The civic cost of funding cuts

What changes in funding mean for civil society's work, independence and voice

Findings from an EU SEE and CIVICUS Survey of civil society organisations' funding experiences (October 2026)

Executive Summary

Net official Overseas Development Assistance (ODA) fell by 23.3% in 2025. This is the largest annual decline on record and it is projected to fall by a further 6.9% in 2026, to its lowest level since 2015. This report draws on survey responses from 195 civil society organisations (CSOs) in at least 68 countries, reached through EU SEE and CIVICUS in August–September 2026, to show what funding cuts and changing donor practices mean in practice for civil society's work, independence and voice.

A funding shock is made worse by deteriorating funding terms. Three-quarters of respondents (76%) say their funding is lower than it has been over the past decade, and 34% say that more than half of their budget has been affected since January 2025, threatening their survival. In addition, 86% have experienced disruptions including more complicated compliance or non-renewals, reductions, and cancellations of grants since January 2025, making funding relationships more strained. Around three in five say requirements have become heavier, while flexible and core funding have become scarcer.

Diversification of funding streams alone may not provide protection from a system-wide shock. Mid-sized organisations among those surveyed appear to be hit the hardest. Despite having the most diversified funding history, 63% of them report that more than a quarter of their budget has been affected, compared with 52% of larger and 38% of smaller organisations.

What is being lost goes beyond programmes and jobs; it translates into reduced voice, reach and autonomy. 59% report posts eliminated or left vacant, and the same share report reductions in salaries, working hours or benefits. Almost half of those surveyed report reduced advocacy capacity; around 40% have become less vocal or reduced their reach, and around one-third report less autonomy over priorities.

Funding insecurity and shrinking civic space intersect and appear to reinforce one another. Almost two-thirds say civil society work has become less safe since early 2025, and more than half report increased scrutiny, harassment or legal and administrative restrictions to their work and on receiving foreign funding. Human rights and democracy work is seen as the most compromised, along with advocacy focused initiatives.

Adaptation is widespread but mostly defensive coping rather than indicative of recovery. Scaling down programmes is the most common response, and only 29% of respondents have managed to diversify their funding. Spreading staff more thinly across multiple functions has been part of adapting yet threatens long term recovery and impact. Networks and coalitions provide vital support, but cannot replace lost income.

The crisis facing civil society is about more than declining funding. It is also eroding relationships, trust and credibility between donors and CSOs, and it is affecting the independence, autonomy and voice of civil society. At the same time, civic space is contracting and organisations are facing growing legal, political and operational restrictions.

Recommendations call on **donors** to protect continuity before disruption becomes irreversible, make compliance proportionate to context and risk, defend independent voice and politically contested work and improve national civil society's access to resources and decisions. Survey respondents call on **governments** to protect access to funding, participation and civic freedoms enabling civil society to act. Finally, **civil society networks and actors** are asked to resource collective support, share legal and technical assistance, collective advocacy and early warning.

1. Why this analysis, why now?

Still reeling from the USAID funding freeze in 2025, the development and humanitarian sector faced a further slew of cuts as net official Overseas Development Assistance (ODA) from members and associates of the OECD Development Assistance Committee (DAC) fell by 23.3% in real terms in 2025[1]. This is the largest annual decline ever recorded. The OECD projects a further 6.9% fall in 2026, meaning a third consecutive year of decline in ODA[2]. **These cuts are bringing ODA spending back to 2015 levels**, which marked the start of the Sustainable Development Goals (SDGs) and donors' commitment to substantially increase ODA spending[3]. Funding cuts are happening at a time of increased global uncertainty, a deteriorating enabling environment for civil society, increasing conflicts and failing multilateralism.

One year on from the official 2025 closure of USAID, EU SEE and CIVICUS have joined forces to explore how EU SEE partners and CIVICUS members have experienced changes in access to resources for development, how funding relationships have changed, and what impact this has had on their work. This analysis is a follow up to the survey conducted by EU SEE in 2025 on the impact of the US funding freeze on its network members.

While the cost of a funding cut can be counted in unfilled posts and suspended programmes, it is harder to measure what happens when an organisation becomes less willing to speak, loses the freedom to set its priorities, or can no longer reach the communities it serves. This analysis therefore also looks at perceptions of how the broader enabling environment for civil society has been affected, how organisations surveyed are coping, and what needs to change for the future.

This report uses data from an EU SEE and CIVICUS survey to highlight patterns in ODA flows and coping mechanisms as evidenced by respondents. It outlines implications of changes in aid flows on respondent organisation's operations, scope and ways of working to better understand the consequences of funding decisions. Finally, it suggests a series of strategic recommendations directed towards donors, national governments and civil society.

Changing aid flows in a changing context

Preliminary aggregate data for ODA budget spending in 2025 suggests that **ODA funding overall has declined by 23.1%, the largest annual decline on record**. Even though the data does not break down flows by delivery channel to show changes in funding to civil society specifically, the figures are bleak. Bilateral development programmes, projects and technical co-operation fell by 26%. **Humanitarian assistance declined by 35.8%**, and multilateral ODA by 12.7%, including a 27% fall in core contributions to the UN[4].

Reductions by Germany, US, UK, Japan and France made up 95.7% of the decline in ODA. The **US** cuts made up **three quarters of the overall reduction[5]**: US ODA fell by 56.9% compared to 2024. According to the OECD, this is "the largest reduction in volume by any provider in any year on record". In total **26 out of 34 DAC countries (76%) reduced ODA in 2025[6]**.

Even though overall ODA spending increased in eight of the 34 DAC members and associates covered by the OECD data in 2025[7], it is not expected that these increases, nor efforts by multilateral agencies whose

[1] OECD Summary Note on Preliminary ODA levels in 2025, June 2026.

[2] OECD Policy Brief, OECD ODA Projections for ODA projections for 2026 and the near-term: Implications for vulnerable countries and sectors. 2026, June 2026

[3] Historic drop in official development assistance in 2025, FOCUS 2030, 9 April 2026

[4] OECD Summary Note on Preliminary ODA levels in 2025, June 2026

[5] OECD Summary Note on Preliminary ODA levels in 2025, June 2026

[6] OECD Summary Note on Preliminary ODA levels in 2025, June 2026

[7] OECD Dashboard webpage Official development assistance at a glance, September 2026. The eight countries are Denmark, Hungary, Iceland, Italy, Luxembourg, Norway, Spain and Sweden

budgets are also reducing, will be able to fill the gap[8]. The cuts are expected to disproportionately affect the most vulnerable countries, with least developed countries and countries in sub–Saharan Africa facing cuts of 25.8% and 26.3% respectively[9].

