived as unsustainable. For instance, one Executive Director explained that:

‘Frankly speaking, the internally generated funds from commercial activities are more sustainable. You see, it makes you work and engages you. It makes you feel like without it, you cannot survive. So you own the process yourself, you try to work to ensure that you grow... Generating your own resources is more sustainable because donor funding has timelines, at least five years and they are finished’ (Interview, 17th March 2016, Wa)

While the engagement of NGOs in commercial activities presents opportunities for ensuring their sustainability, it emerged that most entities were in their infant stages. To this end, their contribution to annual budget was minimal. Interestingly, respondents perceived income from commercial activities as unpredictable. This was because, about eighteen out of the twenty-five NGOs that engaged in commercialisation reported generated their start-up capital for the commercial activities from the donor projects they implemented. For this reason, a change in donor funding directly affected their commercial activities as explained by the Executive Director of an NGO operating in the agriculture sector in Tamale:

‘The internally generated funds are on a very small scale because it is actually from the projects that we get that we do some investments. So when the external donor funding is going down, it affects the internally generated funds because you can’t do much

investment' (Interview, 26th April 2016, Tamale).

Another Executive Director lamented about the unpredictability of internally generated funds in this way:

'Currently, what we are generating internally in terms of its flow is somehow assured but it is the quantum, which is not big because we are able to raise less than 10% of our annual budget from internally generated funds. So in terms of our budget allocation, we depend largely on external donors although we are engaging in income generating activities. In our case, the IGF [internally generated fund] is really not regular. It's once in a while' (9th April 2016, Tamale).

5.4 NGDO-Corporate partnership and corporate philanthropy

An important alternative resource explored by just over half of NGDO respondents was their engagement with corporate philanthropy. Although the concept of corporate philanthropy in Ghana is relatively new, many corporate organisations were engaged in corporate social responsibility (CSR) and therefore presented an avenue for NGDOs to tap into this alternative resource. According to respondents, corporate philanthropy in Ghana was voluntary and therefore private sector donations to NGDOs was perceived as *ad hoc*, relatively not well developed and constrained by a number of challenges. Moreover, the relationship between NGDOs and corporate organisations was described as "non-existent or at best weak". About thirteen out of the 32 NGDOs emphasised that their relationship with corporate organisations was not encouraging. This was partly because many corporate organisations were by nature profit-oriented and therefore more interested in promoting projects that enhanced their brands and market fortunes rather than the general good of the society. One respondent lamented:

'For example, MTN and Vodafone sponsor Miss Ghana and other entertainment programmes, why do you think they do that? Most often, it is built on their strategic interest. They want programmes that they can also get some money from it. They sponsor beauty pageants because they get something from it. But what can they get from NGDO work?' (Interview, 8th May 2016, Accra).

NGDO respondents explained that although corporate organisations served as a promising alternative resource route, they were mainly interested in promoting the interest of their business rather than the general good of society through their CSR. For example, three corporate organisations in the telecommunication sector had established their own foundations that run their CSR programmes independent of NGDOs. As one NGDO respondent recounted:

'They want to be visible for their branding and marketing benefits. So they are better off creating MTN or Vodafone Foundation within their organisation to be able to determine where their investments and stuffs like that should go purely for business purposes' (Interview, 23rd April 2016, Tamale).

Surprisingly, there was a clear lack of engagement between NGDOs and corporate organisations especially when it came to the implementation of their CSR. The lack of engagement was influenced in part by the lack of information about corporate philanthropy on the part of NGDOs, tendency for corporate organisations to implement their programmes directly without using the services of third parties like NGDOs and the absence of legal framework and policies that incentives corporate organisations to support NGDOs. Moreover, corporate organisations were more interested in short-term activities rather than supporting projects that had longer time span. Despite these challenges, a relatively few NGDOs reported benefiting from corporate support through product donations but this was largely one-off. A respondent echoed this point by saying that:

'The resources that we receive from the private sector might not be in the form of cash but in kind. Sometimes when we have WASH programmes, some organisations like

Unilever gives us soap' (Interview, 1st April 2016, Accra).

