An Enabling Arab Civic Space for Resilience, Growth and Sustainability

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An Enabling Arab Civic Space for Resilience, Growth and Sustainability

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Preface

This report is truly a labor of patience and persistence. Since I came to the Arab Foundations Forum (AFF) in 2014, it has been my dream for us to be engaged in the deliberate and purposeful pursuit of creating knowledge for the Arab region, from the region, and about the region. The Arab Region has been of interest to the rest of the world for centuries – the philanthropy sector is no exception – and, while much data is collected and knowledge is produced about the region, there hasn’t been enough data and knowledge produced by the region.

AFF has been adamant in creating a database of Arab knowledge predicated on the belief that for us to tell our philanthropy story, we must own our data so we can own our narrative. In the current zeitgeist of decolonization and the deconstruction of Western paradigms that govern much of the dialog and direction of the philanthropy and development sectors, we have been steadfast in our belief that in order to properly and accurately convey the story of Arab philanthropy, we need to fully own that story. It has taken a few years for us to find the right way to make this happen – it hasn’t been easy to find the funding and confidence to support us in creating our own research. As the space for philanthropy and civil society continues to get more and more restrictive in the Arab region, we believe it’s critical to examine the trajectory of this development, but also to document its consequences. Our examination of the enabling environment across four countries in the region – Egypt, Jordan, Palestine, and Lebanon – comes at a time of great transition for the region. Politically and economically, these four countries are contending with the aftermath of the COVID-19 pandemic, and we hope to build on this research in coming years to report on the development of the findings herein.

Ultimately, this report is the outcome of our patience and persistence in our quest to design, create, and produce research that will contribute to the knowledge of Arab philanthropy, and we are grateful to the EU and to WINGS for providing the funding and the opportunity for us to accomplish this.

Naila Farouky
CEO, Arab Foundations Forum

Acknowledgements

This report was made possible because of the generosity, contribution and commitment of twenty two civic actors interviewed from Egypt, Jordan, Lebanon and Palestine. The interviewees, which are listed in the annex of this report, have provided extensive insights, guidance and data that has helped inform and shape the production of this report.

We are also grateful for the insightful commentary and input provided by our two readers who volunteered and took the time out of their busy schedules to contribute to this research process, namely: Dr. Mustapha Kamel Al-Sayyid, Professor Emeritus at the Political Science Department at Cairo University and Adjunct Professor at the American University in Cairo and Dr. Shonali Banerjee, Senior Research Associate at the Centre for Strategic Philanthropy of Cambridge Judge Business School.

We are highly appreciative of the research support provided by Rosie Richards. Special thanks goes to the design team at Toroun led by Mamdouh Saud and Tarek Shehabeldin whom have thoughtfully created a layout and design that captures both the spirit and content of the report.

We are grateful for the funding support provided by the European Commission. We would also like to extend our special thanks to our partners at the World Wide Initiatives for Grantmaker Support (WINGS) for their guidance, unwavering support and enthusiasm for this project.
Acronyms

CBOs  Community Based Organizations
CSOs  Civil Society Organizations
CSR  Corporate Social Responsibility
GCC  Gulf Cooperation Council
FATF  Financial Action Task Force
FGM  Female Genital Mutilation
GBV  Gender-Based Violence
ICT  Information and Communication Technologies
INGO  International Non-Governmental Organization
MENA  Middle East and North Africa
M&E  Monitoring and Evaluation
NGO  Non-Governmental Organization
SDGs  Sustainable Development Goals
STEM  Science, Technology, Engineering and Mathematics
WASH  Water, Sanitation and Hygiene

Key Findings

• The inconsistent growth of civil society in the Arab region is correlated to the shrinking civic space, lack of sustainable funding and the incidence of crises.
• The unequal power dynamics in the donor grantee relationship is a commonly held concern of civic actors that reinforces dependency and curtails localization efforts.
• Civic actors consider building CSO resilience and long-term capacities intrinsic to recovery in the region.
• The flexible funding practices of donors and Arab philanthropy during the Covid 19 crisis has supported civil society agility and responsiveness to communities in need.
• Criteria for awarding contracts and excessive reporting practices by donors excludes a wide base of CSOs from accessing finance.
• Discretionary banking practices and the application of regulations influencing access to international funding are the biggest constraints facing civil society actors.
• Civic society actors believe that the lack of representative bodies for CSOs and effective coalitions restricts their capacity to effectively advocate for an enabling civic space.
• Investment in research capacities and sustained evidence generation is key to enhancing impact and advocating for an enabling civic space, according to civic actors.
Introduction

In 2002, the Arab Human Development Report 1 reflected on the complex challenges faced by Arab civil society. Externally, state constraints and bureaucracy were highlighted, while internally the lack of good governance, limited volunteering, the absence of a social base and overdependence on overseas partners were core obstacles. With two decades passing since, some of these challenges are still pervasive and continue to limit the impact and social change potential of civil society, most notably the lack of an enabling environment for the sustained and effective operation of civil society organizations (CSOs).

At the same time, the momentum for change among civil society has transformed profoundly since the 2002 report. Arab civil society is showing astounding resilience and is a real success story in the face of a complex geo-political context — the region hosts 53 percent of the world’s refugee population world.2 has experienced repeated economic crises and suffers from rising inequities and poverty levels that spiked due to the COVID-19 pandemic. Registered CSOs and foundations are expanding not only in terms of absolute numbers, but also in terms of their growing weight in development policy issues; their alignment with national level development strategies and global development frameworks— notably the Sustainable Development Goals (SDGs), as well as their engagement in global level coordinating mechanisms. Civil society is also playing diverse roles by serving as watch dogs, basic service providers, awareness raising and advocacy, training and capacity building. Infrastructure organizations, networks and platforms of engagement, knowledge exchange and coordination of Arab civic actors have also grown, as will be shown in this report.

Additionally, the culture of transparency, openness and partnership-building is evidently increasing with a growing number of philanthropies and CSOs publicizing their activities and finances, as well as the growth of inter-CSO partnerships and government-CSO collaboration.

This report aims to shed light on these issues by mapping changes in the enabling environment in a pandemic context and their effects on organizational-level practices through a lens of resilience, growth and sustainability of civil society by focusing on four Arab countries: Egypt, Jordan, Lebanon and Palestine. It does not cover the full range of civil society, but focuses on non-governmental organizations, including associations, community-based organizations, charitable and faith-based organizations and foundations. It departs from existing studies by taking a prescriptive approach that highlights and analyzes key changes in policies, laws and infrastructure influencing CSOs, with the aim of identifying sector gaps, priorities and areas of action for collective advocacy by the sector for an enabling environment.

The study has placed particular emphasis on bringing to the fore local voices and civic actors by anchoring findings on national level research and analyses on the civic space, as well as 23 semi-structured interviews with diverse stakeholders— namely foundations, associations, infrastructure support, research organizations, academia and civil society experts— from the four countries. One limitation of the research is the lack of recent research on civil society in the four countries. The restrictions on collecting primary data and the limited publicly available data from official sources are issues that are elaborated on later in the report.

While there is no sectorally driven consensus on what defines an enabling environment for CSOs, the study adopts a working definition of an enabling environment for organized CSOs that is inspired by the CIVICUS3 definition of ‘civic space’ to include: the range of policies, laws and infrastructure needed to enable the operation and sustainability of CSOs. The study is divided into the following key sections: Section One takes stock of the scale and scope of civil society in the four countries, the effect of the COVID-19 pandemic on CSO practices and their role in recovery; Section Two explores the effect of the civic space on influencing civic activity with a focus on the role of legal framework; Section Three proposes a civic-led agenda for change to create an enabling civic space built on the three pillars of evidence generation, advocacy and coalition building and sustainable CSO financing.

This is an opportune time for Arab philanthropy and civil society to support the re-building and strengthening of social protection systems and to participate more effectively in post recovery measures. As such, this study centers advocating for system change towards a more enabling environment for Arab philanthropy and civil society that would empower it to deliver on its values of social justice and solidarity.

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2 Reflected in the report in the limited rotation of leadership, weak participation of women and youth in leading positions, and personalization of power and its concentration in the hands of a single individual, usually the historical leader of the association.

3 CIVICUS is a global alliance of civil society organizations and activists dedicated to strengthening citizen action and civil society throughout the world.
Taking Stock of Civil Society in the Midst of Shifting Contexts

1.1. Arab Civil Society: A Story of Inconsistent Growth and Increasingly Unmet Demand
1.1 Arab Civil Society: A Story of Inconsistent Growth and Increasingly Unmet Demand

Evidently, the Arab region is witnessing the continued growth of civil society in terms of the absolute number of registered organizations (Table 1). On closer examination, however, the pace of CSO formation suggests that the demand for CSOs to fill social services or other needs gaps quite likely continues to exceed the pace of growth in the supply of such services or interventions. For instance, between 2000 and 2015, the number of Jordanian CSOs per capita essentially tripled, while in Egypt and Palestine they practically doubled. While the number of Lebanese CSOs on a per capita basis only grew by 34 percent during the same period, this was more likely to be indicative of a degree of absorption capacity limitations and/or an approaching equilibrium of CSO supply and demand, as Lebanon, with its considerably mature and active civil society, continues to lead these four countries with nearly twice the number of CSOs on a per capita basis than any of its peers. Data for Egypt and Jordan for 2021 (which is not available for Lebanon and Palestine) would suggest that there is a sharp decline in Egypt’s pace of CSO formation in particular since 2015, where there has been only a 2 percent growth in six years—laggard growth (Table 1).

