Does government funding silence Australian NGOs?

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Should NGOs take money from the government? It's one of those long-debated questions of development. There's an obvious argument in favour: the money can be put to good use. And yet the counter argument is clear enough too: take money from the state and you give it leverage over you. If you do or say things it doesn't like, it can cut your funding. At times you may directly be told what you can do or say. In other instances your own preemptive second-guessing may have the same effect. Or at least that's the theory. But what about in practice?

The data we gathered as part of the NGO internet use content analysis we wrote about in our last blog offers us a test of this theory in the Australian case. From our content analysis we knew the extent to which each of the largest 50 Australian aid NGOs used different internet media to raise public awareness about development, and the extent which they used internet media to encourage people to take action on development-related issues. We were then able to combine these data with data on NGOs gathered by the Australian Council for International Development (ACFID) for the compilation of their 2015 annual report. In particular, we were able to obtain information on how large each NGO was, whether they were religious or not, and the proportion of their revenue that came from the Australian government.

With the combined data we were able to run regressions to see whether there was a relationship between the proportion of NGOs’ revenue that came from the Australian government aid program and the extent to which they used the internet to raise awareness and to encourage people to take action. We ran two regressions: one for "awareness" and one for "take action". In each, the dependent variable was the average for the category over all of the different media types we studied. (So, for "take action", it was take action for each NGO averaged across their front page, their get involved page, their Facebook feed and their Twitter feed.) In each regression we included two control variables (whether an NGO was religious or not, and the NGO's size in terms of revenue), alongside the main independent variable of interest: proportion of revenue that came from the government. (Full details are in the methodology section of the discussion paper this blog post is based on.)

The result we were expecting was that more government funding would be associated with less internet media space devoted to raising awareness and encouraging people to take action. The two charts below show what we got. (These are the effects of government funding with the influence of the two control variables taken into account.)
As the charts above show, we found the exact opposite of what we were expecting. If increased dependence on funding from the Australian aid program constrained NGOs’ ability to engage in awareness raising or encouraging people to take action on development issues, the lines on the charts would be downwards sloping, but they aren’t. In fact they are positive. The regression coefficients that the charts are drawn from are both statistically significant at $p$.