

Strengthening the Financial Sustainability of Local Actors

Analysis of INSPIRES Flexible Response Funding

December 2023

Courtney Tolmie
Results for Development (R4D)

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About INSPIRES

The USAID-funded Illuminating New Solutions and Programmatic Innovations for Resilient Spaces (INSPIRES) program, led by Internews, has undertaken work to increase the understanding of the drivers of closing civic and political space and to strategically respond to the growing trend of closing civic and political space. Since launching in October 2018, the INSPIRES consortium (Internews, International Center for Not-for-Profit Law (ICNL), DevLab at the University of Pennsylvania, PartnersGlobal, and Results for Development (R4D)) has undertaken work to contribute to three complementary objectives:

1. Develop Innovative Analysis to Deepen Understanding of Civic Space Drivers and Inform Programmatic Priorities for Civil Society
2. Test Resiliency+ Framework Interventions
3. Empower Local Partners to Address Civic Space Threats Effectively (Flexible Response Funds)

As the third objective of INSPIRES, the Flexible Response Funds (FRFs) provide support on emerging and urgent needs and opportunities for civic space protection and enhancement. The FRFs provide USAID missions and partners with easily accessible and flexible support in the form of technical assistance and subgrants to local organizations. It is intended to be both proactive, as warning signs of closing space begin to emerge, and reactive, as civic space begins to shift. The effort is built around ICNL's longstanding and successful Legal Enabling Environment Program (LEEP) but has been expanded under INSPIRES to encompass a broader array of common civil society needs in challenging environments, including capacities around information, finances, connectivity, and resilience. Since 2018, INSPIRES has led more than 75 FRF activities in 51 countries. The majority of FRF interventions have been between \$10,000 to \$70,000 over a period of up to 18 months, but there is flexibility to adjust those parameters based on identified need.

Supporting the Financial Sustainability of Local Actors

One of the biggest threats faced by civil society organizations (CSOs), media outlets, and independent journalists is the inability to secure financial resources to operate. While this threat has many root causes, civic space closures (including legal restrictions that make it more difficult for organizations and individuals to accept funding) is a major way in which governments crack down on actors that are not aligned with the ruling government party. Several INSPIRES interventions (including but not limited to FRFs) sought to make CSOs and media actors more resilient to changes in funding that could impact their ability to operate and achieve their missions.

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As part of an evaluation of FRF activities, we undertook additional data collection for 46 FRFs (those completed before April 2023); six of these FRFs were designed to strengthen the financial sustainability of local partners and actors. Data were collected using quarterly surveys, key informant interviews with consortium partners, local partners, and other key stakeholders, and documentation produced as part of the FRFs (including legal analysis, research, and training materials). We utilized qualitative analysis to answer three key questions:

- What **strategies** did partners apply to improve partner financial sustainability?
- What **outcomes and outputs** did partners achieve as a result of FRF activities?
- What did stakeholders cite as **helping and hindering factors** in supporting partner financial sustainability?

It is important to note that the results shared in this brief are based on subjective data and thus reflect the perceptions and experiences of FRF stakeholders rather than objective data that can prove attribution between activities, outcomes, and factors. However, the large degree of independent verification for these results provides strong evidence of the validity of the outcomes and factors shared.

Structure of the brief

The remainder of this brief presents Results from each of the three key questions shared above (Strategies, Outcomes and Outputs, and Helping and Hindering Factors), followed by a Discussion of results and learnings.

Table 1. Geographic distribution of FRFs

• Yemen (2)	• Ethiopia
• Serbia	• South Sudan

Additional activities not included in the analysis.

While this analysis includes FRFs completed by April 2023, two additional activities were undertaken as part of INSPIRES to strengthen partner financial sustainability. These activities could not be included in this analysis; however, we describe them here to provide a full picture of the work undertaken by the project on this topic.

