

# Navigating Uncertainty: The US Funding Freeze and Its Impact on Global Civil Society

---

A comprehensive analysis of how the US funding freeze is affecting civil society organizations worldwide.

# Content

01

EU SEE – Who we are, Our understanding of EE and Our Methodology

02

The Impact of the US Funding Freeze on Civil Society - Overview of the EU SEE Survey and Alerts

03

Voices from the EU SEE Network: In-Depth Case Stories

04

FireChat discussion: What's to be done?

# **EU SEE -**

## ***Who we are, Our understanding of EE and Our Methodology***

---

# Who we are and what we want to achieve

---

The EU System for an Enabling Environment for Civil Society (EU SEE) is a consortium of global civil society organisations and network members in 86 countries. The partnership document changes and shed light on critical trends in the enabling environment for civil society.

## **Overall Objective:**

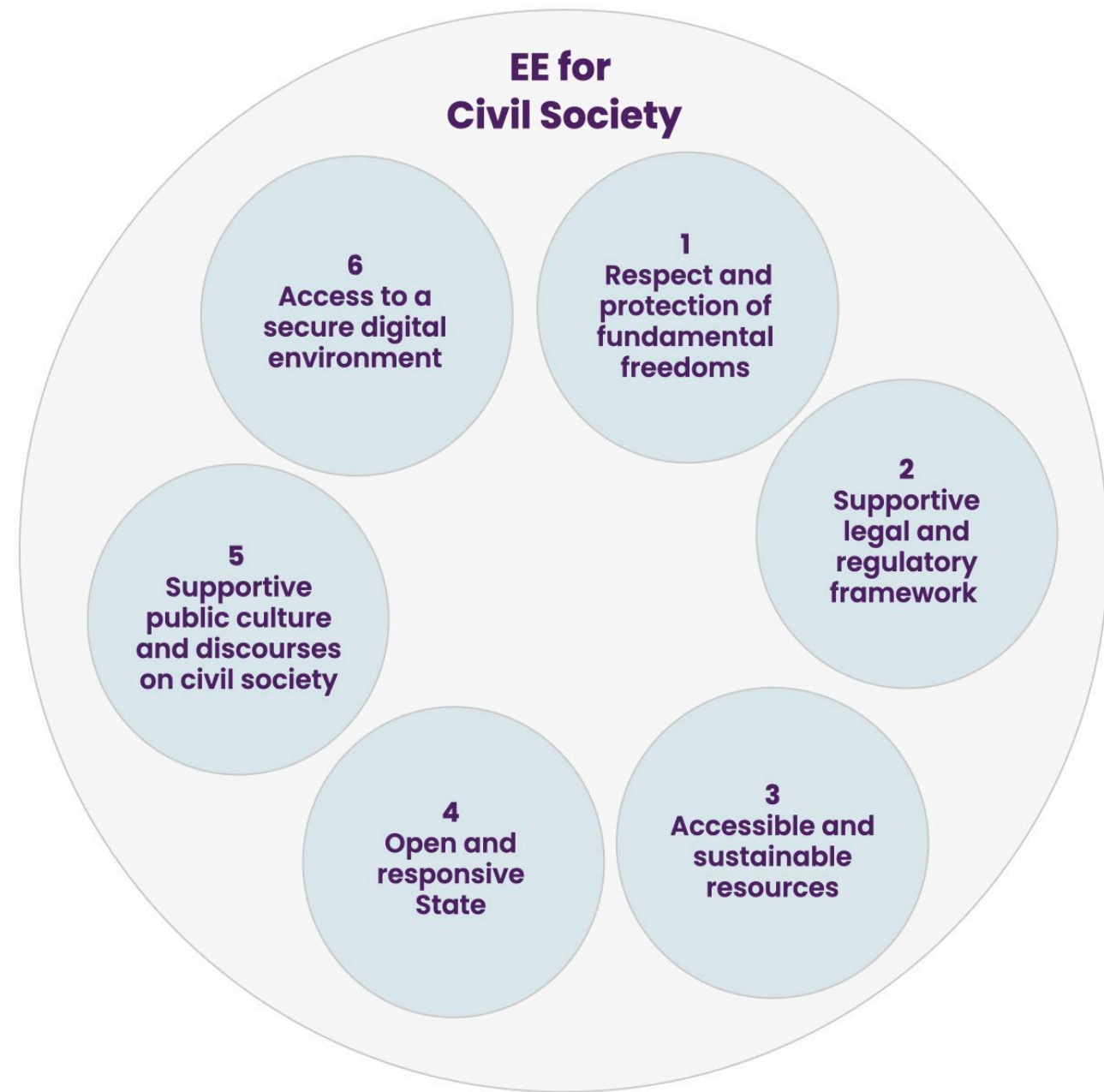
Improved capacity & ability of Civil Society (at global, regional and partner country levels) to

