



STRIVING TO THRIVE IN TURBULENT TIMES

Assessing the sustainability of CSOs and the growing impact of external threats.

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Executive Summary

Civil society organizations (CSOs) are a key pillar in defending and strengthening European democracy, but find themselves working in an increasingly hostile environment. Political pressure, smear campaigns and excessive bureaucratization are affecting CSOs' capacity to accomplish their objectives and counter malign influences. More and more central governments are trying, directly or through proxies, to hamper CSOs' activities, control their funding and are even targeting the wider civil society with manipulative and false accusations.

We attempt to identify CSOs' key needs and challenges in the aftermath of the COVID-19 pandemic, the brutal war of the Russian Federation against Ukraine and, as we see with increasingly regularity in the last few years, attempts by national governments, in both EU and non-EU countries, to control CSOs and limit their independence. CSOs have been a target for years, but what we see nowadays in Azerbaijan or Georgia, in Hungary, or even the attempts of some Romanian political leaders, suggests (more) difficult times ahead. There is an unprecedented need to support CSOs and strengthen their capacity to survive these difficult times, but also to empower them to influence the public agenda and counter what we perceive as Russian-oriented public policies against the sector.

Our assessment included a sample of 40 CSOs, all of them being recipients of Black Sea Trust for Regional Cooperation grants. Most of them are from the greater Black Sea Region, while a smaller number being from other EU countries. This sample cannot represent the entire CSO sector, but it does provide common stress points across the group, which may be relevant for a larger number of organizations. These findings are substantiated by both quantitative and qualitative data, using online surveys, in-depth interviews and focus groups as research tools.

CSO unsustainability is on the rise. Making ends meet and running down uncertain funding in service to an organization's core activities is far from an ideal working environment. Staff retention should not depend on adherence to the values of the CSO, but to long term strategies and sustainable practices. Shortcomings such as these affect not only the potential impact of the organizations, but also their capacity to influence the public agenda as excess effort is directed toward securing enough resources to maintain operations.

External threats are growing. National decision makers are implementing Russian-oriented policies and altering the regulatory environment to cause CSOs undue burden and implement a climate of fear. In our assessment, the external threats to these organizations are very real and may be more detrimental than their financial constraints. The threats are regarded as greater in non-EU countries, with Hungary being an example of an EU member state with a similar behavior, where CSOs are even forced to register abroad due to fear of repercussions.

Financial sustainability is at risk. CSOs need more predictability in funding if they are to build real long-term planning development strategies. With few exceptions, CSOs' budgets are mainly based on grants, with almost no significant resource diversification. Core funding is often unavailable, while longer-term grants are usually an exception. Longer-term and predictable funding programs from the same donor or group of donors are limited. These shortcomings should be better tackled by both the donors and the CSOs through a joint effort of assessing the needs and investing in their upscale capacity.

Investing in people. CSOs (and donors) need to provide more support for the people working in the sector, including dedicating funding channels for staff wellbeing and capacity building measures. Burnout is affecting CSOs' staff, with fewer solutions on the horizon compared to other sectors. Professional development needs to be ranked higher in CSOs' strategies, putting more emphasis on staff needs, both at the individual and organizational level.

Reduce bureaucracy by improving the project cycle design. Most CSOs in this assessment require more flexibility in project implementation and reduced bureaucracy for both the application and reporting phases. Donors should aid the CSOs in focusing on only the needed data for assessing the impact of their interventions. Burdening the work of CSOs with complex and, in some cases, even frustrating procedures leads to excess effort being invested in pleasing the donors, and not in the actual project activities. Cases of burdening procedures are becoming more and more present.

Strengthening Donor-CSO dialogue and consultation mechanisms. CSOs should be involved in the design of the donors' calls for applications and objectives and their opinion should be taken into consideration. In some cases, CSOs consider that there are gaps between what they perceive as urgent or critical and what some donors follow as their strategies. This is of course a very debatable topic, but using transparent practices in the relation of the two entities would not only strengthen their relationship, but would also produce more qualitative interventions.

Supporting CSOs to maximize the impact of their interventions. Communication and using M&E data seem to be rather neglected by the CSOs. The former is perceived only as a mandatory component of specific projects, and very few CSOs are working to build a real communication strategy that emphasizes them and their work. Secondly, even fewer CSOs are using data and M&E to assess their activities and impact and, based on the findings, to adjust their interventions. These are some main reasons why CSOs give the impression of punching below their weight and why they are ill-equipped to even counter the false narratives and accusations they face.

Defending CSOs against external attacks and increasing partnership and networking support. Donors can have an important say and are in a privileged position to act whenever particular CSOs or the sector is at risk. As pressure on CSOs is increasing, and some are directly targeted, donors need to stand up for the organizations. Providing more support for networking and facilitating partnerships between the CSOs also helps build a more sustainable and resilient sector.

About the Project and methodology

ABOUT THE PROJECT

The Romanian Center for European Policies (www.crpe.ro/en), a leading Romanian think tank, has been conducting a comprehensive and independent assessment of CSOs' needs, with a focus on the ones operating in the greater Black Sea region, but also including CSOs from other EU member states. This assessment has been requested by the Black Sea Trust for Regional Cooperation, a key donor in the region that has been working since 2007 to strengthen regional cooperation, civil society, and democratic foundations.

METHODOLOGY

In order to undergo a capacity assessment exercise and obtain a comprehensive understanding of CSOs needs, our research design combined both quantitative and qualitative methods. Integrating both methodologies allowed us to get a better grasp of the topic, bridging the gap between numbers and anecdotal evidence. Our target group consisted of Black Sea Trust for Regional Cooperation grantees, part of one of their funding areas. A quantitative study included one online survey, completed by 40 CSOs from a total target of 60 organizations. The questionnaire included 22 items, of which the majority were open-ended. The available data were substantiated by in-depth interviews with 16 CSOs and a focus group discussion with 9 CSOs. The organizations from the interviews and the focus group were different, although some of them were part of the quantitative study. A detailed explanation of the methodology is provided in the annexes.



UNDERSTANDING CSOs' NEEDS

Major sustainability issues and threats



FINANCIAL RESOURCES

A lack of financial resources is the key issue hampering civil society organizations' long-term sustainability. This takes many forms, including insufficiently diversified resources, lack of core funding, (way too) short-term grants, and very few multiannual grants. Most assessed CSOs are financially unstable and unable to perform long-term financial planning due to the precarity of their resources. With a very high dependence on grants, especially short-term ones, most organizations barely make ends meet.

In the long run, this is affecting CSOs' missions, as most of them are struggling to remain sustainable, and is also impacting the sector's capacity to work together, as the scarcity of resources is putting the civil society organizations in a very competitive environment that hinders their collaboration outside specific projects or consortium-led activities.

There are three key financial threats affecting the sustainability of the CSO and non-profit sector:

01

Almost nonexistent support for core funding activities. This has a detrimental effect on CSOs sustainability, creating financial unpredictability, reduced capacity to invest in staff, and vulnerability when faced with financial constraints between larger projects. Core-funding is nowhere on the radar for most of the donors, despite a very high increase in operational costs for most CSOs and organizations' work outside of the formal projects.

02

Dependence on short- to medium-term grants and lack of multiannual grants. Most CSOs rely on financially limited, short- to medium-term grants, which require high effort during both the application and reporting phases. This is rather a recurrent practice due to the scarcity of multiannual or long-term grants (>18/24 months), and organizations are left unable to engage in more adequate planning.

03

Very limited diversification of financial resources. Most CSOs substantiate their annual budgets on rather unpredictable funding channels in the form of grants. Very few have the capacity or invest sufficient resources to attract significant financial resources from the private sector (e.g. private contracts for specific services) or donations/sponsorships. Grants remain, for almost all the assessed CSOs, the most important line of funding, representing between 90 and 100% of their revenues.

