FACILITATING FINANCIAL SUSTAINABILITY (FFS) ACTIVITY SYSTEMIC REVIEW OF LITERATURE AND PRACTICE

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FACILITATING FINANCIAL SUSTAINABILITY (FFS) ACTIVITY: SYSTEMIC REVIEW OF LITERATURE AND PRACTICE

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TABLE OF CONTENTS

Facilitating Financial Sustainability: Systematic Review of Literature and Practice

Financial sustainability continues to be a major challenge for civil society organizations (CSO) globally. As a result, these organizations' ability to plan long-term and be flexible when designing and implementing activities is inhibited. This literature review aims to combine findings from the Facilitating Financial Sustainability program, other initiatives and research highlighting practices regarding financial sustainability of local organizations. The first section of this report is an executive summary of the key findings and recommendations from the systematic literature review, the second section is a comprehensive literature review with a deeper analysis of findings.

Executive Summary

Similar findings from the Facilitating Financial Sustainability program and wider sources:

The 8 findings below are conclusions derived from both the Facilitating Financial Sustainability program and other resource findings.

1. One of the major findings from the Facilitating Financial Sustainability research and wider sources is that there is **a very low amount of funding dedicated to CSOs' financial sustainability.** Additionally, CSOs face considerable barriers to access funding and unfair competition against better established INGOs. These local organizations are mostly provided with short-term funding and service delivery projects that do not allow them the opportunity to address issues that impact their sustainability.
2. **Community support has emerged as a crucial resource in supporting the financial sustainability of local organizations**. Engaging with the community increases buy-in from the local population who are then more likely to support CSOs' programs. Additionally, volunteers help relieve financial burden of staff pay while also being a source of capacity. Likewise, building relations with other organizations and networks allows CSOs to raise their visibility while allowing them access to technical support and funders/direct funding.
3. From the Facilitating Financial Sustainability program and sources referred to in this literature review, **unrestricted funding has emerged as a vital resource in enabling CSOs to face unanticipated events, financial shocks, cash flow shortages whilst also reducing donor dependencies**. Schemes such as community-based funding and social enterprises are used by CSOs to raise unrestricted funding.
4. **Local funders and intermediary organizations have appeared from the literature review as key supporters of CSOs financial sustainability**. 19% of total funding for financial sustainability came from intermediary organizations in the Facilitating Financial Sustainability study. This may increase in the future as more funders are emerging from the global South. Also, because some funders in order to mitigate risks tend to give large amounts of money to few external intermediaries or subgrantees to manage large projects – it is important to involve these intermediary organizations in the conversation regarding the financial sustainability of CSOs.
5. **Support and approaches for financial sustainability differs across sectors.** The main funders of local organizations in the Facilitating Financial Sustainability study were human rights funders.
6. **Technical capacity is a key driver of CSOs financial sustainability**. Strong reporting mechanisms allow local organizations to maintain relationships and credibility with their partners and communities. Other benefits of technical capacity include sound financial management and using

staff skills to raise financial income. This could be by providing services such as consultations and subcontracting work to private companies, other organizations and government.

7. **Organizational culture is a key factor in nurturing financial sustainability and serves as a source of resilience to exogenous disruptions.** Having a dedicated, flexible and passionate staff who endorse the organization's mission can prove especially useful in difficult settings or moments of financial strain when they are willing to work through difficulties. As a result, the organization's technical capacity is strengthened due to lower staff turnover leading to preservation of specialist knowledge.
8. Financial funds are not the only type of resource supportive of CSOs financial sustainability. **Non-financial resources are also important in maintaining local organizations' sustainability – assets such as land and offices gives CSOs access to unrestricted income** that would have been otherwise spent on rent. These hard assets such as property can also be used to raise funds through sub-leases.

