UNDERSTANDING THE RESOURCING LANDSCAPE FOR SMALL AND INFORMAL CIVIL SOCIETY GROUPS IN THE GLOBAL SOUTH

Challenges, Trends and Behaviours Identified Through a Comparative Analysis of Grey Literature

July 2019
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1. INTRODUCTION

The question of how grassroots groups and activists based in the Global South can mobilise adequate support to overcome the growing ecological, social, political and economic challenges they face to achieve positive change is a serious one that requires our attention. These groups and movements, especially those from historically marginalized communities, face significant challenges in accessing key resources (financial and otherwise) to sustain their work.

Over the last five years, CIVICUS has been analysing and documenting some of these challenges and trends. On several occasions it has also gathered a range of organisations and activists together to deepen understanding of the issue and to discuss what can be done in response.

We have realised that there is no shortage of progressive funders and civil society groups experimenting with new and different resourcing modalities that better support independence, resilience and the sustainability of groups and movements, especially at the local level. However, there is a lot more that could be done to fill important gaps across movements and geographies and to identify practical and innovative resourcing approaches for grassroots actors beyond the traditional development aid framework. There is also a lack of methods to bring such innovative approaches to fruition.

In response to this challenge, in 2019, CIVICUS embarked on a consultation to identify, in a participatory way, possible mechanisms that would increase the scale and quality of resources, both international and domestic, for these groups and movements. To kick-start the process, a literature review was commissioned to assess the current understanding of how the funding landscape (especially but not limited to development aid) is affecting resourcing of civil society groups in the Global South, and documenting some responses that are trying to address main challenges.

While outcomes of the consultation and main resourcing mechanisms identified are being disseminated, we thought that also the literature review would be a useful piece to share. This paper is an adapted version from the literature review report prepared for CIVICUS by Bethany Eckley and Jennie Richmond, two of the consultants involved in the consultation process.

We hope this paper provides a simple yet comprehensive overview of main trends and behaviors identified in grey literature. It also offers interesting examples of progressive funders and initiatives from civil society groups, as well as a wide range of suggestions for further reading.
2. WHAT ARE MAIN CHALLENGES AND WHAT ARE THE CAUSES?

The challenges experienced by southern-based civil society organisations (CSOs) in securing resources are complex and multi-layered, especially for smaller and informal organisations and those from historically marginalised groups. They are, however, well documented and well understood across the development sector.

2.1 Little aid funding reaches CSOs directly, especially grassroots, in the Global South

Looking at development aid funding, such as the Overseas Development Assistance (ODA), only a fraction of available resources is given directly to CSOs based in the Global South. The vast majority of aid is distributed via multilateral organisations such as the United Nations and the World Bank, or is given in bilateral aid to specific countries, programmes and regions. A proportion of this bilateral aid is distributed to NGOs and CSOs, but most of it is directed towards large, international NGOs for both direct delivery and also as channels of funds to southern ‘partner’ organisations. The result of this distribution is that small, informal organisations based in developing countries often cannot secure the resources that they need to sustain their work.

This infographic prepared by CIVICUS using OECD data from 2016 offers a concise summary.

2.2 Behaviour of donors

In considering the behaviour of donors, we need to look at a range of actors. The majority of ODA still comes from OECD member states: in 2016, $142.6 billion of development aid was distributed by OECD DAC members. Governments of northern states therefore continue to be key actors in this sector. In addition to this state aid, it is estimated that private development assistance makes up about a third of all aid given by OECD members and a quarter of all humanitarian funding. It is important, therefore, to consider the behaviour of foundations (public and family-based) and corporate donors.

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New donors have been emerging in the Global South and are having a significant shaping effect on development cooperation, but for a variety of reasons are not yet a significant source of funds for CSOs. China has become a huge donor, especially in Africa, but its funding has tended to be directed towards large infrastructure projects and government-to-government initiatives rather than funding CSOs. There has been an increase in southern-based philanthropic foundations, but these organisations have largely focused on funding service-delivery organisations rather than change-seeking CSOs and some are avoiding grant-giving altogether, choosing instead to run their own projects directly.

