



forus CONNECT
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FUNDING CIVIL SOCIETY ORGANISATIONS & NETWORKS

**PROMISING APPROACHES TO FINANCING
DEVELOPMENT IN THE 21ST CENTURY**

RESEARCH REPORT

MAY 2019

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EXECUTIVE SUMMARY

- ▶ Forus is a national network of 69 national NGO platforms and 7 regional coalitions from all continents, led by its members. One of the main objectives of the network's current strategy (2016-2020) is to become an influential international player and to benchmark for Civil Society Organisation's (CSO) capacity development at the national, regional and international levels.
- ▶ To support this work, Forus commissioned research into the current funding sources and modalities for civil society, with a particular focus on civil society networks and platforms at national and regional level, and on supporting their capacity development and advocacy activities.
- ▶ The aims of this research were: (i) to investigate the strengths and weaknesses of different CSO funding sources and modalities in order to shape informed recommendations about more effective resourcing of CSO networks and platforms in the future (ii) to ensure that the contribution of CSOs to the achievement of the Sustainable Development Goals (SDGs) is supported, particularly through the effective resourcing of their capacity development and advocacy activities and (iii) to support the development of essential sectoral infrastructure and the emergence of a more supportive ecosystem for civil society generally.
- ▶ The research was carried out by a team of researchers external to Forus, active in CSO networks, and with a background in institutional funding for development. The methodology involved a literature review of studies into current funding sources and modalities for civil society. This was combined with field research including interviews of Forus members (national civil society platforms & regional coalitions), partner organisations and relevant think-tanks and experts.
- ▶ The research identified some of the factors influencing current funding trends for civil society. It explored ways in which a wide range of new stakeholders are coming on board as both partners with, and funders of civil society and identified how networks and platforms are currently responding to these changes, highlighting both the main challenges and opportunities. The key findings of the research report, and its recommendations, will be included in a capacity development Toolkit for Forus members.

Key Findings

The headline findings from the field research are:

- ▶ There is an alarming lack of diversity in funding modalities for majority of platforms and networks with many of them relying largely or exclusively on EU funding, particularly smaller national CSO platforms from the Global South
- ▶ Members fees are an important source of income for Forus members, and a significant source of income for a small number. The potential for income of such fees varies according to the local civil society context, including factors such as the political and funding environment.
- ▶ Income generating activities such as room and car rental, product sales, and selling services such as research and training are areas of growing interest for CSOs
- ▶ Managerialist approaches to funding, and challenges to closing civic space, are affecting CSOs' ability to strategize for sustainability, as well as to innovation and independence. Trust-building and collaborative working, including through networks, are key strategies to respond to these challenges.
- ▶ The best practices identified by the research on developing capacities and resourcing civil society have a power shift at their core, placing decision-making in the hands of communities and representatives of local civil society, for example through participatory grant-making and co-creation.

When asked about the "ideal donor" respondents said they would value donors that

- **Involve CSOs in the co-creation¹ of funding programmes and modalities from the outset;**
- **Pro-actively include smaller, local organisations with local knowledge in funding partnerships with donors taking into account their capacities and needs;**
- **Consider flexible funding models that can be adjusted to changing circumstances;**
- **Consider longer term funding that will cover at least three to five-year programmes;**
- **Consider funding for stand-alone advocacy programmes;**
- **Funding for more innovative work such as policy coherence for sustainable development is crucial to the achievement of the SDGs.**

¹ Co-creation is a process where the donor works together with the NGO to design a programme that aligns with each of their missions and experience of what works, this is increasingly seen with donors such as US corporates and foundations, and also with the EU.



- ▶ **The research revealed that there is a diversity of contexts within which CSOs operate and that funding approaches that are promising in one context, are unlikely to be successful in all contexts.** An important unifying framework is the Agenda 2030 and it is important that any research, donor advocacy or policy - influencing takes place within that frame. Networks and platforms have a unique role to play in relation to the Agenda 2030, and this can also be a route to ensuring financial sustainability.
- ▶ **The literature review revealed a notable lack of research from the perspective of civil society itself, and that much of the literature originates from the Global North,** with a distinct lack of voices from the Global South. Further research needs to be undertaken that fully captures the perspective of CSOs at the end of the funding chain, to fully understand what sustainable best practice looks like.
- ▶ **There is an urgent need for evidence-based advocacy to influence donor policy in relation to the funding of regional and national civil society networks and platforms.** This includes the need for further research into innovative funding frameworks supported by multiple donors.
- ▶ **Official Development Assistance (ODA)² as a percentage of DAC³ national economies is in decline,** and the definition of ODA itself is widening, as climate change, migration and the rise of populism puts increasing pressures on development budgets. A wide diversity of new philanthropic actors and innovative funding mechanisms are coming in to fill the space, emerging from very different contexts.
- ▶ **CSOs have witnessed traditional funding streams shrink and this has been accompanied by greater uncertainty in relation to funding size, sources and models from traditional donors.** Modifications have been made to donor criteria, including diversification of funding sources, requirements for private sector partners, and more stringent requirements to demonstrate impact. New sources of finance are emerging, such as the rise of emerging market philanthropists and social investment products. New mechanisms to access finance are also emerging, such as crowd-sourced funding and online lending platforms that directly connect lenders and entrepreneurs.
- **There is a rise of, and investment in, participatory forms of grant making,** such as Community Foundations⁴, which reflect the growing #ShiftThePower movement, and a growing consensus around the need to ensure local actors are driving funding decisions and capacity development

initiatives. These trends, and new avenues for funding, can be very context specific, and there is no “one size fits all” approach.

- ▶ **The literature review identified a disconnect between managerialist approaches to civil society funding, characterised by competitive, short-termist and results-driven agendas, and the desire of institutional donors to support a sustainable and thriving civil society through flexible and responsive funding.** The interviews showed how the managerialist approach is affecting Forus members, their ability to respond to the rapidly changing environment, and to strategize for sustainability. This is contrasted with the principles of social transformation and adaptive management that many of these institutions espouse. There is strong and clear evidence of institutional donors adopting a strategic, long term, partnership approach to developing civil society, and it will be important to generate clear evidence about what works well in relation to funding modalities.
- ▶ **Many networks and platforms are struggling to find sources of funding for core costs, and are highly dependent on project funding,** particularly from the EU. Membership fees and social enterprise, or selling services, are two ways that networks and platforms can generate an income. However, in general, interviewees feel that they are lagging behind in terms of capacity, time and resources to respond to trends in the funding landscape. Furthermore, trends such as more consortia working, and the increasing desire by donors to fund southern Non-Government Organisations (NGOs) directly, are occurring without acknowledging and addressing power issues, further exacerbating challenges to mobilise resources, and in particular to cover core costs. Such trends can represent a challenge, and, if handled correctly, also an opportunity.
- ▶ **One of the biggest challenges to innovation and independence is the closing space for civil society,** and this is affecting many Forus members. While this presents a significant challenge, it is also seen as an opportunity, as funders who are beginning to coalesce around efforts to tackle closing space may be attracted by the convening role that networks and platforms are able to play. Foundations and private donors, with different lines of accountability, have greater freedom to innovate with funding approaches, and to tackle issues around the closing space for civil society. The literature has revealed some strong examples of how foundations are working collaboratively with civil society, and adopting a partnership approach to capacity development, despite

² Official Development Assistance

³ Development Assistance Committees

⁴ Community Foundations defined as combining “stewardship over community resources with a specialisation in building co-financed partnership at the community level” (Inviolatta Moyo, WRF, Zimbabwe) are led by the communities they are intended to benefit, and manage community resources and funding to meet particular needs within that community.

the perceived risks to accountability. Forus members have begun to benefit from such forward-looking donor practice, and this is a notable area of potential.

- ▶ **A long-term approach to trust and relationship building is a crucial bedrock for true funding partnerships.** In a rapidly changing context, risk awareness and leadership are also crucially important factors in sustainability. From the point of view of donors, there is evidence that long-term, flexible, and less restricted funding modalities are crucial to support advocacy, capacity building and a thriving civil society.
- ▶ **There is power shift underway, and the very best practices in civil society capacity development, have this power shift at their core.** For example, Yetu, Red Umbrella and UHAI, are organisations that have evolved to a model of community approaches to resource mobilisation and participatory grant making, and the report showcases these examples. UHAI⁵ in particular makes an interesting example of where funding decisions and governance is carried out exclusively by the communities intended to benefit. The review calls for an examination of the unique role that regional and national civil society platforms have in facilitating and enabling the right conditions for such participatory, “bottom-up”, context specific and locally designed funding models, through their advocacy, capacity building roles and through facilitating cross learning.
- ▶ **Greater collaboration and co-creation between donors and networks/platforms are identified as “promising approaches”** and increased dialogue with donors is called for about what constitutes effective funding practice, assessing the true cost of activities/projects, increasing the scope for mutually identifying the areas of greatest synergy, how change happens and how long it takes. This is a very positive trend for CSO relationships with funders, and a small number of the interviewees from both the global north and the global south shared their positive experiences of this. Reference was made during the online interviews to a Civil Society Fund- a one stop shop for funding management for CSOs in Cambodia. Any funder wanting to fund NGOs in Cambodia can work through this mechanism, which was started under an EU support project in partnership with Bread for the World. Other activities in this programme include building capacity of NGOs and attracting new donors.

▶ **The research also demonstrated how some networks and platforms have been able to benefit from their unique relationships with CSOs to act as Fund Managers⁶, generating an income while doing so, at the same time as serving their members.** There is a clear interest from other platforms, generally smaller and/or Southern based, who were keen to also act as Fund Managers. To enable this, they will require support to advocate to donors about the considerable value that they can add as fund managers, for example in terms of access to hard to reach grant recipients, and in relation to their enabling and capacity building support roles. Forus is well placed to support such advocacy on the added value and benefits of having smaller, Southern based platforms act as Fund Managers.

▶ **Prevalent project-style funding models were questioned by some interview respondents and it was suggested that southern-based civil society should rethink strategies for sustainability, including concentrating on advocacy to influence the funding environment, and turning to social enterprise.** A recommendation for further research is to examine the role that regional and national civil society platforms have in facilitating and enabling the right conditions for such funding models for civil society more generally.

▶ **CSO are increasingly building social enterprise into their strategies for sustainability.** One of the online interviews highlighted an example of many community based organisations which produce different agricultural products and which work with the private sector as an investor. A local CSO acts as bridge between investor and community and then asks for 5-10% of business turnover.

▶ **CSOs are aware that they need to promote diversification of their funding strategies.** The research highlighted how being part of a network can support organisations to explore diversification of funding strategies. With support from Forus, the national platform had time and money to contract a specialist to develop a fundraising plan and involved all members and its Board in the process. This energised the members as all could volunteer their ideas and many different proposals of how to fundraise were generated.

▶ **The research report concludes with four examples of best practice in resource mobilisation from the interviews,** from pro-active relationships with donors to the importance of understanding, and mobilising, the unique value of platforms and networks to generate income; to membership fees and income generation.