- Detect and respond to situations of a deteriorating or improving enabling environment.
- Address and contribute to structural and systemic prerequisites for such an environment.

**Consortium Partners:** CIVICUS, Democracy Reporting International, the European Partnership for Democracy, Forus, Hivos (Coordinator) and Transparency International.

# Enabling Environment Principles

---



# Our Methodology

---

- CSO-led
- Action-oriented

Early Warning  
Mechanism (EWM)

EE Snapshot







Country Focus  
Report

Supporting  
an enabling environment  
for civil society

## FEBRUARY ALERTS

Changes in the enabling environment for civil society

### Enabling Environment Snapshots

-  Deterioration
-  Improvement
-  Undecided
-  No significant change
-  Baseline snapshot available
-  Participating country

### Alerts

-  Improvement alert
-  Opportunity alert
-  Context to watch
-  Early warning alert
-  Deterioration alert
-  Crisis alert





# The Impact of the US Funding Freeze on Civil Society

---



# A Turning Point for Civil Society

---

## Scale of Crisis

\$60 billion in planned US ODA halted. EU, UK, France, and Germany Germany also retreating from global global aid.

## Organizational Impact

CSOs are cutting services, laying off laying off staff, and shutting down down operations worldwide.

Crises can also mean opportunity to structurally reform the architecture of aid

## Beyond Finances

The funding freeze is becoming a tool to spread negative narratives and justify civic space repression in multiple countries.

# Survey & Scope

---

## EU SEE Survey

54 responses capturing qualitative and quantitative data through closed and open-ended questions about budget impacts, affected work areas, enabling environment challenges, and strategic adaptations.

Respondents primarily represent NGO/CSO institutional perspectives rather than individual community members.

## External Data

ICVA's Global Survey (246 responses) highlighting effects of Stop effects of Stop Work Orders on humanitarian programs.

Accountability Lab/Humentum's Rapid Analysis (725 responses) providing detailed insights into budget cuts, staffing staffing disruptions, and cross-sector impacts.

ODA Support Profile (2023 DAC CRS Data) showing US ODA to ODA to CSOs totaled \$10.2 billion.

# Immediate Impacts

**67%**

## Directly Affected

CSOs directly impacted by the funding  
funding freeze

**40%**

## Severe Budget Loss

Report 25-50% budget losses

**100%**

## Exclusive Dependency

Many rely exclusively on US funding,  
funding, now frozen

We lost 17 out of 35 staff. Families are impacted. Our programmes are frozen.  
frozen.

## SURVEY

**The US funding freeze is not  
just about money - it's about  
the survival of civil society**

- 67% of surveyed CSOs are directly affected.
- NGOs are facing political backlash & misinformation in multiple countries.
- Human rights, democracy, gender equality & health programmes face severe cuts.

