



**គណៈកម្មាធិការ
សហប្រតិបត្តិការដើម្បីកម្ពុជា**

**Cooperation Committee
for Cambodia**

**Comité de Coopération
Pour le Cambodge**

Report on

CSO Funding Landscapes in Cambodia

2024

Executive Summary

Introduction

The study on the CSO funding landscape in Cambodia provides valuable insights into the financial situation and sustainability of civil society organizations (CSOs) in the country. The research employs a quantitative approach, utilizing a cross-sectional survey of 103 NGOs (78% domestic, 22% foreign) to gather data on funding sources, annual budgets, and the potential impact of changes in international donor support.

Key findings

- The CSO funding landscape is diverse, with many organizations operating on relatively small budgets. In the previous three years, 27% had annual budgets under \$100,000, while 23% were between \$100,000-200,000. However, 31% had budgets above \$400,000, with 14% exceeding \$1 million.
- The current annual budget for 2024 shows a similar distribution, with 32% under \$100,000 and 20% between \$100,000-200,000. The proportion with budgets above \$500,001 remained consistent at 24%.
- 72% of CSOs have secured funding for upcoming years, but the majority (49%) only have funding secured for 1 year. Only 17% have funding secured for 5 years.
- 61% of CSOs have experienced changes in their funding sources over the past 3 years, indicating a dynamic funding landscape.
- 29% of CSOs have only one funding source/donor, while 12% have 6-10 sources and 11% have more than 10, suggesting some diversification.
- 11% of surveyed CSOs have received SIDA funding, with 64% considering it a core funding source in the past. 64% anticipate their

financial status will be significantly affected by SIDA's planned phase-out by 2024.

Key Recommendations

To enhance the sustainability and effectiveness of CSOs in Cambodia, the study recommends diversifying funding sources, strengthening collaboration, developing long-term financial strategies, advocating for an enabling environment, and building organizational capacity.

I. Introduction

The civil society in Cambodia has experienced significant growth since the 1990s, with various factors contributing to this expansion. The flexibility of CSO rules and regulations, external funding from international donors, and the involvement of organizations like the UN Transitional Authority have played crucial roles in shaping the landscape of civil society in Cambodia.¹

CSOs in Cambodia receive funding primarily from foreign sources, with a focus on external donors rather than local funding sources. This reliance on foreign funding has implications for the sustainability and independence of civil society organizations in the country. State-supported NGOs in Cambodia have better access to financial support and administrative assistance compared to other CSOs, highlighting disparities in funding sources and capacities within the civil society sector. The funding landscape for CSOs in Cambodia faces challenges such as limited financial resources, competition for funds, and changing geopolitical interests affecting international funding priorities. This dynamic environment underscores the importance of diversifying funding sources and building financial sustainability for civil society organizations in Cambodia.²

The challenges faced by Civil Society Organizations (CSOs) in Cambodia in terms of funding are multifaceted and complex, with significant implications for their sustainability and effectiveness. These challenges are likely to persist and evolve, influenced by various factors such as the legal environment, government restrictions, and the ongoing impact of the COVID-19 pandemic.

Legal Environment and Government Restrictions

The legal environment for CSOs in Cambodia has been a significant challenge, particularly since the promulgation of the Law on Associations and Non-Governmental Organizations (LANGOs) in 2014. This law has been

¹ <https://ivypanada.com/essays/the-civil-society-rise-in-cambodia/>

² <https://library.fes.de/pdf-files/bueros/singapur/08744.pdf>

criticized for imposing strict registration requirements and criminalizing non-compliance, leading to the closure of some CSOs.³ The government's restrictions on CSOs, especially those working on human rights and democracy issues, have also been a major challenge. These restrictions can include harassment, intimidation, and limitations on access to funding, which can undermine the independence and sustainability of CSOs.⁴

COVID-19 Pandemic and Economic Impact

The COVID-19 pandemic has had a profound impact on the funding landscape for CSOs in Cambodia. The pandemic has exacerbated existing challenges, including a decline in available funds and increased competition for limited resources⁵. The economic impact of the pandemic has also been significant, with the Asian Development Bank (ADB) lowering Cambodia's economic growth forecast to 1.9% for 2021 due to the prolonged pandemic⁶. This economic downturn can further limit the availability of funds for CSOs, making it even more challenging for them to operate effectively.

Limited Financial Viability and Diversification of Funding Sources

Many CSOs in Cambodia struggle with financial viability, which can limit their ability to operate effectively and sustainably. The lack of diversified funding sources is a significant challenge, with CSOs relying heavily on foreign funding. This reliance on external funding can undermine their independence and sustainability, making it essential for CSOs to diversify their funding sources and build financial resilience.

