

TRENDS IN ALTERNATIVE FUNDING

No. 5

**Sustaining the Fight for Democracy:
Lessons from Citizen Election Monitoring
Organizations Around the World**

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*This paper is part of the series **Sustaining the Fight for Democracy: Lessons from Citizen Election Monitoring¹ Organizations around the World**. This research was conducted by the National Democratic Institute’s Elections and Political Processes Team as part of their support to citizen election observation and the Global Network of Domestic Election Monitors (GNDEM).*

The research highlights trends, best practices, and common challenges faced by citizen election monitoring organizations as they sustain and fortify democracy in their countries. Findings in this study are based on interviews conducted with 19 citizen monitoring organizations around the world from Armenia, Colombia, Croatia, Dominican Republic, Ghana, Guinea, Kosovo, Lebanon, Malaysia, Moldova, Philippines, Serbia, Sierra Leone, Sri Lanka, Tunisia, Ukraine, and Zambia. NDI would like to express its thanks to all participants in this research for sharing their experience, challenges, and wisdom.

To learn more about different trends in sustainability, see the other papers in this series, including: [Trends in Internal Governance and Feedback](#); [Trends in Responsiveness and Agility](#); [Trends in Fundraising and Sustainability](#); [Trends in Alternative Funding](#); and [Lessons from NAMFREL and Gong](#).

Introduction

As discussed in the ***Funding and Sustainability*** paper in this series, citizen election monitoring organizations are exploring ways to make their funding more reliable, flexible and long term—especially amid fears of declining levels of international funding. Every organization interviewed said they had pursued or thought about ways to increase the share of revenue they received from alternative sources of funding outside of international donors. Despite these considerations – and, in some cases, even with small to moderate successes – no citizen election monitoring organization thought that a complete shift away from international funding would be feasible in the foreseeable future.

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1. NDI uses monitor and observer synonymously. We prefer the term monitor for citizen organizations reflecting their inherent right to scrutinize their own elections.

Can citizen election organizations raise funds from local donors?

One alternative fundraising model considered by citizen election organizations was raising funds from local, in-country donors. This includes individual or corporate donors in the private sector, private donations from wealthy citizens, or even public funding, in countries with government-managed grant mechanisms.

Some organizations were successful in raising some monetary donations from private companies or individuals. They noted different tactics, like cultivating relationships with business associations, business owners and individuals, as well as holding fundraising events, like benefits and raffles. However, organizations around the world noted significant limitations and challenges to raising funds from local donors. These included:

Conflict of Interest Concerns

Many organizations feared that receiving money from local sources would impede their real or perceived independence and neutrality. In many countries, business and wealth are closely tied to politics and few potential donors are truly independent from political actors or the government. Many citizen election organizations feared that private donors would expect a ‘quid-pro-quo’ for their investment or would otherwise attempt to influence their work. Some organizations feared the public perception of associations with local donors. As one said: ***“We already get attacked for our international funding...the media would definitely attack us for associations with local actors.”***

Conflict of interest was a particular concern regarding public funding. Although several countries provide government-managed grants to non-governmental social service organizations, citizen monitoring organizations felt they could not take money from the government they monitored. In fact, several organizations have explicit policies that prohibit them from taking government funds.

Lack of Local Donor Interest in Democracy Issues

Some citizen monitoring organizations said that corporate and wealthy donors (and even public-funded grant institutions) are more interested in supporting humanitarian issues or other charity issues popular with the public. Compared with these more ‘visible’ donations like emergency response or health services, many potential donors showed little interest in supporting conceptual, long-term issues,

like democracy and anti-corruption, where the return on investment is less obvious and immediate.

Risk of Retaliation by Corrupt Governments

In some countries, the business community or wealthy individuals are interested in supporting democracy work. However, several citizen election organizations who had received donations from local companies or individuals said that those donors feared public association with the organization. Those donors were worried about retaliation – in the form of corrupt practices that would harm profits or targeted attacks on their business – if the government learned they supported a “watch-dog” organization.

While raising money was challenging, several organizations said that they had moderate success receiving in-kind services or material donations, like donated press-conference spaces from businesses or donated office-space and staff support from like-minded independent institutions. However, in nearly every case, these financial or in-kind donations were limited and insufficient to cover the entirety of costs of organizations or large-scale projects like election observation.

