



A Synthesis Study of Financial Support Mechanisms' Effectiveness for Advocacy-focused CSOs

**Prepared for the USAID Enhance Non-Governmental
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Acronyms

AntAC	Anti-corruption Action Centre
BAPF	Baltic American Partnership Fund
BST	Black Sea Trust for Regional Cooperation
BTD	Balkan Trust for Democracy
CEE	Central and Eastern Europe
CSCF	Civil Society Challenge Fund
CSO	Civil Society Organization
CSOSI	Civil Society Organization Sustainability Index
CSR	Corporate Social Responsibility
DRM	Domestic Resource Mobilization
ECNL	European Center for Not-for-Profit Law
GDA	Global Development Alliance
GDP	Global Development Partnership
ICNL	International Center for Not-for-Profit Law
MBO	Membership based organization
PAFF	Polish American Freedom Foundation
ROI	Return on Investment
SDG	Sustainable Development Goals
SEE	Southeast Europe
SAT	Southern Africa Trust
WASCI	West Africa Civil Society Institute

Overview and Research Focus

Pact and USAID are in the process of examining practical options for fostering the sustainability and resilience of civil society organizations engaged in advocacy and watchdog activities¹ in Ukraine beyond current USAID support. Complementary to USAID's broader effort to encourage sustainability of the civil society organization (CSO) sector as a whole in Ukraine, the research is specifically focused on considering best options for supporting a discrete set of advocacies focused CSOs and initiatives to continue their engagement in democratic reform issues. Namely, the research is focused on answering the following question: *What is the most appropriate mechanism(s) for financially supporting advocacy and watch dog CSOS in Ukraine beyond current USAID support and what are the key considerations toward designing such a strategy.*"

To start this process and building on the Pact 2016 study of legacy mechanism 'fit for purpose mechanism considerations,'² the researcher undertook a review of industry and academic literature focused broadly on topics of donor sustainability legacy strategies and civil society financial support options. This included both donor-encouraged and designed civil society support mechanisms in Central and Eastern Europe (CEE) and Southeast Europe (SEE) as well as globally to obtain the widest set of examples possible to complement what was already covered in the 2016 research. The lack of specific data or general consensus around what constitutes an advocacy organization and watchdog organization further meant that the research took a broad look at this set of CSOs within the sector, categorizing for example, references to human rights organizations in the literature as part of this advocacy category. For the purposes of this research, this broad set of CSOs will be referred to in the review as 'advocacy-focused organizations.'

Limitations of the Literature Review: What the literature says and does not say:

The review has endeavored to have both breadth and depth in examining the issue with searches in most major donor databases, academic journals, and research organizations focused on civil society. Pact and the researcher also undertook efforts to seek out any grey literature or internal donor documents and reports that might provide additional information to what was available publicly. This included a return to some of the literature covered in the 2016 study to examine the CEE and SEE examples in relation to this research question.

In general, there is a growing global focus on donor efforts to promote sustainability in the civil society sector, particularly in relation to the Sustainable Development Goals (SDG). However, there is a smaller amount of data than anticipated that is focused on effects and impacts of funding mechanisms and their legacies, particularly which are disaggregated for the set of advocacy CSOs that are the focus of this study. This may be due to the relatively recent donor focus on legacy mechanisms during and after exiting a country or sector as well as the relatively small set of mechanisms focused on civil society. It may also be as one academic colleague who responded to an inquiry noted, an academic bias towards describing and analyzing "action rather than aftermath." Hence this scoping effort should be considered a collected set of data and impressions focused specifically on advocacy CSOs as is possible, but which is uneven in its amounts of details in one

¹ While this may also include civic initiatives or other informal efforts of civic engagement and advocacy, the central focus is established CSOs engaged in monitoring, advocating and engaging on democratic reform efforts.

² These include: 1) Include an international dimension and Global Development Alliance (GDA) option; 2) Design project and institutional programming option to have a broad advocacy focus to include multiple actors and capacities; 3) Design the mechanism to have a creative and developmental grant making approach; 4) Ensure that the capacity development needs of the mechanism are systematically support from the beginning; and 5) Design the mechanism to have a phase out or sustainability strategy for its own cycle of engagement.

area vs. another. Analysis throughout this review notes these limitations when relevant and where additional research may be warranted.

Review Structure

Major themes and trends emerging from this review are organized in the following way. 1) The review starts by briefly examining current concepts of civil society sustainability and resilience in civil society and what this means in terms of financial viability specifically for advocacy focused organizations II) The main section of the review divides out and looks at the three major areas of donor encouraged and donor designed mechanisms to support civil society and the effects of these on advocacy-focused organizations. III). The third section of the review zooms in on Ukraine and examines civil society contextual and funding considerations. IV) The final section brings all the data and analysis together to provide preliminary conclusions and next step questions for delineating an advocacy financing mechanism for Ukraine.

I. Understanding advocacy CSOs' (financial) sustainability and resilience

Civil society sustainability is generally considered to encompass a set of factors or attributes that allow the organization and the sector as a whole to carry on their mission(s).³ When looking at donor inputs and expected impacts, almost all articulations of sustainability share the focus as Heideman (2017, p. 335) describes on “outlasting initial donor input,” suggesting the ability to continue some iteration of an initial donor intervention (however broadly defined and adapted) and ability to finance this.

Resilience is an emergent term in the development community closely connected to sustainability. Keck and Sakdapolak (2013) trace its appropriation by social scientists from natural science and suggest a ‘concept in the making,’ which includes three key traits relevant for analyzing social resilience. These include *coping capacities*, *adaptive capacities*, and *transformative capacities*. Or as Salamon describes ...”a set of institutions and traditions facing not only enormous challenges, but also important opportunities and finding ways to respond to both with considerable creativity and resolve” (As found in Appe, 2019, pp. 5-6).

Resilience is particularly used considering coping strategies for the constriction of civic space or restrictive environment programming. For example, Ashman (2015, pp. 5-6) specifically calls on donors to re-examine and re-emphasize certain CSO capacity skills to heighten the chances of what she calls survivability and resilience in closing space. And Hodgson et al. (2019, p. 16) encourage donors to consider the concept of ‘disruption’ and how to adapt and be durable. Whether described as sustainability, survivability, or resilience, donors can agree that CSOs embody traits of these are important for some level of legacy impact.

Donors such as USAID, DFID, SIDA and others generally agree on what constitutes best practices in their civil society programming transition or exit strategies: ensuring clear strategies,

³ See the CSOSI for a look at the seven factors or dimensions considered as part of CSO sustainability. These included: legal environment, organizational capacity, financial viability, advocacy, service provision, sectoral infrastructure, and public image. Please see: <https://www.fhi360.org/projects/civil-society-organization-sustainability-index-csosi>; also see the West Africa Civil Society Institute (WASCI), which includes four dimensions of sustainability to allow continued functionality. WASCI's four dimensions include: financial, operational, identify, and interventions. Please see: https://www.wacsi.org/civil_society_sustainability

sufficient timeline and capacities both on the sides of the donor and those locally managing the transition are thought to give a better chance for legacy impact (Slob and Jerve, 2008; Rose et al., 2017; and INTRAC, 2015). Specifically, in their review of USAID transition efforts, Rose et al., (2017, p. 14) emphasize that USAID tools and approaches for transitioning and maintaining a sustained country-engagement should first and foremost protect the value of its past investments by sustaining and even building upon achieved results.

Donors and practitioners generally also acknowledge that while sustainability and resilience are (much) more than financial health of the sector or an organization, financial viability for CSOs is a vital part of whether they are able to have legacy impact and continue their work. For example, the CSOSI for CEE and Eurasia consistently notes even in high performing countries with supportive legal environments like Estonia amongst the lowest scores for financial viability (CSOSI 2017). Where legal environments are constricting or less clearly supportive of civil society, financial viability is even more challenging both in the CEE and SEE Europe Eurasia regions and globally (Green, 2017).

Advocacy-focused organizations tend to be particularly challenged to have some level of financial viability. Namely funding for this type of CSO is difficult to obtain domestically; it tends to have phased international donor interest and often is sporadic in its thematic consistency (Herman et al, 2004; Parks, 2008). Similarly, legal constraints on advocacy-focused organizations critical of government performance are increasingly marginalizing these organizations as well as their support options (Green, 2017).