³ <https://kiripost.com/stories/cambodia-csos-funding-suffered-in-2021-due-to-laws>

⁴ <https://www.futureforum.asia/reports> ; <https://www.newmandala.org/cambodian-csos-constraints-and-opportunities-in-local-governance/>

⁵ <https://www.futureforum.asia/reports>

⁶ <https://www.undp.org/sites/g/files/zskgke326/files/2023-11/8.%20ICPE%20Cambodia%202023.pdf>

II. Objective of the Study

The primary objective of the study is to comprehensively assess the funding landscape of Civil Society Organizations (CSOs) in Cambodia, with the focus on their financial sustainability, funding sources, and the potential impact of changes in international donor support. The specific objectives are to:

- Identify the primary sources of funding for NGOs in Cambodia.
- Assess the trend in annual budgets of NGOs over the past three years.
- Determine the level of secured funding for upcoming years among participating organizations.
- Explore the implications of the departure of SIDA funding on the financial status of NGOs in Cambodia.
- Understand the major challenges faced by organizations in securing funding for their operations and offer recommendations.

III. Methodology

This study employs a quantitative method. A cross-sectional survey was conducted to collect quantitative data on the financial aspects of CSOs in Cambodia, focusing on their funding sources, and the anticipated impact of changes in international donor support, specifically the withdrawal of SIDA funding. The focus is on understanding their funding sources and assessing the potential impact of changes in international donor support, particularly the withdrawal of SIDA funding.

A simple random sampling technique was employed to ensure a representative sample from a diverse array of CSOs operating across various sectors and regions within Cambodia. The survey included 103 NGOs, with 78% being domestic NGOs and 22% foreign NGOs.

The questionnaire was developed in alignment with the study objectives and pre-tested to ensure clarity and relevance. Data collection took place from February 9, 2024, to March 22, 2024. The collected data underwent

analysis using statistical tools to uncover trends, patterns, and relationships pertaining to funding sources and financial sustainability. Graphs and tables were generated to visually represent the data for better understanding and interpretation.

IV. Findings and Discussion

Demographic Information

The civil society organization (CSO) funding landscape in Cambodia is a crucial aspect of the country's development. Understanding the distribution of budgets among CSOs provides valuable insights into the resources available to support various initiatives and programs.

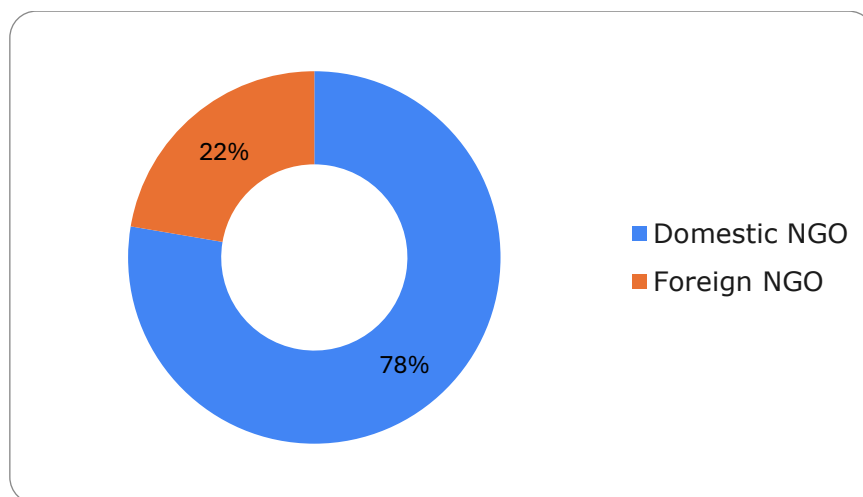


Figure 1: Number of Participating NGOs in the study

The data gathered in this study offers a comprehensive snapshot of the funding situation, shedding light on the diverse range of budgets that CSOs in Cambodia operate with. The total number of CSOs surveyed is 103, comprising 80 domestic NGOs and 23 foreign NGOs.

The CSO funding landscape in Cambodia is characterized by a diverse range of budgets, with many organizations operating on relatively small budgets. In the previous three years, 27% of CSOs had an annual budget of less than \$100,000, while 23% had budgets between \$100,000 and \$200,000. However, a significant proportion (31%) had budgets above \$400,000, with

14% exceeding \$1 million. The current annual budget for 2024 shows a similar distribution, with 32% of CSOs having budgets under \$100,000 and 20% between \$100,000 and \$200,000. The proportion of CSOs with budgets above \$500,001 remained consistent at 24%.