Interestingly, a recurrent theme was the difficulty involved in measuring corporate giving because of the lack of comprehensive data. For example, donations by small and medium-scale enterprises were often undocumented. Even for large corporate organisations, getting data and understanding on their CSR was a tough call because the decision to engage in CSR were left to the discretion of Executive Directors or senior management team. For this reason, the ability of NGOs to mobilise resources from corporate organisation depended largely on the extent of their social network or personal 'connections'. For this reason, the contributions of corporate organisations to annual budget of more than twenty-five of NGOs was negligible (i.e. less than 1%) and sometimes unquantifiable especially in terms of in-kind donations. However, the amount of organisations that reported receiving support from corporate organisations saw a marginal increase from 3.4% to 10.2% between 2010 and 2015.

5.5 Individual and philanthropic donations

In Ghana, individual giving is not a new phenomenon. This is partly because Ghanaians have a rich culture of giving to support the needy and the vulnerable in society (Aidoo, 2013; Kumi, forthcoming). However, given the relatively easy access to external donor funding that NGOs have enjoyed over the years, about eleven NGO respondents reported that they had not made any conscious effort to tap into individual giving. This was quiet paradoxical given that in recent years, there had been an increasing emphasis on the emergence of the so-called high net worth and middle class in Ghana. During interview, five key informants (two resource mobilisation consultants, one academic and two government officials) indicated that although the availability of a middle class provides a conducive environment for giving in Ghana, there is relatively little or no research that explores how the expansion of this income group affects philanthropic giving to NGOs. Moreover, they maintained that there was little research on individual giving behaviours in terms of preferences for specific sectors, NGOs or towards community development. Notwithstanding these concerns, eight NGOs reported that mobilising individual donations would enhance their autonomy, independence and promote downward accountability because of the flexibility associated with use of donated resources. They explained that individual donations are without conditions compared to external donor funding.

However, during interview, five respondents raised concern about the challenges of accessing individual giving. Prominent among them was the tendency for people to give towards family members and neighbours rather than supporting NGOs directly. Many interviewees were of the view that, people did not give directly to NGOs for reasons of social expectation, reciprocation and cultural factors. Culture and societal norms play an important role with regard to how people donated to NGOs. While respondents were willing and expected to tap into individual donations, two interviewees were concerned about perceived negative effects on the giver. These respondents explained that giving directly to an NGO is a sign of affluence which could bring bad fortunes on the giver. Such beliefs and perceptions raise important questions about how culture and societal norms affects individual giving towards NGOs.

Aside from cultural beliefs, respondents explained that individuals gave to organisations perceived to be transparent and credible who can demonstrate that donated resources would be utilised judiciously to meet the needs of intended beneficiaries rather than NGO leaders enriching themselves. This was on the basis that the credibility of many NGOs had been questioned in recent years because they are perceived as receivers of large donor funding but with relatively little demonstrable impact. This negative perception according to about thirteen NGOs made it difficult in their attempt to mobilise individual donations to support their programmes. Speaking about how negative individual perception affected their domestic resource mobilisation, one senior member of an NGO coalition explained that:

'NGOs' accountability has been towards the donors and they don't account to the people. So people at the grassroots say these are organisations who go and get money

from the donors and we don't know what they have been using it for. They drive the big cars and all that. So people with that mind-set will not contribute their GH¢1 or GH ¢2 to you as an NGO' (Interview, 21st January 2016, Accra).

An important factor that is fuelling this negative perception was the perceived lack of transparency and accountability among NGOs. As explained by eight respondents, NGOs' accountability has been towards donors rather than their intended beneficiaries. Moreover, the lack of transparency was also linked to the perception that donated items given to NGOs will not reach their intended beneficiaries. For this reason, individuals prefer to donate directly to the poor rather than using third party organisations. For this reason, local fundraising was very limited. Interestingly, NGOs' inability to mobilise individual donation was also attributed to the lack of financial resources to organise fundraising programmes and events such as dinners. For instance, one respondent shared her experience of organising a fundraising programme where individuals that attended were more interested in the souvenirs and food items that would be distributed. Thus, these individuals recognised the fundraising event as a funfair rather than they contributing to support the NGOs. The Executive Director of an NGO that tried to organise a fundraising dinner stated:

'You even organise a fundraising ceremony and they think that is about the food they are going to eat or drink. So to them, it's just like a party that you have organised. And so at the end, it's just like you just had a party and not a fundraising, it's really tough' (Interview, 29th April 2016, Tamale).