” We need more core funding for our day-to-day expenditures. We are the lucky ones. Unlike most CSOs, we have such a component – annually renewed – but as we have grown, this is less than 10% of our budget. Our budget is mostly from grants, 90%, with the rest of 10% from private donations or other revenues. **(CSO, Romania)**

” Our budget is based on grants. We have included the aim to diversify our revenues in our annual strategy, but we have yet to secure other funds. **(CSO, Ukraine)**

” Short-term projects are often not financially sustainable for some CSOs, and sometimes we even decide to skip these projects. They come with way too much bureaucratic work for a couple months of activity. **(CSO, Georgia)**

” Given that you, as an organization, have demonstrated that you can deliver impact, you should be able to obtain multiannual grants. It is unrealistic for donors to want a watchdog in the region, but to force organizations to run down 10,000, 15,000 euros with a lot of bureaucracy. **(CSO, Romania)**

” Our biggest constraint is the lack of long-term projects. We have projects that took us more time to write and report than to actually implement. **(CSO, Romania)**



HUMAN RESOURCES

A key concern remains the need for the staff to engage in multiple projects to ensure an adequate wage and, even more concerning, the need to engage in projects somehow unrelated to the core interest of the particular employee. This is due to the fact that most CSOs operate with small to medium budgets, unable to support a full wage for team management. On a more positive note, almost all of the assessed CSOs underlined that, while salaries may be lower than in other sectors, and financial unpredictability can infringe on the work, the retention of staff is rather high, mainly due to the motivation and the adherence to the values the CSOs stand for.

” All of our staff works on multiple projects to ensure a full-time salary. You need at least 3 projects for this. And here is where the financial volatility affects us, as most of our contracts are project-based, and we cannot ensure all the time a similar level of salary. **(CSO, Romania)**

” Right now, the challenges are more related to the strategic planning of the team and clear division of roles. We work with external consultants on how to achieve productivity, manage internal team expectations, how to ensure that each member of the team develops in the right direction, according to their capacities and wishes and, more importantly, how to prevent burnout. **(CSO, Bulgaria)**

Some CSOs, especially in non-EU member states, but not exclusively, express a limited capacity to attract specialized staff. This is due both to lower starting wages, but also high migration, brain drain and heavy workload. The latter, however, has been underlined by numerous CSOs, both EU and non-EU, affected by staff burnout and even by external pressures on their work (political pressures, kompromats, online and in-person hate speech, etc.).

” Attracting specialized staff is problematic for us. We, and other organizations, have the same pool of experts or people we work with, they come from one organization and go to another. **(CSO, Republic of Moldova)**

Staff wellbeing is considered a critical aspect by all CSOs, but up until now, this component has been rather informal, coordinated by each organization, without meaningful investment by donors or any dedicated lines of funding. This is a key aspect that needs to be taken into consideration and CSOs' capacity building needs to look not only toward training programs and skill sets, but focus more on staff wellbeing and support. This need has been heightened by both the COVID-19 pandemic and Russia's war against Ukraine.

” Due to COVID-19 and, now, Russia’s war against Ukraine, I’m noticing a high rate of burnout and resignations among my colleagues. We, for example, tried to compensate this by providing mental health days, free days, no questions asked. **(CSO, Romania)**

” We noticed more anxiety, burnout and depression among the young employees. Colleagues needed therapy sessions because of our coverage on the war, but due to the limited financial possibilities, we opted for group therapy sessions, most of them done voluntarily. You even feel ashamed to ask about money for this to the donors, as you think there are more pressing problems with your projects. **(CSO, Romania)**

” There has been a heightened need for a wellbeing budget ever since the war, especially for employees and volunteers who work with refugees, in Ukraine and neighboring countries. **(CSO, Ukraine)**

” Now, there is an over-emphasis on humanitarian aid, little attention is paid to volunteers and social workers for refugees. They would require some retreats, psychological support to deal with their work. **(CSO, Ukraine)**

Capacity building programs for the staff are also considered a major need, as both quantitative and qualitative data reveal (see chapter *Facts and figures from the quantitative assessment*). This component is rarely used by the CSOs as a feature of their development strategy, but rather an auxiliary piece to their projects in which staff individually undergo such exercises. And, most importantly, capacity building programs are often short-term and poorly evaluated for impact on the organization’s sustainability, despite an obvious positive impact as perceived by most respondents.

” Unfortunately, we don’t regularly do capacity building activities. Every half year such activities might be assigned to women in the organization, in particular, to help raise their public profile and limit the number of male-dominated. We attract funds for this. **(CSO, Republic of Moldova)**



INTERNAL PROCEDURES AND TEAM MANAGEMENT ACTIVITIES

Most of the small- to medium-size CSOs are not using formalized internal procedures and even tend to neglect team management activities. Due to limited size and budgets – and an overbearing workload, according to staff – very few CSOs engage in formalized procedures or strategies that can be evaluated, monitored and adjusted in the long run. The responsibilities of the organizations' leadership is usually similar to that of the rest of the staff: writing projects, managing on-going projects, and chances to engage in other organizational activities are rare. Most of the assessed CSOs stressed that they would require external assistance to design internal procedures or a better organization of their work, from project implementation to (most importantly) assessing the impact of the project.

” It would be great to have someone help us with our internal procedures and project management, but they would need a very good understanding of how CSOs operate in real life. **(CSO, Romania)**

Most detrimental is that even basic internal activities such as team building, retreats, networking activities, are scarce and tend to be neglected despite their critical importance for staff wellbeing. When being done, these activities are rather informal or take the form of hang-outs/half-days off, and don't become integrated in the organization. Few donors include such lines of financing and, as the indirect costs included in the budgets tend to cover other pressing needs, team activities are not considered a priority.

” We've rarely done retreats, one in 8 years. We had no funds. Only some working dinners. **(CSO, Romania)**

” Few donors let us include team building or retreats in the budgets. **(CSO, Romania)**



COMMUNICATION AND ADVOCACY

Poor communication strategies are a vulnerability for most CSOs. Although all assessed CSOs are aware of the importance of their communication skills and public image, very few dedicate enough resources to this activity. Only a small group of organizations have a dedicated communication officer and the majority of them only follow project-based communication, based on donor conditionality and project indicators. This happens, as stressed by most CSOs, mainly due to the scarcity of resources, as they prioritize actual project implementation and neglect to communicate their successes.

” Here we have a problem. We are not good enough and don't have the skills to promote our work. We try to find ways to “translate” what we do for the general public, but this is difficult. Some of our colleagues even have a background in communication, but we just don't have enough time to do it properly. **(CSO, Romania)**

” Each report we write is followed by short videos to better engage the general public. We use all social media (YouTube, Facebook, Telegram, Instagram, TikTok), and have been making these types of videos for our reports for more than two years now. And we use the video component to promote our work. The results of what we do are turned into videos or infographics and we promote them. We are happy with the results. **(CSO, Republic of Moldova)**

” We have a communication department and a communication manager. We also have a person in charge of our social media platforms. We use it daily and we are doing a dual communication strategy, per each project and our branding as an organization. **(CSO, Romania)**

” Communication and advocacy are key pillars of our organization. Over time we have amassed nearly 40,000 followers across all social media platforms and are currently working on updating our communication strategy following a Theory of Change approach/exercise we've developed over the past year. We try to focus on storytelling by highlighting the work of our grantees. **(CSO, Bulgaria)**

What stands out is that some CSOs are also stressing that due to the rather negative image of the sector among specific groups, they prefer to communicate around the outcomes of each project and neglect the public image of the organization.

” We try to communicate very often and explain who we are as a team, who is implementing the projects. However, among youth people, there is this perception that CSOs are somehow useless, that are funded by Soros, or by the Americans, etc., so the trust is limited. **(CSO, Romania)**

This can have a profound negative impact on the public image of CSOs' work. Neglecting their public image and communication strategy hinders their role in the societies and makes room for stereotypes (e.g CSOs being associated with foreign paid agents or even considered a waste of “public” money) coupled with an inefficient capacity to maximize their work, despite potentially successful outcomes. This perception also affects the CSOs' relationships with the donors and other stakeholders, and their relationships with the general public, in particular, as it may be completely unaware of their successful projects.



NETWORKS

In our assessment we have encountered significant differences across our pool of CSOs regarding their engagement in national or multinational networks. Although most organizations consider being part of larger networks as beneficial, their capacity to engage in such networks varies greatly and, to an even greater extent, their capacity to be an active member in such networks, beyond just formalizing a registration.