Yet it is not only an issue of funding cuts. **International development is facing a crisis of resources and political legitimacy**. CSOs are observing a convergence of dynamics that undercut the ability of independent civil society and of citizens to raise their voices and to hold power holders to account. The USAID freeze and dismantling came as a shock, but it is actually a signal of a broader trend. Funding cuts are happening at the same time as changing donor priorities, and are exacerbating longer-term challenges to rights-based development and unequal relationships within international cooperation. **A weakening consensus around aid and solidarity, increasingly contested support for human rights, and a backlash against organisations seeking to hold power to account** are all contributing to **more restricted civic space.** As a result of grey zone restrictions (informal or indirect measures, such as administrative harassment, selective enforcement of rules and regulations so that they become obstacles to funding, which restrict civil society without issuing formal legal bans), delegitimising and stigmatising narratives and digital repression, **CSO are feeling a growing pressure that goes well beyond their balance sheet**[10].

The report structure first outlines the methodology and introduces the organisational profiles used to understand the different experiences of respondents. It then explains the focus of each section of the survey, including key insights per section, before bringing together the combined analysis into five key findings. The final recommendations, based on inputs from respondents, address both funding decisions and the conditions that allow civil society to work independently, safely and with influence.

2. Methodology

This report is based on data gathered through a trilingual survey (English, Spanish, French) and a review of available literature related to the OECD 2025 ODA figures. Final ODA data for 2025 is not yet available and as the primary purpose of the analysis is to understand how civil society is experiencing the shifts in funding, this report relies on the survey responses as the key basis for analysis.

A single survey was shared with 176 EUSEE members and 820 CIVICUS members between August and September 2026, then pooled for analysis. Participation was voluntary and the anonymous design was deliberate to protect respondent confidentiality. Response rates were 43% (for 76 valid responses from the EU SEE cohort) and 15% (for 119 valid responses from the CIVICUS cohort). The resulting evidence brings together **195 responses from organisations** reached through EU SEE and CIVICUS. While all survey questions were optional, most respondents answered all four sections thoroughly. The survey gathered qualitative and quantitative data on fluctuations in budgets over the last decade and since January 2025. It asked about the broad funding history of the past decade, then looked more closely at funding experiences since January 2025. The survey questions also looked at projected funding changes, impacts, areas of work affected, adjustment and adaptive strategies**.** Respondents were asked about perceived changes in the conditions in which civil society works: about the freedom to speak, the safety of staff and communities, relations with donors, and the ability to influence public decisions. The survey findings were shared with EU SEE and CIVICUS members during an online session with 92 participants to test the resonance of the analysis and recommendations.

The importance of this analysis is that it looks beyond the big numbers to see how organisations are affected in practice. How are organisations coping? What is challenging? How decisions to cut funding made at macro level are translating into the scope to operate and deliver change on the ground is key for actors like EU SEE and CIVICUS to understand. It is also essential information for donors to use to improve

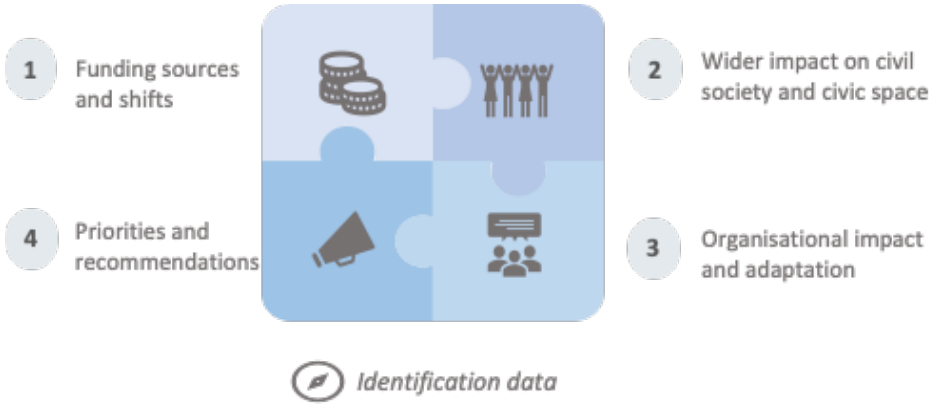
[8] OECD Policy Brief, OECD ODA Projections for ODA projections for 2026 and the near-term: Implications for vulnerable countries and sectors. 2026, June 2026

[9] OECD webpage A historic decline in foreign aid based on the same data (published in April 2026)

[10] Logan, James, The Second Quarter of Our Century: The Future of Civil Societies', pp.12-14, ECNL (2025)

their planning and their decision making going forward. Listening to organisations' direct experience is essential for taking forward a renewed and more equitable model into the future.

While this report's findings describe respondents' experiences and perceptions only, it provides an illustrative first-hand account of how funding changes alongside other societal pressures are being experienced by CSOs.



3. Who took part in the analysis

A diverse constituency, with a broad though uneven geographic reach

The combined survey retained 195 valid responses, each representing one organisation. While the survey was anonymous, it collected some data from participating organisations about their number of paid staff, their reach, geographic region and their relationship with EU SEE and CIVICUS.

The respondent pool reflects a diversified constituency in terms of geography and size. Responses came from organisations in at least 68 countries, with some having a regional scope. The highest number of respondent organisations were based in Africa (65%), followed by Latin America and the Caribbean (17%), Asia (16%) and Europe (3%). A few countries contributed many more responses than others, such as the Democratic Republic of the Congo (15), Nigeria (15), Uganda (14) and Kenya (9).

Most respondent organisations work nationally (73%), often with local (44%), community (42%) or regional activities (30%), though work at global level is also referenced (12%). Many operate with relatively small paid teams with two-thirds reporting to have ten or fewer paid staff. Larger organisations are also meaningfully represented: 21% of respondents have 11–20 staff members and 13% have more than 20 staff.

Three organisational profiles to add depth to the picture

Data from both surveys was pooled for analysis, yet to better understand the data we identified **three organisational profiles** to help explore the diverse constituencies among respondents and their differentiated impacts. These profiles, based on organisational size, funding history and levels of engagement have made interpretation of the data more nuanced. This additional lens has been used to explore **why the same experiences -i.e. funding shocks- might produce different consequences**. The three profiles, which are indicative, were developed based on the answers to questions about scale of work, paid staff and historical funding sources.

Profile	Number	Working description
A	88 (45%)	Generally medium to larger organisations, working at the national level and largely donor-funded. Most geographically mixed group (55% Africa, 23% LAC, 16% Asia, 6% Europe). With a somewhat diversified funding portfolio over the last 10 years (median of 3 donor sources).

