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# ADVANCING THE FINANCIAL SUSTAINABILITY OF CIVIL SOCIETY IN AFRICA

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### About WACSI

The West Africa Civil Society Institute (WACSI) was created by the Open Society Initiative for West Africa (OSIWA) to reinforce the institutional and operational capacities of civil society in the region. WACSI also serves as a resource centre for training, research and documentation, experience sharing and political dialogue for CSOs in West Africa.

### About WACSERIES

WACSeries are analytical periodic write-ups on topical themes and issues relevant to West Africa. These write-ups provide experts, researchers and practitioners a space to reflect, analyse and posit views and recommendations on emerging issues and debates.

The WACSeries Op-Eds are thought provoking and intellectually engaging write-ups that provide critical reflections and analysis of issues relevant to civil society and development in West Africa.

### Objectives of WACSERIES

- To raise awareness on key issues in West Africa;
- To generate debates and discussions on these issues;
- To proffer recommendations on civil society involvement in advocacy;
- To provide recommendations to policy makers.

# **Advancing The Financial Sustainability of Civil Society in Africa**

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*Civil society in Africa is facing financial sustainability challenges. In this article, we share valuable lessons from a Shared Learning Convening on Alternative Funding Models for Civil Society Organisations. It explores ideas towards creating more financial sustainability and effective civil society space in Africa. This Op-Ed enforces the idea that civil society organisations can only be sustainable if they become more relevant to their constituencies, so that they could fund them.*

This is a historic and pivotal time for organised civil society in Africa. The continent's development landscape mirrors the high levels of poverty and inequality. In Ghana, Oxfam estimates that just one of the richest men earns from his wealth more in a month than one of the poorest women could earn in 1,000 years<sup>1</sup>. Inequality is threatening social cohesion and slowing down poverty reduction in Africa. In addition, illiberal governments and social movements are increasingly challenging the work of organised civil society and its ability to meet the needs of African communities. Notwithstanding, the significant contributions of civil society in Africa to promote accountability, provide a voice for

citizens, ensure inclusion and representation and protect human rights and basic freedoms cannot be undermined.

Civil society's existence is threatened by the dwindling nature of financial resources from external donor partners. Indeed, the evolving aid landscape is characterised by uncertainty between donors and civil society. As donor priorities and funding modalities change<sup>2</sup>, African CSOs being challenged to be resilient in the face of adversity.

Organisational resilience and financial sustainability within the civic space in Africa has become a critical development issue. In response to the threat, a number of activists<sup>3</sup> and organisations on the African continent have started exploring non-traditional measures to generate financial resources to sustain operations and social impact. However, these measures are often not known beyond the borders of specific countries.

Therefore, there was a need for an inclusive continental platform that could bring together

<sup>1</sup> Oxfam, *Ghana Inequality Report 2018* (Oxfam, September 2018), p. 64 <[http://www.gaccgh.org/publications/Ghana\\_Inequality\\_Report\\_2018\\_WEB.pdf](http://www.gaccgh.org/publications/Ghana_Inequality_Report_2018_WEB.pdf)> [accessed 23 January 2019]. "plainCitation": "Oxfam, Ghana Inequality Report 2018 (Oxfam, September 2018

<sup>2</sup> Dhananjayan Sriskandarajah, 'Five Reasons Donors Give for Not Funding Local NGOs Directly', *The Guardian*, 9 November 2015, <<https://www.theguardian.com/global-development-professionals-network/2015/nov/09/five-reasons-donors-give-for-not-funding-local-ngos-directly>> [accessed 15 January 2019].

<sup>3</sup> 'Innovation for Change', <<http://innovationforchange.org/>> [accessed 23 January 2019].

activists and organised civil society to share experiences, learn from each other and cultivate a continental sustainability movement. West Africa Civil Society Institute (WACSI) and Innovation for Change (I4C) - Hub Afrique responded to this challenge and organised the inaugural Shared Learning Convening on Alternative Funding Models for Civil Society<sup>4</sup> in Accra from the 26-28 November 2018. The convening attracted 25 civil society activists and organisations from Africa, Latin America and Europe to share strategies, models, experiences and lessons learnt from the implementation of non-traditional approaches to generate financial resources.