From the above statement, the perceived need to donate to NGOs is very low and this was as a result of lack of understanding into local fundraising and limited marketing skills on the part of NGO leaders. This also reflects wider discussions about the need for NGOs capacity building and public education in mobilising domestic resource.

Another domestic resource mobilised by NGOs was remittances from the diaspora. Although it is difficult to quantify the amount of diaspora funding to NGOs, it served as a valuable source of alternative funding for funding for NGOs. During interviews, five respondents emphasised that they had received in-cash and in-kind donations such as computers and library books for their beneficiary communities from the diaspora. In some instances, diaspora giving came in the form of provision of technical skills and connecting NGOs to some organisations in their host countries. It is important to clarify that although respondents acknowledged the importance of diaspora giving, little emphasis had been put on place to tap into such opportunities. This was based on limited information on diaspora giving. In addition, diaspora resources were reported to be *ad hoc* and unpredictable. Hence, over reliance on them could create serious financial volatility. Individuals were also reported to have high preference for supporting projects in their hometowns through their philanthropic donations rather than promoting the organisational development and growth of NGOs.

5.6 Government funding and support

The last potential alternative source of funding for NGOs was central government funding. However, unlike most developed countries where government funding through contracts constitutes an important avenue for resource mobilisation, in Ghana, direct government funding for NGOs was limited⁷. Although NGOs enjoyed a strong relationship with the central government following the adoption of democracy, fifty-five respondents indicated that government did not allocate funds aimed specifically at targeting NGOs. However, government agencies with support from external donors provided some funding to NGOs. This took the form contracting of NGOs' services through competitive bidding. A typical example of a government agency mentioned by respondents in the health sector was the Ghana Aid Commission while their counterparts in the agriculture sector mentioned bidding for government contracts from the Ministry of Agriculture in training farmers on effective agronomic practices and agricultural value chains. As recounted by one Executive Director

⁷ I define government funding as national budget allocations set aside to support NGOs. This does not include funding channeled through government by external donors which are given to NGOs through sub-contracting.

of a medium-sized NGDO in the health sector:

‘Now there is another project we have already being selected but we are yet to sign the agreement with Ghana Aid’s Commission. Ghana Aid’s Commission has been our partners and we receive funding from them for projects in the Central Region’ (Interview, 6 May 2016, Accra).

Interestingly, respondents were worried about recent donor interest in passing support through government agencies. Many expressed the view that when NGDOs became government’s sub recipients, it reduced the amount of funding they received. Interestingly, four donor representatives also indicated that as part of their funding modalities in recent years, they had stopped the provision of direct funding to NGDOs but rather channelled their support through government in the form of multi-donor budget support and pooled funding mechanism. One NGDO beneficiary described the support they received from the central government as follows ‘we get government funding but it is mostly donor funds that pass through government institutions’.

According to these donor representatives, the rationale for providing funds through government agencies was to build and strengthen their capacity. This was informed by donors’ perception that Ghana was a LMIC and therefore government had a responsibility to provide the needed social services rather than development partners doing the work of government. For this reason, there was a perceived need to strengthen state agencies to perform their roles especially in the absence of some development partners. Direct donor funding to government is not new, however, the recent trend was part of donors exit strategies as one donor representative explained.

However, according to five respondents, such approach was problematic in the sense that direct NGDO funding was not a priority of the central government. This was on the basis that the central government did not have any interest in creating the enabling environment for NGDOs demonstrated in the absence of a policy and regulatory framework for the NGDO sector. A key informant explained that the government was more interested in controlling funds from donors rather than formulating policies to ensure their efficiency and effectiveness. For this reason, there was no guarantee that when donor funds were passed through state agencies, NGDOs would be able to access them with ease (Interview, 26th March 2016). Moreover, given the perceived discrimination, favouritism and bias in the Ghanaian political arena, government funding will reinforce collusive behaviours where politically based NGDOs will benefit to the detriment of others. During interviews, many respondents indicated that getting government funding is highly political. An Executive Director of an NGDO recounted:

‘All government funding is highly political. Any government institutions who will give funding is political and it means you have gotten somebody there who will give the command for you to get the funding’ (Interview, 30th May 2016, Accra).

Despite the afore mentioned concerns, respondents reported that government agencies served as a source of mobilising non-material resources especially in the areas of capacity building, partnership and information sharing. Moreover, in some context, NGDOs explained that they needed government approval to undertake activities in communities. For this reason, although there are challenges associated with government funding, their contribution to non-material aspect of NGDOs sustainability cannot be underestimated.