Profile	Number	Working description
B	40 (21%)	Generally medium-sized organisations, locally embedded but working at national and regional levels. Most Africa concentrated (78%). With the most diversified funding portfolio over the past 10 years (median of 5 donor sources).
C	43 (22%)	Generally smaller organisations, locally oriented and more dependent on membership or earned income. Highly African (69%). Least diversified funding portfolio over the past 10 years (median of 2 donor sources).

A further 24 organisations (12%) do not fit any profile clearly. Their responses remain in all pooled results, but not in comparisons between profiles.

4. What the survey asked, and what respondents shared

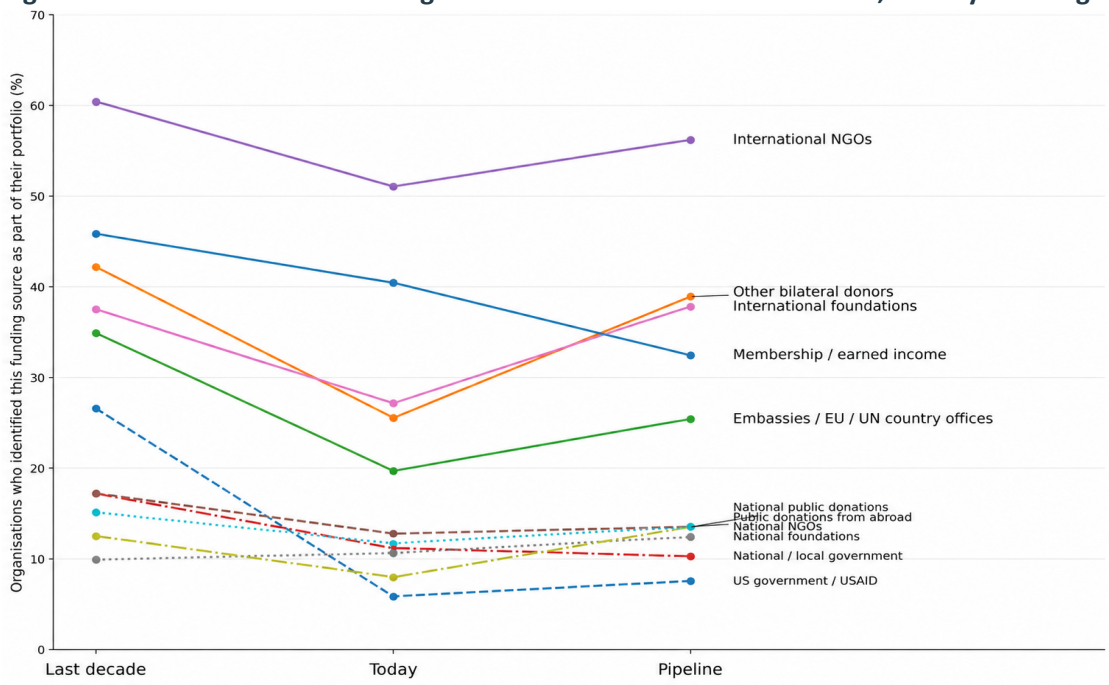
This chapter outlines the survey question areas and key findings emerging per area.

Funding sources and shifts: what has changed, and how?

This section asked where funding came from over the past decade, who funds organisations now and which sources they expect to draw on next. It examined cuts over the past 10 years and since January 2025. It also asked about increases, cancellations, delays, conditions attached to funding, and examples of supportive donors.

Overall respondents report a **clear trend of drastically reduced access to resources, with contraction across all donor channels**, as well as harder conditions for funding. The most frequent funding channel for the survey respondents continues to be international NGOs, with membership contributions or earned income as important income sources.

Figure 1. Evolution of funding sources over the last decade, today and going forward



Source: Question 5: Please select your sources of funding over the past decade, from 2016 to 2026; Question 6: Please identify which donors are funding you today; and Question 14: Please select which donors are in your pipeline and likely to fund you over the next year (2026/2027).

Three-quarters of respondents (76%) say funding is lower than it has been over the past decade. For more than half of organisations consulted this means a reduction of over 25% of their budgets. For a third of organisations these reductions have been over 50% threatening their survival.

In addition, 86% of respondents report harder terms, more complicated compliance or non-renewals and cancellations of grants since January 2025, making funding relationships more strained. Uncertainty, tighter conditions and delays in communication are a central feature of the current funding environment.

> *"One of our donors suspended its funding while the project was underway"*. Survey respondent

Throughout the last decade the most common sources of funding reported by respondents included International NGOs, (for over 60% of respondents), membership or earned income for 46% of respondents, other bilateral donors (excluding USAID) for 42% and embassies / EU delegations and international foundations for a little over one third of organisations. Significantly fewer organisations are receiving **funding from each of these sources today.** For a majority of respondents, International NGOs still remain by far the most frequent donor channel. More than half of respondents (56%) currently draw on fewer types of funding sources, with the contraction particularly pronounced among medium-sized organisations that were historically the most diversified. Respondents expect funding from bilateral donors (excluding USAID), embassies / EU delegations and international foundations to increase slowly in the next year, when in fact organisations relying on INGOs could face further cuts as funding cycles come to an end. This is however at odds with the current estimates by the OECD referenced in Chapter 1.

When we look at the data through the lens of the three organisational profiles the **medium sized organisations, Profile B, appear to be the most affected**. Despite their highly diversified funding base historically, their donor portfolio seems to have been the most disrupted. Whereas 42% had access to funding from USAID during the last 10 years, only 3% currently do. 57% of them received funding from other bilateral donors over the last decade, whereas only 25% do so today. While the figures for Profile A, the larger more networked organisations, also indicate that fewer have access to the range of donor sources of the past decade, they are also the ones who are more likely to report some instances of increased funding (30%). As for the smaller Profile C organisations, their relatively low exposure to international donor channels and their stronger reliance on membership contributions and earned income has possibly lessened the immediate impact of cuts to some degree. 46% report cuts whereas 90% of medium sized organisations (Profile B), and 71% of larger organisations (Profile A) report them. Interestingly, 10% of Profile C organisations also report instances of selective funding increases from some of their sources. Open ended responses however suggest that **any increases in funds are not compensating for the wider contraction**.

Wider impacts: what is happening to civil society in different contexts?

This section looked at how funding shifts have affected civil society in respondents' countries more widely, which types of organisations and areas of work appeared most affected, what changes they had observed in civic space, and whether civil society work felt more or less safe.

More than three-quarters (76%) describe severe disruption to civil society operations in their country. Local grassroots organisations and national NGOs are most affected by such disruptions, followed by women-led and feminist organisations and youth-led organisations.

80% of respondents report that human rights and democracy work is the most heavily compromised, alongside gender equality and work on the rights of specific population groups (migrants, ethnic minorities, indigenous peoples). Essential social and humanitarian work are also seriously affected.