Further findings from wider resources:

1. **Research from sources not including the Financial Sustainability program has highlighted social investment as an increasingly used medium of CSOs in working towards financial sustainability**. This is using repayable finance to deliver social impact work in addition to financial return. It serves as a source of unrestricted resource to for example enhance the organization's capacity, or to initiate ventures such as social enterprises to raise funds. However, because such social investment funds are loans that need to be repaid, they may not be appropriate for all local organizations.

Conclusion

This executive summary summarizes the results and lessons from a systematic review of multiple resources concerned with financial sustainability of CSOs. One of the key learning points of this literature review is that communication channels between funders and recipients need to be more open and flexible in order to support learning from both directions in order to increase efficiency in programs/projects. The review also highlights that although CSOs can work towards achieving financial sustainability, overwhelming evidence points to the fact that the organizations are still vulnerable to external forces such as legislative settings limiting their capability to pursue certain ventures and the environments they operate in making it difficult to mobilize local funds for e.g. raising donations among poor communities.

Translating financial sustainability knowledge into practice

Below are a few ways of translating financial sustainability research into practice:

- Funders can provide more unrestricted aid to cover core costs, whilst also opening communication channels with CSOs before providing funding in order to have informed knowledge on best practices and most effective funding models.
- Funders can revise applications so that they correspond with size of tender/length of program in order to get rid of unnecessary paperwork and requirements that could otherwise inhibit CSOs access to funding. This is especially useful for funds that support financial sustainability.
- For the use of intermediary organizations as re-funders, a helpful model could be that future tenders for applications to such funds can stipulate that re-funding for local organizations should contain a fixed percentage dedicated to the payment of overhead costs incurred by CSOs instead of being solely provided for projects.
- Funders can explore setting up repayable finance pools as a way of helping CSOs on their journey towards financial sustainability. Ways of mitigating risk of non-payment include understanding the CSOs capacity and ability to pay back loans.

Literature Review

Introduction

This literature review was conducted in order to understand the key factors impacting financial sustainability as highlighted by the Facilitating Financial Sustainability project and other research initiatives. Substantial knowledge from practical evidence and a wider body of research all unanimously emphasize several factors that impact CSOs financial sustainability. As a result, future funds will prove more useful into exploring pragmatic steps using identified recommendations and experimenting with different models of working towards local organizations' financial sustainability.

Key terms, definitions and concepts

For purpose of this work, financial sustainability is defined as when nonprofit organizations have adequate financial resources to fulfil long-term needs of the organization's work (Grantmakers for Effective Organizations, 2014). A financially sustainable CSO has the ability to react to unexpected challenges, exogenous shocks and develop a diverse resource base, while continuing to provide benefits and services to its targeted recipients if external funding is withdrawn (Bowman 2011; Humentum; Renz, David and associates; 2010; Stopping As Success, 2018). This definition is not dissimilar from that of sustainability which is defined as allowing a CSO to continue delivering its mission over time and meeting the needs of its key shareholders (Hailey & Salway, 2016). From the body of work referenced, the terms sustainability and financial sustainability have been used interchangeably, and the evidence within this review suggests that financial sustainability is inextricably linked to sustainability. Both are concerned with an organization's ability to sustain itself and its work in the long term.

Civil Society Organizations (CSOs) or local organizations are terms used to refer to organizations working in the country of program implementation. The term funder is used to refer to any entity providing financial aid to CSOs. Recipients refer to those in receipt of financial support from funders.

Objective

This systematic literature review will analyze the current understanding and discussion surrounding CSO's financial sustainability, highlight the best practices and where we need to take research/practice next. The resources involved in this literature review are concerned with the international development sector more broadly and will prove useful for those interested in the sector. This includes funders, international non-governmental organizations (INGOs), non-governmental organizations (NGOs), CSOs, governments and academics.