**EU SEE** SUPPORTING  
AN ENABLING ENVIRONMENT  
FOR CIVIL SOCIETY

# What's Being Cut

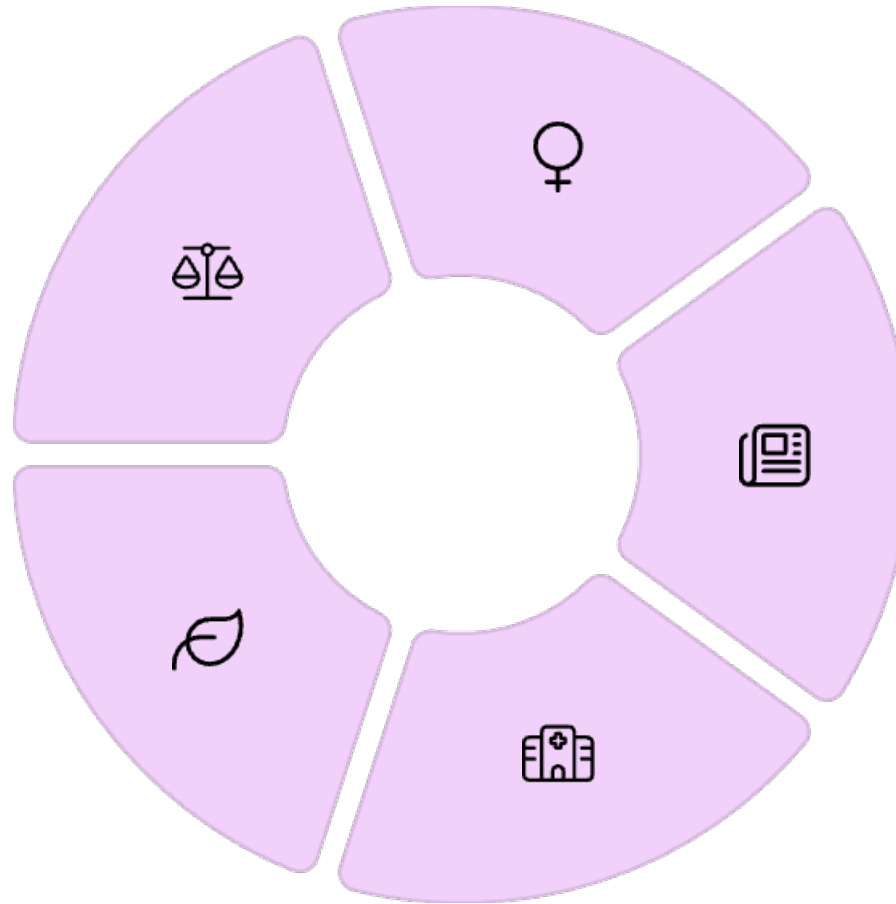
---

## Human Rights & Democracy

83% of affected organizations

## Environmental Justice

Youth empowerment initiatives at risk



## Gender Equality

Women's rights programs severely impacted

## Media Freedom

Digital rights initiatives losing support

## Health Services

Humanitarian programs discontinued  
discontinued

# Impact on the Enabling Environment

## Emerging Barriers

50% of respondents indicated new barriers in their operating environment since the funding freeze, creating regulatory and operational unpredictability that complicates long-term planning.



## Legal Restrictions

Potential restrictions on foreign funding, including foreign agent laws reported in 6 countries including Guatemala, India, Moldova, Paraguay, Peru, and Sri Lanka.



## Delegitimization Campaigns

Increased criticism and stigmatization of international funding, global cooperation and civil society. 17 countries experience public smear campaigns against CSOs



## Political Backlash

13+ countries report heightened harassment of CSOs. Government officials calling for investigations into CSOs receiving US funding in 9 countries.

## Erosion of Trust

When services abruptly stop, communities lose confidence in both in both donors and CSOs themselves, feeding into a cycle of distrust of distrust that intensifies the freeze's negative impact.

All money from America must be made public and sanctioned.

# Narrative & Political Repression

## Disinformation Campaigns

Nigeria: False terror finance links. El Salvador: Bukele calls USAID support a support a "global money laundering plot".