⁵ UHAI EASHRI- the East African Sexual Health and Rights Initiative: Africa's first and largest indigenous activist fund supporting the human rights of sex workers and sexual and gender minorities in seven East African countries

⁶ Fund Managers is a term used to describe contractors that donors engage to manage particular funding programmes. While these are often private sector consultancies, not for profits, and academic institutions are also eligible to act as fund managers.



Recommendations

The following is a summary of the recommendations made throughout the report. These recommendations are grouped under (1) recommendations for donors and the wider civil society, and (2) recommendations for Forus

For donors and wider civil society

1

More research should be funded to enable a better understanding the current situation facing networks and platforms (particularly in the Global South), and to enable such organizations to learn, adapt and survive in a rapidly changing funding landscape.

2

There is a need to enable and nurture cross collaboration between donors and grantees and for facilitating spaces where CSOs and NGOs, particularly those in the South, can have a seat at the table with the skills and tools to adequately negotiate with donors, with the aim of exploring framework approaches to fulfilling the commitments of SDG17. Donors, networks and platforms alike should consider their role in making this happen, and channel resources to this work.

3

Long-term, flexible, and unrestricted funding is critical to support the organizational health of CSOs, particularly in the context of the closing of space for Civil Society. In order to support a thriving civil society, donors should develop new, and collaborative, and context specific funding approaches and modalities based on learning from best practice.

4

Donors and civil society should learn from best practices in co-creation, and participatory and “bottom-up” approaches to funding design, and to make these emerging trends a regular feature of programming.

For Forus

5

Forus should play a key role in continuing its advocacy aimed at existing and emerging donors, to raise awareness and understanding of the unique role of platforms and networks, to advocate for continued funding, and to influence donors on the most effective forms and modalities of funding.

6

Forus should support networks and platforms to understand and articulate their ‘value offer’ whether their local community knowledge and experience or position of trust, their ability to promote messages within global fora, or their ability to create needed research.

7

Forus should continue to monitor the use of the Toolkit that will be produced from this report and which will contain guidance on strategies and planning for sustainable funding. It should ensure that it captures and shares the learning from ongoing experiences of its members who are trying to find routes to sustainable funding.

8

Forus should carry out more detailed and specific research into new financing tools, to enable a better understanding of their relevance to Forus members, and what would be required in order for members to access these instruments.

9

Forus should support smaller, Southern based platforms to explore the opportunities and risks of operating as Fund Managers, and the support advocacy with donors about the considerable and unique added value and benefits that these platforms will bring to such roles.

10

Forus should continue to support platforms to negotiate better donor-grantee terms, including supporting the negotiation of full cost recovery. In addition to support Forus members to advocate with consortia leads (such as large INGOs) for a fair and equitable approach to budgeting overhead costs.

Read the full version of the research report “Promising Approaches to financing development in the 21st century”: <http://forus-international.org/en/influence/agenda-2030-hlpf>

Table of Contents

1. Introduction	9
2. Methodology	9
2.1 Literature review	10
2.2 Interviews	10
3. Main funding sources and modalities for civil society	11
3.1 Overview from literature review	11
3.2 Overview from interview findings	11
3.3 In Depth country Studies	12
Country Based CSO experiences of social philanthropy: India	12
Regional based CSO experiences of social philanthropy: the Balkans	12
Southern based CSO experiences of social philanthropy: Africa	13
learning from Think Tanks	14
4. Trends over the last decade	15
4.1 Overall Trends in ODA	15
4.2 Changing volume and nature of funding for Civil Society	16
4.3 Collaboration and Co-Creation with CSOs	17
4.4 Innovation and new actors in development funding	17
4.5 Increased role of private sector	17
4.6 New funding modalities	18
4.7 Localization and #ShiftThePower	18
5. Innovation and Independence	20
6. Best practice in funding from literature review	22
6.1 introduction and overview	22
6.2 CCIC: Growing through adversity	24
6.3 Thousand currents: Informing philanthropic practice	24
6.4 Yetu: community foundation to develop cso capacities	24
6.5 Red Umbrella Fund, vs. UHA! Participatory grant making	26
6.6 Civitates: funder collaboration to bring about system change	26
7. Best practices in funding platforms	26
7.1 Pro-active Donor Management	27
7.2 Responsiveness and flexibility / Know your Value	27
7.3 Platforms as Fund Managers	27
7.4 Platforms and corporate partnerships	27
7.5 Fostering other areas of excellence to mobilise resources	28
7.6 Maximising Membership Fees	30
7.7 Exploring income Generation	30
8. Conclusions and Recommendations for Future Sustainability	30
Appendix A: Bibliography	34
Appendix B: List of Interviewees	35



1 Introduction

Forus (formerly the International Forum of National NGO Platforms) is a national network of 69 national NGO platforms and 7 regional coalitions from all continents, led by its members. One of the main objectives of the network's current strategy (2016-2020) is to become an influential international player and benchmark for CSO capacity development at the national, regional and international levels.

Forus' Strategic Plan (2021-2025) will position Forus as a key actor and global advocate for sustainable and adequate resourcing of civil society around the world, with a focus on the capacity development of the sector. To support this work, Forus commissioned a piece of research into the current funding sources and modalities for capacity development of civil society, with a particular focus on civil society networks and platforms at national and regional level. The aim of this research is to investigate the strengths and weaknesses of different CSO funding sources and modalities to help Forus to shape informed recommendations about future effective resourcing of CSO networks and platforms. The wider aim is to ensure effective resourcing of capacity development, and the development of essential infrastructure and the emergence of a supportive ecosystem for civil society more generally.

The research is comprised of a literature review of up to date studies into current funding sources and modalities for civil society, supplemented by case studies/field research involving Forus members, their partner organisations and relevant think-tanks and experts and based on a case study approach, collected through surveys and semi-structured interviews. The key findings of the research report, and its recommendations, will also be included in a capacity development toolkit for Forus members entitled "Promising approaches in resourcing and strengthening NGOs active in the development sector for the 21st century".

The research (literature review and interviews) was framed by the following research questions:

1. What are the current main funding sources and modalities for resourcing development NGOs, platforms and networks, with a focus on advocacy and capacity building?
2. What are the current trends, and promising approaches, in the sources and modalities for this funding, and how have trends evolved over the past decade?
3. What are the strengths and weaknesses of funding models in relation to funding advocacy and CSO capacity development at different levels - i.e. globally, nationally and locally?
4. To what extent do these main funding sources/modalities promote innovation and the independence of NGOs active in development (i.e. unconditional aid)? To what extent is it very prescriptive? To what extent does the funding also allow for innovation and creativity - testing out new approaches.
5. What are best and worst practices in funding of development

NGOs, in relation to predictability, sustainability, flexibility, diversity, transparency, accountability?

6. How can the building of new networks (regionally, globally and sectorally) be sustainably resourced in the future?

2 Methodology

2.1 - LITERATURE REVIEW

Suggestions for literature sources were gathered from Forus, and from the consultancy team. In addition, sources such as Bond, CIVICUS, Development Initiatives, Humentum, and Forus member websites were gathered. References within reports were also followed. Internet searches were conducted using the terms "Funding civil society networks", and "Funding civil society platforms". The review encompassed wider civil society, rather than just focussing on NGOs, as the authors felt that this was more in keeping with the language and intention of the SDGs.

In all, the following review covers 34 publications, listed in the Bibliography in Appendix A. It should be noted that the majority of publications reviewed were written from the perspective of funders, or from the perspective of research into CSO funding. We were unable to find research relating to the funding of networks or platforms. Research produced by networks and platforms tends to be focused on the funding of civil society, or NGOs, rather than examining their own sustainability. One exception to this is the (unpublished) analysis of the funding of the Canadian NGO network, CICC.

It is notable that there is a lack of research from the perspective of civil society itself, and much of the literature found originates from the Global North, with a distinct lack of voices from the Global South.

RECOMMENDATION

There is the need for further research to be undertaken that fully captures the perspective of CSOs at the end of the funding chain, and those who are undergoing capacity development, to fully understand what sustainable best practice looks like. In particular, in relation to networks and platforms, there is very little existing research. More research is needed to understand the current situation, and, perhaps more importantly, to monitor and learn in real time what new approaches are working. We are at a critical time when these organisations are struggling and learning and adaptation must be rapid to ensure survival.



2.2 - INTERVIEWS

Following the literature review, a series of twenty-one interviews were arranged to add more depth and up to date context to the findings. These interviews focussed in part on filling the gap found in the research relating to the funding of networks and platforms. Forus recommended a cross-section of interviewees including national, regional and global networks with diverse geographies, turnover and longevity. Interviews were restricted to those that could be carried out in English, Spanish or French. A list of interviewees is included in Appendix B.

Prior to the interviews, respondents were invited to complete a short online survey to share details of their priorities, income, income sources, as well as the biggest fundraising challenges and opportunities they are encountering.

During the one-hour interviews, conducted online, respondents discussed these issues in more detail, including their reflections on the level of diversity of income, trends in their income, approaches to sustainable and diversified fundraising, donor relationships, and what support they would require for the future. We also explored the idea of an 'ideal donor' or funding model, what this would look like in practice and if they were working towards such a model. It should be noted that the surveys were not completed by all participants, as such the depth of the subsequent interviews was reduced in some cases. Some interviews were affected by connectivity issues resulting in a reduction in quantity of information gathered.

3 Main funding sources and modalities for civil society

3.1 OVERVIEW FROM LITERATURE REVIEW

In its 2017 report, *"Developing the Capacities of Civil Society for a Successful Implementation of the 2030 Agenda"*, Forus (then IFP), drew attention to the urgent need to resource capacity building of civil society, and for a planned and co-ordinated global approach linked to the monitoring and implementation requirements of Agenda 2030, and including civil society in its design. Forus highlighted the need to provide a multi-level financing framework to resource the achievement of SDG 17, linked to an indicator to measure the financial resources dedicated to the capacity development of civil society each year and their sustainability over time.

Through a history of structures, practices and prejudices in the aid system, International Non-Governmental Organisations (INGOs) - particularly larger ones - continue to dominate direct access to funding and to international policy-making fora relative to other types of CSO. Although

large INGOs are often highly capable and well-motivated, this system has tended to overlook Southern CSOs. In 2016, Northern CSOs received 11 times as much ODA as Southern CSOs (OECD, 2018).

An analysis of OECD-DAC data of CSO funding also reveals that whereas absolute funding amounts have stagnated, the proportion of overall aid channelled to civil society has decreased from 12% in 2014, to approximately 10% in 2016. Meanwhile, funding through CSOs (earmarked funding) remains far more important than funding to CSOs (funding programmes by CSOs themselves).

HIVA's 2018 report, *"Donor Relations with development CSOs at Cross-Roads?"*, looking at trends in government funding of CSOs from six European countries, found traditional donors are increasingly offering reduced certainty in terms of funding size, sources and modalities. Conditionalities are increasing, including diversification of funding sources, requirements for private sector partners, due diligence compliance, and more stringent requirements to demonstrate results and impact.