The number of CSOs per capita grew nearly by a factor of 14 times faster in Jordan than in Egypt for the same period (2015-2021). Given that there were similarly restrictive measures influencing CSOs in the two countries, further research is required to better understand why the growth of CSOs per capita declined so drastically in Egypt as compared to those Jordan.

Table 1: Size of Registered Civil Society Organizations in the Four Countries

<table>
<thead>
<tr>
<th>Years</th>
<th>Number of CSOs</th>
<th>CSOs Per 100 Thousand Inhabitants*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Egypt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>53,000</td>
<td>52</td>
</tr>
<tr>
<td>2015</td>
<td>46,700</td>
<td>51</td>
</tr>
<tr>
<td>2000</td>
<td>16,600</td>
<td>24</td>
</tr>
<tr>
<td>Jordan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>6,648</td>
<td>65</td>
</tr>
<tr>
<td>2015</td>
<td>4,771</td>
<td>51</td>
</tr>
<tr>
<td>2000</td>
<td>853</td>
<td>17</td>
</tr>
<tr>
<td>Lebanon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>2015</td>
<td>8,311</td>
<td>127</td>
</tr>
<tr>
<td>2000</td>
<td>3,653</td>
<td>95</td>
</tr>
<tr>
<td>Palestine</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>2015</td>
<td>2,793</td>
<td>65</td>
</tr>
<tr>
<td>2000</td>
<td>926</td>
<td>32</td>
</tr>
</tbody>
</table>


*Note: population data used for the years 2000, 2015 & 2021 are based on World Bank Indicators. Palestine figures are for the West Bank and Gaza.
An Enabling Arab Civic Space For Resilience, Growth and Sustainability

Figure 1: A Timeline of Civic Formation in Egypt

Besides this laggard growth in Egypt, there are intermittent periods of expansion and contraction in CSO establishment. Figure 1 shows a timeline of civic formation in Egypt, with the early 2000s witnessing an expansion due to the political transition to democracy and a similar expansion post-2011 due to the Arab Spring. The literature provides explanation for this fluctuating growth showing a direct relationship between CSO formation, on the one hand, and the role of the enabling/disabling civic space. In other words, when there is an opening of civic space, as in the case of post-Arab uprisings for instance, there has been a spurt in formal CSO establishment, and vice-versa—with a closing of civic space civic activity declines.

In Egypt an astounding 3,061 new CSOs were registered in the wake of the 2011 uprising and 2,600 CSOs in Tunisia during the same period. In Egypt, however, a 2 percent decline in registered CSOs occurred with the introduction of the restrictive NGO Law 70 of 2017.

Both the interviews conducted for this study and the literature confirm the effect of the restrictive civic space on the decline of rights based (non-service delivery) and human rights organizations.

The same positive relationship exists in crises; when there is a crisis, both formal and informal civic initiatives increase and when it cedes, so too does civic activity. Civil society analysts suggest that existing figures are likely to be misleading in both the case of Palestine and Lebanon as some of these organizations are actually inactive, or tend to disappear in the aftermath of a crisis or when there is no longer international funding to sustain them.

Therefore the data, while strongly suggestive of various trends of inconsistent growth and unmet demand, need to be taken more indicatively than literally, as data collection, tabulation practices and reporting methodologies across the region remain different.


7 Ibid (2015).
Another manifestation of the inconsistent growth is that the vast majority of CSOs in the four countries are charitable in nature with little incentive to engage on structural issues given distorted funding structures, restrictive operating space and limited organizational capacities (Figure 2). Lebanon serves as an exception where civic activity shows a concentration in awareness-raising (46 percent), followed by capacity building (37 percent) and service provision (28 percent). Lebanese civil society shows high coverage in the following sectors: social development, health, education, human rights and environment. About 60 percent of CSOs in Palestine are defined as community-based organizations (CBOs). Yet, employment in the civic sector shows increasing potential with the size of volunteers serving as a proxy indicator for the potential of the sector to attract talent. Conservative estimates of the size of volunteers in Egypt by the United Nations Volunteers program (UNV) 2018 report on volunteerism place it over 1.7 million, with unofficial estimates at 5 million. While there is no recent data on the size of volunteering in Lebanon, there are over 162,970 Palestinian volunteers according to the same report. In Jordan, the size of volunteers according to the Ministry of Social Development in Jordan is 188,000. Civil society is also considered one of the most attractive employers of women in Egypt.

Regarding the geographical distribution of CSOs, the large and resourced organizations are overly concentrated in the capital and urban governorates, and tend to dominate the civic space through their access to public funding and representation in policy dialogue and consultations (Figure 3). In Palestine, territorial divisions impose an added layer of complexity with CSOs operating in Gaza and East Jerusalem being even further disadvantaged. In Lebanon, confessional divisions also tend to dominate civic action not only affecting their geographic distribution and beneficiary targeting, but also the extent of cooperation and joint agenda-setting. With the exception of Egypt, CSOs in the three countries are dependent on international funding. In Egypt, the big public foundations and charitable organizations have nationwide access to religious-inspired giving and giving from the Gulf Cooperation Council (GCC) countries while local charitable and CBOs can access local funding from wealthy community members, businessmen, and diaspora funding.

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**Figure 2: Configuration of Civil Society Organizations**

- Charitable & service provision: 70%
- Developmental: 30%
- Rights based: 0%

**Figure 3: CSOs Registered in Rural and Disadvantaged/Poorest Governorates**

- Egypt: 26%
- Lebanon: 14%


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11 Based on a count of association general assembly members.


On the country level, with Lebanon being the largest host country for refugees on a per capita basis in the region and globally (Figure 4). CSOs are extensively involved in providing relief, WASH, education and health services, and to a lesser extent rights based interventions to support integration of refugees in host communities. In Lebanon and Palestine, fragile governance contexts have pushed civil society to play a vital role in the development of communities and providing basic services, to the extent that some analysts would suggest a blurring of boundaries between state and CSOs.14 In Palestine, particularly, civil society predates the establishment of the Palestinian Authority, and CSOs are considered key players in the provision of certain services, as in the case of child-care, rehabilitation services, agriculture and specialized health care.15 In the four countries alike, philanthropically-funded hospitals and civil society-run healthcare services are common,16 with civil society in Lebanon contracted by the government to provide 40 percent of healthcare services.17

In Egypt and Jordan, the retrenchment of the role of the state in social service provision in light of liberalization policies introduced in the late 80s, along with rising poverty levels, sees civil society filling important gaps in terms of providing a vital social safety net for the poor and disadvantaged communities, while introducing innovations and impactful models in socio-economic empowerment. There is also increasing diversity in causes: in 2019, CSOs in Egypt contributed to environmental causes, and made both cash contributions and in-kind donations worth USD 22 million to health, cultural and community development.18 The larger and more established associations and foundations in Egypt are also playing a more prominent role in the execution of national level infrastructure and development projects in partnership with the government.19 The ambitious national project “Hayah Karima” (Decent Lives), is one example. With a budget of USD 35.6 billion, the multi-year project targets the poorest villages in Egypt with basic infrastructure (WASH), as well as economic empowerment interventions is executed in partnership with 16 CSOs.20

Nonetheless, shifting from a charitable civil society to more strategic and developmental one is one of the key missing elements in Arab civil society to-date. The growing informality of civic initiatives—an increasing trend in the sector—is an indicative sign that cumbersome registration procedures and challenges in the regulatory framework serve to discourage initiatives from formalization.

Rapid demographic transitions, rising inequality and poverty, dependence of international funding and pressures from a restrictive regulatory framework all put the question of the survivability and resilience of civil society at stake. The following section will shed light on some of the drivers of change during the COVID-19 pandemic and their effects on the resilience of civil society in the four countries.

Figure 4: Top Three MENA Countries Hosting Refugees on per 1,000 Inhabitants basis in 2020

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Refuges per 1000 Inhabitants</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lebanon</td>
<td>128</td>
</tr>
<tr>
<td>2</td>
<td>Jordan</td>
<td>69</td>
</tr>
<tr>
<td>3</td>
<td>Turkey</td>
<td>43</td>
</tr>
</tbody>
</table>

*Note: Figures exclude Palestinian refugees.

Sources: Statista, 2020.