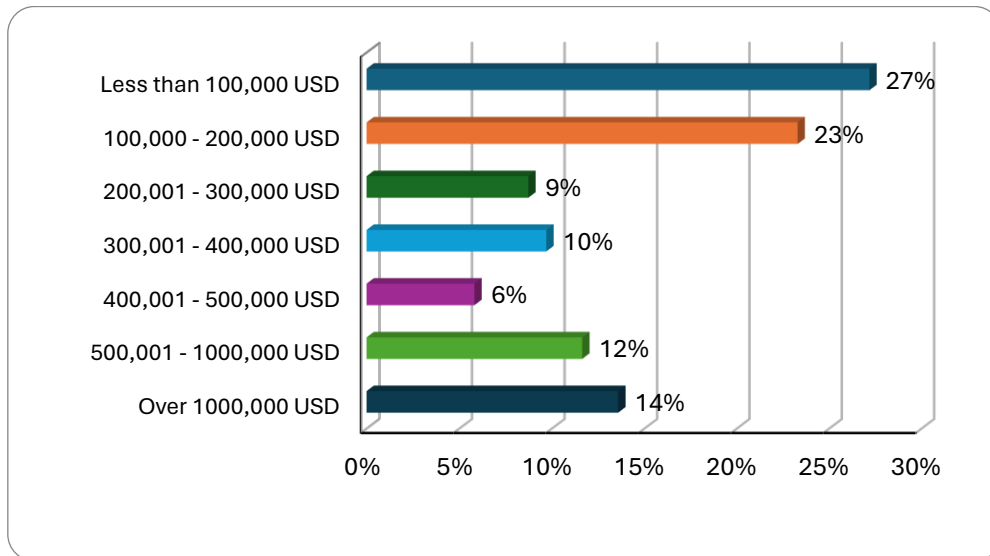


Figure 2: The previous annual budget of your organization in the last THREE years

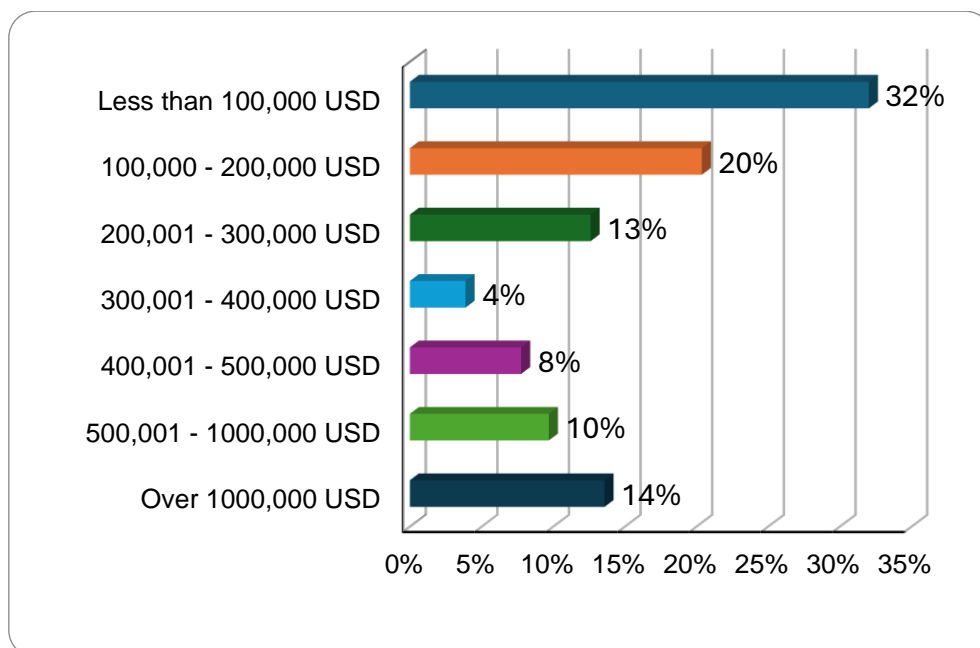


Figure 3: The current annual budget of your organization in 2024

Decreasing Budgets for Smaller CSOs

The number of CSOs with budgets less than \$100,000 increased from 27% to 32% over the three-year period, indicating a growing proportion of

smaller organizations. CSOs with budgets between \$100,000-200,000 decreased from 23% to 20%, and those between \$200,001-300,000 increased slightly from 9% to 13%.

Stable Funding for Larger CSOs

The percentage of CSOs with budgets over \$1,000,000 remained constant at 14% from the previous three years to 2024. CSOs with budgets between \$300,001-400,000 decreased from 10% to 4%, while those between \$400,001-500,000 increased from 6% to 8%.

The data suggests a trend towards smaller budgets for many CSOs in Cambodia, which could impact their ability to effectively implement programs and advocate for change⁷. Larger CSOs appear to have maintained their funding levels, potentially indicating a concentration of resources among fewer organizations.⁸

Majority of CSOs have secured funding, but for limited periods

The data reveals that many civil society organizations (CSOs) in Cambodia have secured funding for upcoming years, with 72% of respondents indicating they have secured funding. This suggests that a significant portion of the sector is able to maintain operations and implement programs.