One effect of this is an evolution towards a more unstable and more fragmented funding landscape, with proliferation of new and often smaller grant schemes with a narrower thematic/geographical focus. This also raises concerns about CSO autonomy; concerns which are reinforced by a continued emphasis on funding through (rather than to) CSOs, and a strong orientation towards results-based management. Larger, and more established players tend to benefit most from these changes.

However, simultaneously, as CSOs have witnessed traditional funding schemes shrink, new sources of finance are emerging, such as the rise of emerging market philanthropists, social entrepreneurs, and social investment products. New mechanisms to access finance are also emerging, such as crowd-sourced funding and models like KIVA, an online lending platform connecting lenders and entrepreneurs.

A study by Synergos, commissioned by the Citi Foundation, *"Capacity Building Across Borders"*, interviewed 50 NGOs and grant making foundations globally, and identified that global funders are paying increasing attention to 1) the capacity building needs of civil society organisations; 2) the need for more coordination and collaboration among stakeholders in the capacity building space; and 3) the requirement of long-term flexible funding to create the conditions where capacity building can become part of an organisation's strategy. The study also acknowledges the importance of addressing power imbalances, working collaboratively, and establishing trust. One of the key findings of the report is a growing body of research pointing to several successful models for capacity building, especially from the United States. However, the report also identifies that capacity-building models

do not travel well, and best practices in one country do not usually translate successfully to others.

3.2 OVERVIEW FROM INTERVIEW FINDINGS

“(I am) worried that in the next 10 years many Forus members will have disappear if we don’t change the current situation.”

In our interviews we found huge diversity, but also many common threads. Some have been established for decades; others are just a few years old. Some have annual budgets in excess of €10m; others operate on annual budgets less than €10,000. Some serve single countries, and others whole regions. Some operate in free and open societies; others are affected by increasingly closed civic space.

One of the most concerning common findings was the **alarming lack of diversity in funding modalities for the majority of platforms and networks**. Many of those interviewed are heavily dependent upon one or very few income sources. A significant common challenge from the interviews is **dependency on funding from the EU**, which represents >60% of the annual income for more than half of our respondents. Further to this, different platforms are at different stages with their relationships with the EU which has had differing impacts on their income. For example, the EU is currently the main source of income for 6 of the platforms we interviewed, and it was the main source of income for other several others until recently.

For one small Eastern European Network, this dependency significantly affected income in 2017, when there was no Development Education & Awareness Raising (DEAR) call. A regional African platform also faced similar situation after the end of their 5-year EU project in 2017. Their income fell by approximately 60% from 2016 to 2018 as a result. Others are in the final year of EU funding with no firm strategies in place to replace it once it ends. Relationships with the EU also differ greatly between platforms. Some have direct relationships as lead applicants and others receive sub-funding via larger organisations including Forus, CIVICUS, and INGOs. For some, acting as an implementing partner is a strategic decision to avoid the administrative burden created by applying as a lead or sole applicant. For others, working in consortium can increase impact whilst for some platforms, they simply do not meet the criteria to apply as a lead applicant. Furthermore, some EU - platform relationships are considered a strategic win-win partnership, where the platform supports the creation of EU Road Maps, or provides other added value to the EU, whilst other platforms have a more traditional donor-grantee relationship.

However their funds are secured and managed, dependency upon EU funding lines is an area of extreme concern, as a change in policy could have a devastating impact on many organisations, a majority of which may not survive.

Single donor dependency is not limited to the EU. A national forum in East Africa receives over 50% of their funding from the Democratic Governance Facility. A shift in the funding modality from strategic to project funding led the Forum’s income declining by 75% over 4 years. Similarly, a Regional African network is currently receiving over 85% of its income from one donor following a strategic move into maternal and child health. Whilst moving into a new thematic focus has allowed them to access new funding following the end of an EU grant, ending single donor dependence is still a work in progress.

There are notable exceptions. One global platform has a much greater diversity of donors, with no individual donor contributing more than 30% of its annual budget. Another example of a platform with a more diverse portfolio of donors is a regional platform who, in contrast to the example given above, are not actively seeking to significantly expand their donor base, but rather to maintain current partnerships only with funders who allow them to meet their core strategic objectives.

Other significant income sources include other sources of ODA (national governments, UN organisations etc.) Trusts & Foundations, service delivery and Membership fees.

The relative **significance of membership fees varies considerably**, with some networks and platforms able to attract up to one third of their income through this route; whilst others, notably in the global South and in areas of shrinking civic space, including Asia, Eastern Europe, and parts of South America, are struggling to maintain consistent membership fee income at all. Most of this category labelled their income from memberships fees as either ‘insignificant’, or ‘irregular’ and valued it at under 5% of their income.

Approaches to membership fees vary greatly - as mentioned above, some see them as a key source of income to be maximised; and as an important way to demonstrate to other funders the value that their members place on their work. Others feel that in their role as networks seeking to support their members, it is not appropriate to charge fees in the difficult environments in which they work. Some have regulated fee structures, whilst others operate a ‘pay as you can’ policy.

An African national NGO network presents in a thought piece the challenge that NGOs in Burkina Faso face as they have grown, with competition with Northern NGOs for ever decreasing, and increasingly bureaucratized funds.

“The bigger you get, the more vulnerable you become as you have to maintain the systems you’ve created, despite your donors saying they’re not interested in your system, but in your results on the ground. When you can’t sustain your systems, your experts will look elsewhere.”



The solution proposed is that NGOs will have to create their own resources, through social enterprise, or corporate support, alongside advocating for a renewal, or a “new deal” of partnership between NGOs and donors.

Social enterprise, or income generation, was an area of growing interest to many of those interviewed. None are yet generating significant income, but several are beginning to develop their offers of services and facilities with a view to developing a more reliable and unrestricted income source. This is seen as an important means of diversification, and one that organisations themselves are more in control of. However, it is difficult to get right: there are challenges to running a profitable business-arm, and to ensuring that it contributes to, and does not detract from their core mission. A common message from our interviews was that funding is becoming ever more challenging: ***‘Funding challenges are enormous & increasing by the day.’***

3.3 - IN DEPTH COUNTRY STUDIES

This picture of global funding patterns for CSOs is reflective of a body of literature that originates in the main from the UK, from Europe and the US. Our analysis will therefore benefit from more in-depth country studies. The following three studies reflect how the CSO funding landscape can vary internationally. For example, our review shows that CSOs in developing countries have less access to government funds than those in developed countries, so consequently rely more on private funds.

Country Based CSO experiences of social philanthropy: India
The financing of the SDGs in India is following a very different trajectory to lower income countries. Deprioritised for ODA by some institutional donors, Indian CSOs face additional barriers to accessing foreign funding as the Foreign Contribution Regulation Act enables the Government of India (GoI) to control the flow of foreign funding to Indian NGOs through regulation, thus giving an avenue for political control of civil society opposition.

The funding landscape in India presents the rise of alternative sources of funding for civil society. According to a recent report ***“Sustainability in the context of Indian CSOs”*** the potential of funding from UHNI (Ultra High Net Worth) and HNI (High Net Worth) individuals is rapidly expanding in India. At the same time, Corporate Social Responsibility (CSR) initiatives are increasing, spurred by the GoI’s policy to require companies to give 2% of their profits to social causes. Diaspora giving is identified as a third area of growth and potential. While regulation drives spending for CSR, UHNI participation is directly attributable to the ability and willingness of individuals to use their wealth to bring about change.

VANI, the Voluntary Action Network for India’s report suggests that UHNIs and HNIs, who are highly motivated

givers with a relatively low appetite for risk, have a special opportunity to take the lead in addressing the most pressing social challenges at a systemic level. They are very effective in engaging with civil society efforts where they can contribute not just their funds but also their expertise, positioning them well to support the capacity building needs of non-profits and social enterprises.

However, following our interview with VANI, they confirmed that whilst UHNIs and HNIs are a promising donor group that could benefit their own members, such a funding stream is not currently an opportunity for the platform itself. This is because what the platform offers is not what a potential major donor currently understands to be a valuable asset for development. For example, such donors are generally motivated by an emotive direct impact to communities and individuals which platforms such as VANI are not able to provide. As such, the idea that platforms can offer transformational added value to a country or a region’s development goals is something that still needs to be communicated and instilled within this donor group. Successfully attracting funding from HNWIs would likely require a specific approach from platforms, involving engaging individuals specifically concerned with the key areas a platform focuses on. VANI suggests that as a sector we may need one to two decades of consistent messaging in order for individual members of the public to understand the unique space and role platforms play to then support such work financially.

RECOMMENDATION

Emerging actors are of great interest and should be key targets for advocacy about the role and contribution of platforms and networks to effective development. There is a role for organisations like Forus to support the collation and telling of stories of impact that demonstrate the areas of sustainable development that only these organisations can reach, for example the crucial role of national, regional and global actors in influencing development goals, and donor policy.





VANI confirmed that direct service delivery is seen as a 'safe bet' not just for philanthropists but for the Indian private sector as well. The literature review showed that companies are well-placed to embed SDGs into their core strategies and bring about meaningful change, and that CSR funding will help mainstream civil society programmes and initiatives, it will also enable the knowledge transfer of systems and processes to the civil society sector. While CSR may be constrained from investing in social businesses in India, it can still bring significant strengths and resources to bear in supporting social innovation and entrepreneurship. Despite these opportunities, VANI suggested during their interview that whilst companies are mandated to spend 2% of their profits on social development projects, they are focusing this funding on establishing their own foundations through which to channel funding or, where they do partner with CSOs, they favour the bigger players. This serves to create yet more funding challenges for those CSOs working directly at grass-roots level.

In addition to HNWIs and Corporates, the GoI is encouraging the diaspora to contribute more to the attainment of the SDGs in India. Diaspora giving has been largely informal to date, except for a few organisations in the US that have made deep inroads within the community. There is potential for much wider participation if perceived concerns about lack of transparency and accountability are effectively addressed. Diaspora members have a wealth of experience and exposure to global innovation models, and so could effectively support causes that also resonate in their home countries.

REGIONAL BASED CSO EXPERIENCES OF SOCIAL PHILANTHROPY: THE BALKANS

In their 2018 report *"Civil Society: Lost in Translation"* the Balkan Civil Society Development Network Research aimed to identify the main funding and development issues facing CSOs in the Balkans, through an analysis of databases, supplemented by questionnaires and interviews with donors in the region, including multilaterals, bilaterals, private foundations, and pooled funds.

The report found a landscape for CSO funding in Western Balkans is one of "too many" donors, offering small and declining amounts of funding, congregating around a narrow set of issues. Donors, rationalising their positions due to the decline, are withdrawing support to areas where they have been less than successful, with smaller donors cultivating reputation for specific specialisms. As a result of lack of overall co-ordination and a concerted attempt to prevent duplication, there is a clustering of donor initiatives around certain issues (e.g. youth and education, and migration) with no obvious rationalisation or co-operation between donors. Over 80% of the questionnaire respondents provided short-term project grants, despite the feeling that this tends to create short term project administrative capacities, rather

than long-term civil society development. Nearly 30% of the sample funded service contracts and tenders, and only 26% of the respondents provided long-term core funding.