In theory, corporates and foundations could be more nimble and risk-tolerant in their giving than states yet the Worldwide Initiatives for Grantmaker Support (WINGS) finds, in their report on the global landscape of philanthropy, that most foundations are traditional, focusing on health, social services and education, and that relatively few are willing to support advocacy or social justice issues. Corporate giving is even more risk averse, focusing on what companies want to achieve rather than what is needed, although this has transitioned to some extent with the traction provided by the Sustainable Development Goals. The trends explored below therefore tend to be common across all major donor types.

Donors increasing the size of grants and due diligence requirements

In recent years, grants for development work have become larger, application processes have become more complicated and grantee reporting requirements have ballooned. The main reasons for these changes have been the drive by donors to demonstrably maximise effectiveness and value for money, and to avoid waste and corruption. Scrutinised by publics that have become increasingly sceptical and even hostile about aid spending, northern governments are under significant pressure to carry out extensive due diligence on all applicants, both before and after awarding grants. Public foundations and INGOs have also experienced a heightened level of public scrutiny, which has encouraged them to make similar changes to their grant processes and requirements.

An introductory paragraph of DFID’s 2016 Civil Society Partnership Review is enlightening:

> It is vital that we maximise the impact of resources which are spent to tackle poverty... Our funding for CSOs will incentivise and prioritise organisations and programmes that deliver the maximum impact per pound spent… our approach will unapologetically put value for money, results for the poorest and cost effectiveness at the heart of our funding decisions, and our funding criteria will reflect this. The British taxpayer and the world’s poorest expect nothing less.

The value for money agenda has led donors to award larger grants in part because large-scale grants are perceived to be more effective in addressing intractable problems such as poverty, inequality and climate change: the ‘big is beautiful’ approach. Another driver for

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4 Page 4, Southern Philanthropy, CIVICUS, 2016
5 Page 4, The Global Landscape of Philanthropy, WINGS, 2018
6 Page 5, Civil Society Partnership Review, DFID, 2016
donors to award larger grants is the lack of internal capacity and appetite to deal with the higher level of administration required when awarding a larger number of smaller grants.

One impact of the trend to award larger grants and to have more complex requirements is that more of the available funds are directed towards larger, professionalised NGOs. These organisations not only have the resources to develop bids to win work and to plan, deliver and monitor complex projects, but they are also perceived to be a safe option for donors that are increasingly risk-averse. Smaller, informal organisations based in the Global South are seen to be too risky. Of the $4 billion given for international humanitarian assistance in 2014, more than a third went to the 10 largest NGOs and only 0.2% went directly to local and national NGOs. Such unequal distribution of resources cements and entrenches power imbalances that already exist within the sector and leaves southern organisations ‘trapped in a vicious cycle of under-investment’. Ultimately it maintains an imbalanced, neo-colonial model and works against sustainable and locally-grown solutions.

The aid effectiveness agenda, with its accompanying ‘logframitis’, has not only influenced the type of organisations receiving funds, it has also changed the nature of the work being delivered. As CIVICUS’ former Secretary General Danny Sriskandarajah argues in a Guardian article, ‘the science of delivery has been strangling the art of social transformation.’ Driven by the need to measure results and prove impact through extensive data collection, donors have helped to nurture CSOs who are ‘excellent at “accounts-ability” but less good at disruptive change’. Former UN Special Rapporteur Maina Kiai goes further and argues that donor demands encourage CSOs to stretch their claims of impact and that they have created a world where delivering workshops is talked about as impact. Donor behaviour therefore undermines the quality of work delivered on the ground, which in turn contributes to the sense that aid is not effective.

**Donors funding projects, not core costs**

Driven by their desire for quantifiable results, donors are tending to fund short-term, service-delivery projects rather than offering longer-term, strategic funding or funding more controversial work that seeks to address the root causes of poverty through advocacy or mobilisation. This so-called ‘projectisation’ of the sector leaves CSOs struggling to cover their core costs and instead forces them to lurch from one project to another in order to secure sufficient funds to continue operating. It undermines the financial sustainability of organisations and creates a culture in which organisations are encouraged to chase money and issues, rather than maintaining their original goals and agenda.

