

FACILITATING FINANCIAL SUSTAINABILITY

Understanding the Drivers of CSO
Financial Sustainability



KEY FINDINGS

1 **Social Capital** is a critical enabler for financial sustainability, especially in weak enabling environments or when CSOs have limited connections to donor funding

5 Pooling small amounts of **unrestricted funding** from staff members, community members, and social enterprise or side businesses allows for an outsized impact on sustainability

2 **Technical Capacity** is an important driver of financial sustainability, and can be a powerful tool for cultivating other key organizational qualities

6 **Competition and cooperation with international organizations** creates complicated dynamics that can both drive and inhibit sustainability

3 **Organizational Culture** supports resilience to external shocks and is a key enabling factor for financial sustainability

7 As organizations diversify their funders, there is a need to develop clear principles and frameworks to ensure there is not **mission drift** and that organizations maintain autonomy

4 **Domestic financial resource mobilization** is associated with either strong organizational governance and staff capacity to mobilize resources, or with developing a social enterprise model

8 Resources are more than money, and **non-financial resources** have the capacity to make at least as much of a contribution as financial resources in supporting sustainability

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ACKNOWLEDGEMENTS

Understanding the Drivers of CSO Financial Sustainability would not have been possible without the guidance, collaboration and contributions of many people and organizations. Enormous gratitude goes out to all who offered their time, expertise and support for producing this report. In particular, thanks go to the following:

FFS ADVISORY BOARD MEMBERS

Zahid Ahmed (Deacon University), Jenny Hodgson (Global Fund for Community Foundations), Gail Hurley (UNDP), Anne Ikiara (NEAR Network), Kinga Ile (CAF America), Stephen Oola (Amani Institute Uganda), Megan Scanlon (Aga Khan Foundation)

USAID MISSIONS AND LOCAL WORKS

For research logistics and general support, special thanks to the teams at: USAID Bosnia & Herzegovina, USAID Colombia, USAID DRC, USAID Mexico, USAID Philippines, USAID Uganda. Thanks also to the USAID Local Works team, in particular Dan Grant, Shohreh Kermani-Peterson, and Danielle Pearl.

LOCAL CIVIL SOCIETY

Though there are far too many to name individually, we would like to express our sincere thanks to all the local organizations, staff members, volunteers, community members and civil society actors who participated in and provided essential support for this research. This project would not have been possible without your knowledge, experience and dedication to your work.



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ISBN 978-1-59542-536-2

DOI: <https://doi.org/cn93>

CONTRIBUTERS

Inga Ingulfsen and Anna Koob from Foundation Center, for their research and contributions to the data and analysis on the funding environments and donor systems for each research location. Also, thanks to the Peace Direct Communications Team and LINC proofreaders.

PRIMARY RESEARCH

Matthew Guttentag, lead researcher from LINC, with special thanks to the LINC research team – especially Rich Fromer, Katerina Chilikova and Shreemathi Tumkur. Megan Renoir, lead researcher from Peace Direct, with special thanks to the Peace Direct research team – especially Ruairi Nolan and Farzana Ahmed. Additional thanks go to Nathan Louise for his vital support with data analysis. Furthermore, we thank the various consultants who supported data collection and analysis, specifically: Adrienne Monteath-van Dok, Dijana Miljatovic, Azra Muftic, Jani Lopez, Natalia Rodriguez, Steven Samford

Principal Authors:

Megan Renoir and Matthew Guttentag

Cover and back photo: Radio Club run by local CSO, Beni DRC.
Peace Direct/Greg Funnell

Design by Lucinda Scholey at LMS Designs

Published May 30, 2018

LIST OF ACRONYMS

ab2cd	Philippine Alternative Bridge to Community Development
ALG	Action Learning Group
ARLPI	Acholi Religious Leaders Peace Initiative
BIFERD	Bureau d'Informations, Formations, Echanges et Recherches pour le Développement
BiH	Bosnia & Herzegovina
CIM	Center for Peacebuilding
CSO	Civil society organization
CVPD	Coalition des Volontaires pour la Paix et le Développement
DRC	Democratic Republic of the Congo
ECD	Early childhood development
EU	European Union
FCFN	Fundación Comunitaria de la Frontera Norte
FEM	Fundación para la Educación Multidimensional
FFS	Facilitating Financial Sustainability (USAID-funded activity)
fsQCA	Fuzzy-Set Qualitative Comparative Analysis
HURIFO	Human rights focus
ICNL	International Center for Not-for-Profit Law
ILSB	Instituto de Liderazgo Simone de Beauvoir
INGO	International non-governmental-organization
JOCHADEV	Jeunesse a l'oeuvre de la charite et du development
NGO	Non-governmental organization
ODI	Overseas Development Institute
QCA	Qualitative Comparative Analysis
UKA	Un Kilo de Ayuda
USAID	United States Agency for International Development

DISCLAIMER

This report is made possible by the generous support of the American People through the United States Agency for International Development (USAID). The contents of this report are the sole responsibility of LINC, Peace Direct and Foundation Center, and do not necessarily reflect the views of USAID or the United States Government



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Central bus station in Kampala, Uganda.
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INTRODUCTION

Financial sustainability remains a critical challenge for civil society organizations (CSOs) around the world. Although a variety of toolkits and research papers exist examining specific sustainability strategies,¹ many CSOs continue to struggle to develop and maintain the resources needed to carry out their missions. This constraint limits organizational autonomy by inhibiting long-term planning and flexibility in designing and implementing activities. Financial sustainability is also a key piece of the puzzle to empower local organizations to take greater ownership of the development process, as a robust resource base provides the resilience needed for organizations to experiment with new models that reduce long-term donor dependence.

The Facilitating Financial Sustainability (FFS) program was launched in 2017 to develop and test ways that different actors (including donors, policymakers, intermediary organizations, and CSOs themselves) can work together to improve the factors that drive local organizations' financial sustainability in different development contexts. As part of the United States Agency for International Development (USAID) Local Works program, FFS uses a combination of research and on-the-ground testing of approaches to improve local organization financial sustainability to support the Local Works goal of enabling local communities to drive their own development. FFS is jointly implemented by three consortium organizations: LINC, Peace Direct, and Foundation Center.

The FFS research series examines the factors that underlie successful CSO financial sustainability approaches for organizations in six countries: Bosnia and Herzegovina (BiH), Colombia, Democratic Republic of Congo (DRC), Mexico, Philippines and Uganda. Combining qualitative analysis from in-depth interviews with CSOs and funders as well as a first-of-its-kind quantitative analysis of thousands of grants supporting financial sustainability, the research series considers effective strategies and approaches for organizations interested in improving CSO sustainability. The research represents the first phase of the FFS activity. The second phase will take insights from the research and put them into practice in three country contexts by developing "Action Learning Groups" (ALGs) – coalitions of local stakeholders interested in collectively identifying and implementing opportunities to improve the local conditions for CSO financial sustainability in their context.

This paper covers an analysis of the drivers of CSO sustainability based on interviews with CSO representatives. This represents one part of the three-part FFS research series, and is best considered alongside the other papers in the series to give a holistic perspective on CSO financial sustainability: *Funder Approaches to Facilitating CSO Financial Sustainability*, which includes an analysis of the landscape of strategies used by funders interested in supporting sustainability, and *Facilitating Financial Sustainability Research Synthesis*, which brings together the key findings from both other papers in the series (see "Research Approach" section).

RESEARCH APPROACH OVERVIEW

THE OVERALL FFS RESEARCH APPROACH

The FFS research series addresses the overarching question: *What factors are particularly conducive to local CSO financial sustainability, allowing local organizations to take ownership of the development process, and what can different actors do to improve these factors?*

To answer this question holistically, we carried out two lines of inquiry: one with the CSO as the analytical starting point, and one with the funder as the starting point.

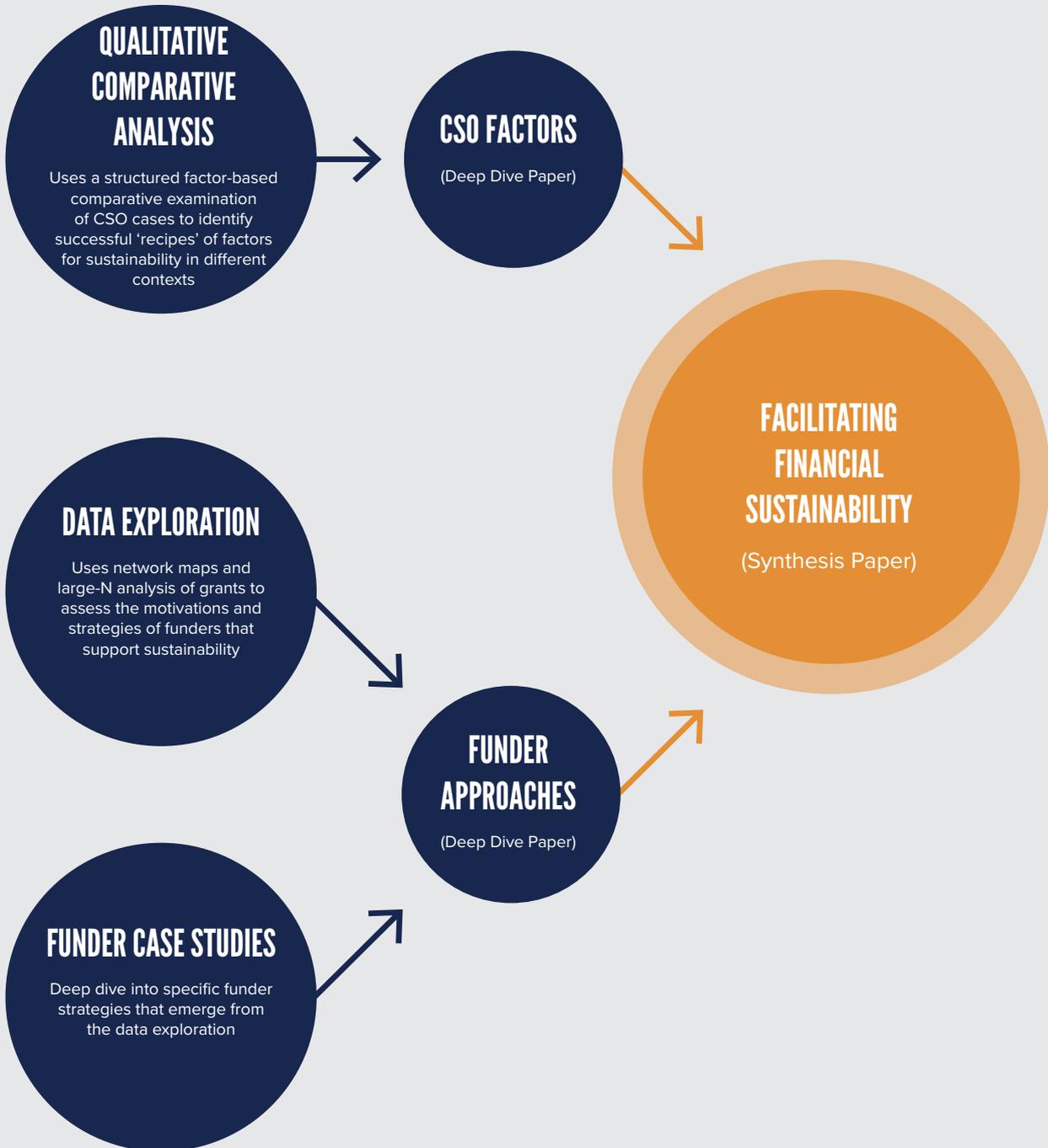
These lines of inquiry combine qualitative and quantitative methods, each providing a unique way of examining sustainability from a particular lens that when taken together provide a full picture of approaches to supporting sustainability.

Based on these approaches, the FFS research series includes three papers: deep dives into each of the analyses laid out above, and a thematic synthesis of key cross-cutting results.

Overall Research Approach

1 A Qualitative Comparative Analysis (QCA) and overall examination of common themes across semi-structured interviews with CSO representatives to understand the factors identified as critical drivers of sustainability in different contexts. The QCA approach provides a helpful way to structure qualitative case data into meaningful insights by examining how different combinations of factors can lead to the same outcome. QCA is particularly well-suited to examining drivers of sustainability across different contexts because it acknowledges the complexity of this topic and does not presume there is one “path” to financial sustainability, but rather many different “recipes” that combine various internal and external factors to drive success. This is combined with an overall analysis of notable themes that emerged from the interviews.

2 A quantitative analysis of the grants that support financial sustainability in each of the six countries, culled from Foundation Center’s database of over 7 million grants awarded by grantmaking foundations,² combined with qualitative interviews with a subset of these funders. The quantitative analysis provides an overall perspective on which funders are supporting financial sustainability, what strategies funders are using to support financial sustainability, and what types of CSOs are receiving financial sustainability support. The interviews provide insight into the approaches and strategies of funders identified as supporting CSO financial sustainability and identifies key lessons from the work of these funders.



METHODOLOGY AND LITERATURE REVIEW

Existing Literature on CSO Financial Sustainability

There is currently a substantial body of existing knowledge around CSO financial sustainability; however, large gaps remain regarding which key factors are involved in enabling success on a systemic level. This section provides a brief introduction to existing arguments on CSO financial sustainability. Furthermore, this section highlights the importance of conducting further research on this topic and the practical applications of policy-relevant insights produced by the FFS activity.

There is a tendency within the development sector for CSOs to form an overreliance or dependence on international donor funding streams, thus putting themselves in a vulnerable position in the case of donor withdrawal (Sontag-Padilla et al. 2012). Despite knowledge of this risk, a multitude of factors inhibit the ability of local organizations to acquire financial support beyond donor aid. Specifically, CSOs face a diverse range of contextual factors in their enabling environment which challenge their capacity to strengthen their financial sustainability. Social stigma, poor economic conditions, restrictive government regulations, lack of local culture of philanthropy, taxation regimes, competition between CSOs, and lack of access to skilled labor, all limit the ability of a CSO to operate independently (VanSant 2003; Leon 2001; Dharmapala and Khanna 2016). Furthermore, internal dynamics, such as organizational culture, management capacities, internal governance structures, and financial planning mechanisms can severely impact an organizations' ability to build its financial sustainability (Lewis, 2017; Muriithi 2014; Omeri 2015). Recognition of these issues has led to a wide range of studies exploring the various methods CSOs can employ to overcome systemic challenges and improve their sustainability.

Amongst these methods, diversification of revenue sources is considered key to ensuring financial sustainability and is by far the most cited approach within literature (Omeri, 2015;

Froelich 1999; Gras and Mendoza-Abarca 2012; Holloway 2001; Leon 2001). Authors advocating diversification argue that sustainability can be achieved through acquiring a multitude of external and domestic funding sources, ranging from donor support to alternative approaches such as social enterprise models, private businesses, the corporate sector, microcredit and social investments (Gras and Mendoza-Abarca 2012; Holloway 2001; Froelich 1999; Leon 2001). However, there is also evidence that utilizing multiple distinct funding sources leads to greater costs and additional administrative burdens, which may be beyond the capacity of smaller CSOs to manage (Carroll and Stater, 2008). Through practical experience, both LINC and Peace Direct have observed that the factors for successful diversification and financial sustainability are highly dependent on the characteristics of the organization itself and the context within which the CSO operates.

There is increasing evidence that internal dynamics and mechanisms of a CSO may also determine their capacity to be financially sustainable. For instance, when an organization has sound administration and robust financial and strategic planning, they are far more likely to be financially sustainable than they would be without these characteristics (Leon, 2001). Transparent reporting though strong monitoring and evaluation or financial systems is also linked to maintaining strong donor relationships, reinforcing the capacity to acquire additional funding in the future (Ebrahim 2005). However, reporting mechanisms have also been tied to negative impacts on CSOs, for example in cases where M&E reporting supersedes the importance of implementing the intended project, and the organization's achievements and longevity suffers as a result (Jaysekera and Soobaroyen 2017).

Numerous manuals and training courses exist that attempt to support CSOs to increase their financial sustainability through these approaches; however, these resources tend to be generic and only broadly cover budgeting, planning, and some variation of the multiple approaches to resource diversification.

Furthermore, these materials often fail to create change because they are not always relevant to the local realities for CSOs and do not provide guidance on navigating the systemic constraints to their implementation (for example, when the legal framework does not allow for certain types of CSO income generation, or in locations where there is no culture of philanthropy). The clear challenge to CSOs developing their financial sustainability is to understand which strategies are most likely to succeed given their organizational strengths and their local context; however, there is currently a dearth of research discussing how this can be done.

Defining “Financial Sustainability” and “Local Organizations”

To assess the factors contributing to local CSO financial sustainability, it is important to have a consistent concept as to what constitutes a financially sustainable organization. We considered a variety of approaches to defining sustainability based on existing literature and consultations with stakeholders. Based on these discussions, we decided to consider financial sustainability at the organizational level. We acknowledge that this is only one lens on sustainability and does not consider two other key related concepts: sustainability of results, i.e., the extent to which a given civil society activity may produce results that endure beyond the life of the activity or even the organization itself; and movement sustainability, i.e., the extent to which an overall community movement may endure beyond the life of any one organization. These are both critical concepts for the CSO sector and we encourage others to build on this research with further examination of each of them. However, in order to provide clear and consistent findings, we felt that it was beneficial to maintain focus in this analysis on organizational sustainability.