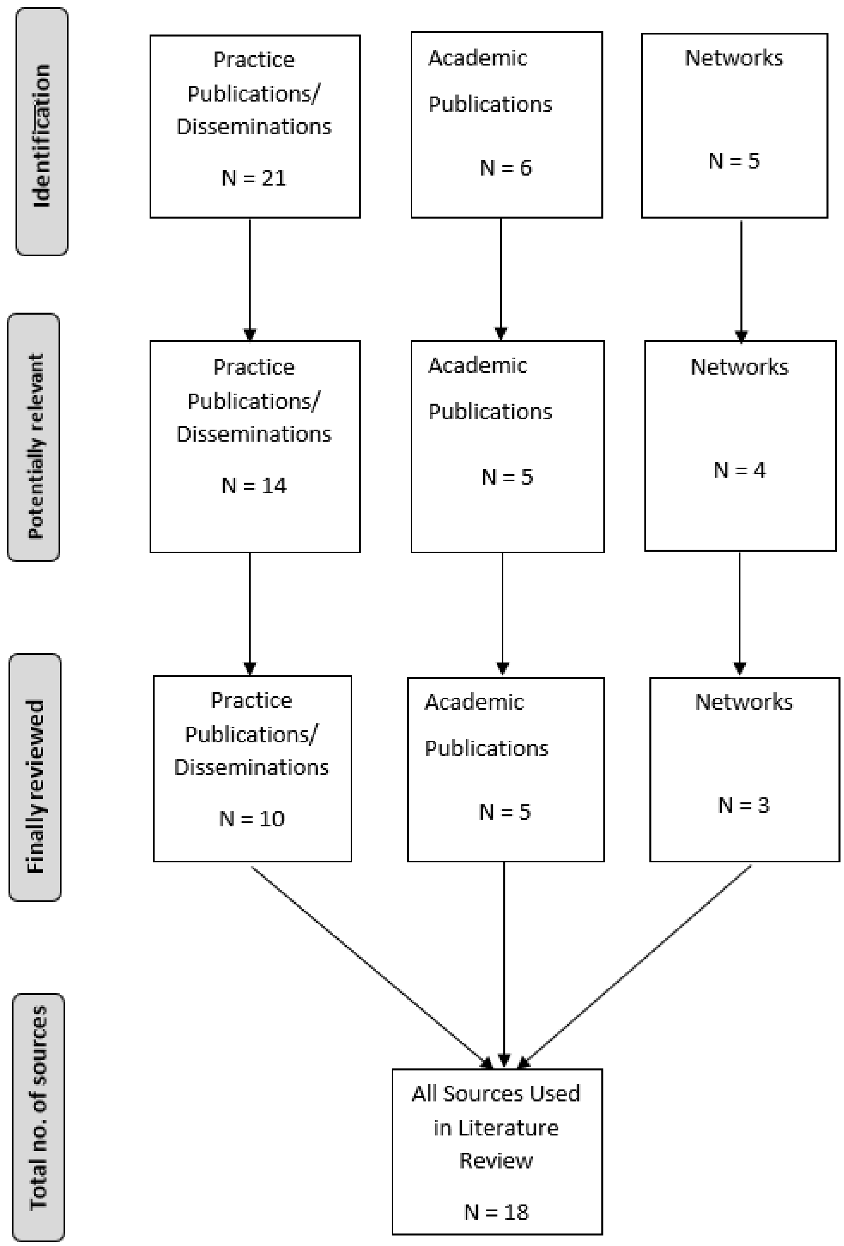
Methodology/approach to literature review

Most resources used in this literature review were identified through a snowball approach whereby peers recommended research and initiatives to learn from. Academic resources were identified through google scholar using key terms related to financial sustainability of civil society organizations. Additional resources were also identified from background sections or literature reviews of resources. In order to ensure that resources used were explicitly related to subject of interest, some 'borderline' resources have not been included in the literature review, but they are available for consideration.

The inclusion criteria used when selecting resources for this systematic literature review are those that explicitly refer to financial sustainability of local organizations. It is important to note that there have been cases where sustainability and financial sustainability of organizations has been used interchangeably in some works referred to. Nonetheless, care has been taken into ensuring that research is concentrated on financial sustainability instead of other aspects of sustainability such as organizational and social aspects of sustainability.