The wider impact is also seen in examples of **how political and administrative pressures affect organisations' ability to function,** with one respondent illustrating what they are witnessing:

> *"Closure of several NGO, refusal of renewal and revocation of registration of CSOs"* Survey respondent.

Testimonies show that it is getting harder and harder to do the work of civil society. Almost two-thirds of organisations say **civil society activities have become less safe since early 2025**. **More than half of respondents identify increased scrutiny, harassment and repression of civil society; bureaucratic and**

administrative restrictions hampering civil society; and restrictions on fundamental freedoms. **More than 45% also mention legal or administrative limitations on receiving foreign funding as well as investigations being launched into CSOs receiving such funds**. Approximately a third highlight increased public criticism of international donors.

> *"Statements by the executive and legislature against civil society, regulations, conditions on renewing legal status, monitoring and financial tracking".* Survey respondent.

Open-ended responses from survey respondents provide many examples of regulatory controls and administrative restrictions in countries including Algeria, Nigeria, Zimbabwe, Pakistan, Kenya, Paraguay, Peru, Venezuela, Côte d'Ivoire and others. In addition, 50% of respondents refer to an increase in **delegitimising public narratives portraying civil society as politically suspect or foreign-influenced**, sometimes reinforced by media coverage or restrictions on expression.

> *"On several occasions, the President delivered speeches accusing the media and civil society organizations of being foreign stooges."* Asia respondent
>
> *"After the 2024 protests, the government keeps on blaming the uprising and the unrest in the country on civil society organizations and their donors"* Africa respondent
>
> *"As noted in the NGO's [xxx] Annual Report on the situation of environmental defenders in [xxx] in 2025, public smear campaigns and attempts to discredit rights defenders and civil society organisations increased considerably compared with previous years. The analysis highlights the use of hostile and inflammatory rhetoric by public authorities and political candidates, as well as the role of the media in amplifying and embedding these narratives".* Latin America respondent

Organisational impact and adaptation: what is changing inside organisations?

This section asked how cuts affected staffing, programmes, community reach, advocacy, voice and autonomy. It then asked how organisations were navigating the challenges and which practices they would share with others.

Only 8% of organisations have not had to adopt severe measures in response to budget cuts. **59% of organisations reported having to eliminate staff positions or leave them vacant, reduce staff pay, working hours or benefits.** More than half also reported that programmes, services or offices have been reduced, suspended or closed.

To adapt, over a third of organisations are resorting to engaging more through networks, coalitions and joint advocacy efforts, or pooling resources. Timely collective support has been an important source of relief:

> *"Some of the networks we are part of opened emergency funds for small-scale projects to help organisations cope with this sudden loss of funding. The amounts were small, but they were genuinely helpful at the time."* Survey respondent.

Overall, **reducing programmes is the most common coping measure** - particularly among Profile B organisations where 73% are scaling them down, although many organisations say they are still working out how to respond. While the proliferation of coping strategies reveals a remarkable and widespread resilience, **it is important to distinguish between adaptation that would deliver stronger organisations from defensive actions that merely ensure survival,** and only as a result of doing less.

Priorities: what would make a difference?

The final section asked respondents which actions by donors and national governments would best address their funding challenges and wider needs, and invited further suggestions through an open-ended question. Responses highlighted **the crucial connection between how funds are made available by donors, to whom, through what channels and with what conditions** and **the freedom to receive it, decide how to**

use it and participate in public life. The detail of the recommendations per audience is further explored in the last chapter of this report but in brief, the most widely endorsed asks to donors refer to the need for **faster and more flexible grants to be made available in country, more proportionate requirements, more direct funding to national civil society and meaningful consultation**. All organisational profiles prioritise protecting flexible local grants when funding shrinks (64%) and approximately 50% across all three profiles want donors to prioritise funding to national CSOs. Profile B also emphasises the importance of context sensitive compliance (67%) and bridge funding (64%). Responses demonstrate that it is not just about making more calls for proposals available. Who is able to compete for them is just as important:

> *"Donors shouldn't rely on the big organisations which had the capacity to hire proposal developers. Small organisations with good ideas though not properly presented should be given an opportunity, that is where impact is."* Survey respondent.

Asks directed at national governments emphasise **protecting access to domestic and international funding (68%) and participation in public decision-making (66%)**. Around half also prioritise **removing restrictive administrative/legal burdens**, protecting **fundamental freedoms, protection from** legal, digital and physical **threats** and **ending delegitimising narratives.** The responses link financial sustainability directly to the broader enabling environment, with priorities being consistent across all profiles.

5. Key insights about the impact of changing ODA funding on EU SEE and CIVICUS members

5.1 A Funding shock exacerbated by deteriorating funding terms

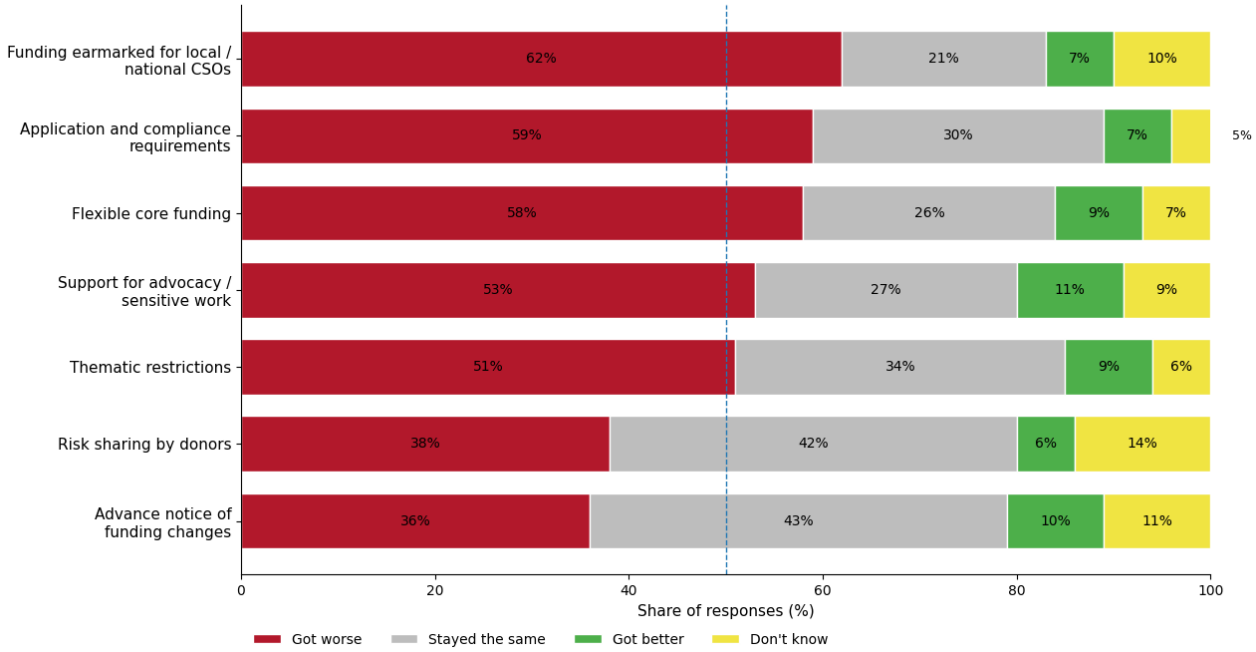
For survey respondents funding has declined drastically. Asked about the size of budget reductions, three-quarters of respondents (76%) say funding is lower than it has been over the past decade. Almost **one-third say they have lost more than half of their organisation's budget, which is threatening their survival**.