Furthermore, identifying organizations to consider for the research required a set of observable characteristics that signify a financially sustainable organization. It is of course impossible to know concretely whether an organization is sustainable at any one specific moment since sustainability, by definition, can only be revealed over time. Acknowledging this conceptual constraint and seeking to

create the most intuitive and meaningful working definition possible, the research used two key observable organizational characteristics that when combined, allow one to reasonably infer high likelihood of financial sustainability: organizational longevity and financial resilience:

- **Organizational longevity** is defined as an organization existing with active operations for a period that is significantly longer than other similar organizations in the same geographic and sectoral context.
- **Financial resilience** is defined as having a resource base that allows for continued operations despite a range of exogenous shocks. Generally, this will be demonstrated through revenue streams from multiple non-interdependent sources, including a significant degree of locally-sourced funding, although the flexibility of the methodologies will allow for other observable characteristics to be used to demonstrate resilience.

In addition, the research focuses specifically on local CSOs. To be eligible for inclusion as a case in the research, an organization is considered “local” according to the following criteria:

- Operational decision-making ability in the country of program implementation.
- Demonstrated commitment to long-term integration into the local civil society network, as shown through participation in or collaboration with local civil society groups and initiatives.
- Demonstrated commitment to local ownership and management, as shown through a commitment to employing local staff for leadership and management positions.



ISIS graffiti on abandoned building outside Marawi, Philippines. Peace Direct/Megan Renoir

Case Selection

The research is focused on six countries: Bosnia and Herzegovina (BiH), Colombia, Democratic Republic of Congo (DRC), Mexico, Philippines and Uganda. These six countries were selected for the study based on various factors. Primarily, we aimed to include a breadth of contexts in terms of geographic diversity, level of economic development and stability to understand how drivers of sustainability might differ depending on context. To help narrow the selection, we also focused on countries which had sufficient data available for analysis within the Foundation Center Grants Database (the source of data for the accompanying funder analysis). The final selection of countries was then made according to the level of interest for participating in the study displayed by local stakeholders, including USAID and CSO representatives. Short overviews of the CSO sector and environment in each country are included in Appendix 1.

Based on referrals from CSO sector experts and preliminary interviews with CSO representatives to understand their organizational sustainability models and experiences, we identified at least five local organizations per country with both a strong financial sustainability record (using the definition outlined above) as well as effective practices in serving their communities.³ These

organizations were deliberately selected to represent a range of sectors, sizes, and types, with organizations ranging from large national-level organizations with annual budgets in the millions of dollars to small community-based organizations with almost no financial funding at all, and in sectors ranging from health service delivery to political advocacy and peacebuilding. Organizational funding sources were also considered, to ensure that the analysis did not focus on a set of so-called “international donor darlings” that are already well-known by the international funding community and that organizations with at least some notable non-international funding sources were prioritized. It is important to note that these organizations should not be considered a representative sample of CSOs, as they were selected for specific characteristics useful for this particular case study method of analysis. However, given the range of organization types and background represented in the sample, we believe that the experiences of these CSOs provide valuable and transferrable lessons to organizations across a variety of contexts. Short descriptions of each CSO included in the analysis are included in Appendix 1. In addition, we conducted interviews with CSO sector stakeholders from outside of the analysis sample, including CSO network representatives, funders, and government officials to inform the analytical approach; these were not coded as part of the analysis.

Final Analysis Sample, by Country:

Organization	Interview Participants
Bosnia and Herzegovina	
Genesis	Executive Director; Finance Officer; Project Officer; Volunteers (2)
Zdravo Da Ste	Founder; Executive Director
Youth Centre Jajce	Founder; International Project Manager; Volunteer
Center for Peacebuilding	Co-founder/Director; Second Co-founder/Director
Mozaik ⁴	Founding Director
Colombia	
Atinaz	Program/Legal Representative
Conciudadano	General Director; Project Coordinator; Finance Director; Board Member
FEM	General Director; Associate (2); Legal Representative; Advocacy Director; Entrepreneur (2)
JuanFe	Operations Director; Finance Director; Manager; Office Director; Beneficiary
Saldarriaga Concha	Executive Director; Operations Director; Finance Director
Democratic Republic of Congo	
BIFERD	Program Manager
CCD	Executive Director; Project Officer; Finance Officer; Volunteer
CELPDH	Founder; Finance Officer; Volunteer Project Officers (6)
CRESA	Executive Director
CVPD	Founder; Finance Officer; Project Officer
CIPSOPA	Founder; Program Manager; Assistant Accountant; Peacebuilding Consultant
FOCHI	Founder; Finance Officer; Project Officer; Beneficiaries (6)
JOCHADEV	Founder; Finance Officer; Project Officer
Virunga Yetu	Founder; Accountant; Finance and Administration Officer; Project Officer
Mexico	
Un Kilo de Ayuda	Development Director; Director General; Development Manager; Data Manager
Casa de la Amistad	Director; External Relations Manager
Consejo Civico	Director; Fundraising Manager
Via Educacion	General Director
FCFN	Executive Director
Philippines	
Ab2cd	Founder/Executive Director (Limited staff)
BIRTH-DEV	Founder/Executive Director (Limited staff)
CSO-FP	Founder/Executive Director (Limited staff)
Kalimudun Foundation	Co-founder/Director; Second Co-founder/Director
Kapamagogopa Inc.	Founder; Finance Officer; Project Officer; Volunteers (2)
Pailig Foundation	Managing Director; Financial Manager
Uganda	
FHRI	Executive Director; Deputy Director
FIDA Uganda	CEO; Grants Officer; Finance Director
HURIFO	Executive Director
ARLPI	Program Coordinator; Organization Partner
GWED-G	CEO; Program Coordinator; Funder Representative

Interview Process

We conducted semi-structured interviews with representatives from each organization (generally adding up to 2-8 hours of interviews per organization). To get a good idea of the capacity and operations of an organization, we aimed to conduct interviews with either the Founder or Executive Director, as well as appropriate program and operational staff or volunteers from each organization. The number of participants available for interview from each organization depended on various factors, including current number of staff employed, availability of staff, willingness to participate, and ability of individuals to travel from remote locations if needed.⁵

Each interviewee received an overview of the research objectives and signed a consent form allowing his or her interview to be used in the analysis and report. These interviews were designed to probe respondents' perception of the most important drivers of their own organization's success in developing a strong financial sustainability model, as well as challenges to their organization's continued sustainability. Although the interviewer used certain potential topics as probes and examples, the interviews were open-ended and did not include specific questions asking about every potential driver of sustainability. In some cases, due to language issues, a local consultant was used to conduct and translate the interviews after being trained by the FFS team.

Data Analysis

After conducting the interviews, we undertook a coding process to allow for analysis using the QCA method. This process did not start with a pre-identified coding scheme; rather, after going through the interview transcriptions, we created a coding scheme which represented the themes that emerged as common factors across all interviews. In the end, a coding frame consisting of 25 different factors⁶ or themes associated with financial sustainability were identified. These factors were grouped into five overarching categories (referred to in QCA terms as 'Macro Factors'). See Appendix 2 for a full description of factors.

Using this coding, we then used QCA-specific software (called fsQCA) to identify

QCA MACRO FACTORS

- 1 Enabling Environment** (political environment; domestic economic enabling environment; international donors resources available; physical security context; lack of INGO competition)
- 2 Social Capital** (network participation; credibility/public image; government relations; volunteers; and community participation)
- 3 Organization Technical Capacity** (organizational governance; staff capacity to mobilize resources; M&E capacity; financial accountability; and communications/marketing)
- 4 Organizational Culture** (leadership; staff and org flexibility; and staff commitment)
- 5 Donor Relationships** (supportive donors relationships; and long-term relationships with donors)

which factors and combination of factors were commonly found across participating CSOs. The fsQCA software uses "truth tables" (tables displaying factors in rows) to identify all logically possible combinations of selected factors, and the CSOs associated with those factor combinations. Using the truth tables allowed us to identify particularly strong or common combinations of factors that were frequently associated with high levels of financial sustainability. This analysis provided important insight into how different drivers of sustainability may be particularly powerful in combination with other drivers, especially depending on the enabling context. Finally, we reviewed the interview and case study data further to understand why a given combination of factors was highlighted as particularly supportive for sustainability and how organizations had developed models to cultivate or capitalize on those factors.

While the fsQCA software provided a useful tool for identifying powerful combinations of

factors involved in facilitating sustainability, we were aware that certain key findings from the interviews would not be captured through the QCA analysis alone. As such, we conducted a manual qualitative analysis of the interviews to identify other themes that may be important to consider alongside the QCA analysis. After identifying these overall themes, we again revisited the interviews to understand how different organizations managed to develop models that consider these points to establish strong sustainability. As such, key findings 1-3 have been derived from the QCA analysis, whereas key findings 4-7 relate to other themes identified from the interviews.

Limitations

While our analysis methodology provides a helpful way to explore different combinations of drivers of sustainability, there are important limitations to keep in mind. As previously noted, the CSOs were not selected to be representative of all organizations in a given country or a given sector; rather, they were deliberately selected due to their success in demonstrating strong financial sustainability over time. Additionally, we wanted to ensure breadth in the sample across different country contexts and sectors. We did not compare these findings to a counterfactual group of similar organizations that did not achieve sustainability and therefore cannot claim robust causal linkages between the various factors noted here and long-term sustainability; rather, we can only say that there are strong patterns among these successful organizations.

In addition, the analysis is based on the perceived drivers of organizational financial sustainability from the representatives of the organizations themselves, rather than

observed organizational characteristics over time. In other words, if interviewees in an organization strongly perceive their organization's governance structures to have contributed to their financial sustainability, we did not do an independent assessment of the actual strength of these governance structures. While in one sense this is a limitation in that we cannot say for sure that these perceptions objectively reflect each organizations' characteristics, we believe this is also a strength because these practitioners have a deep sense of the complex mechanisms behind their organizations' successes and challenges that may be missed through simple organizational strength assessments.

Finally, this analysis does not fully dive into the nuanced distinctions between the different policy environments in the six countries. While we conducted a review of the literature on civil society in each country for the purposes of coding the enabling environments and have included a basic overview of each country context in Appendix 1, the analysis does not delve into the many specific policies that impact CSO financial sustainability in each country. This is a necessary trade-off in order to use a methodology that integrates analysis of cases from across country settings. We note that a different approach that instead looks comparatively at the specific policy framework for each country would also provide very useful insights beyond those covered here. There are various existing valuable resources looking specifically at the policy environments for CSOs around the world, and we recommend USAID's annually updated *CSO Sustainability Index*⁷ series for excellent and thorough overviews of specific country contexts.



Houses in Medellín, Colombia. Creative Commons 2.0/Iván Erre Jota

FINDINGS

1 SOCIAL CAPITAL

Social Capital is a critical enabler for financial sustainability, especially in weak enabling environments or when CSOs have limited connections to donor funding

The QCA analysis highlighted Social Capital as a critical factor that has often been overlooked as a key contributor to financial sustainability. In the analysis, the overarching theme of Social Capital comprises the following CSO-specific factors: network participation; high credibility/positive public image; positive government relations; volunteer support; and community participation in activities. All CSOs involved in this study referenced one or more Social Capital factors⁸ as a driver of sustainability.

The analysis indicated that organizations in the study referenced Social Capital (with a consistency score⁹ of .94) as the strongest single driver for financial sustainability.

This means that within the sample used for this project, the presence of Social Capital was a consistent predictor of financial sustainability, and we can therefore infer a powerful link between Social Capital and financial sustainability. This link appears to be particularly strong in more difficult enabling environments, where the market for funding sources is severely limited. The different factors considered under the Social Capital category represent very different ways that organizations can build social capital. These different ways of building social capital are explored in more detail in this section.

Community Participation

In cases where visibility and access to funding poses a significant challenge to organizations,

CSOs pointed to Community Participation as a viable alternative resource for maintaining financial sustainability. CSOs that involve community members in project planning and implementation find that when funds were low or absent, community members can continue operations in the absence of or alongside the CSO free of cost. For example, in the Philippines, Pailig Development Foundation Inc. mentioned that they provide community members with technical training for projects, and then community members directly support the project implementation. In some cases, community members provided resources, such as funding or supplies to help implement projects, but in most cases, they simply provided essential people-power. By engaging the community in different aspects of a project, community members became more invested in both the long-term project and CSO success.

“The meaning of sustainability is to be there for the people; you need motivation, commitment, financial capacities, but above all of this, you need the success story”

-Executive Director, ab2cd

In DRC, Jeunesse a l’oeuvre de la charite et du development (JOCHADEV) has operated since 2005 with little to no external funding, primarily as a result of being located far from any of the larger towns or cities in Eastern DRC where donors tend to provide funding. Despite this challenge, the organization has cultivated local community Social Capital in a way that allows the organization to sustain itself through a base of local volunteers and community contributions. This approach is possible because of their deliberate programming strategies. JOCHADEV involves the community in every stage of a project. This includes having community consultations to identify the most pressing

needs of community members. JOCHADEV typically works with local leadership and key community members to design a project that will address the core needs identified in the consultation, implementing the project in collaboration with the community and other local CSOs. Engaging the local community, allows community members to feel invested in the success of the project and the organization and provides support for project implementation when finances are low. Furthermore, when JOCHADEV has faced a shortage of financial resources, staff members have forgone salaries and the organization has shifted its reliance to local volunteers. On several occasions, members of the community have helped JOCHADEV find a local partner to take over implementation of a project to relieve JOCHADEV from the financial burdens of a project. This has allowed JOCHADEV to remain flexible in the face of financial shocks.

Community Participation was also discussed as an essential tool for garnering and communicating organizational Credibility amongst both donors and beneficiaries, which organizations considered to be core to their sustainability. Organizations reported that when community members are involved in project cycles, the projects tend to be more relevant to local needs, more sustainable in the long-term, and more successful overall.

This lets organizations gain high levels of credibility amongst beneficiaries, improving perceptions of the organization for donors and other communities who may present opportunities for future support.

For example, in Uganda, the Acholi Religious Leaders Peace Initiative (ARLPI) faces constant challenges related to the short-term nature of much of their funding, with many grants lasting only six months to a year. However, after receiving a sudden windfall of unrestricted funding from winning the Niwano Peace Award in 2004, the organization used the prize funding to establish a permanent community “Interfaith Centre.” ARLPI also used a portion of the funding to address an immediate community need for a borehole, even though this was not directly a part of any of their peacebuilding programming. By establishing a permanent house for programs in the community and demonstrating a commitment to address the needs voiced by the community, ARLPI translated its prize funding into significant and long-lasting Social Capital. This has allowed the organization to tap into community resources, such as support from local congregations, as well ensuring that visiting international donors get positive feedback from the community on ARLPI’s work and commitment.

Staff member from FOCHI stands with individuals who lead and participate in various development projects in their community, Democratic Republic of Congo
Peace Direct/Megan Renoir



Network Participation

Most CSOs involved in this study referenced Network Participation as an important mechanism for building social capital by increasing visibility and developing strong connections to donors, peers, and technical assistance providers. As mentioned above, many CSOs reported difficulties around securing international funding due to lack of visibility, especially when faced with competition from larger INGOs operating in the same areas. In DRC, where there is an overwhelming abundance of INGOs, CSOs based in rural locations or smaller organizations based in cities reported that they particularly struggle with a lack of visibility or recognition of credibility amongst donors. Furthermore, CSOs reported that negative perceptions within the global media and development sector regarding the conflict have led to a general stigma related to the capacity of legitimacy of local civil society in DRC.

However, 70 percent of participant organizations in DRC reported that having active involvement in local, regional and/or international networks was key to gaining recognition of capacity and credibility amongst donors.

These organizations indicated that through engaging in networks, donors have had more opportunities to learn about their work and legitimacy as a future operating partner. Furthermore, for 45 percent of the DRC organizations interviewed, network participation has led to direct funding opportunities with donors on multiple occasions.

However, the benefits of Network Participation extend beyond donor recognition.

CSOs reported that networks provide training, knowledge, and capacity support in essential technical skills such as project planning, M&E, resource mobilization, and financial planning.

For organizations that are severely under-resourced, this present an opportunity to increase organizational capacity and gain essential skills that will support an organization's operations and resourcing in the long-term. For example, in the Philippines, Kalimudun Foundation was linked with a consultant who offered to provide free support in writing a funding proposal during a time when the organization had limited resource mobilization capacity. In DRC, Bureau d'Informations, Formations, Echanges et Recherches pour le Développement (BIFERD) frequently receives direct support for project implementation from other local organizations they are connected with via a local CSO network. Other organizations mentioned networks as a way to gain a better understanding of how to navigate the complex bureaucratic processes associated with funding applications for large donors, such as USAID and DFID.

“I cannot imagine the life of KI without the networks”

-Executive Director, Kapamagogopa Inc.



UN Peacekeepers intervene to control a local conflict over land rights in Kamaniola, DRC.
Peace Direct/Megan Renoir



Volunteer from Kapamagogopa Inc. (Left) stands with young woman (Right) inside an IDP camp in Mindanao, Philippines. Peace Direct/Megan Renoir

Volunteer Support

Across all contexts, CSOs emphasized the role that volunteers play in supporting financial sustainability. Although some organizations manage to develop long-term and flexible donor relationships that provide the financial resources needed to maintain full paid staffs, many others are forced to rely on non-financial resources such as Volunteer Support to carry out essential work (see Finding 8 for a more thorough discussion of non-financial resources). However, the roles of volunteers differ depending on organization and context. In weaker enabling environments, such as DRC, most organizations indicated a reliance on volunteers for essential organization roles, ranging from finance and administration officers to project managers. In the case of organizations like JOCHADEV in DRC or CSO-FP in the Philippines, staff operate entirely on a volunteer basis and only receive stipends or salaries during period

of short-term project funding. In Uganda, HURIFO has trained and mobilized a corps of community volunteers to monitor and report on the human rights situation, providing critical inputs into HURIFO's advocacy programs. As one representative put it, this sort of monitoring by external groups would "cost millions of shillings," but community members committed to HURIFO's work are able to do it for free, thereby allowing HURIFO to use its scarce financial resources for other needs.