The workshop provided a platform for CSOs to better understand the mechanisms that have been utilised

by other organisations to generate financial resources. Participants shared their innovative strategies, methodologies, and the state of the funding landscape in their various countries. Organisational changes, diversification of funding sources, income generation activities and self-financing were the main types of measures that the participants shared. The convening also put a spotlight on the complexity and dynamism of civil society on the continent. The gathering revealed achievements, areas of improvement, the various roadblocks preventing civil society from becoming fully sustainable and an effective mechanism for organising civic action. Over the course of the workshop, there were enriching discussions about some of the most pressing issues that the civil society sector in Africa is facing as well as some of the innovative ways they are adopting to respond to and address these challenges. Hence, showing resilience in the face of adversity.

<sup>4</sup> WACSI, 'WACSI, Innovation For Change Hold Conference On Alternative Funding Models For CSOs', <http://wacsi.org/en/site/newsroom/3242/WACSI-Innovation-For-Change-Hold-Conference-On-Alternative-Funding-Models-For-CSOs-CSOs-NGOs-alternative-funding-capacity-building-accountability-sustainability-NGOs.htm> [accessed 23 January 2019].





## 1. Developing Resilience and Financial sustainability

Civil society must become more resilient during these increasingly troubling and uncertain times. It will require creative leadership, organisational agility, effective and efficient advocacy, influencing skills, leadership and quality service delivery.

- Civil society have to re-orient their mind sets towards financial sustainability by integrating business models in their operations, monetising aspects of their expertise, strengthening membership numbers and or increasing dues and building fundraising capacity to seek for resources from their domestic constituencies. Most of the domestic resource mobilisation strategies that are being used include: income generation projects<sup>5</sup>, corporate philanthropy, diaspora remittance or local donations and volunteer support.
- Civil society should not overhype domestic resources as a magic bullet for addressing the financial sustainability predicaments. Ideally, civil society should develop a resource mobilisation strategy that focuses on a blend of external and domestic resources to ensure the short-term survival and long-term financial sustainability.
- Civil society must adhere and promote internal accountability and transparency not only to sustain their relationship with donors but also their communities and peers. Most African CSOs are excellent at “accountability”<sup>6</sup> but less effective at disruptive change. Indeed, civil society must have and live through a strong set of internal values system because there is often an incongruity

<sup>5</sup> Some of the suggested income generation projects were training consultancies, soap making, micro-credit, social housing projects; farming, car washing and food processing.

<sup>6</sup> It refers to big and professional CSOs who are attracting most of the donor funding because they are excelling in accounts management as they have strong capacities in service delivery, mastering the latest funding trends and visible in high-level development platforms. Meanwhile, smaller CSOs or community-based organisations (CBOs), who are ‘really’ responsible of social transformation, are struggling to find financial resources to support their work.

between the values they project externally, and their internal organisational values.

- Civil Society must improve internal communication with their peers and external communication with their stakeholders, funders and the public.
- Civil society must invest in talent management and skills building for their staff in governance and leadership, knowledge management, multisectoral engagement, financial sustainability, negotiations, social innovation, mobilising support, advocacy and public policy.
- Civil society must develop new, strong and synergistic partnerships. Most CSOs do not regularly undertake joint projects or develop common agendas. Inadequate broad coordination and collaboration limit their potential for successful advocacy or the development of other synergies in the sector. The shared learning convening was therefore a welcome space for them to network and strengthen their knowledge in financial sustainability. The [West Africa Civil Society e-directory](#) is also a useful bilingual website that helps CSOs to gain more visibility, build networks and connect with potential donors and regional partners. Through the e-directory, civil society can collaborate more effectively with each other, pool resources and integrate their programmes creatively.
- Civil Society should plan for sustainability as a core strategic objective. Becoming sustainable is not an opportunistic fallout. Rather, it is the result of critical and strategic thinking, planning and execution of well thought through ideas and approaches.