When asked about the funding changes they had experienced since January 2025, almost **40% of organisations report that expected funding or a renewal was not approved, and that compliance conditions became harsher,** while one-third report early termination of a grant or contract. Nearly half select at least two of the five disruptions listed. This means a majority of CSOs experienced either fewer grants approved, reduction in existing grants, early cancellations, or delayed funding decisions, on top of more restrictive eligibility criteria.

The support that remains is often harder to use

Alongside disruption, respondents describe a deterioration in funding practice. Almost three in five say application, compliance and reporting requirements have worsened (59%). A similar share reports a reduced availability of flexible, core or institutional support (58%), and an even larger share (62%) see deterioration in funds specifically earmarked for local and national CSOs. More than half identify worsening conditions around advocacy and politically sensitive work or restrictions on fundable themes.

Figure 2. How donor practices have changed



Source: Question 15: 'Compared with the last 10 years, how have donor practices changed since January 2025?'

These different obstacles have a shared practical consequence: sustaining the work becomes harder even when funding is still available. One respondent describes the narrow horizon within which it obliges CSOs to work:

> *"Every one of our grants is annual and project-tied. We have no reserves and no core funding, which means that stability, where it exists, is only ever twelve months deep."* Survey respondent, on funding impacts.

The funding crisis is also testing the relationships with donors

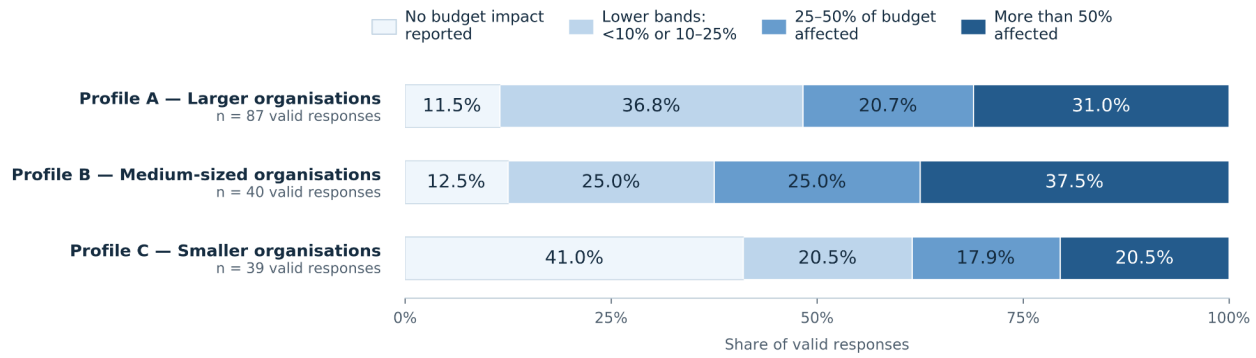
The changes in funding and in compliance requirements have affected trust between CSOs and donors. More than half of respondents report a deterioration in trust overall. Other donor practices such as providing advance warning about funding changes or the sharing of risks with partners, are perceived to have stayed the same, despite context deteriorations.

All in all, the data suggests there's been a deterioration in funding practice. While non-renewals, cancellations, delays and tighter conditions are widespread, compensating increases remain limited, sporadic and uneven. There is a clear pattern indicating that CSOs face overlapping pressures, not solely a decline in funds.

5.2 Diversification of funding streams alone may not provide protection from a system-wide shock.

The responses show that organisations in Profile B which are the mid-size organisations with a more diversified funding base historically, report a higher impact from funding cuts with almost two-thirds (63%) facing cuts that either 'radically reduced' their budgets or 'threatened their survival'. These compare to 52% of Profile A organisations, relatively larger in size and also strongly connected to institutional funding. Comparatively, 41% of Profile C - the smaller organisations, with a less diversified funding profile - report no budget impact. Factors contributing to this could be their larger reliance on earned income or voluntary contributions; their relative disconnect from international donor sources; and a reduced likelihood of accessing grants in the first place, given eligibility and compliance requirements. Understanding more about why diversification of funding sources did not seem to shield Profile B organisations from funding cuts would require specific follow up research.

Figure 3. Budget impact differs across organisational profiles



Source: Question 11: From January 2025 until today, what percentage of YOUR organisation's budget has been impacted by donor budget cuts?

Other explanations of why Profile A organisations have weathered cuts slightly better than Profile B entities may reside in their **relationships with institutional donors**, which show a higher degree of trust, less instances of deteriorating funding terms, as well as more relative access to donors who have increased their funding. Secondly, their **access to networked spaces - such as EU SEE, Forus or CIVICUS – suggests a degree of protective cover**. It would be worth testing whether in times of crises, donors might be turning to larger and networked spaces as a way to lessen investment risks while at the same time facilitating re-granting.

5.3 What is being lost goes beyond programmes and jobs and is translating into reduced voice, reach and autonomy

The most visible organisational consequences of reduced funding concerns staffing and the ability to deliver the organisation's mission. When asked about how cuts had affected their organisation, 59% report posts eliminated or left vacant, and the same proportion speak of reductions in salaries, working hours or benefits. However, staffing cuts are not just about the number of posts lost. They imply a loss of expertise and institutional knowledge, drive experienced professionals from the sector, and result in staff covering a multitude of roles. This further exacerbates losses in organisational capacity, sustainability and resilience.

Open-ended responses provide multiple examples of **increasing organisational efforts being required to compete for, secure and administer less funding** with time being diverted to additional proposal writing and compliance burdens.