Advocacy-focused organizations also tend to particularly suffer from the so-called ‘NGOization’ of the sector, which means that advocacy organizations tended to become technocratic and have been particularly dependent on USAID and other external donor funding since the early 1990s. This Nimms (2018) argues caused the agendas to be often legislative and ‘elitist’ at the cost of being more grassroots and having a broader legitimacy in the respective societies. Mikus (2015) describes this reality in Serbia, a place where USAID and other external donors are still present, but where this set of CSOs is still considered largely to be ‘enemies of the state.’

How donors protect their ‘investment’ with civil society organizations in general and advocacy organizations specifically can roughly be divided into three broad areas. First donors have focused on ways to encourage enabling environments where domestic public funds can provide financial support to CSOs. Second donors have focused on encouraging and funding know-how for the diversification of funding to develop local funding resources or as donors now call it ‘domestic resource mobilization (DRM)’. This includes use of technology tools and platforms to gain access to a wider support audience. And third, donors have created a variety of funds and endowments targeted at civil society (and as partially covered in the 2016 study).

Development of funding in any of the three areas described in the next section depends on country-level legal environments that allow and encourage CSOs to seek various funding methods. ENCL highlights in their 2017 report that creating more enabling environments that clarify, ease, and make transparent CSO funding raising options is the basis for achieving funding results. The trend in Europe had been a general trajectory towards more enabling environments like the *2014 Law on Public Collections* in Slovakia. This includes legislation to enable the innovative use of tools and technologies like the 2014 regulatory framework for crowd funding and 2016 law on SMS donations in France. Yet there are increasingly examples within Europe that such an enabling environment should not be taken for granted. As documented by ECNL: “Since 2012, more than 161 laws constraining freedoms of association and assembly have been proposed or enacted in seventy-five countries, including thirty-four initiatives in Europe,” (ECNL, 2017, pp. 6-7, 62, 67-68).

The next section will look at lessons learned in each of these broad areas in the next section first looking at how each has affected the sector in general and where possible examining experiences in relation to advocacy-focused organizations.

II. Advocacy encouraged and designed support mechanisms

1. Encouraging Domestic Public Funding Options

Tax designation mechanisms

Tax designation mechanisms were a popular approach to funding legacy efforts in Central and Eastern Europe (CEE) and Southeast Europe (SEE) in the past twenty years. The tax percentage designation mechanism was developed in the 1990's in Hungary, and then later in Slovakia, Poland, Lithuania, and Romania and more recently in Moldova (2015) as part of the package of efforts to promote local funding options. As a general concept, it is a mechanism that channels public resources (from collected taxes) in a decentralized way for public benefit purposes (Strecansky and Torok, 2016, p.15).

Proponents of the tax designation note that it should be considered one of a set of local funding strategy efforts which can be complementary but not a substitute to individual local philanthropy or civil society funding raising efforts (ECNL, 2016, p.6). Statistics bear this out as in the five countries where this has been in place for some time, total revenues still only amount to approximately 2% of the sector as a whole (Strecansky and Torok, 2016, p. 31). Accordingly, most organizations earn a fraction of their budgetary expenditures through this mechanism.⁴ A recent ERSTE Foundation study look at giving across five CEE countries where the designation has been in place for at least ten years concludes that the designation laws benefit broader categories of legal entities, noting that for the CEE average only about 35% of CSOs in the sector benefit from the designation laws (Ibid, p.22).

There is little systematic information available that disaggregates how advocacy and watch related CSOs fare in relation to designation laws, While giving issues most popular primarily include social and health issues or specifically 'ill children and animals' in Hungary (Ibid, p. 30 and p. 76),⁵ some examples noted in the literature at least challenge the notion that advocacy organizations have little to benefit from such mechanisms.

In Hungary, as the political environment has become more challenging a number of advocacy groups' direct appeals to the population have yielded more funds as other sources have become more difficult to obtain; these include according to research an independent radio channel, the Hungarian Civil Liberties Union, and Átlátszó an entity focused on transparency (Ibid, p. 31). In Poland, a similar trend is noted for a handful of advocacy CSOs that managed to gain national attention and direct citizen support with an atmosphere of declining democratic standards. Panoptykon Foundation which is focused on watchdog surveillance during its first year of appeals in 2016 managed to raise

⁴ The highest noted in Hungary for example was local school foundation with approximately 15% of revenue coming from the tax designation. More commonly organizations receive just over 1% of budgetary support (Brighidin, 2013, pp.15-16).

⁵ Or as in the case of recent application of the law in Moldova, the largest recipient was the Veteran's Public Association of Veterans and Pensioners of the Moldovan Ministry of Interior with 49% of 2017 revenues (Macrinci and Chirtoca, 2018, p. 27)

EUR15,000 and the Civic Fund – a new transparency fund – raised EUR 32,000 (ECNL, 2016, pp. 19-20); in Slovakia corporate tax designations as part of their country program are identified “more frequently and in higher amounts invested in the areas that are less popular among general public (transparency, interventions among marginalized groups, etc.,” (Strecansky and Torok, 2016, p. 30).

A factor for why this is working now, analysis in ECNL suggests, is partly due to the enhanced communication efforts and methods that such organizations have undertaken to have direct appeal to their constituencies. They have as Kuti (2008, p.10) describes been able to tap into people’s desire to give based on motives of social responsibility. In Poland, for example finding innovative message to target a CSO’s constituency has been identified as a factor for why advocacy groups have managed to get such funding. Also as the researcher for the Poland case study noted, “the organization which has contacts with poorer constituency has to work on a greater number of taxpayers, the one that has more wealthy constituency can focus on convincing fewer people, e.g. 25% of taxpayers who supported Citizens Network Watchdog Poland in 2016 paid their taxes in Warsaw, which is wealthier than the rest of the country and they made 40% of the income,” (ECNL, 2016 p. 27). Kuti (2008, p.6) when looking at Hungary further suggests that demographic targeting of those better educated, more socially connected and affiliated have a higher likelihood to engage and give.

Summing up

The mixed evidence suggests that in some situations advocacy-focused organizations can consider the tax designation mechanism as a relevant funding source. Key is the ability of the organization to communicate with and tap into a set of citizens that supports the issues.

Public Fund Mechanism

As noted in the 2016 study, one strategy of USAID exit and anticipated exit⁶ from a country was the so called ‘no strategy’ which focused on leaving in place key institutions to continue funding and support efforts. USAID and other donors particularly present in CEE and SEE focused on was the established of national government level civil society funds through a variety of ways including national lottery proceeds where the government would provide public funding to CSOs. These funds in design included necessary focus of governance and oversight and purpose (ENCL, 2011). This includes models in Hungary, Croatia, the Federal of Yugoslavia (FRY)⁷, North Macedonia, Estonia, Albania⁸ and Montenegro.

However, a look at CSOSI reports and domestic analytical assessments particularly in recent years suggests that this type of mechanism has been less useful for advocacy organizations than anticipated. Concern over transparency in award decision-making and late or indefinitely delayed decision making are themes that comes out of the CSOSI analysis for at least Montenegro, FRY, North Macedonia and Albania⁹ as well as more recently in Hungary.¹⁰

For Croatia, the National Foundation for Civil Society¹¹ started in 2003 generally was seen as supportive of advocacy-focused organizations until recently. The Croatia Foundation has been

⁶ USAID still has a presence in supporting civil society in Albania.

⁷ This model later became part of the Republic of Serbia.

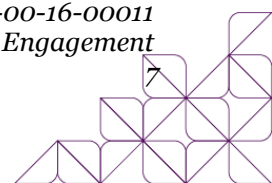
⁸ See: <http://www.icnl.org/news/2009/04-03.html>

⁹ Vurmo, 2013 also notes this in his specific analysis of Albania.

¹⁰ For more details, please see the CSOSI for these countries for years starting 2011 onward.