## Legal Justifications

Peru: State narrative of foreign intervention used to justify law restricting restricting NGO funds.

## Tightened Controls

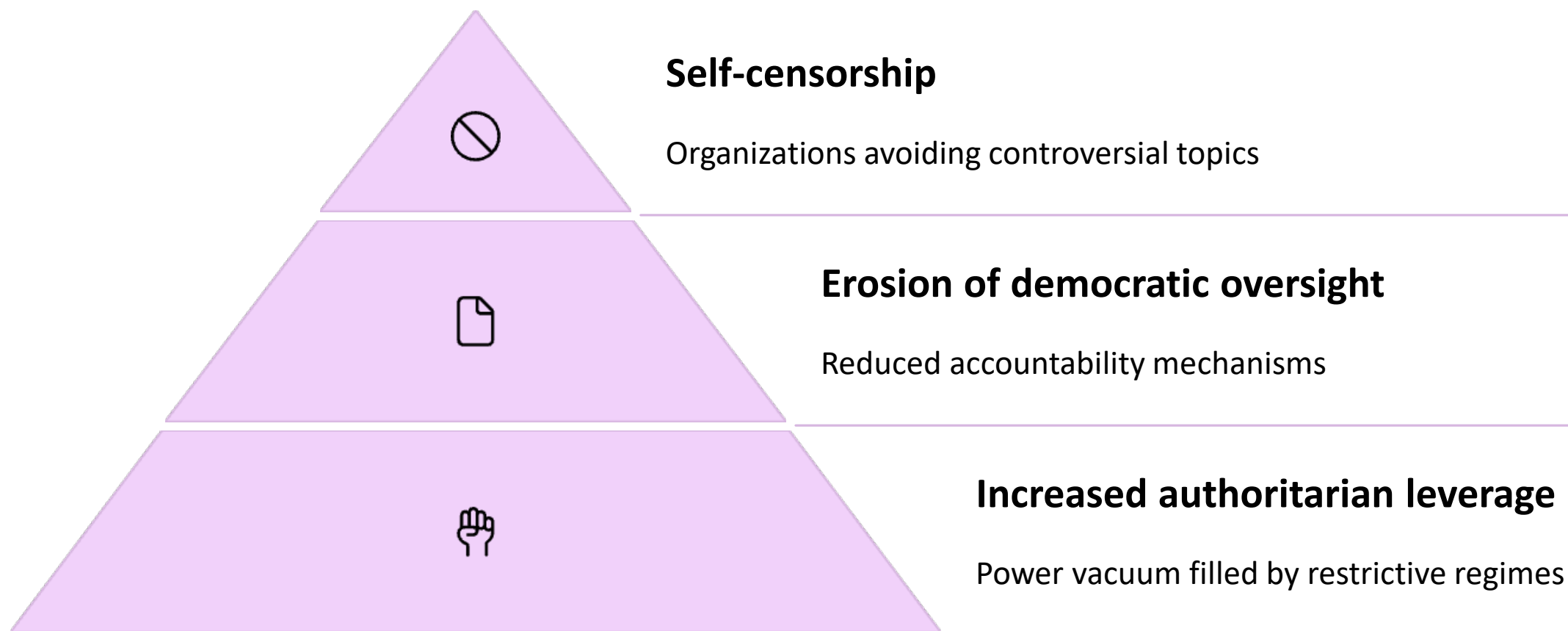
Sri Lanka: NGO bill revived, using freeze to tighten legal controls on civil controls on civil society organizations.

This is not only shrinking space, it's criminalising civil society.



# Structural Impacts

---

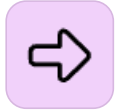


Loss of public trust: Abrupt program cuts breed suspicion. Reversal of gains: Years of donor-CSO alignment unraveled. Legal exposure unraveled. Legal exposure: More CSOs operate in "grey zones" due to unclear laws.