Civil society organisations must be resilient and try to become learning organisations with a strong knowledge sharing culture, facilitating participatory and friendly spaces. They must become more inventive and innovative along with management giving employees the space to do the same.

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Re-orient  
mind sets  
towards  
financial  
sustainability

02

Develop  
a resource  
mobilisation  
strategy

03

Promote  
internal  
accountability  
and  
transparency

# Tips for CSOs to develop resilience and financial sustainability

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Improve  
internal  
and  
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communication

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Invest  
in talent  
management  
and skills  
building  
for staff

06

Develop  
new  
strong  
and  
synergistic  
partnerships

07

Plan for  
sustai  
- nability  
as a core  
strategic  
objective.



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## 2. Business Models and Financial Resource Generation: Threats to the Not-for-Profit Identity?



Some participants thought income generation activities were a threat to the non-profit character, the focus and ethics of their organisation. Others felt that CSOs should focus on selling their skills through training and capacity building activities that do not disrupt their work. However, CSOs' self-financing, be it partial or full, needs more careful consideration before it can become a dominant approach to financial sustainability among CSOs. Organisations can only be sustainable if they become more relevant to their constituencies, so that they could fund them.

Operationalising a business model approach to CSOs' operations will enable them to become more financially sustainable and would transition from being solely grants recipients to generators of financial resources.

It is also important for CSOs including social justice organisations to:

- Institute and operationalise a revenue generation model. Staff and board members must all be in agreement and committed to the process.
- Develop practical internal income generation mechanisms that leverage on their service niche and monetise their expertise by providing services and using their facilities as sources of income.
- Tap into evolving global funding mechanisms like blended finance, social or green bonds, impact investment, and social impact bonds.

## 3. Efficient Use of Funding for Social Impact



Civil Society should prioritise programmes that are relevant to their constituencies. Programme monitoring, evaluation and learning should be more systematic.

- Civil society must leverage on skilled volunteers to boost capacity while reducing their operational costs. They could explore crowdfunding or establish 'friends' or 'members' forums of professionals who could as individuals, regularly give small amounts whether in the form of debit order, monthly or yearly subscriptions to support their causes.
- Civil society should explore creating their own social enterprises that provide products and 'public' services. These social enterprises could be in areas where public services are not effective enough, for example, community-driven water sanitation, renewable energy, education services and agricultural production.

“Organisations can only be sustainable if they become more relevant to their constituencies, so that they could fund them.”



## Conclusion

Financial sustainability is about diversifying financial resources in order to have a healthy mix of long and short-term funding, foreign and local donors and internally generated resources. It also involves ethical and professional practices that reduce the cost of operations and promotes long-term commitment. The role of local, foreign donors and government is to support civil society to achieve this balance. Therefore, African civil society should collectively advocate to funding organisations and governments to support their quest to be more accountable and responsive to all their stakeholders.

The convening concluded with a clear call to action for the sector. To effectively and sustainably push back the threats to civic space, there was the need to build a cadre of confident CSOs that have secure and diverse financial resources to work from. A community of weak CSOs, reliant on sub grants and contracts, will hardly deliver the changes we need. Therefore, the pressing need for civil society is to rethink its business models, think strategically about

its financial models and adopt approaches that will help the sector maintain its independence and still be sustainable. However, in the pursuit for resilience and sustainability, activists and organisations should not be driven solely by their need to survive but by the causes they pursue for benefit of African communities.

**“In the pursuit for resilience and sustainability, activists and organisations should not be driven solely by their need to survive but by the causes they pursue for benefit of African communities”**

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Strengthening Civil Society

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