” The Black Sea Trust (and other donors) should continue to facilitate networking between their grantees. Especially in the eastern part of the continent. Unfortunately, we have few opportunities to interact with CSOs from the region, for us, contacting organizations that work in the western EU countries is far easier. **(CSO, Romania)**

” Regional networks should be encouraged, especially among the post-communist countries, where we still have common issues. EU projects are “forcing” you to work in consortiums, but unfortunately this stops when the project stops. **(CSO, Romania)**

Being part of a network of CSOs is seen both as a financial opportunity, but also an opportunity to build momentum for CSOs’ objectives. Few organizations receive net financial benefits from larger networks or manage to apply for the networks’ internal funds. Most CSOs stress the importance of these networks as opportunities to more easily communicate and disseminate their work, and to form consortiums for other potential funding. A very limited number of CSOs, however, are taking full advantage of such networks even for their communication strategy.

When asked how donors can help in this regard, most CSOs underlined the need to facilitate the work of regional networks and even structured forms of dialogue and interaction (retreats, capacity building sessions, informal sessions), especially with organizations both within and outside the EU. These networks, however, would require more support in terms of logistics and sustainability, as despite the best intentions of most donors, most of them stop after the shared projects end.

” Now, after the start of the war, the Black Sea region has become even more important. There is not enough cooperation between the Black Sea countries and civil society organizations. We need more technical expertise on how the EU works to adjust the mentality of the society and that of the expert community, politicians, on pan European issues, challenges, and priorities. **(CSO, Georgia)**



MONITORING AND EVALUATION STRATEGIES

Our assessment concluded that almost all of the CSOs badly need a better understanding of how M&E procedures are used, and how to provide better proof of the effectiveness and impact of their activities and projects. This gap can be tackled by improving monitoring practices and developing appropriate and easy-to-use frameworks. By doing so, the CSOs can better promote their activities and projects to potential donors, the general public and even their beneficiaries.

” Most of what we do is about changing behavior – we do not build houses. We are trying to change the way people think, the way people make decisions, and the way they see their neighbors and the neighboring country. It's a rather subtle thing to evaluate the proper way. Counting the number of activities is not particularly helpful. So we decided to use some innovative methods, choosing in the end the outcome harvesting approach. **(CSO, Armenia)**

” We have annual monitoring indicators, which are very useful in our communication strategies, both with the donors and the general public, but we feel there is room for improvement here. **(CSO, Ukraine)**

M&E is not a recurrent practice and, in the rare cases it is used, it is usually at the request of the donors. Limited financing for M&E capacities, time constraints and a rather opaque understanding of its long-term benefits are hindering such an activity for most CSOs. Most of them are considering they lack adequate human resources to undergo such an activity internally, while externalizing the process is hindered by the available funds.

” Once we started working on larger budgets, we realized we needed to have M&E tools. With this, we realized that it helps us in our daily work, mainly to adjust our action plan. **(CSO, Romania)**

” We regard it as very important. We had a grant on such a component, with an external contractor monitoring our social return on investment. It was very good for us to understand the impact of our actions. If we have the resources, we would integrate such a process in our work. **(CSO, Romania)**

” It is very important to focus on monitoring and evaluation processes – especially on the impact we have. Most of the organizations we worked with had success stories, but they didn't know how to make a case for their work, how to define messages and communicate them. This, of course, comes with indicators – it's like a chain reaction – you need to have indicators in place to measure them and you need data to reach certain target groups. **(CSO, Bulgaria)**



ENGAGEMENT WITH THE DONORS

Ensuring an efficient dialogue with the donors is considered critical for most CSOs, as some feel that donors' lines of financing are not always aligned with their core mission or the most pressing needs at the national/regional level. Although most of the CSOs consider that they can have a degree of influence over the donors' objectives and mental approach through a more formal or even informal dialogue, some consider that a gap persists between what they perceive as necessary and donors' lines of funding. This perception and the overall scarcity of resources lead to CSOs applying for financing outside their core activity in an attempt to ensure sustainability.

” It's really important to work with the donor because they can often provide the support you would not get had you not been asked. Oftentimes, organizations are reluctant to admit certain weaknesses, drawbacks, or challenges they are going through, because they think it would reflect badly on them but it depends on how you approach it. We know that no organization is perfect, so we do not need to present ourselves as such. **(CSO, Georgia)**

” We have never felt constrained by the donors to follow an exact path. There has always been a certain degree of freedom when choosing the intervention. Some donors are stricter, for others the form is more important than the actual content. Excessive bureaucracy is also hindering our work and probably represents our main problem when working with specific donors. **(CSO, Romania)**

Firstly, donors with dedicated staff for specific countries are regarded as having a better understanding of the specific national context and needs. This usually leads to an improved dialogue between the two entities. Secondly, few donors maintain the same themes and lines of funding on a longer term, creating volatility in CSOs applications and numerous objectives to be addressed. This unpredictable behavior, as seen by most CSOs, impacts their sustainability. And, thirdly, there are donors that are turning up bureaucratic pressure on the organizations, creating an environment where reporting and ensuring donors' objectives or visibility is becoming more important than the actual implementation.

” Sometimes, some of the donor's calls are very out of touch with the political context. **(CSO, Georgia)**

” There were situations where a donor promised to co-fund a project and then they suddenly received a budget cut in the middle of the process. It happened several times in our case. **(CSO, Georgia)**

We asked the assessed CSOs how donors can help in this regard. Outside financial support, where most of them are stressing longer-term and core funding grants, there is a need for more networking and better communication both between CSOs, but also between CSOs and the decision makers. Some of the potential interventions of donors include joint retreats (including similar organizations in the region), facilitated joint projects, training programs, or exchanges of experience with other organizations, both in the region and in the EU. Some organizations even suggested joint long-term strategies between the donor and the organizations they work with.

” There is no way I can plan activities for 3-5 years. The largest funds we got were for two years. The Black Sea Trust and other donors can think of funding mechanisms that are longer-term, especially for CSOs with a track record and are trustworthy. **(CSO, Romania)**

This data is also substantiated by our quantitative research (see chapter Main takeaways from the quantitative data). Most CSOs consider that more support for capacity building programs and more donor involvement to support this component are needed. Facilitating networking by the donors would also be beneficial, together with more dialogue and formal and informal mechanisms of dialogue between the two parties. Some CSOs have been asking for less bureaucracy in their relation with the donors.

Some CSOs even stressed that donors can better protect CSOs when under attack, facilitate relations with the decision makers, especially with national governments that take a more hostile attitude or attempt to influence the sector. Donors have considerable influence over potential supporters, other donors, or among their grantee organizations, and can take clear stands to protect the CSOs. This would imply a more active role for the donors outside the usual formats.



EXTERNAL THREATS TO CSOs

CSOs are under increasing pressure. Numerous governments are trying to inflict damage on the CSO sector, already affected by Russia's ongoing war against Ukraine and the long-lasting effects of COVID-19 pandemic. Political pressure is growing, especially in dysfunctional democracies. This adds to recurrent pressures such as bureaucracy, censorship and even the impact of hate crimes and hate speech.

Most CSOs underline an increasing threat coming from their national illiberal governments, especially in non-EU countries, such as Georgia, Armenia or Azerbaijan, but also affecting EU member states, including Hungary and Romania, with legislative changes putting additional pressure on the CSO sector. Hate speech against CSOs is on the rise, with the political parties and state-funded media ginning up public pressure to impact their activity. All assessed CSOs agree that disinformation against the sector is wreaking havoc, especially implying that it is used for "destabilizing" the countries (usually) with the support of foreign actors. In Azerbaijan, a de facto autocracy, pressure against CSOs is very high, with funding from international organizations requiring governmental approval. This type of censorship and limitation was sought to be implemented also in Georgia.



The regulatory environment is worsening in numerous other countries and even triggered mass protests in Georgia.

The country's parliament recently approved a law requiring all CSOs that receive more than 20% of their funding from abroad to be registered as foreign agents¹. This caused immediate backlash from the Georgian civil society, which organized mass protests to overturn the adopted proposal over concerns that it mimics Russian-style "foreign agent" laws. Despite popular criticism over the government's recent pro-Russian stances (e.g., resuming direct flights from Russia), Georgia's executive seems to address popular discontent by cracking down on civil society.