# What's at Stake

---



## Rights Rollback

Erosion of voice and  
accountability mechanisms



## Weakened Ecosystems Ecosystems

Systemic damage to civil society  
society networks



## Millions at Risk

Lost access to vital services and protection

"The long-term effects may be even more devastating than the freeze itself."  
itself."

# Organizational Adaptation Strategies

## Program Adjustments

Streamlining operations, reducing staff, and scaling down programs

## Funding Diversification

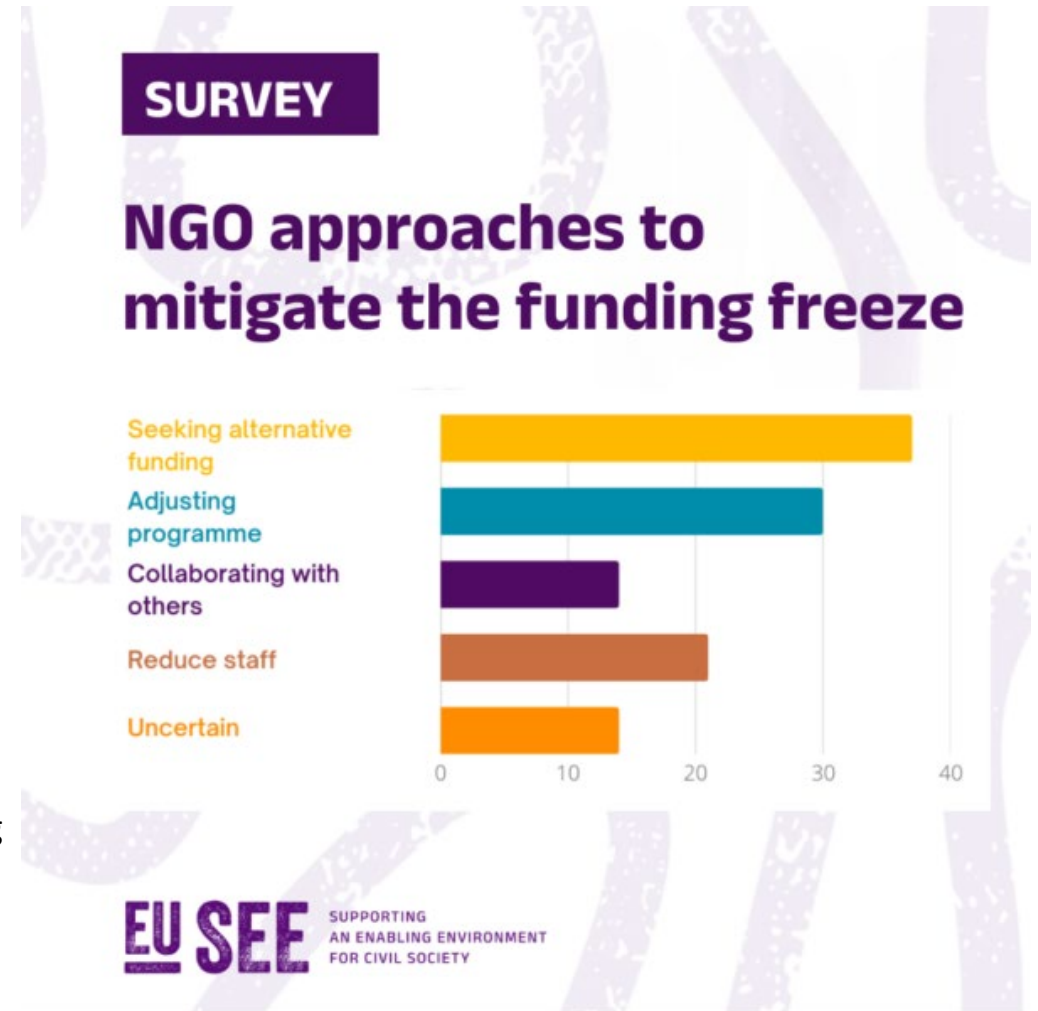
68.5% actively seeking alternative donors or partnerships

## Collaboration

Encouraging partnerships among CSOs for resource pooling

Organizations are implementing various strategies to survive the funding crisis. Many are using cost reallocation and applying for waivers where possible. Some are pursuing joint advocacy efforts to highlight the impact of the freeze. In extreme cases, staff are using personal savings to bridge funding gaps.

