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East African Civil Society Actors' Financial Resilience Baseline Survey Report

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List of Acronyms

CSAs	Civil Society Actors
FCS	Foundation for Civil Society
FRRH	Financial Resilience Resource Hub
KCDF	Kenya Community Development Foundation



Executive Summary

The East Africa Civil Society Actors' (CSAs) financial resilience baseline survey was a co-creation by Kenya Community Development Foundation (KCDF) Kenya, CivSource-Africa, Uganda, and Foundation for Civil Society (FCS), Tanzania. Broadly, the survey was geared toward assessing diversification strategies that CSAs have set up for the enhancement of financial sustainability in Kenya, Tanzania, and Uganda. Specifically, the baseline survey further hoped to establish the following:

Provide a solid basis for anchoring the East African Financial Resilience Resource Hub (FRRH) within the three co-creating countries

Map out organizations that are keen on enhancing their financial resilience within the region

Map out the status of such organizations in reference to some of the income diversification measures they have taken

Get suggestions on possible areas that many interested organizations are interested in and are keen to enhance

Use the baseline survey findings to develop interventions geared toward enhancing CSAs capacity to advance their financial sustainability

Use feedback to refine and develop country-specific interventions for learning and sharing as part of the hub offering

In terms of scope, there were 232 responses with the bulk of them coming from Tanzania 154, followed by Uganda 40, and finally Kenya 38. The organizations reached through the survey were diverse and were drawn from County and/or regional organizations as well as national organizations. 15.9% of the organizations reached through the survey had existed for two years or less. Conversely, organizations that had been in existence for 3 or more years accounted for 84.1%. The organizations under review varied in terms of annual budgetary usage. The bulk of



the organizations, though shy of an outright majority had an operating budget of less than 100,000 representing 47.4% of the total number of the organizations reviewed. The second category entailed organizations with an operating budget of between 100,000 and 500,000 which represented 30.2% of the total number of organizations reviewed. Those with an operating budget of between 500,000 and 1,000,000 were 7.8% while those with an operating budget of over 1,000,000 were 14.7%. Cumulatively, over 77.6% of all the organizations reviewed had an average annual budget of less than 500,000.

70% of the organizations surveyed indicated that their topmost sources of income were charitable foundations and grant-making organizations from their country. This was followed by in-country individual givers at 41.8% and corporate foundations at 34.9%.

The survey also assessed the sustainability outlook of the surveyed organizations in the next five years considering the current decline in foreign funding. There were divergent self-assessment reflections/ responses pertaining to whether an organization will be sustainable and with sufficient funding. Consequently, 50.43% of the respondents were of the view that they will scale down operations considering the current decline in foreign funding. However, the respondents pointed out that their organizations did not risk an outright closure.

There were diverse learning interests expressed by the organizations under review pertaining to how they could help their organizations to explore alternative sources of resources. 37.4% of the organizations were interested in **understanding social enterprise**. This was followed by the interest in **understanding asset building** at 31.5% and **starting and growing endowment funds** at 31.1%.



1.0 Introduction

1.1 About Kenya Community Development Foundation

KCDF is a Kenyan development grant-making organization founded in 1997 as a public foundation supporting communities to initiate and drive their development agenda by harnessing and growing their resources and securing their basic rights and services from duty bearers. KCDF works with poor, marginalized, and disadvantaged communities as its primary target group and looks to provide them support in uplifting themselves from their situation through their efforts. A secondary target group involves organized communities that are focused on sustainably uplifting themselves through asset building. KCDF thus invests significant resources to build, strengthen and sustain the core capacities of these communities by developing thoughtful, long-term collaborations with other actors such as governments, non-profit organizations, the business sector, and individuals to achieve social justice.

KCDF's approach to sustainable development is anchored on ensuring communities can identify and act on their most pressing needs by paying attention to the immediate and long-term challenges and crafting innovative and homegrown solutions focused on livelihoods, education, environmental conservation, and policy influencing. KCDF employs a rights-based approach through its mission to promote social justice and the sustainable development of communities. KCDF's core values are equity, respect, integrity, collaboration, and innovation.

1.2 About the East Africa Financial Resilience Resource Hub

Kenya Community Development Foundation (KCDF) is a core member of the East Africa Financial Resilience Resource Hub (FRRH) which incorporates the Foundation for Civil Society (FCS), Tanzania, and CivFund-Africa, Uganda. The three partners seek to co-create a hub that will work with civil society in all its diversity including organizations, organized groups, movements, activists, and the minority group, to re-affirm visions from, and capacities in the Global South, consolidate the Global South's role in building resilient and impactful institutions and help develop a South-based network of financial resource hub that permeates dominant Global North paradigms of institutional development and resilience. The overall objective of the hub is to have a financially viable civil society, able to generate, build and manage their own resources, to advance their goals.

