



NGOs seek novel funding sources amid global crackdown

Authoritarian regimes worldwide are hampering non-governmental organisations through laws targeting funding sources, imperilling health care. Ed Holt reports.

For more on the CIVICUS Monitor see <https://monitor.civicus.org/rights-reversed-2019-to-2023/>

For more on Nicaragua's crackdown on NGOs see [World Report Lancet 2024; 404: 838](#)

"This is only going to spread to more countries, something needs to be done right now", says Ganna Dovbakh. "Organisations, community groups, NGOs, are doing absolutely vital health-care work in some countries and they're facing legal restrictions on the funding which keeps them operating."

Dovbakh, Executive Director at the Eurasian Harm Reduction Association (EHRA), is worried about what she and many others working in civil society see as a growing trend of government crackdowns and restrictions on their activities. According to research by the civil society monitoring group, CIVICUS Monitor, civil society is under increasing threat with 118 of 198 countries and territories experiencing severe restrictions in fundamental freedoms.

One of the most common tools rights activists say has been used by authoritarian regimes to throttle the work of non-governmental organisations (NGOs) is legislation governing funding sources, including so-called foreign agent laws. These invariably oblige civil society groups receiving funding from abroad to adhere to excessive bureaucratic demands and controls by state authorities as well as being publicly classified as foreign agents. Failure to comply with the demands of the laws often results in liquidating fines. Such legislation has proliferated in the past decade, notably in eastern Europe and central Asia since Russia introduced one of the first such laws in 2012.

In many countries, civil society groups are at the heart of a wide variety of health-care services, from disease prevention and treatment to humanitarian aid, food security, reproductive health, and keeping hospitals and clinics stocked with medicine and equipment. Putting restrictions on their operations can be

disastrous for local health care in some cases, experts say, especially among vulnerable populations which often rely on community groups entirely for some health care.

"When foreign agent laws come into effect, groups do one of two things: either stop accepting foreign funding or agree to be labelled foreign agents. In the first case, groups often reduce their work dramatically, lay off staff, or shift to entirely volunteer operations. In the second case, groups have to comply with exorbitant legal and administrative obligations that eat up many of the resources that were previously dedicated to supporting the community", Julia Lukomnik, Strategic Advisor at Aidsfonds, told *The Lancet*.

According to the Global Fund to Fight AIDS, Tuberculosis and Malaria, countries where civic space is restricted account for a large share of the burden of the three diseases that the Global Fund focuses on. In 2021, 78% of HIV, tuberculosis (excluding HIV-positive cases), and malaria deaths occurred in countries classified as closed or repressed, along with 83% of new HIV infections and tuberculosis and malaria cases. Another 21% of deaths and 17% of new infections or cases of the three diseases occurred in countries classified as obstructed. By contrast, fewer than 1% of deaths and new infections or cases occurred in countries where civic space is open or narrowed.

"Health outcomes in countries where civil society is restricted or closed entirely are significantly worse", Claudia Ahumadu, Manager for Civil Society and Communities Advocacy at the Global Fund, told *The Lancet*. Where such laws have been brought in, NGOs working in health care have reported severe disruption to their work.

Russia's foreign agent law has had a devastating effect on harm reduction

and HIV prevention. Experts say it has worsened what is already one of the world's most severe HIV epidemics. "The worsening HIV/AIDS epidemic in Russia can be attributed in part to restrictive legislation. These laws have directly led to the closure or significant scaling down in harm reduction services and HIV prevention programmes among key populations. These laws also create an environment of fear and stigma that not only creates obstacles for those NGOs that still dare to help but also discourages vulnerable people from seeking help", Alexei Lakhov, Executive Director of the European Network of People who Use Drugs, told *The Lancet*.

In India, where 20 000 licences for NGOs have been suspended in the past decade, attempts to provide hospital care in some regions have fallen foul of the country's Foreign Contributions Regulations Act, while in Africa, where, according to CIVICUS, 45 of 50 countries have obstructed, repressed, or closed civic space, restrictions on funding have left services to some communities functioning only through the goodwill of locals.

The situation in the Americas, where CIVICUS says civic space is unrestricted in only eight of 35 countries, is also dire. Nicaragua has had a foreign agent law since 2020. It shut down more than 1600 NGOs in a single week in August, including some involved in health care and humanitarian work. Similar legislation was passed in Venezuela last month and critics say it will have the same devastating effects on NGOs.