"The freeze exposed how dangerously reliant we are on one donor."



# Urgent Support Needed



## Emergency Bridge Funding

Immediate financial support to prevent collapse



## Flexible Grants

Extended timelines and adaptable terms



## Technical Support Support

Legal and operational assistance

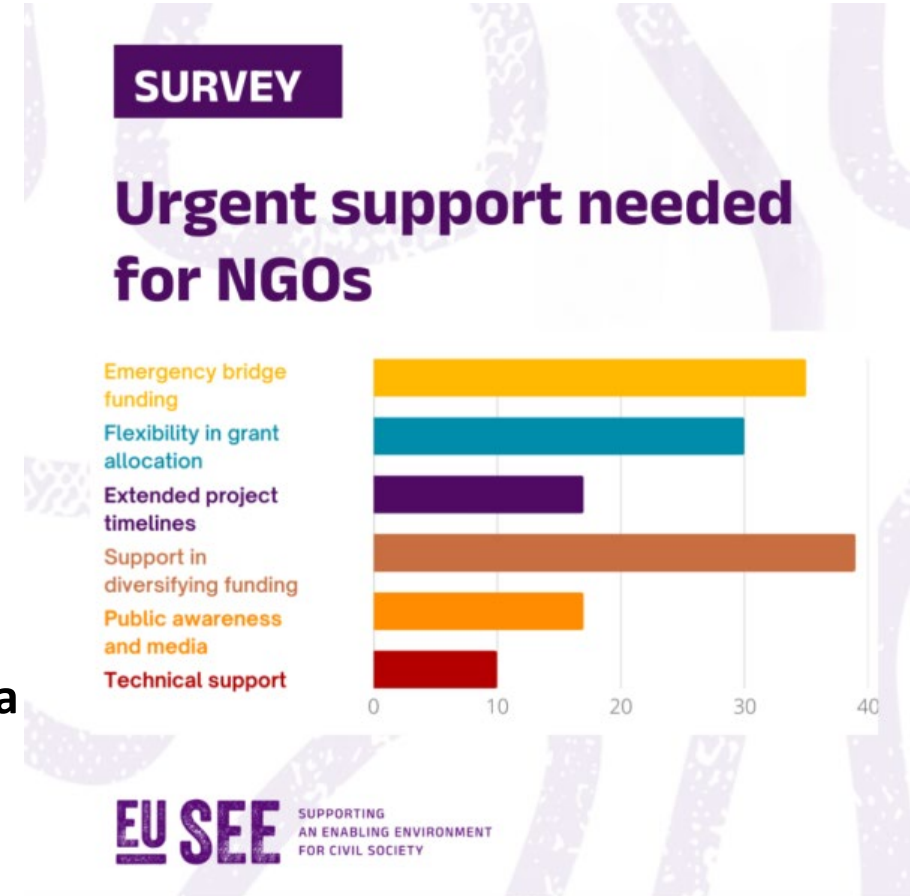


## Public Advocacy

Counter-narrative support against misinformation

## Solidarity and Innovation

## Advance Localization Agenda



# Recommendations for Action

---



## For Donors

- Establish flexible funding mechanisms
- Implement emergency bridge funding.
- Increase grant flexibility for administrative costs.
- Ensure strong donor coordination to support funding gaps gaps.



## For Policymakers

- Ensure systematic monitoring of civil society impact through early warning mechanisms and regular reporting on funding trends.
- Protect and Promote an enabling environment for civil society.
- Enforce norms.



## For Media

- Counter misinformation through evidence-based campaigns and coordinated media strategies.
- Support civil society advocacy efforts and promote an enabling environment for civil society and philanthropy.