1.3 Operating Context of the East Africa Civil Society Actors

Civil Society Actors (CSAs) in East Africa, play a pivotal role in the development sector in reaching out to marginalized groups, and in delivering services while building the capacity of communities to demand accountability from governments by raising public awareness of policy issues and social concerns affecting communities. However, the sector's survival has become a growing concern in recent years, due to reduced foreign funding and restricted funding among other challenges.

A 2019 report by Civicus highlights challenges facing global south organizations among them the inability of CSAs to secure the resources from funders that they need to sustain their work¹. Due to domestic pressure, bilateral funders have introduced extensive due diligence requirements that small and middle-sized civil society actors are unable to meet. Besides most of the grants awarded only cater to project costs other than core support. Notwithstanding, the rise of authoritarian governments, restrictive laws have been put in place that continues to starve global south civil society of the necessary funds to carry out its oversight role. On the other hand, the COVID-19 pandemic has disrupted how CSAs function hence the need to innovatively reflect on the future of civil society resilience. As a result, there is a rising concern over CSAs diversification of income to complement resources that could still be obtained from the traditional funding model.

This baseline survey, therefore, explores alternative ways through which the East African CSAs can be capacity built around diversification of their income.

1.4 Methodology

The baseline survey was undertaken between 23rd August – 9th September 2022. The survey targeted civil society actors within the three East African Financial Resilience Resource Hub co-creating countries. As a result, the online survey which was administered through BreezingForms targeted organizations in Kenya, Tanzania, and Uganda.

While rolling out the survey, Kenya Community Development Foundation (KCDF) relied on both the Foundation for Civil Society, Tanzania, and CivFund-Africa, Uganda who identified organizations from their respective countries to partake in the assessment, while KCDF foresaw the rollout of the survey in Kenya. The baseline survey data collection tool, upon its development by KCDF, was validated where input from FCS, Tanzania, and CivFund-Africa, Uganda was factored in.

¹ <https://www.civicus.org/documents/understanding-the-resources-landscape_july2019.pdf>



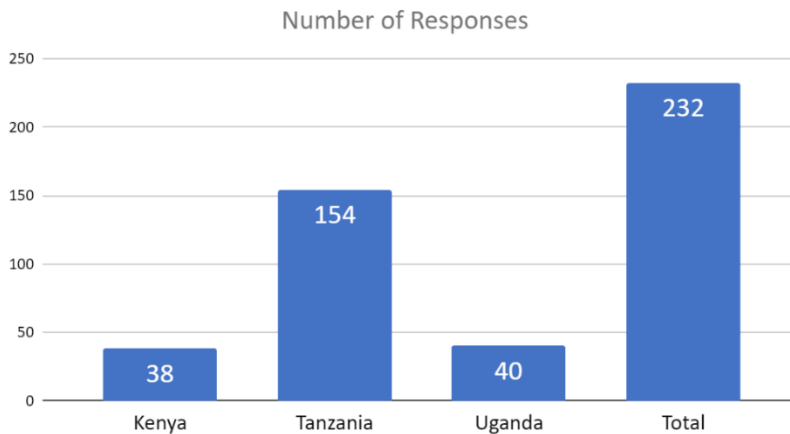
Further, data received alongside various indicators was analyzed, synthesized, and presented in table and pie-chart formats with accompanying narrative explanations. The baseline survey report will be shared with the two co-creating partners with the hope that it will contribute towards enhancing the country-specific design of the financial resilience interventions. A copy of the final report will as well be shared with organizations who responded to the survey as well as be made available on virtual platforms for public consumption. The disparity in terms of the number of respondents reached in Tanzania compared to Kenya and Tanzania is due to the unmatched respondents mobilization done by FCS.

2.0 Baseline Survey Findings

2.1 Analysis of the Demographic Data on Responses

2.1.1 Country of Respondent

Fig. 1.1: Country of Respondent

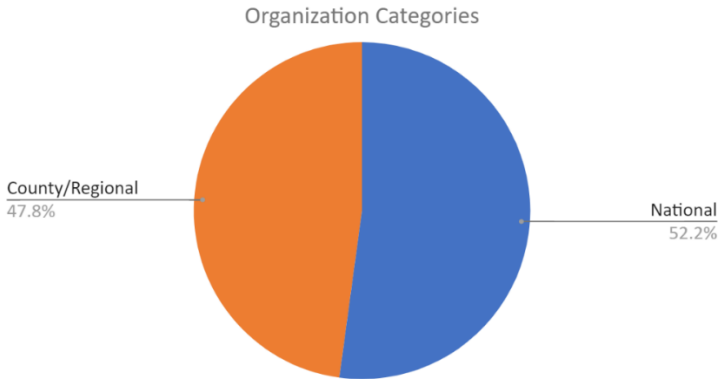


Source: KCDF Analysis (2022)

There were 232 responses. The bulk of the responses came from Tanzania at 154 representing 66.28% of the total number of responses received. The second highest number of responses came from Uganda at 40 (17.24%) while 38 (16.38%) came from Kenya.

