
Sustaining Civil Society:

Lessons from Five Pooled Funds in Eastern Europe

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Executive Summary

The 1990s ushered in an era of widespread support for liberal democracy and an opportunity to build civil society in countries where there had long been a dearth of public spaces separate from government control. Between 1991 and 2007, US and European private foundations, sometimes working with multilateral and bilateral development agencies, established five pooled funds to support civil society in central and eastern Europe: the Environmental Partnership for Central Europe, the Baltic–American Partnership Fund, the Trust for Civil Society in Central and Eastern Europe, the Balkan Trust for Democracy, and the Black Sea Trust for Regional Cooperation.

Over the past thirty years, the political climate has changed; the optimistic rhetoric on civil society has faded and widespread support for liberal democracy has eroded. This is a unique moment to reflect on the legacy and impact of those five philanthropic investments in civil society. With the benefit of hindsight, what can we say about how effective the Partnerships and Trusts were in building a vibrant civil society that can endure over the long run, is embedded in the local culture, and is supported from within that culture?

Sustaining Civil Society examines the impact of these Partnerships and Trusts from the point of view of the institutions, policies, cultural change, and grantee organizations that they left behind. The authors, three longtime former US foundation practitioners, draw on their experience, desk research, and more than 250 interviews with the pooled funds' donors, board and staff members, and grantees, as well as independent experts and observers to offer a call to funding institutions to rethink practices for supporting and nurturing civil society organizations over longer time horizons.



Here are the key findings:

- The impressive core of institutions built in the 1990s, such as the Environmental Partnership Foundations, now serve as important national grantmakers and key funding intermediaries for other donors.
- The varied structures of the pooled funds were tailored to their contexts, missions, and priorities, but the pooled fund model itself helped to ameliorate burdensome requirements on grantees, increase donors' tolerance for risk, and balance domestic legitimacy with international involvement.
- A primary or secondary aim of all of the Partnerships and Trusts was the promotion of an enabling environment for civil society organizations and philanthropy. The resulting legislation pertaining to associations, foundations, and mechanisms for giving by corporations, the state, or individuals have served as models around the world.
- The Partnerships and Trusts introduced important cultural changes, as basic as the idea of civil society itself, and contributed to political accountability and dialogue between polarized groups.

- Many of the grantee organizations that received core support from the Partnerships and Trusts still operate today and are pushing back against the erosion of democratic procedures and norms.
- Sustainability of the grantee organizations remains an ongoing challenge. Most of the grantee representatives interviewed cited ensuring the availability of financial resources as their biggest headache, even for those organizations that are under political pressure.
- Grantee representatives reported that the kind of flexible funding to advocacy organizations provided by the pooled funds—support delivered in response to their needs—is hard to find elsewhere.
- The report captures an array of practices and strategies adopted by civil society organizations to deal with reductions in funding and increased political pressures.

These include:

- › *Reducing activities, personnel, and overhead costs*
- › *Taking on paid research, consulting, lectures, or other fee-for-service work*
- › *Crowdfunding and seeking individual donations, including from major donors*
- › *Reorientation of strategy, mission, and activities, particularly toward civic participation, community development, and tolerance education*
- › *Professional financial and administrative audits*
- › *Team building and supporting staff morale*
- Counter to conventional grantmaking wisdom, providing grantees with core operational support, funding assets such as real estate purchases and endowments, and supporting individuals through study tours and fellowships have proven to be smart investments over the long term.
- Lack of trust in institutions remains a serious obstacle, and more investment could have been directed to cultivating societies that can embed and sustain civil society organizations, including by building a culture of giving, communicating the stories of civil society, and promoting civic education.
- Four special types of organizations merit special attention and increased resources:
 - › *Infrastructure organizations that serve as keepers of the enabling environment*
 - › *Community philanthropy with its bottom-up approach to developing local giving*
 - › *Advocacy and watchdog organizations as the canaries in the coal mine and harbingers of political pressures on the sector*
 - › *Independent media, for both its role in political accountability and as a means to confer legitimacy and communicate the achievements of civil society organizations*
- US donors premised the draw-down of their support for civil society on the assumption that accession to the European Union would mean the economic and political conditions for the sustainability of civil society would be present. This was a miscalculation.
- Philanthropic institutions, more than any other actor, can plan over the longer term to ensure that the endgame they seek is put in place. Going forward, it is to be hoped that more and more philanthropic institutions will give serious attention to the importance of nurturing vibrant civil societies, as this process will take generations to come to full fruition.

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The full report is available at www.gc.cuny.edu/cpcs