Despite this picture, strategies for building networking or transactional capacities were clear. Over 80% of the respondents had funded network building activities, and over 85% have provided support for activities related to building stronger engagement between CSOs and governmental institutions, such as policy advocacy. However, the most popular activity funded by donors remained more basic, fundamental training and capacity building for CSOs.

The report concludes with an appeal to the EU, as the largest donor in the region, and with an interest in civil society governance and institution building in the region, to consider longer term, more strategic forms of funding of capacity development, or be faced with a declining base of CSOs to work with, as smaller CSOs are forced to close.

Our interviews revealed that platforms and networks are experiencing similar challenges, with demands for high levels of compliance, demonstration of impact, alongside a trend for short term, small amounts of funding - a situation that is untenable in terms of sustainability.

One platform commented: ***'We did have a dialogue with the EU via Forus regarding the importance of sustainable income to increase impact for our members, and the EU accepted that this is important, but they haven't so far given any follow-on funding'***.

SOUTHERN BASED CSO EXPERIENCES OF SOCIAL PHILANTHROPY: AFRICA

Community foundations and local philanthropy is on the rise in Africa. 2013 research undertaken by the Africa Grantmakers network sought to uncover and map the rising contribution made by African philanthropists to civil society within Africa. Alongside large scale and formalised ways of giving, the report redefines and captures diverse forms philanthropy in the African context, with the aim that innovative and new forms of altruism should not be overlooked. The report estimates a total of US\$ 825M in reported donations, however, this figure could be much higher at between US\$ 2.8Bn and US\$ 7.0Bn for HNWIs and formalised philanthropy. Philanthropist activities face challenges on the continent, such as lack of a supportive regulatory environment, including tax incentives, lack of coordination, and lack of information and data about giving.

The report, *"Sizing the Field"*, identifies a total of 150 examples of HNWIs and institutional philanthropy across Africa, with significant examples in every region of the continent and among the African Diaspora. Southern Africa produced the greatest number of examples, reflecting its longer tradition

of formalised philanthropy as well as its greater concentration of wealthy individuals and families. Eastern and Western Africa reflect a growing trend of formalisation in those regions. The lower number of observations in Central Africa seems to fairly represent the generally less developed nature of economies and shallower pool of indigenous philanthropy. Low numbers of examples in Northern African are linked to limited publicly available information and different models of giving.

A further report by the Global Fund for Community Foundations (*"A Different Kind of Wealth"* 2012) identified the emergence of community foundations and other forms of formal community philanthropy institutions and grassroots grant makers in Africa, which draw from tradition, local culture, and learning from the limitations of external development aid. The report identified a diverse body of 'organized community philanthropy', bound together by shared ways of working, similar approaches and common values characterised by self-direction, civil society based, open architecture, using own money and assets, and mutual responsibility for building an inclusive and equitable society. Included are:

1. Self-described community foundations which identify with the global community foundation movement: broadly speaking, these seek to mobilize resources for local grant making and build a culture of organised giving. E.g. the Kenya Community Development Foundation, the Akuapem Community Foundation (Ghana) and community foundations in South Africa and Tanzania;
2. 'Mission-driven' public philanthropies and grassroots grant makers established to address a specific cause or issue, such as women's rights, social justice etc. Although often set up with international funding, many of these are deeply committed to building up a local constituency base of donors supportive of their cause. E.g. Ikhala Trust and Social Change Assistance Trust (both in South Africa) and the Urgent Action Fund (Kenya);
3. Local community-owned foundations that have emerged in contexts where significant assets have emerged which 'belong to' or are 'for' communities such as property, income generated from the extractive industries etc. E.g. Newmont Ahafo Development Foundation (Ghana) and the Mozambique Island Community Development Foundation.

LEARNING FROM THINK TANKS

While facing difficulties in accessing research relating to the funding of networks and platforms for international development, we have included the 2017 report: *"Think Tank Funding in Developing Countries: Status and Outlook"*, by the Initiative of Think Tanks, which, as second tier organisations, makes an interesting comparator.

Project funding continues to be a dominant modality in relation to the funding of Think Tanks, and there are a variety of reasons for this, including demands from funders' governing bodies for

accountability, financial tracking, and tighter direction of the work. Funding often comes through evidence informed policy making funding, funding for knowledge systems or place-based funding. Research and issue funders may also support Think Tanks but are not focused on them as institutions but rather on their contributions to an issue or ability to deliver quality research. Our interviews found a small number of networks who have had some financial success in contributing to research, however, it was also pointed out that research can be an expensive distraction, despite increasing opportunities.

Relatively few funders consider core support, and not all of those that do are interested in giving core support to Think Tanks, although almost all said that they had flexibility in what they fund, e.g. to include budget for communications and networking. Larger funders are more likely to work through other entities to sub-award to Think Tanks.

Trends identified in the report were that the traditional institutional global and regional funders of Think Tanks are decreasing in number or reducing their budget. The reasons for these cuts include political shifts toward the private sector and the overall decline in aid to Middle Income Countries, organisations changing leadership and strategies over time, and concerns about Think Tanks' independence and role. Most of those interviewed by the Initiative of Think Tanks had hopes that domestic philanthropy or government support would fill the gap. Another trend noted is that overall funding for research is on an upward trend, with the UK contributing considerably to this. This new financing appears to be flowing through donor-based institutions, open research calls, and North-South models.

4 Trends over the last decade

4.1 - OVERALL TRENDS IN ODA

Between 1960 and 2017 net ODA from Development Assistance Committee (DAC) members quadrupled, however, this overall figure masks other changes relating to how ODA is being dispersed. There is an increase in ODA being applied through loans, or never leaving the donor country as it is spent on areas of domestic policy, such as refugees, immigration, or students. ODA that is allocated outside donor countries is not benefiting the poorest populations proportionately to their needs, or consistently targeting the sectors most critical to the SDGs or the Leave No One Behind agenda. Significant volumes of ODA are being dispersed by a wide range of government departments and channelled to institutions outside countries' domestic government and civil society, such as multilaterals, and the private sector.

Further to this, there is an increasing trend to Multi-Donor Trust Funds (MDTFs), which pool resources from various donors,



with disbursements being managed by an administrative agent under tailor-made rules and regulations. More recently, government donors and private foundations are joining forces to set up MDTFs to deliver development outcomes using a wider range of approaches than traditional donor-NGO funding or bilateral government budget support, including trialling social and development investment.

Where ODA funding is being channelled to the SDGs, the interviews showed this is being addressed through main lenses:

- Geography - countries most in need (such as Least Developed Countries, fragile contexts and small island developing states) and targeted programmes in Middle Income Countries, notably to poorer regions and people who are marginalised and excluded. This has diverted funding from countries in great need, albeit lesser need or less urgent need. For example, funding for Africa is being diverted to those states from which migrants to Europe originate. A second example is the budget grouping in the EU of the Middle East, Asia, and Pacific, in which very little of the budget is currently received in the Pacific region. In a funding envelope that includes the Middle East and the Pacific, the Pacific countries find it difficult to compete with the urgent humanitarian needs currently present in the Middle East.
- Even within regions, there are changing donor interests due to constantly changing contexts. For example, in the MENA region, there is a greater focus on humanitarian funding over long-term development work, an area which platforms working in these regions have to continually advocate for funding for.
- People and groups with a strong emphasis on eradicating poverty, reducing inequality, promoting social and economic inclusion and respect for human rights.

There is no evidence that ODA is systematically targeting to SDG 17. The interviews, however, did identify several instances of funding being received under SDG16, SDG 3; and also, the (funded) work of Platforms and networks in informing design of the SDGs, and subsequently their monitoring. There were also examples of platforms leveraging the strategic importance of the SDGs as a framework to position typically less fundable areas of their work as topical and timely issues to their donors.

4.2 - CHANGING VOLUME AND NATURE OF FUNDING FOR CIVIL SOCIETY

The relative importance of CSO funding (in major EU countries) has decreased from 12% of ODA in 2014, to approximately 10% in 2016. Meanwhile, funding through CSOs (earmarked funding) remains far more important than funding to CSOs (funding programmed by CSOs themselves). This is relevant for research funding as most is channelled to third parties to disburse and manage. These broad trends mask important differences between countries, e.g. the Netherlands have witnessed the further continuation of a downward trend in CSO funding support.

Other relevant donor trends in the US, the UK and the EU include the end of direct CSO core, or 'strategic', funding which coincides with the introduction of a proliferation of other grant schemes that tend to have a more explicit thematic/geographical focus, with increasing emphasis on stimulating collaboration with private sector. The 2018 report by HIVA, "*Donor Relationships with development CSOs at Cross-Roads?*" identifies a more fragmented funding landscape (UK, Netherlands, France, Belgium), with modalities that are increasingly subject to political interference with shorter funding cycles, thereby threatening CSO autonomy. Development CSOs aiming to secure government funding face a growing range of "hard" entry barriers, like new accountability measures, due diligence and control systems, and Payment by Results requirements. The authors of the HIVA report group such approaches under the term 'instrumental' or 'managerial', and linked to a funding landscape that is projectized, short term, costly to the recipient to manage, and detrimental to a long-term strategic approach to capacity development. The report identifies Germany and Sweden, as having a tradition of much more stable funding frameworks that respect CSO autonomy, and the Netherlands as increasingly adopting a social transformation approach, explicitly supporting the political role of CSOs and minimising bureaucracy.

The role of CSOs in relation to donors and other actors is also changing. We are seeing a shift to larger grants, service contracts, and an expectation that NGOs will collaborate with governments, the private sector, as well as academic bodies. Commercial contracting budgets have grown in recent years, with larger INGOs now regularly engaging in commercial contracting, alongside private consultancy firms, as both prime and subprime contractors. The implications of these shifts are that successful CSOs need to be well networked and have strategies and plans for developing strategic relationships and partnerships with others, including consultancy firms, and need to diversify their skills base, and organisational infrastructure, to enable a shift from grant and proposal management, to commercial tendering.

InterAction's 2019 report: "*US NGO Executive Thoughts on the Future*" surveyed 72 NGO executives, representing the full spectrum of size and diversity across international development, humanitarian and advocacy organisations. The report found that the ecosystem is changing faster, and shifts are challenging, but that the vast majority of NGOs have yet to change as fast as the external environment demands. Six changes are identified as being vital changes that funders could make to positively impact organisation: the top ones identified were more unrestricted/core support, longer impact timelines, and full cost recovery.

4.3 - COLLABORATION AND CO-CREATION WITH CSOS

WINGS (Worldwide Initiative for Grantmaker Support) and Wider Sense (formerly Beyond Philanthropy), recently identified a lack of strategic thinking and intentional 'field building' from funders and called for more coordinated action - calling for a shift from a transactional to a strategic approach. This can be seen as already happening in the European philanthropy sector, which includes different actors, including academics, networks and member associations. Here we see a huge increase in collaborative philanthropy, with foundations expressing the desire to fund together for strategic impact. The European Philanthropy Manifesto, launched in December 2018 is a call to politicians in Europe to work towards a single market for philanthropy which includes a better recognition of philanthropy in legal acts, and supports cross border philanthropy across the EU.