6 Discussion

This study aimed at understanding how national NGDOs in Ghana are mobilising domestic resources to ensure their sustainability in an uncertain operating environment. It provides empirical evidence about NGDOs’ resource diversification strategies through the mobilisation of domestic resources. The empirical evidence suggests that the transition of Ghana into a lower-middle-income country and the subsequent decline of donor funding has resulted in the need for NGDOs to seek alternative resources in order to ensure their sustainability independent of external donor resources. The

findings in this study contribute to the literature on resource dependency theory by looking at the strategies employed by NGOs in reducing their resource dependence on institutional donors. Indeed as Pfeffer and Salancik (2003) argue, diversification is an important strategy for managing resource concentration and its subsequent effects of loss of organisational agency, power and autonomy associated with resource dependence. The findings suggest that the need for sustainability has become a key concern for NGO management and this has forced them to institute strategies aimed at mobilising domestic resources especially from volunteers, corporate organisations, individual and philanthropic organisations and government institutions. The rationale is to help NGOs buffer themselves against the negative impact of dependence on a sole resource supplier.

In referring back to Edwards (2013), NGOs mobilised resources from democratic, commercial and institutional elements of the funding ecosystem. The mobilisation of volunteers reflect the democratic element in the sense that it ensures broad public participation in NGOs' operations. However, it is driven by the projectised nature of donor funding and its associated contract-based hiring. To this end, in the absence of projects, NGOs are unable to sustain their -paid staff which results in high turnover of staff. The empirical evidence suggests that contract-based hiring has been fuelled in part by the wider managerialist prescriptions and its associated performance-based funding mechanisms (Natsios, 2010; Eyben, 2013). Interestingly, these funding mechanisms affect the human resource capacity of national NGOs unable to sustain their staff due to the unwillingness of donors to pay for their overheads. For this reason, volunteers help in compensating for the shortfalls in paid staff. The finding is consistent with the existing literature on the changing funding modalities and its effects on human resource development for non-profit organisations (Akingbola, 2004; Handy et al., 2008). While NGOs increased their reliance on volunteers in the absence of projects, the evidence suggests that paid staff were not replaced outright with volunteers. Rather, it complemented NGOs' human resources given their unpredictability. This finding contrasts Pallas and Nguyen (2017) who suggest that given the reduction in donor funding for Vietnamese civil society organisations (CSOs), many were replacing their paid staff with volunteer support. Similarly, Appe (2017) claims that increasing volunteers while downsizing paid staff could be a potential alternative for CSOs to consider given their changing operating environment.

Interestingly, for NGOs in this study, it is impossible for them to substitute paid staff with volunteers because of the increasing demand for professionalisation by donors (Townsend et al., 2004; Akingbola, 2004). This helps NGOs to 'properly communicate with donor' where professional staff are able to write, speak and understand donor jargon. By doing so, it increases their chances of securing resources. For this reason, this study finds limited evidence of interchangeability of paid staff with volunteers as reported elsewhere in the literature (Handy et al., 2008). Although the increasing reliance of NGOs on volunteers signifies an emerging trend in the Ghanaian philanthropic landscape, the sustainability of this practice remains unknown given the lack of commitments by volunteers. As indicated earlier, respondents reported high turnover of volunteers which directly affected organisational performance as it made strategic organisational planning difficult for NGOs because of its unpredictability. The findings therefore corroborates previous research outcomes on high turnover among volunteers in Southern Africa (Butcher and Einolf, 2017). For this reason, although reliance on volunteer labour could serve as an important cost reduction strategy and downward accountability mechanism for NGOs, its potential for ensuring the long-term sustainability remains unknown. Although Ghanaians have a high volunteering culture, the study's findings indicate that NGOs have not made conscious effort mainstream volunteering into their organisational policies.