The head of one civil society group working in Venezuela in the health-care sector, who spoke to *The Lancet* on condition of anonymity for security reasons, said smaller organisations which were "not drawing extra attention to themselves" might be able to keep operating. But they warned

that “the government may go after the bigger groups”.

Another problem, say health activists, is that these laws are often preceded or followed by legislation and policies which marginalise and, in some cases, criminalise specific groups, such as members of the LGBT+ community, drug users, sex workers, and other vulnerable populations. This presents an additional challenge to the operations and funding of NGOs helping those populations.

Against this backdrop—and aware of the potential public health threats that could result—some affected organisations are calling on donors to find alternative ways to ensure funding to keep their operations running. “We need to have new systems of financing NGOs in places where their funding is being legally restricted, otherwise their crucial work could be lost”, says Dovbakh, whose organisation earlier this year launched a campaign to try and draw attention to the issue. Dovbakh says her organisation has had talks with major international groups financing projects in the Eastern Europe and Central Asia region, such as the Global Fund, although little progress has been made on the issue.

The Lancet spoke to several international funding bodies, institutions, and funds facilitating the financing of various NGOs working in health care. All confirmed they were in contact with partners affected by legal restrictions to funding and were discussing how to continue supporting them. Most were reluctant to discuss the specifics of how they could do that, but some indicated potential routes through multi-country grants, emergency funding, and altering existing funding.

The Lancet also spoke to a range of civil society groups working in countries where such restrictions are in place. Officials at these organisations said there were several approaches donors could explore to help NGOs continue their work while not falling foul of foreign agent laws.

These included, among others, receiving funding via local individuals or intermediaries such as limited liability companies rather than directly to NGOs; using cryptocurrency to bypass government restrictions on foreign funding; public-private partnerships with private sector companies to co-fund health initiatives; international donors helping local NGOs establish crowd-funding mechanisms or community contribution models; and in-kind donations of material support, such as medicines, testing kits, and educational materials.

Officials at civil society groups suggested that direct cash payments could be considered, notwithstanding concerns about the risks of fraud and misuse of the money, or sub-granting—a process in which a regional network organisation receives a grant and then offers that money in grants to individual NGOs.

Another option is pooled funding, in which major donors group their money into a fund that can then be accessed by local groups. The Robert Carr Fund is a pooled funding mechanism providing financing to regional and global community-led networks serving groups affected by the HIV epidemic. It currently funds 71 networks worldwide, including the EHRA, which the Fund says has benefited from its long-term flexible financing system even as restrictive legislation on NGOs has been implemented in various parts of the region.

“This funding has ensured the organization can keep its services operational and protect the rights of vulnerable groups, even in the face of...new restrictive laws”, Felicia Wong, Director of the Robert Carr Fund, told *The Lancet*.

Some organisations operating in countries with such laws have managed to adapt. “In the beginning, it was really difficult, but we devised ways of dealing with it by letting our donors change how they sent funding. If it’s huge sums of money we tell them to send it in tranches so we don’t have

any problems, or they send the funds through host organisations that meet all the law’s criteria”, the head of one Ugandan NGO operating in the health-care sector, who spoke on condition of anonymity for security reasons, told *The Lancet*.

However, experts say these laws are having a longer-term effect on funding beyond just the restrictions they place on giving money to specific groups. Some experts say the legislation itself is making it harder to attract major philanthropic donors to put money into some countries as they fear falling foul of sanctions on countries with foreign agent rules, or endangering the security of the people they might ultimately be sending money to.

“Risks and compliances are the elephant in the room that limits funders freely moving funds to EECA [Eastern Europe and Central Asia] countries with foreign agent laws. Available funding for EECA was already very scarce, and these laws have significantly decreased funders’ interest and openness to funding EECA-based movements”, Nino Ugrehelidze, co-founder of the Dalan Fund, an intermediary fund which works with private philanthropy to provide resources to civil society groups in the Eastern Europe and Central Asia region, told *The Lancet*.

Meanwhile, restrictive laws continue to affect NGOs and the provision of vital health-care services. In Georgia, where the latest foreign agent law in the Eastern Europe and Central Asia region came into force last month, a number of civil society groups in the country working with key populations have told *The Lancet* they fear it could result in the end of their services.

“A lot of people here are worried. We are waiting to see how this is going to be implemented and what methods can be used [to continue to receive foreign funding]. Until then, groups will just try to continue operating as normal”, Mari Chokheli, a local health-care activist told *The Lancet*.

Ed Holt

For more on the campaign in Eastern Europe and Central Asia see <https://risedecriminalize.org/shrinking-space/>