¹¹ See the National Foundation website for an overview of its focus and mission:

<https://zaklada.civilnodrustvo.hr/en/mission-vision-and-goals>



considered a model in design and function, (Sator, 2010, pp. 60-70) including a semi-autonomous decision making body for the foundation; yet as Heideman (2017) describes, its design could not withstand the shock of an increasingly divisive political climate. When a center-right government came into power in 2015/2016, this unleashed growing sentiment within conservative sectors of society that the Foundation was biased towards ‘liberal’ organizations. This, Heideman suggests (Ibid, p. 343), is partly due to the legacy of USAID building up organizations coming from the broad anti-war effort made up of women’s human rights, and peace organizations, and hence a good portion of the national profile CSOs applying under the Foundation were considered ‘liberal.’ Hostility towards these organizations from faith-based and conservative organizations or what some have deemed ‘illiberal civil society’ supported government elements seeking to trim the foundation. And funding cuts of initially 70% and then 50% hit the ‘liberal’ (primarily advocacy organizations) of the sector hard. This effectively ‘halted’ public financing support for much of the civic focused and advocacy organizations in the country.

Summing up

Public fund options can create a clear support system for advocacy-focused organizations in a country, but they require government commitment to clear standards of award transparency. Public funds may also not be resilient to (little or big) political changes in government that may limit use of such funds by advocacy-focused organizations.

2. Domestic Resource Mobilization

The second area of donor concentration for supporting sustainable civil society in CEE and SEE and globally has been focused on a general diversification of funding sources, particularly through domestic resource mobilization (DRM). Donors generally agree on the need for diversification and also that the path to diversification is closely linked with an organization’s skills and abilities to explore and obtain other funding options, particularly domestically based. This ‘know-how legacy’ skill, Heideman notes has been critical for organizations in Croatia to adapt and try to find alternative funding options to the National Foundation. For example, both the Foundation and the advocacy organizations worked together to develop a private foundation, Solidarna, to support specifically advocacy and monitoring.¹² Others began focusing on development of an ethical bank to provide short-term loans to CSOs (Ibid). At the time of this writing, both efforts are still active, but at least according to website reporting providing relatively modest financial support to human rights and initiative organizations.

A similar set of lessons can be gleaned from Nimm’s study (2017) of Romanian and Polish Women’s Rights and LGBTI organizations efforts to continue their programming. Namely the know-how organizations gleaned from years of USAID support appear to have provided them with a strong base for resilience to seek funds domestically. Cut off from stable international funding, Nimms notes that organizations began retooling themselves and connecting with communities, and as a result their organizations and their leaders began to gain more legitimacy and (support from) within their societies. At the same time, funding, even with adaption and creativity remains a constant challenge. Buxton (2016) looking at a similar situation where donors are leaving Kyrgyzstan notes that

¹² See <https://www.solidarna.hr/site/article/solidarnas-purpose/en-US> for information about the Solidarna programming which includes small grants to CSOs and informal human rights and civic focused initiatives.

particularly expert and policy-oriented NGOs in order to survive need to ‘throw off their donor funded image’ and start to work on national policy issues and new domestic and government relationships.

Hence while most donors and practitioners would agree that know-how and technical skills are essential for expanding options and that engaging locally is crucial, there is less agreement on which specific types of DRM may be the most useful for advocacy-focused organizations. Literature tends to address CSO financial viability challenges by promoting different types of DRM for the sector as a whole even as development practitioners increasingly realize that human rights and advocacy organizations may be less able to practice fund diversification through DRM than other types of CSOs (Green, 2017, p.12); this is particularly true in contexts of closing civil society space (Ibid, p.10). Advocacy CSOs are seen as particularly vulnerable to such funding given the nature of their work and their frequent tendency to be at odds with government and other powerful actors in their country. (Herman et al, 2005). INTRAC highlights recent research on effects of DRM that even in Sweden CSOs ‘held back’ criticism of their government to not risk economic support (Kumi and Hayman, 2019, pp.18-19). Yet, the literature also reveals a number of contextual considerations where DRM efforts have worked. These are described in the types of DRM noted below.

Social enterprise options

Efforts to encourage advocacy groups to diversify through social enterprise show some success, but also some caveats. Herman et al. (2005, p. 34) note examples in Slovakia from the Institute for Public Affairs (IVO) who undertook fee for services options by providing trainings as well as sales of its publications which demonstrate that *if* given an enabling environment, advocacy focused organizations can gain some financial sustenance from such activities. Heideman’s (2017, p. 343) look at Croatia highlights, however, that even permissive environments can change. Earlier social enterprise legislation had allowed advocacy CSOS to diversify their funding, but after 2015/2016 and a change in government, amendments to these laws made local tax authority interpretation of the law more dependent on the political climate and many advocacy groups were unduly harassed.

Feedback from donors of a USAID six country¹³ Deep Dive Facilitating Financial Stability (FFS) study which looks at donor efforts to promote CSO financial sustainability in 2018 further cautions that the efforts which human rights organizations need to run businesses are generally not worth it. An exception the donor noted was if such an organization had or received property, which it could use to partially rent out to others. In this way the organization would not be ‘straying’ from its mandate by making t-shirts etc., (USAID, 2018 p.28). The FFS companion study looking at CSO drivers for financial sustainability highlights the point that such financing effort is linked to organizational capacity to carefully think through and strategize such options (USAID, 2018, pp. 23-24). For example, a WASCI guidebook case study on the Southern Africa Trust (SAT) highlights how they managed to invest in conference and facilitation space that served their own programming while at the same time was used by other private sector and CSO actors which provided a revenue stream for overall SAT programming (WASCI, 2019, pp.15-16).

Monetizing social capital

The FFS companion study on CSO drivers also articulates how non-monetary assets assist CSOs in financial viability. Defining social capital as a set of factors including community

¹³ The six countries included in the study were: Bosnia and Herzegovina, Colombia, Democratic Republic of Congo (DRC), the Philippines, Mexico, and Uganda.

participation, network participation, and volunteer support, data gathered in all six countries suggests that such considerations are particularly strong in what the study describes as “more difficult enabling environments,” (Ibid, p. 21). For example, in relation to volunteer support study describes how the human rights organizations HURIFO in Uganda trained community volunteers to monitor and report on the human rights situation for HURIFO’s advocacy programs. Organizational members describe how this sort of monitoring would “cost millions of shillings,” but by having community members committed to the cause, they were able to do the monitoring without cost and to use financial resources for other human rights efforts (USAID, 2018, p.18).

Direct donations (individuals as well as community foundations and philanthropy)

Getting support from community – defined broadly including geographical as well as value-based groupings – is the basis for what donors consider as the broad area of community philanthropy (Hodgson and Pond, 2018). Evidence in the literature suggests both possibilities and limitations. A 2019 INTRAC scoping study on civic space and resource mobilization highlights a 2017 empirical study from Mexico, which found a relatively high level of possibility for domestic citizen direct funding of local human rights organizations¹⁴ (INTRAC, 2019, pp. 13-14 and Absar, et al., 2017 p. 4). At the same time, INTRAC notes that context plays a role, citing a study from Egypt conducted in 2016 which highlighted how legal and structural challenges put in place by the government created “fear of retribution” if citizens donated to human rights organizations or others considered a threat to government power, (Ibid, p. 14). Similarly, while Green highlights the possibilities of membership-based organizations use of membership to be more adaptive and get members involved in places from Brazil to Kenya, Green also notes that constricting space contexts may make such MBO’s more vulnerable to government control. (Green, 2017, pp. 5-7).

Mechanisms for direct support to advocacy organizations are evolving with crowdsourcing or crowdfunding one newer way to solicit individual funding. 2018 research undertaken under the USAID supported Innovation for Change Network on ‘relatively open’ MENA countries like Jordan, Lebanon, Tunisia, and Morocco identifies the increasing use of crowd funding while noting the need to focus on enabling and inhibiting factors of technology, regulatory environments and cultural familiarity with such tools (Qawariq, 2018).

One area of individual giving – whether through crowd sourcing or other mechanisms – that may have particular possibilities is that from the Diaspora population. In Lebanon, Diaspora remittances are estimated to contribute up to one-fifth of NGOs’ revenues (INTRAC, 2019 p 13). Balkan Catalysts documents that Diaspora giving in Serbia continues to increase (Balkan Catalyst, 2018, pp. 8-9).¹⁵ Kumi (2017, pp.6-7) highlights the potential and examples of how Diaspora have specifically donated to local CSOs in Ghana, acknowledging the limitations of systematic information both on giving and how Diaspora can and do assist in transnational efforts and advocacy on different issues in the home country context. Another interesting example of Diaspora reach out efforts can be seen with Reconnect Initiative in Bosnia and Herzegovina where Bosnian citizens are reaching out to their recent Diaspora community for economic investment.¹⁶ Advocacy potential in this sense is also

¹⁴ Some human rights issues like women’s rights were more possible for gaining funds than others like LGTBI issues or forced disappearances.