2.1.2 Type of Organizations Involved in the Survey

Figure 1.2: Type of Organizations Involved in the Survey

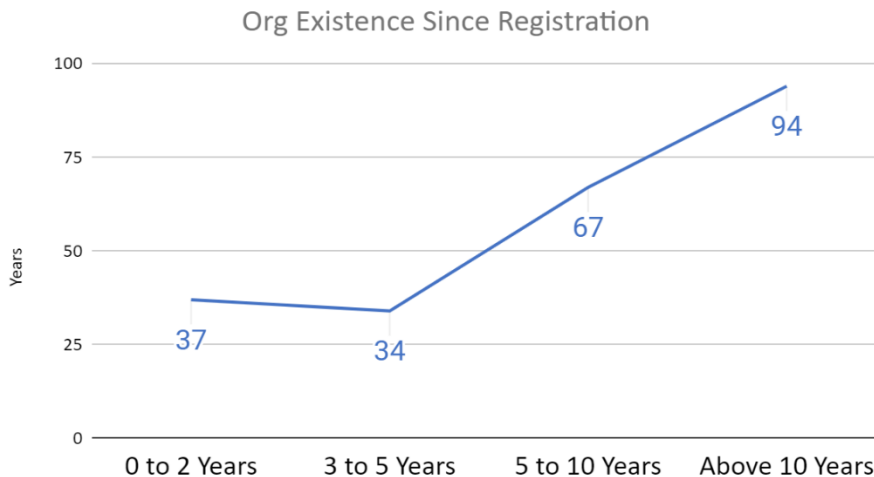


Source: KCDF Analysis (2022)

The organizations included in the survey were diverse and reflected the breadth of the organizations covered by the survey. As seen in figure 1.2 Above, County and/or regional organizations were 47.8% of the total organizations targeted in the survey while 52.2% of the total organizations targeted in the survey were national organizations.

2.1.3 Number of Years the Organization has Existed

Figure 1.3: Number of Years the Organization has Existed



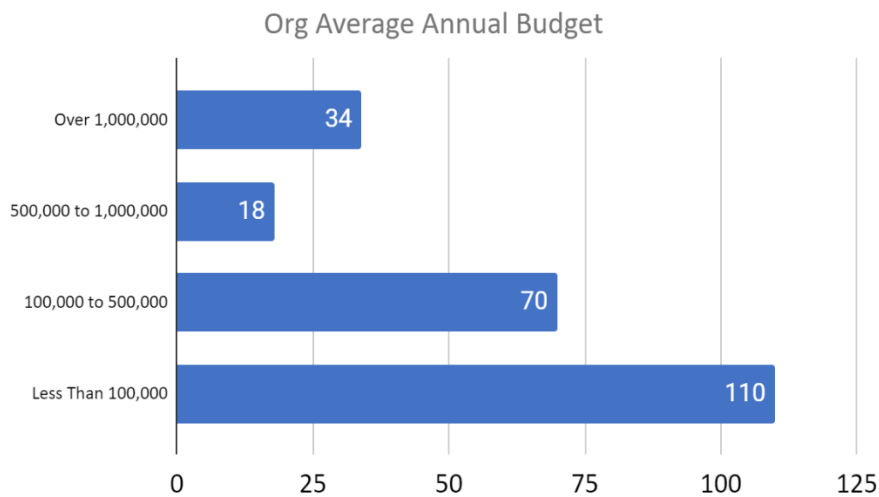
Source: KCDF Analysis (2022)



15.9% of the organizations targeted had existed for two years or less. On the other hand, organizations that had been in existence between three and five years accounted for 14.7%. Cumulatively, the bulk of the organizations targeted had existed for over five years representing 69.4% of the total number of organizations targeted in the survey.