The findings in this study further indicate the engagement of NGOs in commercialisation is caused in part by changes in their operating environment. While the existing literature highlights NGOs turn to commercialisation and its associated effect of mission creep and goal displacement (Froelich, 1999; Weisbrod, 2000), the evidence presented indicates that commercialisation among NGOs is in its infant stages. For this reason, its ability to promote NGOs autonomy and independence is limited. This is because the contribution of commercial revenue to annual revenue remains less than 10%, hence fuelling a high dependence on donor resources. Majority of the NGOs in this study had still not weaned themselves off donor influence and control. Moreover, as this evidence suggests,

commercial revenues remain highly unpredictable. On the contrary, Khieng and Dahles (2015:1456) suggest that NGOs' engagement in commercialisation (i.e. in income generating activities) guarantees their autonomy and independence. What might account for such differences in finding with is that commercialisation among Cambodian NGOs is well established than Ghana. For instance, they found that the contribution of commercial incomes to NGOs' annual budget was about 21% and in some cases over 50%.

It is important to mention that in the mainstream NGO commercialisation literature, it is mostly assumed that engagement in the generation of commercial revenue guarantees automatic independence and minimise the threat to autonomy (e.g. Khieng and Dahles, 2015; Hailey and Salway, 2016). However, the study's findings indicate, organisational autonomy arising from commercialisation depends on the extent of the development of their commercial entities and their potential contribution to annual budget. For this reason, it is problematic to generalise such assumptions because its applicability remains limited especially in context where commercial engagement is a nascent phenomenon. Although the commercial turn among NGOs has been fuelled in part by the on-going uncertainty in their operating environment, at present, it has shown little potential to serve as alternative source of revenue mobilisation for ensuring NGOs' long-term sustainability.

As the findings suggest, that there is little potential for both government funding and corporate philanthropy sustain the activities of NGOs. While the turn to domestic resources offer some form of hope for NGOs to break away from their dependency on external donor resources, the findings show that especially for corporate philanthropy, it remains highly problematic mainly because of the lack of engagement between corporate organisations and NGOs. This is attributed to the formation of corporate foundations that has become the 'NGO wing' of many corporate organisations. Moreover, CSR undertaken by these foundations has become a mechanism for furthering corporate reputational gains rather than the promotion of development demonstrated in their interest in supporting ad hoc and tangible projects that often draws media attention. Similar, Amponsah-Tawiah and Dartey-Baah (2016) found that among telecommunication companies in Ghana, the main driver for CSR was the need for brand enhancement and the creation of awareness about their product. To this end, CSR could be considered as façade that ensures corporate legitimacy. It therefore raises ethical concerns about the creation of false impression of commitment to social solidarity This double identity of corporate organisations is also attributed to the lack of regulatory framework which has made CSR to become a voluntary option for most corporate organisations.

Moreover, given the lack of organisational capacity by many national NGOs, there is a strong tendency for corporate organisations to engage with INGOs. By doing so, INGOs will overshadow national NGOs and this will further reinforce the existing unequal relationships. Aside from this, the engagement of national NGOs with corporate organisations further raises concern about potential alternative dependency and goal that is likely to arise mainly because of the need for resources. NGO-corporate partnership for domestic resource mobilisation has implications for development. For government funding, the evidence suggests that it has little potential to support the growth of a vibrant and sustainable NGO sector. From the foregoing discussion, it is clear that while the turn to domestic resources signals a positive move towards reduced dependency on external funding because of the potential to change donor-NGO relations, the evidence suggests that its prospects for ensuring the long-term sustainability of NGO remains limited and highly uncertain. In the short-term there is not much possibility to sustain NGOs independent of external donor funding.

7 Concluding remarks and implications

This article has explored how NGOs in Ghana are mobilising domestic resources as alternative source of funding and support to ensure their organisational survival in a changing operating environment. This is caused in part by Ghana's attainment of a LMIC status and changing donor funding priorities which has resulted in dwindling donor support especially for local NGOs. This article highlights that while the operating environment of NGOs is fast changing, NGOs are mobilising domestic resources which hitherto were unexplored. While this demonstrates that NGOs

are adapting to their changing operating environment, the evidence suggests that in the short-term, its potential to ensure the sustainability of NGOs remains highly limited. This notwithstanding, since NGOs' sustainability is multi-dimensional and extends beyond financial sustainability to include key elements such as credibility and legitimacy, the mobilisation of domestic resources in the long-term has the potential to promote NGOs sustainability. This therefore calls for a deeper understanding of NGOs' sustainability beyond resource mobilisation to include discussion of internal and external environmental factors such as capacity, political and regulatory space.