¹⁵ This giving is focused primarily on humanitarian and educational thematic areas.

¹⁶ Please see: [rec https://reconnect.ba/en/](https://reconnect.ba/en/)

noted in CEE where the organization Panoptykon Foundation reached out to Polish citizens and others abroad to support its advocacy efforts.¹⁷

Others point to the increasing possibilities for human rights organizations to turn to local community and philanthropic foundations (Hodgson, 2017). An INTRAC study (Kumi and Hayman, 2019, p. 14) also acknowledges the potential examining how local philanthropic foundations in places like India can become an increasing source of legitimacy and funding for such CSOs. Rekosh (2017) particularly challenges human rights organizations to think about being ‘social entrepreneurs’ in their efforts to engage with people to influence change. Yet a recent study on local philanthropic giving in Ghana cautions against too much optimism; it suggests that funding possibilities are both lessened by controversial issue concerns as well as foundations sometimes having the double role as foundation and CSP in ‘competition’ with the other CSOs (Kumi, 2017). Similarly, 2018 data on giving in Serbia and the region suggests that the majority of giving (81.5%) is to four thematic areas that do not include advocacy efforts (Balkan Catalysts, 2018, p. 2).¹⁸

Overall, studies suggest a CSO’s ability to mobilize individual giving is linked to the legitimacy of the CSO and the cause as understood by the population. In general, this is a good thing as it provides additional support beyond financial to the CSOs to carry out their work, and INTRAC links such legitimacy and support to increased civic engagement (Kumi and Hayman, 2019 p, 22). WASCI (2019, pp. 19-21) also links such legitimacy to funding opportunities through soliciting membership fees. But it also has its limitations; the INTRAC study points to the “multi-faceted nature of CSO legitimacy,” noting that some CSOs are considered legitimate by external and foreign donors, but not by the populations. They note that LGBT advocacy organizations in Ghana, Malaysia, and Singapore may be able to mobilize foreign funds, but struggle with gaining local funds given legitimacy issues (Kumi and Hayman, 2019 p.16).

Corporaten philanthropy and CSR

A similar set of possibilities and restrictions in relation to corporate philanthropy and Corporate Social Responsibility (CSR). On one hand, both have been heavily promoted and developed particularly in CEE and SEE as a relevant option of funding for CSOs. As noted earlier in ECNL research in the case study of Slovakia, in some situations corporate giving to advocacy organizations can play a role in advocacy CSO funding (Strecansky and Torok, 2016, p. 30.) WASCI notes that private sector giving has been a key component of the Kenya Community Development Fund’s (KCDF) fundraising success (WASCI, 2019, pp. 40-41). Balkan Catalysts (2018) documents increasing CSR giving in Serbia and the region, but this tends to follow humanitarian focused type efforts. Overall, INTRAC’s macro review of global funding trends concludes that corporate giving prioritizes social program and generally is unwilling to support advocacy CSOs (Kumi and Hayman, 2019 p.20).

Summing up

DRM is an area of significant potential for CSO sustainability and as such is seen as an important component of CSO funding diversity. Having capacity to engage in DRM and having a legal environment that allows these efforts are key factors for success of any CSO. Different types of DRM may be more or less appropriate for the organization depending on context and thematic area

¹⁷ Please see the Panoptykon website page for ‘support us’ as found at: <https://crm.panoptykon.org/civicrm/contribute/transact?reset=1&id=11>

¹⁸ This data also includes CSR giving in Serbia.

of focus and current legitimacy of the organization with the population. Ease in collecting funding through technology tools from citizens and entities either domestically or abroad is one area where advocacy-focused organizations as well as other appear to benefit and could further benefit.

3. Legacy Funds, Endowments, Civil Society Funds, and Hybrid Mechanisms

The third area of donor focus has been on specific mechanisms designed to support civil society. These have taken different forms from trusts and endowments to specific civil society funds to challenge funds. USAID alone developed 73 trusts, endowments, enterprise funds, and foundations in 37 countries between 1985 and 2007, (Chaudrhy and Armstrong, 2007, p. 2).¹⁹ However, only a few of these USAID legacy mechanisms were focused specifically on civil society and this is primarily the five from CEE and SEE that were highlighted in the 2016 study; another several had a partial civil society focus from South Africa and Costa Rica²⁰ through Global Development Alliances (GDAs) and other mechanisms, but there is little information available on the outcomes of these GDAs.

A further review of the literature finds a number of mechanisms for civil society funding through the development of civil society funds that have developed in the past decades, to generally cover current or anticipated donor exit areas and focus. Here it should be noted that fund terminology is not precise; DFID has a Civil Society Challenge Fund, which per description is like a general civil society fund whereas SIDA specifically applies the challenge fund economic logic to funding civil society for its challenge funds. Overall as Browne noted in her 2015 (p.3) look at donor funding mechanisms for civil society, the number of mechanisms being developed continues to grow, but there is little comparative analysis on specific funding instrument merit, funds' effectiveness and impact on the sector level. Accordingly, this section should be seen as an effort to bring together this set of literature on civil society funding focused on mapping and synthesizing key strategic and practical considerations for this broad type of funding mechanisms.

Level of effectiveness

As noted in the 2016 Pact study, the CEE and SEE region had some of the most developed examples of specific USAID GDA and endowment efforts. The main ones include the Baltic American Partnership Fund (BAPF), the Trust for Civil Society in Central and Eastern Europe (CEE Trust), the Polish American Freedom Foundation (PAFF) the Balkan Trust for Democracy (BTD), and the Black Sea Trust for Regional Cooperation (BST). General effects of these five funds have been positive for assisting advocacy CSOs to carry out their work, build up certain capacities and generally emerge stronger from the cooperation than not (Pact, 2016).

Yet evaluations of four of these funds also highlighted the difficulties in capturing the extent of real time and cumulative advocacy impact due to broad objectives and M&E procedures, particularly if the funds were regional in nature (Ibid). This remains relevant at least for the BST

¹⁹ More recent efforts include the first of its kind global LGBTI Development Partnership between USAID, SIDA, and others focused on 14 countries across all regions. See the 2018 USAID evaluation of this effort (Nayyar-Stone et al., 2018).

²⁰ A 2002 and 2007 list of USAID endowments includes civil society as a sector for an endowment in Costa Rica (Arias Foundation for Peace and Human Progress (Arias) and South Africa the African Center for Constructive Resolution of Disputes (ACCORD) (Javaid, et al, 2002, pp. 15 and 67 and Chaudrhy and Armstrong, 2007, p. 23).

funding that is still underway.²¹ The challenges of capturing ‘impact’ of the four funds are partially due to the design of the funds. While specific calls for thematic areas of governance issues have been part of each of the four fund’s histories, the general approach to provide a wide area of general funding opportunities has meant that any outcomes or impacts by definition would be diffused.

Design factors contributing to impact

Having a broad set of general CSO thematic support is a feature and challenge shared by a variety of civil society funds around the world both in relation to a fund’s focus and a fund’s objective. Most funds noted in the literature are general funds focused broadly on civil society, governance and similarly broad sectoral focus areas. The Zambian Governance Fund (ZGF),²² for example, specifically notes the successes of funding CSO efforts in a wide variety of governance issues, but that the non-thematic approach has meant that some governance issues may not have had sufficient coverage, (Morgan et al., 2015, p.10). An evaluation of the DANIDA-funded Business Sector Advocacy Challenge Fund in Ghana comes to a similar finding. It suggests that the design of the fund’s focus to encourage advocacy to strengthen the culture for business in Ghana was too general. Capturing overall advocacy outcomes and impacts of the fund’s support to the CSO sector was only partial. Evidence of subsector advocacy impacts and hence effects was considered stronger than links that the fund led to changes in the private sector through a better national enabling environment (Oxford Policy Management, 2015, pp.15-16).

The more specific the focus of the fund is, the more likely such funds will be able to clearly articulate their change plan and focus. One example is the case noted by the INTRAC study of 35 civil society support mechanisms where DFID funding for sector specific forestry policy making and advocacy in Indonesia had a clear(er) set of policy objectives and focus on how to achieve these. An earlier DFID white paper also noted that sector specific focus could make it easier to align support for CSOs with specific policy outcomes (Tembo et al., 2007, p.8).