Civil Society organizations is our unit of analysis and funder practices are those concerned with explicit support for CSO sustainability. The systematic literature review is concentrated on work regarding the international development sector which also includes the humanitarian and peacebuilding sectors. Criteria is not concentrated on a specific timeframe; this is in order to capture the depth and breadth of work into CSOs financial sustainability. To that end, 18 resources were included in this systematic literature review – they include academic publications, practice publications or disseminations of those that work in the international development field, and also information from networks that operate in the sector (this includes funders and NGO networks). It is important to note that this review is not applicable to all sectors due to nuances that are specific to the international development sector. Furthermore, not all sources in this work were assessed with academic/scientific rigor. Some arguments are observation of events which may not have gone through strict evaluation.

Literature Review Results for Financial Sustainability for Civil Service Organisations



Discussion

This section discusses the findings from the Facilitating Financial Sustainability project and other bodies of work concerned with the financial sustainability of civil society organizations. Wider research uncovered similar findings to the FFS research with new concepts unearthed such as social investment which will be further discussed.

Findings from Facilitating Financial Sustainability and Wider Sources:

1. Financial sustainability is a critical but highly under-resources issue for CSOs.

One of the key discoveries of the Facilitating Financial Sustainability project is that there is a very low amount of funding for CSOs financial sustainability – research uncovered that only 5% of total foundation funding for all the six countries included in the study were awarded to support financial sustainability (2018c).

Research also highlights that CSOs also face significant barriers in accessing funding (Bosco et. al 2019). Not only do CSOs have very limited access to funder resources, they are also faced with strong and unfair competition in terms of calls for proposals with more established international NGOs and bigger organizations. Similar to the imbalance in access to donor funds between local and INGOs who have more visibility and access to international funding, Majid et al. (2018) note that international organizations usually receive 7% income on top of grant costs to contribute towards general costs, whilst local organizations have to find ways of funding operating costs by themselves. The provision of long-term supports and grants to CSOs covering core costs such as staff salaries and general overheads, gives them the stability needed for effective financial planning, flexibility to respond to changes and ability to respond to their community needs. (Majid et al., 2018)

In order to fulfil their preference for quantifiable results, funders tend to fund short-term and service delivery projects. Hence, strategic long-term funding that seeks to address root causes is seldom provided. This has led to the projectization of aid/funding thereby leading CSOs struggling to deal with their core costs. For example, in Latin America, 97% of resources for funding were allocated for project implementation between 2014-2017. Furthermore, because CSOs are forced to jump from one project to another in order to secure funds and continue their work, they are unable to work towards securing their financial sustainability (Bosco et. al, 2019). Thus, the system is rendered inefficient due to the lack of continuity inherent with short term funding. This leads to high staff turnover which warrants constant training of new personnel and a host of other issues (Stopping As Success, 2018). Grantmaking for Effective Organizations (2015) highlight that despite the clear significance of investing in operations to ensure success for NGOs, funders still overwhelmingly have a preference to funding program/service delivery. Consequently, organizations end up using funds intended for operational and core costs to deliver programs not wholly supported by funders. This lack of investment into the organizations and the building of financial reserves which are both conducive for financial sustainability makes the CSOs less resilient.

2. Social capital is a critical enabler of sustainability for local organizations, especially in difficult environments.

The Facilitating Financial Sustainability findings cite community support to be a critical resource underlying long-term organizational financial sustainability. Community support is a practical option of supporting financial sustainability during instances when CSOs struggle to gain access to funding. There Is a possibility that communities can choose to continue operations at no cost if they are included in the planning and implementation of projects (Facilitating Financial Sustainability, 2018b).