Media Viability Accelerator. The Media Viability Accelerator (MVA), led by Internews, began as a FRF and is now being implemented under a new mechanism. The MVA is a web-based platform designed to provide media outlets with information about their peers and with connections to solution providers who can help them improve their financial viability.

Resiliency +. Implemented by PartnersGlobal, the Resiliency + activity provides non-FRF support (including coaching, technical support, and sub-grants) to CSOs to strengthen their resilience to civic space closures. One component of civil society resilience that Resiliency + helps CSOs address is business acumen and entrepreneurial mindset, including providing support for diversification of funding and financial preparedness.



Results: What strategies did partners apply?

While partners utilized a diverse range of strategies to implement sustainability-focused FRFs, five FRFs included at least some training or workshops to provide direct support to local partners for financial sustainability. In the majority of cases, FRFs combined these activities with strategies to address other challenges related to financial sustainability; these include primary research or analysis to better understand the funding ecosystem, technical resources to support local partners in their fundraising efforts, and the provision of financial resources. It is also worth noting that many FRFs seeking to improve partner financial sustainability had additional complementary goals, such as combatting disinformation; the analysis in this section only includes activities designed to address financial sustainability goals.

●●●●● Trainings and workshops

With one exception, all FRFs working on issues of financial sustainability provided trainings or workshops to help media outlets, journalists, and CSOs. While this was a common strategy, the focus of these workshops and the strategies on which they provided training varied significantly, with objectives ranging from diversifying funding sources to new tools (such as crowdfunding) to raise funds to bank de-risking (financial institutions restricting relationships with clients viewed as at high risk for terrorist financing or money laundering).

●●● Analysis of laws and funding ecosystem

The majority of financial sustainability FRFs also utilized primary research or analysis to provide better evidence regarding the landscape for funding and fundraising for local partners. As with training and workshops, this research focused on a diverse set of topics related to funding for local entities, including analysis of crowdfunding laws and regulations, laws related to foreign aid, and the ecosystem for funding independent media. This analysis was also undertaken for different audiences, including media and CSOs themselves and international representatives speaking out on regressive systems.

●● Technical resources for CSOs and media

Two FRFs also undertook activities that produced new actionable resources for local entities to support their funding and fundraising efforts, which included toolkits for crowdfunding and for adapting CSO operations (including fundraising) during the pandemic. It is worth noting that, while the MVA and Resiliency + activities are not included in this analysis, both of these INSPIRES initiatives also focus significant effort on providing actionable resources, tools, and platforms to directly support CSO and media.

In addition to these strategies shared across multiple FRFs, two approaches were employed by a single FRF – subgrants to partners specifically working on financial sustainability activities and provision of non-financial resources to partners (radios and phones to support their activities).



Results: What outcomes were achieved?

The ultimate outcome that FRFs focused on partner financial sustainability seek to achieve is a civil society and media sector that are better able to secure funding and operate effectively when faced with financial challenges. Because it takes time for CSOs and media to realize these changes, this ultimate outcome is not one that we were able to assess during the short timeline of FRFs and the respective evaluations of these activities. However, the analysis of FRFs identified several key outcomes that may be critical steps in the journey toward financial sustainability.

● ● ● Improved partner capacity

Informants reported concrete examples of local partners that were involved in trainings, workshops, and other FRF activities successfully applying the knowledge developed and shared by the FRF into their own work. Changes were reported both in CSO and media capacity to undertake new methods of fundraising and in CSO ability to advocate for better laws and policies to support funding of the sector as a whole in one country.

● ● ● Improved engagement between actors

While securing funding can be seen as an independent activity or even competitive across different entities, three FRFs reported increased collaboration across stakeholders that was reported as beneficial to the ability of CSOs and media to improve financial sustainability. In one case, FRF activities improved engagement between civil society and government actors in charge of laws regulating non-profit fundraising, while in another case media representatives that had not previously engaged with each other collaborated on ideas and approaches for securing funding for independent media.

“The biggest impact we saw was actually the government attending [meetings] with civil society and the banks, people working with the banks in one room and talking about this topic. This one is a real impact – something important that can make the change in the future. This step is really important.”