Freedom House's country reports on Hungary show a consistent decline in its freedom scores ever since Prime Minister Orbán came to power in 2010². Although his governing coalition managed to secure a fourth consecutive term in the 2022 elections, experts describe Hungary's current electoral system as an unlevel playing field which disadvantages opposition parties. Orbán's government also persistently targets CSOs, as was the case after the failed government-backed anti-LGBT referendum. Because of their involvement during the campaign, many NGOs were fined by the National Election Commission, which only goes to show how restrictive the Hungarian government is on civil society liberties. Some CSOs (as is also the case for our limited sample) were forced to register in different EU countries due to fear of retaliation.

¹Amnesty International, "Georgia: 'Foreign agents' bill tramples on rights by restricting freedom of expression and association", <https://www.amnesty.org/en/latest/news/2023/03/georgia-foreign-agents-bill-tramples-on-rights-restricting-freedom-of-expression-and-association/>.

²Freedom House, 'Hungary Country Report 2023', <https://freedomhouse.org/country/hungary/freedom-world/2023>.

” The government's hostile attitude toward the civil society sector in Georgia is the most serious challenge for 2023-2024. It has launched an active defamation campaign against CSOs, which aims to undermine our work and goals. **(CSO, Georgia)**

” It will be more and more difficult for civil society to engage in public-private partnership-oriented projects because, how can you work with a government that does not want you to exist? **(CSO, Georgia)**

” I'm the only person known as being part of this organization, my colleagues' names are protected. All information about them is hidden. The pressure is very high. A lot of journalists are persecuted or already in prison. **(CSO, Azerbaijan)**

” In our case, funds from the governments can come with many strings attached. We decided against obtaining funds from the Armenian government (there is and was such an option). We also had many offers from the Russian government that were rejected (they would have affected our reputation and they come with strings attached). From the Armenian government, formally the grants are not with strings attached, but we consider that it could jeopardize our independence. We cooperate with the Government, but do not want a formal connection with them. **(CSO, Armenia)**

CSOs are facing increasing threats even at the EU level. Shrinking the civic space is unfortunately happening in Hungary, and, more recently, legislative changes put forward in Romania by the members of the ruling coalition are hampering CSO operations and even the freedom of assembly. According to an ActiveWatch report, “discrediting CSOs, harassing whistle blowers and limiting the access of civic groups and CSOs to the justice system have been included in several legislative initiatives in 2022 that aimed to weaken CSOs and build a toxic public discourse against those organizations or citizens that raise red flags in the public sector”³

³Starea democrației în 2022 (și puțin din 2023) - Active Watch, Centrul pentru Inovare Publică, CeRe: Centrul de Resurse pentru participare publică/ State of democracy in 2022 (and some from 2023) - Active Watch, Center for Public Innovation, CeRe: Resource Center for Public Participation.



In Romania, former Prime Minister Ciucă and his minister of internal affairs, Nicolae Bode, have recently amended the penal code by harshening sentences for the disturbance of peace and public order. Following widespread opposition from Romanian CSOs, the legislative proposal has been initially rejected over concerns that it would limit the freedom of assembly, but adopted in the end with minor adjustments by the Chamber of Deputies. The Constitutional Court rejected a claim of the opposition parties that considered the legislation as unconstitutional. Another controversial legislative proposal (acclaimed by the government-funded media) was initiated by a senator from the ruling party that attempted to modify the law regulating the activity of NGOs (OUG 26/2000), by requiring them to pay up to €10,000 deposit when appealing administrative acts in court. This draft law was strongly criticized by the civil society, leading the initiator to withdraw it.

” We expect new laws targeting civil society that would tighten the existing rules and further shrink the civic space. There will likely be more protests, strikes and possibly civil unrest given the cost of living crisis and crippling inflation, which is an opportunity for civil society to push for change and capitalize on it, but without proper resources and capacity building (financial and organizational), it can also be a missed opportunity for us. **(CSO, Hungary)**

” Major threats to the civil society sector. There are numerous attempts to make our lives harder, including weaponizing EU directives against us, implementing them in a manner that affects us. The most famous case is the directive on money laundering, and an attempt to make us register as foreign agents, an initiative similar to what has happened in Russia or Hungary. **(CSO, Romania)**

Another weapon of choice for some governments seems to be a cumbersome regulatory environment coupled with more difficult access to external funding. This type of pressure is exercised in autocratic regimes, such as Russia, but have been imported in EU member states, such as Hungary. Similar legislation is being discussed in Romania. The aim is to burden CSOs activity to an extent that they are unable to implement their projects or act as watchdogs.

” The draft law on the regulation of non-governmental organizations’ activities has been submitted to the Parliament of Georgia, which actually provides oversight in the sector. If parliament passes this law, then there will be restrictions on receiving funding from foreign countries, which will reduce our activities. **(CSO, Georgia)**

” In Azerbaijan, if a CSO wants to apply for international funding, it has to get approval from the government. A donor, in order to be able to provide funding, must have a branch in Azerbaijan. **(CSO, Azerbaijan)**

” Probably, according to the new media law, the government is going to shut down the websites of independent media organizations, and an advocacy campaign is going to be organized against the law. Additionally, the technological skills of citizens could be increased to use VPNs and other tools to overcome the website ban. **(CSO, Azerbaijan)**



In Azerbaijan, a bill aiming to impose new restrictions on the country's media was adopted by parliament at the end of 2021. Among other provisions, this law prohibits media organizations from "propagating superstitions" "tarnishing a business's reputation" or reporting events other than "impartially and objectively". According to local CSOs and legal experts, these restrictions would allow courts to ban independent media from reaching their audiences within Azerbaijan, which has already happened to organizations such as Meydan TV, RFE/RL or Azadliq. Crucially, this law also stipulates the creation of a media registry, requiring all media organizations to operate exclusively within the country and to publish a minimum number of articles monthly. Additionally, all journalists must have a higher education degree, a labor contract (thus excluding freelancers) and a clean criminal record. The adoption of this media law has prompted the Venice Commission of the Council of Europe to label it as a form of "overregulation in an already restrictive environment"⁴.

⁴The Venice Commission of the Council of Europe, Azerbaijan media law: overregulation in an already restrictive environment, [link here](#)

RECOMMENDATIONS

**for improving donors' support
for the CSOs**

FUNDING NEEDS

This is, of course, nothing new, as it is stressed by numerous other analyses on CSO sustainability. It is, however, not only about funding, as such, but also about what types of funding are most beneficial to CSOs and ensure more financial predictability. Key conclusions that emerge from our assessment are:

- **Ensuring predictability for the funding schemes** in order for CSOs to substantiate their development strategies and long-term planning. Maintaining the same lines of funding on a longer term would help.
- **Providing longer-term grants.** Short-term grants are, of course, needed by all CSOs, but medium to longer term grants can ensure predictability and maximize projects. Numerous donors continue to provide only very short-term grants that encumber CSOs' interventions and consume too much time for project preparation and project reporting.
- **Providing core funding.** CSOs are rarely accessing core funding or operational grants as these are usually unavailable. These types of funding (even if the amount is not very high) should be considered by all donors that aim to support the sustainability of their grantees.
- **Support CSOs' diversification of revenues.** CSOs are dependent on grants, with very few being able to access other types of resources (at least through a significant stream of such revenues). Donors should work with their grantees in this regard, through capacity building for fundraising strategies or direct support for fundraising capacities. In this regard, donors may also assess the inclusion of mandatory indicators for their grantees in order to reinforce the need for CSOs to diversify their finances.
- **Providing immediate support in case of financial risks due to external factors (including through very low interest loans).** CSOs are usually affected by limited cash flow between projects and reduced capacity to co-fund larger projects. This is also a consequence of some donors providing either limited pre-financing or prolonging the actual reporting phase and disbursements of funds, affecting the financial sustainability of CSOs between these phases. Donors can tackle this by providing immediate support to cover cash-flow issues and improving their capacity to quickly verify reports and disburse funds.
- **Providing recurrent annual support for a limited number of grantees.** There is a debate over the (dis)advantages of providing direct granting schemes to a group of closely-affiliated grantees or launching only competitive calls. For in-country donors, mixing these two approaches can work better in order to both sustain their objectives and ensure the sustainability of CSOs they usually work with. For larger funds, such as the EU programs, the major need is ensuring predictability and giving CSOs an understanding of potential funding in timespan of one to three years.