⁷ https://sdgs.un.org/sites/default/files/2021-11/Stakeholder_Engagement_Nov_21_v2.pdf

https://pdf.usaid.gov/pdf_docs/PA00XM45.pdf

⁸ <https://gcap.global/news/civil-society-position-paper-on-universal-health-coverage-in-cambodia/>

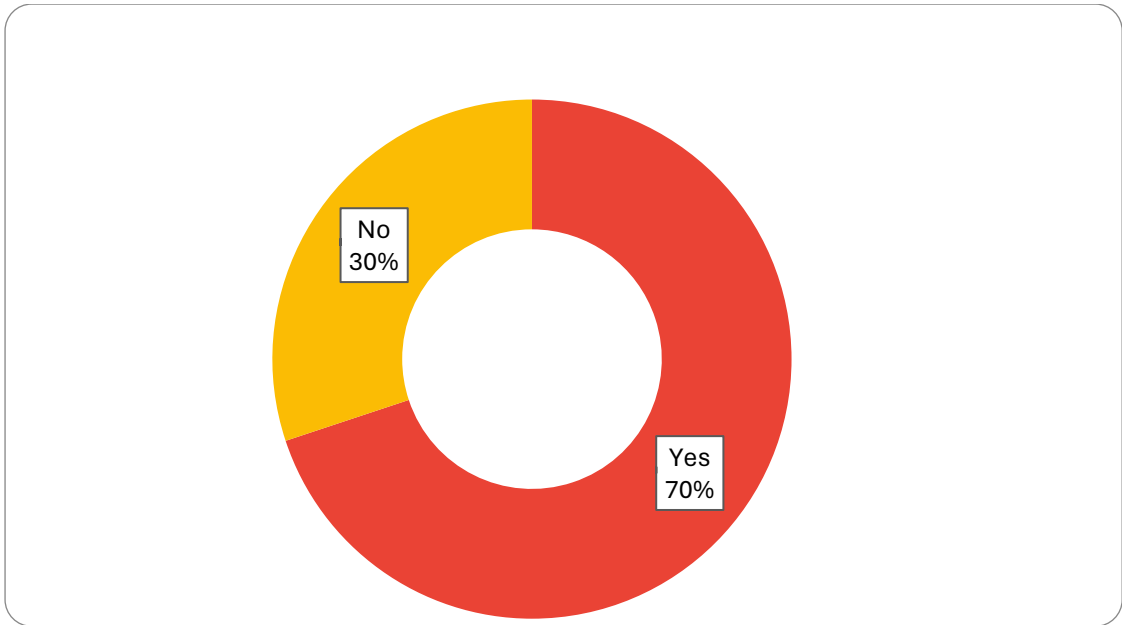


Figure 4: Does your organization have secured funding for the upcoming years?

However, a closer examination of the duration of secured funding paints a clearer picture. Many of these organizations (49%) only have secured funding for 1 year, while only 17% have funding secured for 5 years. This indicates that many CSOs in Cambodia face uncertainty in their long-term financial sustainability.

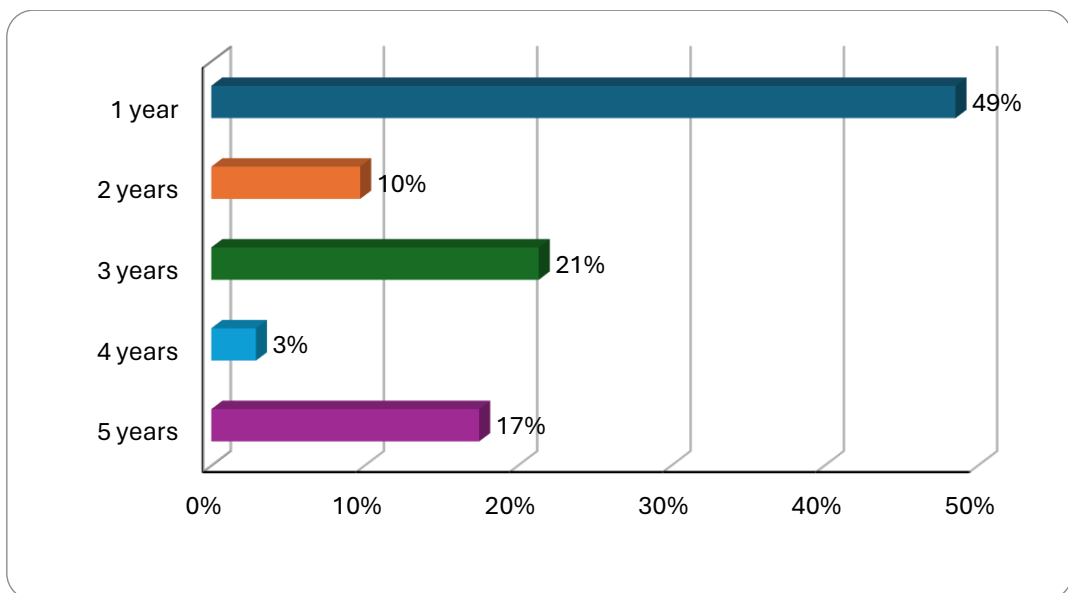


Figure 5. How many years of secured funding does your organization have?