Co-creation, in which the donor works together with the NGO to design a programme that aligns with each of their missions and experience of what works, is a positive trend, increasingly seen with donors such as US corporates and foundations, and also with the EU. The caveat to this approach is, however, that it takes time and money to reach the agreement. Ultimately, the agreement reached is likely to be more aligned with the organisation's mandate, existing monitoring frameworks, and also be more of a partnership, which would support adaptive management if projects do not go to plan.

Two of our interviewees talked about an increase in co-creation with their donors. One was a large Northern-based platform, and the other based in a geography with closing civic space in Asia. They reported a rise in co-creation with Corporates, Foundations, and the EU. This is an opportunity for increased dialogue with donors about what effective funding practice is, what work really costs, and more scope to identify the areas of greatest synergy, and how change happens as well as how long it takes. This is a very positive trend for civil society relationships with funders. One caveat is that these conversations take considerable time and have a financial cost. It is important to be aware of this. However, in the longer term, more impactful programmes are likely to result as well as a more flexible and mutually supportive relationship.

One interviewee attributed their current EU grant's success to having a substantial role in supporting the EU to plan and implement its Road Map. *"The 2014 - 2017 Road Map had a Civil Society focus with funding available specifically for NGO Platforms. We have a democratic relationship. It's not a power struggle; it's about trust"*.

In contrast, other respondents referred to reducing opportunities to engage with donors as civic space tightens; and as part of the move of some donors to fund fewer in number, but larger in value, grants and contracts.

RECOMMENDATION

There is a need for enabling and nurturing cross collaboration between donors and grantees and for facilitating spaces where CSOs and NGOs, particularly those in the South, can have a seat at the table with the skills and tools to adequately negotiate with donors. Donors, networks and platforms alike should consider their role in making this happen, and channel resources to this work.

4.4 - INNOVATION AND NEW ACTORS IN DEVELOPMENT FUNDING

The growth of new actors, such as venture philanthropists and the private sector, can be seen in the fast-growing developing economies, as evidenced by the regional/country studies above in section 2. Another example of emerging models of CSO funding has recently been profiled by Bond: Islamic Social finance, based on the Islamic principles of economic justice, shared prosperity, inclusive participation and philanthropic practices such as Zakat, Sadaqah and Waqf. In 2018, in the UK alone, Muslims offered an estimated £300 million through Zakat. The Islamic Development Bank estimates the potential of Zakat to be as much as \$1 trillion globally. The Red Cross Red Crescent Movement are exploring how this type of finance can complement their existing resource mobilisation and has established the Global Innovative Finance Team (GIFT) to distribute knowledge and skills.

RECOMMENDATION

Emerging actors are of great interest and should be key targets for advocacy about the role and contribution of platforms and networks to effective development. There is a role for organisations like Forus to support the collation and telling of stories of impact that demonstrate the areas of sustainable development that only these organisations can reach, for example the crucial role of national, regional and global actors in influencing development goals, and donor policy.

4.5 - INCREASED ROLE OF PRIVATE SECTOR

During the Addis Ababa conference on Financing for Development, donors committed to back more private sector involvement in development, through development finance institutions amongst others. Institutional donors are increasingly adopting conditionalities in the form of soft



incentives, including efforts to stimulate consortia-building with other CSOs or the private sector. While DFID has been a clear frontrunner in stimulating private sector involvement, three countries in the HIVA's study (Belgium, France, the Netherlands) have also put in place funding mechanisms that explicitly stimulate public-private partnerships. Increased attention for the role of the private sector is also apparent in the growing importance of 'innovative financing instruments' like blended finance, and in the increased use of commercial contracts by bi-laterals such as the US, the UK, and the EU. One example of how this is working at a funder level is the increase in blended finance and innovations in financing such as Development Impact Bonds which have seen a steady growth since 2013. There are currently several active worldwide, and funding available to create more. Alongside this we are seeing growth in venture philanthropy, particularly in middle income countries, and a greater emphasis on bringing business principles into philanthropy.

Some interviewees talked about corporate funding in the context of bilateral relationships between a CSO and a corporate entity or Foundation. It's an area where some Northern-based organisations have long established relationships and others are seeking to establish them in both the North and the South. Whilst some platforms are experiencing notable success, in general, it is an area where platforms and networks may need support in articulating their offer, their significant and far-reaching impact, and developing fundable packages, for example sponsorship of specific initiatives or work streams.

Within this stream of corporate fundraising, there was a call from interviewees for increased sharing of policies for corporate fundraising and invitation for platforms like Forus to convene and facilitate discussion and sharing.

4.6 - NEW FUNDING MODALITIES

New modalities include the trend for institutional donors to increasingly use commercial contracting approaches, framework agreements, and consortia/programmatic approaches. One example of the latter is the UK Aid Connect - a second round was announced by Penny Mourdaunt, Secretary of State for International Development, at the 2019 Bond conference.

Interaction's 2018 report "*Innovate Finance for Development*" identifies three types of innovation emerging in the funding of CSOs: new products (such as Development Impact Bonds, Awards and Prizes, Innovation Funds, Microfinance investment funds, catalytic grants for social enterprise); new purpose, or repurposing existing products in new or innovative ways, or applying them in a new context (e.g. index-based weather insurance); and crowding in new players who may not otherwise invest in development (an example is given of crowdfunding, and platforms such as Kiva). The report identifies challenges for CSOs in engaging with these innovations, including lack of

information about the instruments, how they work, what the opportunities are, identifying the right fit instrument, and understanding frameworks. In relation to this research, and the interviews, these innovative methods of financing were not mentioned by any of the interviewees. The report offers guidance for those wanting to access funding through these innovative instruments and recommends NGOs to invest in learning about strategies and opportunities.

The European Philanthropy Manifesto of December 2018, as mentioned above makes an interesting proposition on co-granting and co-investing between the EU and philanthropy, that would leverage corporate social responsibility by introducing new financial instruments that would stimulate co-granting and co-investment, so reducing perceived risk.

RECOMMENDATION

Forus to carry out more detailed and specific research into new financing tools, to enable a better understanding of their relevance to Forus members, and what would be required in order for members to access these instruments.

4.7 - LOCALIZATION AND #SHIFTTHEPOWER

There is increasing awareness of the low levels of resources directly managed by Southern civil society despite their closeness to the issues. That only 1% of humanitarian financing goes directly to local organisations (this figure is 0.3% according to a 2018 report by the Humanitarian Policy Group) galvanised those at the World Humanitarian Summit to pursue a more active approach to shifting resources to local CSOs in crisis environments with the Charter for Change. Beyond the humanitarian sector, a global shift of power and resources towards the South brings with it fundamental implications for how 'development' is undertaken. This shift challenges the traditional roles of INGOs and brings into the spotlight new models of local funding, such as Community Foundations. This was headlined recently by Barbara Nost from the Zambia Governance Foundation at the 2019 Bond Conference. Many actors have begun responding to this: several funders have stated intentions to either increase direct funding for local civil society, or to ensure that local ownership is at the heart of their funding strategies. Some INGOs are scrutinising their approaches and undertaking radical transformations to shift the balance of power to their non-UK partners, and some ODA funders are beginning to talk about extending more funding to Southern CSOs, including the EU and DFID.

There are challenges in making this a reality: compliance is often difficult for Southern CSOs, and the logistics of managing large numbers of small grants is too burdensome for many donors. In our interviews we found interesting





examples of the roles that national and regional platforms can play in facilitating this, through an intermediary role. Platforms and network organisations offer an alternative modality to large INGOs or Consultancies, who are more widely known to play this role.

The EU is keen to fund national and local organisations but see that compliance is a huge barrier. They want an intermediary to provide additional resource and capacity building. A regional platform has received EU funding to make sub grants to local organisations in their region. The platform was not expecting or planning to act in this role, but they are very well connected down to the grass roots level and are well placed to perform this role. This network is helping provide local intelligence about NGOs, and to support them to meet the EU compliance requirements. A national platform in Asia is preparing to provide a similar function, and this may offer an opportunity for network organisations as a more effective way to channel funds locally rather than through numerous INGOs, or through many small, local grants.

Another national platform in South East Asia has established a nationwide Civil Society Fund which is a one-stop-shop for funding management. Any funder wanting to fund NGOs anywhere in the country can channel funding through the platform. The Fund was established in 2018 under an EU-supported project with Bread for the World.

Other platforms act as conduits/intermediaries between international donors and their local CSO members to enable international funding to reach southern CSOs. This is true of countries where receiving international funds is restricted and/or in conflict zones.

This move also brings challenges. It is difficult for donors to manage large numbers of local contracts, and there are particular concerns over managing compliance. A regional network interviewed is performing a Fund Manager role to help the EU provide funding to local NGOs.

RECOMMENDATION

The interviews highlighted a clear interest from generally smaller and/or Southern based platforms who were keen to act as Fund Managers but cited requiring additional support to advocate to donors about their unique position to do so. Forus could be well placed to support such platforms to assess the opportunities and risks of such roles and could act as conduits to key donors to advocate on the added value and benefits of having smaller, Southern based platforms act as Fund Managers.

5 Innovation and Independence

The terms of reference for this research ask the extent to which funding trends support innovation and independence. One major trend affecting independence is the **closing space for civil society**. Since January 2012, more than 100 laws have been proposed or enacted by governments aimed at restricting the registration, operation, and funding of NGOs, in a context where most human rights activists globally have little support from funders in their own countries. This has particularly affected the human rights sector. Activists are forced to divert limited time and resources towards navigating restrictions and responding to administrative and judicial harassment.

Funders also face legislative challenges in maintaining their support for public benefit work in countries like Algeria, China, Colombia, Ethiopia, Russia, Hungary, Syria, India, Venezuela, Zimbabwe and Egypt and anticipate problems in other countries where similar laws are being proposed, such as Pakistan, Bangladesh, Cambodia and Uganda. The closing space phenomenon, strikingly, is not limited to autocratic states, such as Russia and Egypt, but has spread to democracies including India, Canada, Hungary, Mexico, the US and the UK.

More than 140 governments have passed counter-terrorism legislation since September 11, 2001, often in response to U.S. pressure, UN Security Council resolutions, and the counter-terrorism guidelines developed by the Financial Action Task Force (FATF), an international body established in 1989 to combat global money laundering, and after the 9/11 attacks, terrorist financing. Mandatory compliance with FATF standards has led to a tightening of control over the funds civil society can receive.

The Funder's Initiative for Civil Society 2018 report *"Going Big Or..."* found that 93% of the funders surveyed said that grant making to civil society had become more challenging, and that while attention is being paid to the issue of Closing Space, with 57 different reports by funders and civil society organisations and networks on Closing Space having been produced between 2016 and 2018, funders themselves feel that they are not talking about closing space publicly. Few funders, with the exception of a small handful including Charles Stewart Mott Foundation, the Fund for Global Human Rights and the African Women's Development Fund, have explicit reference to closing space grant-making strategies on their website.