SUPPORTING INVESTMENTS IN CSOs' STAFF

Donors should include dedicated funding lines for CSOs' staff, both for capacity building (including new skills and new competences), but also for their wellbeing. Professional development is key for more sustainable CSOs, but only if coupled with adequate support for staff comfort, health and happiness. Most CSOs and donors are only beginning to adopt this approach, especially in our region, and there is a need to accelerate and, in a short time, to regard it as a major component of granting schemes.

MORE DIALOGUE AND CONSULTATION MECHANISMS

CSOs expect a more active role in donors' lines of funding and choices of potential supported projects. This would entail working together before launching the call for applications and ensuring a more consistent debate on the topics of choice. There are CSOs that feel that donors' objectives and eligible activities are not always aligned with the most pressing needs at the national/regional level. This process is however far from being straightforward, but transparently piloting more consultation instruments with the CSOs before launching the calls for application may bring even more (quality) applications.

PROVIDING SUPPORT FOR NETWORKING ACTIVITIES AND NATIONAL AND REGIONAL NETWORKS

Donors should take a more active approach in CSOs' networking, not only on a project-to-project basis, but assuming such a key objective over time. Our assessment shows that most CSOs reply very favorably to the idea of being part of larger networks with recurring activities, but feel their capacities to support such a resource are insufficient. Donors' support can range from ensuring the logistics for such networks to facilitating more CSO-to-CSO networking, dialogue, and cooperation, especially outside of formal projects.

ASSESSING THE OPPORTUNITY OF ASSUMING PUBLIC POSITIONS AND A MORE VISIBLE ROLE WHEN THE CIVIL SOCIETY SECTOR IS UNDER THREAT

CSOs have been under constant pressure in the last years, maybe higher than ever before, with both internal and external risks, ranging from political pressure, kompromats against their staff and a burdening regulatory environment. Donors are in the privileged position to put pressure on the decision makers in limiting such risks and even taking (common) public positions in support of CSOs. Donors can also provide additional funds for those CSOs that are directly targeted.

REDUCING BUREAUCRACY AND PROVIDING MORE FLEXIBILITY

Excessive or rigid rules and formats for applying to calls for proposals are still present and, in some cases, even increasing. There are donors that design excessively bureaucratic procedures not only for the applications, but especially for reporting and visibility/communication obligations. In certain cases, this rigidity significantly affects the potential success of the project, as the core team is more interested in fulfilling obligations of grant agreements than on the actual impact of their interventions. Reducing this burdening administrative work for the CSOs and requesting only the needed data is important for maximizing the impact of CSOs' interventions.

SUPPORTING CSOs COMMUNICATION STRATEGIES AND CAPACITIES TO REACH WIDER AUDIENCES

A significant number of CSOs tend to neglect their public communication even when their activities are highly successful. This can be due to limited staff skills, time constraints, insufficient funding, or even by undervaluing communication. Donors should design dedicated granting schemes and capacity building programs for CSOs, maybe going so far as to include funding for communication managers and working with their grantees to ensure adequate public communication. CSOs' voices should be heard more often, especially due to the hostile environment and the high volume of false narratives targeting them.

SUPPORTING THE USE OF DATA FOR EVALUATING CSOs IMPACT

Donors should put more focus on measuring CSOs impact and ensuring that their grantees have the capacity to undergo such an exercise. M&E tools are rarely used by CSOs and there is a need for a paradigm switch away from an over-reliance on project indicators and audits to assess impact. Introducing more M&E tools as conditions for longer-term lines of financing would support the organizations in adjusting their interventions and maximizing impact. A dedicated section of the application budget can be allocated to M&E activities.



FACTS AND FIGURES

from the quantitative assessment

The purpose of this chapter is to enhance the understanding of the quantitative research conducted for this assessment. This data has already been used and integrated into the report and our key takeaways take into consideration both the quantitative and qualitative data sets. However, we believe that presenting it in a disaggregated form and following the needs and challenges considered most pressing by the CSOs can improve the general understanding on what should be done to support the CSO sector. The chapter also puts into perspective the key expectations that CSOs have from the Black Sea Trust and other donors to self-evaluate the impact of their grants.

Nearly 1 in 2 (45%) of the grantees consider that the most important medium- to long-term impact of their Black Sea Trust awards was the opportunity to develop new partnerships and networks. Also, in terms of organizational development, 1 in 5 mention that they were able to better communicate project results and to carry out advocacy activities, a similar figure considering that they managed to improve their impact at the community level or for their target groups. (Figure 1)

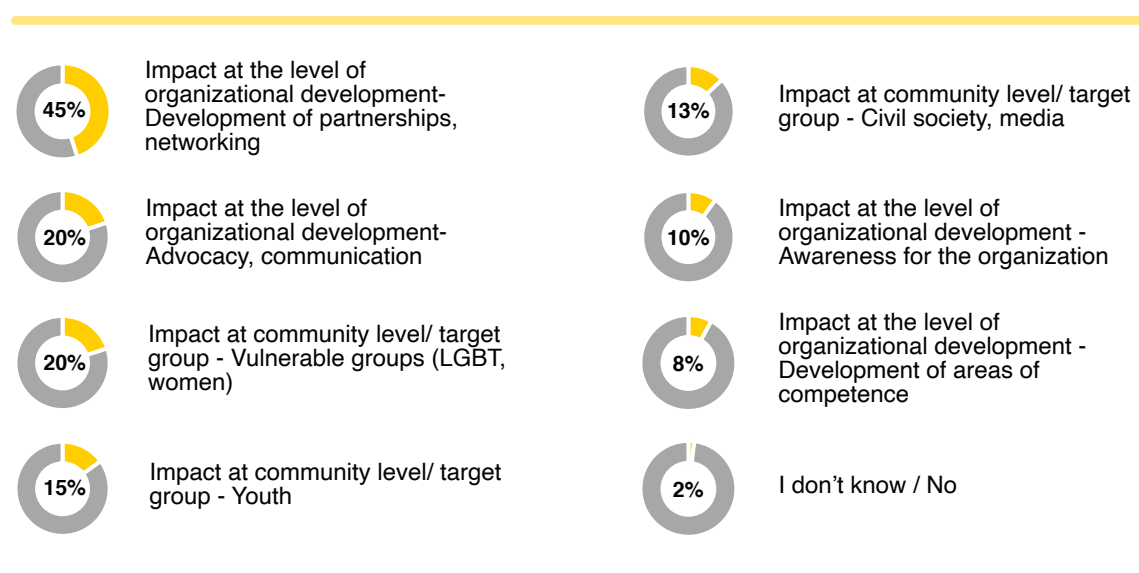


Figure 1.
What has been the medium and long-term impact of your BST award(s)?
 N=40 (quantitative research, open-ended question)

BST awards generated new regional/international partnerships for almost 8 in 10 grantees (Figure 2). This is aligned with the results of Figure 1 and a result of the efforts BST is putting into creating stronger network and partnership opportunities for the CSOs in the region. **3 in 10 grantees** stated that they managed to create new partnerships with CSOs from their own country. The need for new partnerships is continuous, and has been stressed also by both the in-depth interviews and the focus group. More efforts are needed to consolidate CSOs' networks and is also one of the key recommendations of this assessment.