An NGO active for 30 years in the Pacific maintains that local organizations should be embedded in their localities. The community members provide this NGO with small donations and also offer small contributions of homegrown or other items that the organization can sell and raise income (Low & Davenport, 2002). Nonetheless, managing funders expectations and staying connected to the local community that perceives the CSO as genuine is an issue faced by many local organizations. Thus, having a communications strategy that clearly outlines the CSOs mission can help build a good repute within the community and gain supporters – this also ties with having a constant track record of good service. CSOs have to navigate the unique task of having to maintain integrity of their mission and programs while encouraging ownership and cooperation among community members. Engaging the community through a community leadership committee and having a system of community volunteers which gives the organization access to a variety of experiences and expertise can prove useful to the CSO's work (Omeri, 2015). Not only can volunteers help promote CSOs' financial sustainability by helping relieve the financial burden of staff pay, they can be a valuable source of capacity in contexts where CSOs are forced to rely on them to carry out work (Facilitating Financial Sustainability, 2018b).

Networks/relationships: Building relationships with different entities can be an effective strategy of promoting local organizations financial sustainability. Fostering strong positive relationships with stakeholders such as funders can be beneficial to CSOs. Recipients can do this by paying attention to future communication as well as current interaction so as to ensure future collaboration and higher flexibility by not over promising just to gain access to funds (Humentum; Omeri 2015). Other relationships that can prove beneficial to CSOs on their work towards financial sustainability are with the private sector and the possibility of corporate gifting (Low & Davenport, 2002). This does not only apply to financial giving, the private sector can also help local organizations by creating partnerships, employee-volunteer projects, donations of goods and professional services, and having personnel as members of CSO boards (Alymkulova & Seipulnik, 2005). Relationships with individuals can also be useful as they might have specialist knowledge to help CSOs work and also provide donations (WACSI &I4C, 2019).

In certain contexts, CSO's can tackle financial constraints by forming relationships with organizations that have similar strategic aims. This can prove beneficial in areas with limited access to resources by collaborating to build capacity to perform tasks such as evaluations highlighting the importance of the CSOs activities (Omeri, 2015). In a similar vein, most organizations in the Facilitating Financial Sustainability project cited network participation as an important medium of developing social capital by raising their profile and promoting strong links to other organizations, technical support suppliers and funders (2018b). This has provided CSOs the opportunity to promote their work and cement their legitimacy as a future partner. 45% of DRC organizations in the study referenced network participation as a channel that help them gained direct funding opportunities.

3. Unrestricted funding and domestic resource mobilization can be critical for organizational resilience during difficult times.

In all the countries included in the Facilitating Financial Sustainability study, CSO representatives have referred to crucial points when unrestricted proved vital in facing critical resource challenges (2018a). This type of funding enables CSOs to cover general costs of programs and core costs such as staff salaries, build financial reserves and focus on their strategy and mission.

For funders to truly understand CSOs costs, there is a need to engage with these organizations (Grantmaking For Effective Organizations, 2014). Unrestricted income also helps in building up reserves –financial resources garnered from surplus unrestricted income in order to deal with unanticipated circumstances. Not only does the use of reserves reduce dependency on donors, it also helps CSOs deal with financial shocks and cash flow shortages (Humentum). Setting up trust funds with mobilized funds for the organization and investing the money is a way of providing long-term income for CSOs from accumulated interest. (Low & Davenport, 2002)

The ability to mobilize domestic resources is highly useful in working towards CSOs financial sustainability. This is especially valuable in contexts where there is a decline/loss of international funding. Numerous ways of establishing financial sustainability models include social enterprises, local government funding, individual donations, membership fees, general appeals, and corporate philanthropy. Ultimately, these forms of resource mobilization provide CSOs with unrestricted funds thereby granting CSOs more freedom to act. The organizations are given the ability to choose the projects they want to run more strategically, and cover bills such as core costs that funders are reluctant to provide (Facilitating Financial Sustainability 2018b; Humentum).