Many believe that this projectisation undermines the long-term effectiveness of the sector. As Adriano Campolina and Ben Philips of ActionAid write in CIVICUS’ State of Civil Society report, ‘On its own, project work will never eradicate poverty’. Just as we see above, with escalating donor reporting requirements, the pressure put on CSOs in the form of the ‘benevolent language of projects’ only serves to ‘lessen results (if by results we mean real, large-scale, lasting change)’. Projectisation is seen as a threat to CSO sustainability and to the impact that CSOs can have in advancing social justice. It also leaves civil society

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8 D. Sriskandarajah, *Five things international NGOs are blamed for*, 2016
9 D. Sriskandarajah, *Five things international NGOs are blamed for*, 2016
11 D. Sriskandarajah, *Five reasons donors give for not funding local NGOs directly*, The Guardian, 2015
12 M. Kiai, *From funding projects to funding struggles: Reimagining the role of donors*, Open Global Rights, 2017
unprotected and unable to respond when restrictions are placed on its operating space, which is a serious problem.

**Donors setting the agenda**

Another result of the effectiveness agenda is that donors are increasingly choosing to focus on certain themes or issues in order to both increase their impact and improve its communicability (such as the Gates Foundation’s focus on health issues). While there are benefits to this scope definition, there are also negative impacts as donors tend to set more rigid requirements for the work they are willing to fund, to define the outcomes they want to achieve, or even to cease to accept unsolicited grants. According to Pablo Eisenberg, 60% of US foundations will not receive unsolicited proposals. This enables donors to ‘call all the shots’. Rather than CSOs defining the needs of their own communities and designing solutions to meet those needs, donors based in the Global North decide both. In this arrangement, CSOs cease to be equal partners and instead become delivery mechanisms, which do not necessarily prioritise the voices and needs of local communities.

**Donors narrowing their focus and changing their objectives**

In times when many northern-based governments are reducing public spending, foreign development funding can be hard to defend. In response, governments are doing two things: first, they are narrowing their focus to fragile states or those with humanitarian crises and withdrawing from middle-income countries; secondly, they are making the argument that aid can benefit the donor country by promoting trade, strategic foreign policy interests and by combating terrorism and extremism. Not only does this defence of aid reduce the amount of funding available in certain regions and to certain types of CSOs, it also instrumentalises aid as a tool for the donor country. It encourages greater links with the private sector and reduces the likelihood that donors will fund organisations that seek to disrupt the status quo. Moreover, the needs of movements, and the factors that may contribute to the sustainability of such movements, are not always well understood by many donors who may wish to support them.

**2.3 Behaviour of southern states**

CIVICUS regularly documents the rise of civil rights restrictions around the world. They argue that the shrinking of civil society space can no longer be dismissed as coincidence: ‘repression of peaceful civic activism continues to be a widespread crisis for civil society in most parts of the world, with just four per cent of the world’s population living in countries with open space for civil society (civic space)’. While the most severe civil rights restrictions are seen in Africa or MENA, repressive regulations are being introduced in countries in every global region, including Europe and North America. CIVICUS also highlights the close connection between resourcing challenges and the global emergency on civil society space. On the pretext of preserving state sovereignty and fighting terrorism, several states in the Global South have recently increased

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15 See *Keeping Up the Pressure: Enhancing the Sustainability of Protest Movements*, CIVICUS, 2017
16 Page 4, *People Power Under Attack*, CIVICUS, 2018
17 Page 61, *People Power Under Attack*, CIVICUS, 2018
restrictions on CSOs accessing foreign funds. For example, India’s Foreign Contribution Regulation Act requires CSOs to obtain official clearance before they can receive international funds, meaning that the state can block support for groups critical of official policies. Russia’s government requires CSOs that have received funding from abroad to designate themselves as ‘foreign agents’, and in the recent past in Ethiopia, human rights advocacy groups have largely been forced to close due to the restrictive Charities and Societies Proclamation, which allowed only a maximum of 10% of funding to be received from foreign sources. As well as introducing repressive regulations, governments are also challenging the legitimacy of CSOs. In Nicaragua, the government launched the Operation No More Lies campaign against NGOs it accused of embezzlement, money laundering and subversion. It argued that the NGOs’ promotion of human rights, poverty reduction and gender equality were ‘modern-day Trojan horses’.