"...because we work as volunteers, we sustain the work of the organization regardless [of funding]."

-Founder, CSO-FP

Harnessing the Power of Social Capital for Sustainability

Although the relationship between Social Capital and financial sustainability may be more indirect than, say, technical fundraising or accounting capacity, in the long run it is a powerful force for organizational resilience. The up-front costs of establishing structures to respond to community needs can pay dividends later during funding transitions or other external shocks.

Furthermore, institutional Social Capital strategies connecting organizations to the local community are particularly powerful because they operate at the organizational rather than personal level, and as such, are not reliant on the personal connections of an individual organizational leader. So-called “founder syndrome,” or overdependence on an organization’s founder (or, more broadly, any one organizational leader) is especially salient when considering issues around Social Capital. Although a founder’s personal connections may certainly be an important aspect of

Social Capital, undertaking programming strategies that develop Social Capital at the organizational level can ensure that the factors supporting the organization are resilient to inevitable changes in leadership.

Unfortunately, the current structure of the funding environment often hinders rather than enables the development of local Social Capital.

For example, short-term and highly restricted funding structures force organizations, even with a strong commitment to responding to the community, to implement programs in a way that actually reduces Social Capital. As the ARLPI Program Coordinator stated, “with short-term funding, you start to progress and the community gets excited, but then the money runs out and you can’t continue.” Although in the short-term, it may seem that no harm is done by a such a program, in the long run the potential degradation of Social Capital for local organizations involved may reduce those organizations’ sustainability.



**Mariam Barandia, Executive Director of
Kapamagogopa Inc. in Iligan City, Philippines**
Peace Direct/Megan Renoir

2 TECHNICAL CAPACITY

Technical Capacity is an important driver of financial sustainability, and can be a powerful tool for cultivating other key organizational qualities

Across all contexts, Technical Capacity (used here broadly to encompass an organization's financial accountability systems, M&E capacity, governance systems, resource mobilization capacity, and communications/marketing skills) was referenced as an important driver of financial sustainability. This is unsurprising, as technical capacity building is often the focus of efforts to improve organizational financial sustainability. However, for CSOs in more challenging operating environments, Technical Capacity alone was not perceived as driving sustainability. Rather, this capacity was most powerful when other key factors were mentioned by participants, including Organizational Culture (comprised in this analysis of factors including effective leadership, organizational flexibility, and staff commitment) and Social Capital (as discussed in Finding 1 above). It is safe to assume, that these factors are interrelated and that they work in combination to positively reinforce one another, as well as support the overall financial sustainability of an organization.

One clear benefit of strong internal Technical Capacity is being able to formally demonstrate transparency and compliance through well-developed reporting mechanisms.

However, Technical Capacity is not only a tool for securing funding from donors in low enabling environments, but can also be used as a mechanism to grow Social Capital, forming a virtuous cycle towards greater sustainability.

For example, while the internal capacity of organizations in DRC is low in general, 45 percent of the CSOs in the study reported high

levels of Technical Capacity and discussed the factor as linked to aspects of Social Capital. These organizations attributed a part of their sustainability to the existence of a “clear governance structure,” “annual strategic plan,” “monitoring and evaluation systems (M&E),” and “transparent” or “reliable” financial systems. Most importantly however, these systems were perceived to be essential for organizations gaining credibility amongst communities and partners. When communities and partners could feel confident in how an organization operates, they became supportive of the organization's operations. In Uganda, as a GWED-G representative stated, “relationships are the most important part of partnerships... but [for those relationships] you should start with a well-defined agreement and working framework.” The technical capacity to develop these agreements and frameworks properly serves as an important pre-condition for developing strong partner relationships.

One of the areas often considered under Organizational Technical Capacity that overlaps with Social Capital is the process to identify and form strategic external relationships. Several organizations in the research highlighted that these processes and relationship building skills allow organizations to sustain their work, in particular in more difficult or highly politicized contexts. In highly fragile contexts like DRC, government officials, local leadership and communities often have the power and influence to impede or prevent organizational success. Fondation Chirezi (FOCHI) in DRC built their capacity to develop strategic relationships by engaging local leaders before starting projects with communities, to gain the leader's ‘blessing’ to carry out the work. For FOCIH, this has led to long-term connections



KEY TAKEAWAY:

Technical Capacity can be a multi-use tool capable of establishing organizational credibility and reinforcing community support, particularly for contexts in which international funding is decreasing and domestic funding sources are inaccessible.

with local leadership which facilitates their ongoing work in the region. These skills in strategic external relationships contributed in some cases to gaining funding opportunities and connections with other individuals or organizations that could provide program support / resources. For instance, in the highly politicized and underfunded context of BiH, The Center for Peacebuilding (CIM) has made a concerted effort to promote other local CSOs for relevant funding opportunities in order to forge positive relations within the community, which has led to local civil society actors stepping in to support CIM in times of need. In these cases, this type of Technical Capacity is vital to garner community support and thus cultivate Social Capital.



Dijana Pejic, Executive Director of the Genesis Project shows off her filing and financial management system. Banja Luka, BiH. Peace Direct/Megan Renoir

CASE SNAPSHOT: USING SKILLS IN TECHNICAL CAPACITY TO REINFORCE CREDIBILITY TO DONORS

In Bosnia and Herzegovina (BiH), there is a particularly challenging combination of both low domestic resources and low external funding available within the country. This means that for CSOs to get access to either domestic or external funding, they need to be particularly skilled in factors that will help overcome this challenge. Of the CSOs interviewed in BiH, nearly all mentioned their strong technical capacity was a key aspect of overcoming this challenge.

The Genesis Project, a peacebuilding organization based in Banja Luka BiH, is one example of how Technical Capacity can be developed and used to promote sustainability. Genesis is primarily dependent on international donor funding and has managed to cultivate a number of long-term, flexible partnerships that have supported the organization despite the general trend of decreasing funding in BiH. When discussing how Technical Capacity has influenced this, staff members stated that the organization's strengths in Financial Accountability, M&E Capacity, Resource Mobilization Skills and Organizational Governance have been significant contributors to their ability to secure long-term, supportive and flexible relationships with donors.

The high level of technical skills amongst the staff at Genesis can be traced back to when the executive director was sent on a financial management course by one of their long-term donors. After receiving in-depth training on the subject, the executive director returned to Genesis and set up a deliberate process to transfer the knowledge to her staff. As a result, these skills support the organization's ability to provide reports to other donors and provide accurate information on funding applications. This was reflected by a strict filing system and clear financial processes, which staff said led to donors considering the organization a 'dream' to work with. Staff also mentioned that this skill alone was largely responsible for the numerous grants and long-term funding contracts the organization has secured since the training took place. Genesis shows that in a context with severely limited resources available, developing technical capacity is a particularly important pre-condition for developing strong and long-term donor relationship

3 ORGANIZATIONAL CULTURE

Organizational Culture supports resilience to external shocks and is a key enabling factor for financial sustainability

Interviewees indicated that Organizational Culture (encompassing the specific factors of leadership, staff and organizational flexibility, and staff commitment) is one of the most vital resources for keeping a CSO afloat during periods of financial strain.

In challenging contexts, particularly ones with low domestic resource availability, there is an inevitability of CSOs facing difficult financial situations. Organizations in these contexts described the 'passion and commitment of staff' and discussed how the flexibility of their staff has been essential to ensuring staff stability, thereby increasing their resilience as an organization during these periods. In DRC, all of CSOs in the study reported a reliance on unpaid staff and volunteers at some point in their organization's lifetime. For example, staff at CVPD agreed to work part-time and unpaid without future remuneration when finances were low, which the organization viewed as absolutely essential to their survival of economic shocks. In some cases, such as CELPDH and JOCHADEV, staff operate entirely as volunteers and only receive compensation for their work if project funding is available. In Uganda, the current CEO of GWED-G began with an unpaid position, only transitioning over to a paid position once the organization had enough resources available. While temporarily foregoing staff compensation would of course never be in and of itself a positive development, interviewees pointed to this as an indicator of the strong culture of commitment that the organizations had developed among staff.

In contrast, a few organizations reported that they experienced high staff turnover during times of financial strain, especially when competing with INGOs who could offer

skilled staff paid positions. The impact of this phenomenon on CSOs can be significant, as it means the organizations need to invest further resources into training new staff or filling the gaps in technical capacity when skilled staff leave. The difference between these two contrasting experiences appeared to lie in the type of culture that leadership promotes within their organization.

CSOs that reported particularly strong factors of Organizational Culture discussed the importance of investing in staff and creating a feeling of 'family' within the office.

When organizations provided training or capacity building opportunities for staff, they reported that this would evoke feelings of commitment and support from the staff in the long-term. Furthermore, in many of the CSOs, staff mentioned that the organization supported them on a personal as well as professional level, which led to them feeling more invested in the organization's success, as well as committed to its longevity in the absence of funding.

The influence of Organizational Culture on financial sustainability primarily suggests that having staff who are exceptionally flexible and committed to the organization or work may sometimes cover for a lack of financial resources during times of financial strain, especially in contexts with limited access to domestic resources. Furthermore, while investments in Organizational Culture may not be immediately tied to developing funding sources, they can be an important long-term driver of sustainability and can reinforce Technical Capacity by reducing staff turnover and the loss of capacity that comes with this turnover.



KEY TAKEAWAY:

Investments in Organizational Culture may not be immediately tied to developing funding sources, but can be an important long-term driver of sustainability when they produce high levels of staff commitment.

CASE SNAPSHOT: SUPPORTING STAFF TO CULTIVATE STRONG ORGANIZATIONAL CULTURE

“The basic life of an organization is the human resources, without it, we wouldn’t last even into tomorrow.”

-Executive Director, ab2cd

In the Philippines, the change in the country’s official ‘development level’ in the late 1990’s has led to many foreign donors withdrawing and moving to ‘higher priority’ contexts. Despite a redefining of the development level, the Philippines still remains very poor in many areas, and regions like Mindanao suffer from a particular lack of domestic resource opportunities. Organizations in this context face extreme instability in available funding sources, and many have experienced high levels of staff turnover and loss. However, organizations who have managed to overcome this challenge emphasized the importance of investing in staff, both professionally and personally.

Alternative Bridge to Community Development (ab2cd), a peacebuilding and conflict transformation organization in the Mindanao region of the Philippines, is an exceptional example of how an organization can overcome this issue through cultivating strong Organizational Culture when resources are available. Ab2cd invests a great deal in their staff, including providing standard training opportunities but also through providing less formal learning opportunities. For instance, the majority of the networks ab2cd participates in use English as the primary language for communication. Rather than participating in all communications with networks himself, the Executive Director offers the opportunity to other staff members so that they can improve their language skills through practice. Furthermore, staff gain a sense of pride from participating in the networks, which boosts general organizational morale.

Ab2cd also has an “army of volunteers” who support several projects on an ongoing basis. There are currently roughly 32 volunteers, most of whom are university students. The organization provides a living allowance to the volunteers, which includes reimbursement for transportation and meal costs incurred whilst working on a project. However, the Executive Director took additional measures to support the volunteers and spoke with university officials to ensure volunteers receive university credit for their work. This has further cultivated a culture of commitment and support within the organization.

In addition to the support systems ab2cd has in place for staff and volunteers, it also developed an ‘Education Fund’ for staff’s family member. In the Philippines, education beyond Secondary School is not free and as a result, many families are unable to continue their children’s education beyond this point. Ab2cd developed a specific fund to be able to provide financial support for staff sending their children to school when needed, which has further reinforced the commitment of staff to the organization. Providing this type of support is essential to ensuring the sustainability of the organization, primarily because it means that when staff show up for work, they can be fully committed to implementing a project because they are not distracted by the fact that they may be struggling at home to provide a high-quality education for their children. This type of support has garnered a ‘fool proof’ support system for ab2cd, since staff and community members view the continued success of ab2cd as inherently tied to the support they receive.



Staff at CELPDH pose with Executive Director Annie Malongo (second from the right) following a focus group discussion on financial sustainability. Bukavu, DRC
Peace Direct/Megan Renoir

4 DOMESTIC RESOURCE MOBILIZATION

Domestic financial resource mobilization is associated with either strong organizational governance and staff capacity to mobilize resources, or with developing a social enterprise model

This finding is based on a QCA grouping that includes organizations that have mobilized significant domestic resources and indicated that their organizational governance and staff resource mobilization capacity are critical drivers of sustainability or have developed a successful social enterprise model. This includes primarily organizations in Mexico and Colombia, including Saldarriaga Concha, Casa de la Amistad de Niños con Cáncer, Consejo Cívico, FCFN, Un Kilo de Ayuda, FEM, and Atinaz.

Many of the organizations included in the research, in particular those in Mexico and Colombia, receive a majority of their funding from domestic sources. Although these countries still have significant issues with their

domestic economic political and enabling environments for CSOs, a relatively robust private sector provides opportunities to mobilize domestic resources for organizations that can position themselves well to do so. These organizations have developed sustainability models through corporate philanthropy, individual donations, local government funding, and social enterprises.

In interviews, representatives from these organizations often stressed the importance of their Board as a key governance structure for mobilizing domestic resources.

By establishing Boards with well-regarded and well-connected community members, the organizations are connected to domestic resources through a combination of direct networks, strong strategic guidance, and an enhanced reputation. For example, In Colombia, Saldarriaga Concha has developed a Board that is deeply connected to local businesses, as well as to members of the banking community that provide guidance on financial strategy. This has connected Saldarriaga Concha to private sector funding opportunities and has allowed them the necessary oversight and reputation for developing partnerships with local government. In Mexico, the Fundación Comunitaria de la Frontera Norte (FCFN) has a reserve equity fund that was developed by the Board (with matching funds of the Inter-

American Foundation) specifically to increase the organization's resilience to shifts in the funding landscape. The development and oversight of this fund (as well as the overall health of FCFN) by the Board gives them significant responsibilities with regards to financial sustainability, with Board members themselves contributing financially to FCFN (approximately 20-30 percent of overall organization funds) as well as closely monitoring and guiding the organization's mobilization of other local resources.

In addition to a focus on governance, many of these organizations have made significant investments in staff capacity to mobilize resources. In some cases, this capacity goes well beyond a focus on proposal writing, and instead treats resource mobilization as more of a "blue sky" exercise. In Mexico, Un Kilo de Ayuda recently developed a four-person research and development team to better understand the landscape of ways to expand their resource base and create innovative partnerships with academic institutions that develop a rigorous evidence base on which to build their support (see Case Snapshot below, "Leveraging an International Academic Partnership to Drive Sustainability").

Other organizations, in particular those that are involved in some sort of service delivery in their work, look to social enterprise models as a means to mobilize domestic resources, relying less on Board members' networks and

more on a direct business model to tap into local consumers. In Colombia, despite the lack of a strong policy network, the Fundación para la Educación Multidimensional has pioneered the use of a social investment model, to gain revenues from seed investments in local social businesses that it helps create or train. However, there is a significant lag time between making these investments and seeing returns. As such, the revenue from these investments must be heavily augmented with more immediate support from other non-traditional sources, such as crowdfunding and international volunteers.

As international funding decreases in many settings, domestic resources have become an increasingly important element in financial sustainability. A healthy ecosystem for domestic resources involves not only strong local mechanisms through which funding can be channeled, but also local CSOs with the necessary structures to connect with and manage this funding. Boards can serve as critical "bridges" to local resource bases, while social enterprise models (especially for organizations involved in some form of service delivery) continue to emerge as an alternative means of resource development.

'Peace Farm', a social enterprise run by the Center for Peacebuilding in Sanski Most, BiH.
Peace Direct/Megan Renoir



5 CAPITALIZING ON UNRESTRICTED FUNDING

Pooling small amounts of unrestricted funding from staff members, community members, and social enterprise or side businesses allows for an outsized impact on sustainability

Many of the organizations across country settings discussed critical points in their history during which a relatively small amount of completely unrestricted funding proved critical for their resilience in the face of severe resource challenges. In many cases, this funding did not come from institutional grants, but rather from a combination of sources scraped together: staff contributions, social enterprises or small side businesses like food or guesthouses, local membership programs, Board donations, collections from local religious congregations, and crowd-funding from online sources. Though generally small

in amount, the complete lack of restrictions on this funding allowed organizations to put in place structures and activities to greatly improve their financial position and expand their impact.

One fairly common method among participant organizations for pooling unrestricted funding is through ‘membership contributions’, whereby staff and volunteers contribute a small amount of money to the organization monthly or annually. This approach was reported by organizations across five of the six countries. While the exact quantity, frequency, and level of reliance on membership fees differs between CSOs, all organizations with this model viewed it as important component to their sustainability, especially in times when external funding was limited or non-existent. For example, Coalition des Volontaires pour la Paix et le Developpement (CVPD) receives 90 percent of its income from external donors. However, they also require all staff, board members and volunteers to pay an annual membership fee to the organization, which ranges in amount but can be up to \$100 USD, and forms an essential ‘back up’ fund for the organization.

Staff member from Kapamagogopa Inc. poses for a photo in Iligan City, Philippines.
Peace Direct/Megan Renoir



In addition to structured membership programs, interviewees referenced a range of other methods for creating these funding pools:

- FIDA Uganda has used contributions from members, staff, friends, and family to provide rapid response services to women with dire legal needs that fall outside of the scope of grants from institutional donors. This, has helped build FIDA's local reputation as a responsive and effective organization and has allowed them to generate further revenue and services from their local membership base.
- JOCHADEV in DRC receives no external funding and relies on a combination of membership fees and staff contributions from small side businesses; for example, one staff member mentioned that she rents out the use of her photocopier to raise extra funds for the organization.
- HURIFO in Uganda used staff contributions to purchase a small plot of land, allowing the organization to maintain operations when it lost its existing office space (see case snapshot below, "Using Land and Community Support to Build Resilience")
- In Philippines, Kapamagogopa Inc. successfully used a crowdsourcing approach when finances were low. Volunteers for the organization put together the '1000 Pesos Challenge', which was disseminated through social media and asked individuals to donate 1000 pesos each to provide the organization with enough unrestricted funding to overcome the financial challenge.
- In Mexico, as mentioned above, FCFN's Board established a reserve fund that allows the organization to smooth over operations in times of particularly lean external funding.
- In Colombia, FEM has used the Global Giving platform to crowdfund small international donations that are used as seed funding in local social enterprises, which in turn provide dividends based on the enterprises' profitability.