Not knowing if and when a fund reaches its objectives has practical and strategic implications. On a practical level, evaluations have a limited ability to capture actual outcomes and impacts and hence a challenge for making a robust evaluation process. They also often do not fully consider the contextual situation and the extent to which objectives are realistic, particularly if civil society space is contested (INTRAC, 2014, p. 7). As Tembo et al. (2007, p.8) describes, “In more unstable political contexts, accountability may be a goal too far and donors may need to manage their expectations of civil society.” This also affects longevity planning for a fund. Each of the funds noted above have had different iterations with the understanding that the ‘governance problem’ had still not been solved and that the need for the CSO support was still real.²³

This affects strategic efforts to consider how to draw down, spin off, or how to close a fund and is highlighted by in the INTRAC study as an integral part of assuring that design and objectives are aligned. Knowing when is appropriate to leave based on certain contextual criteria that can be

²¹ The researcher was part of the evaluation team of the 2018-2019 10-year look at BST programming; the evaluation is not available for public viewing.

²² The Fund was originally established in 2009 to run through 2012 and then was extended from 2012 to 2015. Fund focus was on supporting governance programming and included cooperating partners from SIDA, IrishAid (the first tranche), GIZ, DFID, and DANIDA.

²³ For example, an evaluation of the DFID Civil Society Challenge Fund suggested that the fund had achieved some level of CSO capacity and advocacy level, but that the work undertaken in the evaluation period demonstrated the need to continue some type of follow-on facility (International Organisation Development, 2015 p. 11)

(re)examined every 10 or 15 years is an approach presented as a good practice in the INTRAC study. It also affects design considerations for endowments. Lessons learned in deciding whether such an endowment should be evergreen (like PAFF) or drawdown like the BAFP or the CEE are linked to articulation of fund purpose and contextual considerations (Javaid, et al, 2002, pp. 32-35). Success of such funds like PAFF to remain relevant, accordingly, are also linked to their ability to adapt and evolve as context might require in a way grounded in clear objectives and considerations (Godlove, 2018, p.85).

It also has relevancy to assessing whether a fund or endowment once closed may have further legacy effects. There is little documentation of what might happen after a fund closes. The ten Challenge Fund SIDA evaluation notes that best chances for sustainability in relation to Civil Society Challenge Funds (CSCF) center around abilities to secure additional funding, domestic networking, and alliances and legitimacy (something that is also noted in general for CSOs' sustainability. When looking at funds from CEE and SEE that have closed, (namely the BAFC and the CEE Trust), neither the evaluations undertaken at the end of the funds or follow-on research provide much evidence of what has remained.²⁴ For example, the 2013 evaluation of the CEE Trust credited the Trust with connecting ideas and organizations in their advocacy efforts, along with capacity and funding know how. Each of these countries has a combination of EU and EEA funding options which advocacy organizations can tap into for some set of external funding possibilities. Yet domestically the political and hence the funding situation has changed. At least in several of the Visegrad countries covered by the CEE Trust, the constricting space has meant that the context for advocacy organizations in these countries is considerably more difficult than when the Trust was functioning (CSOSI, 2017; Meyer et al; Vandor et. al, 2017).²⁵ How the mechanism may or may not have fostered specific lessons in sustainability and resilience years after is something, which those involved have mixed views on,²⁶ but there which has not been systematically researched.

Multi-donor funds: more is generally more but...

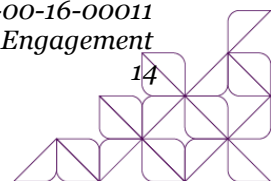
Coherence of purpose is particularly challenging, the literature notes when considering multi-donor funds. In general, individual evaluations on civil society support and synthesis studies (for civil society as well as social economic issues)²⁷ suggest that multi-donor funds can provide clear positives of pooling more resources for the intervention and 'being able to do more with more.' Hence generally having more attention rather than less particularly for civil society support outweighs the negatives of pooled resources. Most often cited challenges of such blended or pooled efforts include the challenges of proper fund planning. Namely in the INTRAC (2014) study of 35 civil society funds around the world, the study noted that donors may or may not have all shared priorities when they pool money in a fund. This may lead to uneven funding for the various objectives listed for the fund. When looking at the experience of donors working together for the DFID Challenge Fund, a key

²⁴ A search of open source USAID and other databases found no follow-on information on performance/impact of the USAID endowments given to Arias in Costa Rica and ACCORD in South Africa beyond programming highlights presented on the respective websites.

²⁵ As noted in Meyer et al, p. 10: "After a period of Europeanization and stabilization, CSOs are now operating in contexts in which central governments are increasingly becoming the "center of gravity" (again). This change has coincided with increasingly hostile attitudes toward, and limited funding for CSOs that self-identify, or are labeled as "liberal." The result has been to create expectations of further political change, with uncertain prospects for CSO, among the experts surveyed."

²⁶ For example, one person interviewed by Alliance magazine considers that there are learning and structures from the Fund that will continue to foster activism; another specifically regrets the lack of legacy financial follow on mechanisms. Please see: Milner, 2012

²⁷ See IPE Triple Line 2018 and INTRAC 2014.



lesson learned during this process was the challenge of multiple funders having separate funding streams and priorities, making it difficult for the fund to practice coherent and coordinated grantmaking (International Organisation Development, 2015). In the case of the Zambia Fund, the departure of IrishAid during the second tranche of funding was considered a challenge for fund viability (Moran, et al, 2015 p.14).

The pooling effort also has practical challenges. In looking at the experience in developing the BTD fund between USAID and private donors, they practiced a pooling model even as USAID funds were kept in a separate pot for accounting purpose. In general, this pooled approach has been seen by all partners as the best way to manage funds. Yet feedback from BST staff who have a similar pooled but ‘separate’ USAID funding within the BST noted accounting challenges for managing the different donor contributors’ fiscal reporting schedules and fund draw down.²⁸ INTRAC also notes the inevitable challenges of having pooled funds but multiple donor reporting formats, schedules, and requirements (INTRAC, 2014, pp.20-1).

Management and donor engagement best practices

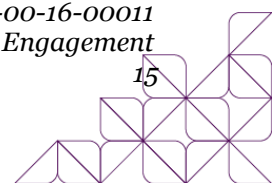
Management of multi-donor or other funds is also an area that has received some scrutiny. This is looked at on a number of levels from actual fund manager to fund decision-making processes and involvement of donors in the effort. Having intermediaries whether local or international NGOs (INGO) tends to be a common approach for the funds reviewed in the literature. Each is noted to have its benefits and costs with international management considered potentially a challenge for domestic ownership. Yet even proponents of domestic ownership note that in dynamic and sensitive contexts, some international role is vital in order to manage political risk. This could be initial international management and eventual handover to domestic actors, or it could be a clear role for the donor (or donors) as part of the engagement with the government and policy makers (Tembo et al, 2007 pp. 8-9; 19-20). Overall key criteria for successful management (whether Challenge Fund, Enterprise Fund), or endowments are 1) having the manager with the right combination of financial management skills, 2) domestic reputational standing (with civil society as well as government and business actors), and 3) coordination management ability amongst all actors (IPE Triple Line; International Organisation Development; Godlove, 2018; and Javaid et. al).

One way that the donors of the BST appear to have amplified this role is through their facilitation and platform role with and vis-à-vis grantees. All five CEE and SEE funds had different ways to amplify this, but explicitly the BST and BTD models include a policy actor component that merits attention. Namely under the German Marshall Fund Trans-Atlantic umbrella, the mechanisms are designed to bring together local, European, and international experts and policy influencers familiar and influential in the region in a way that hopes to and at times has been proven to shape policy decision-making. The mechanism’s profile itself (as based on donor profiles) is hybrid, serving as a grantmaker, platform, and policy actor to convene and stimulate further domestic and regional advocacy efforts.²⁹

Another point worth noting in relation to the donors as policy actor is the actual composition of any multi-donor pooling. In the case of the BST GDA, a look at the ‘behind the scenes’ structuring of the BST, emphasis was made on matching fund objectives with fund partners. Specifically given

²⁸ This was feedback given during 2018-2019 evaluation of BST.