In the 2018 civil society organization sustainability index for sub-Saharan Africa, a decline in funding in South Africa and an increasing attention given to CSOs financial sustainability has inspired many local organizations to diversify their source of funding. Nonetheless, the report noted that this phenomenon does not apply to all CSOs due to lack of information. They are either unaware if such initiatives are permitted or the legal provisions allowing them to retain their nonprofit status, or they lack the capacity needed to conduct the activities.

Community-based funding: Unrestricted funds beneficial for financial sustainability has traditionally been raised through voluntary donations. Fostering a giving ethos by encouraging community members to donate and involving them in fundraising can encourage the community to give more. This is especially beneficial in low income communities that CSOs operate in (INTRAC 2014; Omeri 2015). However, in some cases, these donations may arrive heavily influenced by personalities, local issues and socio-political dynamics. Omeri (2015) observes that 'giving circles' are growing in popularity – this involves groups of people pooling their resources to donate, these activities are sometimes coupled with raising awareness of certain issues. Nevertheless, the author observes that these giving circles are normally along identity lines.

Social enterprise: Social enterprise is increasingly gaining attention as a strategy for CSOs to achieve financial sustainability (INTRAC 2014; Alymkulova & Seipulnik 2005; Hailey & Salway 2016; Omeri 2015; Facilitating Financial Sustainability 2018b). "Social enterprise is any socially responsible income-generating activity whose revenue is used to support the organization's mission" (Alymkulova & Seipulnik, 2005). INTRAC notes that by selling local products or providing paid services, social enterprise as a concept builds on the need for CSOs to develop income generation activities that reduce dependency on charity and funding (2019). Furthermore, established CSOs can choose to collaborate with autonomous social enterprises, funders or local businesses to form collaborative enterprises (INTRAC 2014; Hailey & Salway 2016). The goal is for future income to be provided by selling services or products rather than relying on donations/funding. For example, SolarAid – an organization aimed at promoting the use of solar power in Africa developed SunnyMoney as a separate social enterprise selling solar lights.

Although there is a lot of positive outlook on the use of social enterprises to work towards financial sustainability, there are some constraints involved. There is a risk of disappointing financial returns, mission dissonance, lack of capacity, management of time and resources, complex legal and tax issues. As result, many CSOs are looking to share the risks with established businesses. For instance, Grameen Banks, a microfinance organization and community development bank in Bangladesh co-ventured with the French multinational Danone company. This collaboration launched in 2006 to provide nutritious food to impoverished individuals in Bangladesh (Hailey & Salway, 2016).

4. **Local funders and intermediary organizations play an important but often-overlooked role in building sustainable CSO ecosystems.**

The Facilitating Financial Sustainability project uncovered that intermediary organizations who either by re-funding or providing program/technical assistance, appeared to be a major driver of financial sustainability. 19% of total funding for financial sustainability in the study was granted either through intermediary organizations – whether local or international. CIVICUS (2019) notes that new funders from the Global South have been emerging and playing a significant role in reshaping development cooperation, however, they are still not a significant source of funds for CSOs with some choosing to set up their own organizations.

In Latin America, funders launched few calls for proposals, and these were concentrated with large amounts of money in each call (Bosco et. al, 2019). This is a global trend in which funders in order to mitigate risks and for administrative purposes, tend to give large amounts of money to a few external intermediaries or subgrantees to manage large projects (Hailey & Salway 2016; CIVICUS 2019b; Omeri 2015). For local organizations, working with INGOs can create a complex environment that can either foster or prevent sustainability for local organizations. In DRC for example, smaller organizations unable to fulfil the requirements for direct international funding amplifies INGOs power who have access to these funds. This can result in INGOs having little/no incentive to support CSOs and get them at a similar level of footing. Additionally, the arrival of INGOs with often large and temporary resources not only leads to a distortion of community expectations regarding projects, it can also lead to competition of resources with local CSOs for local resources such as local skilled staff (Facilitating Financial Sustainability, 2018a). Thus, involving these intermediary organizations in the conversation on the benefits of investing in CSO's financial sustainability is necessary.