> *"…organisations are expected to maintain increasingly complex compliance, safeguarding, financial management and reporting standards despite reduced institutional resources. This can disproportionately disadvantage smaller grassroots organisations that have strong community legitimacy but limited administrative capacity." Survey respondent in Africa*
>
> *"Many organisations spend significant time pursuing grants instead of focusing on long-term community impact."* Survey respondent.
>
> *"Over the past few years, competition for European Commission calls for proposals has been growing steadily. For example, more than 800 project proposals are submitted for a single CERV Action Grant call, while only around ten of them will receive co-financing."* Survey respondent in Europe

More than half report cuts, suspensions or closures affecting programmes, services or offices. However, looking at funding cuts alone can obscure the extent of impacts CSOs are facing. With donors supporting activity-based initiatives primarily, essential core functions such as safeguarding, governance, digital security, administration and learning can remain underfunded. Over the long term this can mean that while funding remains, the organisation cannot sustain the work it is funded to deliver. Project funding often

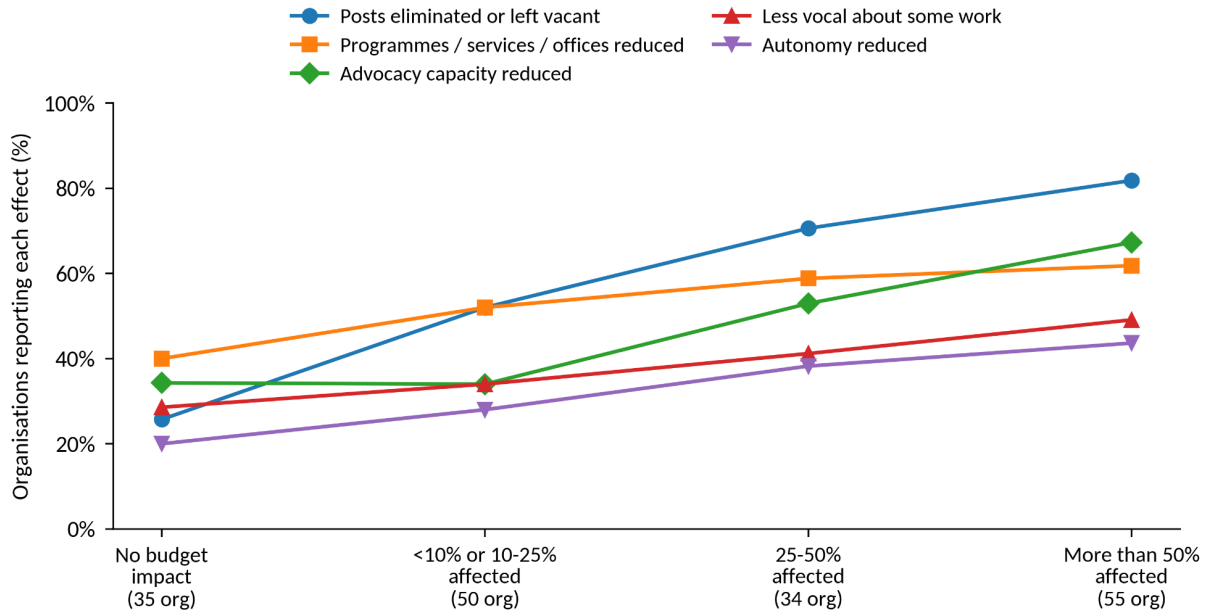
leaves little or no margin to build institutional reserves, which contributes to organisational precarity. This can have a further impact beyond delivery in that it damages the credibility of organisations and in turn further risks their funding.

Critically, almost half report reduced capacity for advocacy and public policy engagement.

> *"Funding determines not only which projects organisations can carry out, but also their ability to sustain teams, preserve and share knowledge, respond to attacks and participate in public debate".* Survey respondent.

Around 40% report reducing interventions to a smaller geographic or community reach or becoming less vocal about some of their work. One-third say their autonomy or ability to set priorities has decreased, and a similar percentage state that funding cuts have led to shifts in their programmatic focus away from more 'contested' areas of work.

Figure 4. Greater budget impact accompanies losses of capacity, autonomy and voice



Source: Question 11: what share of the budget has been affected; and Question 25 :'Have funding cuts from early 2025 affected your organisation in any of the following ways?'

The above graphic shows that the higher the exposure to budget cuts, the more impacts organisations have faced, as would be expected. The findings suggest that many organisations are attempting to buffer programmes and advocacy from funding cuts by first absorbing pressure through staffing reductions, vacancies, reduced working hours and other employment costs. However, this protective effect is only partial. As funding losses deepen, reductions in programme delivery and advocacy capacity become increasingly widespread. Finally, data shows that even organisations not impacted by cuts are experiencing stresses throughout, which points to environmental pressures affecting all CSOs.

Looking at the figures per profile we can see that Profile B, medium-sized organisations, are more severely affected with 77% reporting positions lost or left vacant, 77% again reporting reduction in programmes or services, 67% reporting diminished advocacy capacity and reach, and 59% saying they have become less vocal. In contrast, Profile A, larger organisations, generally report mid-level effects, on their organisational capacities and activities, while Profile C, smaller organisations, appear to be the least affected in terms of their structures and activities. Profile B's combination of broad donor exposure and multi-level operations appears to leave it in the most vulnerable position.

All in all, the above suggests that beyond the reduction in CSO's programmatic footprint, **a less visible process of organisational capacity loss may be occurring**, related to the extent to which **priorities are set independently, community relationships are sustained and organisations have the ability to participate freely in public debate**. While moving away from contested issues may be strategic in preserving access to

certain funds or keeping work going, it will have ramifications for the wider enabling environment if CSOs are forced to be more cautious and less vocal in order to preserve funding.

5.4 Funding insecurity and a rapidly degrading civic space: two multidimensional crises reinforcing each other

The survey's financial findings sit alongside widespread reports of increasing pressure on civic space. Asked what changes they had observed since early 2025, more than half of CSOs report increased scrutiny, harassment or repression; laws or administrative practices affecting civil society's ability to operate; or restrictions to fundamental freedoms. Almost **two-thirds say it has become less safe to carry out civil society activities**. Survey responses show that many organisations are **navigating both crises at the same time** while their effects mutually reinforce each other.

> *"The combined effect is that organisations are being asked to respond to more violations with fewer resources and less operational certainty."* Survey respondent.

Protection becomes harder to sustain when resources are uncertain

In their open ended responses, survey participants connect funding insecurity with the ability to maintain secure systems, retain experienced staff, obtain legal support and sustain protective relationships. **Respondents also ask for flexibility to meet a threat when it occurs**, rather than only when it was anticipated in a project plan.

> *"It is important that the funds have the flexibility to redirect resources to address security emergencies. The safety of work teams and human rights defenders must always be the top priority."* Survey respondent.