²⁹ BST highlights their platform role throughout their annual reports. Please see overviews of BST work in annual reports as found at: <http://www.gmfus.org/annual-report-financials> with the most recently available report posted from 2013 at: http://www.gmfus.org/sites/default/files/AnnualReport_2013_web_0.pdf



that it was designed as a regional fund, this meant that a combination of partners from the US and Europe and specifically having interests in the Balkan region were sought to provide the fund with a strong set of partners that could support, shape and advocate for the fund (USAID, 2004).

Not all donors may be willing to take the same level of political risk in their efforts to support and advocate for the fund. The DFID study highlights the fact that donors like DFID might be more heavy weight than others that form a pooled fund as in the case of DFID engagement in Bolivia and hence willing to take on more risk with the fund. Yet the study also concludes that more donors is generally better than less when contemplating how to advocate for the fund and efforts of the civil society, citing examples from the Common Fund for Civil Society in Nicaragua to create space for dialogue between civil society and the government (Tembo et al., 2007, pp. 21-22).³⁰ Overall donor engagement in the implementation effort is considered critical and linked to potential fund impacts (IPE Triple Line, 2018, p.56).

Best practices in donor engagement therefore tend to be around a ‘more involved model than less.’ SIDA Challenge Funds, the DFID Civil Society Challenge Fund, and lessons learned from USAID Enterprise Funds all highlight the role and interests of donor as essential for ensuring the necessary support and attention to the efforts with donor interests and priorities roughly similar the best match (IPE Triple Line, 2018; International Organization Development, 2015; and Javaid et al, 2002).

The actual consultation process of fund management is also highlighted as a factor in performance success. Not only the design stage consultation is considered essential for understanding the context, interests, and actors involved in the issue; in addition, a systematic form of consultation is highlighted. This provides regular feedback on what may or may not be working as well as opportunities for adaption. It also includes opportunities to expand networks of interested actors, from local grantees or civil society members to those of the business sectors and the government. Here it should be noted that literature suggests that when government counterparts can be part of the consultation process (if contest permits) if not the management board this ensures government buy-in and support for the effort (Tembo et al; 207 IPE Triple Line, 2018,)

How to design funding

There is mixed experience from the civil society funds on how to best award grants. In some cases, funds that had wide-open calls for proposals realized that more focused calls were more effective and efficient for management (International Organisation Development, 2015). The INTRAC mapping as well as Browne’s review of donor outcomes to civil society organizations (2015) highlights this point as well as noting the preference by grantees for core funding. INTRAC notes that this approach appears efficient if the CSOs are established. It further identifies results-based grant making as delivering the clearest results, cost efficiency and least risk for the fund, noting that such an approach is appropriate for more ‘competent CSOs’ (INTRAC, 2014, pp.8-9). Brown (2015, p.3, 5 and 8) further posits that the literature finds that core funding and unrestricted funding are the best approaches to encourage innovation and experimentation, highlighting specifically the appropriateness of this for advocacy organizations.

³⁰ A SIDA evaluation of engagement in Kenya notes another nuance of this engagement. Namely Fund Manager attempts to influence the government on controversial topics (sexual reproductive health) was less effect or counterproductive. Rather it was considered more effective for SIDA to engage on the government ministerial level to ensure government ownership or buy-in into the issue and policy efforts (IPE Triple Line, 2018, p. 57).

How to learn from funding experience

Adaptability is cited as a relevant quality of most civil society funds and particularly those that functioning in dynamic environments. Closely connected to this is the focus on capturing the learning in real time in order to have reasoned ways to consider adaption. A key DFID Challenge Fund learning point was to emphasize less the frameworks for M&E and more the learning component in order to maximize ways to improve on already ongoing projects (International Organisation Development, 2015 p. 27).

Other fund structure innovations

Using Challenge Funds with Civil Society

A 2018 review of SIDA challenge fund performance further suggests that other innovative mechanisms can be adapted to civil society support use. Challenge Funds are usually considered to address an economic development issue, which requires stimulus that current market forces would not address (Pompa, 2013, p.5), but SIDA began using challenge funds with civil society starting in 2013 as a method similar to its focus on using challenge funds to address other key development issues through “using competition amongst organisations as the lead principle,” with the intention that this will encourage innovation (IPE Triple Line, 2018 p.15). In total 3 different Civil Society Challenge Funds (CSCF) were created, and a 2017 meta-evaluation of ten challenge funds including the three for civil society suggests that one of the three focused on empowering people to advocate for reproductive health and rights was very much on target for meeting their objectives. Another was in early stages focus on research and advocacy on environmental change and need more time to achieve outcomes. The one CSCF not meeting its objectives focused on using technology to increase citizen engagement with governments (in a number of countries) and its efforts were partially hampered by the context of political situations in each of these countries (Ibid p. 86). Overall appropriateness of using the challenge fund model was found to center around having four specific conditions³¹ and fulfilling two criteria: ability to achieve additionality and the ability serve as a catalyst for systematic change.

Using Global Development Partnerships for Sensitive Thematic Areas

A generally positive 2018 evaluation of the first ever USAID Global Development Partnership (GDP) to support LGBTI human rights and development between USAID, SIDA, and private sector and other partners demonstrates that a multi-level mix of partners leveraging financial and technical contributions can produce clear results.³² The GDP was designed with the focus of having implementing partners leverage USAID funds with third party contributions at a 1:1 ratio. This resulted in approximately 85% of grants issued under the GDP using non-USAID or SIDA funds (Nayyar-Stone et al, 2018).

³¹ These include: 1) A well-defined challenge with no tested solution available; 2) The potential for the CF to deliver systemic change by partnering with a range of organisations and addressing constraints to both supply and demand in target markets and sectors; 3) Immature, risk averse capital markets (which open the space for additionality); and 4) Open, conducive political environments which provide the CF with space to operate (IPE Triple Line, 2018, pp. 42-43).

³² The composition of partners included bilateral donors, foundations, non-governmental organizations (NGOs), corporations, and universities in 14 countries across four regions Specifically these include: USAID; Sida; Arcus Foundation; Astraea Lesbian Foundation for Justice; Gay & Lesbian Victory Institute; Williams Institute; Swedish Federation for Lesbian, Gay, Bisexual, Transgender, and Queer Rights (RFSL); and the National Gay & Lesbian Chamber of Commerce.

Overall the evaluation deems the experimental GDP composition a success and attributes the composition and design of the GDP as a clear contributing factor. Namely beneficiaries of the fund describe the benefits of having the multi-level combination of bilateral, private sector and public levels of engagement support as critical to their advocacy efforts. This includes several specific areas of support. Namely having the brand of USAID and SIDA beyond their efforts was considered by a number of CSOs as crucial for being taken seriously by their respective governments. Also having a ‘backbone organization’ like SIDA that has extensive experience in supporting LGTBI issues was linked to giving organizations access to the extensive expertise and support needed. This includes a mix of trainings, network opportunities as well as funding (Ibid, pp. 32-34).

Another benefit of the model to highlight is the way that the GDP appeared to help beneficiaries leverage further funds. Having flexible funding with long-term engagement from bilateral donors gave organizations time and other donors’ interest to support organizational initiatives. One example is that an organization became recognized and subsequently began providing technical assistance to the World Bank. The evaluation also attributes the support to being able to leverage in-kind support from hotels, airlines, and other businesses (Ibid, pp. 34-36).

Using impact investment fund and hybrid models (in the making) to address advocacy issues

Impact investment models, which focus on doing good and a return on investment (ROI) and usually focus on quantifiable social investment areas, are an area that some suggest can also begin to address advocacy issues.³³ Overall development experts note a shift in financing and particularly from a focus to ‘grant schemes’ and ‘silo vision’ to blended funding sources and efforts that focus less on the project specifics and more on anticipated results (Ingram, 2019). And here attention to using so called ‘for benefit’ models of enterprises for doing ‘social good’ is another area of promise if not clear practical implementation. Practitioners note the growing interest in blending impact investment with social good in mechanisms which bridge and merge not-for-profit and for-profit structures (Sabeti, 2011).