A COVID-19 Induced Spike in Civic Action: A Test of Civil Society Resilience

The pandemic, and its ensuing impact leading to an economic downturn, has placed mounting pressures on organized Arab philanthropy and civil society to respond to critical gaps in healthcare services, an educational crisis, escalating hunger, massive unemployment and the loss of income for already marginalized and impoverished communities. While the crisis has put civil society operational and organizational capacities under strain, it also highlighted the frontline pandemic response of CSOs and the sector’s agility and closeness to communities—a key attribute of Arab CSOs.

On the macro-level, one of the most visible effects of the COVID-19 crisis is that it triggered a spike in civic action. Empirical studies on volunteerism in the region have already established the correlation between humanitarian crisis and the rise in civic action —both institutionalized civil society and individual volunteerism. Daleel Madani’s Civil Society Directory in Lebanon shows that in successive crises, civic action and NGO creation increases.

Nonetheless, interviews for this study confirm the dissipation of collective action initiatives in the aftermath of the crisis, an issue that is directly influenced by the powerful intervening role of a restrictive civic space, as well as limitations in governance and funding that have served to weaken organized and sustained civic action, issues to be examined in-depth in Section Two.

Taking stock of the COVID-19 crisis and its changing dynamic on civil society, the following practices and trends can be discerned:

- A spike and renewal in civic action, with an expansion of humanitarian relief and volunteering to respond to acute emergency needs.

Local CSOs were at the frontline of response with the expansion of humanitarian relief, charity and volunteering as the main and overriding effect as communities experienced an acute rise in emergency needs. COVID-19 emergency response mainly included supporting access of vulnerable groups and communities to medicines, COVID-19 related treatments, enhancing access to hygiene supplies and protective gear in hospitals and communities, food distribution, cash assistance, psychosocial support and mental health, supporting access to digital tools and online education for children in public education system and marginalized communities. Given the sheer magnitude of the crisis, government in the four countries—with varying degrees—were seemingly more receptive to government-CSO cooperation during the peak of the crisis, a trend that declined afterwards.

The overstretched capacities of CSOs to respond to shifting needs, operating in the midst of lockdown restrictions and social distancing, as well as the overlap in the execution of emergency interventions and assistance were the key challenges faced. The latter is a chronic issue that CSO work suffers from due to limited coordination mechanisms and lack of proper needs assessments, an issue that will be further examined in Section Three. Additionally, CSOs in Jordan and Palestine found the restrictions on movement and right to assemble excessive and discriminately applied, which hampered their efforts to reach communities in need. For example, 50 percent of Jordanian CSOs faced restrictions on permits for movement of CSO workers at a time when there was a spike in demand for CSO services and support. According to Al-Marsad Co-Founder Firas Jaber, “We didn’t have any solid contingency planning. Government and CSOs didn’t know how to address vulnerable social groups, as for example the elderly and children with disability.”

What is the multiplier effect of COVID-19 and economic pressures on the civil society programmatic agenda?

This trend has prevailed in the four countries. While the concentration of funding towards relief is expected in any crisis context, study participants noted an over-emphasis on certain issues like GBV, and the sidelining of others such as human rights and legal protection of migrant workers, as in Jordan. CSOs’ dependency on international funding has played a big role in defining the CSO response to the pandemic. In Egypt, lack of needs-assessment resulted in the distorted and misallocation of funding, which was particularly visible in the health sector.

Study participants suggested funding levels did not decline in absolute terms. It was rather a reallocation of funding to meet emergency response and priority gaps—mainly health, cash assistance, food distribution, and digital education. In Palestine, Lebanon and Jordan alike, the loss of funding and staff turnover has been cited, with some organizations on the verge of shutting down. A study on the civic space by Phenix Center for Economic and Informatics Studies—an independent policy research organization focusing on social, economic and legislative environment issues in Jordan—showed that 75 percent of Jordanian CSOs witnessed a decrease in funding, while only 10 percent reported an increase.24 This tightening of funding has persisted in the aftermath of the crisis. In the case of local foundations, corporate social responsibility (CSR) and individual donors, the effect of reduced funding on CSOs was more visible. Dwindling financial resources due to economic shock has had a negative effect on availability of funding to CSOs. One interviewee from an intermediary foundation in Egypt lost half their donors to an education program that supports access of disadvantaged youth to opportunities in STEM because of a shift in donor priorities in light of the financial crisis.

All the organizations interviewed for this study have reported an increased utilization of low-tech tools for both internal organization purposes and programmatic delivery. Yet the shift to and uptake of tech tools has been uneven. While some organizations have seamlessly shifted to digital tools and online communication, others have faced challenges mainly manifested in the weak—in some cases non-existent—digital infrastructure and the lack of capacities. In Palestine, the weak ICT infrastructure and low bandwidth was common. Wataneya Society, an Egyptian infrastructure support organization in the alternative care sector, indicated that individual donations—a significant source of funding to care homes of orphans and children without parental care— took a deep dive due to lack of digital infrastructure and online giving tools.

This is in contrast to Misr El Kheir Foundation where online tools and e-giving helped maintain the momentum of donations. Nonetheless, deep fault lines between communities and CSOs with digital access and those without—namely CBOs, rural and remote communities—have surfaced and further exposed the vulnerabilities of communities experiencing inequities in basic services and infrastructure gaps. Several organizations—for example Tamme, a Jordanian social enterprise that builds youth capacities to engage in public policy—have expanded their menu of services to support the training of both institutions and beneficiaries on the uptake of digital communication tools.

• The adoption of flexibility in the funding practices of both international and local level donors and grant-makers.

This was mainly reflected in flexibility granted to CSOs to re-allocate budget lines towards emergency response and identified needs on the ground, as well as extending grant timelines. Some donors were more flexible than others by allowing CSOs to decide on their shifting priorities in the wake of the COVID-19 crisis. In 2020, Lebanon suffered from compounded effects of the COVID-19 crisis and the Beirut Port Blast. In this context, the Shabake project—a 2.5 year institutional capacity development initiative for local CSOs funded by Agence France in Lebanon— set a model for flexibility in funding by responding to diverse funding needs emanating from CSO beneficiaries, including the rehabilitation of persons affected by blast, multi-purpose cash assistance schemes, food distribution and security, support of elderly, and psychological first aid support to name some. Also, the EU Delegation in Lebanon shifted funding of an ongoing economic empowerment program for women towards an emergency fund to support women-owned businesses impacted by the Beirut Port Blast of August 2020. The emergency fund targeted 30 women-owned businesses through flexible support covering diverse funding priorities such the restoration of shops, funding staff salaries, procuring raw materials, etc.

While still few, some funders, like the Sawiris Foundation and the Arab Council for Children and Development, have opened requests for proposals in emergency response to COVID-19. Besides flexible funding practices, donors and local grant-makers also supported CSOs through frequent donor-grantee dialogue and discussion throughout the crisis. This valuable practice helped mitigate the impact of the crisis on their work.
1.3. Navigating Current Economic Pressures and Crises

**KEY GUIDING QUESTION**

*How are Arab CSOs engaged in building recovery and resilience?*

Economic recovery and resilience are currently two predominant focus areas for global civil society. With a consensually driven vision and theory of change for Arab civil society still missing, an important spillover from the COVID-19 crisis is the expansion of the space for reflection on the current and aspirated role of Arab civil society in bridging persistent gaps in social protections system, and its role in economic recovery, furthering human welfare and social equity.

On a macro-level, there are multiple drivers of change and risks that can have a strong influence on development outcomes and civic-led interventions in the region. Interviews with study participants mapped some key macro-level influences and risks that can affect and shape recovery from most recent health crisis and global pandemic (Figure 5).

**Figure 5: Key Contextual Challenges**

- Protracted refugees & displacement crisis
- Humanitarian crisis & conflict
- Digital divide
- Unemployment
- Social exclusion
- Rising inequality & poverty
- Restrictive civic space
- Health crisis
- Global economic slowdown
- Economic crisis
- Regional food crisis

According to civic actors, vulnerability to crisis whether health, environmental or natural disasters is one of the key challenges they will continue to grapple with underscoring the high need for sustainable development solutions. At the same time, building strong social protection systems and economic recovery in the region is premised on the ability to build resilience to crisis. Some organizations view the need to understand the impact of COVID-19 on vulnerable groups integral to recovery for years to come.

In Palestine, the lack of a coordinating body and institution for crisis response weighs on the minds of civil society study participants. They see an institutional structure for crisis response as necessary for the communities and civil society to withstand shocks and minimize disruption of medium and longer-term development trajectories. In Lebanon, the narrative of resilience inherently assumes a path dependency where Lebanese society is doomed to experience crises, and consistently rebuild. When the state CSO relationship is not clearly defined, measures of recovery and resilience are likely to result in distorted outcomes with no clear exit for CSOs in assuming responsibilities of the state.
What has resulted from COVID-19 is people’s more widely shared conviction of our high vulnerability to risks and repeated crisis whether it be in the form of conflicts, wars or health crises and that relief and consumption philanthropy is unsustainable both from an institutional and economic level perspective. We need to revive Arab sustainable philanthropic practices, such as Awqaf and trust funds.