2.1.4 Organizational Budget of the Organizations Under Review

Figure 1.4: Organizational Budget of the Organizations Under Review

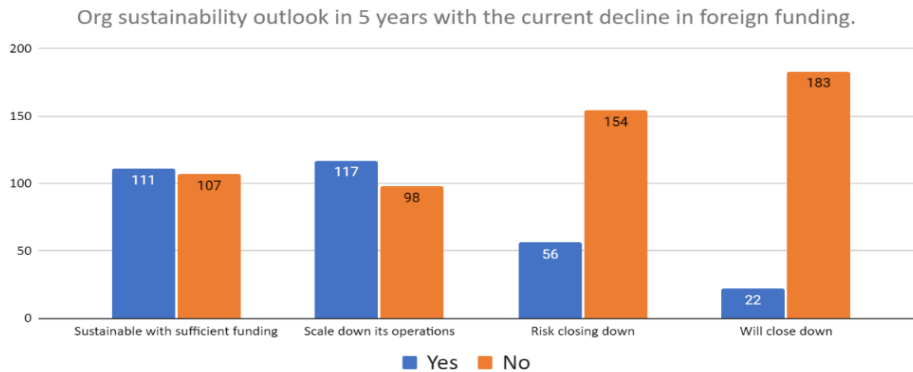


Source: KCDF Analysis (2022)

The organizations under review varied in terms of annual budgetary usage. The bulk of the organizations, though shy of an outright majority, had an operating budget of less than 100,000 representing 47.4% of the total number of organizations reviewed. The second category entailed organizations with an operating budget of between 100,000 and 500,000 which represented 30.2% of the total number of organizations reviewed. Those with an operating budget of between 500,000 and 1,000,000 were 7.8% while those with an operating budget of over 1,000,000 were 14.7%. Cumulatively, 77.6% of all the organizations under review had an average annual budget of less than 500,000.

2.1.5: Sustainability Outlook of the Surveyed Organizations

Figure 2.1: Sustainability Outlook of the Surveyed Organizations

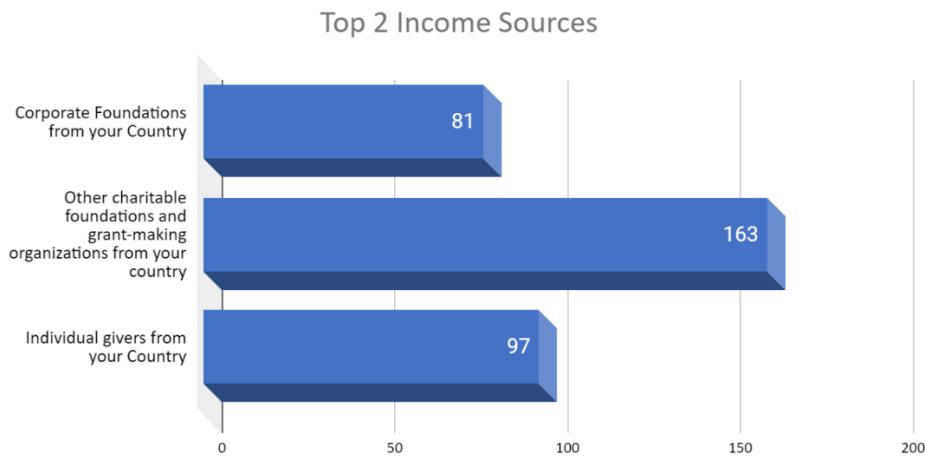


Source: KCDF (2022)

The survey also assessed the sustainability outlook of the surveyed organizations in the next five years considering the current decline in foreign funding. There were divergent responses pertaining to whether the organizations will be sustainable with sufficient funding. Moreover, 50.43% of the respondents were of the view that they would scale down operations in light of the current decline in foreign funding. However, the respondents pointed out that their organizations did not risk outright closure.

2.1.6 Top Income Sources of the Organizations Under Review

Fig. 2.2: Top Income Sources of the Organizations Under Review

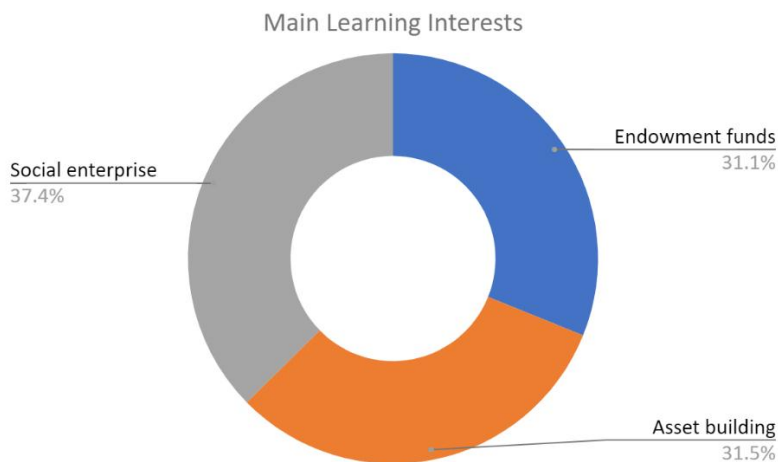


Source: KCDF (2022)

70% of the organizations surveyed indicated that their topmost sources of income were charitable foundations and grant-making organizations from their country. This was followed by individual givers (41.8%) and corporate foundations (34.9%).