Diversification of funding: Many researchers and academics agree that diversification of funds is a great mechanism to promote financial sustainability (Financial Sustainability 2018b, Humentum, Grantmaking for Effective Organizations 2015; WACSI & I4C 2019; Majid et al. 2018, Stopping As Success, 2018). Humentum defines diversification of funding as "securing funds from as wide a base as possible – the local business community, national and local government and the general public – and not just from external, institutional funders such as USAID or DFID". Like other local resource funding models, this provides access to unrestricted funding for CSOs. However, there are certain problems that are likely to arise from this type of resource funding. Issues include legislation restrictions such as lack of tax policies favoring financial support to CSOs. Furthermore, managing a variety of resources can increase mission creep, management challenges and resource dependencies. Due to the fact that developing strategies are customized to each funder, it can affect the trajectory of the CSO and divert the organization from its core mission and focus (Grantmaking for Effective Organizations, 2015).

5. **Support and strategies for financial sustainability varies significantly across sectors.**

Research by the Facilitating Financial Sustainability project (2018c) into six countries globally uncovered that human rights funders were the main funders of local organizations financial sustainability – 69% of financial sustainability grantmaking to be exact.

6. **Technical capacity and organizational management are important drivers of financial sustainability.**

The Facilitating Financial Sustainability research mentions technical capacity as a major driver of CSOs financial sustainability. Well-developed reporting mechanisms allows local organizations to nurture relationships and obtain credibility with their communities and partners (2018a). Not only does this prove highly valuable when maintaining funder relationships through monitoring and evaluation reporting, staff technical skills can also be utilized to raise financial resources by providing services. In Croatia for example, CSOs provide services such as education, workshops, and publications to enhance their financial sustainability. In some cases, Georgian government agencies subcontract services such as education and health to the CSOs (Civil Society Organization Sustainability Index). Similarly, when a CSO in Cameroon lost their core support funding, it began providing consultancy services and free training in areas such as media communication and public speaking in order to generate alternate funding and work towards its financial sustainability. This was done with the agreement of the staff and Board of Directors (WACSI & I4C). In terms of capacity building of CSO staff, it is important to differentiate which skills are most beneficial to the organization. As capacity building is always assumed to be positive, the review of the benefits to the CSO is often not assessed. It is important to distinguish which skills are most beneficial to the community/fulfilling the CSO mission, and those that are useful in sustaining funder relationship (Facilitating Financial Sustainability 2018b; Stopping As Success 2018).

Management of CSOs also plays an important part in securing their sustainability. This is not only vital in ensuring that strategies are clear while taking into consideration the organizational strengths in the local context, but also clearly communicating the value of the organization to the local community and partners/funders (Omeri 2015; WACSI & I4C 2019).

7. Organizational culture supports resilience to external shocks and is a key enabling for financial sustainability.

Analyses from the Facilitating Financial Sustainability study revealed organization culture as a major source of resilience to exogenous disruptions and helping nurture CSOs financial sustainability. Having a passionate, flexible and committed staff to the CSOs work and mission, good leadership and flexible organization are necessary conditions especially for organization's working in difficult environments or during periods of financial strain. This can lead to long-term sustainability by leading to lower staff turnover and the issues that it entails and as a result, strengthens technical capacity due to the retention of specialist knowledge and experience (WACSI & I4C 2019; Facilitating Financial Sustainability 2018b).

8. Non-financial resources and assets can be just as important as financing in developing long-term sustainability.

Another key finding of the Facilitating Financial Sustainability project and other sources is that financial funds are not the only resources conducive to CSOs financial sustainability. Non-financial resources also play a role in supporting organization's sustainability. These include hard assets such as structures to house offices and land. Having such assets grants the organization access to more unrestricted funding that would have been otherwise be spent on rent. Another advantage of having non-financial resources such as an office is that CSOs visibility to potential partners are enhanced. Finally, it allows for the possibility for CSOs to expand their existing facilities should the need arise and generate revenue by for instance, renting out a portion of their property for sub-leases or event space (Facilitating Financial Sustainability 2018b; WACSI & I4C 2019).