At the organizational level, civil society actors underscored the importance of not only the internalization of lessons learned from the crisis, but that economic recovery necessitates foremost building sustainable local institutional capacities and not simply programmatic. Developing organizations’ learning and adaptive capacities is one key area for recovery. Samar Muharab, Executive Director of the Arab Renaissance for Democracy and Development (ARDD) in Jordan points to strong intervening role of international organizations in post crisis context and recovery, a strength she attributes not simply because of their sizable funding resources but their institutionalized learning capacities manifested in the adaptation, shifting and development of programmatic responses based on the stage of cycle and recovery.

At the same time, interviews with civic actors expressed concern about the tension between humanitarian relief and basic service provision on the one hand, and sustainable development efforts on the other. With COVID-19 diverting resources and efforts towards the former at the expense of the latter, economic recovery and transformative efforts are negatively impacted. Hend Abdel-Meguid, Executive Director of Terrous Foundation in Egypt, believes that the funding landscape and programmatic agenda in Egypt has changed with a sidelining of the sustainable development agenda. “Before the crisis, the emphasis was tech for good, enabling entrepreneurship, employment creation in emerging sectors and women empowerment. Now even in philanthropic support to health the focus is on treatment rather than prevention. When unemployment has shot up, finding sustainable solutions to create jobs and skills building took the back seat while the focus has become short term cash assistance.”

While short-term social assistance for the poor and the disadvantaged in crisis is necessary, nonetheless the big question remains whether an equilibrium can be reached where support to relief does not overtake economic recovery and the sustainable development work of civil society, especially in light of the dominance of the charitable makeup of Arab civil society and the preponderance of international funding skewed to humanitarian relief. On the latter point, Baptist Hanquarte Senior Coordinator of IFJ in Jordan—a collective body of 61 international non-governmental organizations—says that the shift from humanitarian relief to reconstruction and recovery has been laggard in the region. “In Jordan, we have a very expensive humanitarian relief system which is designed for acute emergency and not a 10-year strategic programming for a protracted refugee crisis. From CSOs to government we agree that doing more sustainable programmatic interventions is needed.” In Lebanon, the lack of sustainable solutions is most visible in the support to refugees.

Each year refugees in Lebanese camps suffer from heating fuel and energy shortages, as well as inadequate shelter that exposes them to harsh weather conditions. With lack of concrete housing solutions to replace tents, the plight of refugees on a yearly basis underscores this imbalance between relief support and sustainable development solutions.

Ahmed Awad from Phenix in Jordan raised the concern of CSOs’ “market-driven thinking” in agenda-setting by having donor-driven funding priorities dictating the CSO agenda in recovery. The literature on civil society confirms the role of donors in reinforcing shrinking civic space and an unequal power dynamic between donors and grantees affecting the latter’s autonomy in agenda-setting. 2 Ahmed cited “one organization that did a complete 180 [degree] change in programmatic direction simply to access funding for refugees.” For CSOs to have independent and community-driven economic recovery plans, the power dynamic needs to change through higher commitment and systemic execution of the localization agenda.

 Nonetheless, one of the positive spillovers from the COVID-19 pandemic is the heightened awareness among government, CSOs and the public that current approaches—charitable and relief work—that focus on fulfilling basic needs will not suffice in the context of volatility and repeated crisis. Empowering societies and communities to break out of cycles of poverty, reduce inequality, and achieve sustainable livelihood requires a reset of the existing system and the adoption of sustainable development solutions.

Box 1: Localization from a regional perspective

The 2016 World Humanitarian Summit in Istanbul was a unique juncture in which international humanitarian donors and organizations signed up to a reform agenda and principles expressed in 10 commitments to improve the efficiency, effectiveness and inclusiveness of international aid delivery—the “Grand Bargain” that places resources in the hands of those who need them.

What is localization?

Localization tends to be a contested terminology, strongly mediated by context and actors. For some donors, localization can be misconstrued as simply increasing direct funding to CSOs or increasing national staff representation in international country level offices for instance, while overlooking the sustainable and capacity building of local actors and transformational agenda—reversing internationalization through stronger local collective capacities—side of it. Nonetheless, the term localization essentially captures any efforts to increase the participation, representation and leadership of local actors in response to efforts to deal with various humanitarian crises and to development interventions.


How is Arab civil society advancing localization?

One of the most visible gaps in the implementation of localization from a policy and practice perspective is the limited trickledown effect of commitments from the decision-making level to international staff operating in the region, as well as the limited buy-in and sensitization of local actors to the reform of the aid agenda. For example, the former does not clearly understand how to interpret and implement localization and the latter are either not putting intentional efforts to reverse internationalization or are held back by power dynamics that reinforce existing unequal balance of power.

Some Arab CSOs and especially infrastructure support have been playing a strategic role in filling in this gap through evidence generation, coordination of civic actors, and organizing convenings that bring together UN agencies, international donor organizations and local stakeholders. Monitoring and assessing the implementation of “Grand Bargain” signatory commitments on country level has been one way in which civil society and infrastructure support are advancing localization. Advocacy interventions are also noted where CSOs call for better representation of national actors in coordination and decision-making structures on aid.

What was the effect of the repeated crises in the region on localization?

Whether it is the Syrian refugee crisis, COVID-19 or other crises in the region, all crises have continued to emphasize the frontline response of local civic actors, their agility and their closeness to crisis afflicted communities. The direct link between crisis response of civic actors and the need to develop a more locally responsive aid system has become more glaring over time and with repeated crises. Some analysts assert that the response of civic sector to the COVID-19 crisis has succeeded in breaking down one of the most entrenched narratives holding back localization being the myth that local organizations are riskier than international ones. In Lebanon, for instance, even though localization can often lose traction, the Beirut Port Blast has pushed the localization agenda to the forefront of local civil society, government and donor dialog.

The Role of the Civic Space

2.1. A Tightening of the Civic Space?
2.2. Complexities in the Legal Framework
2.1 The Role of the civic space

**A Tightening of the Civic Space?**

**KEY GUIDING QUESTION**

Is there a tightening of civic space and how is it affecting your work?

Generally speaking, all study participants suggested that they operated in a restrictive and shrinking civic space, with no significant COVID-19 effect on this shrinkage in either Egypt or Lebanon. The crisis has only served to put a spotlight on the challenges in the enabling environment, and also the gaps in existing service provision. On the other hand, both Jordan and Palestine experienced the introduction of further restrictive measures affecting CSOs during the COVID-19 crisis. In Jordan, the application of emergency laws imposed restrictions on movement and freedom of expression.\(^{27}\) Freedoms of expression were affected when access to information on the spread of COVID-19 virus was strictly controlled as, for example, print newspaper was suspended. Other restrictions included decline of funding approvals by the Ministerial Council Committee responsible for CSO funding approvals.\(^{28}\) In Palestine, restrictions on movement and closures were applied even more strictly, especially in the already blockaded Gaza affecting the reach of humanitarian relief workers.\(^{29}\)

The manifestation of a restrictive civic space includes the rise in informality as more initiatives—especially youth-led and community-based—chose not to register, registration of foundations abroad for those organizations with the means to do so, the shutdown of entire organizations or partial operations, or in the worst case scenario the imprisonment of CSO leaders as in the case of Palestine. Complexities in the legal framework and access to funding are identified as the most restrictive features of the civic space. Both issues addressed in more depth in the following two subsections.

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2.2 Complexities in the Legal Framework

**KEY GUIDING QUESTION**

How is the legal framework influencing civil society establishment and operation?

The legal framework governing civic association in the four countries is considered complex considering the array of laws—directly or indirectly influencing civic assembly—and the multiplicity of oversight bodies that execute these laws. The key legislation directly influencing civil society operation in the four countries are mainly the laws of associations, and to a lesser extent the money laundering and anti-terrorism laws, the non-profit companies’ law (in the case of Jordan and Palestine) and laws on public assembly, the Penal Code in Egypt (Law 58 of 1937) and Jordan (Law 16 of 1960),\(^{30}\) and the Jordanian Law on Public Gatherings (2004) amended in 2012.

Over the last decade, the legal framework governing civil society has either been overhauled reflected in the introduction of new laws of association or undergone piece meal reforms. In Egypt, Law 149 of 2019 replaced Law 70 of 2017, with the latter being considered one of the worst association laws in Egypt according to some analysts with its disproportionate punitive clauses and excessive regulatory requirements. In Jordan, civil society have achieved progress in reforming some aspects of the association law. Despite some restrictive presidential decrees and regulations introduced by government intermittently, the Palestinian Law on Charitable Associations and Community Foundations (Law 1 of 2000) is considered one of the better laws in the region.\(^{31}\) Lebanon’s Ottoman Law of 1909 provides a loose legal framework for civic action that is reflected in a more liberal space for civil action.