“At the same time, we were able to bridge the gap between non-governmental organizations (NGOs) and local authorities. After this, we started to help them understand how to work – from the NGOs who participated in online meeting, they started to gather from local resources money and materials.”



Results: What outcomes were achieved?



Actionable products and resources developed and used

In the months after the FRFs were completed, one of the most common outcomes observed was the use of tools or resources developed as part of the FRF activities by civil society and media. While the development of resources on its own is not a significant outcome, evidence that these resources were still being used and seen as valuable by local partners after the completion of the FRF is a signal that the activity produced information and guidance that partners believed would continue to help their financial sustainability.



Awareness of financial sustainability issues raised

While CSOs and media outlets are often very aware of their own financial situation, these sectors may be less aware of laws and regulations that affect financial sustainability. Two FRFs that worked directly on issues of legal frameworks related to financing local entities were able to increase the knowledge and understanding of CSOs in the country of these frameworks, including how the laws affect their sector and opportunities to advocate for improvements in the laws.

In addition to these outcomes, many FRFs reported one-off outcomes to which their activities contributed:



Identification of alternative funding strategies by partners.



Development of a regional model for improving local entity financial sustainability.



Increased participation and interest in issues of local entity financial sustainability.



Identifying local experts who can support financial sustainability training and assistance.



Provision of immediate emergency financial support during the COVID-19 pandemic.



Results: What outputs were achieved?



2 million+

Estimated potential reach, including the number of radio listeners, media subscribers, and NGO network members



214

Direct recipients of trainings and/or workshops



25

Trainings and workshops held



4

Technical products about financial strategies developed



500



150

Radios and phones distributed



15

Journalists supported with grants



208

Pieces of media content produced



What helped and hindered these changes?

In addition to collecting data on activities and outcomes, INSPIRES asked informants to help answer a second learning question: **What factors helped to improve the effectiveness of FRF activities – and what factors hindered their effectiveness?**

The analysis of factors for all FRFs completed by April 2023 resulted in a four-component framework that may support or inhibit flexible and rapid response programming:

People Direct – Factors involving individuals and organizations directly engaged in the activities.



Local
Partners



Consortium
Partners



Donor
Characteristics

People Indirect – Factors involving individuals and organizations external to activities.



Government
Characteristics



Community or
Public

Political
Factors



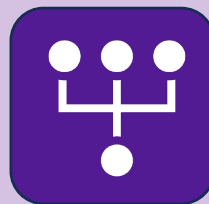
Other Events
and Timing



COVID-19
Factors



Other
Context



Place – Factors involving the context in which activities are taking place.

Program Structure
and Resources



Process – Factors involving the FRF structure and resources.

In this section, we share helping and hindering factors that emerged as especially critical for sustainability-focused FRFs conducted as part of INSPIRES.



What helped and hindered these changes?

People: These factors refer to characteristics and behaviors of individuals or organizations involved in or affected by the design, implementation, and funding of FRFs. Specific factors in this component include: Consortium Partners, Local Partners, Donors, Government and Public/Community.

Number of FRFs
Reporting the Factor

Helping Factor

● ● ●

Consortium partner characteristics. Informants noted that the consortium partners provided valuable technical expertise as well as strong coordination and communications to support the FRF.

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Local partner characteristics. Local partners were reported to be enthusiastic as well as to have good connections to communities and other actors that helped improve the effectiveness of the FRF.

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Positive engagement with government. Several informants highlighted that both consortium and local partners were able to leverage positive relationships with government actors to support their efforts.

● ●

Strong collaboration across civil society sector. While fundraising is not always seen as a collaborative activity, informants did highlight that the collaborative nature of the civil society sector in two countries improved the reach and results for the FRF activities.

Number of FRFs
Reporting the Factor

Hindering Factor

● ● ●

Negative government response. While positive engagement with the government was cited as a helping factor, several FRFs also noted that government actors were slow to respond or reacted negatively to civil society and media efforts to engage.