Counter-terrorism measures have also become a means of controlling CSOs. In 2012, the Urgent Action Fund for Women’s Human Rights Activists gathered a group of women human rights defenders to discuss the impact of counter-terrorism measures on their work. One activist summarised that counter-terrorism measures have ‘become a convenient label to put on … what the government would like to do or wants people to stop doing. It has become a tool of the governments to be able to circumvent the process of law, the constitution, whatever…’ The women, gathered from across Asia, described how the measures had made it more difficult to travel, that their offices had been ransacked, surveillance increased and one participant from Azerbaijan had had her home illegally demolished. Counter-terrorism measures have limited basic freedoms and narrowed the space in which human rights work can take place: ‘my work is more vulnerable and limited’ one activist said.

Southern states are also using measures put in place by the Financial Action Task Force (FATF) to restrict the financing of terrorist organisations to control the activity of CSOs. A guest essay in CIVICUS’ State of Civil Society report 2015, written by Kay Guinane, highlights the 2012 report by Statewatch and the Transnational Institute, which examined the effects of FATF regulations in almost 160 countries. It found that FATF rules are being used by governments as an ‘instrument, to further cut back on the space of civil society… freedom to access and distribute financial resources for development, conflict resolution and human rights work.’ FATF regulations were also mentioned as a disabling factor for local civil society resourcing in a funders’ meeting organised in 2018 by CIVICUS and the Conrad N. Hilton Foundation.

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18 See Laws designed to silence: the global crackdown on civil society organisations, Amnesty International, 2019
19 Page 3, Southern Philanthropy, CIVICUS 2016
20 http://www.starsfoundation.org.uk/blog/closing-space-civil-society-whom-should-we-be-listening
21 Page 5, Impact of Counter Terrorism Measures on Women’s Human Rights Activism, UAF, 2012
23 Workshop organised by CIVICUS and Conrad N. Hilton Foundation in 2018: enhancing the agency and resilience of local civil society
2.4 Behaviour of civil society organisations

The literature highlights that CSOs exhibit certain negative behaviours and that this happens at two different levels. Firstly, these behaviours occur at the level of the large, international NGO. In their desire to secure funds, these organisations are raising an ever-larger proportion of their funds in the Global South with the result that they are crowding out local civil society. As donor requirements grow exponentially, organisations are required to become more professional. This professionalisation leads to INGOs poaching the best staff of local organisations, offering higher salaries and raising expectations that ‘further challenge the stability and capability of local NGOs’. Secondly, these negative behaviours occur at the level of local CSOs. As long as CSOs attempt to secure funding purely from foreign sources, they risk losing connection with the communities they are trying to serve. This disconnect between CSOs and local communities creates a lack of trust, undermines their legitimacy and strengthens arguments made by governments that they are ‘foreign agents’.

Danny Sriskandarajah urges CSOs to ‘Go Brave’. For him, this would involve organisations weaning themselves off international grant or contract funding by either exploring new ways of raising money or by designing activities that do not require financial support. ‘Ultimately, we also need to be brave enough to go beyond our log frames and work plans, to engage in the politics of social transformation and protecting our space.’ We will explore this response to the resourcing problem later in the report.

3. HOW HAVE THESE RESOURCING CHALLENGES BEEN ADDRESSED?

In this section, we summarise the various efforts that have already been made to respond to the challenges documented in the grey literature reviewed. We have organised these in three sections: improving grant giving practice; social investment; and mobilising new forms of resource.

3.1 Improving grant giving practice

This first section highlights efforts that have been made to challenge the most problematic aspects of the current grantmaking system: the power of donors to control the agenda, the disempowerment of local voices and organisations, and the disconnect that exists between local CSOs that are dependent on foreign funds and their local constituencies. Here we look at participatory grantmaking, community philanthropy, moving donors closer to the Global South and direct grant giving.