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30 ICNL. Various sources. https://www.icnl.org
Main Laws Governing the Right to Association

Egypt
The Law Regulating the Exercise of Civic Work (Law 149 of 2019)

Jordan
The Law on Societies (Law 51 of 2008); The Law Amending the Law on Societies (Law 22 of 2009)

Lebanon
Ottoman Law of 1909

Palestine
The Law on Charitable Associations and Community Foundations (Law 1 of 2000)

While there are four main elements of the association laws that directly influence civil society—namely the clauses affecting registration, fundraising, reporting and dissolution, the literature on civic space and interviews conducted for this study confirm that in most cases the problem does not lie with the association laws themselves as much as it is in the way they are interpreted and executed by the relevant oversight bodies. For instance, a long-standing challenge for foundations and associations in Egypt and Jordan, and to a lesser extent Palestine and Lebanon, that follow a system of notification for establishment (also called a declaration system), has been the cumbersome and discretionary registration process that is often lengthy and involves multiple documentation requirements. In Lebanon, even though the Ottoman Law of 1909 allows the formation of associations by way of giving written notification, replacing the long-standing requirement for prior registration. Civil society experts have noted an improvement in the registration of CSOs. In the West Bank and Gaza, registration decisions are often influenced by whether an organization is aligned with the agendas of the Palestinian National Authority or Hamas. Organizations suspected of having ties to Hamas have more difficulty registering in the West Bank. Facilitating the registration of CSOs through the adoption and application of notification systems remains a key missing element in creating an enabling environment.

A reformed aspect of the Egyptian Law 149 of 2019 is the introduction of a registration by notification system that specifies a 60-day time limit for the Ministry of Social Solidarity—the main regulatory authority of civil society—to give written notification, replacing the long standing requirement for prior registration. Civil society experts have noted an improvement in the registration of CSOs. In the West Bank and Gaza, registration decisions are often influenced by whether an organization is aligned with the agendas of the Palestinian National Authority or Hamas. Organizations suspected of having ties to Hamas have more difficulty registering in the West Bank. Facilitating the registration of CSOs through the adoption and application of notification systems remains a key missing element in creating an enabling environment.

Without the receipt of notification, organizations cannot open a bank account.

All study participants overwhelmingly agree that the regulatory restrictions on access to foreign funding and banking restrictions are the main barriers to operation—apart from Palestine where there is no approval system for foreign funding. The laws regulating funding are not the biggest challenge per se as it is the lengthy and cumbersome funding approval processes. Civil society actors in both Egypt and Jordan share the concern regarding the delays in granting approvals and the documentation burden. In Egypt, Article 47 of Law 149 of 2019 requires notification of the Ministry of Social Solidarity before the receipt of international funds with extensive information about the donor, funds, activities to be funded, detailed budget and feasibility study.

Likewise in Jordan, Law 51 states that all donations, gifts, grants or other funding is subject to prior approval and notification from the Council of Ministers, which is a main oversight body over CSO access to international funding. An extensive application form with numerous supporting documentation is required, including: detailed information about the project to be funded, M&E indicators and how the project is linked to Jordan’s national and development goals.

In the case of non-profit companies, it generally allows more space for civic activity unless there is a request for international funding where the Ministry of Trade and Industry has full discretion to refuse or decline. Also in Palestine, approval for foreign funding by the Ministry of Economy has been an added to the non-profit companies’ law. There are numerous examples of organizations both national and international CSOs that have lost funds due to delays in granting approvals in both countries, but there are lesser efforts to document these incidents and the impact it has on the organizational, sectoral and macro level. The need to simplify the procedural requirements for the approval of international level funding is paramount.

Study participants also questioned the inequitable application of funding laws that disadvantage smaller organizations, but also discredit larger organizations that have decades of established operational history. Some CSOs have experienced funding approval delays that in some instances have taken years leading either to loss of funds and donors, downsizing operations, termination of programs, or the worst case a shutdown of organizations. Only in a few cases, particularly in the more established and better resourced organizations, have they relied on shifting internal funding and organization resources for execution until funding is approved.

With no exception, banking restrictions have limited CSOs access to finance and cross border funding with anti-terrorism and money laundering regulatory framework cited as the main driver behind these restrictive practices. Disparities exists in the application of the money laundering and anti-terrorism laws in practice that restrict opening bank accounts by CSOs and strongly influence the cross-border flow of finance.

“
We lost USD 1 mn in a joint program towards women economic empowerment with the UN. We spent months negotiating with government but the latter did not recognize the benefit. We lost the grant that was coming from a UN organization that has credibility with government.

A study participant from Jordan.

"
Some study participants suggested that banking restrictions exceed the requirements of the Financial Action Task Force (FATF) for combating terrorism. In Palestine, the freezing of CSO bank accounts is a tool for the Israeli government to restrict and circumscribe Palestinian CSOs. Lebanon’s banking crisis in 2019 has had a pervasive effect on restricting CSO access to funding as not only did CSOs not have access to deposits but also middle-class citizens who are main funders of charitable work were not able to access funds. “Dollarization” and banking regulations are big issues in the Lebanese context. CSOs are subject to “extreme examinations” by Lebanese banks on the grounds of transparency and combating terrorism.

Almost half of the respondents of a survey of 112 Lebanese CSOs and initiatives experienced bank restrictions—ad hoc restrictions on foreign currency accounts, additional charges on transfers and withdrawals and currency depreciations tied to withdrawals—which have affected the provision of aid and assistance from January to March 2021 in a COVID-19 related lockdown and state of emergency. In Palestine, restrictive banking practices are also prevalent. One example is the freezing of bank accounts of 80 Palestinian CSOs in November of 2021. In Jordan, a survey of 680 civic associations showed that over 50 percent of organizations surveyed face barriers opening bank accounts for their organizations.

Overlapping mandates among oversight bodies and somewhat limited coordination is another key constraint. For instance, both international and local CSOs operating in Palestine submit the same documents to different ministries raising the question of the limited coordination and exchange of information between ministries. Figure 6 shows the level of oversight exercised by the different bodies.

Another related concern is the excessive reporting requirements imposed on civic associations and charities. In Palestine, small and medium organizations do not report regularly on their activities or organize audited financial reports. In this case, streamlining the role of oversight bodies and adopting more lighter reporting requirements for smaller organizations is highly recommended.

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35 A term used to reflect the use of US dollars instead of the local currency for conducting transactions.


38 The decision to close bank accounts for civil society organizations registered in Gaza. (2021, November 4). Quds News Network. https://qudsn.net/post/187980

39 The majority of civil society organizations ask for the reform of regulations to access foreign funding. (2021, April 28). Al Ghad. https://alghad.com/

However, civic-led efforts to advocate for an enabling environment, even if fragmented, have been a continued feature of civic activity in the four countries. In Lebanon, discussions are taking place to replace the Ottoman Law for civic action, with civil society actors and donors noting a more flourishing of civic activity post the 2019 uprising in Lebanon. There is optimism the 2022 national dialogue initiated in Egypt will create more space for state-civil society policy dialogue. In Palestine, civil society continues to advocate for change and have succeeded to reverse the introduction of restrictive practices. Nonetheless, civic actors from the four countries stressed that efforts to advocate for an enabling civic space would be futile unless foremost there are signs of trust building between government and civil society. Other agenda action priorities for a more enabling civic space are outlined in Figure 7.

**Figure 7: Priorities for an Enabling Civic Space**

- **Building trust**
- **Documentation of effects of restrictions**
- **Streamlining role of oversight bodies**
- **Transparency & simplification of approval for international funding**
- **Adoption of notification systems**

**KEY ACTION AREAS for legal framework reform:**

- building trust in between CSOs and governments through education and dialogue,
- documentation of the effect and losses imposed by restrictive access to funding regulations on the organizational, sectoral and macro level,
- facilitation of the registration of CSOs through the adoption and application of notification systems,
- simplification of the procedural requirements for the approval of international level funding and adopting more transparent practices in funding approvals,
- streamlining the role of oversight bodies and adopting more lighter reporting requirements, especially for smaller organizations,
Generating the Momentum for Change Towards an Enabling Civic Space

3.1. Action Sphere 1: Sustained and Incremental Evidence Generation, and Information Sharing
3.2. Action Sphere 2: Coalition Building and Collective Advocacy
3.3. Action Sphere 3: Civil Society Finance Sustainability
Building a more enabling civic space for civil society hinges on the capacity of civil society to organize itself collectively to influence policy and regulatory reforms. To do so effectively it must generate evidence and document effective CSO practices and the role of civic space in influencing those practices. The previous strategies are premised on the civil society sustainability—both individual organizations and representative bodies—and the adoption of sustainable funding practices for civil society growth and resilience. Each of these reform pathways will be examined in more detail here.