Some posit that application of investment fund principles for civil society support is possible even for advocacy-focused areas of civil society. Schwarz (2018) from the Guerilla Foundation notes that this mechanism can be readily adapted to advocacy issues and serve as a complementary part of changing system and policy change. However, as Brest and Born (2013) explain capturing (social) impact regardless of objectives remains challenging to achieve in a way that such investors may require. Berry goes farther and suggests that an impact investment approach could actually undercut support for advocacy actions. In his look at how impact investment defines the ROI, he posits that little agreement about or standardized metrics for how to measure advocacy outcomes dissuades foundations or investors from applying this model (Berry, 2016, pp. 20-26). At the same time, he notes that if metric systems like the IRIS developed by the Rockefeller Foundation and USAID which covers eleven policy areas are developed, there is more likelihood that impact investment can be financing method (Ibid, p.23).³⁴

³³ For a look at one resource infrastructure set up to support impact investment see the Global Impact Investment Network website at: <https://thegiin.org/about/>

³⁴ For more information, please see: <https://iris.thegiin.org>

Summing up

A look at civil society endowments, funds, and other support mechanism efforts highlights factors that tend to promote success of the funds and factors that make implementation efforts more challenging. First there is little literature that suggests one type of mechanism is more productive than another whether endowment, challenge fund adapted, civil society fund or a hybrid variety. Notable here is that structures not traditionally considered for civil society can be adapted or combined as with the Challenge Funds, GDPs, impact investment funds and other hybrid maturations.

Each of these types of mechanisms, though, does share characteristics that align with greater and less success. In relation to design, having more specific focus and objectives linked to contextual relevancy tends to make fund progress clearer and the challenges more anticipated. This does not mean being overly prescriptive, but in deciding with stakeholders what are clear objectives and then providing (innovation) space to the CSOs to address these. It also means having regular contextual assessments to examine whether closedown, extension or other option is the best option. This may include efforts to capture effects beyond mechanism closure.

In relation to contributors, the evidence generally suggests that more donors who have a clear interest in the topics/region are the best way to leverage influence of the fund and to attract others. Having donors that are involved and can actively contribute with some type of policy actor role beyond funding could also be considered a plus for lowering political risks, securing interest and influence for fund grantees. Regardless of funding numbers, having similar ways to manage and report on funding is important to a mechanism's efficiency.

Having an international role as part of the operational management is also noted as important particularly in dynamic political contexts. Regardless of profile, having the right skills, reputation, and coordination ability is considered crucial for good management. Amongst other best practices of management are noted mechanisms that can capture what is happening in real time through meaningful MEL, which allows for adaption and innovation, as the circumstances require. Best practices also include management processes with donor involvement that are inclusive and regularized amongst donor(s), stakeholders, and when possible the government which tend to be linked to higher levels of outcomes and results.

III. Civil Society Situation in Ukraine Today

Civil Society Advocacy Vibrancy

EuroMaidan is seen as a watershed event, which propelled civil society to the forefront of democratization efforts in Ukraine. Since Maidan, the breath, depth, and energy of civil society has been closely analyzed and encouraged with some level of consensus that civil society has strengthened since 2014. The most recent CSOSI report suggests that, “civil society remains one of the strongest actors and drivers of reform in Ukraine” (CSOSI 2018, p. 219). This includes the subset of CSOs known as think tanks that do research and advocacy, which are analyzed as stronger and better-coordinated³⁵ post-Maidan than before (Axyonova and Schoppner, 2018, pp. 5-7).

Yet overall civil society contains inherent weaknesses, which Worschech (2017 p. 28) argues are historical. She notes that civil society has many examples throughout history of coming out to the streets and being revolutionary, but fewer examples of being able to push and institutionalize the democratic demands/aspirations. Marchevska (2018, pp. 30-31) agrees that institutionalization is still fragile when looking at CSO efforts to engage in policy making. She also notes recent examples of backsliding and increasing marginalization of CSO representatives by a number of state bodies. This suggests she believes that it is too early to speak of an effectively established system of participatory government, but rather, “the formalisation of institutional openness and civic engagement appears to pose the most significant challenge to a long-term shift towards governance,” (Ibid, p. 31).

Funding situation in Ukraine today

Like in many countries, Ukraine’s lowest score in the CSOSI is in financial viability. In the range of ‘sustainability evolving.’³⁶ While this is the same score as the previous four years, the most recent report looking at the situation in 2017 notes that more and more CSOs are focused on diversification of their funding sources; upward trends were noted for CSOs receiving financial support from companies, public procurement options, local fundraising like crowdfunding³⁷ as well as local community foundations (CSOSI, 2018, pp.223-224) Social enterprise as well continued to increase in number and their use as alternative sources of revenue (Ibid and Pact, 2018). As a sector, then, financial viability while challenging continued to mostly be slowly strengthening.

At the same time, breaking out some of these trends, the challenges of domestic resource mobilization are still substantial. According to Pact polling data from 2014 onward, the population of Ukraine has some interest to directly support CSOs and their causes. Data suggests that from roughly quarter to a third of the population would give up to 100 UAH while those giving a bit more hover between 11-15% of the population (100-1000UAH). Additional ‘regular’ givers are from 5-7% of the population. While trends from 2019 suggest a slight dip in all areas, the larger picture that this paints in a population that is willing to support a CSO for a cause that they care about. Advocacy-focused organizations are not disaggregated in this data. However, additional data on citizen views on who

³⁵ The authors particularly noted coordination in relation to the Reanimation Package of Reforms Coalition (RPR) (Ibid, p. 6).

³⁶ The Financial Viability score is 4.2 on a 1-7 scale with 1 being the best performing. See the CSOSI for more information on scoring and methodology.
https://www.usaid.gov/sites/default/files/documents/1866/2017_CSOSI_Sustainability_Index_for_Central_and_Eastern_Europe_and_Eurasia.pdf

³⁷ Amendments to the tax code in 2016 allowed CSOs to raise money by text messages that were exempt from the 20% VAT and social security contributions of 7.5% (CSOSI 2018, 221)

should support civil initiatives as well as correlations between those active in civic organizations and financial support for CSOs that do work on such areas as anticorruption show further potential for different forms of DRM (Pact (a), 2019).

Notably DRM tools are also slowly expanding. While a majority of donations are collected via ‘traditional’ mechanisms such as donation boxes in stores, there is an uptick in use of Ukraine-based and other global crowdfunding platforms (particularly for millennials) as well as increased direct banking transactions; notably advocacy-focused organizations such as Transparency International and the Anti-corruption Action Centre (AntAC) raised significant funds from citizens and abroad (AntAC) through direct banking transactions (Ibid, p. 7).

Also, when considering the role of the private sector, the potential is present but in early stages of development. There is strong public opinion that businesses should contribute to the work of CSOs³⁸ and CSOs themselves see businesses as good source of funding options (CCC (b), 2018, p. 61) At the same time, the reality is that many CSOs (43%) identify having a poor connection with businesses as part of their funding difficulties (CCC (a), 2018, pp. 74-75).

It is unclear what level of support businesses could provide for advocacy-focused organizations, but selecting appropriate partners is likely to be particularly sensitive. For example, the 2018 study on the mechanisms of establishing and endowment for advocacy organizations in Ukraine found little domestic corporate interest to support such an entity and also concern about which if any companies may be considered to be part of such an endowment.³⁹ The study concluded that at least for the short-term international companies working in Ukraine – like Ikea or Amazon – are the most likely support of advocacy-focused efforts (Spiro, 2018).

The Spiro study also concluded, though, that including businesses as part of the model would be necessary and preferable in relation to base funding. To this end, Spiro (2018) advocated for a hybrid model of funding based on the Omidyar Foundation, which includes a philanthropic and for-profit entity, suggesting that this might have the most promise in relation to supporting advocacy organizations in Ukraine (Ibid, pp. 12-14).

Other funding avenues?

One area of potential funding sources that expands the idea of DRM resides in the Ukrainian Diaspora community. A 2016 study conducted by USAID looking at the potential of cooperating with the Ukrainian Diaspora communities in the U.S. and Canada on economic investment in Ukraine found positive signs of cooperation. Many of the factors cited, as indicative of funding interest, could be considered relevant for civil society. Namely overall high levels of education, relatively high levels of income, high levels of volunteerism and remittances for initiatives in Ukraine,⁴⁰ motivational

³⁸ 49% of those polled suggested that businesses should finance CSO work (Pact (a), 2019, p.3).

³⁹ A similar concern about cooperating with Ukrainian companies or specifically financial institutions was raised by interested to invest in Ukraine (Segura Consulting, 2016, pp. 37-38).