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24 This issue was highlighted in a Roundtable meeting on Direct and Democratic resourcing hosted by CIVICUS in London in 2017.
26 Rethinking Power and Resources: Summary breakfast briefing Oct 2018
Participatory grantmaking

Participatory grantmaking is an approach that involves the communities that the funders aim to serve in some or all stages of the grantmaking process - from developing the strategy and criteria for the funds, to the decision making and reporting. Fundamentally, it is an approach that seeks to address the power dynamics inherent in philanthropy by moving power from foundation staff to the people most affected by the issues, or at least sharing it: it is a 'lever for disrupting and democratizing philanthropy.' The foundational principle of participatory grantmaking is ‘nothing about us, without us, is for us’.

Several grant-makers are embracing this approach and radically changing their systems and structures to allow full community participation. Such funders include Disability Rights Fund, FRIDA - The Young Feminist Fund, Red Umbrella Fund, UHAI and the Wikimedia Foundation. Other funders recognise the value of participation and see the need to change, but are struggling to embrace full-scale change. For example, in its recent partnership review DFID writes about wanting to encourage ‘beneficiary feedback’ throughout the application process. Although the intent is positive, the language of ‘beneficiary feedback’ suggests that the switch to seeing local communities as full and equal partners has not yet been made. Other funders, such as Comic Relief in its Queen’s Young Leaders’ programme, have experimented with partial shifts towards broader participation in their processes.

The advantage of participatory grantmaking is that it builds a shared sense of responsibility for addressing issues that have been jointly identified and prioritised by donors and communities, and it creates local buy-in for carrying out due diligence, both of which make the activities more effective. In the longer term, participatory grantmaking has the potential to enhance civic engagement as it encourages local people to take the lead on making their community a better place. It builds self-determination, collaboration and trust. The challenge is that it can take significantly more time to distribute grants, particularly in places where power dynamics are delicate and entrenched. GrantCraft argues that while participatory grantmaking can take more time, in the end it is more effective. It is a values-based approach where ‘the process itself is an important part of the outcome’. It also doesn’t create more funding, or necessarily provide donor assurances around effectiveness or due diligence.

Community philanthropy

The community philanthropy movement has grown significantly over the last two decades, and more recently as a result of the #Shiftthepower campaign. The movement, which includes community foundations, women’s and environmental funds, as well as other issue or identity-based foundations, seeks to shift power to local communities by building local cultures of giving and emphasising the role of local assets.

Community foundations are ‘multi-stakeholder initiatives in which resources are raised and priorities set locally, allowing for communities to develop ownership of their funds and drive

28 Page 7, Deciding Together: Shifting Power and Resources through Participatory Grantmaking, GrantCraft 2017
29 Page 13, Civil Society Partnership Review, DFID, 2016
30 http://www.grantcraft.org/blog/why-every-funder-should-consider-participatory-grantmaking
31 Page 12, Deciding Together, GrantCraft 2017
the transformation of their own situations.\footnote{Page 13, \textit{Southern Philanthropy}, CIVICUS 2016} According to the Global Fund for Community Foundations (GFCF), there are now 1,864 place-based foundations, including for example the Bangladesh Women’s Foundation, the Ikhala Trust in South Africa and the Community Foundation of Northeast India. Most are small, with fewer than five employees, and they are unevenly distributed with 1,000 in North America and only 11 in Latin America.\footnote{Page 11, \textit{The Global Landscape of Philanthropy}, WINGS, 2018}

According to the GFCF, ‘it is the independence provided by money raised by local people and given to locally rooted CSOs that endows a community foundation with potentially transformative power.’ Institutions like the Kenya Community Development Foundation, which bring together local and external donors, are a good example of how it is possible to ‘disburse significant resources in a way that is effective and reaches the people you want to reach rather than just dumping a single grant on a successful NGO.’\footnote{Page 30, \textit{The Global Landscape of Philanthropy}, WINGS, 2018} Tewa in Nepal, a foundation with 3,000 local donors, show that community foundations are viable even in poorer contexts.\footnote{Page 287, \textit{State of Civil Society Report}, CIVICUS, 2015}

The strength of community foundations is that they are able to leverage the assets and knowledge of local people to bring about change. Rather than being driven by a donor’s agenda, they can develop flexible, holistic responses to local challenges. As a result of the local relationships between donors and grantees, they also help to build trust which is an essential component for achieving long-term change.

