

Loss of Foreign Funding



Background

Countries worldwide require nongovernmental organizations (NGOs) to register with relevant government agencies. While registration is common around the world, in some countries registration can include inspection requirements that allow for government surveillance of operations, limitation of civic freedoms, and limitations to funding, especially around major elections.³³ Some countries include additional requirements that should be met when NGOs receive funding from foreign sources. These restrictions can undermine the legitimacy of the grantees themselves, reducing their impact (see “Hostile Local Narratives” section). Thus, international donors have a financial and practical incentive to adjust their funding to grantees working in these contexts to guard against unintended consequences, while grantees are incentivized to seek out domestic financial support that is not subject to as many restrictions.

Most funder responses to legal restrictions address the loss of funding. Perhaps the most efficient and common response to a loss of foreign funding is to connect grantees with legal advice and information. Other responses include scaling back operations, repurposing or rebranding activities for a less politically sensitive area and providing emergency funding responses.

Strategies

Link grantee to local philanthropic organizations and connect foundations in the Global North for a targeted, robust approach (Funder/Grantee): There are a number of methods to address the potential funding shortage faced by grantees. Online brokerage models, for example, link grantees to alternative funding sources within and outside of the country. This approach targets people who are concerned about a particular issue to the projects and campaigns seeking to address it.³⁴

[GlobalGiving.com](https://www.globalgiving.com) is one such platform that partners community organizations and projects with individuals and groups that support them. Founded in 2001, it has secured funding from 400,000 people and 100 companies, raising over \$140 million for over 10,000 projects and 150 countries.³⁵ Models like these – online platforms that allow for direct access to funding from diverse sources – reduce intervention costs, are less labor intensive, and require less management and physical infrastructure.³⁶ This type of approach can reach beneficiaries in targeted contexts or with specific interests, and its remote vetting and monitoring function allows for this connectivity at a lower cost. However, they can also introduce a higher level of competition among civil society organizations (CSOs); while competition may complicate the search for donor support, it forces organizations to focus on constructively identifying what differentiates them from similar CSOs. Donors themselves will likely need to develop a greater appetite for risk-taking.³⁷

Consider working with particular branches of local government to facilitate local partnerships and linkages with grantees for shared accountability (Grantee) Decentralized government is a hallmark of many post-colonial countries, particularly across Sub-Saharan Africa. As a result, local ministries of education or health, for example, are often engaged in development projects and develop organic relationships with the civil society organizations they coordinate with on the ground. These partnerships can facilitate greater trust and mutual accountability between government offices and local grassroots organizations. One such example is the USAID "BALADI" program – Building Alliance for Local Advancement, Development and Investment – in Lebanon. Through this initiative, USAID is encouraging municipalities in cooperation with local NGOs and other civil society organizations, to submit community projects for funding from USAID.³⁸

Conduct risk analyses of the country context prior to funding (Funder): It is crucial that funders gain a thorough understanding of the political context and risks of a potential grantee. Funders increasingly use this strategy to gauge the likelihood of funding challenges. The [European Union's Human Rights Defenders Mechanism](#) has

embraced this approach, including training on risk prevention and early warning systems to anticipate potential threats.

Leverage international support and strengthen diplomatic response (Funder/Grantee): The advocacy approach entails strengthening responses to shrinking space from states and international institutions. Private philanthropy and civil society can shape their engagement with governments and multilateral to highlight the negative trend and difficulties in fighting shrinking civic space. For example, the Obama administration’s [Stand with Civil Society agenda](#) included heads of state, civil society leaders, the philanthropic community, and multilateral organizations such as the United Nations. It sought to increase international attention on defending civil society from restrictions. This effort has monitored and tracked legally enabling environments for CSOs, identified civil society champions in government, and provided rapid-response assistance to CSOs facing harassment, among other benefits.

Move beyond emergency funding to multi-year and core funding (Funder): CSOs have been calling for more multi-year and core funding. The Understanding Activism survey³⁹ – which polled more 1,100 activists, human rights defenders, and civil society leaders from 11 different countries—highlighted the benefits of multi-year core funding. Over the long term, this funding allows CSOs to move away from jumping from project to project to invest funds in their organizational capacity, building their resilience to government crackdowns. It also enables them to be more strategic, focused, and flexible—and therefore more adept at navigating funding challenges and other restrictions. Finally, core funding also enables groups to be more connected to their constituencies.

Actor	Responses	Examples/Explanations	Key Resources (Reports or Organizations)
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Funder/Grantee	Link grantee to local philanthropic organizations, and link foundations in the Global North for a targeted, robust approach	Raith Foundation in South Africa provides emergency funding	Raith Foundation
		GlobalGiving.com: an online platform linking community organizations and projects with people and other organizations to support them	GlobalGiving
		Hivos, a Dutch civil society development organization, encourages crowdsourced funding and the creation of investment funds to support local civic activity in Ghana	Hivos case study in Ghana
		WINGS: Worldwide Initiatives for Grantmaker Support	WINGS

Grantee	Consider working with particular branches of local government to facilitate local partnerships and linkages with grantees for shared accountability	USAID's "BALADI" program – Building Alliance for Local Advancement, Development and Investment – in Lebanon encourages municipalities in cooperation with local NGOs and other civil society organizations, to submit community projects for funding from USAID.	Technology and Innovation Labs program of Prague Civil Society Center
Funder	Conduct risk analyses of country context prior to funding	EU Human Rights Defenders Mechanism: emergency funds and relocation, training on risk prevention, early-warning systems	EU Human Rights Defenders Contact: contact@protec tdefenders.eu

Funder/Grantee	Leverage international support and strengthen diplomatic response	Support responses such as the Stand with Civil Society agenda, a collaborative initiative comprising heads of states, CSO leaders, philanthropies, multilateral institutions, and the UN	Stand with Civil Society: Best Practices, by USAID
Funder	Move beyond emergency funding to multi-year and core funding	Understanding Activism survey of over 1,100 activists, human rights defenders, and civil society leaders demonstrates benefits of multi-year and core funding	Understanding Activism: How International NGOs, Foundations and Others Can Provide Better Support to Social Movements (includes survey) Responding to the Global Threat of Closing Civic Space: Policy Options (testimony of Maria Stephan before Tom Lantos Human Rights Commission)

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