Changes in funding sources over the past 3 years

The data also reveals that 61% of CSOs have experienced changes in their funding sources over the past 3 years. This suggests a dynamic funding landscape, where organizations are handling the shifts in donor priorities, economic conditions, and evolving development needs. It is consistent with previous study that emphasizes the heavy reliance of Cambodian CSOs on external funding and the shrinking civic space. The COVID-19 pandemic may have exacerbated these challenges, leading to decreased funding for some organizations.⁹

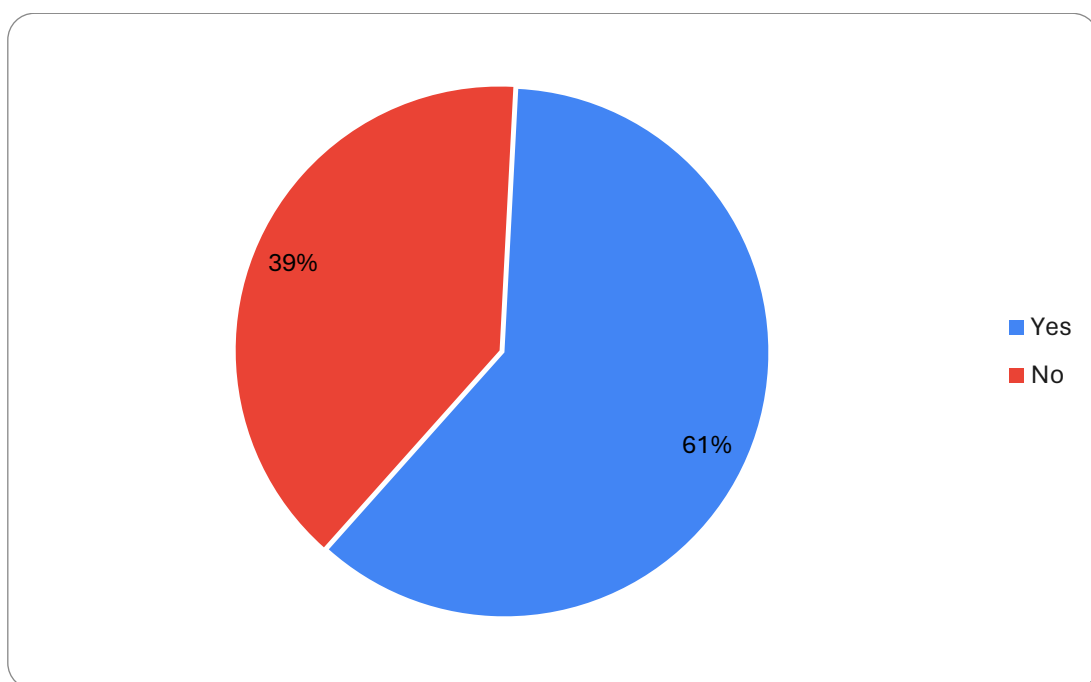


Figure 6: Has your organization experienced any changes in your funding sources in the past 3 years?

The result also reveals that many CSOs reported a decrease in funding from international donors, particularly during the COVID-19 pandemic. Some mentioned losing key funders, while others noted that international donors have shifted priorities away from Cambodia or their specific sectors. This has led to increased competition for limited resources.

⁹ a) <https://documents1.worldbank.org/curated/en/620151496155751423/pdf/115189-replacement-PUBLIC-SCD-Cambodia-web.pdf> b) <https://www.forus-international.org/pdf-detail/75814-funding-civil-society-organisations-networks-promising-approaches-to-financing-development-in-the-21st-century>

The data indicates that a significant portion of CSOs in Cambodia rely on short-term funding, with many projects only lasting one year. This lack of long-term, sustainable funding makes it challenging for organizations to plan and implement programs effectively. It also contributes to financial insecurity and the inability to retain skilled staff.