It may seem antithetical to an organization's mission to collect funding that is not used for an immediate need. However, these organizations show how having these reserves (however small) can significantly increase resilience and effectiveness. Some organizations can access unrestricted organizational support grant funding (see the accompanying Funder Approaches to Facilitating CSO

Financial Sustainability for a full analysis of this strategy), but this tends to be quite rare relative to funding tied to specific programs. For organizations for whom this sort of funding is not available, it is important to think creatively about ways to develop a small pool of this type of emergency funding and deliberately work to allocated it to supporting an important potential driver of long-term sustainability.

6 INGO INTERACTIONS & PARTNERSHIPS

Competition and cooperation with international organizations creates complicated dynamics that can both drive and inhibit sustainability

There is no one experience or template for local organizations partnering with INGOs and other international institutions.

Interviews with local organizations revealed the complex and multi-faceted ways that relationships between local organizations and international organizations can both help and hinder local organization sustainability.

The way that donors, international organizations, and local organizations themselves approach the structures and incentives around these relationships can have important unintended impacts on how they play out in terms of local sustainability.

For example, in DRC, the inability of smaller local organizations to meet requirements for direct international funding increases the relative power of INGOs and decreases incentives for INGOs to support structural changes that would put local organizations on more of a level footing. The large but temporary resources brought by the INGOs can also skew community expectations regarding development projects, undermining the legitimacy of local organizations who cannot match these resources and leaving a large gap when the international groups eventually leave. In Uganda, local networks set up by the international community to increase collaboration among local and international organizations have in some cases backfired, with the new network structures themselves competing for resources with their own local members.

On the other hand, when structured intentionally with local organizational sustainability in mind, partnerships between international and local organizations can be powerful tools for sustainability. In Mexico, Un Kilo de Ayuda has identified overlapping interests between their own objectives and the research interests of various U.S.-based universities, creating partnerships wherein these universities use their own funding to provide rigorous evidence on the effectiveness of UKA's model. This has allowed UKA to stand out to potential funders with their commitment to measuring their impact and adjusting strategy based on evidence. In Uganda, for years GWED-G experienced the negative impact of the "jungle" of INGOs that came to the region for rebuilding efforts, worsening the position of local organizations by poaching staff and establishing intermediary relationships with international funders. However, over time, GWED-G has vocally advocated for an improved power dynamic for local organizations, working to reinforce the message that:

"local organizations are no fools...these are the organizations that really know the communities, can tell you whether a project is changing lives or not."

-Executive Director, GWED-G

Ultimately, GWED-G was able to shift their relationship with a donor from a sub-grantee under an INGO to a prime grantee replacing the INGO (with the explicit support of the INGO based on years of productive relationship-building).

CASE STUDY: LEVERAGING AN INTERNATIONAL ACADEMIC PARTNERSHIP TO DRIVE SUSTAINABILITY

When considering financial sustainability, most organizations think about bilateral donors, private foundations, or corporate funders, but rarely consider partnerships with academic institutions. But in Mexico, Un Kilo de Ayuda (UKA) has developed and leveraged creative partnerships with leading universities to do just that.

UKA is over 30 years old and is one of the most well-established early childhood development (ECD) organizations in Mexico, delivering a range of programs targeting children under the age of five. They are well-known for their partnerships with major national retail and food brands to collect funding through their donation cards at thousands of points of sale. Despite this history of successful fundraising, the organization was concerned with CSO sector's lack of credibility in Mexico, as well as UKA's ability to obtain the funding necessary to scale its model across the country. In addition to mapping the local and international landscape of potential direct funders, UKA recognized that a strategic partnership with a research institution could build credibility for UKA (and the CSO sector as a whole) while providing UKA with evidence on how to scale its program effectively. UKA also realized that the organization's programs provide valuable potential research sites for scholars interested in early childhood development, meaning they could access the benefits of an expensive evaluation without the costs.

UKA formed a partnership with the Harvard University Center on the Developing Child. Together, they were able to study the strategy and impact of their programs, answering major questions for the ECD sector such as how positive interaction and playing in daily family routines impacts the brain structure of low-income children.

In the short term, this partnership has allowed UKA to tweak its programming to increase effectiveness. For example, they shifted a program from a community center to family homes, increasing their ability to target families working in agriculture whose jobs made it impossible to get to the community center. More broadly, UKA's role as a laboratory of research on child development allows the organization to stay at the forefront of the ECD sector. In the long run, UKA leadership is confident that the evidence generated from this partnership will give them the insights needed to structure their programs for scale as well as to help new funders understand the importance of their work.

As one UKA management team member put it,

“It’s very important for us to have a scientific basis for our work. Because of this, we’ve had Nobel laureates speaking on how important it is to invest in children under 5... it’s been a huge return on investment in terms of gaining buy-in for our programming.”

7 AVOIDING MISSION DRIFT

As organizations diversify their funders, there is a need to develop clear principles and frameworks to ensure there is not mission drift and that organizations maintain autonomy

Building sustainability by diversifying funding often means turning to less traditional revenue sources, such as corporations or social enterprise models. Participant organizations stressed the importance of these sources in developing their resilience to the potential decline in more traditional funders.

However, as organizations have expanded their funding base, many have faced difficult choices in balancing the need to be flexible to obtain funding with the importance of retaining a strong focus on mission and autonomy.

Organizations from across contexts including Mexico, Colombia, Philippines, and BiH all described experiences in which they had to say “no” to donors to remain focused on their mission. For example, Kalimudan Foundation (KFI) in the Philippines has served the community for over 20 years despite explicitly rejecting funding from donors who have tried to promote activities not in line with their work, even when in a difficult financial position. However, KFI argued that there needs to be a balance between “getting funding and having principles” and that sometimes they “tone down their principles to appease donors”.

In Mexico, Vía Educación has turned down corporate donors who demand very short-term project timelines and results. As part of its discussions with potential funders, Vía Educación clarifies their rationale for needing long-term funding and the potential harms of over-reliance on short-term grants. The organization is willing to back up this position by turning down donations that do not align with this need. These organizations see the trade-off between immediate funding and long-

term sustainability, acknowledging that they will be more effective in generating funds in the long term if they are able to remain strongly mission-oriented. Many of these organizations felt that the short-term revenue gain from working with donors, whose funding is not well mission-aligned, would backfire in terms of developing social capital with the community. For instance, implementing a project that does not correspond with local needs will reduce trust in future projects, or carrying out a short program with no sustainability plan will extract time and energy from the community without leaving anything tangible behind.

Of course, at the same time, many organizations stressed the need for a degree of flexibility in aligning with non-traditional donors, which often proves a difficult balancing act. This balance is accomplished in different ways. For example, in Mexico, Un Kilo de Ayuda has a formalized set of core principles that are always considered when taking money from a new donor: if the funding violates any of the core principles then it is rejected, but if it aligns with the principles, then the organization will figure out ways to align with specific donor needs. Kapamagogopa Inc. in the Philippines has used a more gradual method, slowly shifting their model over the years, taking into account local needs first but, where possible, also incorporating flexibility to work with new donors and incorporate new donor interests.

While variations of challenges around mission drift were present for all participants, donor relationships built on a more flexible 'partnership model' presented a positive alternative to traditional funding approaches and allowed for organizations to remain focused on their missions rather than donor priorities.

For organizations that reported having one or more funders who committed to longer term funding partnerships (2-5 years), these relationships were described as 'empowering' and more conducive to becoming financially stable. Organizations stated that these types of donors tended to be more understanding of contextual challenges and more invested in the success and local relevance of the projects, which in turn allowed for long-term financial planning and the ability of organizations to

absorb environmental, economic or social shocks. See the accompanying report, *Funder Approaches to Facilitating CSO Financial Sustainability* for a more complete discussion of donor strategies.



Amenodin T. Cali, Executive Director of Kalimudan Foundation poses for a photo after participating in an in-depth interview. Mindanao, Philippines.
Peace Direct/Megan Renoir

8 NON-FINANCIAL RESOURCES

Resources are more than money, and non-financial resources have the capacity to make at least as much of a contribution as financial resources in supporting sustainability

Organizational sustainability is often thought of as a balance sheet exercise, comparing funding coming in with funding going out. However, many successful organizations stressed the ways in which non-financial resources make at least, if not more, of a difference. Although these resources may not show up on a balance sheet, they allow an organization's financial resources to cushion against the inevitable ups and downs of funding cycles and increase organizational resilience.

Examples of non-financial resources that organizations explicitly mentioned as key drivers of sustainability include: land and

housing; local volunteer time, including uncompensated staff time (see discussion in "Social Capital"); international volunteer time; and locally-sourced in-kind goods (such as housing materials).

The use of land is particularly prevalent in Uganda, where three out of the five organizations interviewed had acquired land as a key part of their sustainability strategy (see Strategy Snapshot on next page).

This acquisition of hard assets has several advantages: saving on month-to-month overhead costs by eliminating the need to pay rent; providing a hedge against rental market fluctuations that can be impossible to accommodate with pre-set program budgets; and providing an opportunity to generate revenue by using some portion of the property, such as office sub-leases or event space. The acquisition of hard assets by CSOs can also have downsides, including reducing flexibility in responding to shifting geographic needs and providing what may be considered an unfair advantage for established landowning organizations relative to newer groups.



Frances Odongyoo of HURIFO stands on the organization's land in Gulu, Uganda
LINC/Matthew Guttentag

CASE STUDY: USING LAND AND COMMUNITY SUPPORT TO BUILD RESILIENCE

For 23 years, Human Rights Focus (HURIFO) rented office space in a government building in Gulu, in Northern Uganda. Despite the organization's unflinching commitment to challenging government abuses, this housing arrangement stayed steady, giving HURIFO critical predictability in their month-to-month housing costs. In July 2017, the organization was suddenly evicted, following the government's decision give away the building to another institution. HURIFO was given three months to move out and find new housing. For an organization already operating on a shoestring budget, this represented an existential threat, with private office spaces renting at far beyond the rate they paid for the government-owned offices.

However, a process that HURIFO started a decade earlier was about to pay off and keep the organization afloat. Given the sensitivity of their human rights work, HURIFO leadership knew that they might one day face some type of shock that would require immediate access to completely unrestricted funds. In 2007, the organization started to scrape together a pool of staff contributions, membership fees from local community members and board members, and small donations from individual international donors. They put this money into a savings account, continuing to build it shilling by shilling through small contributions and bank interest. The eviction proved to be just the sort of shock they anticipated.

The money in the savings account was just enough to purchase a plot of land on the outskirts of town. This left HURIFO essentially penniless, unable to fund the construction of an office building on the land. That is when the goodwill HURIFO had cultivated through decades of engagement with the local community came to the rescue, leading to the donation of a sea shipping container to store books for a local library they ran. Through further community connections, they were able to get support to convert the shipping container into a basic office, grade the land for the container, and put in a basic fence.

Although there is still significant work to be done on their new home, HURIFO's ability to purchase a small plot of land and tap into community connections gave the organization the resilience to deal with sudden financial circumstances that would have otherwise been nearly impossible to overcome.

Flory Kazingufu, Executive Director of Foundation Chirezi poses for a photo outside of the organization's office in Uvira, DRC.
Peace Direct/Megan Renoir



CONCLUSION AND NEXT STEPS

This paper lays out the findings and key takeaways from a systematic analysis of interviews with over 100 representatives from over 30 CSOs across six countries, drawing insights into the ways in which different drivers and strategies can be particularly effective in facilitating improved sustainability. We encourage those interested in diving deeper into the topics presented here to read the accompanying reports, *Funder Approaches to Supporting CSO Financial Sustainability* which provides a highly complementary analysis of the strategies that funders use to address this issue, and *Facilitating Financial Sustainability Research Synthesis*, which pulls together the insights from across both of the deep-dive reports to give a summary of overall findings and takeaways.

The next step for the FFS team is to put this research into practice with the development of “Action Learning Groups” (ALGs) of local civil society stakeholders in three of the countries included in the research: Uganda, the DRC, and Colombia. These groups will involve many of the stakeholders and organizations interviewed for this paper and take these research findings as a starting point for prioritizing local barriers to sustainability and developing collective strategies and activities to undertake to help overcome some of the local barriers. The FFS team will be publishing further learning notes and guides based on this experience to help other practitioners use the lessons learned from this activity to improve their own approach towards facilitating financial sustainability.

ENDNOTES

1 Leading institutions conducting research and providing useful tools for the CSO sector include major donors such as USAID and UKAID as well as independent civil society groups such as CIVICUS and the International Center for Not-for-Profit Law (ICNL) and development research institutions such as the Overseas Development Institute (ODI).

2 In this context, “grantmaking foundations” include both public grantmaking charities (organizations that derive their funding from the public or other foundations), and private foundations (generally endowed foundations that do not also fundraise from the public).

3 Although this analysis focuses only on the factors contributing to sustainability rather than overall effectiveness, we considered it important to include organizations that also have a track record of effective programming. Although there was no formal audit of a given organization’s effectiveness, referral requests explicitly included a request only to refer organizations that are known to have a well-regarded reputation for impact, and interviews with external stakeholders were used to verify this reputation.

4 Note that Mozaik was interviewed primarily as part of the accompanying funder analysis due to their support from various funders included in Foundation Center’s database, and so the interview followed a different format. The data were therefore not used as part of the QCA, but were used as part of the overall analysis of interview themes.

5 For CSOs where only one interview participant was available, we conducted the interview with the founder or executive director, and these interviews generally lasted at least two hours to gather more in-depth information.

6 See Appendix 2 for full list and description of factors

7 See <https://www.usaid.gov/africa-civil-society>

8 Note that we capitalize factor names when referencing their use as an analytical output as defined in our QCA approach as opposed to colloquial usage.

9 A consistency score in fsQCA is used to understand how consistently the factor explains the outcome. Consistency scores are considered significant when they are over 0.90, which equates to the factor being a necessary condition for the outcome to occur based on the sample of cases provided for analysis. Necessity of a factor or combination of factors only refers to the cases provided for analysis, and therefore should not be considered representative of a normal given population.

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APPENDIX 1: COUNTRY AND CSO OVERVIEWS

BOSNIA AND HERZEGOVINA (BIH)

BiH Country Background

Bosnia and Herzegovina (BiH) is located in the Balkan region of southeastern Europe and has a population of 3.8m people. BiH was a Socialist Republic within the Socialist Federal Republic of Yugoslavia (SFRY), from 1945 until 1992, when BiH declared independence from Yugoslavia. The major ethnic groups in BiH are Bosniak (50%), Serb (31%) and Croat (15%). The country has been marred by a civil war which ran from 1992 until 1995 and which saw 350,000 casualties, including 97,000 deaths, with the majority of victims ethnic Bosniaks. BiH's GDP per capita stands at \$4,771 with an unemployment level of 31%. Between 2010 and 2015, the population of BiH fell by an average of 0.1% per annum. BiH currently ranks 81 of 188 countries on the UN 2016 Human Development Index.

The political system has been described as one of the most complex in the world, reflecting the ethnic divisions that exist within the country. National level institutions are based on ethnic quotas, with the chair of the presidency rotating every eight months between the three major ethnicities. In addition to a national level government, the Federation of BiH (mainly comprising Bosniaks and Croats) and Republic of Srpska (mainly comprising Serbs) are governed by separate political entities, each having its own legislative, administrative, judicial and political bodies. The country's complex political system has left it open to corruption; today it ranks 83rd out of 176 countries for corruption and as the 116th country in the World Freedom Index.

According to the latest information from the EU-funded Capacity Building of Government Institutions (CBGI) Project, there were 22,601 registered CSOs in BiH in 2016. However, this number includes CSOs registered at multiple levels of government, as well as a significant, but unknown, number of currently inactive CSOs. Public funding for CSOs at all levels is declining, with many CSOs claiming that the Government sometimes significantly deviates from legal procedures in awarding public funds. The majority of less-developed CSOs are funded by local Government, who account for more than half of public funds. Key donors remain USAID, Embassies and the EU; however, foreign funding from some embassies and the EU appears to have decreased (2016). Regarding the legal framework for CSOs and civil society in BiH, since 2000, legislation largely complies with international standards and remains stable on the USAID CSO sustainability legal index at 3.4. However, implementation of the legislation is variable, and several issues remain, such as challenges in registering as an organization, particularly at the state level. Other challenges include, officials sometimes preventing organizations from registering, inadequate government staffing levels, limited information on how to interpret, and work with new or existing legislation.

CSOs can operate freely within the law and can generally address matters of public debate and express criticism without fear of harassment from authorities. Nevertheless, an increasing number of inactive CSOs are choosing to dissolve voluntarily to avoid the costs of preparing and submitting financial reports (which are required on an annual basis (even if an organization is completely inactive during the year), as well as the possibility of sanctions for failing to meet the financial reporting obligations. Furthermore, government legislation is incomplete and additional policies and regulations are required to allow organizations to properly fundraise, recruit volunteers, and undertake other activities.