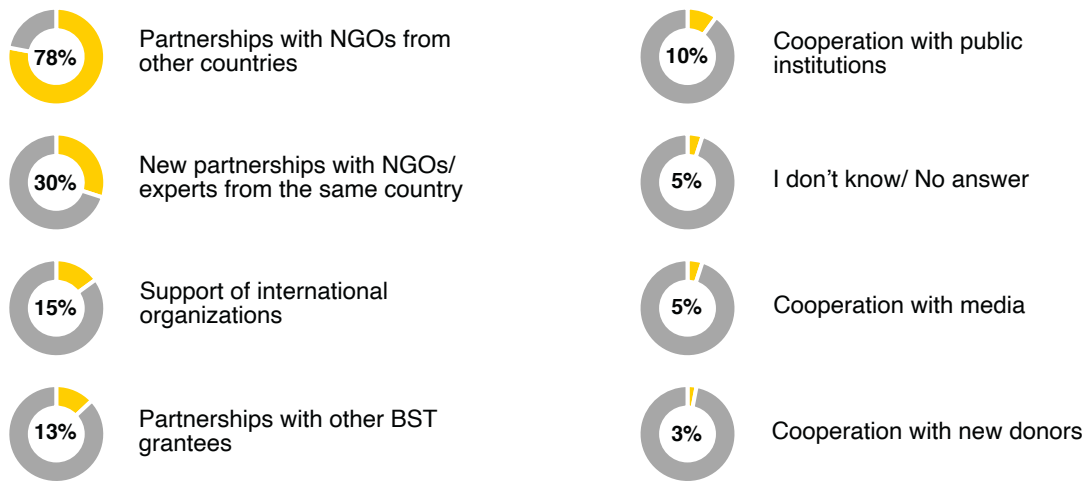


Figure 2.
 What new partnerships or synergies have you developed with new organizations following your award(s)?
 N=40 (quantitative research, open-ended question)

CSOs consider that additional financial resources can support both the sustainability of past awards (73% of the respondents) and the impact of current operations (90% of the respondents). Financial unpredictability affects CSOs' capacity to maximize interventions and support more sustainable interventions, even after the initial funding is stopped. As stressed in the previous chapter, CSOs would require a change in their revenue stream, with longer-term grants, longer periods of grant implementation, core funding and a diversification of resources.

CSOs also rank networking and partnership support, as well as human resources development among their urgent needs for maintaining project sustainability and expanding the scope of their operations.

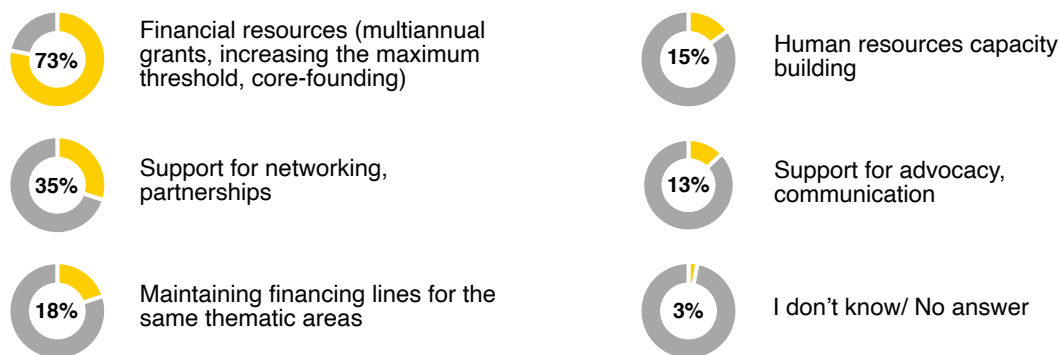


Figure 3.
 What resources would be required to further the impact of your past award(s)?
 N=40 (quantitative research, open-ended question)

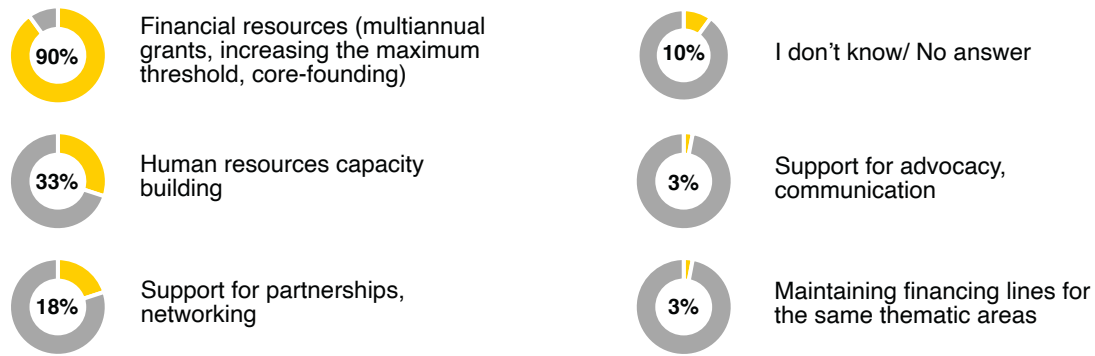


Figure 4.
What resources would be required to further the impact of your current operations?
 N=40 (quantitative research, open-ended question)

2 in 3 respondents stress that limited financial resources and the unpredictability of funding makes their organizations vulnerable in 2023 and 2024 (Figure 5). Financial unpredictability is also caused by what the CSOs consider the donors' frequently changing priorities with 1 in 5 considering this a major issue. Almost half of respondents (43%) are afraid of more political pressure or political interference in their organizations. Overcoming these challenges for most CSOs means more predictable, flexible & longer-term funding (68%), new investments in human resources (43%) & more networking and partnerships (38%). (Figure 6)

In non-EU countries, there is an increasing concern about staff retention, this being strongly impacted also by the Russian invasion of Ukraine, while CSOs based in the EU are more concerned about the fact that their voices are undermined by the onerous regulatory environment. Russian-inspired legislation, which wreaked havoc in the greater the Black Sea Region, is becoming "attractive" for decision makers in the EU, with Romania (unfortunately) following the path of Hungary.

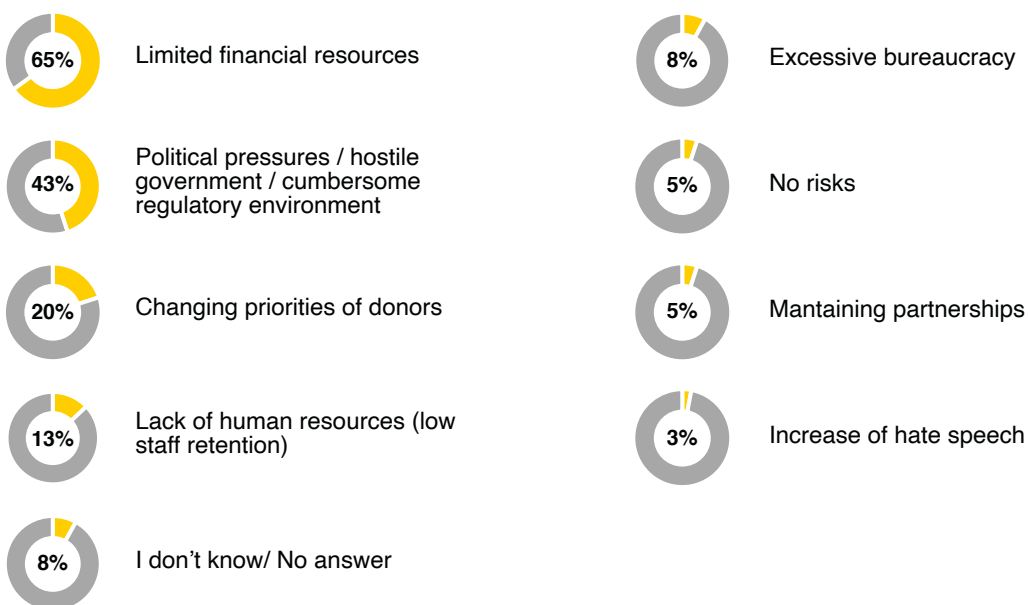


Figure 5.
What are some of the risks and challenges you foresee for your organization in 2023-2024?
 N=40 (quantitative research, open-ended question)