In response to the decrease in international funding, some CSOs have turned to local funders to fill the gap. However, the availability of domestic funding sources appears to be limited, as several respondents mentioned the lack of local donors, or the small amounts of funding provided. This suggests that local philanthropy and corporate social responsibility are still underdeveloped in Cambodia. The combination of decreased international funding, short-term project cycles, and limited local funding has led to increased competition among CSOs for the available resources. This competition can strain relationships between organizations and make it harder for them to collaborate effectively on shared goals and priorities.

To enhance the sustainability and effectiveness of CSOs in Cambodia, it is crucial for organizations to diversify their funding sources, develop long-term financial strategies, and remain adaptable to changes in the funding landscape.¹⁰

Diversification of Funding Sources

The majority of CSOs (29%) have only one funding source/donor, indicating a significant reliance on a single donor. However, a notable proportion (12%) have 6-10 funding sources, and 11% have more than 10, suggesting a diversification of funding sources for some organizations.¹¹

¹⁰ https://pdf.usaid.gov/pdf_docs/PA00XM45.pdf

¹¹ <https://opendevelopmentcambodia.net/topics/aid-and-development/>

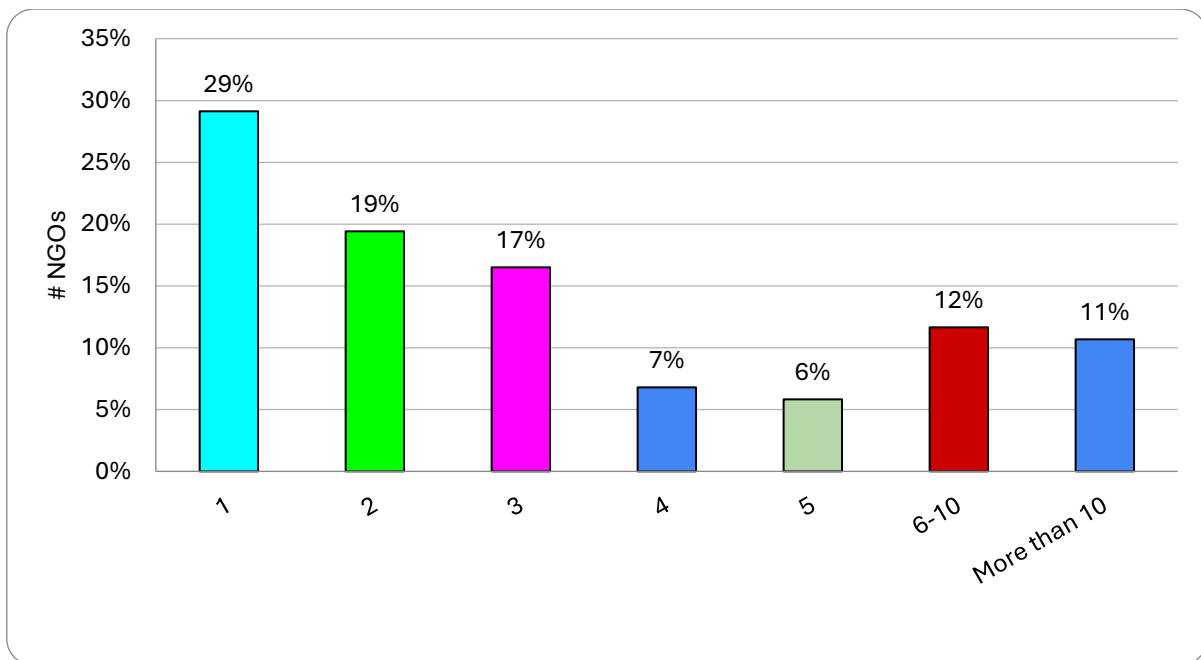


Figure 7: How many funding sources/Donors does your organization currently have?

Furthermore, 49.5% of CSOs have a single donor's funding accounting for more than 50% of their total funding (annual budget), indicating a significant reliance on a single donor. This highlights the heavy reliance of Cambodian CSOs on external funding and the challenges faced in securing stable and diversified funding sources. The data suggests that while some CSOs in Cambodia have diversified their funding sources, many still rely heavily on a single donor.

Funding form SIDA

Only 11% of the surveyed CSOs (11 out of 103 CSOs) have received funding from SIDA, indicating that SIDA's funding support has been limited among the broader CSO sector in Cambodia. However, among the CSOs that have received SIDA funding, 64% have considered it a core funding source in the past years.