The changing donor funding modalities and NGOs turn to domestic resources raises four main significant concerns and implications for NGOs and wider CSOs. First, NGOs increasing engagement with domestic resources could signal the development of a new development approach that promotes the development of horizontal accountability between NGOs and their local constituents including intended beneficiaries, government, private sector and peer NGOs. Over the years, concerns have been raised about NGOs upward accountability to donors rather than local constituents mainly because of their resource dependence (Edwards and Hulme, 1996; Banks et al., 2015). However, the turn to domestic resources has the potential to cause a 'subtle' rather than 'massive' shift in NGO-donor relations in the short term. Mobilising domestic resources provides an avenue for NGOs to tailor their programmes towards the priorities of intended beneficiaries. This would help in the reduction of project duplication and misallocation of resources for NGOs projects which has become a menace to aid effectiveness.

Second, the turn to domestic resources also provides an avenue for NGOs to 'redeem their image' by revisiting their roots (i.e. bottom-up or grassroots development) given that many local population perceive NGOs to be the co-creation of donors. This has affected their credibility and legitimacy which are foundational blocks for sustainability. Since NGOs' sustainability is holistic and multidimensional in nature and extends beyond just the material resources to non-symbolic resources, building credibility and legitimacy with local constituents is crucial especially in an environment of reduced donor support. For this reason, mobilising domestic resources has the potential to rekindle the strong reciprocal, mutual solidarity and relationships. The mobilisation of domestic resources seeks to promote shared identity and solidarity through the promotion of a common agenda. Through their solidarity connection with NGOs, individuals are able to build a perception that NGOs are trustworthy which in turn enhances their credibility and legitimacy. DRM resources has the potential to promote NGOs' downward accountability to their intended beneficiaries and reflects the democratic elements of the funding ecosystem.

The mobilisation of domestic resources also raises important concerns such as alternative dependencies and its potential effects on NGOs. For example, the engagement of NGOs with corporate philanthropy raises important political economy questions in terms of power asymmetries and potential goal displacement associated with such partnerships. Since many corporate organisations use their corporate social responsibility and investment for reputational and branding purposes, NGOs programmes such as advocacy which seeks to challenge corporate organisations could become a disincentive for sponsorship. Embarking on such programmes could force NGOs to co-opt their interest to that of corporate organisations and could reinforce upward accountability and potential goal displacement. This also raises important ethical concerns especially when corporate organisations support NGOs to implement projects in communities that only seek to enhance their reputation and brand rather than promoting sustainable projects in communities.

Another implication of DRM relates to the need for NGOs to learn new skills and have a rethink of their external environment and sustainability. In terms of sustainability, NGOs need to recognise that their survival requires an integrated approach which does not only focus on financial resources but also non-material resources. This integrated and holistic understanding of sustainability also requires the acquisition of new skills, capacities for building internal structures and the development of stronger networks with stakeholders. These would help ensure sustainability both at the organisational and project level. However, an over-emphasis on one aspect to the neglect of the other would be catastrophic. This also requires donors to have a rethink of their funding models' by moving away from purely focusing on projectised funding towards one that build organisational

structures beyond the implementation of donor projects. Support such as the provision of capacity building and trainings and also encouraging NGOs to factor sustainability into their strategic plans. Given the perceived aid reduction and changing funding modalities, the mobilisation of domestic resources would also require governments to create an enabling environment that provides incentives for giving and supporting NGOs. However, at the moment, evidence suggests that the absence of regulatory frameworks and fiscal incentives like tax deductibility and exemption for the non-profit could serve as a potential hindrance to DRM. This arises in part because of the absence of a comprehensive data on the scope of the non-profit sector including philanthropy.

This discussion on changing funding modalities and DRM for NGOs opens up scope for further research. First, changing donor funding modalities raises interesting questions about its potential effects on NGOs and their intended beneficiaries especially in areas where funding is shifting towards specific sectors. For example, pooled funding mechanisms like STAR-Ghana focuses on thematic funding such as Gender Equality and Social Inclusion and good governance. Future research could explore the implication of these shifts for NGOs' sustainability in detail. Second, further research could explore how NGOs are mitigating the effects of changing donor priorities and aid withdrawal to ensure their survival. Third, given Ghana's transition to a LMIC status and the rise of high net worth individuals and middle class, it would be interesting for future research to explore their effects on DRM for NGOs. Fourth, future research could explore the effect of each domestic resource mobilisation strategy on NGOs goals, structure and operations. Last, expanding the scope of the study to other sectors and geographic locations is worth further investigation.

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