The recommendations from this report are that civil society needs core, long-term and flexible funding in order to meet the challenge of closing space in a way that is cognizant of local context and that funders should support networks and

strengthen specific responses to closing space. Political risk is seen as a major barrier to funders supporting civil society to challenge closing space. Participants at Bond's Future Funding Forum in 2016 raised the issue that donors that rely on public funds often have a lower risk appetite, and that there is a need to foster local philanthropy and in country foundations, and for donors (both those who are risk averse, and those who are more agile) to work collaboratively working towards a funding ecology.

Similarly, Ariadne's report: **"Challenging the Closing Space of Civil Society"**, summarising the discussions of 80 civil society and funder participants at a two day workshop in 2015, highlights the need to strengthen joint strategies by human rights activities, civil society funders and businesses as potential allies, increase collaborative efforts towards the achievement of the SDGs, and reframe civil society as an ally alongside national governments in counter-terrorist and other policies that contribute to closing space.

National level CSI registration and compliance is becoming more demanding in Eastern Europe and parts of Asia. This is time consuming and often expensive too, placing a further pressure on civil society.

From the interviews, we found that closing space is affecting many NGOs, and in turn these impacts negatively upon the ability of membership organisations to charge membership fees. When their members are struggling from the impact of closing civic space and struggling to stay financially viable, NGOs cannot contribute membership fees.

One short term solution to this issue is being trialled by a national South American platform. Whilst they advocate for a more enabling civil society space - and as their own grant-funded projects come to an end - the platform is focusing on maximising partnerships with the private sector both for their members and for themselves. This has led corporate foundations, some of whom are themselves members of the platform, to pay the membership fees of struggling NGO members over a one to two-year period to enable them to maintain the benefits of their membership.

A positive trend is that platforms and networks are seen as even more relevant at times of closing space, and they become more relevant to the donors who traditionally have purely funded human right's organisations. This is an opportunity, and a space in which Forus and its members can promote their unique role. CIVICUS is one example of an organisation that has always worked on the theme of civic space, and now that it is becoming more of a global issue, is benefitting from the increased flow of funding to this thematic area.

"There is no country whose space is not shrinking. We need to learn from each other about shrinking space. It is an existential crisis. Every national platform needs a relationship

with grass roots organisations, as if you have legitimacy you have an added advantage; (we need) financial independence because no countries can conduct advocacy with foreign money and we need flexibility".

The trends towards more managerial models of CSO funding adopted by institutional donors outlined in Section 5 also have implications for funding a civil society that can independently advocate on behalf of its constituencies. As Verbrugge and Huysse state in the HIVA report, civil society as a whole is losing diversity and civil space through the use of different types of conditionalities. Managerial/instrumentalist types of funding tends to benefit established, experienced, large and service delivery NGOs that have strong managerial capacities, whereas smaller and newer organisations face barriers to accessing such funding. The reduction in the use of longer-term strategic funding pots, accompanied by an increased drive for accountability and demonstrable value is not conducive of policy and advocacy initiatives that require a longer term, strategic approach. There are, however, examples of funders that are adopting modalities that will support social transformation, for example the Netherlands has been experimenting with alternative forms of funding, including funds that support the political role of CSOs (Dialogue and Dissent programme); a fund that targets the most marginalised (Voice); and funds that support Southern CSOs directly (Leading from the South; Accountability Fund).

The trend toward limited term and project-oriented funding also means a reduction of funding available for capacity development and structural support of CSOs. Whilst Full Cost Recovery (FCR) is a principle that has been acknowledged and acted upon by leading donors, making the case for capacity development to be included is still difficult, as despite FCR models being developed and in place, they often do not cover the full costs of building institutions, partnerships and collaboration, and responding to ever developing donor due diligence requirements.

Forus members interviewed highlighted the importance of very strong FCR budgeting to ensure financial sustainability, especially for those which are heavily dependent upon EU funding. FCR was seen in the interviews as a problem area those platforms acting as sub-grantees for large institutional funds. As implementing partners, their ability to negotiate FCR is dramatically reduced when there is no direct relationship with the donor as the lead applicants generally absorb any overhead budgets available.

One interviewee showed how relationships and resulting FCR levels can change even when working with the same donor depending on whether the platform held a lead or sub-grantee relationship with that donor: a national African platform cited receiving FCR as a lead applicant in one project, but not being able to cover any overhead costs from the same donor for a different project because of their role as



sub-grantee rather than lead applicant. They stated: *“It is important to speak to the donors directly otherwise they won’t realise the implementing partners are not getting enough funding to cover costs. If we can’t tell them, they won’t know”*.

“We expect to do more priming soon - and sub granting. (Our donor) wants to see impact at country level but they accept that their standards and procedures are very complex. The realise that direct grants at national or community level will be difficult or even impossible. They want this intermediary.”

RECOMMENDATION

There should be an equal amount of overhead costs for direct implementers as for lead applicants organisations. Forus can continue to support platforms to negotiate better donor-grantee terms. Forus members should also support their own NGO members to advocate for such terms when they find themselves in similar funding consortia implementing projects for large international NGOs with limited cost recovery for their own organisations.

Synergos’ report *“Capacity Building Across Borders”* argues that the principle that **long-term unrestricted funding is critical to support the organisational health of a CSO** is now well established but notes that it has been slow to fully translate into practice. The report argues for more coordination and collaboration among stakeholders in the capacity building space, and points to examples of where funders have taken up the challenge:

- The Packard Foundation have a dedicated organisational effectiveness team that adopts a theory of change approach to determine how to work in a country holistically.
- Stars Foundation have provided capacity building awards on top of unrestricted funding.
- The Ford Foundation established a framework and pillars for organisational strengthening, which programme officers can customize and adapt to their grantees’ various contexts and sectors.

Most importantly the report identifies the need for trust and a rebalance of inherent power dynamics between funders and grantees to engage in open dialogue from the start.

A headline finding from our interviews is that all our interviewees see long-term unrestricted funding as an ‘ideal’ means of funding their platforms. The lack of this kind

of funding highlights that the sector as a whole is lagging behind current trends and is slow to respond to the changing funding environment. In part this is because of the lack of core funding in the past, which has meant a narrow focus of work and limited resources available to prepare for the future; as well as diverting of resources to making urgent adaptations to operating models in the face of unexpected and drastic funding cuts. Examples of this include platforms having to make staff redundant after large grants end and closing innovation teams. On the other hand, another interviewee, a global network, is currently in a strong position in this respect and is aware of the need to use this time to build their resilience and sustainability for when times are more difficult.

RECOMMENDATION

When core funding is available, it is very important to take the time to reflect on, and strategise for, sustainable funding. The toolkit that will follow this report will seek to guide the wide range of Forus members, from different geographies, political frameworks, size and structure to find routes to sustainable funding. In turn, by monitoring use of the toolkit and the ongoing experiences of organisations trying to find routes to sustainable funding, Forus can continue to provide relevant resources to all contexts and connect CSOs who can best learn from each other.

6 Best practice in funding from literature review

6.1 - INTRODUCTION AND OVERVIEW

The challenges of the SDGs are complex in nature, require resilient CSOs and movements and leadership that can respond to change. While the literature review has identified many of the challenges facing CSOs in relation to funding, and the policy responses to these challenges by funders in particular, one theme that has emerged strongly is that best practice has to be context specific. The following examples are intended to highlight some of the best practice that has emerged from the literature review, and in particular to explore how some of the trends outlined above are resulting in innovative funding models. The examples given focus on networks, platforms and capacity development initiatives, and demonstrate the importance of being focused on sustainability, managing diversity and complexity within networks and collaboration, and of long-term engagement, trust and relationship building.





6.2 - CCIC: GROWING THROUGH ADVERSITY

The national association the Canadian Council for International Co-operation (CCIC) was founded in 1968 and is a coalition of non-profit international development organisations. In 2008, following an election, the political environment became hostile towards CSOs, with public engagement and advocacy work becoming a particular target. As we have seen with other institutional donors, competitive funding processes and engagement of the private sector was encouraged by CIDA (Canadian International Development Agency), and long-term core funding phased out. CCIC was seeking renewal of its 2007-2010 funding arrangement, but in May of 2010 received the news that renewal was not be forthcoming. CCIC had strongly fought back against the budget cuts of other members, and in particular KAIROS, a coalition of Canadian churches well known for their social justice programmes. CCIC faced a crisis, both of funding and a crisis of legitimacy as its advocacy on behalf of Kairos had not had the support of all of its diverse membership. By 2016, when Michel Charette wrote an analysis of how CCIC had handled the crisis, the association's membership was unified, and had re-established excellent terms with the Canadian government and CIDA, demonstrated by CCIC's collaboration with Global Affairs Canada for its partnership policy with CSOs in 2014. Charette's analysis attributes the recovery of CCIC to strong leadership, ability to balance the paradox between dialogue and confrontation between the diverse members of the network, and a strategic approach to rebuilding trust and relationships with the government of Canada. A lesson to learn is that all organisations should evaluate their risks and vulnerabilities - CCIC apparently did not anticipate the risk to funding that the changed political environment brought with it. This example is useful, as it demonstrates the importance of political awareness and strong relationship building leadership to sustainability of a network.

6.3 - THOUSAND CURRENTS: INFORMING PHILANTHROPIC PRACTICE

Bond's 2016 paper, *"The Future of Funding"*, discusses the Funding Ecology approach, that there is a need for direct strategic collaboration between CSOs and those that fund them, rather than the projectised approach, which gives little scope for capacity development and institutional sustainability. Bond's Future Funding Forum, held in June 2016, was attended by Rajasvini Bhansali from the then IDEX (now Thousand Currents). Thousand Currents, an innovative, partnership-based funding network in the US, is "centred on the deep agency of local actors", aiming to counter "come and go philanthropy". Partners work across seven subcontinents on food sovereignty, alternative economies and climate justice. Bhansali's belief is that donors will have to become "culturally competent in entirely new ways. IDEX was originally formed in 1985 from a group of ex-Peace Corps members who saw the potential of direct funding to locally led initiatives, cutting out the conditionalities imposed by traditional donor routes. The idea was to drive cultural change in how US citizens

relate to the Global South. As IDEX professionalised, long-term partnerships and general support grants became its central focus, and the network lost its role in messaging and raising awareness. Furthermore, by giving away everything it raised in grants, IDEX's own sustainability suffered. In the 2000s IDEX, now Thousand Currents, has re-strategised with a central partnership values-driven approach of long-term support, offering flexible, core funding and innovative funding models alongside fulfilling the advocacy goal of promoting global solidarity and sharing insights from partners to inform wider philanthropic practices. Paying attention to their own sustainability, and ability to support movement building has been an important part of the re-strategising. Thousand Currents is an example of an innovative, values-based form of direct and strategic funding of CSOs and movement building. They also demonstrate the importance of ensuring that the values-based model is itself sustainable by including growth and transformation as key strategic pillars, and by reaching out to new donors as contributors but also in order to influence them.

6.4 - YETU: COMMUNITY FOUNDATION TO DEVELOP CSO CAPACITIES

As part of the #ShiftThePower movement, GACP (Global Alliance for Community Philanthropy) and Global Fund for Community Foundation's report "How Community Philanthropy Shifts Power" explores the role and best practice of Community Foundations, and how funders "have shared and shifted power without losing sight of their institutional interests and strategic imperatives". Community Philanthropy is defined as the mobilisation of local resources and assets (money, skills, knowledge, networks etc.) to transform power relations, turning beneficiaries into co-investors in their own development processes, and the achievement of the SDGs.