2.1.7 Main Learning Interests

Fig. 2.3: Main Learning Interests



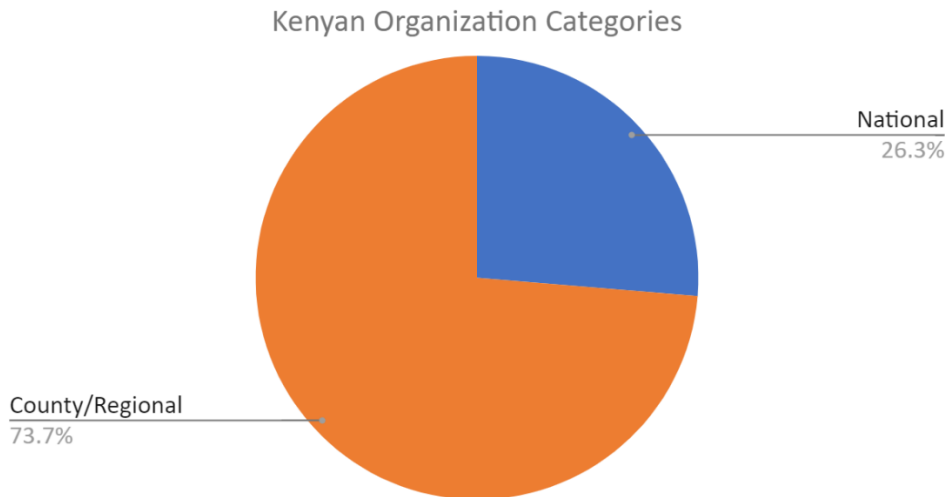
Source: KCDF (2022)

There were diverse learning interests expressed by the organizations under review pertaining to how they could help their organizations to explore alternative sources of resources. 37.4% of the organizations were interested in understanding social enterprise. This was followed by the interest in understanding asset building (31.5%) and starting and growing endowment funds (31.1%).

2.1.8 Country-Specific Analysis

2.1.8.1 Categories of Organizations in Kenya

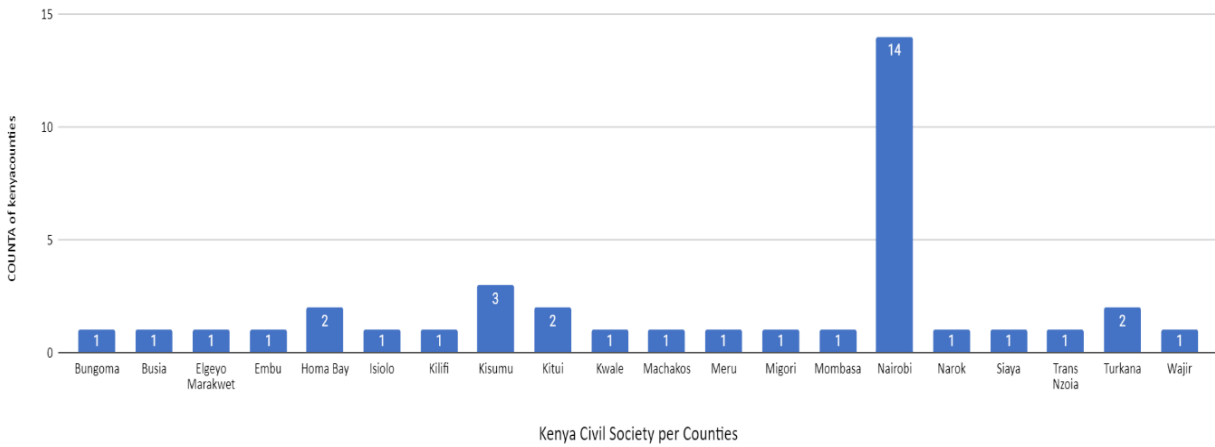
Fig. 3.4: Categories of Organizations in Kenya



Source: KCDF (2022)

In Kenya, almost $\frac{3}{4}$ of all organizations reviewed were either county and/or regional. This represented 73.7%. On the other hand, national organizations accounted for 26.3%. However, as pointed out in the graph below, there is a high concentration of organizations in Nairobi County.