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Limited local partner bandwidth or capacity. Informants also noted that some local FRF partners had limited bandwidth to engage with FRF activities which slowed progress on the outcomes they sought to achieve.



What helped and hindered these changes?

Place: These factors refer to aspects of the external environment (enabling or restrictive) that affect the design, implementation, and/or success of FRF activities in achieving their intended results. Specific factors in this component include: Political Factors, Other Events and Timing, COVID-19, and Other Context.

Number of FRFs
Reporting the Factor

Helping Factor

● ●

International support and pressure. For two FRFs, international and diplomatic community representatives made statements of support for the changes that FRFs were seeking to achieve.

● ●

COVID-19 required digital adaptation. While the pandemic was more often cited as a hindering factor for FRFs, two sustainability-focused FRFs highlighted that the need to improve digital engagement skills and platforms in response to pandemic lockdowns was in fact a helping factor in their work on financial sustainability.

Number of FRFs
Reporting the Factor

Hindering Factor

● ● ●

COVID-19 challenge of moving to virtual engagement. Although the move to digital engagement was seen as helping in some cases, more FRFs noted that this change was a hindering factor in the effectiveness of FRF activities.

● ●

Changing priorities during the pandemic. In addition, informants reported that the pandemic changed the priorities of government and banks with which they were seeking support, making it harder to engage with them on issues of financial sustainability.

● ●

Political instability and changing dynamics. Two FRFs also experienced challenges due to political instability in the countries in which they were operating.

Process - these factors refer to the structure, resources, and policies of FRF programming itself that affect the design, implementation, and/or success of FRF activities in achieving their intended results. Factors in this category have been combined into a single factor: Program Structure and Resources.

A smaller number of Process factors emerged as important to sustainability FRFs. However, informants did note one key helping factor (the flexibility of FRF programming, noted in 2 cases) and one key hindering factor (limited time for larger changes to take place, noted in 3 cases).

Discussion

The financial sustainability of local entities is a critical element of their ability to operate effectively and achieve their objectives; however, these local entities face myriad challenges to ensuring that they have the finances they need. These obstacles include limited internal capacity and skills and external barriers such as legal frameworks and shocks that make it more difficult for CSOs and media to secure the funds that they need.

While the limited number of sustainability-focused FRFs that we analyzed makes it difficult to draw overarching conclusions, the analysis of these FRFs does reveal some important take aways for organizations seeking to improve the financial sustainability of local partners.

Both trainings and analysis that can be used to develop tools and guidance for the civil society and media sectors are valuable strategies that can be adapted to many different types of challenges to financial sustainability. While local partners may be very aware of their individual financial situations, these FRFs highlight that there is often less awareness of the external threats as well as diverse strategies to support partner sustainability, and trainings and tools can both play an important role in increasing both awareness and capacity of local actors to improve their financial sustainability.

Analysis of both outcomes and helping factors also reveals the value of supporting collaboration with and across civil society and media sectors to support financial sustainability. This takeaway may be surprising, as fundraising can be seen as a zero-sum efforts by partners – i.e. funding secured by one partner is funding that is not available to another partner. However, many of the strategies and cited helping factors from this analysis point to the value that local partners found in collaborating with other partners in their sector, especially in building strategies and advocating for laws and policies that could make it easier for all actors in the sector to be financially secure.

Financial sustainability is not a static outcome and is instead a state that local entities must continue to work to achieve and maintain. As such, point-in-time analysis such as this one can only provide limited insight into the ability of activities like FRFs to improve the sustainability of local partners. Longer-term research is needed to better assess what approaches can help media and civil society be financially sustainable over time; however, this analysis provides evidence that even short-term and resource-limited programming like FRFs can support outcomes that are stepping stones for local partner financial sustainability and, in cases like the INSPIRES-supported MVA, can support the design and launch of longer-term initiatives to strengthen financial independence of media and civil society in the longer term.