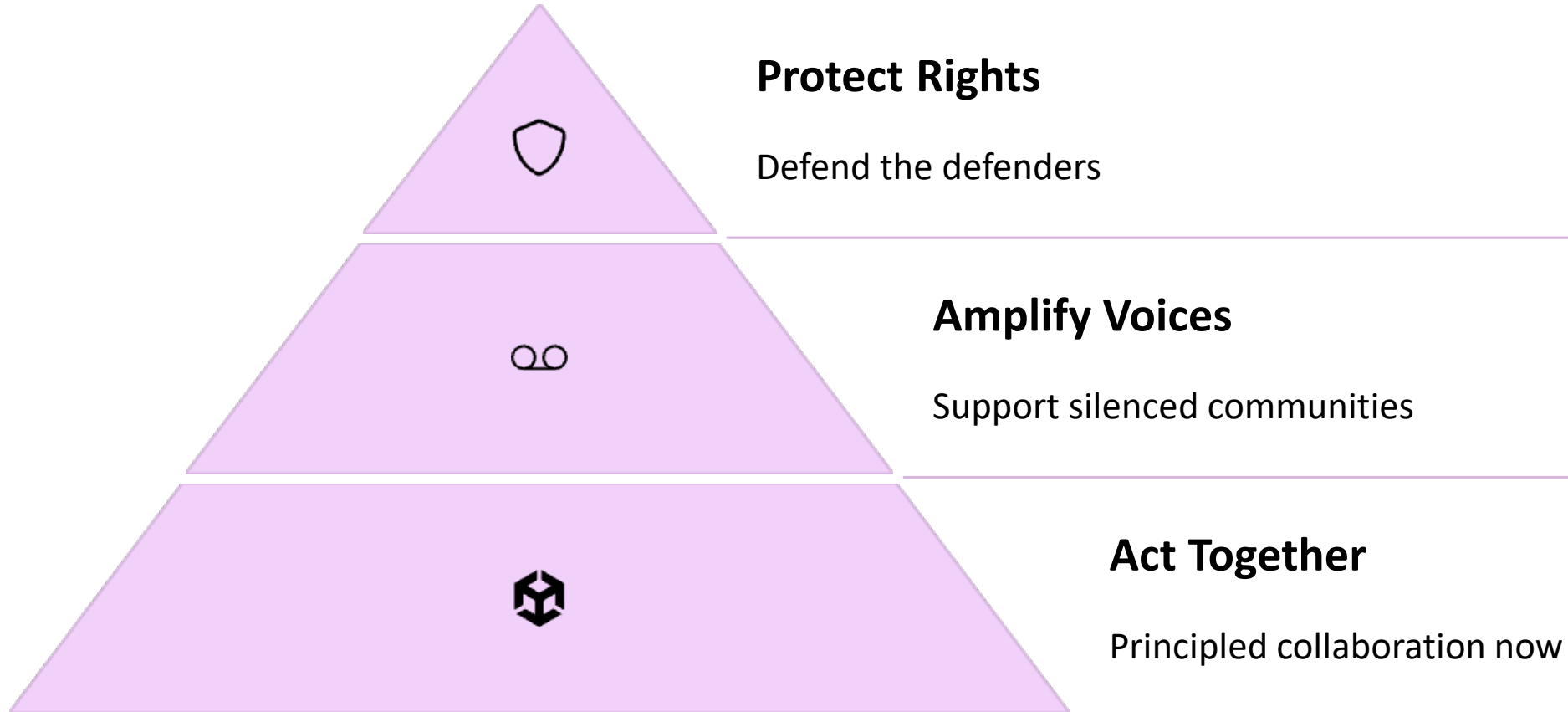


## For Civil Society

- Strengthen financial resilience through funding diversification.
- Forge solidarity networks and alliances.
- Build shared strategies.

# Global Wake-up Call

---



The time for principled action is now. Let's protect the voices that protect our rights.