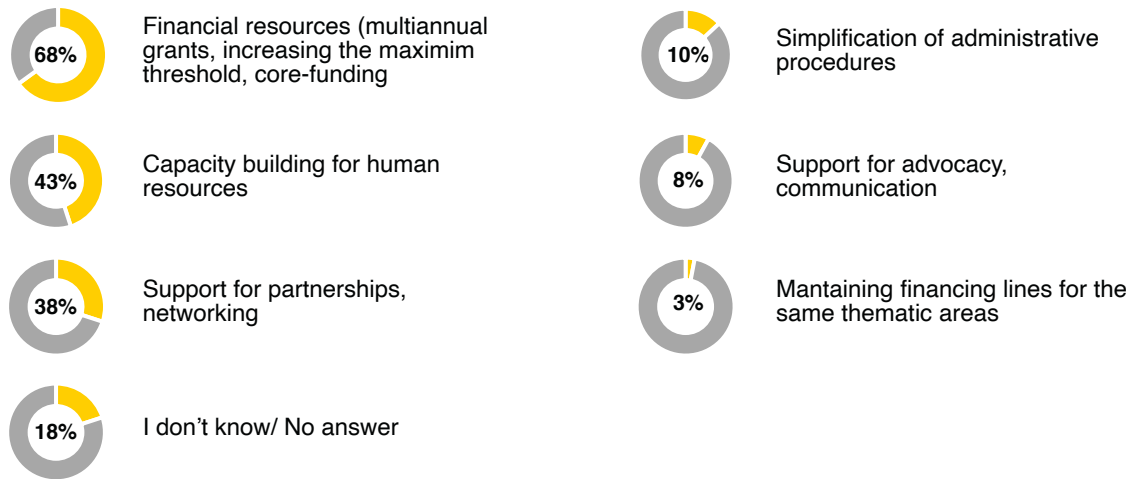


Figure 6.
What resources would be required to further overcome these? (financial resources, human resources, technological resources, networking, knowledge, procedures, reporting)
 N=40 (quantitative research, open-ended question)

The findings become even more interesting when respondents are asked about the threats foreseen against civil society more generally, not only for their organization (Figures 7 and 8.) CSO representatives were able to take a step back and see that, beyond financial issues, there are (even) larger problems that could have a major impact on civil society – political pressure and increasing hate speech and disinformation. (Figure 7)

All CSOs, regardless of their residency, feel worried about the increasingly hostile environment in which they operate. This figure is higher for CSOs operating in the greater Black Sea Region, especially non-EU countries - Azerbaijan, Georgia, even Armenia, with more restrictive laws. CSOs in the Republic of Moldova or Ukraine, although affected by numerous political pressures in the past and facing increasing hate speech from Russian-led proxies, are less afraid by potential actions from their own Government when compared with the afore-mentioned countries.

More than a third of CSO representatives say that civil society needs to communicate more and undertake more advocacy actions in order to be better heard. Effective communication is a valuable tool in combating political pressure. By using advocacy strategies, non-governmental organizations can increase their capacity to respond to current threats, exacerbated by the Russian invasion of Ukraine and Russian-inspired public policies. To counter this political pressure, they also need donor-aid to develop partnerships and networking opportunities, as well as support for human resources capacity building. (Figure 8)

A mention must be made also in the case of Romania. Political pressure, Russian-inspired legislation and deliberate attacks against NGOs are on the rise. For the moment, the decision makers stopped a number of laws that put burdens on the activities of NGOs, but the threat is real and, with the elections coming in 2024, hate speech and regulatory red tape is piling up.

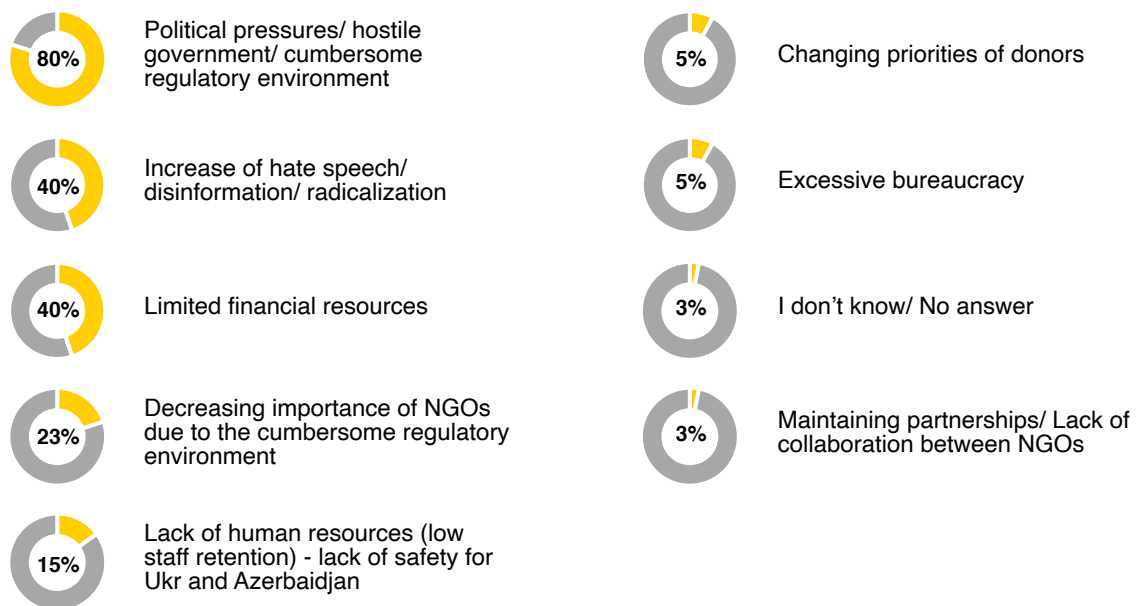


Figure 7.
What are some of the risks and challenges you foresee for (civil) society in 2023-2024?
 N=40 (quantitative research, open-ended question)

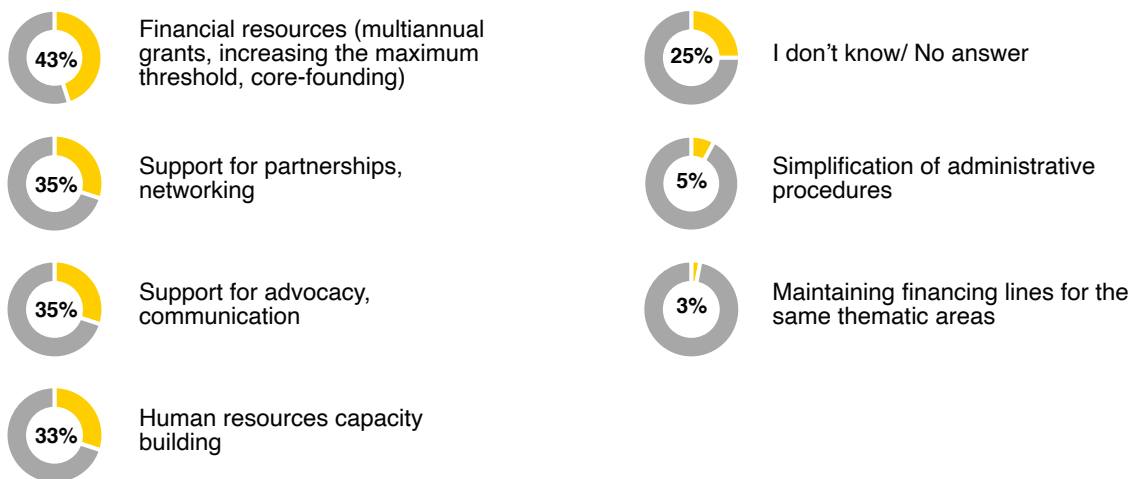


Figure 8.
What resources would be required to further overcome these?
 (financial resources, human resources, technological resources, networking, knowledge, procedures, reporting)
 N=40 (quantitative research, open-ended question)

Asked what the Black Sea Trust for Regional Cooperation could do to improve the way it supports the CSOs, the answers were divided between the financial component, with a request mainly for longer-term grants, increasing the maximum threshold and the potential provision of core-funding, and a (still) larger donor involvement in supporting regional partnerships and facilitating donor-CSO dialogue, but also CSO-CSO dialogue. There is a difference between the needs of non-EU and EU-based CSOs. CSOs from Azerbaijan, Georgia or Armenia seem to need more support in terms of partnerships or access to new networks. Maintaining the dialogue and effective working relations with grantees is an important topic for them, especially as some of the non-EU grantees recommend donors make a capacity building assessment of CSOs at regional level. (Figure 9)