When the Aga Khan Foundation, in partnership with USAID, developed the Yetu Initiative in Kenya, it set out to build community voice and agency through capacity building support to local community organisations. Yetu ("Ours" in Kiswahili) helps CSOs to be able to conduct community campaigns and share their stories with broader audiences in Kenya. Yetu is currently partnering with six Kenyan CSOs and working with them in an in-depth, sustained way over the project's four-year lifespan. Additionally, Yetu intends - over the course of the 4-year project - to directly or indirectly enhance the sustainability of approximately 250 local organisations through its portfolio of project activities.

"The focus technically is on building capacity and assets locally, but our success relies on our capacity to form trusted relationships, to go on this journey of discovery together with these organizations, to get to the heart of what matters to Kenyans." Among the tools and approaches used is an online platform (yetu.org) through which Kenyans can support local CSOs through crowdfunding. By the end of 2017, local civil society organisations participating in Yetu had collectively



Photo : CCIC





raised almost US \$600,000 in financial and in-kind assets from individuals, Kenyan businesses, and local government.

6.5 RED UMBRELLA FUND, VS. UHAI: PARTICIPATORY GRANT MAKING

The Red Umbrella Fund was established in 2012 as a global fund, guided by and for sex workers. Red Umbrella believe that change will only be achieved through strong, collaborative movements of sex workers advocating for their rights, with the support of their allies. Supported by several forward-thinking US and UK Foundations, the Fund was established in response to research that revealed a serious lack of funding for sex workers' organisations. In 2009, Open Society Foundation and Mama Cash organised a meeting of the Donor Collaboration to Advance the Human Rights of Sex Workers, in collaboration with AIDS Fonds and HIVOS (the Netherlands), American Jewish World Service and Global Fund for Women (USA) and Oak Foundation (Switzerland). The meeting's aim was to define those areas in the field of sex workers' rights where donor attention is needed and to come up with a clear strategy for donor collaboration. As a result of this collaboration, the Red Umbrella fund was launched as an innovative global grant making mechanism, providing funding to sex worker-led organisations and networks based in any country in the world, registered or unregistered. At least 51% of the International Steering Committee (the main strategic grant making body) are current or former sex workers. The remainder are representatives of funds that support sex workers' rights. One member of the International Steering Committee describes how '(we) are getting the donor agencies to listen to the sex workers, rather than having the donor agencies telling the sex worker community what to do with their funds'. One of the key principles of the fund is to combine grant making with capacity building and technical assistance, as well as advocating directly to donors to give the human rights of sex workers greater priority in their policies. 70% of the total annual budget goes directly on grants, with the remaining 30% covering the costs of managing the fund, the participatory governance and decision making, resource mobilisation and overheads.

In contrast, UHAI EASHRI—the East African Sexual Health and Rights Initiative is Africa's first and largest indigenous activist fund supporting the human rights of sex workers and sexual and gender minorities in seven East African countries, with strong staff and board roots in the community. Similarly to Red Umbrella, UHAI is a participatory grant maker and was founded in response to a perceived disconnect between activist work on the ground and how it was getting funded. Previously, funding was short term, tended to focus on emergency support and did not tackle issues of criminalisation, creating further problems. The nature of the funding fuelled competition and fragmented the movement for change. UHAI funding decisions are made by a peer review committee made up exclusively of thirteen East African sex worker and queer activists. As secretariat, UHAI

staff provides additional advice and support, translation and interpreters. One difference between UHAI and Red Umbrella is that UHAI's donors, private foundations and bilateral funding agencies in Europe and the US have no place in the governance structures; beyond restricting funds to certain themes, they do not have any say in who receives grants. Both funds are adopting a network approach to leverage support from international donors and to convert that into strategic support and capacity development for its grantees to support the creation of human rights movements.

6.6 CIVITATES: FUNDER COLLABORATION TO BRING ABOUT SYSTEM CHANGE

Civitates is a philanthropic initiative, put together by a consortium of funders at the 2017 European Foundation Centre conference out of a concern for the state of democracy in Europe. 16 diverse foundations providing a starting budget of Eur4.1m support civil society coalitions that strengthen the resilience of civil society sector in their respective countries, collectively and more effectively. The initiative demonstrates best practice in terms of collaboration between donors to meet civic space challenges. While this best practice may vary according to national contexts, it represents shared concerns for the whole sector. Rather than focusing on independent action as the primary vehicle for social change, Civitates' initial focus is on creating more and stronger coalitions across Europe, with a particular focus on ensuring work extends beyond major cities and includes actors outside the non-profit sector. Civitates feel that substantially greater progress could be made in addressing the shrinking space for civil society at a system-wide level if civil society actors engage a much wider stakeholder group, focussing on a common agenda and mutually reinforcing activities. The main partners of Civitates, from whom funds are raised, are European based Foundations. This example demonstrates a collaborative approach by funders to address what is perceived to be a system-wide issue, while at the same time responding to context specific challenges.

7 Best practices in funding platforms

As discussed above, many of those interviewed felt they were lagging behind in their response to the changing funding environment. Many are currently exploring new funding modalities and also analysing the new areas in which large INGOs are having success and reflecting upon which of these approaches can also work for themselves. Others, arguably those who are "ahead" of the trends, are developing strategies for diversifying their funding base.

"(Through a Forus funded project) we had time and money to contract a specialist fundraiser to develop a fundraising plan for us. We asked him not for a typical fundraising plan, but

instead to have a process involving all the members and the Board. It really energised the members to come to the meeting. Everybody could give an idea... we ended up with 15 new ideas of how to fundraise”.

Below we outline four areas of best practice recommendations for platforms and networks as suggested through the interviews.

7.1 - PRO-ACTIVE DONOR MANAGEMENT

Several of the organisations interviewed had pro-actively initiated regular donor meetings, bringing together as many of their donors as possible to meet quarterly or bi-annually. One interviewee had started a donor coordination meeting with SIDA and DANIDA and then gradually started inviting others. Another has also established 6-monthly meetings with their donors to share more about their work. This has proved very effective in increasing understanding and has translated into increased co-creation of programming, flexible reporting and joint learning and problem-solving. This has led to increased dialogue with all donors, and a coming together on reporting requirements.

The importance of donor dialogue and creating win-win partnerships was also highlighted amongst South American platforms who were able to move beyond traditional donor - grantee relationships towards more strategic partnerships by supporting the local EU delegations by facilitating introductions and meetings with to key stakeholders as well as by supporting the creation and implementation of EU Road Maps. Such relationship building was cited as key enabling factors in accessing and/or continuing to access funding.

7.2 - RESPONSIVENESS AND FLEXIBILITY / KNOW YOUR VALUE

“Members used to be overly focused on the next funding call, who they could apply to and how much funding they could expect. They never stepped back to think beyond this about what it was they were really offering and where their added-value was”.

The following examples show how networks and platforms have mobilised their unique added value to find new ways to generate funding.

7.3 - PLATFORMS AS FUND MANAGERS

It is difficult for donors to manage large numbers of local contracts, and there are particular concerns over managing compliance. A solution to these difficulties is for platforms to leverage their unique position within civil society to act as Fund Managers.

One of the regional networks we interviewed is performing a Fund Manager role to help the EU provide funding to local NGOs. The EU is keen to fund national and local organisations but see that compliance is a huge barrier. The network was not expecting or planning to act in this role, but they are very

well connected to the grass roots level and are well placed to perform this role. Now they are considering a deliberate move to expand this role alongside advocacy, which would always be their main focus on behalf of their members.

A national network in Asia is preparing to provide a similar function, and this may offer an opportunity for network organisations as a more effective way to channel funds locally rather than through numerous INGOs, or through many small local grants. It has established a National Civil Society Fund for, which is a one-stop-shop for funding management.

One large northern network receives funding from two Foundations who like to fund through them, rather than finding specialist partners themselves. They trust the network to know their members well and partner with them appropriately.

The interviews also highlighted a clear interest from other platforms, who were generally smaller and/or Southern based, keen to act as Fund Managers, but cited requiring additional support to advocate to donors about their unique position to do so.

“Sometimes we now make sub-grants, for example (one Foundation) gave us funding for Mapping which flowed through us. This is new. We have not generally funded others. But now we are sub-granting to members e.g. to help with Safeguarding. A Foundation is using us to move the sector forward.”

“We have established a Civil Society Fund- a one stop shop for funding management for CSOs in our country. Any funder wanting to fund NGOs in (our country) can work through this mechanism, which was started last year under EU support project with Bread for the World, and we are working with Bread for the World and EU to disburse funds. Other activities in this programme include building capacity of NGOs, and attracting new donors.”

7.4 - PLATFORMS AND CORPORATE PARTNERSHIPS

Whilst many advocacy focused platforms and networks are reticent to partner with the private sector, others have used their unique position to foster practical and mutually reinforcing alliances with companies. Examples from our interviews include a short-term solution to the issue of members struggling to pay platform fees which is being trialled by a national South American platform. Whilst they advocate for a more enabling civil society space - and as their own grant funded projects come to an end - the platform is focusing on maximising partnerships with the private sector both for their members and for themselves. This has led corporate foundations, some of whom are themselves members of the platform, to pay the membership fees of struggling NGO members over a one to two-year period to enable them to maintain the benefits of their membership.

Other benefits of corporate partnerships identified through our interviews included support to a platforms' provision



of training courses with free room hire, co-delivery, incentivising their own staff to take the platforms' courses and sponsorship of events such as Annual General Meetings or conferences.

Another example is the forging of strategic, non-traditional alliances with companies based on where a company can add additional resources or value to support a platforms' strategic objectives. Examples include both in-kind support, research, logistical or technical support. One platform categorized this support as being **'Whatever supports our workstreams and adds to our own value offer'**.

7.5 - FOSTERING OTHER AREAS OF EXCELLENCE TO MOBILISE RESOURCES

Networks and platforms have unique strengths, skills and resources, that can be mobilised in order to generate further income and resources.

One network explains how it is working with its members to understand their value, to put them in a stronger position with donors: **"Three years ago, (we) began focusing on helping about 200 of our members to understand 'what makes us strong' and to know their value, so they can improve their funding partnerships with the government with companies and with any new or current donors they have, as well as to empower members to have a political voice / understand their value on a political level. Most are clear on their social added value, but not on their political added value."**

Key areas of unique leverage that platforms have, and could consider maximising include:

- One large northern-based network is renowned for its humanitarian mapping work, representing an invaluable service for some large donors seeking ready access to this data to inform their wider programming.
- Several regional and global networks have been heavily involved in SDG processes, and have secured funding to facilitate this. This has included consultation and advocacy during the development and monitoring of the SDGs. This is a crucial role because many national networks cannot afford to be present at all global meetings. As such, consulting with and advocating for national networks via regional platforms is essential to ensure that the poorest countries are heard. As one platform explained: **'we need to know what's happening with the SDGs because they are a great summary of everything we as a platform need to work on'**.
- A national South American platform receives funding as an official monitor for national SDG implementation. Prior to the adoption of the SDGs, the platform had been very active in the post MDG agenda. However, they feel the UN is involving civil society much less now during SDG implementation. As such, their monitoring role is allowing them to reclaim their position

of authority within this area and supports their advocacy objectives by tracking and advocating on government policies which are not conducive to achieving the SDGs.