**Action Sphere 1: Sustained and Incremental Evidence Generation, and Information Sharing**

In recent years, the data infrastructure on Arab philanthropy and civic sector has advanced considerably. The growth of digital communication mediums, social media and cloud technologies highly facilitated the collection of data and sharing of information within the sector, and with the public. One area that is witnessing significant progress is the development of regional and national level digital databases of CSOs and their activities, as well as issue specific mappings. Table 2 provides detail on some of the key sectoral civil society databases.

Most of these databases are funded by international donors with infrastructure support organizations playing a leading role. Government initiated efforts also exist including the Ministry of Social Development in Jordan and the Egyptian Ministry of Social Solidarity’s CSO database launched in 2014 that is currently being updated to reflect the Executive Decree of Law 149 requirement to create a database on CSOs operating in Egypt. In Lebanon and Palestine, on the other hand, civil society registry data is not made public. A Lebanese central civil society registry does not exist, as CSOs register either at the Ministry of Interior or other relevant ministries depending on the type of activity.

Table 2: Key Civil Society Databases in the Four Countries

<table>
<thead>
<tr>
<th>Name of Organization</th>
<th>Database Name</th>
<th>Countries</th>
<th>Number of CSOs</th>
<th>Type of Organization</th>
<th>Internal Organization</th>
<th>Areas of Intervention</th>
<th>Geographical Scope</th>
<th>Financial Information</th>
<th>Contact Information</th>
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</thead>
<tbody>
<tr>
<td>Center for Social Sciences Research &amp; Action</td>
<td>Daleel Madani Civil Society Directory</td>
<td>Lebanon</td>
<td>1,300</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Phenix Economic &amp; Informatics Study</td>
<td>Guide to CSOs in Jordan</td>
<td>Jordan</td>
<td>2,085</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Anna Lindh Foundation</td>
<td>National Networks</td>
<td>Arab region</td>
<td>4,000</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Ministry of Social Development</td>
<td>CSO Registry</td>
<td>Jordan</td>
<td>6,648</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td>Arab NGO Network</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
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<td></td>
</tr>
</tbody>
</table>

**Note:** * Excludes unions, syndicates, youth clubs, federations and chambers.

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An Enabling Arab Civic Space For Resilience, Growth and Sustainability

Dome of the Rock Mosque, Palestine

Additionally, this study mapping shows the use of evidence and research to gauge the effect of the crisis and guide civil society action. From the onset of the COVID-19 crisis, some CSOs and foundations sought to organize needs assessment and situational analysis to identify community emergency needs and gaps. Following the peak of the crisis, donors and infrastructure support organizations have sought to take stock and assess the impact of the crisis from a macro level perspective (e.g., civic space, unemployment and social protection systems), its effect on vulnerable groups (e.g., refugees, disabled, migrant workers, women, elderly) and issue-specific research (e.g., GBV, digital education needs). These studies have provided some invaluable insights on the state of civil society in a pandemic context and social sector gaps.

Civil society grassroots engagement with communities and social problems represents vast potential for the generation of data and information that can guide more effective practices not only for the organizations themselves but also for national and local government. In Palestine, the technical expertise of CSOs cumulatively built over years of on-ground experience arguably exceeds the knowledge base of government on many policy areas, such as agriculture, health and education, positions CSOs to engage in evidence-based advocacy. Yet, research tends to be one of the most overlooked aspects of civil society work, especially among smaller organizations and CBOs, which largely explains the limited coordination and duplication of work. For instance, a mapping of CSO response in the Beirut Port Blast shows the vast majority of respondents needs assessment (63 percent) did not conduct a needs resulting in overlap and duplication. Unleashing the role of research and evidence generation is held back by lack of funding and investment in research capacities, as well as the limited understanding of the role of research in supporting the credibility and legitimacy of civil society work. Marie-Noelle AbiYagh from the Centre for Social Sciences Research and Action Center in Lebanon stresses: “lack of research puts a huge question mark on the legitimacy of their work. Having the pretension that you know the needs because you are from the community or neighborhood undermines the objectivity of research and how it sheds light on issue that your positionality might not capture.”

The lack of representative data on the country and regional level on intervention sectors, funding and investments of Arab philanthropy and CSOs, and impact measurement is a key strategic gap underscored. The still limited investment in research capacities of infrastructure support organizations to organize in-depth data collection exercises accounts for this gap. Even though individual CSO practices point to the growing adoption of evidence-based practices and information sharing, the nascent culture of transparency among civil society reinforced by the lack of regulatory requirements to share information publicly is strongly at play. Ingy Mohamed, civil society expert from Egypt noted, “There is no M&E or impact assessment to show whether CSO work results in positive development outcomes. We don’t have the data on whether people’s lives have improved. Only output level indicators and numbers. CSOs that do conduct studies do not release them in fear of accountability issues.”

In Palestine advocates for a more transparent CSO operating environment want it to be legally mandated that CSOs share their financial and annual reports publicly, indicating sources of funding and data on their activities. In Lebanon, foundation and CSO membership in Daleel Madani are steadily growing with more transparent sharing of internal organizational information, procurement and vacancy opportunities. However, these perspectives and practices remain the exception rather than the rule across the four countries, despite empirical research on giving clearly indicating that individual Arab donors consider transparency in charities are incompetent and corrupt, offering a contextual complexity we must heed while continuing to insist on transparency and information sharing. For example: the Arab Foundations Forum and the Gerhart Center at the American University in Cairo disseminate information about the positive impact of philanthropy, which should dispel anxiety about the role of private wealth in achieving public good. A Ford Foundation and Asfari Foundation grant to AACSOD (School of Public Health at the American University in Beirut) is a joint philanthropic endeavor to mentor and coach CSOs in the MENA region for better internal governance and institutional capacities within civil society. “For data openness to be fit for context, we need to correct assumptions about civil society and philanthropy as well as insist on information sharing and transparency as drivers of accountability and trust.”

While transparency and information-sharing by philanthropy organizations are two necessary conditions for accountability and public trust, they are not sufficient. Noha El-Mikawy, former Ford Foundation regional director for MENA, explains that we should pay attention to societal perceptions. Fueled by mainstream and social media, there is a widely shared view that private wealth is not to be trusted to achieve public good. There is also a perception that CSOs which receive grants from philanthropy organizations are incompetent and corrupt, offering a contextual complexity we must heed while continuing to insist on transparency and information sharing. For example: the Arab Foundations Forum and the Gerhart Center at the American University in Cairo disseminate information about the positive impact of philanthropy, which should dispel anxiety about the role of private wealth in achieving public good. A Ford Foundation and Asfari Foundation grant to AACSOD (School of Public Health at the American University in Beirut) is a joint philanthropic endeavor to mentor and coach CSOs in the MENA region for better internal governance and institutional capacities within civil society. “For data openness to be fit for context, we need to correct assumptions about civil society and philanthropy as well as insist on information sharing and transparency as drivers of accountability and trust.”

Some key measures that can advance transparency include: 1) building the awareness that civil society workers are paid professionals working in a complicated field needs to be built; 2) infrastructure support organizations need to work with the sector on building a narrative of trust in Arab philanthropy and CSOs by supporting data collection and impact measurement that balances data privacy needs of sector with transparency imperative; 3) foundations and CSO efforts to become data-driven and share results should be acknowledged either through some form of accreditation or through award recognition and government appraisal. The Palestinian NGO Code of Conduct is an example of a civic-led initiative to enhance transparency and good governance.

At the same time, CSOs need access to social sector data. Right to information laws—also referred to as freedom of information laws—can play a fundamental role in supporting CSOs to access information from the government provided that these laws are actively implemented. Having timely access to information and data on the social sector and public sector spending especially on the local level will empower CSOs to make informed decision on what investments to make and how to best complement government efforts, or at a minimum avoid the duplication and overlap in programmatic interventions. Jordan is one of the earliest adopters of a right to information law in the region, joined later by Lebanon in 2017. However, challenges remain in the execution of these laws. In some instances, the lack of awareness or understanding of stipulations by civil service is the stumbling block, while in others it is lack of commitment and a culture of discretion. In Egypt and Palestine, the discussion of a draft law has been a protracted process. Learning from successful examples in the region, such as Tunisia, offers regionally-inspired pathways to the formulation and adoption of a progressive right to information law.

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3.2 Action Sphere 2: Coalition Building and Collective Advocacy

All civic actors interviewed for this study agree that coalition building and collective advocacy are important vehicles for joint policy agenda-setting and advocacy for policy and legislative change, as well as representation in local, national and international forums.

This study identifies coalitions and collective advocacy as a key strategic intervention for creating an enabling civic space by building on existing good practices as a starting point.