BiH CSO Overviews

The Genesis Project

The Genesis Project is a local, non-governmental, non-profit humanitarian organization, officially registered in February 1997 (founded in 1996) to educate children and adults about the tolerance and coexistence, rights, child safety, violence prevention, peace building, gender equality, and bullying prevention. The organization initially sought to educate children and adults about peaceful conflict prevention and resolution, whilst reducing the negative impact of mines, unexploded ordnance, small arms, and light weapons on local communities.

The financial model of the organization relies strongly on international donor funding, mainly from UNICEF, Embassies and international foundations. Noting that international donor financing has gradually decreased over the years, the organization has relied on membership fees from staff to finance organizational activities. The organization has also been selected as the recipient of the international peace award from Peace Direct, which awarded them with a \$10,000 grant.

The organization credits its sustainability to the development of a very strong reputation and recognition. When they are planning a project, they develop very detailed time frames and know that they can deliver at least everything that they promise. Unfortunately, the fundraising process is less successful every year because of donor fatigue. However due to the very experienced and educated generalist staff, The Genesis Project has remained a thriving organization; its team successfully capitalizing on opportunities to attend training seminars put on by donors.

Genesis does not charge for the work they do, as it would be against their mission. They are aware that to be sustainable, an organization charge for its service, but they recognize that parents cannot afford to pay for their services and teacher salaries are too low in BiH. Luckily, their donors understand this situation.

Zdravo da ste

Zdravo da ste is a civil society organization based in BiH. The organization was started informally in 1992 by a group of psychologists, instructors, social workers, and teachers as response to refugees who were fleeing Croatia and internally displaced people within BiH during the war. The organization focuses on psychosocial support and community building and provides special attention to children affected by war. They have extensive experience in working with young people and have established eight Youth Centers in various cities over the years. While most Youth Centers have become independent organizations, the center in Banja Luka is still run by Zdravo da ste.

Zdravo da ste's financial model is based on diversified revenue sources, with roughly 50% of their funding coming from international sources, such as the European Union, the United Nations or INGOs. The organization also relies heavily on their own income generation through fundraising activities, which accounts for roughly 30% of their funding base, as well as membership fees which account for another 10% of revenue. Additionally, they receive just under 2% of funding from the private sector.

Zdravo da ste attributes their sustainability largely to the good reputation they have built and the support and respect they have earned from the local community. While funding has significantly decreased in BiH for their type of work, Zdravo da ste provides a unique service that community members view as important and worthy of support. In addition, the organization has maintained strong and supportive relationships with several donors. These partnerships have allowed the organization to gain additional resources and access to training and knowledge exchange. The organization is also a founder and a member of several networks, which has provided them credibility amongst donors and access to training and capacity building opportunities. Zdravo da ste's governing Board of Directors is also very active, providing strategic, administrative, and financial guidance to the management of the organization, which supports other factors that promote their sustainability. This is reflected in the organization's operational maturity and its well-established policies and procedures that allow for greater accountability, transparency and responsiveness to donors and beneficiaries. The organization was supported by the City of Banja

Luka, who provided space for activities free of charge and financially supported the work of the Youth Centre. Unfortunately, direct financial support ended in 2017 and donations in the last two years have reduced in general.

Youth Center Jajce

Youth Center Jajce is a non-governmental, non-political and multi-ethnic organization founded in 2002. The organization originally worked with youth and children from ethnically segregated schools but throughout the development of the organization it extended its work to the regional and international level. Youth Center Jajce is an autonomous organization whose members engage directly with the community on various levels as individuals, as well as the organization's representatives. The organization seeks to protect human rights in Jajce and beyond, promote interests and support ideas and needs of the youth and children, and create a political culture that dispels corruption and protects the interests of the community.

Funding for Youth Center Jajce is extremely limited. The Local Government provides approximately 15% of funding for small projects that fall in line with their interests; however, the relationship with the local government can be challenging due to political complexities. International organizations fund approximately 40% of the organization's work, and an additional 30% comes from sponsorship from donors abroad. Most of the organization's funding comes from the help of organizations abroad – from large to small foundations.

The key to the organization's sustainability is its strong human resources. However, the Youth Center Jajce is quickly losing members, with several core members moving on from the organization in the last couple of years. Nevertheless, the remaining core members of the organization have been persistent in building the organization along with 6 valuable volunteers. Additionally, recent coalitions formed with several organizations have been a positive step towards sustainability.

Over time they have established two projects which have become self-sustainable. First, the "Senzor 24 Magazine", which will now be published online under the new name, "Jajce Press" after the Swiss donor pulled out of funding the paper publications; and second, "Jajce Tourism", a place where high school students are able to receive their first work experience as certified tour guides. Despite the difficulty in retaining donors, Youth Center Jajce still believes it maintains good visibility within the international donor community.

The Center for Peacebuilding (CIM)

CIM is a non-governmental peacebuilding and reconciliation organization based in BiH CIM was founded in 2004 with the goal of addressing the deep-rooted ethnic divisions in the country. CIM works to promote mutual listening, understanding, and compassion through rebuilding relationships. Their activities range from promoting human rights and intercultural cooperation, to training youth in practical conflict resolution techniques and practical skills for employment. To date, their projects have brought men, women, youth, rape victims, camp survivors, war veterans and diverse religious leaders together in dialogues, counselling sessions, and conflict resolution skill building seminars.

The financial model for CIM is unique from most CSOs and relies most heavily (40%) on individual giving from local and international sources, primarily through platforms such as 'Global Giving'. CIM also receives roughly 40% of its funding through international foundations and roughly 20% of funding from bilateral donors. The organization also receives small amounts of funding from NGOs and a very small amount (approximately 0.1%) of funding through social enterprise income from the farm they run. However, income from these two sources is minimal. Additionally, the CIM relies on the support of volunteers.

CIM believes that their organizational culture is the biggest driver of their financial sustainability. During interviews, the organization described the culture as comprising of extremely passionate and dedicated staff and discussed how the 'transparent communication' amongst colleagues leads to a positive operating environment that supports their long-term operations. The organization also places significant value on their relationships with other organizations in the

community, and believes that collaborating and supporting other organizations has directly bolstered their sustainability. The community support for CIM has been vital in promoting their sustainability. There is high local-ownership of CIM's projects, which has led to deep trust between the community and the organization. The community has at times directly supported the organization, for example, by providing livestock for CIM's farm and helping them become more self-sustainable as a social enterprise. CIM also places a lot of emphasis on the importance of the individual giving platform, Global Giving, which they see as an essential resource for unrestricted funding for the organization. Finally, the organization acknowledged in interviews that when CIM has positive relationships with donors that operate as 'partnerships' rather than the traditional donor-beneficiary relationship, it greatly supports the organization's long-term financial sustainability.

Mozaik

Mozaik is a non-governmental organization and intermediary funder based in Bosnia and Herzegovina. Founded in 2002, Mozaik was originally set up to support the development of the NGO sector but quickly shifted to focusing on community and NGO development. Mozaik operates as a social enterprise that provides financial and advisory support to NGOs and communities. The organization focuses on strengthening social cohesion within communities by empowering people to initiate common actions, mobilize local resources, influence local governments, and conduct joint activities to address local issues. By building cohesive communities, Mozaik also builds trust and confidence, and supports reconciliation and nation-building processes throughout BiH.

Mozaik's funding approach is primarily dependent on private sources, and currently has a portfolio of around 50 different sources of funding for the Foundation. Mozaik receives funding from several private foundations and investors. Amongst their primary donors are the Charles Stewart Mott Foundation, Australian Development Cooperation, UniCredit Foundation, Robert Bosch Stiftung, Light for the World and the Balkan Trust for Democracy. Furthermore, despite the general lack of domestic funding available within BiH, Mozaik receives funding from 32 local municipalities.

Mozaik considers their system of long-term financial and organizational planning, as a key financial sustainability factor. Additionally, they attribute their success to the strength of the programming they deliver and the fact that their focus is on the work rather than on acquiring funding. They have turned down funding from several large donors in the past in favor of smaller grants, primarily because of the time required for reporting requirements associated with larger funders. However, this strategy has caused some internal resistance due to staff concerns about job security. As a result, 30% of their staff have left over the last 4 years. However, the bold vision of the organization combined with their structured business planning and clear KPIs, has brought in new staff who are motivated by the mission of the organization than by the salary or security attached to the work.

COLOMBIA

Colombia Country Background

Colombia is an upper-middle income Latin American country, with a population of 48.65 million and a per capita GDP of \$5,805. The country is emerging from a decades-long civil war after four years of negotiation, with new peace agreement between the Government of Colombia and the Revolutionary Armed Forces of Colombia (FARC) approved on 30 November 2016. Despite a recent slow-down following a drop in oil prices, the Colombian economy has proven resilient to changing macroeconomic conditions, with the World Bank predicting increased growth in the coming years. Transparency International ranks Colombia 75th out of 180 countries in terms of perceptions of corruption.

Civil society has a long and rich history in Colombia, originating with foundations established by the Catholic Church to address public welfare issues, and later with government-supported community organizations. There are now over 200,000 formally registered CSOs in the country; a recent study puts the rate of CSO registration at one CSO for every 163 inhabitants, representing the highest rate in the Americas. However, the majority of these CSOs are inactive and estimates place the active number of CSOs as below 50,000. Nevertheless, the sector is a robust part of the country's fabric of social services, with CSOs contributing an estimated 2% to the country's GDP.

Colombia's relatively developed private sector and broad government welfare programs mean that CSOs can often rely on domestic sources of financing; in fact, donor resources account for less than 0.5% of the government's annual budget. The legal framework for CSOs is also well-developed, with significant reforms over the past several decades leading to implementation of a relatively straightforward registration process (which may contribute to the large proportion of inactive CSOs), and broad tax exemptions. Nevertheless, the layered process of legal regulations at the federal and state levels has led to complications in understanding all relevant compliance policies. In addition, regulations around revenue generation remain unclear and CSOs report that this inhibits the sector's ability to develop innovative social enterprise models.

Colombia CSO Overviews

Organización Comunitaria Atinaz (OCA)

OCA is a non-profit organization working in Colombia. First established in 2000, the organization works to protect and promote the equal rights to land and economic resources of the rural indigenous population of Cartagena.

The financial model of the organization is based on a mix of both local and international donors, most prominently: IOM, Opportunity International, Fundación Amanecer and Fundación Actuary. OCA further supports the mission of the organization by selling coffee and arts and crafts in the community. Recently, the organization has begun to export and sell their products internationally.

A key driver of OCA's sustainability is its ability to secure a permanent community center for their organization. This, has allowed OCA not only a space where staff members can gather, but space they can use to generate income, from elaborating and producing arts and crafts to hosting community events. Additionally, partnerships with local organizations and the public sector have given the organization not only visibility, but also access to tools they need to manufacture products and the training they need to manage the organization. The organization has attributed its positive public image and reputation in the community as a driving force behind its success and continual existence in the community.

Corporación Conciudadania (CC)

CC is a non-profit civil society organization working in Colombia. First established in 1991, the organization was born on the heels of the Citizens Movement that encouraged the social appropriation of the 1991 Constitution. Today, the organization works to promote citizen participation, local democracy, peace and reconciliatory efforts.

The financial model of the organization strongly relies on funding from international organizations, most notably Bread for the World, DKA FOS Colombia, and Swiss Aid.

A key driver of CC sustainability is the organization's strong community roots. CC has been very active in their community for over 25 years and have built a trusted and respected public image. The organization has been diligent about involving the local community by ensuring that their beneficiaries are aware of the financial limits of the project and involved in both the planning and implementation phase. This has allowed the organization to remain transparent with its beneficiaries and cognizant of the needs and realities on the ground.

Fundación por la Educación Multidimensional (FEM)

FEM is a non-profit organization working in Colombia. First established in 2008, the organization works to empower the indigenous and afro Colombian communities. FEM strives to promote and restore ethnic roots and history, provide legal support to indigenous communities without land rights, and reduce social and economic inequality by connecting local, marginalized communities to innovative work and business opportunities.

The financial model of the organization is based on creating social enterprises. FEM prides itself on its autonomy from international donors and the national government and finding innovative ways to fund the organization's mission other than relying solely on grants and donations. Profits from their social enterprises, such as their tourist business, are completely re-invested in the work of the organization. The organization also relies on direct, individual donations and has partnered with Trakti, a social capital incubator that connects FEM with the capital needed to finance social enterprises. In partnership with Global Giving, the organization has also held crowdfunding campaigns to finance the organization's projects.

A key driver to FEM sustainability is the strong network of international volunteers that the organization has access to through its partnership with both, American and European Universities. The steady supply of intergenerational and interdisciplinary volunteers that FEM receives has helped not only grow the organizational development of FEM but promote and support FEM's cause. The volunteers have helped shine the light internationally on the organization's efforts, with many choosing to financially invest in FEM. The organization's deep community roots have afforded the FEM a strong and trusted reputation that has allowed it to remain resilient and successful in achieving its mission.

Fundación Juanfe (FJ)

FJ is a non-profit organization working in Colombia. First established in 2001, the organization seeks to improve and protect the quality of life of children and teenage mothers living in extreme poverty in the city of Cartagena de Indias. The organization works to reduce infant mortality, promote gender equality and empower adolescent mothers by giving them access to quality comprehensive health care, psychoaffective strengthening, labor training and income generation programs.

The financial model of the organization strongly relies on donations. In 2016, international donations and personal investment, accounted for approximately 70% of the organization's resources. Additionally, the organization relies on a mix of direct social enterprise work with other general revenue generation activities, such as fundraising events, the bakery as a productive initiative and renting out space for training and small events. In 2015, FJ successfully sold its organizational model to two foundations, one in Chile and one in Panama and is actively looking for other CSOs to implement its model.

A key driver to FH's sustainability efforts, is the ability of the organization to sell the FJ model to other organizations in Latin America. This, has not only allowed the organization to increase its social impact by expanding and replicating the intervention model, but also the ability to generate a flexible funding cushion. A driving force behind FJ's success and resilience is also due to its ability to generate donor loyalty and trust. Honesty, transparency and accountability, to both their donor and their beneficiaries has been key to this. Additionally, FJ's leadership, commitment and staff dedication to the organization's mission strengthen the organization's resolve and success.

Fundación Saldarriaga Concha (FSC)

FSC is a non-government organization working in Colombia. First established in 1973 by the Saldarriaga family, the organization seeks to improve living conditions and strengthen opportunities for participation and social inclusion of both the elderly and individuals with disabilities living in Colombia. While their mission has remained the same for the last 45 years, the organization has evolved from one that funds NGOs and government initiatives to one that directly implements initiatives and interventions.

The financial model of the organization relies primarily on funding from the national government; in 2016, approximately 95% of funds originated from the government of Colombia and were invested in the running the organization's project portfolio. To finance the day to day activities of the organization, FSC depends on organizational investments such as: dividends from shares in Grupo Orbis and Pronisa, property rentals, investments in fixed assets, and returns on private equity funds. To diversify their portfolio, the FSC has begun to offer consultancy and proposal development services.

A key driver to FCS's sustainability is its creative ability to generate and mobilize resources. The organization acknowledges that the lack of priority among national and international donors to invest in the elderly and the disabled, has driven the organization to look outside the box for ways to raise money to fund its projects. The diversity of FCS's portfolio has allowed the organization the financial stability and the ability to manage and absorb risk. The organization credits its sustainability and success to the development of a very strong reputation and recognition locally, as well as nationally. Additionally, the strong organizational governance of FCS has not only been a crucial component of the organization's sustainable operations, but also its ability to generate community trust in the organization and its efforts.

DEMOCRATIC REPUBLIC OF CONGO (DRC)

DRC Country Background

The Democratic Republic of Congo (DRC) is a low-income country located in central Africa. DRC has a complex social and political history riddled with conflict, which has greatly impacted the current social, economic and political conditions within the country. Currently, there are at least seventy armed groups operating in the eastern region of DRC despite the presence of roughly 19,000 UN peacekeepers. Additionally, there are an estimated 2.7 million internally displaced peoples currently residing within the country. DRC is ranked 156 out of 176 in terms of corruption and is described as 'not free' by Freedom House (2017).

DRC civil society today is both vibrant and active at local, regional and national levels within the country, however the space for CSOs is highly restrictive and organizations face a complex operating environment despite advancements in policy. The exact number of active CSOs in the DRC is unknown, but as of 2015 there were 23,823 requests for legal status submitted to the Ministry of Justice and Human Rights. Formal CSO registration in the DRC is a complicated and costly process, and many organizations operate unofficially while waiting for formal legal status to be granted. The government is known to target CSOs that focus on human rights, democracy, transparency, anti-corruption and media outlets. As a result, many organizations never receive formal legal status or are forced to dissolve in the face of government challenges. Adding to the issue, formal legal status is required by most external donors in order to be eligible for funding.

Despite approximately nine percent total GDP growth in the country since 2014, local economies continue to struggle and present no viable long-term funding source for civil society. The majority of funding for CSOs in the DRC comes from external sources such as government aid or foundations. External funding sources include - but are not limited to - embassies; international foundations such as Open Society; development agencies such as USAID and DfID; and international CSOs such as Save the Children.

DRC CSO Overviews

Bureau d'Informations, Formations, Echanges et Recherches pour le Développement (BIFERD)

BIFERD is a non-governmental organization based in Rutshuru Province, Democratic Republic of the Congo. Founded in 2004, BIFERD conducts multi-sectoral research and response projects focused on food security, solidarity, community micro financing, health and nutrition, humanitarian standards, WASH, peacebuilding, protection, and monitoring and evaluation. They also carry out stabilization and peacebuilding activities, including contextual analysis, conflict analysis, stakeholder analysis, dialogue organization, youth coaching, activity creation, and the transformation of conflicts. For food security projects, they distribute seeds, agricultural tools, and support to farmers including those affected by armed conflict.