When asked to indicate how a range of themes were being affected by funding cuts, four in five respondents identified **human rights and democracy work as being most affected and threatened**. Women-led and feminist organisations, youth-led groups, and organisations working on the rights of specific populations also feature prominently in assessments of institutions most at risk.

5.5 Adaptation is widespread, but much of it is defensive coping rather than recovery

Organisations are engaging in more collaboration and networking as part of responding to funding cuts and delays. Replacement funding is not forthcoming. Nonetheless, some practices are emerging in response to these pressures which point to civil society's creativity and resilience: Respondents are building alliances, sharing resources, approaching new funders, seeking locally generated income and negotiating changes to grants. Whilst these efforts demonstrate initiative, they also reveal the limits of what adaptation can achieve while resources remain uncertain.

The most common response is to scale down programmes, reported by just over half of CSOs, or to suspend new initiatives. 41% say they are still figuring out how to navigate the challenges and more than one-third of responses highlight relying on networking and joint advocacy, and pooling resources with other organisations for specific initiatives or to share costs of technical expertise, legal costs or early warning systems. 'Extending your protective cover' in this way allows for 'joint advocacy efforts and stronger collective voice that is harder to silence' in the words of one respondent.

Only 29% report diversifying their funding sources or finding alternative funding to cover some gaps.

> *"Many organisations, including mine, have had to reduce their staff numbers. This is certainly not a good practice, but it has become a very common occurrence."* Survey respondent.
>
> *"The reality is that many are depending increasingly on volunteers. In addition, there is a risk of increased job insecurity at the same time as staff are experiencing added pressure to deliver existing commitments or keep an organisation going."* Survey respondent.

The downstream cost of cutting or suspending programmes for vulnerable communities, the cost of delayed responses to crises, or that of a weakened civil society, are all broader picture questions meriting further research.

While instances of additional support do exist, they do not have significant impact

30% of Profile A (larger organisations) and 10 % of Profile C (smaller organisations) have secured some additional funds during the period analysed, from a few donors. Larger, more networked organisations may have been able to leverage long established relationships to access new funding. Nonetheless, **the overall effect is of a significant budget contraction**. In such circumstances, continuing to operate can involve considerable costs and difficult adjustments. It is therefore important to consider who is absorbing the costs of adjustments, on what terms, and whether the response preserves the capacity the organisation needs.

New resources, wider alliances and the fight to protect priorities

Respondents shared examples of practical steps taken to create room to act, such as setting up social enterprises to partially self-finance an organisation. Where there have been longer term relationships with certain donors, responses suggest there has been more scope to negotiate needed flexibility. Others describe pooling legal expertise and early warning arrangements; carrying out stronger risk analysis and diversifying relationships beyond traditional donor circles. **In these accounts, the value of a relationship is not exclusively related to the financial support it may deliver. It can mean access to information, expertise and collective voice.**

There is often a tension between adapting to changing priorities and stiffer requirements, while avoiding concessions on mandate or strategy of an organisation. This has been a complex balancing act, which some have managed to different extents. One respondent states:

> *"We have diversified our funding relationships while maintaining our strategic priorities rather than shifting our work solely in response to available funding."* Survey respondent.

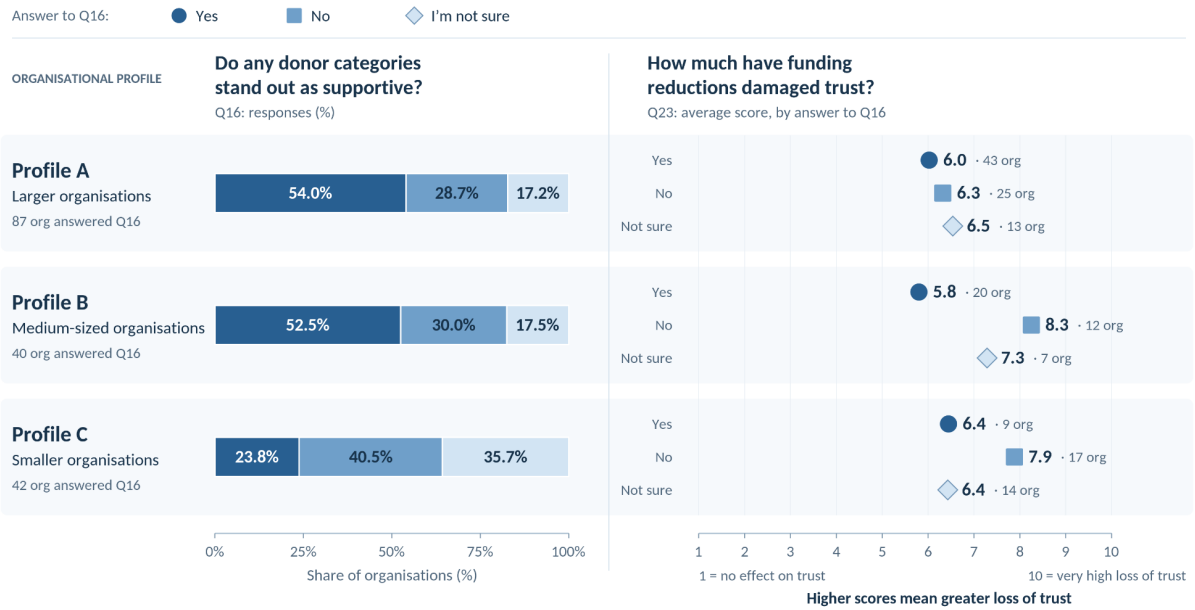
Profile B organisations report the most intensive combination of scaling down, pooling resources, using reserves or borrowing, and developing joint advocacy. This is consistent with its high exposure and extensive financial loss and may not necessarily describe a more successful adaptive response.

The question for donors and networks is how to support those resilience and adaptive behaviours that preserve organisational independence and collective capacity, without normalising precarious working conditions, diminishing programmes or depleting reserves.

Supportive relationships are visible, but limited and unevenly accessed

44% per cent of all respondents can identify a donor category that stands out as particularly supportive, flexible and context-sensitive. Profile C organisations, those least connected to international donor circles and more self-reliant, are the least likely to identify a supportive donor category.

Figure 5. Supportive donors are part of the picture although trust has been eroded



Source: Question 16: 'In your opinion, is there a category of donor that stands out as being particularly supportive, flexible and context-sensitive?' and Question 23: To what extent have funding reductions negatively affected trust between civil society and donors?

The named examples span specialist funds and **foundations** primarily (such as Urgent Action Fund, Packard Foundation or the National Endowment for Democracy), **international NGOs** and **networks** (like CIVICUS, EU SEE, Forus), and **public donors** including **bilateral agencies** (GIZ), **embassies, EU** (delegations mostly) and **UN** actors. No single institutional model owns good practice. Some respondents value particular funders for continuity, proportionate requirements and understanding of the circumstances in which they work.