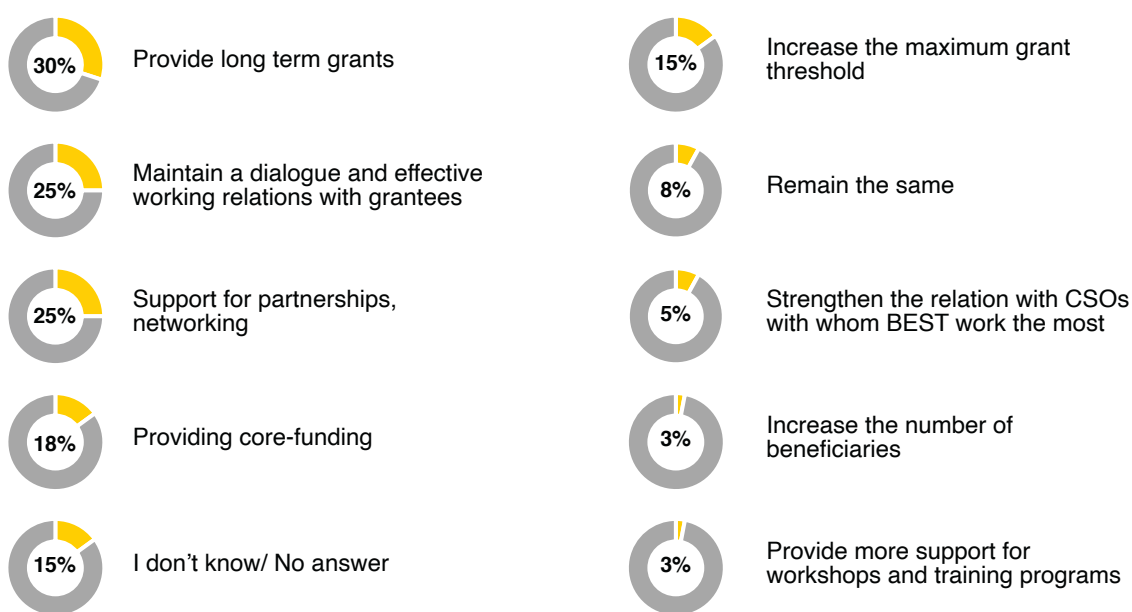


Figure 9.

What should BST do to improve its support for civil society organizations in the Wider Black Sea region?
N=40 (quantitative research, open-ended question)

When asked, in general, what donors can do to support the CSOs in the greater Black Sea Region, the proportion of those calling for simplification of procedures increases significantly. This is also a direct consequence of an overwhelming burden CSOs face, especially from donors that have designed time-consuming procedures. The other answers are somehow aligned with the ones mentioned above, with the financial component and more support for dialogue and networking ranking very high.

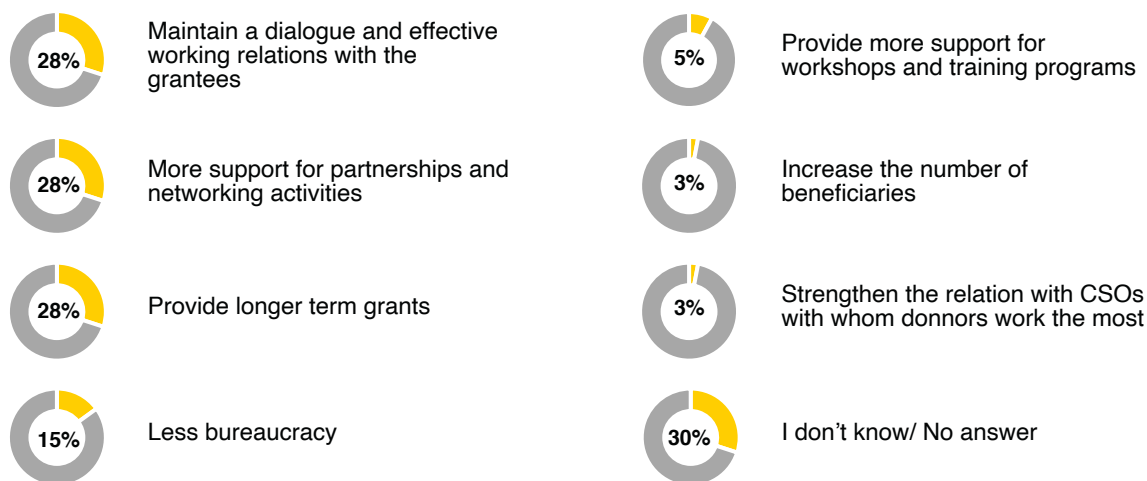


Figure 10.
What should donors do to improve their support for civil society organizations in the Wider Black Sea region?
N=40 (quantitative research, open-ended question)

Annexes

RESEARCH OBJECTIVES

Quantitative research

The survey aimed to:

- 01** Assess the medium- and long-term impact of BST awards on grantees;
- 02** Identify the resources required to enhance the impact of BST grantees' activities;
- 03** Identify the risks and challenges of the organizations and the civil society, in general, for the 2023-2024 period;
- 04** Explore the needed resources (financial, human, technological, networking, knowledge, etc.) to effectively overcome the identified risks and challenges;
- 05** Evaluate and recommend improvements for the Black Sea Trust for Regional Cooperation and other donors to enhance their support of CSOs.

Qualitative research

The assessment aimed to gather information about:

- 01** CSOs' needs in terms of financial resources, human resources, internal procedures, communication and advocacy strategies, and use of M&E data;
- 02** Risks and challenges faced by the CSOs;
- 03** Self-perceived internal and external threats, as well as ways to overcome them;
- 04** Limitations to expanding the scope of CSOs' missions into new areas of expertise;
- 05** Impact and influence of donors on the core activities of the CSOs.

Annexes

METHODOLOGY

01 Quantitative research

The Black Sea Trust for Regional Cooperation chose this method of data collection to ensure that a wide range of beneficiaries have a chance to share their opinions. In total, out of 60 BST grantees, 40 of them completed the online survey.

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The questionnaire included 22 items, the majority of which were open-ended. The Black Sea Trust for Regional Cooperation invited all grantees to participate in this online survey. Following the completion of data collection, we proceeded to recode the responses and conducted a quantitative analysis of the data. This report includes some of the outcomes derived from this analysis.

In order to complete the information collected in the online survey, we considered it important to double the quantitative research with a qualitative approach. Qualitative methods enabled us to explore the individual experiences, perceptions and intentions of the participants. We conducted several in depth interviews and one focus group to gather rich, descriptive data:

02 Qualitative research

In-depth interviews. We conducted 16 in-depth interviews with representatives (1 or 2) of the CSOs, ensuring a geographical balance (EU/non-EU countries) and a size/budget/scope proportion.

Sample: 16 CSOs (all were involved in quantitative research).

Data collection method: in-depth interviews, online

Duration of an interview: 1h-1h30min.

Data collection period: May 2023

Focus group discussion. After the review of the in-depth interviews, we set up a focus group discussion for a more comprehensive understanding of the findings and to address lingering questions that remained unclear. For the focus group we focused mainly on the networking/partnership needs of the CSOs (small- to medium-size ones) as this was a component needed to be further addressed by our report.

Sample: 9 CSOs (1-2 representatives, all of them were involved in quantitative research).

Data collection method: focus group, online

Duration of the session: 1h 30 min.

Data collection period: May 2023

Combining quantitative and qualitative findings assisted us in better understanding the CSOs' needs. We could identify certain patterns, but also individual experiences, which were highlighted in the quotes present in this report. The study does not claim to be representative of the CSO community, but presents information that can be categorized as patterns of behavior. For ethical and security reasons, the quotes, as well as the names of the CSOs participating in this study, have been anonymized.

Annexes

DATA ON THE RESPONDENTS

Country	Total number (The statistical population of NGOs)	Quantitative research (self-selected)	In depth Interviews	Focus-group session
Armenia	4	4	1	1
Azerbaijan	3	3	1	1
Hungary	1	1	0	1
Bulgaria	1	1	1	1
Georgia	10	6	1	0
Germany	1	0	0	0
Italy	1	1	1	0
Latvia	1	1	0	1
Lithuania	1	1	0	1
Poland	3	2	1	0
Republic of Moldova	4	3	2	0
Romania	16	10	5	1
Ukraine	14	7	3	2
Total	60	40	16	9

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