BIFERD receives 50% of its total funding from external donors, such as IOM, UNDP, the Embassy of Japan via the Ministry of Planning in Kinshasa, Mercy Corps, Norwegian Council for Refugees (NRC), Swiss TPH, SPHERE Elizabeth Rathbone Trust and GNDR. The remaining 50% of their resource base comes from a mix of individual donations through "member contributions" from founders, board and affiliates, and social enterprise. BIFERD also manages 45 Savings and Loan Associations (AVECs) and 15 Mutuelles de Solidarité / MUSO from which community members work together to form collective economies, and interest from the projects are given back to BIFERD after a 9-month cycle. These microfinance groups finance development at the local level and support the development, administrative, and structural life of BIFERD. Finally, the organization also relies on volunteers and community members for project planning and implementation.

BIFERD considers the passion and commitment of its staff to be one of the key factors contributing to its financial sustainability, mainly because when it does not have any funding, the staff continue their work regardless of salary payment. The organization also has high levels of credibility rooted in the fact that they respond directly to local needs. For example, they help pay school fees for children, which builds community trust in the organization. In addition, BIFERD works to ensure that their programs are sustainable despite the insecurity in the region. The organization ensures that its staff is local, or community based, so when the conflict affects their ability to access a community, the community already has the capacity to do the work through community volunteers and focal points set in place. The technical capacity of the staff is also an important support for their sustainability. Staff work in an innovative way to stretch their resources, for example they have a strong presence in research consortia and networks, which allows them to provide direct support for the implementation of projects as well as training opportunities.

Coordination congolaise pour l' éducation à la paix et à la non-violence en sigle : CCD

Congolese coordination for education for peace and non-violence (CCD) is a unit of the Protestant church, which works on the national network of Protestant convention schools and the existing forces within it in all provinces and all territories of the DRC. Founded in 1995, CCD's main goal as an organization is the health and development of communities around the country. The organization runs projects focusing on Human Rights, especially those of women and girls; good governance; health; training and awareness; civic and electoral education, women's participation in politics and electoral processes; and psycho-social support. Through this national network and its organization, CCD carries out activities including, but not limited to, the census, trainings, collation of data, survey implementation, and sensitization of the local populations for behavioral change.

The financial model of the CCD depends mainly on external donors, receiving about 65% of their funding from INGOs and 23% from foundations. CCD also receives a portion of their funding (around 12%) from individual giving sources and relies on a number of volunteers to carry out their projects in communities. The organization has no local method of financing or revenue generation.

A key factor contributing to CCD's financial sustainability is the network of community volunteer teachers who are in charge of implementing CCD's projects. CCD operates as a part of the Protestant Church which has schools across the country. Teachers from these schools act as free staffing for CCD's projects, which means they do not have costs associated with staff. CCD also has a 'crisis budget' in place, where 5% of funds from grants are held aside in a pot to be used in cases of emergency, which allows them to be flexible in situations of financial strain. Finally, CCD attributes the success of their model partially to the fact that they have a diverse portfolio of external funders that they rely on for grants. This allows them to ensure projects are always financed, rather than relying on a single donor to provide funding for all activities.

Centre de Recherche et d'Etudes Stratégiques en Afrique centrale (CRESA)

CRESA is a non-governmental environmental and peacebuilding organization in the Democratic Republic of Congo. CRESA was established in 2009 by a group of individuals with diverse and multisectoral skills who had come together to create an organization focused on conflict and natural resource exploitation. The organization uses action research methods to help find sustainable solutions to challenges facing the Great Lakes Region and Eastern DRC. CRESA aims to contribute to the fight against the illegal exploitation of natural resources by conducting research on the governance of natural resources, the promotion of peace and security in the Great Lakes region, conflict analysis, prevention, and resolution. CRESA staff also conduct consulting, evaluation, and project execution and creation to fight against money laundering and other economic crimes.

The financial model of the organization is largely dependent on external funding; CRESA receives roughly 50% of its revenue from foreign donors such as USAID and the IOM. However, CRESA has a diversified resource base and receives additional funding using 'membership contributions'

whereby employees and volunteers provide donations to the organization. The also contract staff members to other NGOs or institutions as consultants, and roughly 20% of the consultancy fee is provided back to the organization. CRESA also receives support from volunteers and small amounts of local and international individual donations.

A key driver of CRESA's sustainability is the communication and relationship building skills of its staff. These skills have fostered strong, supportive and transparent partnerships with donors, which has in turn established high levels of credibility and trust of the organization amongst donors. Additionally, CRESA acknowledges the importance of the passion and commitment of staff as a key driver for its sustainability. Staff continue to work despite financial and contextual challenges. Finally, the organization has received limited support from other organizations which has supported their sustainability to a degree. For example, CRESA received technical support in the writing of their strategic plan from Care International and view this as supportive to their sustainability.

Centre d'Etudes sur le Leadership et la promotion des Droits Humains (CELPDH)

CELPDH is a non-governmental youth organization based in the Democratic Republic of Congo. Founded in 2010 by twelve young researchers from different socio-economic backgrounds, the main objective of the organization is the promotion of a culture of peace, good governance, and justice. The CELPDH provides legal protection services to human rights defenders and victims of human rights violations, as well as youth education programs for peace and women's empowerment projects.

The CELPDH receives no funding from external donors or INGOs. The organization's financial model relies heavily on local individual donations through "membership dues," which account for about 80% of their total resource base. In addition, the CELPDH entrusts its staff and volunteers to other organizations for consultancy work, which represents 20% of their resource base. CELPDH also receives limited technical support from other organizations including transportation to project sites and support with the provision of the Internet. Supporting organizations include, the Synergy of Human Rights Organizations (SODH), the African Youth League for Peace and Development (LIJADEL), the Council of Pan-African Youth Rights Defenders, and the UN.

The commitment and dedication of their staff to the mission and vision of the organization is a key factor in the institutional sustainability of the CELPDH. The organization relies heavily on the use of volunteers to carry out their programs and therefore recognizes that their strength lies in their human resources. In addition, the CELPDH recognizes that their success is also largely due to the credibility they have gained from communities in responding to local needs. The CELPDH provides free legal services and protection of human rights to communities, which has led communities to provide support to the organization in the form of membership fees. Although the organization does not receive funding from international organizations, participation in networks provided them with vital technical support and capacity-building opportunities from organizations, such as the UN and the Carter Center.

Centre d'intervention et de Promotion Sociale Participative (CIPSOPA)

CIPSOPA is a non-governmental peacebuilding and livelihoods organization based in the Democratic Republic of the Congo. Founded in 2003, CIPSOPA aims to empower local communities to work for a consolidated peace by addressing the root causes of conflict and promoting socio-economic development, with a focus on the sustainable management of ecosystems in Rutshuru to resolve multiform problems of the region. The organization carries out a series of activities, such as agricultural projects and cooperatives, peacebuilding, road safety, infrastructure rehabilitation, awareness raising, solidarity groups, and microfinance.

CIPSOPA relies almost entirely on external donor funding and receives 90% of its contract funding to work as an implementing partner on pre-existing projects. Apart from this, they also receive a small amount of funding (5%) from "membership dues" which is pooled for use as a source of backup funding. They also have a limited social business model and receive 5% of annual funds from the sale of products from agricultural programs. The organization relies on

volunteers or members of the community to ensure projects are implemented, and staff also work without pay when finances are low. Finally, CIPSOPA also makes concerted efforts to save on the costs associated with work, such as staying with friends when traveling for work or feeding staff members through food produced in a garden.

One of the main drivers of CIPSOPA's sustainability is the passion and commitment of its staff. The staff is highly qualified and committed to seeking funding opportunities but is also willing to work without pay when the organization finds itself financially constrained. The local community itself is a vital source of support. The trust and credibility they have built with communities and the existence of community membership assures that when funding is cut, the community helps them stay efficient and continue to implement projects. In addition, the presence of transparent management and strong financial systems supports their sustainability because it gains the trust of donors and fosters strong operational systems within the organization. Where capacity has been weak in the past, CIPSOPA has been able to take advantage of training opportunities and technical support from INGOS and other institutions, mainly through networking. Their network has allowed them increased visibility among donors, which has in turn led to funding opportunities that would not otherwise have been possible. Finally, the organization has recently put two advocacy tools in place for mobilizing funds. These are: (i) a five-year strategic plan (2018-2022) which was developed after a participatory analysis was held in November 2017 with communities and (ii) a three-year business plan for Caisse d'Epargne and Crédit Agricole for Rural Development (CEFADER), a mentoring program for village savings and loans associations.

Coalition des Volontaires pour la Paix et le Développement (CVPD)

CVPD was founded in 2011 as a coalition of volunteers for peace and development, with the main task of sensitizing communities to know their human rights and teach them how to peacefully gain their rights. The organization manages five main program activities; 1) education for human rights and peace; 2) monitor human rights violations; 3) provide holistic assistance to victims of torture, sexual violence, gender-based violence, etc. 4) the reconciliation of the populations of North Kivu; and 5) the protection of human rights defenders.

The CVPD relies heavily on external funding and receives about 90% of its resources from the Global Fund for Human Rights, the Carter Center, the 11th Hour Project and sometimes Protection International. The CVPD also receives funding through "member contributions", where employees and volunteers provide a small donation each year to the organization. They also rely on a consulting model in which employees provide consulting services to other CSOs and companies, this accounts for 10% of their revenue. The organization also runs a medical center in Kinshasa to help victims and human rights defenders, but the center also serves as a source of revenue when outpatients use the services. It should be noted, however, that this type of activity requires significant working capital for long-term operations and large profits. The center is relatively new and has been funded by board members. The CVPD also receives support from volunteers to do their work.

The CVPD believes that its communication and relationship building skills are key to its ability to secure strong financial partners. CVPD communicates its work (reports, etc.) to local authorities, which creates trust and support for the work. Donors are brought into communities and meet with local beneficiaries and leaders who provide information about the quality of the organization, which gives them greater credibility. In addition to donor contracts, income-generating activities such as the medical center are vital to the financial viability of the CVPD. At the same time, they have received much capacity-building and training from partners and other organizations in the following areas: project management, financial management, peacebuilding, security and defense of human rights, women's rights, electoral conflict management, risk analysis, and management. Much of their sustainability is also due to the passion and commitment of the staff; CVPD stated that "nobody works for pay", they all do the work because they believe in the cause and realize that no international organization can intervene and solve problems in a sustainable way.

Fondation Chirezi (FOCHI)

FOCHI is a non-governmental peacebuilding and education organization based in the Democratic Republic of Congo. Established in 1996 during the war, the organization began with start-up funds for the creation of a local school. Since 2002, FOCIH has expanded to work primarily in education and peacebuilding (through Baraza, or local peace courts), but also runs programming in integrity promotion (anti-corruption). FOCIH now operates in 38 communities and serves between five and fifteen-thousand people.

FOCHI's funding base is diverse, however the majority (65%) of funds come from external donors such as Peace Direct, MFO, Focus on Education and Integrity Action. The organization receives an additional 15% of funds through "membership contributions," which asks employees and volunteers to provide a portion of their salary or small donation to FOCIH on a monthly or annual basis. However, this contribution is not mandatory and is not always reliable as a resource. FOCIH also receives roughly 15% of their funding from individual giving, and an additional 5% from social enterprise. For example, they run a school and health clinic, and money raised through school fees (\$1.50 per month) or medical costs is reinvested into the organization. FOCIH also relies heavily on the support of volunteers to carry out their work.

FOCHI considers the passion and commitment of their staff, described by them as 'heroism', to be the most essential factor contributing to their sustainability. When the organization faces financial strain, the staff members continue to work despite not receiving salaries. Additionally, FOCIH has formed a very close connection with the communities in which it works. As such, they have gained high levels of credibility and trust from the communities, and community members are happy to provide support with project implementation, if FOCIH's financial capacity is low. FOCIH also gives credit to the impact that network participation has had for them as an organization. By being a member of multiple networks, they have learned methods for becoming more sustainable and overcoming financial challenges. Furthermore, networks have been a key source for training and capacity building opportunities. For instance, technical support and trainings provided by Spark MicroGrant, Integrity Action and Peace Direct have directly supported their sustainability, improving their knowledge of internal mechanisms, like financial planning, M&E, and project management. Lastly, FOCIH noted that having a flexible donor relationship has allowed the organization to operate without fear of losing funds, thus allowing for long-term financial planning.

Jeunesse a l'oeuvre de la charite et du developement (JOCHADEV)

JOCHADEV is a non-governmental organization based in Kalehe, Democratic Republic of the Congo. JOCHADEV was founded in 2005 during the war in response to the large number of Kalehe youth who turned to violence. The organization began with the goal of improving the living conditions in the community and decided to focus specifically on social harmony and cohesion, peace, and human rights. The organization's strategy was to strengthen the community's ability to work together for peace so that development issues could be addressed. That is to say, "No development without peace." JOCHADEV began with a focus on peace, but since they began their work, the community has achieved this goal. As a result, they have reoriented their mission towards economic recovery, health, and environmental conservation.

JOCHADEV is primarily financially dependent on "membership dues," whereby employees and volunteers provide donations to the organization. JOCHADEV staff are unpaid and find other ways to raise funds for the organization. In addition to membership fees, JOCHADEV has a social action program that allows it to raise funds for its self-financing. JOCHADEV's project "HIFAZI" is a model of social entrepreneurship oriented towards agriculture, health and microfinance with two main focuses: 1. socio-economic assistance to the poor; and 2. revenue generation for the operation of the organization. HIFAZI has successfully established the following institutions which provide income to the organization: four health centers; one agricultural cooperative; four mutual groups of solidarity with rotating credits; two photocopying machines and one pharmacy open to the public.

The financial sustainability of JOCHADEV is based on provision of essential community services. The projects that JOCHADEV manages are developed in collaboration with members of the community, which has strengthened the credibility and local support of the organization. In addition, JOCHADEV has very close relationships and relationships with other NGOs in the region, which has led to direct support for project implementation. They also noted that capacity building has greatly helped them in their organizational sustainability, particularly by teaching them how to make their approach completely community-driven. JOCHADEV's participation in the networks has allowed them interconnectedness and visibility as an organization, as well as the opportunity to strengthen the capacity of staff members through the exchange of knowledge and lessons learned. Finally, agricultural cooperatives and health centers are their main source of income and therefore essential for their financial viability.

Virunga Yetu

Virunga Yetu is a non-governmental organization based in the DRC that focuses on environmental protection, peacebuilding, and sustainable development. The organization was created in 2015 in the territory of Rutshuru to try to create dialogue between the communities bordering Virunga National Park and the managers of the park.

The financial model of the organization largely depends on "membership dues", which contribute roughly 70% of their annual revenue. Virunga Yetu employees and volunteers give a small donation to the organization on a monthly or annual basis, providing vital unrestricted funding to the organization and contributing to their savings budget. Virunga Yetu also relies heavily on volunteers as a key resource and normally works with more than 50 volunteers to implement projects. In addition, 30% of their income comes from international donors or international NGOs, but this funding is still project-based and does not always cover the basic costs of working.

Virungunga Yetu views members' contributions as vital for their financial sustainability and have noted that they could not exist without this support. The strength of the technical capacity of their staff is also a key factor for their sustainability. The staff M&E skills, financial and strategic management capacities and strong organizational frameworks, all contributed to the organization's success and allow for emphasis on sound financial procedures and decision-making processes. Participation in networks has also been an important driver of sustainability, allowing the organization opportunities for technical training and knowledge exchange. Finally, Virunga Yetu considers the commitment of the staff and the support of the local community to be a key factor supporting its financial sustainability.

MEXICO

Mexico Country Background

Mexico is the second largest economy in Latin America, with a population of 127.5 million people and a GDP per capita is \$8,201. The World Bank classifies Mexico as an “upper-middle income” country, noting that in recent year financial markets have been significantly improved and shown resilience to shocks and that the government has enforced sensible monetary and fiscal policy responses. However, according to OECD, Mexico performs below OECD averages on rule of law indicators, and Transparency International’s Corruption Perceptions index ranks Mexico as 135th out of 180 countries.

In Mexico, there are two types of CSOs – Private Assistance Institutions (IAPs) and Civil Associations (ACs). Most of the registered CSOs are ACs: there are currently an estimated 23,256 active ACs and 3,135 active IAPs. An AC is an association of individuals with common objective who do not have a preponderant economic interest, whereas an IAP is a charitable organization or trust that use private means for social assistance. The process for CSO registration is lengthy and convoluted, and not all organizations engaged in public benefit activities are eligible for tax benefits or to receive government funds. The CSOs must be listed in the Registry of Civil Society Organization (CLUNI) to be eligible for government funding. The recent development of online registration processes has made registration easier and more efficient, but CSO reporting requirements of CSO operations are viewed as burdensome. In addition, recent anti-money laundering legislations has imposed complicated new processes for income received from foreign sources, requiring CSOs to put in place additional vetting and compliance systems.

The domestic philanthropic sector first came to prominence following the 1985 Mexico City earthquake, which is widely seen as a turning point private voluntary participation in relief and development issues. However, charitable giving remains relatively low, with recent data indicating that 3.65% of individuals and 3.43% of companies donate to CSOs. As a result, many CSOs look to income-generating activities to provide additional sources, with a recent survey indicating that over half of CSOs having some sort of sales or fee-for-service revenue model. A 2010 amendment to the tax law permits certain CSOs that have registered as “authorized donees” to earn income from economic activities unrelated to the purpose for which they are authorized to receive tax deductible donations, but only exempts this income from taxation up to 10% of the organizations’ total income.

Mexico CSO Overviews

Consejo Cívico (CC)

CC is a non-government organization working in Monterrey, Mexico. Established in 1975, the organization has a long history working in the state of Nuevo León to give voice and empower civil society. CC aims to strengthen CSOs’ capacities and impact, while working to promote collaborative efforts on collective action issues.