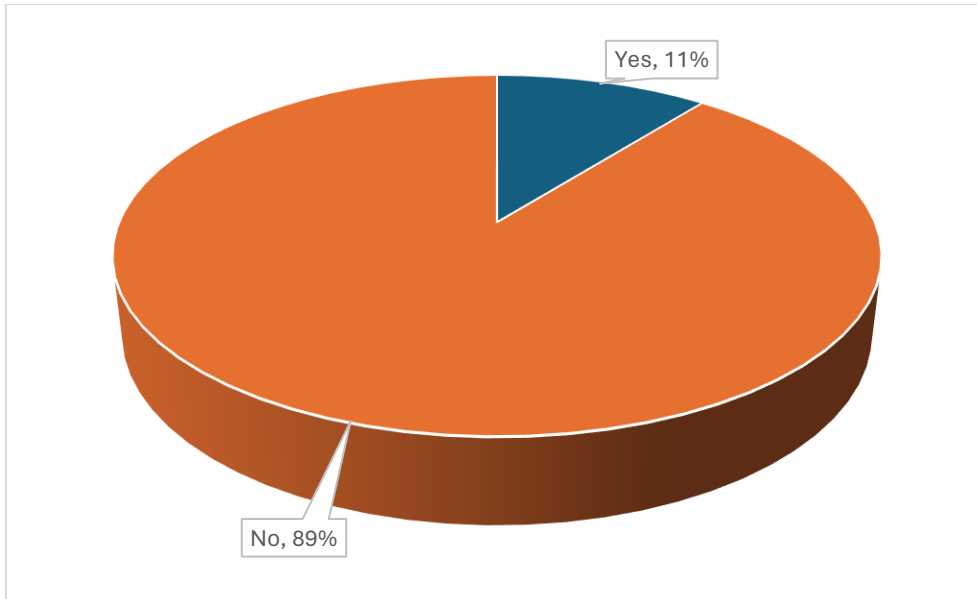


Figure 8: Did you receive funding from SIDA?

With SIDA's planned phase-out of development cooperation in Cambodia by 2024, the data shows that 64% of the CSOs that have received SIDA funding anticipate their financial status will be significantly affected. The remaining 36% expect a moderate impact on their financial status, with no CSOs anticipating minimal or no impact.

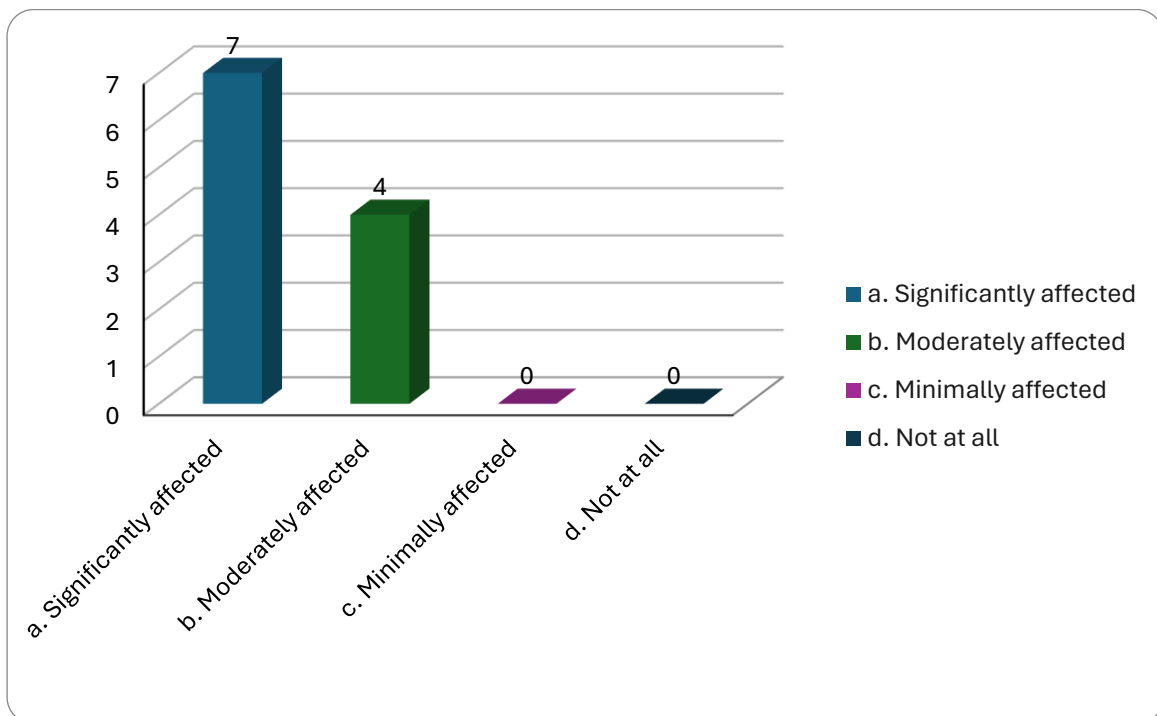


Figure 9: With the forthcoming departure of SIDA funding in Cambodia, how do you anticipate it will impact your organization's financial status?