⁴⁰ Volunteerism: “One fifth (20 percent) of survey respondents had spent at least one full day in Ukraine over the past three years volunteering for a local non-governmental organization in Ukraine. Eight percent volunteered in Ukraine for at least 30 full days. A greater majority (59 percent) claimed to have spent at least one day in their country of residence volunteering for a Ukraine-focused project or initiative; almost a quarter (23 percent) maintained to have volunteered for a Ukraine at least 30 days in their country of residence” Remittances: “Over three-fourths (76 percent) of survey respondents reported making cash or in-kind donations to charitable organizations in Ukraine over the past three years. Charitable donations ranged in size from US \$10 to US \$1 million, with an average of US \$3,732 sent annually to Ukraine for this purpose over the past three years (median US \$300) (Segura Consulting, 2016, p. 22).

change factor for investment focused on trying to foster ‘institutional change’ (Ibid, pp. 23-25) provide a set of factors conducive to engaging this portion of the population. As well, the study put forward three models of investment⁴¹ including a social impact investment model and a non-profit charity model, both of which garnered significant support. Key, regardless of model was having USAID play a guarantor role for transparency and quality (Ibid, pp.29-30).

What can Ukraine expect from public funding options?

Public funding of this subsector is still in early stages. The much studied and awaited National Fund for Civil Society also represents some possibilities for funding. As an ECNL 2018 comment on the draft legislation noted, many things about the legislation are conducive to positive implementation, but ECNL highlights the need to ensure as a matter of design strategic inclusion of CSOs in all processes as well as clear and well defined competencies of all involved, and a clear mechanism for programmatic and financial independence from political interference (ECNL, 2018, p.1). Public interest to have the government invest taxes in CSO support is still roughly at 1/3 (Pact (b), 2019, p.15).

(Fund diversification) Capacity of Advocacy-focused Organizations

As a subset of the sector, advocacy-focused organizations track in some areas of financial diversity with the sector as a whole and in other areas detract from the general trend. Namely a handful of Pact-supported CSOS engaged in advocacy demonstrate developing relatively high levels of financial sustainability according to the Pact Organizational Performance Index (OPI) scale, suggesting that this subset of CSOs has the ability, vision, and is in the process of diversifying funding (Pact, 2018). These organizations are also focusing on increasing and gaining more legitimacy with their constituencies and the population (CCC (b), 2018, pp. 96-97). A number of these already are focused on innovative funding tools like crowdfunding.⁴² A number are also proving as noted above that they can get individual donations for advocacy focused causes. At the same time, the CSOSI (2018, p. 220) notes that some advocacy organizations focused on issues like anti-corruption and HIV/AIDs were subject to ‘select harassment’ by government agencies. Or as the Pact (2017) analysis of CSOs applying for institutional grants summarizes, “there is a sandwich effect” when CSOs cannot get widespread support from constituencies and there is increasing state harassment; together these stymie efforts at CSOs to push further democratic reforms (Pact, 2017).

Summing up

The context in Ukraine remains dynamic even as a set of CSOs has become established in the policy making process. This set of organizations generally speaking is also amongst those most developed in organizational capacities to take on financial diversification. The funding context domestically, however, is one that still is in early stages to provide support to CSOs in general and to advocacy-focused organizations in practice. Still citizen giving polling data does hold promise of DRM opportunities including clear support to several of the most well-known advocacy-focused organizations. Looking at donations tools through electronic and crowdfunding options and looking beyond borders to the Diaspora appears to hold some promise when seeking out alternative funds.

⁴¹ The third model was a for profit investment model. (Ibid, pp. 30-37).

⁴² Four of fifteen CSOs supported by USAID/ENGAGE said in an August 2019 that they use crowdfunding platforms for raising funds for their activities (Pact (a), 2019, p. 9).

IV. Conclusions

The literature suggests that donor support for financial sustainability and resilience of advocacy-focused organizations has made progress in designing and testing different types of funding support. No magic formula has been found for encouraging such sustainability, but several conclusions from the literature review provide guidance on what may work. First, no one type of funding stands out as addressing funding needs of advocacy-focused organizations. Lots of energy is going into exploring multiple pathways to funding diversity for CSOs in general. And similar holds true for the specific subset of CSOs looked at for this study; the literature suggests that advocacy-organizations despite their often more limited funding opportunities need a combination of funding sources and diversification strategies as a basis of resilience.

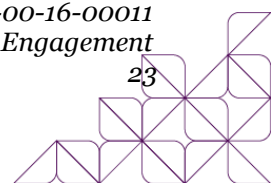
Second, while public funding and DRM probably will not cover funding needs, public fund options and domestic resource mobilization can be meaningful sources of funding for advocacy-focused organizations. *If* enabling environments are present, the organizations have capable organizational funding strategies, communications abilities with citizens, and the issue area has some level of support from the population, organizations have a good chance of being able to secure such funding. The literature provides innovative and ever-emerging examples of how even human rights organizations can benefit from engaging with and depending on domestic sources for part of their funding. The extent to which public funding and DRM in best case scenarios can cover full funding costs of advocacy-focused organization activities is unclear; literature generally provides examples of finite projects rather than more systemic assessments.

Third, the legitimacy or the advocacy effort and organization are closely connected to its ability to attract public and DRM types of funding. This appears to be a circular relationship in that getting domestic funding signifies some domestic support, and vice versa not getting support domestically challenges an organization's argument that they have domestic legitimacy. Hence public funding and domestic resource include financial as well as domestic legitimacy benefits, which are factors of any successful issue-based advocacy effort.

Fourth, specific funding mechanisms designed to provide funding support to advocacy-focused organizations can point to relative success and effectiveness. Yet no specific model stands out as more or less preferable, whether GDA, GDP, endowment, Challenge Fund or other. Rather, certain best practices can be drawn from all models. Key practices include: a blending of donor and funding sources and clear design, implementation strategies, and evaluation and learning strategies.

Fifth, what also stands out is the increasing 'mix-up' of models to create hybrid mechanisms that are relevant to the environment and issue area and which combine innovative funding options from other sectors. The use of challenge funds and impact investment efforts and technology tools that allow involvement beyond borders are thought to be applicable to support of advocacy-focused organizations.

Sixth, when looking at literature that covers the Ukraine context, the need to spread 'risk' across different funding areas is clear given the dynamic environment, which is (becoming) enabling but not stable. Advocacy-focused organizations in Ukraine like counterparts in other countries are challenged to connect with populations. DRM continues to grow; Ukraine data suggests that the trend for giving locally has potential even if still in early stages, and the potential for giving from abroad



for local efforts is also present. Overall, the space for advocacy-focused organizations to gain support from communities is present but still minor.

Seventh, the subset of advocacy organizations targeted in this study has clear potential and capacity to engage in fund diversification through multiple channels. This suggests that such organizations are a prime audience for testing and working on innovative (mix-up) models of funding, acknowledging that this may take time and concentrated engagement.

Eight, whichever the composition of funding, as a general guideline a funding mechanism appears to have the best chances of success if it can blend financing and operations in a way that grows (domestic) legitimacy for the advocacy causes. Having this criterion as a design, implementation, and learning principle provides guidance for planning efforts.

Overall, then the literature gives a rough outline of what type of mechanism to create and broad guidelines for its design: A base fund put together ideally from multiple donors that requires alternative (domestic, public, private, other) funding aspects and includes options for funding and technology innovations is the basic model. What this means in practice requires a closer look at key areas of questioning with development expert practitioners inside and outside Ukraine.

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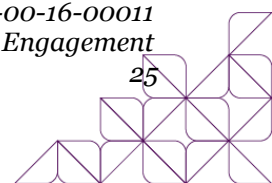
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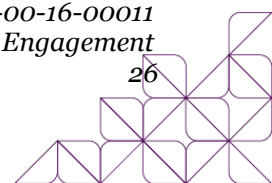
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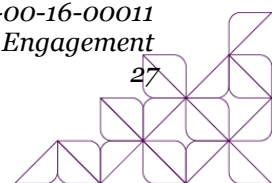
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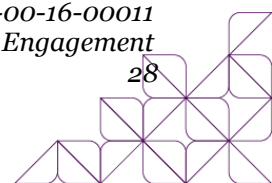
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