

Schools of Political Studies
Thematic meetings during the World Forum of Democracy
(3-7 November)

Professional Group Meeting
“Ensuring NGO independence and sustainability in today’s funding environment”
6 November 2014
Synopsis¹

In order to operate effectively, civil society organisations rely on financial contributions from a variety of sources, including individual donors, private foundations, corporations, international organisations and governments. These often determine the scope for NGOs’ action, sometimes affecting dramatically their neutrality and sustainability. Following the economic and financial crises, accompanied by a rise of individualism and a decline in civic engagement, the funding environment for NGOs has become even more challenging worldwide. However, in each country, the funding relationships affect the work of non-governmental organisations in different ways. How can NGOs in Western Europe resolve the dilemma of accepting or refusing government or corporate funding to stay independent in their decision-making? How can civil society organisations operate in some parts of Eastern Europe where the NGO sector faces unprecedented obstacles posed by the authorities, including restrictive legal frameworks, to impede access to foreign funding?

Jean-Marie HEYDT, President of the Conference of INGOs and moderator of the discussion opened the meeting.

József Péter MARTIN, Executive Director of Transparency International, Hungary, followed by pointing out how difficult it is for NGOs to **preserve neutrality and sustainability** in the current demanding political context, in part due to the rise of authoritarianism throughout Europe, particularly in Central and Eastern Europe. He introduced the questions above that would form the basis of the working group discussions.

The participants split up into groups to discuss the set of ideas. Afterwards the groups presented their responses to the questions:

Governmental restrictions

One of the main problems for NGOs in Eastern Europe are **governmental regulations concerning funding**. For example, the Russian law on foreign agents prohibits NGOs from receiving foreign funding unless they register under this stigmatizing law. Even though some believe the financial restrictions provide an opportunity to find new and creative ways of resolving the problem, it is noted that such solutions would not always be to the advantage of civil society. Without proper funding fewer NGOs would be able to survive and civil society would come to **suffer from a lack of diversity**. Moreover, financial restrictions are believed to result in more control over NGOs and more power of state executive authority. The large amount of control over NGOs is especially the case when these NGOs are involved in activity that could become embarrassing for the authorities, such as anti-corruption activities. For instance in Ukraine, being active in areas such as advocacy and combating corruption could result in the demise of the NGO.

It was also mentioned that there should be a **proper legislative mechanism and a properly regulated supervising body** in place to defend the independence of NGOs. This could also

¹ Notes taken by Tara Heemskerk (DG II)

be a self-regulating body within the sector, such as a ranking system and audit among the NGOs, to make sure that those organisations are transparent and accountable.

Diversity of resources

All participants agreed that there should be a **diversity of donors** to guarantee the sustainability and transparency of NGOs. It was pointed out that a larger donor base would foster transparency, help avoid conflict, stimulate more links and contact between different NGOs and strengthen the position of civil society through international support. If there is only limited funding available in a country, NGOs are dependent on very few donors. This poses a threat to the survival of projects and NGOs as a whole. Also, because of the absence of funding sources, there is a **lot of power** in the hands of the donors to control the activities of the NGO. If they operate in an environment where there is lack of funding for NGOs, they would need to do what the donors want and this would increase their fragility. On the other hand, Mr MARTIN noted that NGOs need to be cautious about diversified funding as well, as it could lead to a loss of focus by NGOs.

Organisation of local NGOs

Another issue raised was the **status of local civil society organisations**. These organisations active on a local level are often poorly developed, insufficiently funded and co-opted by political powers. The low level of institutionalisation of local NGOs, lack of professionalism and interaction between NGOs pose a major threat.

Politicisation of NGOs

Another problem discussed was the **politicisation of certain NGOs**. This concerns organisations that are not solely engaged in social actions, but are being led by individuals who are interested in engaging in political activity. It was suggested that in some countries fairly well known individuals are posing organisations as NGOs, while in reality they are engaging in political opposition. In this way, NGOs are **used to promote their political campaign**, which causes NGOs to slip over into political action. Mr MARTIN emphasised that there has to be a clear divide between NGOs and political organisations. The more NGOs rely on state funds, the more this danger of politicisation exists. "You **cannot be both a political representative and the head of an NGO at the same time**", noted Mr HEYDT.

Regional co-operation

In the South Caucasus region there is a greater diversity in funding. This is a positive development, as it could lead to **regional co-operation between NGOs** and foster exchanges between persons who live on different sides of a conflict. It was suggested that there is a need to improve regional cooperation through transparent and local meetings, visible to civil society. It was suggested that a threat to society could come from the state, which is the larger structure that consumes foreign funding, rather than from NGOs. The **lack of transparency** here poses a real problem; the structures for civil society to make use of such foreign funding are simply not in place yet. Mr MARTIN stressed here that **regional cooperation is very important** because it is much easier for donors to fund a project that is for a number of countries and not only spent locally.