SIDA's focus has been on strengthening human rights, democracy, and the rule of law, with a specific emphasis on working with non-governmental civil society organizations. The limited presence of SIDA funding among the broader CSO sector suggests that these organizations may have relied more heavily on other international donors or domestic sources of funding.

Major Challenges

CSOs in Cambodia face funding shortages and competition, with limited access to grant opportunities and challenges in securing operational

"There are many NGOs with high competitions so that why small local NGOs always failed or closed offices."

funding. The CSO Sustainability Index for Cambodia highlights lower funding in 2021

due to laws, impacting the ability of CSOs to carry out their work effectively. In addition, CSOs struggle with capacity building, operational funding, and identifying individual/corporate funders. Many local NGOs lack skilled fundraisers and the capacity to write competitive proposals compared to larger INGOs. This

makes it difficult to secure funding from international donors.

Local NGOs often lack

"There is no clear source of funding for 2025 and beyond, submission of proposals has not yet received funding, lack of project writing experts."

the resources to hire consultants to design high-quality proposals that meet international standards.

CSOs face difficulties in finding long-term donors and encounter shifting donor interests, with some donors prioritizing human rights, democracy, and peacebuilding initiatives. For instance, donor funding is becoming more short-term and project-based, making it difficult to secure long-term support. They have strict eligibility criteria and short deadlines for proposals that are challenging for local NGOs to meet. Some NGOs stated that donors

"Most funding partners give big amount to International NGOs."

"We struggle to find new sources of funding. We usually apply for big opportunities such as USAID, EU delegations, and so on, but these are very competitive. It is a concern that aid to Cambodia is decreasing, but at the same time, local funding (foundations, corporations) remains almost nonexistent."

often prefer to fund INGOs over local NGOs, and most funding goes to large INGOs rather than being shared with local

partners.

V. Conclusion and Recommendations

Conclusion

The funding landscape of civil society organizations (CSOs) in Cambodia is characterized by a mix of challenges and opportunities. While a majority of CSOs have secured funding, the duration of this funding is often limited, and many organizations face uncertainty in their long-term financial sustainability. The sector is heavily reliant on external funding, which poses risks to its stability and autonomy. The COVID-19 pandemic and recent wars have likely exacerbated these challenges, leading to decreased funding for some organizations. However, there are also opportunities for

CSOs to diversify their funding sources, develop long-term financial strategies, and strengthen their organizational capacity.

Recommendations

Below are some suggested recommendations for CSO Funding Landscapes in Cambodia:

1. Diversify Funding Sources

- Encourage CSOs to actively seek out and secure funding from multiple sources, such as international donors, private foundations, and domestic sources, to reduce reliance on a single donor.¹²
- Provide training and support to CSOs on fundraising strategies, proposal writing, and donor relationship management to help them diversify their funding streams.¹³

2. Strengthen Financial Management Capacity

- Invest in building the financial management capacity of CSOs through training, mentorship, and the provision of tools and resources.
- Encourage CSOs to develop long-term financial strategies, including reserve funds and contingency plans, to ensure their sustainability in the face of funding uncertainties.¹⁴

3. Advocate for an Enabling Environment

- Work with the government to create an enabling environment for CSOs, including policies and regulations that support their work and access to funding.
- Engage in advocacy efforts to promote the importance of civil society and the need for sustainable funding for CSOs.¹⁵

4. Enhance Collaboration and Networking

- Facilitate networking and collaboration among CSOs to share best practices, resources, and funding opportunities.

¹² https://pdf.usaid.gov/pdf_docs/PA00ZDN3.pdf

¹³ <https://www.swisscontact.org/en/countries/cambodia/3ei-brands/collaboration-pillar/give-a-day>

¹⁴ https://pdf.usaid.gov/pdf_docs/PA00ZDN3.pdf

¹⁵ <https://www.worldbank.org/en/country/cambodia/overview>

- Encourage CSOs to form coalitions and partnerships to jointly advocate for funding and policy changes.

5. Explore Alternative Funding Models

- Encourage CSOs to explore alternative funding models, such as social enterprises, crowdfunding, and individual giving, to diversify their revenue streams.¹⁶
- Support the development of innovative financing mechanisms, such as social impact bonds¹⁷ and blended finance¹⁸, to attract new sources of funding for CSOs.¹⁹

¹⁶ https://pdf.usaid.gov/pdf_docs/PA00ZDN3.pdf

¹⁷ <https://socialfinance.org/social-impact-bonds/>

¹⁸ <https://policy-practice.oxfam.org/resources/blended-finance-what-it-is-how-it-works-and-how-it-is-used-620186/#:~:text=Overview,additional%20funds%20from%20other%20actors.>

¹⁹ <https://www.undp.org/cambodia/projects/cambodia-sustainable-landscape-and-ecotourism-project-cslep>