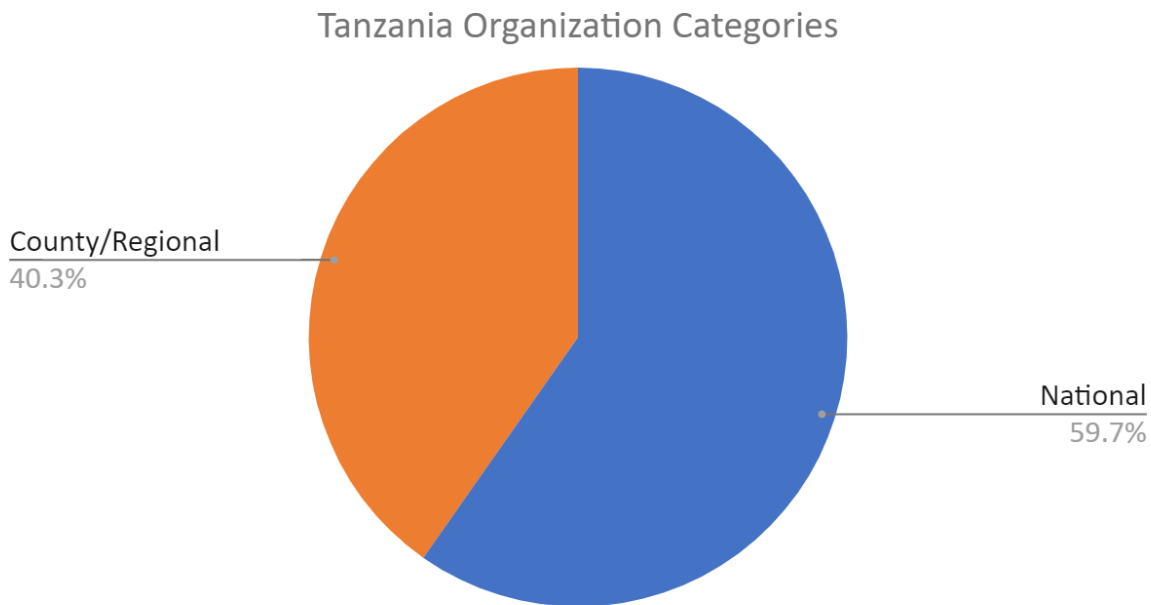
Fig. 3.5 County Distribution of CSOs



Source: KCDF (2022)

2.1.8.2 Categories of Organizations in Tanzanian

Fig. 3.1: Categorization of Tanzanian Organizations

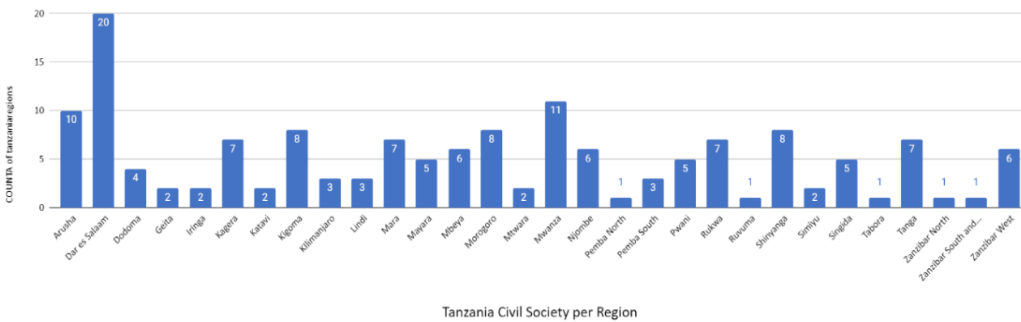


Source: KCDF (2022)

Of the total number of Tanzanian organizations under review, 40.3% were county/regional while 59.7% were national organizations. This is in contrast with the Kenyan case where a majority of the organizations were confined to counties or regions.