While once relying heavily on the financial contributions of a relatively small group of core sponsors, CC’s financial model is now more balanced and diversified. The organization’s diversification strategy has led to the organization taking in approximately 70% of donations from its core group of sponsors, 19% from international funds and 10 % from corporate donations. Currently receiving only 1% of funding from individual donors, the organization’s long- term fundraising strategy is focused on increasing the number of members paying an annual fee.

A key driver in CC’s sustainability is the organization’s ability to evolve with Monterrey’s political context. New realities and community issues have allowed the organization to reinvent itself to meet local needs. Initially, CC was focused on surveilling democratic processes and ensuring quality and access to public services, then in response to the rise of organized crime in the state, the organization began working on systemic issue that affect the security and justice institutions,

and demanding accountability from the government to fight insecurity. This ability to continuously adapt, has made the organization resilient and able to absorb and respond effectively to any political and environmental shocks. The organization's drive and persistence to secure and mobilize resources further contributes to CC's effectiveness and success. The strong governance structure that CC has established allows for this and contributes to the financial sustainability and discipline of the organization. This, coupled with CC's visibility and excellent reputation of the organization in the community, as well as nationally, has led to the replication of the CC organizational model by other organizations in the states of Coahuila and Laguna.

Fundación Comunitaria de la Frontera Norte (FCFN)

FCFN is a non-government organization working in Chihuahua, Mexico. Established in 2002, the organization seeks to promote the development of Ciudad Juarez and improve the quality of life of the city's inhabitants. Through local philanthropic efforts, the organization works to strengthen social capital, local capacities and promote youth leadership and advocacy.

The financial model of the organization relies strongly on receiving donations, primarily from non-for-profit foundations (approximately 49%), most notably Inter-American Foundation, Slim Foundation, IDB, the Clinton Foundation, as well as recurrent individual donors (approximately 46%). Additionally, the organization receives some additional funding from corporations (approximately 4%). A very small amount of revenue is generated in partnerships with both nation and international government organizations (approximately 1%).

A key driver in FCFN's sustainability is the organization's strong governance structure. The organization's governing board of directors is very active, providing strategic, administrative and financial guidance to the management of the organization. This is reflected in the organization's operational maturity and its well-established policies and procedures that allow for greater accountability, transparency and responsiveness to donors and beneficiaries. Additionally, the organization's establishment of a safety, reserve fund is key to its long-term resiliency and its ability to absorb shifts in donor funding or any other event that may affect their financial solvency and viability. FCFN is one of the few CSOs in Mexico that has implemented such a risk mitigation tool. The organization's local community approach and emphasis on collaborating only with donors that are well aligned with their mission and vision further contributes to continued support and backing of the Ciudad Juarez community.

Un Kilo de Ayuda

UKA is a non-government organization working in Mexico. First established in 1986, the organization works to enhance the physical, intellectual and emotional development of all Mexican children under the age of five.

The financial model of the organization strongly relies on funding from the national government: approximately 45% donations to UKA originate from the government. Noting the tendency and preference of the Mexican citizenry to contribute to the church rather than CSOs, the organization receives a small amount of individual donations. Individual contributions are made to the organization via "tarjetas" or money cards that have a bar code that registers a donation to the organization each time a cardholder makes a purchase at a participating grocery store and locations. Additionally, donations to the organization are made at grocery store entrances and check-out counters.

A key driver to UKA's sustainability efforts is ability to partner with major national food brands and international retail giants, like Walmart and Giant, to promote and carry the "tarjetas." Gaining access to thousands of customers and points of sale, allowed the organization to quickly expand its coverage and access to donors across Mexico. UKA's dedication to generating scientific basis for their advocacy has further allowed the organization to gain traction within the research community and institutions and visibility and credibility. This, has allowed the organization to partner on initiatives with renowned research institutions, like Harvard, and collaborate with international organizations such as UNICEF and Inter- American Development Bank.

Via Educación

VE is a non-government organization working in Mexico. First established in 2005, the organization seeks to generate opportunities for sustainable social development through the design, implementation, evaluation and dissemination of educational strategies. The organization actively works to improve the quality of education in public schools, advocate for better education policies, build capacity to foster citizen participation, and promote transformational corporate social responsibility initiatives. While once a truly local organization, today, VE has a national breadth and scope.

The financial model of the organization predominantly relies on local funding. The organization receives approximately 90% of its finding from private donors and the remaining 10% from public funds. In the past, VE has applied for local government grants for short-term projects. Given the limited nature of these grants and their bureaucratic tendency, the organization began pursuing a long-term approach to funding VE's core organizational pillars.

A key driver to VE's sustainability is the organization's decision to pursue a long-term approach to funding. The organization believes that this strategy is critical to VE's financial stability and ability generate greater community impact. By minimizing time devoted to fundraising efforts, this allows VE more time for organizational development and program delivery. Additionally, the organization notes that its commitment to generating strong research, in partnership with universities and academia, has further given the organization credibility and helped earn them trust with donors.

Casa de la Amistad para los Niños con Cáncer (CANC)

CANC is non-government, private assistance organization working in Mexico. First established in 1990, the organization initially sought to provide medical assistance, medicine and accommodation to children and young people with limited resources who suffer from cancer in Mexico. In 2012, given the rapidly growing rates of cancer, the organization's mission shifted slightly; now, CANC seeks to raise the survival rate of children and young people by placing emphasis on early detection, provision of quality and appropriate treatment, and treatment fidelity.

While once heavily dependent on government donations from the emergency disaster relief and reconstruction fund (created in response to the 1985 Mexico City earthquake) and financial contributions from the CANC governing board, the financial model of the organization now relies on corporate donations, recurrent individual donations, both national and international call for tenders, charity events and gifts with a cause.

A key driver to CANC's sustainability efforts is the organization's ability to foster and maintain strong alliances and partnerships. The organization's partnerships with industry giants such as St. Jude's Children Hospital, Direct Relief and CAF America, has given them credibility and allowed them the high visibility they need to realize their mission. The organization notes, that it is these partnerships that often inspire trust and confidence from potential donors. CANC's proactive attitude towards mapping new potential donors and priorities has help them stay on top of donor trends and allowed them to foster strong prospective relationships. The adoption of a customer relationship management (CRM) system has only aided this effort and allowed the organization to improve its profitability and business sustainability.

PHILIPPINES

Philippines Country Background

The Philippines is an archipelagic state in southeast Asia, consisting of over 7000 islands with a population of 103.32 million people. The Philippines has faced internal conflict from two sides over the past decades. Firstly, the Maoist inspired New People's Army insurgency operate throughout the country and seek to overthrow the Philippine government in favor of a new state led by the working class. Secondly, the Moro insurgencies seek an autonomous region for the Filipino Muslim minority who live primarily in the Philippines' Mindanao region.

With roughly 60,000 non-profit organizations formally registered, the Philippines is considered to have a well-developed civil society. The government's attitude towards CSOs is relatively accommodating but fluctuates under different administrations. During Aquino's presidency (2010-2016) the attitude towards CSOs was relatively constructive and supportive. However, in the wake of President Duterte's ongoing 'war on drugs', relations between the central government and some CSOs have become more fractured and the space for civil society has closed to a degree. CSOs are not mandated to register with the government, although if they do, they are granted a legal status allowing them to undertake certain activities, such as opening a bank account or entering into certain contracts.

The Philippines has faced significant declines in international funding since the late 1990's when the country was classified as middle-income, thus reducing its position as a priority for donors. Currently, roughly 48% of CSO funding comes from foreign donors; 12% from corporate donations; 12% from service fees and sales; 10% from government; 6% from individual donors; 1% from membership fees; and 12% from other sources. While the economy has grown in recent years, economic growth has been concentrated around the capital of Manilla and its two neighboring states, while other regions of the country continue to face significant poverty, leaving few options for domestic resource mobilization. Furthermore, CSOs have limited options for income generation, as funds from economic activities are taxed the same for both corporations and non-profits. As a result, few organizations engage in social enterprise or alternative income generating activities.

Philippines CSO Overviews

The Alternative Bridge to Community Development (ab2cd, Inc.)

The Alternative Bridge to Community Development (ab2cd) is a small independent NGO which works for sustainable peacebuilding and conflict transformation in the Mindanao region of the Philippines. The organization started as the research, development, and education arm of the Ut Unum Simus's (UTUS) Serve the People Foundation, an NGO which focuses on service delivery to children in difficult circumstances in the North of Mindanao. Activities for ab2cd started in 2009, and the organization now provides services related to sustainable peacebuilding and conflict transformation, disaster-risk management in communities, capacity-building and community organizing, health, water and sanitation, environment, women and children, livelihoods and food security, and human rights.

The funding model of ab2cd is 60% dependent on international donors such as Action Against Hunger, the UN and the Global Fund for Women. The organization also has a robust income generation approach where staff are commissioned by other organizations and 85% of the consulting fees are given back to ab2cd, which accounts for roughly 40% of ab2cd's total annual budget. Ab2cd also receives regular technical support from donors, such as AusAID and also receives a small amount of funding from individual donations. The organization also operates a small social enterprise where they re-sell products produced from their agriculture programs, which brings in a small amount of funding regularly. Finally, ab2cd also relies on the support of volunteers to carry out their work.

ab2cd attributes their sustainability largely to the high level of credibility and local ownership they have fostered through their work. Outside of delivering essential services to communities, ab2cd takes a very considered and thoughtful approach to ensuring the work they do is successful and sustainable. For example, after completion of a project, ab2cd stays connected with the community to track progress and “thank communities for improving” their situation (with regards to becoming more peaceful, improving education systems, better food systems, etc.). Additionally, ab2cd credits their success to their investment in a strong organizational culture, which has resulted in staff members being very committed and motivated in their work. For instance, they provide training opportunities to help staff gain new skills and they provide education support to staff member’s families. Ab2cd’s funding approaches are also essential to their success. They have a strong sense of autonomy due to a large portion of their funds coming from income generating activities, such as consulting. Additionally, their activities with communities have produced sustainable income for the organization, such as their agriculture program which involves the production and re-selling of banana chips, benefiting both communities and ab2cd.

Kalimudan Foundation Inc (KFI)

Kalimudan Foundation Incorporated is a non-governmental organization in Mindanao, Philippines which focuses on community empowerment. Founded in 1988, KFI’s main focus areas are health, peace building, and resource management. KFI works with communities on environmental issues, sustainable development, and access to basic social services, and safe drinking water. Their work also addresses disaster response, women’s equality, and participation in peace, and development processes.

The funding model of KFI is 60% dependent on international donors, such as USAID, BRAC and AusAID. The organization also uses the income generation approach of leasing staff as consultants to other organizations, which contributes roughly 20% of income to KFI’s annual budget. In addition, KFI has several government contracts which provide an additional 20% of funding to the organization. Finally, KFI relies on approximately 20 volunteers to support project operations on a regular basis.

KFI attributes their sustainability most significantly to their commitment to the mission of the organization and the needs of their beneficiaries. When asked what their secret to sustainability is, KFI Executive Director responded, “you have inspired people, you have touched the lives of one poor family, and been able to survive because you have started [something], you have fixed their lives, you have influenced their lives. That’s it...The real resource is the people.” KFI has over 30 years of uninterrupted work with community development, which has been successful due to their professionalism, specifically their ability to modify external knowledge and skills to fit the needs of the local context. This long-term commitment to carrying out their mission has created high levels of credibility, recognition, and respect for the organization amongst communities, local government units and agencies, and local and international donors, which has led to either direct support or funding opportunities. In some cases, community members themselves have provided additional capacity for project operations. KFI also attributes their success to their involvement in networks, which they consider a vital opportunity for knowledge sharing of tips and information on how to work with donors and overcome challenges. KFI is a small organization and lacks some technical capacity, so the network often steps in to provide direct support. For example, the organization has received support from a consultant to write a funding proposal as a result of network membership.

Civil Society Organization Forum for Peace, Inc. (CSO-FP)

The Civil Society Organization Forum for Peace (CSO-FP) is a network organization composed of around 20 member-partner organizations of non-governmental organizations, CSOs and other sectoral organizations and individuals advocating for peace in Mindanao, Philippines. Founded in 2003, the CSO-FP was organized to create a pro-active, creative, and participatory way of promoting peace at a network level. The organization currently runs programs on peace advocacy, good governance, environmental advocacy, gender mainstreaming and child

protection, and media advocacy on peace journalism. In 2009, the CSO-FP was the architect in organizing the Manggagawang Media ng Mindanao (MMM) or Media workers in Mindanao, a group of independent media and freelance journalists to help prevent the escalation of conflict through sensitivity of their reports rooted from the Memorandum of Agreement on Ancestral Domain (MOA-AD) controversy in 2008, which failed to be signed by the Philippine Government and MILF, and was declared unconstitutional by the Supreme Court. Media advocacy on peace journalism is a cross-cutting program of CSO-FP and is a sustainable activity despite difficulties in funding to monitor and oversee the peace and conflict situation in different areas of Mindanao.

The CSO-FP currently operates on an entirely volunteer basis, only providing income for staff when funding is available for project-specific work, either from the local government or through their former international donors, such as German Development Cooperation (GIZ), The Samdhana Institute, Voluntary Service Overseas (VSO) Philippines, CUSO-VSO (Canada) and Amnesty International. CSO-FP has had a long-term funding contract with GIZ for over ten years. However, in 2017 GIZ decided to withdraw funding for the region, leaving CSO-FP with no additional funders in place. They have received technical support in the form of project equipment, and have also received operational support from a number of volunteers.

While CSO-FP is currently facing several financial challenges, they manage to sustain their operations with the strong commitment of their staff. CSO-FP staff are all essentially volunteers, that continue to work long-term for the organization because they are committed to the mission of the organization. In cases where there is truly no funding, the organization's blog, lanaoblognews, and website, forum4peace.org, will always be up and running as a last resort. When CSO-FP has been successful in obtaining funding in the past, this has been a result of focusing on their strengths: working where they know there is need within communities and where they have the capacity to do well. This has also reinforced their credibility with communities, for which they credit part of their success. Finally, because CSO-FP operates as a network, they attribute a lot of their sustainability to the resources they receive through the network. For instance, they rely on their network partners to support the work when funding is low.

Balay Integrated Rehabilitation Center for Total Human Development (BIRTH-DEV)

BIRTH-DEV is a non-governmental organization working in the Mindanao region of the Philippines. BIRTH-DEV was founded in 1997 with a focus on peacebuilding and disaster response through their volunteer program, however they have since expanded to support men, women, and children affected by disasters through psychosocial rehabilitation and empowerment. BIRTH-DEV currently runs projects focusing on sustainable livelihoods, emotional recovery, educational assistance, and volunteer mobilization and development.

BIRTH-DEV normally receives between 30-50% of their funding from external donors, however their primary long-term donor has recently ended their funding program and the organization is facing a severe shortage of funds. Outside of external donors, BIRTH-DEV receives some income through individual giving (roughly 2%) from friends and diasporas. They also bring in a small amount of funds through activities, like selling T-shirts or bringing recycling to a center for payment. The organization also relies on help from several volunteers to support operations.

BIRTH-DEV's sustainability is largely tied to their credibility amongst communities as a result of meeting local needs and delivering essential services. BIRTH-DEV is the only organization that provides psycho-social services in the area and their success in this regard has led to them to be sought out by both, communities and NGOs to run projects. The organization also operates "like a family" and has a consultative approach to working with staff so that people feel included and supported. This has reinforced the commitment of staff to carrying out work and has allowed them to continue during difficult times. Lastly, BIRTH-DEV's participation in networks has provided essential training opportunities to staff and volunteers, which the organization credits as key to their success. Networks have also provided them with opportunities to do paid facilitation jobs, work on new projects, and occasionally gain funding.

Kapamagogopa Inc.

Kapamagogopa Incorporated (KI) is a non-governmental organization working in Mindanao, Philippines. Founded in 2004, it is the first and only volunteering organization that works solely with Muslim youth to promote peaceful relations between communities and fight stigma against the Muslim population. KI places volunteers in other local NGOs, government bodies, or INGOS for a one-year placement. Volunteers undergo significant training in different key skills such as M&E, project planning and implementation, networking, community organization and development, etc. The volunteers then use these skills to work with other organizations/ government bodies. Volunteers spend one year living and working in their host partner's communities so that they may directly contribute to bridging the differences between communities and building a better understanding and acceptance of different cultures at the grassroots level.

The funding model of KI is almost entirely dependent on external funding from international donors. They currently receive funding from four donors, including Peace Direct who has a long-term partnership with the organization. In addition to this, KI receives some technical support from donors, such as equipment. In times where funding has been low, KI has used alternative methods for resource mobilization, such as the '100 pesos challenge' where they ran an online campaign asking for individual donations of 100 pesos each. KI also has a page on Global Giving which was created in 2010. The Global Giving campaign brings in a small income of approximately \$300-500 per year, but also promotes their work around the world. To date, they have received donations from people in such places, as Grand Cayman, Pakistan, Malaysia. While KI's primary strategy is to provide a source of volunteers for other organizations, they have also begun to place volunteers within the organization itself as a way to support their own work.