Figure 8: Civil Society Roles in Policy Formulation and Implementation

In the four countries, civil society succeeded in initiating policy debates on strategic socio-economic policy issues, sharing knowledge, and in some instances instigating policy reform processes through coalition building and collective advocacy. This participation has in many instances involved fits and starts and has entailed years of evidence-building and advocacy for change to unfold. In Egypt, notably women-led civic movements and associations have worked over years to combat female genital mutilation (FGM) and change legislation affecting women’s family and personal status. Civil society coalitions in Egypt have submitted various draft laws, including one on the freedom of information and most recently a law for children without parental care with expectations of a draft law to be passed by government this year. Palestinian civil society has played a proactive role in monitoring the roll out of COVID-19 vaccination, through coalition building and media involvement, succeeding in pressuring government for more transparency in the system for vaccine distribution. Furthermore, the coalition of EU aid conditionality organized by Palestinian Non-Governmental Organizations and other coalitions addressing restrictive government practices or social policy change have either demonstrated impact or triggered momentum for change. Gender advocacy groups and coalitions in Lebanon also tend to have a visible policy influence.

CSO analysts and interviews for this study, however, have pointed to the fragmented nature of coalition building in the region. In the four countries, coalitions are time-bound and issue-specific with only a few collective bodies with sustainable funding sources, long-term agendas and strong coordinating capacities.

The following limitations of coalition building efforts were emphasized: being media and communication driven, rather than being impact-driven aiming at measurable change on the ground; being vertically driven and lacking a sector driven character; having a time bound and project based scope and with no sustainability plans to continue beyond the short term objective; and the lack of empirical measurement of coalition building results, specifically the effect on policy change or policy learning.

The disjoint between coalition building and its social change impact is a function of the lack of institutionalized state-CSO dialogue. In the limited cases when such temporary mechanisms do exist, a few big and visible civic actors dominant the scene while the smaller and less visible actors are excluded. This largely explains why in practice some CSO actors tend to resort to informal, personalized and bilateral discussions with government actors.

Furthermore, access to government is highly influenced by its perception of whether civic actors are aligned with the state’s direction and priorities. The level of engagement of coalition varies as government tends to more receptive to some coalitions at the expense of others. In Jordan, this was evident during COVID-19 crisis as government favored cooperating more with certain coalitions, at the expense of others. At the same time, while state-led efforts to consult and engage CSOs has been noted in all the four contexts, there is a questioning of the effectiveness of such dialogue. Some would perceive it as window dressing tactics rather than emanating from a genuine belief and strategic understanding of the role of CSOs or a partnership driven model of development. The lack of both campaign sustainability and government response were the most cited reasons behind failure of policy advocacy campaigns by CSOs in Lebanon.


Box 2: The national campaign for equitable social protection in Palestine

In 2016, after four years of work with international expertise by the ILO and consultations with national stakeholders, the National Committee mandated with developing a draft social security law produced a draft decree No. (6) for 2016 on social security in Palestine. From a civil society and trade union vantage point, the draft law was considered flawed and biased towards private sector interests and the desire to control worker's funds. The lack of transparency in the law drafting process and weak representation of civil society were the main criticisms voiced, as actual discussions on the draft were held exclusively by a small group of committee members.

The formation of the national campaign for social security:

Against this backdrop, a broad civil society coalition opposing the law was formed in April 2016 including worker unions, trade unions, women’s organizations, youth associations, external experts and NGO networks, which resulted in the launch of the National Campaign for Social Security. The size of the coalition and its collective expertise was a distinctive characteristic that set it apart from other coalition building efforts. An action plan, leadership selection and secretariat set-up ensured the coalition’s functionality and effectiveness. An evidence advocacy approach was followed with campaign demands based on a policy paper prepared by the Al-Marsad Social and Economic Policies Monitor that included comments and a critique of the law.

A number of awareness raising workshops on shortcomings of the law and needed amendments were organized with substantial media coverage, and social media outreach to workers. Two large sit-in strikes eventually took place with sizable attendance from workers and employees.

Accomplishments:

The National Campaign on Social Security succeeded in suspending the law and initiated a comprehensive national dialogue inclusive of key stakeholders. A Ministerial Committee was setup and charged with revising the law.

The Palestinian Legislative Committee worked with the Campaign’s legal department to draft a new law that would meet most of the Campaign’s demands resulting in a decree law being approved by the cabinet and signed by President Abbas. Even though private sector lobbying is currently influencing law revision, the success of the campaign provides lessons learned on the role of broad based coalition building and evidence-based advocacy in introducing policy change.


The Arab League: Cairo, Egypt.

The need for sector wide driven coalitions is underscored by the study mapping. One study participant from Egypt emphasized that there is significant room for coalition building that engages CSOs across the spectrum, coalitions involving rights based with service delivery organizations specifically.

The latter—relying on indirect tactics—can benefit from the legal expertise and different tactical capacities of the former. In Palestine, different elements within civil society, including rights based CSOs and labor unions, succeeded to form a coalition and work jointly to change a contentious draft Social Protection Law into a more favorable one (Box on the National Campaign for social protection).48

However, another study participant from Lebanon stressed challenges of organizing such coalitions. Rights based organization tend to adhere to a principle driven human rights based framework and direct engagement tactics. Service organizations, on the other hand, find it challenging to join coalitions that might be perceived as engaging in contentious issues by local authorities.

We need more dialogue between international donors, government and CSOs. There is no dialogue of such nature in Egypt. We need to develop individual mechanisms and collective efforts to support such dialogue. We are operating in silos.

Study participant from Egypt.

State-led efforts to bridge this disconnect are emerging. The President of Egypt announced 2022 as the year for civil society. The significance of this lies in the high policy level recognition of the important role CSO cooperation and aligning efforts towards the achievement of national development plans and SDGs. A product of this initiative is the emergence of the “National Coalition of Civil Society for Development” including umbrella CSOs and federations on the national and regional level, as well as the involvement of philanthropic, charities, INGOs, and other civil society actors. Setting this coalition apart from others is its non-exclusive nature by the being open for all CSOs to join, without prior invitation. In Lebanon, a growing appetite for CSOs, donors and government to work together in consultative bodies is also noted by civic actors.

Key coalitions like Jonaf and Hemam in Jordan are actively engaged in representing civil society tackling head on pertinent issues like localization, human rights, gender equity and the SDGs. Their continuity is attributed to stability in funding streams—financed either through membership fees and/or donors—and a strong coordinating secretariat. The INGO forum is another example of an active coalition of 61 international non-governmental organizations operating in Jordan. They rely on membership fees to sustain their operations and the strong executing capacity of a coordinating secretariat. In Palestine, the Palestinian Non-Governmental Organization is very active in representing the civic sector through coalition building, with a membership of over 140 CSOs and a dynamic approach, their footprint is most visible in monitoring violations of civic and human rights by the Israeli occupation. There is also the model of Aman in Palestine which started as a coalition and later became an organization that acts as a watch dog on transparency and corruption.

Key Action Areas for effective coalition building:

- having a clear cause and commonly shared agenda for the coalition with specific metrics of success,
- having a strong coordinating structure or secretariat that manages day-to-day but also ensures frequent member involvement,
- achieving joint responsibility and balance of power that ensures that no one coalition member dominates the space,
- earmarking resources to coalition funding and ensuring funding streams for sustainable work plan implementation,
- frequent engagement of members in discussions and agenda-setting.
This study has underscored how the flexible grant-making practices of foundations and international donors have played an instrumental role in enabling effective CSO responses and adaptation to shifting needs on the ground. Whether flexible funding and grant-making practices will continue and can trigger a bolder movement towards long-term and sustainable funding for civil society is a big question that is currently dominating the space of thinking on the civic space.

CSOs want to see change towards more sustainable funding by adopting more flexible practices, such as: increasing core funding, multi-year grants and endowment building. They also want to see an expanded role for Arab philanthropy and indigenous philanthropic models. In the four countries, CSOs consistently underscore the importance of increasing core funding by international and Arab philanthropic donors for internal capacity development, attracting talent, making long-term investment in staff development, and supporting long-term systemic change at large.49

Ghassan Kasabreh, Executive Director of the NGO Development Center (NDC) in Palestine—an infrastructure support organization that provides grants and technical assistance—is a strong proponent of this view: “From our experience running CSO grant-making mechanisms, as well as observations from the field, one of the most impactful funding mechanisms is core funding that has visibly allowed the continued operation and sustainability of Palestinian CSOs for long-term trajectories”. Similarly, from Palestine, Aman attribute their funding stability to sizable core funding which reaches 60-65 percent of their total budget. The Ford Foundation has led this space since 2016. Its Build program builds long-term CSO resilience through multi-year, flexible, and unrestricted core support for institutional strengthening, thus shifting the power to local civil society to define their own priorities and build long-term systemic change.50

There are factors at play that are likely to dampen efforts towards the adoption of more sustainable funding both from the funders and CSOs side. The COVID-19 pandemic and other macro-level pressures will push the trend towards shorter funding horizons at the expense of multi-year grant-making. The project-based, short-term funding horizon has been a risk control mechanism for donors and foundations operating in volatile and unpredictable contexts. Furthermore, the practices of certain large international donors operating in the region tend to reinforce dependency. For instance, a grant award criteria that stipulates local partnerships with CSOs for the award of large contracts also sustains international donors favors CSO proposals that keeps institutional costs down reinforcing lack of long-term development of CSOs and dependency. Another restrictive practice is the burden of excessive reporting requirements on grants that has not witnessed significant efforts to address it to-date.