Across organisational profiles, respondents believe **funding reductions have negatively affected trust between civil society and donors**, with medium and smaller organisations with no access to supportive donors indicating a higher loss of trust.

6.What needs to change

The crisis facing civil society is about more than declining funding. It is also eroding relationships, trust and credibility between donors and CSOs, and it is affecting the independence, autonomy and voice of civil society. At the same time, civic space is contracting and organisations face growing legal, political and operational restrictions.

Survey respondents point to three priorities, which are consistently supported across all organisational profiles: **maintain organisations' ability to operate, improve the terms on which support is provided, and protect the freedoms that make civil society work possible.** Below are 7 key strategies that survey participants highlighted as necessary to take these priorities forward, some directed to donors, others to national governments and some to civil society.

Organisations participating in the online sharing findings session that culminated this research process, indicated a high degree of alignment with these recommendations which they found relevant and politically feasible. The exception were asks to national governments, which the audience felt were pertinent but harder to achieve in the short term, and would require the identification of alternative intermediary steps.

Recommendations for donors and funding intermediaries

1.Protect continuity before disruption becomes irreversible

Donors should provide **rapid, flexible funding accessible locally** and provide **bridge funding** when grants are unexpectedly suspended, reduced or delayed. Where funding is ending, they should agree transition arrangements early, including support for staff retention, community engagement and existing commitments, as well as responsible closure where it cannot be avoided, as well as responsible closure where it cannot be avoided. Short-term crisis support should be complemented by **predictable, multi-year institutional funding**, rather than relying on successive project grants to create an illusion of continuity.

> *"Abrupt terminations transfer disproportionate risks to national organisations, their staff and the communities they serve, even when organisations have met their obligations."* Survey respondent.
>
> *"The large majority of CSOs [from xx] operate exclusively through a short-cycle project-funding model — 12, 24 or at most 36 months. This is structurally incompatible with institutional sustainability… Once the project is completed, the funding stops and CSOs are left without resources to maintain their activities, staff and fixed costs."* Survey respondent.
>
> *"Running costs are what actually keep an organisation alive — rent, salaries, financial management — and they are precisely what project-based grants cover least. Every one of our grants is annual and project-tied."* Survey respondent.

2. Make compliance and accountability proportionate to context and risk

More than half of respondents called for more context sensitive compliance. Accountability should protect public resources without creating unnecessary costs or pushing risks down the funding chain.

Donors should **simplify and align application and reporting requirements** (such as asking only for the information that will specifically be used for decisions and accountability, accepting common or partner-owned formats, and replacing some written reporting with check-in conversations), cover the **real administrative costs** they create, and **allow justified changes to budgets**, timelines and activities as circumstances evolve. Financial, legal and reputational **risks should be shared**, rather than transferred to the organisation receiving support.

3. Protect independent voice and politically contested work

Maintaining support for advocacy, rights, democracy, gender equality and other politically contested work is critical to avoid a funding crisis being exploited for further crack down on civil society's work.

Donors should make **legal, physical and digital protection** eligible for funding and ensure mechanisms can respond quickly to emerging threats. They should preserve protective relationships, coordinate public and private responses with the affected organisation's consent, and assess cuts not only in financial terms, but also for their impact on **voice, autonomy and community reach**. Donors with a diplomatic presence, including EU delegations and Member State embassies, should also use political dialogue and public diplomacy to push back against restrictive laws, funding restrictions and stigmatising narratives, and to support partners at risk.

> *"When a donor abandons an issue because it has become politically uncomfortable, it helps isolate those who defend it"* Survey respondent.

4. Improve access and share decisions, not just delivery

When resources shrink, who gets access matters even more. Just over half of respondents (51%) called for more direct and accessible funding for national civil society, while recognising that intermediary models remain valuable where they provide trusted support, specialist capacity or safer access.

Donors should communicate decisions **early, clearly and transparently**, and explain changes. CSOs should be involved in **setting priorities and designing funding mechanisms**, including during periods of

retrenchment. Crisis support should also be available to organisations that have historically received little donor funding and should not be predicated on evidence of a large cancelled grant: lack of previous access should not become a barrier to future support.

Recommendations for national governments

5. Protect access to resources and meaningful participation

The right to participate means little if organisations lack the resources needed to exercise it. Funding regulation should not be used to exclude independent voices or discourage legitimate activity.

National governments should **remove unnecessary legal and administrative barriers to domestic and international funding** and ensure transparent, proportionate procedures. They should also provide genuine opportunities for civil society to shape public policy. This becomes more urgent in a context of reduced funding.

6. Protect civic freedoms and enable civil society to act

Governments must respect and protect the freedoms of **association, assembly and expression**. They should **protect civil society from physical, legal and digital threats**, **avoid** official **rhetoric that stigmatises legitimate civil society work**, and ensure that digital protection measures are not used to justify excessive surveillance or control. When organisations are threatened financially, they are more vulnerable to other pressures, therefore strengthening or maintaining the enabling environment becomes even more critical.

Recommendations for EU SEE, CIVICUS and civil society networks

7. Resource collective support, learn and adapt rapidly and focus on the conditions that enable civil society

Networks have a critical role in helping organisations withstand pressure, but collective action cannot become an unfunded substitute for institutional support. EU SEE, CIVICUS and other networks should further strengthen **shared legal and technical assistance, trusted referral systems, collective advocacy and peer exchange**. The value of these relationships is not only financial. Respondents describe access to information, expertise and collective voice as vital in their own right. Early-warning information should be linked to concrete resources and agreed responses. Networks should also document which forms of support help organisations maintain continuity, independence and community reach, including the hidden costs of coping strategies that may appear successful in the short term. Networks can also facilitate strategic conversations about the context-specific intermediary steps required to take forward this agenda with national governments and look for opportunities to open space.

Respondents' accounts also suggest looking beyond familiar partnerships:

> *"An adaptive measure we have taken is building coalitions that bring together not only NGOs but also academics, independent researchers, youth networks, and creative communities—such as art and music activists."* Survey respondent.

Broad coalitions like these show civil society in its widest sense, not reduced to NGOs. They anchor organised civil society in the communities it serves and give it the legitimacy and protection it needs to do its public interest work.

Ultimately, the findings in this report show that the funding crisis is not only about money. What donors cut and how, whom they continue to fund and on what terms, and whether governments protect civic freedoms, will determine whether civil society emerges from this period weakened and silenced, or still able to serve communities and hold power to account. Equally critical is the future shape of the aid system. Now is a key juncture for actors such as EU SEE and Civicus and their allies to push for a more equitable, more sustainable and more transformative development cooperation system.