**Moving donors closer to the ground**

There are two main ways in which donors have moved closer to the ground; firstly, through funding ‘intermediaries’ based in the Global South\footnote{Note that there is some debate over the term intermediary (or even ‘fundermediary’). To some it is a term that implies a form of transactional organisation and does not recognise that these funders are often part of the movements they seek to fund.}. These ‘exist explicitly to channel donor funds more directly, and ideally more democratically, to the end recipient’.\footnote{Page 30, \textit{The Global Landscape of Philanthropy}, WINGS, 2018} While this type of organisation has existed for many years, the more recent positive trend is the fact that more donors are willing to channel their funds through fundermediaries from the Global South.

Global South fundermediaries, such as the African Women’s Development Fund, the Arab Human Rights Fund and the National Foundation for India, are better placed to understand context and build trust with local CSOs than their northern counterparts. Their proximity to grant recipients means that they not only share their language and culture, but are also able to build quality relationships and so better understand the nature and impact of their work.

The second way donors have moved closer to the ground is through the establishment of in-country, multi-donor funds. Examples include Accountability in Tanzania, Bangladesh Climate Change Resilience Fund, and the Rights, Democracy and Inclusion Fund in Nepal\footnote{The Rights, Democracy and Inclusion Fund (RDIF) was a multi-donor fund from 2006 to 2012 that supported Nepali civil society organisations to promote human rights, inclusion and democratic policies and practices. RDIF primarily focused on initiatives at the local level.}. The trend for donors to ‘pool’ their civil society funds at country level in support of shared objectives has arisen largely from a commitment to harmonisation under the aid
effectiveness agenda'. In principle, multi-donor funds enable donors to increase their impact while reducing their transaction costs.

In 2014, INTRAC published a study on civil-society resourcing through multi-donor funds. It lists the main benefits of these funds as: enabling greater outreach to CSOs; avoiding duplication of donor funding; enabling a greater scale of response to a specific issue; and reduced transaction costs. However it also highlights some concerns among CSOs that ‘the convergence of donor priorities in a limited number of joint funds may reduce the sources of funding for many, particularly smaller, CSOs.’ By reducing the sources of funding it may also encourage CSOs to divert from their primary mission in order to access funds and may also undermine the mediating role that donors have historically played between civil society and governments. INTRAC concludes that the design of the multi-donor fund is crucial in enhancing impact and reducing its potential harm.

### Direct grant giving

A fourth trend to highlight is the move for grant givers to fund southern-based CSOs directly. Comic Relief is a good example of this trend. Having previously directed their international funding through UK-based charities, they have recently taken the strategic decision to directly fund southern CSOs. Their grant eligibility criteria now states ‘We will always prioritise applications from organisations that are registered in the country where the work will take place.’ Other funders have considered taking this step, but concerns around compliance and due diligence have ultimately prevented them from doing so, so far.

### 3.2 Social investment

Using philanthropic money in ways other than grant giving is becoming an important part of the funding landscape, says WINGS in its Global Philanthropy report. While terminology varies significantly and different terms can often be used interchangeably, a commonly-used umbrella term for this type of funding is social investment: ‘funding that may generate a financial return, but where societal impact comes first’.

Social investment, impact investing or venture philanthropy are all ways of increasing the finance available to social purpose organisations. Investments are made through lending money, often at below market rates, or buying equity of social enterprises that generate income or businesses with a social purpose. Venture philanthropists also give grants to charities where there is no expectation of financial return. Although investors will vary in the risks they are willing to take and the financial returns they expect, the common thread is that they all expect social returns from their investment.