2.1.8.2.1 Spatial Distribution of Tanzanian Organizations

Fig. 3.2: Spatial Distribution of Tanzanian Organizations

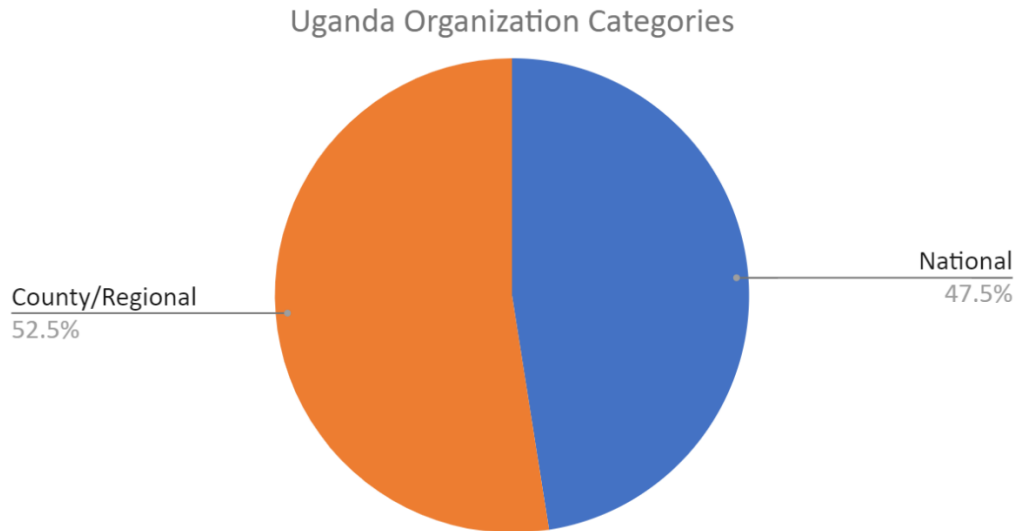


Source: KCDF (2022)

The survey also explored the spatial distribution of Tanzanian organizations. The region with the most organizations was Dar-es-Salaam with 20 organizations followed by Mwanza (11), Arusha (10), Kigoma and Morogoro (8 each); Mara, Kagera, Rukwa, and Tanga (7 each); and, Mbeya, Njombe, and Zanzibar (6 each). The rest of the regions had five or fewer organizations.

2.1.8.3 Categories of Organizations in Ugandan

Fig. 4.1: Categorization of Ugandan Organizations

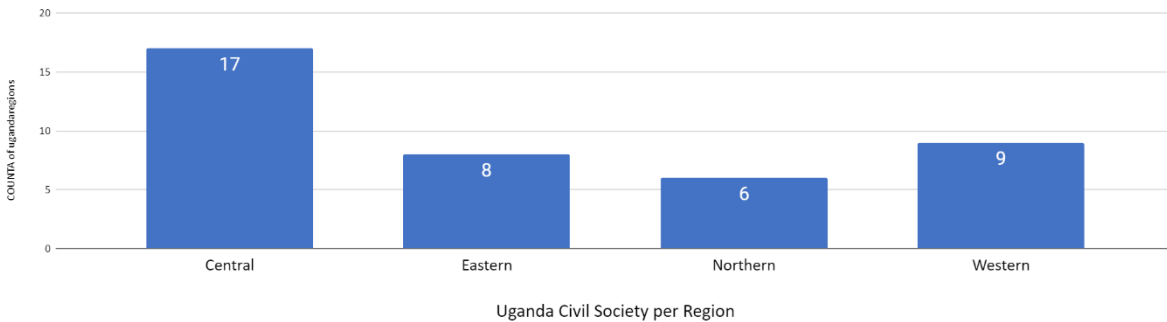


Source: KCDF (2022)

Of the total number of Ugandan organizations under review, 52.5% of them were either county organizations or regional ones. On the other hand, 47.5% of the organizations were national organizations. This mirrors the Kenyan case where the majority of the organizations operate at the county or regional level.

2.1.8.3.1 Spatial Distribution of Ugandan Organizations

Fig. 4.2: Spatial Distribution of Ugandan Organizations



Source: KCDF (2022)

The survey also explored the spatial distribution of Ugandan organizations. A significant number of the organizations reviewed, 42.5%, were domiciled in the Central region of Uganda. The region with the second highest number of organizations was Western with 22.5%. On the other hand, organizations emanating from the Eastern and Northern Ugandan regions comprised 20% and 15% respectively.

3.0 Other Sustainability Concerns of Reviewed Organizations

For enhanced sustainability, the reviewed organizations mentioned the following as key impetus worth considering:

1.	Strengthening the organization’s internal capacities to put in place robust policies and effective financial systems as well as efficient income-generating activities
2.	The need to diversify funding sources by tapping into donor funding, foreign private sector, community fundraising, and setting up own social enterprises
3.	The need to enhance the organization’s capacity to fundraise locally
4.	Enhanced capacity to forge collaborations with regional and national governments to leverage available support for project implementation
5.	Capacity building on prudent wealth creation/asset building such as putting money in reserves to earn interest which is later ploughed back to fund the organization’s operation costs



6. Capacity for the organization to best identify the need and rally community support and solidarity for sustained impact

3.1 Organization Capacity Gaps

Dependency/reliance on foreign funding

In adequate capacity to develop and implement long-term sustainability plans

Inadequate diversity of portfolio that increases the finances of an organization annually as well as hedging against a slump in funds from donors

Inadequate organization capacity such as human resource as well as systems

Ability to cope with the shrinking operating space for CSAs amidst the government public order management regulations

The idea of CSOs doing business/diversifying income beyond traditional sources is strange to many

Inadequate capital to build assets

Inadequate skills to develop fundraising strategy

High staff turnover due to donor project closure



3.1.1 Recommendations and Conclusions

The following general recommendations could be drawn from the review of the CSAs baseline survey findings:

That CSAs should be capacity built around areas that lead towards diversification of their income. This will ensure that the ecosystem does not become dependent on ever-dwindling donor funding.