Further findings from wider resources not including the Facilitating Financial Sustainability project:

1. Social investment

There is increasing interest on the use of Social Investment by CSOs in working towards Financial Sustainability. Social investment is using repayable finance to deliver social impact work in addition to financial return (Hailey & Salway, 2016). It can a be a source of income to complement funding and helps mitigate insecurity and stress of grant competition and is increasingly being used in organizations' financial sustainability plans (Drummond et al. 2019). As the income in unrestricted, CSOs who use social investment are not confined to using the money specifically for programs as with traditional restricted funding. For example, the social investment can be used to start a new service, social enterprise, other ventures to generate additional income, or purchase assets such as property or buildings. In South Africa, Help2read, an NGO that runs literacy intervention programs used social investment to improve its fundraising capacities. The organization hired two fundraisers who ended up not only enhancing the Help2read's fundraising capacity, organization was also able to pay back the loans whilst also substantially increasing their income. Help2read observed that repayable finance allowed it to increase its income, impact and sustainability (Drummond et al. 2019).

Even though there are many benefits of social investment for CSOs, it is not appropriate for all civil society activities. This is because it relies on income generation allowing the organizations to repay the investment finance. This is not to negate the effectiveness of social investment as it can be used to fill financing gaps for innovation and growth and allows CSOs to become more financially independent and autonomous. CSOs that have successfully used social investment models tend to have an operational strategy and funding model that enables them to pay back investment, a structure that is open to such a model and the risks that come with it, skilled staff willing to work with the risks that come with social investment, and having technical systems in place to manage and track finance (Hailey & Salway, 2016).

Implications of Literature Review: Although research has pointed out ways that CSOs can work towards achieving financial sustainability., overwhelming evidence points to the fact that the organizations are still vulnerable to outside forces such as INGOs poaching skilled staff and legislative environments limiting CSOs capability to raise resources. This is in addition to target groups of some CSOs being too poor to offer certain resources (for e.g. donations) conducive for financial sustainability. Because local actors have an overwhelming dependence on aid, the power currently lies on funders to help make environments conducive for CSOs to gain financial sustainability. Finally, regarding funders who tend to give large tenders to intermediary organizations, it may be helpful to gauge how well these intermediary organizations understand the power imbalance of the system and how to best empower local actors. Further questions from the systematic literature review worth exploring are understanding the current motivations of funders and how they can be incentivized to shifting from harmful approaches without compromising their goals. Working with the local private/corporate sector to help CSOs build financial sustainability could be worth exploring.

Translating financial sustainability research into practice

- Funders can provide more unrestricted aid to cover core costs, whilst also opening communication channels with CSOs before providing funding in order to have informed knowledge on best practices and most effective funding models.
- Funders can revise applications so that they correspond with size of tender/length of program in order to get rid of unnecessary paperwork and requirements that could otherwise inhibit CSOs access to funding. This is especially useful for funds that support financial sustainability.
- For the use of intermediary organizations as re-funders, a helpful model could be that future tenders for applications to such funds can stipulate that re-funding for local organizations should contain a fixed percentage dedicated to the payment of overhead costs incurred by CSOs instead of being solely provided for projects.
- Funders can explore setting up repayable finance pools as a way of helping CSOs on their journey towards financial sustainability. Ways of mitigating risk of non-payment include understanding the CSOs capacity and ability to pay back loans.
- CSOs can use social enterprise as a medium of working towards sustainability. However, in some contexts, it might be more beneficial for the CSOs to partner with an established company to provide a service that would have been too costly for the local organization to provide. This warrants that there is a convergence in programmatic aims for all parties involved.

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