A key structural challenge underscored in this research is the role of donor-grantee dynamics and the lack of systemic solutions to address power imbalances that reinforce the shrinking civic space. Marie-Noelle AbiYaghi highlighted this issue: “It is not enough to have a localization officer or partnership officer that would deal with national or local organizations to address the power dynamics. We need systemic solutions. What would set the path for local ownership of the development process is to ensure that there is buy in from big donors and reflection on their own practices and role in the shrinking space in the region.”

Nadine Abdallah Shabake, Project Manager Expertise France - Lebanon.

A cycle of dependency is also being permeated by the over stretched capacities and somewhat limited commitment of CSOs to develop and diversify their income sources. Change at the leadership level in CSOs is hard to instigate, as confirmed by study participants. Insiders suggest that CSOs in many instances make a conscious choice not to practice their agency and CSOs is hard to instigate, as confirmed by sources. Change at the leadership level in CSOs to develop and diversify their income needs requires a long haul approach guided by perseverance, reflection and learning to break away from dependency.

The donor- grantee relationship must not be unidirectional and centered on receiving funding and reporting on it. CSOs could influence donor- grantee power dynamics if they consistently engage with philanthropy funders throughout the conceptual and financial cycles of projects/ programs. This would enhance donor- grantee co-creation, strategic planning, coping with uncertainties, and learning from success and failure. A sustained macro- level engagement can transform the power relationships toward equal partnership.

Some of the sustainable CSO models mapped by the study show organizations that have either have fully adopted from the outset sustainability in their mission or are working towards diversifying sources of income and adopting more sustainable funding models. Daleel Madani and Arc En Ciel are two leading examples from Lebanon. The Daleel Madani program of the Center for Social Sciences Action and Research operates on a membership basis and for over 10 years has been a self-funded program. In some instances, income surpluses from the program have contributed to covering operating costs of the Center.

Arc En Ciel—winner of the 2015 Schwab Foundation for Social Entrepreneurship Award—is an example of an organization that places sustainability at the core of its mission by adopting a viable social enterprise model. By running revenue- generating activities at scale such as waste management, sustainable agriculture and agrifood production, and the production of high-quality mobility devices, the organization has succeeded to cover over 80 percent of its budget through self- generated revenue. According to the Arc En Ciel website, it currently runs hospital waste treatment centers treating over 80 percent of Lebanon’s public health care waste.

CARE Egypt is another example of an organization that has embarked on its sustainability journey since 2016. Previously a branch Country Office of CARE USA, the organization is pivoting on a legacy of donor funded programmatic interventions for economic empowerment and poverty reduction, to steadily invest in the development of social enterprises in the agriculture, agrifood and textile sector. In parallel, by aligning with the 2030 National Development Strategy of Egypt and registering as a public foundation under Law 149 of 2019, these steps guarantee more autonomous operation and the localization of the CARE Foundation strategy. CARE Egypt Foundation Director Hazem Fahmy recognizes the critical role of learning from failure and adaptation: “We have the opportunity to reinvent ourselves in light of viable business models guided by social impact. We recognize that this is not an easy pathway, but it will take time, learning from failure and adaptation.”

The lack of meaningful representation of CSOs and national actors in key strategic decision- making structures on local aid and donor national strategy formulation, is an issue widely acknowledged in the four countries. The need for strong representative bodies for CSOs in the region to advance an enabling funding ecosystem and improve aid allocation cannot be over emphasized. Another limitation tends to be for instance, Palestine CSOs’ engagement in advancing localization is hampered by weaknesses of the existing mechanisms in assuring the representation of CSOs in Palestine. Infrastructure support organizations play a complementing role in advancing sustainable financing through research, convening and advocacy with donors. In Lebanon, a consortium of four Lebanese CSOs led by the Institute for Urban Development Programs are developing a guide on sustainable financing for CSOs that charts a roadmap for development finance needs and gaps based on survey of stakeholders, where indigenous models such as Awqaf are promoted.

Do not wait until your funds are over to ask for funding. Engage funders regularly in your planning, prioritization, and learning.

Noha El Mikawy, Former Regional Director of the Ford Foundation in MENA and newly appointed Dean of the School of Global Affairs and Public Policy (GAPP) at the American University in Cairo.

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Before formulating donor country level cooperation strategies, donors should consult widely with CSOs and their representative bodies, and government. While consultations are happening, they should be expanded to become more participatory and inclusive of the spectrum of CSOs.

Ghassan Kasabreh Executive Director of the NGO Development Center, Palestine.

It also provides the opportunity to undergo a voluntary certification process that assesses the governance and administrative structures as well as operational principles of the NGOs and provides recognition for the attainment of minimum standards of organizational and operational quality. Agence De France through its Shabake project is also investing in institutional capacity development for 13 medium sized Lebanese CSOs. The novelty of the project is that it gives agency to the CSOs through the adoption of a self assessment methodology to assess their capacity building needs, and to design themselves developmental and recovery interventions with facilitation from the Shabake project coordinating structure. Another emerging track from this project directly linked to the localization agenda is their mapping of international and CSO actors’ initiatives and experiences in localization that would lead to the development of a localization framework to be advocated for by Lebanese local stakeholders.

For other donors that cannot directly invest in local CSOs, the strategy of pooling funds was mentioned. Mona Wissa, CEO of Life Vision—a social enterprise working on the empowerment of women small holders in agriculture and water management in Egypt—suggests a blended finance approach that includes responsible businesses, impact investors, angel investors, and grant-makers can help support the sustainability of local initiatives with the ultimate purpose of creating inclusive markets and supporting viable social enterprise models.

Undertaking large and complex programmatic interventions means direct, holistic and long-term investment in building institutional capacities of CSOs (i.e. governance, operation, human resources, finance sustainability) instead of the ad-hoc, fragmented and supply-driven nature of interventions that have been dominating the practice so far. The EU Delegation in Lebanon are investing in this direction through providing technical support to CSOs via civil society platforms. Under an EU funded project, the American University in Beirut’s NGOi platform provided a tailored capacity building based on a “Self Assessment Tool” specifically designed to identify CSO institutional gaps.

KEY ACTION AREAS
for finance sustainability:

- incentivizing volunteering and building a volunteer base to substitute for loss of funding,
- developing pooled funds from CSO and/or philanthropic donors,
- applying service fees (e.g. delivering research or technical consultancy services to generate income or applying membership fees for services),
- learning from the experiences of social enterprises on marrying revenue generation with social mandate,
- consistently engaging donors in execution of grants and adopting a learning mentality that embraces failure as a learning opportunity,
- aligning CSO agenda with the SDGs.
Annex: List of Study Participants

(Listed Alphabetically)

Abdel-Halim Zeidan, President of the Institute of Urban Development Programs – Lebanon
Ahmad Awad, Director of the Phenix Center for Economic and Informatics Studies – Jordan
Baptiste Hanquart, Senior Coordinator Jordan INGO Forum
Firas Jaber, Co-Founder and Researcher at the Social and Economic Policies Monitor Al Marsad – Palestine
Ghassan Kasabreh, Executive Director of the NGO Development Center – Palestine
Hama Zeidan, Head of Operations Aman (TI Palestine) – Palestine
Hazem Fahmy, Egypt Country Director, Care International
Heba Nosseir – Head of United Nations Volunteer Programme UNV Cairo – Egypt
Hend Abdel Meguid, Executive Director at Terrous Foundation – Egypt
Ingy Mohamed, Researcher at the National Center for Sociological and Criminological Research & Advisor to the Ministry of Social Solidarity on social protection – Egypt
Isam Haj Hussein, Executive Director of Aman (TI Palestine)
Issam Adawi, Civil Society Expert, Egypt
Islam Rabieey, M.A. Democracy and Human Rights, Asfari Institute – Lebanon
Marie-Noelle AbiYaghi, Co-Director at the Centre for Social Sciences Research and Action - Lebanon
Mohamed Hasouna, Researcher at the Zokhor Platform for Awqaf Services – Egypt
Mona Wissa, Executive Director at Life Vision Association – Egypt
Nadine Abdallah, Manager of Expertise France’s Shabake Project – Lebanon
Noha El Mikawy, Former Regional Director of the Ford Foundation in MENA and Dean of the School of Global Affairs and Public Policy (GAPP) at the American University in Cairo – Egypt
Khaled Fasih, Chief Communications Officer at Misr El Kheir Foundation – Egypt
Roula Wehbe Abbas, Programme Manager at the Delegation of the European Union in Lebanon
Samar Muhareb, CEO of Arab Renaissance for Democracy and Development (ARDD) – Jordan
Waleed Shawky, CEO of My Medicine Foundation – Egypt
Yasmine El Hagary, Executive Director at Wataneya Society – Egypt
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