A large part of KI's financial sustainability is due to the commitment and willingness of the staff. When they have faced closure in the past, staff members continued to work without salary and found ways to support the organization, such as through the 1000 pesos challenge. Furthermore, the mission of the organization is considered a factor in promoting their success because staff believe in the mission, and the mission itself is considered credible by beneficiaries and the community. The organization is also very flexible in how they operate to accommodate shocks. When they lost funding for 2 years, the organization shifted its way of supporting volunteers – they used to provide a living stipend for volunteers themselves but changed to require the host organization to cover these costs. KI also attributes their sustainability to the technical support they have received from donors. For instance, VSO provided them with an Resource Mobilization Specialist who has been vital to their securing funding. They have developed strong long-term relationships with donors and consider flexible donor relationships based on a 'partnership model' to be core to their ongoing success. Lastly, KI considers their participation in networks as an essential aspect of their financial sustainability due to the increase in visibility they have facilitated. One of the challenges that organizations like KI face is a lack of visibility on a global level. Through participation in networks, KI has experienced recognition for its work with UNAOC; Tomorrow's Peacebuilders; and N-Peace. These awards along with Global Giving have led to many more international funders for KI's projects. Furthermore, networks have provided them with direct support for project implementation through coordination of joint activities, as well as further opportunities for information and knowledge exchange regarding best practices, failures, and successes.

Pailig Development Foundation Inc. (PDFI)

Pailig Development Foundation Incorporated is a non-government organization based in Mindanao, Philippines. Founded in 1998, PDFI's mission is to "Help build empowered, self-reliant gender sensitive, environment friendly, peaceful and sustained communities through Sustainable Integrated Area Development (SIAD) in partnership with key stakeholders." PDFI currently runs projects in four core program areas in the context of Sustainable Integrated Area Development (SIAD-COCOBREADD) framework, including: Natural Resource Management (NRM) with its component on Sustainable Agriculture, and Women's Enterprise and Livelihood Development; Community-based Peacebuilding with its component on Rido Reduction, and Cultural

Reinvigoration; Grassroots Democracy and Local Governance; and Community-based Enterprise Development.

PDFI is primarily dependent on international donors; however, their main funding partner of 12 years recently withdrew its support due to political reasons. PDFI started a social enterprise in June 2017 together with its community partners where it showcases chemical-free produce. Amid threats to peace and security due to the Marawi Crisis, growing and selling organic vegetables and raising livestock has augmented two of the core revenue streams of the organization. However, chemical-free/organic production is less popular in the region and takes a longer time to produce compared to cheaper and non-organic options. Thus, this advocacy effort is a constant struggle that is slowly taking root to increase consumer interest in chemical-free agricultural products in the city. PDFI also works with several volunteers and interns which help support the organizations ongoing activities.

PDFI attributes their sustainability largely to the high level of credibility they have earned as one of the best-known organizations for peace mediation. Their good reputation has directly resulted in funding opportunities for the organization. Additionally, the local community supports PDFI as much as possible with, community members directly aiding and contributing to project implementation. The organization is also a member of several networks, which have provided them with training and knowledge sharing opportunities that have been vital to their sustainability. Finally, PDFI believes that the commitment, passion, and responsibility of their staff has been essential in their ability to overcome funding challenges.

UGANDA

Uganda Country Background

Uganda is a landlocked country located in East Africa, with a population of 40.3 million people and a per capita GDP of \$2,100 (PPP). According to the World Bank, Uganda's economy has grown at a slower pace in recent years, mainly driven by adverse weather, civil unrest in South Sudan, private sector constraints, and poor execution of public sector projects. Life expectancy at birth is 64 years for women and 60 years for men, and the adult literacy rate is 78.4%. The World Bank's Worldwide Governance Indicators (WGI) score Uganda poorly on effectiveness of governance and control of corruption, with a ranking of 151 out of 176 countries in terms of corruption. Uganda is a presidential republic, in which the President of Uganda is both head of state and head of government. In February 2016, incumbent president Yoweri Museveni won a fifth term amid widespread charges of irregularities.

The framework for civil society is largely governed by the Non-Governmental Organization (NGO) Act of 2016, which was signed into law by the President on January 30, 2016 and established the National Bureau for Non-Governmental Organizations as the NGO regulatory body. While the law reportedly introduced more restrictive rules for CSOs, the overall tone of the law has improved certain aspects of the legal framework for CSOs. Nevertheless, due to increased government harassment, in particular towards advocacy organizations, the 2016 USAID CSO Sustainability Index slightly downgraded Uganda's overall CSO sustainability score. According to this same report, 12,237 CSOs were registered in Uganda at the end of 2016; however, previous studies suggest that as few as 2% registered CSOs are active. Registered CSOs continue to qualify for income tax exemptions; however, the registration process is viewed as complicated, bureaucratic, and lengthy. In addition, all foreign funds to CSOs must be routed through the Ugandan Central Bank. The legal framework does not prohibit CSOs from bidding for government contract, but CSO engagement in such contracts remains rare due to the bureaucratic requirements involved.

The primary source for CSO financial sustainability is international donor funding. According to the EU Country Roadmap for Engagement with Civil Society (2014-17), on average, 95% of the total CSO sector budget is dependent of foreign sources of finance. However, international funding has been shrinking in recent years. Some NGOs have been able to diversify their funding sources in the form of business income, membership fees, or subscriptions. Due to the dwindling international funding, some CSOs have also had to narrow down their scope of interventions. Alternate funding means, such as local philanthropy and social enterprise are slowly taking root. Corporate Social Responsibility (CSR) also remains relatively nascent as a funding source. Some CSOs are exploring using real estate as an option to generate income, by renting out office-space for public and private activities, though this generally amounts to a very small percentage of their operating.

Uganda CSO Overviews

Human Rights Focus (HURIFO)

HURIFO is a non-governmental human rights organization in Uganda. First established in 1994 to respond to the human rights violations engulfing the northern Uganda region during the rebellion, the organization now works nationwide to promote and protect human rights in the country.

The financial model of the organization relies strongly on international donors; close to 90% of their funding comes from donors, such as the Democratic Governance Facility, Diakonia (Sweden), Augsburg Diocese in Germany, others were Ford Foundation, DANIDA and Swedish NGO, among others that funded HURIFO. While depending heavily on international funders, HURIFO strives to ensure that the organization's work and existence is not contingent on donor funding. As such, the organization has established and trained a corps of community volunteers, called "paralegals," to monitor and report human rights abuses. Tapping into

existing local community- based groups, such as women's groups and microfinance groups, HURIFO trains paralegals and mobilizes them to identify other individual women and local groups to recruit, train and implement the organization's mission. To generate additional revenue, the organization has also relied on membership fees as well as direct monetary contributions from friends of the organization, and staff to finance the organization's program and activities as well as fund the procurement of a permanent home office for HURIFO.

A key driver of HURIFO's sustainability is their establishment of the paralegal volunteers. Paralegals have not only empowered Ugandan communities and expanded access to justice and accountability, they have allowed the creation of a strong community structure that can withstand shifts in donor funding and priorities. The organization has been very creative in funding the daily costs of paralegals' trainings and transportation. From donor funds to levying a membership fee for HURIFO's library access, internet services, to running a small cafeteria for the trainees and staff, HURIFO has been able to keep the training of trainer's program alive. HURIFO's ability to pull together small amounts of reserve funding from staff contributions, membership fees, and other sources proved critical in 2016 when they lost access to subsidized government-run rental space. Using its reserve fund, HURIFO was able to purchase a small plot of land on the outskirts of Gulu, using donated converted shipping containers as offices. This permanent home now insulates the organization against further housing shocks. The organization strongly attributes its flexibility, creativity, and community roots and engagement as a driving force behind its sustainability.

Gulu Women's Economic Development and Globalization (GWED-G)

GWED-G is a non-profit organization working in Uganda. First established in 2004, in response to the civil war in Northern Uganda, the organization works directly with hard to reach and post-conflict communities. GWED-G aims to address human right abuses and gender equality, livelihoods and food security, post-war youth needs, community access to justice, economic empowerment, and reproductive health and education.

The financial model of the organization currently relies exclusively on international donor and NGO funding for their operations. Additionally, GWED-G has secured funding from Uganda's Independent Development Fund (IDF) and the Democratic Governance Facility (DGF), both leading national grantmaking organizations in democracy, governance and human rights protection. To generate additional revenue, the organization has also partnered with other national organizations, such as the Northern Uganda Human Rights Coalition, in joint fundraising efforts to promote human rights for all. GWED-G has grown significantly since its establishment 14 years ago, with each year winning larger, and longer-term grants.

A key driver of GWED-G's sustainability is how well connected the organization is, both nationally and internationally. The organization's visibility and participation in leading networks, such as Uganda Human Rights Working Group and the Women Human Rights Defenders membership organization, supports its sustainability and advocacy efforts. Mutually beneficial, such partnerships and continual open conversations with relevant stakeholders have allowed for capacity building, technical support and exchange. Additionally, the organization has acknowledged that its commitment to engaging and involving the local community (its primary beneficiary) is responsible for GWED-G's continued success and growth. The organization is strategic in the way it approaches funding and resources mobilization reflects not only a clear understanding of donor profiles and trends, but also prioritization of local beneficiary needs.

Acholi Religious Leaders Peace Initiative (ARLPI)

ARLPI is an interfaith non-governmental organization in Uganda. First established in 1997 to respond to the rebellion in Northern Uganda, the organization brings together Muslim, Catholic, Protestant, and Orthodox Christian leaders and their respective religious constituencies to provide local, community-based conflict mediation, advocacy and peace building activities in northern Uganda region. Since its founding, the organization has played a significant role in mediating peace talks between the Government of Uganda and the rebels.

The financial model of the organization relies heavily on international donors; approximately 90% of the revenue comes from donors for both short-term and long-term projects. Additionally, the organization has been the recipient of several international peace prizes that have allowed it to buy land and build a permanent structure for the organization. To generate additional income and a sense of financial autonomy, the religious leaders have rented out the land for crop production. Collections from religious services from each of the leaders' respective congregations have further contributed to the organization's efforts to generate additional revenue for ARLPI and involve the community in its mission and efforts.

A key driver of ARLPI's sustainability is the organization's ability to continuously re-invent itself. The mission of the organization has evolved and adapted to reflect the current realities of the post-conflict communities that it supports. The interfaith aspect of the organization has allowed it the unique opportunity to bring together leaders and communities of different faiths to jointly resolve conflict and promote peacebuilding. The organization's deeply rooted connection to the community has earned it credibility, trust and respect. It is ARLPI's strong reputation, transparency and accountability to its constituents that has allowed the organization to earn the respect of the international community and donor funding. While ARLPI acknowledges that their commitment to donor relationship management is key driving force behind the organization's sustainability, the ARLPI notes the future existence of the organization and its strategic direction is dependent on ARLPI broadening its financial coffers. The organization already has plans decrease its dependence on international donors by investing in creative funding schemes, like building an interfaith peace center with a hotel and conference facilities that would generate additional revenue.

The Foundation for Human Rights Initiative (FHRI)

FHRI is an independent, non-governmental human rights organization working in Uganda. Established in 1991, the organization seeks to develop and strengthen democratic processes and promote an engaged citizenry. FHRI works to encourage law and policy reform that promotes respect for human rights and civic values and empowers citizens with knowledge and skills to address underlying causes of inequality and exclusion.

The financial model of the organization depends heavily on international funders, most notably SIDA, the EU, SIDA, EU, and the Democratic Governance Facility (DGF). Additionally, FHRI relies strongly on property investment and renting to generate revenue. Since its founding, FHRI has invested heavily in acquiring hard assets, such as land and property, and has been successful in renting out their properties for a variety of public events and engagements. Acknowledging that international donor financing has been steadily declining, FHRI relies on a consultancy engagement, membership dues and attendance fees for hosting workshops and events to generate additional revenue and safety net income.

A key driver of FHRI's institutional sustainability is the ability of the organization to its ability to procure a physical, permanent home for the organization. This, has allowed the organization to avoid rent fluctuations and utilize the space to generate income. The creation of "Human Rights House" (FHRI's current home) would not have been possible without the financial support by international donors, such as a SIDA, the EU, and HIVOS, who contributed towards close to 90% of the costs. FHRI acknowledges that their commitment to donor relationship management and engagement is key to their long-term organizational sustainability as it has allowed them the rare opportunity flexible and long-term donor support and a consistent revenue stream. While the organization has noted that its ability to mobilize domestic resources has been difficult due to government's skepticism, it believes that the organization's strong reputation

FIDA Uganda

FIDA is a non-governmental organization working in Uganda. Established in 1974, the organization has a long-established reputation as one of Uganda's leading women's rights organizations working to provide legal aid services to vulnerable groups, most notably women and children. The organization works to protect and promote the human rights of women and advance gender equality and empowerment of women.

The financial model of the organization relies strongly on international donor funding, largely from UN agencies, international NGOs and international foundations, such as the MacArthur Foundation. Additionally, FIDA is a membership association of female lawyers; current memberships stand at 1,000 members who provide mentorship to and whose legal expertise FIDA occasionally taps into. To generate a revenue cushion and ensure the ability of rapid legal response, the organization has also grown an individual fundraising program. Relying on members (who pay an annual membership fee), program staff members' direct monetary contributions as well as those by their direct personal network of friends and family, FIDA has developed resilience in its ability to provide services, even when international donor funding is limited.

A key driver of FIDA's institutional sustainability is the ability of the organization to receive both international and local support for their work. Locally, FIDA has been able to secure the support of the local Ugandan government and access to land or office space at a subsidized rate that would allow them to expand the breadth of their legal expertise and services. Furthermore, their strong relationship with the Ford Foundation, which gave the organization a small seed grant to build the "FIDA House" in Kampala. When completed, this will give FIDA a permanent office space and allow them to lease out the office space to generate additional revenue for the organization. Additionally, FIDA's incredible staff and member commitment to FIDA's mission, whether through pro-bono legal services or monetary contributions, has allowed the organization to remain resilient in the face of financial shifts. FIDA's strong reputation in the sector and footprint in Uganda (over 40 years' experience) has earned them credibility and goodwill in the eyes of the public. Continuous efforts to raise the organizations profile and draw attention to their mission, through mobile legal clinics, radio and television advertisements and programs, have only aided their cause and kept the organization alive. The organization has attributed its positive public image and reputation in the community as a driving force behind individual donations, support and continual existence in the community.

APPENDIX 2: FACTORS USED IN QCA CODING

Category	Factor	Definition
Organization technical capacity	Organizational Governance	Organizational governance structures including a Board of Directors, written policies and procedures, and transparent financial systems as a driver of sustainability.
	Staff capacity to mobilize resources	Internal staff capacity, including both knowledge and capability, geared directly towards resource mobilization
	M&E capacity	Capability in monitoring and evaluation and reporting results to donors and other relevant stakeholders.
	Financial accountability	Transparent and thorough financial processes within the organization.
	Communications/marketing	Organizational communications or marketing skills and experiences.
Organization culture	Leadership	Organizational leadership that is particularly supportive and visionary.
	Flexibility	Organizational ability to adjust creatively to changing conditions
	Staff commitment	The commitment of staff to the Mission of the organization, as demonstrated through continued involvement, monetary contributions, volunteering, etc.
Enabling environment	Political enabling environment	Level of political openness for CSOs to operate, including ability to register as a CSO, ability to operate without significant governmental interference, and lack of restrictions related to bringing in financial and non-financial resources.
	Domestic economic enabling environment	The level of domestic economic resources potentially available for the CSO sector (not including bilateral or international donors). Includes local financial resources including local government resources, local corporate resources, and local individual resources.
	International donor resources available	The relative level of resources available from international donors for civil society organizations in the country.
	Physical security context	The presence or absence of physical security threats, including crime, war, and natural disaster.
	Lack of INGO competition	The extent to which INGO presence in the area leads to competition for funding or impacts CSO operations in other substantial ways.
Social Capital	International/national network participation	Organizational participation in CSO networks (indirectly or directly) at the national or international levels.
	Local network participation	Organizational participation in CSO networks at the local (subnational) level.
	Credibility (or Public image)	The overall image of an organization for local stakeholders.
	Government relations	The strength of working relationships with government officials.
	Community participation	The extent to which organizations incorporate the local community (in particular beneficiaries) into their planning and implementation.
Donor relationships	Volunteers	The extent to which the organization relies on volunteers as a resource
	Supportive donor relationship	Relationships with donors that involve a hands-on, flexible, 'partnership' based approach, i.e. the donor invests more into the relationship than traditional hierarchical 'hands-off' approaches (for both long-term or short-term funding)
	Long-term relationships with donors	The extent to which organizations demonstrate clear investments in relationships with their donors through long-term relationship development.

Facilitating Financial Sustainability (FFS) is a USAID-funded activity that seeks to understand and improve the underlying conditions for CSO financial sustainability. It is implemented by a consortium led by LINC with partners Peace Direct and the Foundation Center.

In 2017, the FFS team conducted research exploring the drivers and support landscape for CSO financial sustainability in Colombia, Mexico, Uganda, Democratic Republic of Congo, Bosnia & Herzegovina, and the Philippines. The research included two primary studies: 1) an in-depth analysis of funder strategies to support financial sustainability; and 2) an in-depth analysis of systemic challenges faced by CSOs and successful practices for achieving financial sustainability.

This has culminated in the publication of three research papers, which provide key information on how civil society actors, funders, policy makers and other relevant individuals can support and increase local CSO financial sustainability. Research reports from year one of the project include:

- A synthesis of the findings from across the interviews and grants analysis
- A deep-dive analysis of the patterns of funding for financial sustainability
- A deep-dive into the factors driving CSO financial sustainability

This deep-dive report provides an analysis of the drivers of CSO financial sustainability based on interviews with representatives from 30 CSOs across six countries, using a Qualitative Comparative Analysis method..

The analysis reaffirms the need for a greater focus from funders on sustainability, as well as providing nuance into the ways in which different funding and organizational development strategies can be particularly effective in facilitating improved sustainability.

We encourage those interested in diving deeper into the Funder strategies to read the accompanying reports: “*Facilitating Financial Sustainability: Synthesis Report*”; and “*Funder Approaches to Supporting CSO Financial Sustainability*”.

For more information about the activity, please see visit our website or get in touch with the team:

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ISBN 978-1-59542-536-2

DOI: <https://doi.org/cn93>