This type of funding activity is growing. In 2017, the Ford Foundation announced that it will devote $1 billion to impact investment over next 10 years. In the same year, Japan’s Sasakawa Peace Foundation was also established with an impact investment fund of $100 million. Established in 2004, the European Venture Philanthropy Association now has 275 members in over 30 countries. The Asian Venture Philanthropy Network now has almost 500 members and in 2016, just 111 members of the network reported $2.17 billion of financial

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39 Page 4, Study on Support to Civil Society through Multi-Donor Funds, INTRAC, 2014
40 Page 5, Study on Support to Civil Society through Multi-Donor Funds, INTRAC, 2014
41 [https://www.comicrelief.com/funding/eligibility-criteria](https://www.comicrelief.com/funding/eligibility-criteria)
capital investments. There has also been a rise in the number of organisations that, like Transform Finance, blend a participatory grantmaking approach with impact investing.

WINGS highlights several reasons for the development of this sector, including the growing number of entrepreneurs turning to philanthropy, the relative underdevelopment of foundations in emerging economies and a desire for effectiveness. Proponents of social investment say that they are building strong organisations that are financially sustainable and resilient. Critics argue that the approach instrumentalises CSOs: they are valued for the financial return they offer rather than their intrinsic social good or ability to represent the voices of their communities. Both sides of the argument would acknowledge that social investment and hybrid investment, that mixes grantmaking with investment, are here to stay.

3.3 Mobilising alternative forms of resource

We have mentioned above the problems that can arise when southern-based CSOs are dependent on foreign funds: they struggle to be financially sustainable, receiving largely project-based funding, they cannot set their own agenda, and they are disconnected from their local constituents who distrust their intentions and activities. Community philanthropy and participatory grantmaking attempt to address some of these issues. Another way of overcoming these problems is by CSOs mobilising alternative forms of resource so that their dependency on foreign funds is reduced. ‘Self-generated funds are like vegetables, while donor grants are more like treats – tasty but more short-term. We must invest the time and political will to create alternative resourcing models’ says the Count Me In! Consortium.

There is significant potential for CSOs to raise funds from their own citizens, states and corporate sectors. An excellent example of this potential is the ‘Kenyans for Kenya’ campaign launched in 2011. In response to the widespread drought and the delay in funds arriving from abroad, the Kenyan Red Cross created a coalition with the private sector to raise funds in the country. The initiative was led by a committee with representation from Safaricom Foundation, Kenya Commercial Bank Foundation, Gina Din Corporate Communications and the Media Owners Association among others. The initial target of raising $5.5 million was achieved within three weeks, with around half of the total donated by individuals giving $1 or less.

Crowdfunding and online campaigns also have potential to mobilise domestic and international resources, including the huge and yet untapped potential of remittances. Yet CIVICUS notes the challenges that exist. Finding the right online platform and balancing the funding ask with the reward can be difficult and so can be more suited to organisations with well-established communications capacity and online presence. They conclude that while these approaches offer value, they are no ‘quick fix to cover declining funds from other sources’.

The rise in social enterprises is significant and represents another way in which CSOs are attempting to leverage funds for their work. The WINGS report of 2018 defines social

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43 Page 33-34, The Global Landscape of Philanthropy, WINGS, 2018
45 Page 33, The Global Landscape of Philanthropy, WINGS, 2018
46 Page 7, Money and Movements, Count me in! Consortium
47 https://www.preparecenter.org/content/kenyans-kenya-k4k-initiative
enterprise as a ‘cause-driven business which puts all the dividends back into the enterprise.’ While the social enterprise sector is fairly new in most countries, it is estimated that there are now two million operating in India, 51,000 in Japan and 60,000 in the Philippines.\(^5\) However, in many countries the existing legal/regulatory framework does not yet recognise this typology so CSOs transitioning into such blended model are facing challenges with registration, taxation, incentives etc. Moreover, New Philanthropy Capital warns that social enterprises are not magic bullets:

Social enterprise can never be a magical panacea for market failure. There are some groups of people - as well as some geographies and some issues - for whom the ability to pay for products and services cannot determine whether they are able to receive the products and services they need. There will always be a need for civil society to do what the private sector or social enterprises cannot.\(^5\)

Other organisations are turning to ‘social tech’ to achieve their goals. A recent report from Comic Relief highlights how technology is being used to improve social conditions in Sub-Saharan Africa including, for example, anti-corruption systems for citizens to report bribes, communication platforms for refugees on the move, and systems that allow farmers to plan their next crop.\(^5\) New technologies can help to reduce operating costs and also have the potential to unlock alternative, corporate sources of funding. However, there is the risk that where social tech is brought in to solve a problem, it is done so in a way that does not create or build local buy-in, and is not based upon a thorough understanding of the problem. Like social enterprise, social tech is not a magic bullet.