Can election organizations raise funds from citizen supporters?

Another avenue considered by citizen monitoring organizations is soliciting donations from citizens, volunteers and organizational members. In specific circumstances – like mass-mobilization campaigns – this strategy has had some success (*See text box below*). However, to the vast majority of organizations, this fundraising strategy is severely limited.

Many citizen election organizations are working in low-income countries where poverty is widespread and where humanitarian needs are significant. In these circumstances, organizations said, asking citizens for money would be inappropriate and counter to cultural norms and practical considerations. In countries with lower rates of poverty and a broader practice of citizen donations, several organizations noted the challenge of raising money for a conceptual issue like democracy, credible elections and good governance. Citizens may be willing to donate in times of emergency or to immediate humanitarian needs (like hunger or health issues), but are not currently compelled to give to less tangible causes. Several said that building a cultural demand for democracy—and a willingness to fund it—would take time or would need to be paired with a strategic mass mobilization of citizen demands.

Some citizen election organizations with formal membership assemblies ask for small membership fees. However, these are often small amounts (less than \$15 USD per year) and are not sufficient to cover broader costs.

Tapping Citizen Support for Mass Democracy Movements

One organization with significant success in citizen-funding is BERSIH 2.0 in Malaysia. Early in its founding, BERSIH led a political movement that included massive public rallies demanding clean election reforms. Over time, their supporters saw the impact of the rallies – and saw that the government was not punishing those that participated. As their momentum grew, BERSIH solicited funding at their marches, asking their hundreds of thousands of supporters to make small donations to the cause. The results were incredibly successful, supporting the organization’s core costs and advocacy efforts for a number of years. However, the era of mass mobilization eventually ended – as Malaysia’s government adopted many of BERSIH’s election reforms, as a transition of power occurred after 60 years of single-party dominance, and, ultimately, when COVID made public demonstrations impractical. As BERSIH’s advocacy and watchdog work shifted to a longer-term focus, and without the immediate access to supporters at mass mobilizations, BERSIH shifted to rely on grants from international donors.

Similarly, in Sri Lanka, long-time election organization PAFFREL led a mass-mobilization campaign called the March 12 Movement, which demanded clean political culture and quality representation. As PAFFREL volunteers traveled the country during their national campaign, they found that citizens and allies around the country supported their effort through in-kind donations – offering lodging and food for their volunteers.

Can citizen election organizations raise funds through for-profit services?

The most common model of alternative fundraising tested or considered by citizen election organizations was providing for-profit services. These services often draw from the capacities of the organization and its staff, including those used in election, strategic, and advocacy activities. For example, some organizations have raised funds (or hope to raise funds) by offering:

- **Consulting services** - including strategic planning support
- **Data-collection and research services** - including public opinion polling, fact-checking services, monitoring and evaluation services, and/or other systematic data collection
- **Training services** - including electoral, internal governance and/or policy topics
- **Regional and international capacity building** - including providing trainings and technical assistance to peer organizations or other democracy actors in neighboring countries, as well as offering political tours to international visitors.

Despite some growth in this area, organizations said there are limits to fundraising through for-profit services. Several organizations noted that association laws in their country prohibited non-governmental organizations from conducting for-profit activities. Some organizations said they don't have the organizational capacity to do significant amounts of for-profit work alongside their core non-profit activities. Others said that shifting to a for-profit focus would put their mission and the interest of their volunteers at risk – especially if clients, like corporations or governments, created conflicts of interest for the organization. Others noted that the market for those services is limited and that those who need services most can't afford to pay for it. Some organizations said they would need significant investment before they could launch for-profit services, in the form of start-up funds or, in many cases, increased technical assistance so they could conduct research and analysis activities fully independently.

In the end, organizations said that their ability to raise funds through for-profit services was modest. These revenue amounts may be able to serve as rainy-day or emergency funds, or – at best – cover the organization's core costs. No organization thought they would be able to fund large-scale, high-cost projects, like election observations, with for-profit revenue.