· Another possible area of excellence is research, and this area has offered opportunities for some of those interviewed. However, others have more cautionary tales, where they carry out research even though it's not part of their strategic objectives because although it brings in budget for activities and gives them a voice, it does not always cover staff costs.

RECOMMENDATION

Before donor and partner support can be maximized, networks and platforms need to know their own 'value offer' whether it is their local community knowledge and experience or position of trust, their ability to push messages within global fora, or their ability to create needed research. Forus' toolkit should include guidance around this.





7.6 - MAXIMISING MEMBERSHIP FEES

An intentional approach to the question of membership fees is important. This does not simply mean trying to get as much membership income as possible. It is much more nuanced than this. As discussed earlier, for some organisations membership income cannot be significant due to the precarious financial position of most of their members. In this case, the priority is to be supportive of the membership and the organisation will have to focus on other sources of income. Fees must be affordable: if members cannot join there will be no organisation. In difficult political and fundraising environments, the membership organisation has a remit to support its members by alleviating and not adding to this burden. The ability to be flexible is important.

For other organisations membership, and the associated fees, are an important part of their identity and contribute in the region of 1/3 of income, providing a significant unrestricted income, which is worth maximising.

“If you want to start an NGO, you have to assess the donors and funding opportunities available. Whereas in our country you look at members’ subscription. This is a lesson for civil society generally, although obviously depends on your geography. If you are socially oriented, if you want to organise a union, a group, then membership could be the way to go at least partially for your funding. This will legitimise whatever request you make.”

In these cases, membership income can be used by other prospective donors as a way of measuring the value of an organisation to its members. It conveys legitimacy and credibility. The fee structure should reflect the value that members place on the organisation. It must be perceived to offer good value. Within this concept, fees could be raised as high as the market allows. In an environment where members can afford to pay, how much can you charge without losing members?

There are not just two extremes though, many organisations find themselves in between the two situations. For example, one East African platform currently receives about 5% of budget from membership fees and is aspiring to grow this to become 15%. It is important for platforms to consistently review their membership income, analysing its contribution to their overall budget, and being intentional about fee structures, whether with the goal of increasing unrestricted income or of being more flexible and reducing fees when needed to support their members through difficult times.

In most cases, fees structures should include different levels in order to maximise success.

7.7 - EXPLORING INCOME GENERATION

In the search for unrestricted and reliable income some platforms and networks, as well as other NGOs, are looking towards income generation, as evidenced by the rise of social

enterprises. This goes further than the service provision of training that is common to many platforms.

This quote illustrates how CSOs are building social enterprise into their strategies for sustainability: ***“One of my members, a local organisation, has set up 20 community based organisations which produce different agricultural products including Cashew nuts and they work with the private sector as an investor. He acts as bridge between investor and community and then asks for 5-10% of business turnover”.***

One Asian network has plans to set up a civil society centre to serve as premises where organisations can share office space, and also access space for functions such as training, and conferences. They are also setting up an online monitoring and evaluation “app” which will provide an important service for members as well as generating income. This is an important consideration - the best income generating activities will operate at this nexus, in which the service offered is of great benefit to the sector; contributes to the organisation’s mission, and generates a profit, to avoid distracting the CSO from its core function.

Many platforms struggle to set up income generating, without the resources to underpin this. For example, one Eastern European network told us that they were inspired by another network who were hiring out rooms for training and providing training, but without their own infrastructure they are struggling to make this a reality.

Not all ventures are successful of course, and this is important to remember. One platform tried offering a market at regional events where members could sell small items to raise funds for themselves, and charged a small stall holder fee. The work involved was out of proportion to the income, and so this was not continued.

8 Conclusions and Recommendations for Future Sustainability

The purpose of this research is to identify and explore promising approaches for resourcing capacity development, with a particular focus on the role of civil society networks and platforms.

Many of the sources for the literature review listed below have been commissioned by donors or donor networks and explore the best and worst practices in civil society funding, as well as identifying trends. It is notable that there is a lack of research from the perspective of civil society itself, and much of the literature found originates from the Global North, with a distinct lack of voices from the Global South.

RECOMMENDATION

There is very little existing research in relation to the funding of networks and platforms. More comprehensive research is needed to understand the current situation, and this will be vital for attainment of SDG 17.

In relation to the funding of regional and national civil society networks and platforms, as capacity development providers, the research as a whole has revealed an urgent need to undertake evidence-based advocacy to influence donor policy, including both the need to address the gap in research, and to advocate to donors on behalf of CSOs for funding models that support sustainability, independence and innovation. Trends in the way that bilateral and multilateral donors operate reflect a disconnect between the instrumentalist and politically driven increasingly managerialist approaches to civil society funding, that undermines capacity development through competitive, short-termist and results driven agendas, and the principles of social transformation and adaptive management that many of these institutions espouse. Foundations and private donors, with different lines of accountability, have greater freedom to innovate with funding approaches, and to tackle issues around the closing space for civil society, and the literature has revealed some strong examples of how foundations are working collaboratively with civil society, and adopting a partnership approach to capacity development. There is strong and clear evidence of some institutional donors adopting a strategic, long term, partnership approach to developing civil society, and the interviews undertaken as part of this research have shown some evidence that some platforms are benefiting from such a “partnership” type approach, including co-creation.

RECOMMENDATION

There is the need for further research to be undertaken that fully captures the perspective of CSOs at the end of the funding chain, and those who are undergoing capacity development, to fully understand what sustainable best practice looks like. In particular, in relation to networks and platforms, there is very little existing research. More research is needed to monitor and learn in real time what new approaches are working. We are at a critical time when these organisations are struggling and learning and adaptation must be rapid to ensure survival.

Another priority for national platforms is advocating for responsible sub-granting in country, both to improve their own position as sub-grantees in consortia funding as well as those of their members who also find themselves in difficult positions as sub-grantees. Combined with this is the need to advocate to donors for full cost recovery principles to be adhered to, and responsible grant making when working directly with southern based organisations.

The RECOMMENDATION is for platforms such as Forus to continue to support platforms to negotiate better donor-grantee terms, and for Forus members to support their own NGO members to advocate for such terms when they find themselves in similar funding consortia implementing projects for large INGOs with limited cost recovery for their own organisations, for example through the convening of an advocacy document that can be used by platforms and their members to make the case.

A further conclusion is the importance of understanding the diversity of contexts within which CSOs are operating, and that approaches that are promising in one context, are unlikely to apply to all contexts. For example, the way that civil society may partner with HNWIs or the private sector in India, may be very different from the approaches used in Africa, or the Middle East, as those individuals are operating within different cultural, social and economic frameworks. The unifying framework is the SDGs, and this underlines the importance of setting any research, donor advocacy or policy influencing within that frame.

It is RECOMMENDED that the toolkit that will follow this report will seek to guide the wide range of Forus members, from different geographies, political frameworks, size and structure, to apply each learning to their own very unique context. In turn, by monitoring use of the toolkit and the ongoing experiences of organisations trying to find routes to sustainable funding, Forus can continue to provide relevant resources to all contexts and connect CSOs who can best learn from each other.



Finally, there is power shift underway, and the very best practices in civil society capacity development, illustrated by the examples of UHAI and Yetu, have this power shift at their heart. An interesting question would be to examine the role that regional and national civil society platforms have in facilitating and enabling the right conditions for such funding models.

During our interviews, platforms themselves made the following recommendations for future funding in answer to the question 'what would your ideal donor be like?'. The responses were very varied, however, some common themes emerged in the answer to this question:

- Co-creation of funding programmes and modalities from the outset;
- Pro-active inclusion of smaller, local organisations with local knowledge in funding partnerships with donors taking into account their capacities and needs
- Flexible funding that can be adjusted to changing circumstances;
- Funding that will cover at least three to five-year programmes;
- Funding for stand-alone advocacy programmes;
- Funding for more innovative work such as policy coherence for sustainable development;

Any review of funding models within an organisation must include a review of the operating model of the organisation: what it's mission and vision are, why this is important, and how this is being delivered. The two go hand in hand. If funding is hard to come by, there will always be a need to compromise somewhere, whether by reducing or cutting certain programmes, charging for selected services, or fundraising from sources that were not previously approached; and it is important to choose proactively what this will be.

A strategic approach to funding and fundraising will be vital for the future sustainability of networks and platforms. Some of those interviewed have developed clear fundraising strategies, and are clear about the direction that their fundraising is taking in relation to changing trends, however, others are very dependent on a single donor, operating "hand to mouth", and have not had the time or resources to think strategically about future funding. The following three recommendations relate to this need to take a strategic approach:

RECOMMENDATION

When core funding is available, it is very important to take the time to reflect on, and strategise for, sustainable funding. The toolkit that will follow this report will seek to guide the wide range of Forus members, from different geographies, political frameworks, size and structure to find routes to sustainable funding. In turn, by monitoring use of the toolkit and the ongoing experiences of organisations trying to find routes to sustainable funding, Forus can continue to provide relevant resources to all contexts and connect CSOs who can best learn from each other.

RECOMMENDATION

The interviews highlighted a clear interest from other platforms, who were generally smaller and/or Southern based, who were keen to act as Fund Managers, but cited requiring additional support to advocate to donors about their unique position to do so. Forus could be well placed to support such platforms to assess the opportunities and risks of such roles and could act as conduits to key donors to advocate on the added value and benefits of having smaller, Southern based platforms act as Fund Managers.

RECOMMENDATION

Before donor and partner support can be maximized, networks and platforms need to know their own 'value offer' whether it is their local community knowledge and experience or position of trust, their ability to push messages within global fora, or their ability to create needed research. Forus' toolkit should include guidance around this.





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Appendix A: Bibliography

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4. Bond (British Overseas Network on Development) - United Kingdom
5. ACCION (Chilean Association of NGOs) - Chile
6. CIVICUS
7. CONCORD (European NGO Confederation for Relief and Development)
8. CCOD (Confederación Colombiana de ONG) - Colombia
9. CCC (Cooperation Committee for Cambodia) - Cambodia
10. Forus
11. GCAP (Global Call to Action against Poverty)
12. HAND (Hungarian Association of NGOs for Development and Humanitarian Aid) - Hungary
13. InterAction - USA
14. PIANGO (Pacific Islands Association of NGOs)
15. REPAOC (Network of national NGO platforms in West and Central Africa)
16. REPONGAC (Network of national NGO platforms in Central Africa)
17. SPONG (SECRETARIAT PERMANENT DES ONGS) - Burkina Faso
18. Social Watch
19. SID (Society for International Development)
20. Uganda NGO Forum - Uganda
21. VANI (Voluntary Action Network India) - India



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