In their Global Exchange meeting in 2017, CIVICUS gathered together organisations pioneering different models of resource mobilisation, both financial and non-financial. For example, ComuniDAS is a growing network of social organisations from Latin America and the Caribbean that promotes the exchange of services and knowledge. The network has created an online platform where civil society groups, businesses, the public sector and the academic world meet to exchange products and services. Another example explored in the meeting was the Chilean student protest movement for citizens’ access to free university education which was funded by subsidies from universities, donations from their own members, and to a small extent, sponsored advertising. Movement leaders decided not to take money from the diaspora but asked them to use their political influence to change government policy. In order to promote its longer-term perspectives, the movement used the services of well-disposed think tanks to develop alternative policies for the government, using the students as researchers.

If CSOs are to secure domestic support, CIVICUS argues that they will need to develop their ability to communicate their vision and mission in ways that will be understood locally. CSOs ‘must build domestic profile, create accessible channels to engage with local donors, and gain the trust of local donors and citizens. To do so may entail CSOs making an effort to adjust their language and discourse, if these have been tailored to foreign donors.’\(^5\) This will be a significant challenge for organisations that have long been dependent on communicating with foreign funders and meeting their requirements.

Grantmakers also have a role to play in helping CSOs to unlock domestic resources. One of the main ways they are currently doing this is by investing in building national, regional and

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\(^5\) Page 36, The Global Landscape of Philanthropy, WINGS, 2018
\(^5\) Page 5, Social Tech Ecosystems in Sub-Saharan Africa, Comic Relief, 2018
\(^5\) Page 14, Southern Philanthropy, CIVICUS, 2016
thematic networks. FRIDA, the National Foundation for India and the Southern Africa Trust are all examples of funders who offer non-financial, capability-building support and networking opportunities with the aim of building the resilience of their grantees. The Brazilian Fund for Human Rights creates opportunities for partners to engage with well-established organisations and also provides learning spaces for smaller and newer organisations. There is more that funders could do to support grantees in this regard. Putting in place match-funding requirements, or certain kinds of non-financial support from domestic private sector organisations could encourage CSOs to deepen their in-country collaboration.

4. CONCLUSIONS

There is no silver bullet to address all the above challenges at once. Multiple actors are involved in a complex and historically unjust system, most of whom have incentives to maintain the status quo in the access to and control of resources. This is why, despite the fact that the causes and the effects of the problem are well understood, it has not yet been possible to find solutions that create a significant change in the system.

If imbalances both in terms of access to resources and power could be significantly shifted, it would make a huge contribution to ensuring there is adequate support for a diverse, sustainable civil society sector that is empowered to deliver long-term, transformational change. Success would be networks of locally-rooted organisations that set their own agenda and are not overly reliant upon donor funds but can draw upon a range of domestic and international resources, both financial and non-financial.

Any mechanism aiming at addressing these challenges would need to do one or more of the following:

- Encourage donors to:
  - Open up ways for communities’ own priorities to affect their funding priorities
  - Devolve decision making on grants as close to the ground as possible
  - Develop funding streams that are accessible to small, informal organisations
  - Offer long-term, flexible and core funding to southern civil society groups
  - Fund in a way that considers civil society as an ecosystem and invests in its diversity and resilience

- Encourage southern states to:
  - Invest in and value their own civil society in all its diversity and different functions, including those of challenging status-quo and holding duty bearers to account
  - Create a conducive environment for CSOs to mobilise resources and support, both domestically and internationally

- Encourage local CSOs to:
  - Increase the diversity of their funding streams and other assets
  - Build meaningful connections with local citizens

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54 Page 9, Southern Philanthropy, CIVICUS, 2016
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