Lessons in Local Funding from Participación Ciudadana of the Dominican Republic

A Case Study

Participación Ciudadana (PC) was founded in 1993, initially focusing on the electoral process, citizen participation and institution strengthening, before expanding to greater transparency and anti-corruption work. Today, PC continues to monitor elections, mobilize citizens to strengthen institutions, and fight corruption,

operating as a chapter of Transparency International.

In an ideal world, PC's vision for their organization's future sustainability is a program for Dominicans and by Dominicans. They would like to reach a position where the vast majority of their funding comes from Dominican sources, especially if income levels in the country grow. However, presently, most funding comes from international donors and, despite its efforts, PC has met significant roadblocks in its efforts to fundraise locally.

What successes and challenges has Participación Ciudadana faced in generating local support and financing?

Over their 30 years of experience, PC has earned a strong reputation with the public and have built networks of support from their civil society partners, business sector partners, and citizens volunteers. Throughout these efforts, PC had periods of success in raising funds and resources from local sources. They have been especially successful in securing in-kind donations from their supporters. For example, thousands of volunteers donate their time— both as elections observers and as citizen advocates for issues like anti-corruption, legal reform, and gender inclusion, among other topics. Their civil society and institutional partners have also shared resources, like donating space for training sessions. These contributions propel the work of PC, even as other sources of funding and support are reduced.

PC has also had periods when it has raised donations from local private companies but this support has been short-term, not consistent. In a trend mirroring international donors, local businesses tend to donate to democracy efforts, like PC, when they see instability in the political process. When the political situation stabilizes, they reduce or stop their contributions. Additionally, many fear retribution from the government for having a public association with an active and effective watch-dog organization. Many local donors ask that their donation is anonymous so that the government does not single them out for supporting an anti-corruption, pro-democracy organization holding the administration in check.

What opportunities do they see in the future?

Despite these challenges, PC's team continues to look for new opportunities and creative strategies to expand support for their movement and their sources of local revenue. One potential area of opportunity for greater citizen mobilization (and

potential crowd-funding) is the growing and independent middle class. Importantly, the middle class is free to join social movements; it is not beholden to government retributions like business owners, nor is it reliant on government services. Similarly, the large diaspora community may also be a growing source of support. In recent years, youth have increased their involvement in democracy and social movements, showing a great opening for growing support for the organization and democracy issues broadly.

PC also notes that the particular challenges to local fundraising relate to corruption levels. Corruption is the reason that private businesses fear government retribution and pressure. Corruption detracts from the social and economic movement of citizens that creates more independence and freedom to support democracy causes. So as PC and their allies combat and reduce levels of corruption in the country, greater opportunities for local fundraising may arise.

What pre-conditions would allow greater flows of alternative funding for citizen election organizations?

Based on the above lessons from citizen election organizations working at various stages of democratic stability, good governance, and economic wealth in their countries, it is clear that certain pre-conditions could open greater opportunities for local fundraising, such as:

- **Higher levels of per-capita income** – This includes growing income levels, both so citizens have resources to donate and so that the need for humanitarian donations decreases.
- **Decoupling of wealth from politics** – This includes both separating money from politics so that high-income donors have more independence from political parties, as well as the development of a strong middle class that is not beholden to government retaliation or clientelism.
- **Fighting corruption and abuse of state resources** – This includes strengthening safeguards so that governments cannot retaliate against private companies or individuals that support watch-dog organizations.
- **Building greater citizen demand for democracy** – This includes efforts to increase democratic culture and engagement, as well as building a sense of accountability among citizens, so that the connection between democracy and citizen lives is more apparent.

Conclusion

Given the importance of reliable, reflexive and robust funding, citizen election organizations are actively looking for opportunities to raise funds from more diverse sources – including alternatives to traditional international donors. Every organization interviewed had pursued, piloted or thoroughly considered alternative sources of funding. Some organizations were successful in seizing momentum and citizen support during mass mobilizations or broad concerns about democracy in the country. However, even among those who had experienced previous success, citizen election organizations saw real challenges to increasing and/or sustaining local fundraising. To reach that level of sustained local-funding (to the degree seen in the United States or other high-income countries), some key pre-conditions are needed, including increased levels of wealth, a decoupling of wealth from politics, low levels of corruption and an ingrained democratic culture.