Mentorship and Coaching on community mobilization: Consider offering mentorship and coaching through the financial resilience resource hub leads on among other things, how to identify the need and rally community support and solidarity for sustained impact.

Development and operationalization of Sustainability Plans/strategies for CSAs: Support CSAs to develop and operationalize their own long-term sustainability plans. This includes supporting CSAs to acquire the enhanced capacity to forge collaborations with regional as well as national governments to leverage available support for project implementation and buy-in.

Awareness creation on Enterprise Development as a sustainability Alternative: For behavior change, sensitize and help raise awareness among CSAs to embrace the idea of CSAs engaging in business, as a way of diversifying their revenue streams.

Achor support for CSAs on capacity building and where possible, small organization development supportive grants: Hub partners should enhance CSAs internal capacities/systems to ensure compliance which is a precursor of a journey to self-reliance.

There is need for the financial resilience anchoring organizations to review the existing laws and policies to identify gaps, conflicts, and inconsistencies affecting Civil Society Actors (CSAs) operations with regard to income diversification and other incentives provided in the current legal dispensation and develop recommendations to address how laws and policies in East Africa (Kenya, Tanzania, and Uganda) can be improved.



In conclusion, despite the challenges currently bedeviling the CSAs ecosystem, there exist opportunities that when leveraged on, although slowly, could in the long run help bring about sustainability. CSAs should learn and put into practice various sustainability practices that the current development sector presents. Gone are the days of traditional funding where proposal writing was akin to securing project funding. In the present day, notwithstanding the fundraising techniques and expertise development practitioners possess, it is crucial to start thinking alongside CSAs income diversification. Financial resilience anchor organizations such as KCDF, FCS, and CivFund-Africa ought to nurture, coach, and support budding organizations along this seemingly torturous yet rewarding journey toward self-reliance. The hub presents an opportunity for the three co-creating partners to enhance learning and sharing of perspectives from the global south while amplifying what is currently working and aptly noting what has not worked.

3.2 Annex One:

3.2.1 Civil Society Actors' Sustainability Assessment Tool

Section A: Demographic Information

1. What is the name of the organization?
2. What is your name? First Name Surname: (*make optional*)
3. What is your gender? (*Male, Female, choose not to disclose*)
4. What is your position in the organization?
5. What is your email address?
6. Do you consider yourself a county or national organization?
If county, indicate your county (*have a drop-down*), if national, in how many counties have you implemented programs in the last 5 years? (*Provide a text box for the respondent to key in the absolute figure*)
7. In which country is the organization based? (*Provide drop-down with three countries: Kenya, Uganda, and Tanzania*)
8. How long has the organization been registered? (*Make it absolute, provide a text box with the option for respondents to key in numbers*)
9. What is the average annual budget of the organization? (*Put local currency choices i.e. KES, TZS, UGX*)

Section B: Fundraising/income sources

B.1 Select the top two income sources that contribute most to your organization's income

- Corporate Foundations from your Country
- Other charitable foundations and grant-making organizations from your country
- Individual givers from your Country
- Local Community Members in your area of operation



- International funding streams
- Unrestricted funds from income-generating activities
- Unrestricted Funding from your Endowment Funds
- List any other (***Provide a drop-down and limit the selection to only two sources of organization income***)

B.2. Which other two income sources is your organization working on/would like to work on towards enhancing sustainability?

- Corporate Foundations from your Country
- Other charitable foundations and grant-making organizations from your country
- Individual givers from your Country
- Local Community Members in your area of operation
- International funding streams
- Unrestricted funds from income-generating activities
- Unrestricted Funding from your Endowment Funds
- List any other (***Provide a drop-down and limit the selection to only two sources of organization income***)

Section C: Sustainability

10. With the current decline in foreign funding how would you describe your organization's future outlook in five years?
 - a) The organization will be sustainable with sufficient funding? Yes/No
 - b) The organization will scale down its operations? Yes/No
 - c) The organization risks closing down? Yes/No
 - d) The organization will close down? Yes/No
11. Other than the above issues what other comments do you have concerning the sustainability of your civil society organization? (***Provide a text box for the respondent to key in***)
12. To diversify your organization's income, select any of the areas below you are interested in learning more about and in adopting:
 - a) endowment funds
 - b) asset building
 - c) social enterprise
 - d) legacy funds
 - e) Any other/others

Section D: Financial Sustainability Trends for CSAs

13. In your opinion what are the most essential organizational capacity gaps that can threaten the financial sustainability of civil society organizations in your country? (***provide four text boxes for the respondent to list or type into***)